

**SERVICE QUALITY AND CUSTOMER SATISFACTION
OF INTERNET SERVICE PROVIDERS IN KATHAMANDU
VALLEY**

A Dissertation Submitted to the office of the Dean, Faculty of Management
in partial fulfilment of the requirements for the Master's Degree

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “Service Quality and Customer Satisfaction of Internet Service Providers in Kathmandu Valley”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purpose.

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ABBREVIATIONS

AD	:	Annon Domini
ADBL	:	Agricultural Development Bank Limited
ANOVA	:	Analysis of Variances
CR	:	Current Ratio
CRR	:	Cash Reserve Ratio
DPR	:	Dividend Payout Ratio
e	:	Error Terms
EBL	:	Everest Bank Limited
EPS	:	Earnings per Share
F-Value	:	Fishers Value
FY	:	Fiscal Year
GIME	:	Global IME Bank Limited
HBL	:	Himalayan Bank Limited
IIR	:	Interest Income Ratio
MPS	:	Market Price per Share
PER	:	Price Earnings Ratio
P-Value	:	Probability Value
r	:	Coefficient of correlation
R ²	:	Correlation Coefficient
ROA	:	Return on Assets
ROE	:	Return on Equity
Rs.	:	Rupees
S.D.	:	Standard deviation
S.N.	:	Serial Number
SBL	:	Sanima Bank Limited

ABSTRACTS

The study is entitled “Service Quality and Customer Satisfaction of Internet Service Providers in Kathmandu Valley”. The basic objective of this research is to examine the service quality on customer satisfaction of internet service providers in Kathmandu valley. To achieve the objectives of the study and to answer the research questions, the suitable research design such as descriptive and correlational research design have been incorporated. Since this research aids in providing a deeper understanding of the identified problem and well as examining the cause and effect relationship between independent variables (price, physical evidence, employees and internet service) and dependent variables (customer satisfaction). The population is regarded the total user within Kathmandu valley of top three internet service provider organization such as WorldLink, Vianet and Classic-Tech respectively. As a sample, 384 subscribers have been randomly selected. Both descriptive and inferential statistical tools have been employed for fact findings and remaining the cause and effect relationship between and among the variables.

In the light of the evidence, it is obvious that service quality has positive effect on customer satisfaction. The most prominent dimension of service quality is physical evidence followed by employees. Thus, enhancement over physical evidence and employees are acquired for customer satisfaction. The service quality dimensions such as price, physical evidence, employees and internet service have positive and significant relationship with customer satisfaction. Further, service quality dimensions such as price, physical evidence, employees and internet service have positive effect on customer satisfaction. Low quality services, which does not achieve the clients' satisfaction, prompts customer disappointment, abnormal state of fulfillment is built up when the brand satisfies the necessities of clients much more than the contending brands. Consumer loyalty in a business is basic. Unsatisfied customers rush to change from the brand which neglects to satisfy fundamental necessities. Moreover, it was noticed that a disappointed client may relate a terrible ordeal disintegrating potential support of the specialist organization.

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Service quality is becoming one of the most important aspects in the field of services. Customers are now more aware of the level of the service they get which has led the organization to give more attention to the level of the service they provide to their customers in order to be able to get more satisfaction which can lead to better loyalty from customers. Due to the exceptional rivalry and the antagonistic vibe of natural components, service quality has turned into a foundation advertising procedure for organizations. This features how vital enhancing service quality is to associations for their survival and development since it could enable them to handle these difficulties they look in the aggressive markets. This implies benefit-based organizations are constrained to give astounding service to their clients with a specific end goal to have a reasonable upper hand. There is in any case, a requirement for these associations to comprehend what service quality is with a specific end goal to achieve their destinations (Joudeh & Dandis, 2018).

A recent consumer study demonstrates that the more regularly customers access the Internet, the more they need and appreciate online help (Oracle, 2012). Additionally, not every customer in the telecommunications services, other than Internet services, has access to online information support, especially in developing countries. In other words, customers of other telecommunications services might not perceive information support as important as customers of an ISP do.

The late 1990s saw an increase in the use of the Internet for commercial purposes (Lewis, 2005). The Internet commercial domain sparked much interest among both customers and Internet Service Providers (ISPs) and was seen as a channel of distribution (Cheng, Sheen & Lou, 2006). Service Quality plays a key role in differentiation in a competitive, service-centered market (Thaichon et. al., 2014).

A number of significant differences were highlighted through the comparison of the Internet adoption and Internet penetration rates in Africa with the Internet adoption and Internet penetration rates in Europe and in the United States of America (USA). There are certainly distinct differences in the approach that developed and developing countries take when adopting the Internet, and they face distinct challenges (Wilson, 1999).

In addition, purchasing an ISP service usually involves long-term contracts into which customers are locked. As such, it is usually a complicated decision which can be influenced by various factors. Previous research has indicated that telecommunications customers usually exhibit low levels of loyalty and are generally price-conscious as compared to other services industries (Marketline, 2014). It is predicted that a decrease in loyalty and higher churn rate are likely to be trends in the telecommunications market (Marketline, 2014). This has proven to be an increasingly challenging and sophisticated market.

When consumers switch service providers, they will incur various costs ranging from the time spent in gathering information about potential alternatives to the benefits forfeited due to termination of the existing service. Patterson and Smith (2003) defined switching cost as the perception of the magnitude of the additional cost incurred to terminate a relationship and to secure an alternative one. Selnes (1993) defined switching cost as the technical, financial, and psychological factors that make it difficult or expensive for a customer to change brands.

1.2 Problem Statement

Service quality and consumer satisfaction are essential ideas that organizations must comprehend so as to stay focused in business and thus develop it. It is vital for organizations to know how to gauge these builds from the buyers' point of view with a specific end goal to better comprehend their requirements and consequently fulfill them. Service quality is viewed as imperative since it prompts higher consumer loyalty, benefit, less cost, client devotion and maintenance.

According to Chingang and Lukong (2010) service quality was defined as "the overall assessment of a service by the customers". Based on that, customers determine the level of the service is seen very important by the organization to determine the ability of the organization to deliver such service and to satisfy customers leading to their satisfaction. From that point, the current research study aims at understanding the mediating role of satisfaction within the internet service quality field in delivering customer to the status of loyalty to the organization.

- i) Whether the internet service quality provided by internet service providers is satisfactory in Kathmandu valley?
- ii) Do service quality dimensions such as internet service, price, employees and physical evidence make an effect on customer satisfaction?
- iii) If service quality is poor and declining, what has been the effect on customer satisfaction?
- iv) How is the relationship between service quality and customer satisfaction in overall?

1.3 Objectives of the Study

Research objectives, in this study, divided into basic and specific objectives. The basic objective of this research is to examine the service quality on customer satisfaction of internet service providers in Kathmandu valley. The study is able to reach the following set of specific objectives as mentioned below.

- i) To ascertain the level of internet service quality provided by ISPs in Kathmandu valley.
- ii) To examine the customer satisfaction and service quality level among organizations under examination.
- iii) To measure the effect of internet service and price on customer satisfaction as provided by ISPs in Kathmandu.
- iv) To measure the effect of employees and physical evidence on customer satisfaction as provided by ISPs in Kathmandu.

1.4 Research Hypothesis

As for the hypotheses, the study tries to achieve the following set of hypotheses based upon objectives and literature of this study.

H₁1: There is significant impact of internet service on customer satisfaction.

H₁2: There is significant impact of price on customer satisfaction.

H₁3: There is significant impact of employees on customer satisfaction.

H₁4: There is significant impact of physical evidence on customer satisfaction.

1.5 Rationale of the Study

Regarding the Internet service in Kathmandu, Nepal, this study makes an original contribution and will benefit ISPs in identifying service quality gaps, which can be used by ISPs to improve their service quality. Furthermore, this study develops and confirms a model to assess the softer, less technical side of ISPs' Service Quality. Li et. al. (2015), indicate the importance of improving service quality and have argued its influence on business performance.

The majority of these studies have been performed in either developed countries, or in industries other than the Internet industry. This study helps to fill this gap by measuring the difference between Nepalese business customers' satisfaction level, perceptions and expectations of the service quality they desire and the actual service quality they receive from their ISPs. Furthermore, this study contributes to the available literature on the impact of this service quality on corporate customers' business performance.

1.6 Limitations of the Study

This particular study is bounded within certain constraints or limitations as under;

- The study has been conducted at a specific point in time, cost and effort.
- Perceptions can change as expectations for the same service change over time. With limited respondents, time, cost and effort the study has been conducted.

- The findings and results of this particular study may not be eligible enough to be applicable international or globally as it has been conducted within the boundary of Kathmandu, Nepal.
- Moreover, the limited statistical tools have been employed to find out the facts and results.
- This study is only based on primary research. The secondary data have not been employed.

CHAPTER-II

LITERATURE REVIEW

This chapter provides the theoretical framework, which includes an in-depth understanding of service quality definitions along with the customer satisfaction in internet service providers. The chapter begins by unpacking the service quality definitions found in the literature, followed by the distinct characteristics of services versus products. In order to understand the effect of ISPs in Kathmandu Valley's service quality on corporate customers' business performance, one needs to unpack theories around customer satisfaction and service quality. Within this introduction part of study, the contents such as introduction of service quality and customer satisfaction in ISPs have been discussed undertaking the service quality dimension such as price, internet service, employees and physical evidence. Research objectives, hypothesis, problems statements and issues have been raised to provide conceptual views. Further, the significance, scope and limitation of this study are also bounded within this chapter.

2.1 Conceptual Review

Service Quality and Customer Satisfaction

Service quality researchers refer to satisfaction as a transaction-specific evaluation, and to quality as an overall evaluation based on a whole set of cumulative evaluations. Parasuraman et al. (1994) recommended examining service quality and satisfaction, and their causal link, from both transaction-specific and global perspectives. In the context of the ISP business, which mainly hinges on the ongoing relationship between a customer and their service provider, the cumulative-specific perspective is more suitable to view this ongoing relationship. Moreover, service quality is usually considered as an antecedent of customer satisfaction in the ISP business.

Price Perception and Customer Loyalty

Limited research has been undertaken to investigate the linkage between price perception

and customer loyalty (Ranaweera & Neely, 2003; Varki & Colgate 2001). Ranaweera and Neely (2003) showed that price perception has a direct linear relationship with customer loyalty in the telecommunications sector. We believe that such a relationship may be more explicit in the ISP environment in Hong Kong, where there is fierce price competition. Hence, we formulate the following hypothesis:

Service Quality

Service quality using the SERVPERF instrument developed by Cronin and Taylor (1992). SERVPERF is a 22-item scale consisting of five dimensions, namely, reliability, responsiveness, assurance, empathy, and tangibles. It treats service quality as disconfirmation between expectation and performance. The perception data relative to a respondent's expectation are collected directly. Each respondent was asked to rate each item of service quality on a five-point scale, anchored at 1 = strongly agree and 5 = strongly disagree.

Customer Satisfaction

It is adopted Oliver's (1980) instrument to assess customer satisfaction. We asked respondents to evaluate their satisfaction with the decision to choose their ISPs, their belief of making a right decision, and their overall satisfaction with their ISPs. Respondents were invited to rate the indicators on a five-point, Likert-type scale, anchored at 1 = strongly agree and 5 = strongly disagree.

Price perception

It is measured price perception by two questions. One refers to the "reasonableness of price," which was used in Ranaweera and Neely's (2003) study. It captures the way in which price is perceived relative to that of competitors. Another question concerns "value for money," which was used in Varki and Colgate's (2001) study. It reflects the relative standing of one's service provider in terms of price. A five-point, Likert-type scale ranging from 1 = strongly agree to 5 = strongly disagree was used.

2.2 Review of Previous Studies

Parasuraman, Zeithaml and Berry (1985) based on conceptual paper to develop model of service quality found ten dimensions of service quality viz. tangibility, reliability, responsiveness, communication, access, competence, courtesy, credibility, security and understanding. Revealed that service quality viz. tangibility, reliability, responsiveness, communication, access, competence, courtesy, credibility, security and understanding have positive relationship with customer satisfaction.

Parasuraman, Zeithaml and Berry (1988) aimed to examine consumer perceptions of service quality. Data were collected through quota sampling from 200 respondents and analyzed through factor analysis found that service quality can be measured through five dimensions viz. tangibility, reliability, responsiveness, assurance, and empathy.

Tan and Teo (2000) having objectives to identify attitudinal, social and perceived behavioral control factors that influence adoption of internet banking. The data were collected from 454 respondents through mailed survey questionnaire and found attitudinal and perceived behavioral control factors rather than social influence play a significant role in influencing intention to adopt internet banking. Perceptions of relative advantage, compatibility, trial ability and risk towards using the internet were found to influence intention to adopt internet banking services.

Yoo and Donthu (2001) found four dimensions viz. ease of use, aesthetic design, processing speed and security have appropriate reliability and validity in every aspect, showing site quality as directly linked to site performance. The major objective is to develop and validate a psychometrically rigorous instrument to measure the perceived quality of an internet shopping site (SITEQUAL). The 5-point Likert scaled questionnaires were given to 94 students of marketing class, out of which 69 gave the completed form which resulted in 207 evaluations as each participant evaluated three sites. Both EFA and CFA were used to analyses the data.

LuarnandLin (2003) found trust, customer satisfaction, perceived value and commitment are separate constructs that combine to determine loyalty with commitment exerting a stronger influence than trust, customer satisfaction and perceived value. Also, customer satisfaction and perceived value are indirectly related to loyalty through commitment. Data were collected from 180 respondents who used online travelling services and video on demand through Quota sampling and analyzed through multiple regression analysis. Trust, customer satisfaction, perceived value and commitment are separate constructs that combine to determine loyalty with commitment exerting a stronger influence than trust, customer satisfaction and perceived value. Also, customer satisfaction and perceived value are indirectly related to loyalty through commitment.

Guo et al. (2004) examined the lagged effect between customer satisfaction and profitability data on customer satisfaction is gathered from American customer satisfaction index (ACSI) and data on sales and other variables of interest such as Return on Assets (ROA) are extracted from sources such as composted for the companies whose satisfaction scores are reported in the ACSI database found past satisfaction having a positive effect on current profitability and past profitability affects customer satisfaction.

Yang and Peterson (2004) examined customer perceived value, satisfaction, loyalty and the role of switching costs. Data were collected from web-based survey randomly selected from an e-mailing list of 4000 respondents provided by an e-mail broker. Found that customer loyalty can be generated through improving customer satisfaction and offering high product/service value.

Jham and Khan (2005) examined concluded that performance of the bank is positively linked to customer satisfaction. Lee and Hwan (2005) examined the relationship between service quality, customer satisfaction and profitability. Based on conceptual paper and found perception quality is an antecedent of attitude, service quality is an antecedent of customer satisfaction, customer satisfaction directly affects purchase intention and customer satisfaction is an antecedent of profitability.

Floh and Treiblmaier (2006) examined antecedents of online loyalty such as trust, quality of the website, quality of the service and overall satisfaction. The data were collected from 2000 customers of an Austrian online bank and analyzed through SEM and found results show that satisfaction and trust are important antecedents of loyalty. Fock and Koh (2006) examined trust and commitment relationship in the context of internet banking. The data were collected from 300 undergraduate students from Singapore and analyzed by applying regression analysis and found higher level of trust and commitment are significantly associated with greater willingness to try internet banking. They further found security, ethics, privacy, openness, the speed of response, quality of information, regulatory control, technology advancement and reputation as determinants of trust.

Li et al. (2006) examined the relationship between user and website with commitment and trust as key mediating variables. The data were collected from 239 graduates and post graduate students and analyzed by using partial least square and found there exists significant association between intention to stick with a website and commitment to and trust in the website. Auta (2007) examined the impact of e-banking in Nigeria's economy. The data were collected from 750 customers of 25 commercial banks in Nigeria and analyzed through Kaiser Meyer Olkin (KMO) approach and Bartlett's test of sphericity to extract independent variables associated with e-banking. Concludes that customers are satisfied with e-banking system providing convenience and flexible advantages such as easy transfer, speedy transaction, less cost and time saving benefits to its customers.

Singhal and Padhmanabhan (2008) examined factors responsible for internet banking. The data were collected through mailed questionnaires from 61 respondents and analyzed through SPSS and found majority of respondents are male and the factors responsible for internet banking are utility request, security, utility transaction, ticket booking and fund transfer. Qureshi et al. (2008) studied factors that manipulate nature of customers towards online banking and their growing tendency towards online financial institutions in Pakistan. Primary data were collected through mail survey and telephonic interviewing whereas secondary data has been obtained from the websites of the State Bank of Pakistan

and found 50% of the clients shifted from traditional banking to online banking system because of perceived usefulness, security and privacy provided by online banks.

Wong et al. (2008) examined the role of traditional service quality in an e-banking environment. Data were collected from 706 respondents through online survey and analyzed through Quadrant analysis. Five service quality dimensions viz. reliability, responsiveness, assurance, empathy and tangibles has not changed dramatically over the years, but large discrepancies were found between customer expectations and their perceived performance of traditional banking services. Tulani et al. (2009) examined the extent of adoption and usage of internet banking by commercial banks in Zimbabwe and the challenges they face in this respect. A structured questionnaire was used in 16 commercial banks in Zimbabwe, while only 12 filled and returned the questionnaire. SPSS version 10 was used as a statistical analysis tool for drawing inferences and found majority of the banks in Zimbabwe have adopted internet banking, usage levels have remained relatively low, as not many customers are using this innovation in Zimbabwe. The main usage of internet banking has been for checking account balances, payment of bills and fund transfer. Important perceived benefits of using internet banking were cost.

Azouzi (2009) examined the extent of adoption of electronic banking in Tunisia. Data were collected through questionnaire and personal interviews from 84 respondents selected from schools, universities and households having a current account in bank and found results show majority of respondents (95%) having access to internet but only few of the musettes primary banking channel. In fact, 52.4% of the respondents prefer to go directly to bank and continue to emphasize their linkage to traditional banking. It is due to the fear of transactions error or hackers that alienate Tunisian customers from using online banking.

Kasheir et al. (2009) examined the factors affecting continued usage of internet banking among Egyptian customers. The data were collected from 65 respondents conveniently and analyzed through multiple regression and ANOVA found perceived ease of use was found to be the strongest predictor of intention to continued usage of internet banking services and demographic variables having no significant effect on the same. Khan and Mahapatra

(2009) examined quality of i- banking services in India from customer perspective. Data were collected from various target groups consisting of ten e-banking users and the managers of four banks including public sector, private sector and foreign banks and analyses with the help of regression analysis and found customers are satisfied with the reliability of the bank services but are not satisfied with the dimension of user- friendliness. The two dimensions viz privacy/security and fulfilment are not contributing significantly towards the overall service quality.

Karim and Hamdan (2010) examined the effects of information technology on the Jordanian banking industry. Data has been gathered from 15 Jordanian banks for a period of five years and found revealed that IT having a positive impact on business performance measured in terms of ROA, ROE, market value added and net profit margin.

Uppal (2011) examined the performance of banks in terms of productivity and profitability in pre and post e-banking period. The nine banks viz. SBI, BOB, Canara Bank, HDFC, ICICI, UTI, Citibank, Standard Chartered and HSBC have been selected on the basis of their market share in 2003-04 and analyzed with the help of various ratios. Revealed that performance of all banks under study is much better in post e-banking period. The performance of foreign banks is at the first position followed by private and public-sector banks.

Hassan et al. (2012) examined determinants that mainly affect the customer service quality perception of internet banking amongst different age groups of both male and female. Data were collected from 120 internet banking users and analyzed by applying Chi-square test and found Web site design, trust, security, product diversification, credibility, collaboration, access and communication strongly affect the customer perception about the quality of internet banking services. Muhammad and Rana (2012) examined factors that are distressing the adoption of internet banking services among adult students in Kingdom of Saudi Arabia. Data were collected from 150 adult students of Saudi Arabia and analyzed with the help of T-test and correlation and found perceived ease of use, perceived usefulness, compatibility and innovativeness and perceived credibility tend to influence

customers to adopt internet banking.

Wu et al. (2012) examined perceived usefulness and perceived ease of use while incorporating relative advantage, website quality, knowledge and support, information quality and trust as new constructs in predicting customer's behavioral intention of using online banking. The Quota sampling was used to collect data from 465 customers from 31 domestic banks and 15 questionnaires were administered to each bank. Multiple regression analysis was used to represent the difference between users and potential user's behavioral intention of using online banking in Taiwan. The findings revealed that trust demonstrated a strong effect on customer's behavioral intention for both potential user group and user group. Also, apart from perceived usefulness and perceived ease of use, relative advantage also had a significant effect on customer's behavioral intention.

Alam and Soni (2012) studied customer satisfaction of internet banking in Vadodara city of India. The data were collected from 250 bank customers and analyzed with the help of ANOVA and multiple regression analysis. There is a significant variation in the level of satisfaction among internet banking users which depends upon reliability, responsiveness, security, ease of use and tangibles. Further they also claimed that satisfaction comes from quick services, affordable service charge, easiness of depositing and withdrawing money, ATM booths, and Account statement over SMS/ e-mail services and error free records. Ma (2012) examined factors of service quality that influence customer satisfaction. The data were collected from 198 Chinese customers and analyzed through SEM. Found privacy, reputation and price are the key factors that affect customer satisfaction in internet banking services.

Kashyap and Sharma (2012) examined the performance of scheduled commercial banks (SCBs) in terms of labor productivity, branch productivity and profitability in pre and post e-banking period. All SCBs have been taken into consideration with division of period between pre-e-banking period (1991-1999) and post e-banking period (2000-2009). Resulted show that performance of all banks improved after the introduction of IT Act, 1999, in terms of capital deposits, branch productivity and Net profit.

Sabi (2014) examined customer satisfaction of internet banking. Data were collected from 25 bank customers and analyzed with the help of ANOVA and multiple regression analysis. Found the internet banking phenomenon has transformed the banking mode and method and it has brought new strategic directions for investment in banking information and communication technologies.

Opara et al. (2016) based on conceptual paper found ten dimensions of service quality viz. customization and customization, security and understanding. Internet banking is now used as the term for new age banking system Internet banking is defined as the use of Internet to deliver banking activities such as funds transfer, viewing current account's data, paying bills and savings account balance, purchasing financial instruments and paying mortgages and certificates of deposits.

Toor, Hunain, Hussain, Ali and Shahid (2017) researched work intends to investigate the impact of E-banking variables on customer satisfaction in Pakistan. The research design of the study is quantitative. Data has been gathered through already tested questionnaire from 264 E-banking users as respondents, from different cities of Pakistan. Results of the study have revealed that there is momentous relationship between service quality dimensions and customer satisfaction in E-banking in Pakistan, with more weightage of reliability, responsiveness and assurance among the five dimensions and found through this study we can conclude that service quality in E-banking leads to satisfied customers and thus banks can gain competitive advantage by offering better-quality services to their customers in today's emulous world.

Altobishi, Erboz & Podruzsik (2018) investigated the effects of electronic banking services on customer satisfaction in Jordan banking sectors. Survey questions asked to 175 clients in Jordan. The reviewed literature indicates that convenience, privacy, cost, ease of use, customization and security are six indicators that affect level of customer satisfaction with E-Banking. The survey questions conducted in these six indicators and statistical results shows a positive relationship between level of customer satisfaction and usage of E-Banking among customers and found there is positive relationship between five indicators

and level of customer satisfaction and usage of E-Banking. Only Privacy is not discovered to have an effect on Customer Satisfaction in Jordan.

Joudeh and Dandis (2018) aimed at examining the influence of service quality (internet service quality) on customer loyalty through the mediating effect of customer satisfaction. Through employing the questionnaire on a convenient sample of (860) consumer from different malls and commercial complexes in Amman – Jordan; the results indicated that internet service quality has a positive influence on customer satisfaction which in its turn can influence the level of customer loyalty. The study also reached to the results that good and well-built service quality may lead to customer satisfaction which in its turn can lead to a better level of customer loyalty. Consumer loyalty includes highlights or attributes that can fulfill the desires or needs of a client, it is a post utilization encounter which contrasts apparent quality and expected quality, in this way a similar conduct between inputs previously and after utilization. The study recommended to enhance the level of service quality awareness is the best approach to customer satisfaction. Aware employees tend to pay more attention to the idea of service quality which can lead to a better customer loyalty.

Asiyanbi and Ishola (2019) evaluated the frequency at which branch visitation by customers have decline with adoption of e-banking services. The study employed a cross-sectional survey design and convenience sampling technique. One hundred (100) bank customers were surveyed through a self-report questionnaire. Four research questions and two hypotheses were tested using Pearson correlation analysis and, t-test for independence at $p \leq 0.05$. The results revealed high utilization of electronic banking products (ATM (98%), internet banking (85%), electronic transfer (97%) and found constraints experienced include internet network failure, bank fraud and business loss due to failed e-transactions. Customers were satisfied with e-banking due to its cashless nature, cash accessibility, saves time from bank visitation and seamless transactions. The study exhibited that customers used and were glad with e-banking products. Customers' segmentation and more investment in e-banking infrastructure were advised for promoting electronic banking services.

Sharma, Singh and Singh (2020) examined the impact service quality of E-Banking service on Customer satisfaction. Multiple Linear Regression, Factor analysis KMO and Bartlett's test of sphericity is applied over service quality variables to validate if factor analysis is appropriate & if there exist some relationship among variables and found. It has been found that the overall regression model has been a reasonable fit and there is a statistically significant association between service quality dimension and customer satisfaction.

Table 1: *Literature Matrix*

Author's Name	Parasuraman, Zeithaml and Berry (1985)
Objectives	To develop model of service quality
Research Methodology	Conceptual Paper
Findings	Found ten dimensions of service quality viz. tangibility, reliability, responsiveness, communication, access, competence, courtesy, credibility, security and understanding
Author's Name	Parasuraman, Zeithaml and Berry (1988)
Objectives	To examine consumer perceptions of service quality
Research Methodology	Data were collected through quota sampling from 200 respondents and analyzed through factor analysis
Findings	Results show that service quality can be measured through five dimensions viz. tangibility, reliability, responsiveness, assurance, and empathy
Author's Name	Tan and Teo (2000)
Objectives	To identify attitudinal, social and perceived behavioral control factors that influence adoption of internet banking
Research Methodology	Data were collected from 454 respondents through mailed survey questionnaire
Findings	Attitudinal and perceived behavioral control factors rather than social influence play a significant role in influencing intention

	to adopt internet banking. Perceptions of relative advantage, compatibility, trial ability and risk towards using the internet were found to influence intention to adopt internet banking services.
Author's Name	Yoo and Donthu (2001)
Objectives	To develop and validate a psychometrically rigorous instrument to measure the perceived quality of an internet shopping site (SITEQUAL)
Research Methodology	5-point Likert scaled questionnaires were given to 94 students of marketing class, out of which 69 gave the completed form which resulted in 207 evaluations as each participant evaluated three sites. Both EFA and CFA were used to analyses the data.
Findings	Four dimensions viz. ease of use, aesthetic design, processing speed and security have appropriate reliability and validity in every aspect, showing site quality as directly linked to site performance
Author's Name	LuarnandLin (2003)
Objectives	Data were collected from 180 respondents who used online travelling services and video on demand through Quota sampling and analysed through multiple regression analysis
Research Methodology	Trust, customer satisfaction, perceived value and commitment are separate constructs that combine to determine loyalty with commitment exerting a stronger influence than trust, customer satisfaction and perceived value. Also, customer satisfaction and perceived value are indirectly related to loyalty through commitment
Findings	Trust, customer satisfaction, perceived value and commitment are separate constructs that combine to determine loyalty with commitment exerting a stronger influence than trust, customer satisfaction and perceived value. Also, customer satisfaction and

	perceived value are indirectly related to loyalty through commitment
Author's Name	Guo et al. (2004)
Objectives	To examine the lagged effect between customer satisfaction and profitability
Research Methodology	Data on customer satisfaction is gathered from American customer satisfaction index (ACSI) and data on sales and other variables of interest such as Return on Assets (ROA) are extracted from sources such as composted for the companies whose satisfaction scores are reported in the ACSI database
Findings	Past satisfaction having a positive effect on current profitability and past profitability affects customer satisfaction
Author's Name	Yang and Peterson (2004)
Objectives	To examine customer perceived value, satisfaction, loyalty and the role of switching costs
Research Methodology	Data were collected from web based survey randomly selected from an e- mailing list of 4000 respondents provided by an e-mail broker.
Findings	Customer loyalty can be generated through improving customer satisfaction and offering high product/service value
Author's Name	Jham and Khan (2005)
Objectives	To examine the impact of customer satisfaction on performance of Indian banks by considering various services provided by banks viz. traditional facilities, multichannel banking and internal marketing
Research Methodology	Data were collected from 560 customers through probability systematic sampling from five banks viz. SBI, PNB, HDFC, ICICI and IDBI and analyzed through factor analysis, ANOVA and regression analysis

Findings	Result concludes that performance of the bank is positively linked to customer satisfaction
Author's Name	Lee and Hwan (2005)
Objectives	To examine the relationship between service quality, customer satisfaction and profitability
Research Methodology	Conceptual paper
Findings	Perception quality is an antecedent of attitude, service quality is an antecedent of customer satisfaction, customer satisfaction directly affects purchase intention and customer satisfaction is an antecedent of profitability
Author's Name	Floh and Treiblmaier (2006)
Objectives	To examine antecedents of online loyalty such as trust, quality of the website, quality of the service and overall satisfaction
Research Methodology	Data were collected from 2000 customers of an Austrian online bank and analyzed through SEM
Findings	Results show that satisfaction and trust are important antecedents of loyalty
Author's Name	Fock and Koh (2006)
Objectives	To examine trust and commitment relationship in the context of internet banking
Research Methodology	Data were collected from 300 undergraduate students from Singapore and analyzed by applying regression analysis
Findings	Higher level of trust and commitment are significantly associated with greater willingness to try internet banking. They further found security, ethics, privacy, openness, the speed of response, quality of information, regulatory control, technology advancement and reputation as determinants of trust

Author's Name	Li et al. (2006)
Objectives	To examine the relationship between user and website with commitment and trust as key mediating variables
Research Methodology	Data were collected from 239 graduate and post graduate students and analyzed by using partial least square
Findings	There exists significant association between intention to stick with a website and commitment to and trust in the website
Author's Name	Auta (2007)
Objectives	To examine the impact of e-banking in Nigeria's economy
Research Methodology	Data were collected from 750 customers of 25 commercial banks in Nigeria and analyzed through Kaiser Meyor Olkin (KMO) approach and Bartlett's test of sphericity to extract independent variables associated with e- banking
Findings	Customers are satisfied with e- banking system providing convenience and flexible advantages such as easy transfer, speedy transaction, less cost and time saving benefits to its customers
Author's Name	Singhal and Padhmanabhan (2008)
Objectives	To examine factors responsible for internet banking
Research Methodology	Data were collected through mailed questionnaires from 61 respondents and analysed through SPSS
Findings	Majority of respondents are male and the factors responsible for internet banking are utility request, security, utility ransaction, ticket booking and fund transfer
Author's Name	Qureshi et al. (2008)
Objectives	To study factors that manipulate nature of customers towards online banking and their growing tendency towards online financial institutions in Pakistan
Research Methodology	Primary data were collected through mail survey and telephonic interviewing whereas secondary data has been obtained from the

	websites of the State Bank of Pakistan
Findings	50% of the clients shifted from traditional banking to online banking system because of perceived usefulness, security and privacy provided by online banks
Author's Name	Wong et al. (2008)
Objectives	To examine the role of traditional service quality in an e-banking environment
Research Methodology	Data were collected from 706 respondents through online survey and analyzed through Quadrant analysis
Findings	Five service quality dimensions viz. reliability, responsiveness, assurance, empathy and tangibles has not changed dramatically over the years, but large discrepancies were found between customer expectations and their perceived performance of traditional banking services
Author's Name	Tulani et al. (2009)
Objectives	To examine the extent of adoption and usage of internet banking by commercial banks in Zimbabwe and the challenges they face in this respect
Research Methodology	A structured questionnaire was used in 16 commercial banks in Zimbabwe, while only 12 filled and returned the questionnaire. SPSS version 10 was used as a statistical analysis tool for drawing inferences
Findings	Majority of the banks in Zimbabwe have adopted internet banking, usage levels have remained relatively low, as not many customers are using this innovation in Zimbabwe. The main usage of internet banking has been for checking account balances, payment of bills and fund transfer. Important perceived benefits of using internet banking were cost.

Author's Name	Azouzi (2009)
Objectives	To examine the extent of adoption of electronic banking in Tunisia
Research Methodology	Data were collected through questionnaire and personal interviews from 84 respondents selected from schools, universities and households having a current account in bank
Findings	Results show majority of respondents (95%) having access to internet but only few of them use it as a primary banking channel. In fact 52.4% of the respondents prefer to go directly to bank and continue to emphasize their linkage to traditional banking. It is due to the fear of transactions error or hackers that alienate Tunisian customer's from using online banking
Author's Name	Kasheir et al. (2009)
Objectives	To examine the factors affecting continued usage of internet banking among Egyptian customer's
Research Methodology	Data were collected from 65 respondents conveniently and analyzed through multiple regression and ANOVA
Findings	Perceived ease of use was found to be the strongest predictor of intention to continued usage of internet banking services and demographic variables having no significant effect on the same
Author's Name	Khan and Mahapatra (2009)
Objectives	To examine quality of i- banking services in India from customer perspective
Research Methodology	Data were collected from various target groups consisting of ten e-banking users and the managers of four banks including public sector, private sector and foreign banks and analyses with the help of regression analysis
Findings	Customers are satisfied with the reliability of the bank services but are not satisfied with the dimension of user- friendliness.

	The two dimensions viz-privacy/security and fulfilment are not contributing significantly towards the overall service quality
Author's Name	Karim and Hamdan (2010)
Objectives	To examine the effects of information technology on the Jordanian banking industry
Research Methodology	Data has been gathered from 15 Jordanian banks for a period of five years
Findings	Findings revealed that IT having a positive impact on business performance measured in terms of ROA, ROE, market value added and net profit margin
Author's Name	Uppal (2011)
Objectives	To examine the performance of banks in terms of productivity and profitability in pre and post e-banking period
Research Methodology	Nine banks viz. SBI, BOB, Canara Bank, HDFC, ICICI,UTI, Citibank, Standard Chartered and HSBC have been selected on the basis of their market share in 2003-04 and analyzed with the help of various ratios
Findings	Findings revealed that performance of all banks under study is much better in post e-banking period. The performance of foreign banks is at the first position followed by private and public sector banks
Author's Name	Hassan et al. (2012)
Objectives	To examine determinants that mainly affect the customer service quality perception of internet banking amongst different age groups of both male and female
Research Methodology	Data were collected from 120 internet banking users and analyzed by applying Chi-square test
Findings	Web site design, trust, security, product diversification, credibility, collaboration, access and communication strongly affect the

	customer perception about the quality of internet banking services
Author's Name	Muhammad and Rana (2012)
Objectives	To examine factors that are distressing the adoption of internet banking services among adult students in Kingdom of Saudi Arabia
Research Methodology	Data were collected from 150 adult students of Saudi Arabia and analyzed with the help of T-test and correlation
Findings	Perceived ease of use, perceived usefulness, compatibility and innovativeness and perceived credibility tend to influence customers to adopt internet banking.
Author's Name	Wu et al. (2012)
Objectives	To examine perceived usefulness and perceived ease of use while incorporating relative advantage, website quality, knowledge and support, information quality and trust as new constructs in predicting customer's behavioral intention of using online banking
Research Methodology	Quota sampling was used to collect data from 465 customers from 31 domestic banks and 15 questionnaires were administered to each bank. Multiple regression analysis was used to represent the difference between users and potential users behavioral intention of using online banking in Taiwan
Findings	The findings revealed that trust demonstrated a strong effect on customer's behavioral intention for both potential user group and user group. Also apart from perceived usefulness and perceived ease of use, relative advantage also had a significant effect on customer's behavioral intention
Author's Name	Alam and Soni (2012)
Objectives	To study customer satisfaction of internet banking in Vadodara city of India
Research	Data were collected from 250 bank customers and analyzed with

Methodology	the help of ANOVA and multiple regression analysis
Findings	There is a significant variation in the level of satisfaction among internet banking users which depends upon reliability, responsiveness, security, ease of use and tangibles. Further they also claimed that satisfaction comes from quick services, affordable service charge, easiness of depositing and withdrawing money, ATM booths, Account statement over SMS/ e-mail services and error free records
Author's Name	Ma (2012)
Objectives	To examine factors of service quality that influence customer satisfaction
Research Methodology	Data were collected from 198 Chinese customers and analyzed through SEM
Findings	Privacy, reputation and price are the key factors that affect customer satisfaction in internet banking services
Author's Name	Kashyap and Sharma (2012)
Objectives	To examine the performance of scheduled commercial banks (SCBs) in terms of labor productivity, branch productivity and profitability in pre and post e-banking period
Research Methodology	All SCBs have been taken into consideration with division of period between pre e- banking period (1991-1999) and post e-banking period (2000-2009)
Findings	Results show that performance of all banks improved after the introduction of IT Act, 1999, in terms of capital deposits, branch productivity and Net profit
Author's Name	Sabi (2014)
Objectives	To examine customer satisfaction of internet banking
Research Methodology	Data were collected from 25 bank customers and analyzed with the help of ANOVA and multiple regression analysis

Findings	The internet banking phenomenon has transformed the banking mode and method and it has brought new strategic directions for investment in banking information and communication technologies.
Author's Name	Opara et al. (2016)
Objectives	Conceptual Paper
Research Methodology	Found ten dimensions of service quality viz. personalization and customization and customization, , security and understanding
Findings	Internet banking is now used as the term for new age banking system Internet banking is defined as the use of Internet to deliver banking activities such as funds transfer, viewing current account's data, paying bills and savings account balance, purchasing financial instruments and paying mortgages and certificates of deposits.
Author's Name	Toor, Hunain, Hussain, Ali & Shahid (2017)
Objectives	This research work intends to investigate the impact of E-banking variables on customer satisfaction in Pakistan.
Research Methodology	Research design of the study is quantitative. Data has been gathered through already tested questionnaire from 264 E-banking users as respondents, from different cities of Pakistan. Results of the study have revealed that there is momentous relationship between service quality dimensions and customer satisfaction in E-banking in Pakistan, with more weightage of reliability, responsiveness and assurance among the five dimensions.
Findings	Through this study we can conclude that service quality in E-banking leads to satisfied customers and thus banks can gain competitive advantage by offering better-quality services to their customers in today's emulous world.

Author's Name	Altobishi, Erboz & Podruzsik (2018)
Objectives	To investigate the effects of electronic banking services on customer satisfaction in Jordan banking sectors.
Research Methodology	Survey questions asked to 175 clients in Jordan. The reviewed literature indicates that convenience, privacy, cost, ease of use, personalization and customization and security are six indicators that affect level of customer satisfaction with E-Banking. The survey questions conducted in these six indicators and statistical results shows a positive relationship between level of customer satisfaction and usage of E-Banking among customers.
Findings	There is positive relationship between five indicators and level of customer satisfaction and usage of E-Banking. Only Privacy is not discovered to have an effect on Customer Satisfaction in Jordan.
Author's Name	Asiyanbi and Ishola (2019)
Objectives	Evaluate the frequency at which branch visitation by customers have decline with adoption of e-banking services.
Research Methodology	The study employed a cross-sectional survey design and convenience sampling technique. One hundred (100) bank customers were surveyed through a self-report questionnaire. Four research questions and two hypotheses were tested using Pearson correlation analysis and, t-test for independence at $p \leq 0.05$. The results revealed high utilization of electronic banking products (ATM (98%), internet banking (85%), electronic transfer (97%).
Findings	Constraints experienced include internet network failure, bank fraud and business loss due to failed e-transactions. Customers were satisfied with e-banking due to its cashless nature, cash accessibility, saves time from bank visitation and seamless transactions. The study exhibited that customers used and were glad with e-banking products. Customers' segmentation and more

	investment in e-banking infrastructure were advised for promoting electronic banking services.
Author's Name	Sharma, Singh and Singh (2020)
Objectives	To examine the impact service quality of E-Banking service on Customer satisfaction
Research Methodology	Multiple Linear Regression, Factor analysis KMO and Bartlett's test of sphericity is applied over service quality variables to validate if factor analysis is appropriate & if there exist some relationship among variables.
Findings	It has been found that the overall regression model has been a reasonable fit and there is a statistically significant association between service quality dimension and customer satisfaction.

2.2.1 Review of Nepalese Context

Shrestha (2017) investigated service quality indexes in Internet Banking. This is an applied research study of descriptive-surveying kind. The purpose of this research is to understand the impact of service quality factors of Internet Banking on customer satisfaction in Iran. To study the relation between service quality and customer satisfaction, first a hybrid model based on the previous works has been proposed. Six service quality dimensions namely reliability, efficiency, responsiveness, fulfillment, security / privacy and website design have been established based on the literature review. The data were gathered through survey interview by a questionnaire that was designed on a 5-Point Likert scale. This study evaluated influence of service quality on customer satisfaction in Internet Banking. The study shows that the Six service quality dimensions has meaningful relationship with customer satisfaction in Internet Banking and reliability has most relation and website design has least relation to customer satisfaction.

Dahal (2018) found managers in financial organizations and institutions are willing to maintain customer satisfaction, in order to minimize their cost and strengthen their competitive advantage. In Jordan, most of the commercial banks offer their banking

services electronically. Therefore, this research aims to investigate the effects of electronic banking services on customer satisfaction in the lights of survey questions asked to 175 clients in Jordan. The reviewed literature indicates that convenience, privacy, cost, ease of use, customization and security are six indicators that affect level of customer satisfaction with E-Banking. The survey questions conducted in these six indicators and statistical results shows a positive relationship between level of customer satisfaction and usage of E-Banking among customers. There is positive relationship between five indicators and level of customer satisfaction and usage of E-Banking. Only Privacy is not discovered to have an effect on Customer Satisfaction in Jordan.

Karmacharya (2019) examined the relationship between the dimensions of E-Banking service quality and customer satisfaction to determine which dimension can potentially have the strongest influence on customer satisfaction. Data were gathered using a survey instrument, which was distributed among bank clients in the Lebanese banking sector. The data were statistically analyzed using structural equation modeling with SPSS and Amos (20). The findings show that reliability, efficiency, and ease of use; responsiveness and communication; and security and privacy all have a significant impact on customer satisfaction, with reliability being the dimension with the strongest impact. E-Banking has become one of the essential banking services that can, if properly implemented, increase customer satisfaction, and give banks a competitive advantage. Knowing the relative importance of service quality dimensions can help the banking industry focus on what satisfies customers the most.

Adhikari (2020) having main objective of this paper is to measure the impact of E-banking service quality on customer satisfaction. Primary data method is used to collect data by using the interview method over 504 respondents. The random sampling technique has been taken up for the survey by keeping due care for the availability and easiness of the customers. The Multiple regression technique has been employed to measure the effect to service quality dimension on the customer satisfaction. The paper examines the relative strength of each dimension affecting customer satisfaction. It has been found that the

overall regression model has been a reasonable fit and there is a statistically significant association between service quality dimension and customer satisfaction.

2.3 Research Gap

This study is conducted to examine the service quality and customer satisfaction of internet service providers with service quality dimensions such as internet service, price, employees and physical evidence. In this particular study, service quality has been measured not by SERVIQUAL or SITEQUAL model rather it deals with the sub variables of SERVIQUAL models unlike the previous researchers such as Yoo and Donthu (2001) and Parasuraman, Zeithaml and Berry (1985). Thus, this study assists in examining the effect of service quality dimension in terms of internet service provider, price, employees and physical evidence on customer satisfaction in Kathmandu valley.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Research Methodology

According to Sachdeva (2009) there are many definitions of research design, and there is no single definition that captures all the elements of what a research design should encompass. A research design should be seen as a blueprint for the collection, measurement, and analysis of data (Sachdeva, 2009).

3.2 Research Design

To achieve the objectives of the study and to answer the research questions, the suitable research design such as descriptive and correlational research design has been considered. Since this research aids in providing a deeper understanding of the identified problem and well as examining the cause and effect relationship.

3.3 Population and Sampling

The population has been regarded the total user within Kathmandu valley of top three internet service provider organization such as WorldLink, Vianet and Classic-Tech respectively. According to MIS report published by Nepal Telecommunication Authority in May 2019 the users or subscribers are 579,947 within Katmandu valley. For the selection of respondents, the random sampling technique has been considered. As the population are larger 384 subscribers are selected as respondents.

3.4 Data Analysis Model

The nature of data for this study has been primary. Similarly, qualitative data highly influences the study. Thus, questionnaires have been prepared. Questionnaires has been

categorized into two segmentation i.e. demographic variables and operational variables. Under demographic variables internet users' which are respondents' profile has been analyzed with the help of age, gender, educational level and period of using internet. Similarly, operational definition consists of dependent and independent variables. The close ended questionnaire has been asked to filled up having 5-likert scaling point in the form of 5 as strongly agree, 4 as agree, 3 as stay neutral, 2 as disagree and 1 as strongly disagree. Each and every variable will consist of at least four statements. For getting findings and results different statistical tools has been employed as mentioned below.

Statistical Tools

Statistical tools are equally important to meet the objectives of this study and often employed in the analysis and interpretation of data. This will help us to analyze the relationship between two or more variables. For this research following statistical tools are used. They are:

- i) Arithmetic Mean
- ii) Standard Deviation
- iii) Karl Pearson's coefficient of correlation
- iv) Hypothesis Testing

I) Arithmetic Mean

Arithmetic mean also called 'the mean' or, 'average arithmetic mean' is the most popular and widely used method of central tendency. It is the ratio of sum of all observations. It is calculated from ungrouped data and frequency.

$$\bar{X} = \frac{\sum X}{N} \text{ Where, } \bar{X} = \text{Mean Average } \sum X = \text{Sum of the observations and } N = \text{No. of}$$

observations

II) Standard Deviation

Standard deviation is the most popular and most useful measure of dispersion and gives uniform, correct and stable results. The main characteristics of standard deviation are that it is based on mean. Furthermore, a standard deviation is always a positive number and it

is superior to the mean deviation. A standard deviation is positive square root of average sum of squares of deviations of observations from the arithmetic mean of the distribution.

$$\sigma = \sqrt{\frac{\sum (X - \bar{X})^2}{N}}$$

σ = Standard deviation

$\sum (X - \bar{X})^2$ = Sum of the squares of the deviations measured from mean

X = Sample Data

\bar{X} = Mean Average

N = No. of respondents

III) Correlation Coefficient (r)

For the purpose of comparison and further analysis, it is necessary to get a numerical measure for the correlation between two variables. A relative measure of this type is developed by Karl Pearson called Pearson's coefficient of correlation or product moment correlation coefficient. It measures the relationship between two or more than two variables and they are so related that the change in the value of one variable is accompanied by change in the value if the other or, it indicates the direction of relationship among others. It is denoted by (r) the correlation coefficient can be calculated as:

$$\text{Correlation coefficient (r)} = \frac{N \sum XY - \sum X \sum Y}{\sqrt{N \sum X^2 - (\sum X)^2 \times N \sum Y^2 - (\sum Y)^2}}$$

Where,

N= number of observations

X and Y are variables

The decision criteria:

When,

r = 0, there is no relationship between the variables

r = 1, the variables are perfectly positive correlated

r = -1, the variables are perfectly negative correlated

IV) Hypothesis Testing

For hypothesis testing ANOVA p-value has been evaluated for either significant or insignificant relationship between variables. At 95% confidence level the p-value has been compared if p-value is less than 0.05 then there has been significant relationship between variables and if not, there has been insignificant relationship.

B) Regression Analysis

The literal or dictionary meaning of the regression is moving backward or going back or the return to the average value. Regression analysis is the technique of studying how the variations on one series are related to variation in another series. It determines the nature and strength of relationship between two variables. Thus, regression is the estimation of unknown values or prediction of one variable from known values of other variables.

The Regression Model,

$$CS = \alpha_0 + \alpha_1 IS + \alpha_2 NP + \alpha_3 E + \alpha_4 PE + \varepsilon$$

Where,

α_0	=	Constant Value
$\alpha_1, \alpha_2, \alpha_3$ and α_4	=	Coefficient of Independent Variables
CS	=	Customer Satisfaction
IS	=	Internet Service
P	=	Price
E	=	Employees
PE	=	Physical Evidence
ε	=	Error Terms

3.5 Resource Requirements

After getting the respondents' response through distributed questionnaires the quantitative data has been inputted into IBM SPSS version 25 statistical software in order to decode into qualitative data and then compute the required results and findings. Further, the study has been using Microsoft office packages such as Microsoft-Word and Excel most

importantly. Regarding the literature reviews most related articles and journals has been search via google scholar. Library books and thesis or dissertations has been taken as reference for this particular study.

3.6 Data Reliability and Validity Test

In order to measure the value of reliability and validity of study, Cronbach Alpha and factor loading tests are used to measure. Cronbach Alpha should be higher than 0.70 or equal to. All the dimensions of service quality along with customer satisfaction variables' Cronbach Alpha value should be higher than 0.70 or equal to for reliability. Moreover, Factor loading of all items of the study should be more than 0.50 or equal to (Stewart, 1981).

Table 2: *KMO and Bartlett's Test*

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.868
Bartlett's Test of Sphericity	Approx. Chi-Square	1599.062
	df	10
	Sig.	.000

The table 2 depicts the KMO and Bartlett's test. The KMO measure of sampling adequacy found to be 0.868 which is much greater than 0.5. Therefore, it indicates that sample size of 384 is adequate. In addition, the factor analysis can also be done, as the Bartlett's Test of Sphericity value is less than 0.00 which is significant.

Table 3: *Reliability Statistics*

Reliability Statistics	
Cronbach's Alpha	N of Items
.930	5
	Cronbach's Alpha
IS	.926
P	.916
E	.915
PE	.900
CS	.912

Table 3 demonstrates the reliability test of items. Reliability values generated by using Cronbach alpha method are found to be greater than 0.70 that is .930 percent as a whole. This designates the scale ensures internal consistency. In addition, the items considered for variables internet service, price, physical evidence, employees and customer satisfaction have alpha value greater than 0.70. Thus, the all items consisting these variables are reliable and consistent for analysis.

3.7 Research Framework and Definitions of Variables

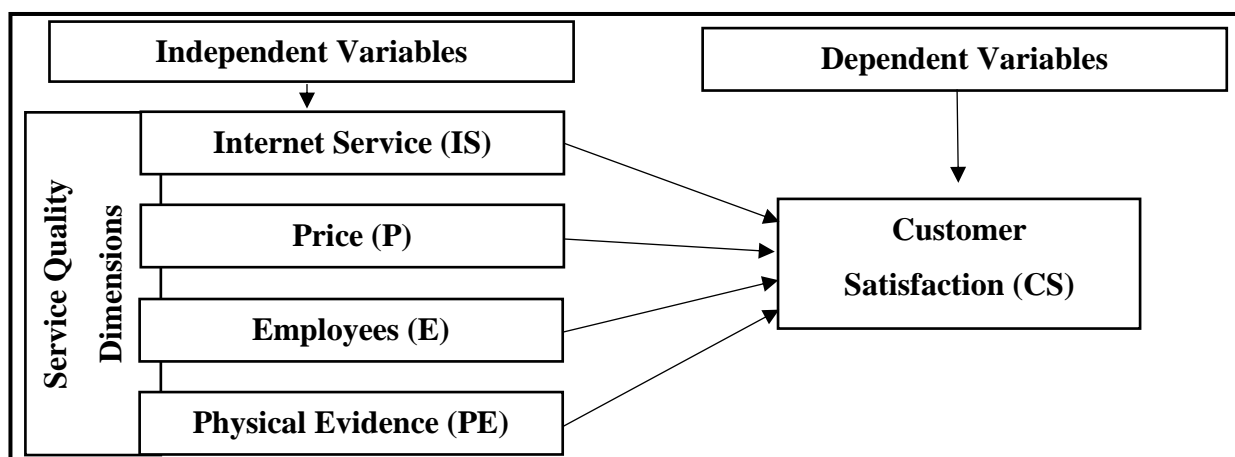


Figure 1: Theoretical Framework

Customer Satisfaction

Oliver (1997) redefined customer satisfaction by considering the response towards fulfillment. He noted that customer satisfaction refers to judging the features of the product or service and ensuring that the service or the product offers pleasurable consumption levels that are linked to fulfillment. In this regard, measurements of customer satisfaction consider satisfaction of needs as well as expectations.

Service Quality

Zeithaml et. al. (2006) noted that reliability as a dimension of service quality is critical as customers often want to companies that implicitly communicate and keep to their promises. Responsiveness refers to the willingness to offer prompt service and help customers (Zeithaml et al., 2006). It is concerned with customers' requests, complaints and questions

attentively and promptly. A responsive firm often communicates with them and how long it takes to deal with their problems or answer their questions (Zeithaml et al., 2006).

Internet Service

According to W.A. Leon "in order to connect to the internet, you need to use an internet service. Internet service provides a way for data to be transferred from internet servers to your computers. An internet service provider is a company that provides access to the internets. Naidoo (2016) result showed that a positive correlation exists between service quality and internet service.

Price

Price, the amount of money that has to be paid to acquire given product. As far as the amount people are prepared to pay for a product represents its value, price is also a measure of value. Apart from the third-party delivery capabilities, price was another component that influenced ISPs' purchasing decisions. The price to the customer increases as the margins are stacked as components pass from one supplier to another. This margin stacking puts further price pressure on the ISPs. In addition, expensive transit costs and the shortage of peer providers further contribute to this pressure (Naidoo, 2016).

Physical Evidence

Physical evidence is any material object that plays some role in the matter that gave rise to the litigation, introduced as evidence to prove fact in issue based on the object's physical characteristics. Naidoo (2016) result showed that a positive correlation exists between service quality and physical evidence.

Employees

An employee is someone who gets paid to work for a person or company. Workers don't need to work full time to be considered employees-they simply need to be paid to work by an employer. Naidoo (2016) result showed that a positive correlation exists among internet service quality dimensions and customer loyalty, which presents that the internet service attained the highest positive correlation, followed by employees.

CHAPTER-IV

RESULTS AND DISCUSSION

The purpose of this chapter is to analyze and interpret the data collected during the study and present the results of the questionnaire survey. This chapter is divided into four sections. This chapter provides systematic presentation, interpretation and analysis of primary data to deal with various issues associated with service quality of internet service provider and customer satisfaction in Kathmandu valley. The first chapter deals with the respondents' profile. The second section covers the descriptive analysis. The third section of this chapter deals with inferential analysis. The fourth section summarize the findings of this study.

This chapter also deals with systematic presentation and analysis of primary data to cope with dependent variable i.e. customer satisfaction and independent variables such as price, internet service, physical evidence and employees with different views and opinions of 384 respondents under 5-point Likert scaling. The proposed statistical tools such as frequency analysis, correlation analysis, regression analysis and hypothesis testing have been employed in order to gain the major findings, discussion purpose along with conclusion.

4.1 Demography Profile

The demographic variables are regularly used as a root for the thoughtful response of respondents. The respondents' profile discloses the personal characteristics based on their gender, age, education status, occupation, investment experiences, having DEMAT account and frequency of trading. Similarly, dissimilar close-ended questionnaires have also been considered with different understandings of 384 respondents. The entire 384 respondents have partaken in this survey online during COVID-19 pandemic.

Table 4: *Distribution by Gender*

Gender	Frequency	Percent
Male	173	45.1
Female	211	54.9
Total	384	100.0

Source: Opinion Survey, 2022

The table 4 depicts the distribution by gender of respondents. In accordance with the survey of 384 respondents, 45.1 percent of the respondents are male and 54.9 percent of respondent are female. Thus, majority of respondents who have participated in survey, are female and minorities of the respondent are male. In absolute number, 173 males and 211 females have been participated in this study respectively.

Table 5: *Distribution by Age*

Age	Frequency	Percent
Below 20	63	16.4
21-30	127	33.1
31-40	106	27.6
Above 40	88	22.9
Total	384	100.0

Source: Opinion Survey, 2022

The distribution by age category of respondents. In accordance with the survey of 384 respondents, the percentage of subscribers below 20, 21-30 years, 31-40 years and above 40 years are 16.4, 33.1, 27.6 and 22.9 respectively. In absolute number, the subscribers having age of below 20, 21-30 years, 31-40 years and above 40 years respondents are 63, 127, 106 and 88 respectively.

Table 6: *Distribution by Education Status*

Education Status	Frequency	Percent
School level	64	16.7
Undergraduate	186	48.4
Graduate	134	34.9
Total	384	100.0

Source: Opinion Survey, 2022

The distribution by education status of respondents. In accordance with the survey of 384 respondents, the percentage of subscribers having school level, undergraduate and graduate status are 16.7, 48.4 and 34.9 respectively. In absolute number, the subscribers having school level, undergraduate and graduate status are 64, 186 and 134 respectively.

Table 7: *Distribution by Monthly Internet Expenses*

Monthly_Internet_Expenses	Frequency	Percent
Rs. 6100- Rs. 10000	85	22.1
Rs. 3100- Rs. 6000	163	42.4
Rs. 1000- Rs. 3000	131	34.1
Above 10000	5	1.3
Total	384	100.0

Source: Opinion Survey, 2022

The distribution by monthly internet expense of respondents. In accordance with the survey of 384 respondents, the percentage of subscribers having Rs. 6100- Rs. 10000, Rs. 3100- Rs. 6000, Rs. 1000- Rs. 3000 and above 10000 are 22.1, 42.4, 34.1 and 1.3 respectively. In absolute number, the subscribers having Rs. 6100- Rs. 10000, Rs. 3100- Rs. 6000, Rs. 1000- Rs. 3000 and above 10000 are 85, 163, 131 and 5 respectively.

Table 8: *Distribution by Wi-Fi Using*

Wi-Fi Using	Frequency	Percent
Classic_Tech	4	1.0
SKY	8	2.1
Subisu	27	7.0
WorldLink	170	44.3
Vai_net	138	35.9
Nepal Telecom	27	7.0
Others	10	2.6
Total	384	100.0

Source: Opinion Survey, 2022

The distribution by Wi-Fi using of respondents. In accordance with the survey of 384 respondents, the percentage of Wi-Fi using of Classist, SKY, Subisu, WorldLink, Vai_net, Nepal Telecom, and Others are 1.0, 2.1, 7.0, 44.3, 35.9, 7.0 and 2.6 respectively. In absolute number, the subscribers using of Classist, SKY, Subisu, WorldLink, Vai_net, Nepal Telecom, others are 4, 8, 27, 170, 138, 27 and 10 respectively.

4.2 Descriptive Analysis

In this section of study, descriptive statistical tools such as mean, standard deviation and weighted average mean for all variables have been discussed. The all-384 respondent's views concerning variables have been obtainable in table and discussed to accomplish the objective of the study. The questionnaires are based on a 5-point Likert scale ranging from 1 as highly disagree to 5 as highly agree. The 5-point Likert scaling coding are as under;

5= Highly Agree

4= Agree

3= Neutral

2= Disagree

1= Highly Disagree

Furthermore, 5-point Likert scaling for the dependent variable i.e. customers' satisfaction with different items have been presented in tables and described with statistical tools such as range, minimum, maximum value for items, mean and standard deviation along with independent variables such as price, internet service, employees and physical evidence.

4.2.1 Internet Service

This table 9 shows the descriptive statistic of internet service regarding different items. The statement based on internet service is measured in five Likert scales 1 as strongly disagree, 2 as disagree, 3 as neutral, 4 as agree and 5 as strongly disagree.

Table 9: *Descriptive Analysis of Internet Service*

Items/Statements	N	Min	Max	Mean	SD
The internet service provided by current IPS is quick.	384	1	5	4.06	.915
My current IPS provides strong and high-quality network signals	384	1	5	3.98	.865
My current IPS is easy to access	384	1	5	4.31	.830
My current ISP is innovative and advanced in technology	384	1	5	4.01	.945
My current ISP provides prompt and quick service	384	1	5	4.03	.939
My current ISP maintains speed of the service during busy times	384	1	5	4.14	.916
My current ISP service is competent and efficient	384	1	5	4.06	.761
Weighted Average Mean and SD Score of internet service				4.08	.88

Source: Opinion Survey, 2022

Table 9 shows the respondents' perceived rating towards internet service. Respondents were asked about internet service dimension of service quality provided by IPS. Mean of all statements are above 3. Among seven statements, the statement "My current ISP maintains speed of the service during busy times" has the highest mean 4.14 with standard deviation .916, while the statement, "My current IPS provides strong and high-quality network signals" has the lowest mean 3.98 with the standard deviation .865. Mean value of all the statements ranges from 4.14 to 3.98, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of internet service is 4.08 with standard deviation of 0.88. It indicates that the average score is more than three which means internet service is perceived good and satisfactory.

4.2.2 Price

This table 10 shows the descriptive statistic of price regarding different items. The statement based on price is measured in five Likert scales 1 as strongly disagree, 2 as disagree, 3 as neutral, 4 as agree and 5 as strongly disagree.

Table 10: *Descriptive Analysis of Price*

Items/Statements	N	Min	Max	Mean	SD
Company provides reasonable prices	384	1	5	4.10	.797
Company provides a competitive price	384	1	5	4.18	.871
Company provides a various price offers	384	1	5	4.28	.836
My provider keeps records and bills accurate	384	1	5	4.18	.793
Weighted Average Mean and SD Score of Price				4.19	.82

Source: Opinion Survey, 2022

Table 10 shows the respondents' perceived rating toward price. Respondents were asked about price dimension of service quality provided by IPS. Mean of all statements are above

3. Among seven statements, the statement “Company provides a various price offers” has the highest mean 4.28 with standard deviation .836, while the statement, “Company provides reasonable prices” has the lowest mean 4.10 with the standard deviation .797. Mean value of all the statements ranges from 4.28 to 4.10, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of price is 4.19 with standard deviation of 0.82. It indicates that the average score is more than three which means price is perceived good and satisfactory.

4.2.3 Employees

This table 11 shows the descriptive statistic of employees regarding different items. The statement based on employees is measured in five Likert scales 1 as strongly disagree, 2 as disagree, 3 as neutral, 4 as agree and 5 as strongly disagree.

Table 11: *Descriptive Analysis of Employees*

Items/Statements	N	Mini	Max	Mean	SD
Employees have the knowledge to do their Job	384	1	5	4.29	.742
Employees perform the service right	384	1	5	4.16	.878
Employees are dependable	384	1	5	4.24	.813
Employees give me a personal attention	384	1	5	4.28	.797
Employees deliver the service according to my needs	384	1	5	4.20	.701
Employees are ready to solve my problems	384	1	5	4.18	.837
Weighted Average Mean and SD Score of Employees				4.23	.79

Source: Opinion Survey, 2022

Table 11 shows the respondents’ perceived rating toward employees. Respondents were asked about employees’ dimension of service quality provided by IPS. Mean of all statements are above 3. Among seven statements, the statement “Employees have the

knowledge to do their Job” has the highest mean 4.29 with standard deviation .742, while the statement, “Employees perform the service right” has the lowest mean 4.16 with the standard deviation .878. Mean value of all the statements ranges from 4.29 to 4.16, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of employees is 4.23 with standard deviation of 0.79. It indicates that the average score is more than three which means employees is perceived good and satisfactory.

4.2.4 Physical Evidence

This table 12 shows the descriptive statistic of physical evidence regarding different items. The statement based on physical evidence is measured in five Likert scales 1 as strongly disagree, 2 as disagree, 3 as neutral, 4 as agree and 5 as strongly disagree.

Table 12: *Descriptive Analysis of Physical Evidence*

Items/Statements	N	Min	Max	Mean	SD
Physical facilities are visually appealing	384	1	5	4.15	.768
Branches have an attractive design and decoration, lighting, ventilation, cleanliness and parking	384	1	5	4.12	.892
Sufficient number of branches available	384	1	5	4.31	.830
It is easy to reach the company’s branches	384	1	5	4.06	.761
Branches are located in suitable places	384	1	5	4.18	.871
Operating hours are convenient	384	1	5	4.21	.786
Short waiting time	384	1	5	4.18	.793
Weighted Average Mean and SD Score of Physical Evidence				4.17	.81

Source: Opinion Survey, 2022

Table 12 shows the respondents' perceived rating toward physical evidence. Respondents were asked about physical evidence dimension of service quality provided by IPS. Mean of all statements are above 3. Among seven statements, the statement "Sufficient number of branches available" has the highest mean 4.31 with standard deviation .830, while the statement, "It is easy to reach the company's branches" has the lowest mean 4.06 with the standard deviation .761. Mean value of all the statements ranges from 4.31 to 4.06, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of physical evidence is 4.17 with standard deviation of 0.81. It indicates that the average score is more than three which means physical evidence is perceived good and satisfactory.

4.2.5 Customer Satisfaction

This table 13 shows the descriptive statistic of customer Satisfaction regarding different items. The statement based on customer Satisfaction is measured in five Likert scales 1 as strongly disagree, 2 as disagree, 3 as neutral, 4 as agree and 5 as strongly disagree.

Table 13: *Descriptive Analysis of Customer Satisfaction*

Items/Statements	N	Min	Max	Mean	SD
My choice of my provider was a wise one	384	1	5	4.16	.878
I am satisfied with my provider	384	1	5	4.31	.830
I am pleased to use the service by my provider	384	1	5	4.18	.793
Services provided by my provider are excellent	384	1	5	4.12	.892
Weighted Average Mean and SD Score of Customer Satisfaction				4.19	.84

Source: Opinion Survey, 2022

Table 13 shows the respondents' perceived rating toward customer satisfaction. Respondents were asked about customer satisfaction dimension of service quality provided

by IPS. Mean of all statements are above 3. Among seven statements, the statement “I am satisfied with my provider” has the highest mean 4.31 with standard deviation .830, while the statement, “Services provided by my provider are excellent” has the lowest mean 4.12 with the standard deviation .898. Mean value of all the statements ranges from 4.31 to 4.12, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of customer satisfaction is 4.19 with standard deviation of 0.84. It indicates that the average score is more than three which means customer satisfaction is perceived good and satisfactory.

4.3 Inferential Analysis

Further, inferential statistics benefits to address the cause and effect relationship between and among variables with statistical tools such as Bivariate Pearson’s’ correlation analysis, linear multiple regression analysis and hypothesis testing analyzing ANOVA, model summary and coefficient tables. In this unit of the study, it is endeavored to accomplish the research questions, research objective and testing hypothesis as discussed in earlier chapter. Inferential analysis unlike with the data description which have the focus of recounting the sample data, while the focus of inferential analysis is on estimation or hypothesis testing, by using sample purely to make inferences about the population. The abbreviation form of variables is as below;

IS : Internet Service
P : Price
E : Employees
PE : Physical Evidence
CS : Customer Satisfaction

4.3.1 Correlation Analysis

The Bivariate Pearson’s’ correlation analysis has been amalgamated to observe the magnitude and direction of relationship between and among the variables such as dependent variable i.e. customers’ satisfaction and independent variables such as price,

physical evidence, employees and internet service. In statistics, Pearson's correlation coefficient processes linear correlation between two variables ranging from -1 to +1, where 1 is total positive correlation, 0 is no correlation and -1 is total negative correlation. The two-tailed significant value has also been observed.

Table 14: *Correlation Analysis*

Variables	IS	P	E	PE	CS
IS	1				
P	.683** .000	1			
E	.676** .000	.702** .000	1		
PE	.705** .000	.806** .000	.762** .000	1	
CS	.660** .000	.686** .000	.766** .000	.845** .000	1

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

The table 14 demonstrates the Bivariate Pearson's correlation analysis among variables incorporated in this study. The direction and movement of variables identification have been observed.

Relationship between internet service and customer satisfaction

The correlation coefficient between internet service and customer satisfaction is .660** which indicate that there is a positive correlation between internet service and customer satisfaction. The corresponding p-value is 0.000, which is less than level of significance (α) = 0.01 at 99 percent confidence level results that there is significant relationship between internet service and customer satisfaction. Thus, internet service and customer satisfaction move in identical direction.

Relationship between price and customer satisfaction

Similarly, the correlation coefficient between price and customer satisfaction is .686**

which indicate that there is a positive correlation between price and customer satisfaction. The corresponding p-value is 0.000, which is less than level of significance (α) = 0.01 at 99 percent confidence level results that there is significant relationship between price and customer satisfaction. Thus, price and customer satisfaction move in identical direction.

Relationship between employees and customer satisfaction

Moreover, the correlation coefficient between employees and customer satisfaction is .766** which indicate that there is a positive correlation between employees and customer satisfaction. The corresponding p-value is 0.000, which is less than level of significance (α) = 0.01 at 99 percent confidence level results that there is significant relationship between employees and customer satisfaction. Thus, employees and customer satisfaction move in identical direction.

Relationship between physical evidence and customer satisfaction

Eventually, the correlation coefficient between physical evidence and customer satisfaction is .845** which indicate that there is a positive correlation between physical evidence and customer satisfaction. The corresponding p-value is 0.000, which is less than level of significance (α) = 0.01 at 99 percent confidence level results that there is significant relationship between physical evidence and customer satisfaction. Thus, physical evidence and customer satisfaction move in identical direction.

4.3.2 Regression Analysis

The multiple regression analysis has been assimilated to inspect the cause and effect relationship between and among the variables. A line fitted to a set of data points to guesstimate the relationship between two variables is called regression line. A line fitted by the method of least square is the line of best fit. A line of regression gives the best estimate of one unfamiliar variable for any given value of the other variable. The model has been developed by undertaking the variables such as dependent variable i.e. customer satisfaction and independent variables such as price, employees, physical evidence and

internet service. Thus, the multiple regression equation incorporated is $CS = \alpha_0 + \alpha_1IS + \alpha_2NP + \alpha_3E + \alpha_4PE + \varepsilon$.

Table 15: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.868a	.753	.740	.30451

a. Predictors: (Constant), PE, IS, E, P

The table 12 depicts the model summary for linear regression analysis undertaking the variables such as dependent variable i.e. investors' satisfaction and independent variables such as price, employees, physical evidence and internet service.

The multiple regression model summary, the R-square for this model is 0.753; thus, price, employees, physical evidence and internet service explain 75.3 percent of the variation customer satisfaction. The adjusted R-square is .740. The std. error of the estimate for multiple regression model is .30451.

Table 16: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	107.163	4	26.791	288.922	.000
	Residual	35.143	379	.093		
	Total	142.307	383			

a. Dependent Variable: CS

b. Predictors: (Constant), PE, IS, E, P

The fitness of the model stated by an F-value of 288.922 with p-value .000 signifies that

F-value is significant. This implies that the research model is a good-fit in explaining the effect of service quality of internet service providers on customer satisfaction.

Table 17: Coefficients Analysis

Model		Unstandardized Coefficients			
		B	Std. Error	T	Sig.
1	(Constant)	.112	.135	.827	.009
	IS	.070	.041	1.700	.090
	P	.086	.049	1.750	.081
	E	.338	.049	6.847	.000
	PE	.707	.055	12.903	.000

a. Dependent Variable: CS

$$\text{Customers Satisfaction} = .112 + (.070) \text{ Internet Service} + (.086) \text{ Price} + (.338) \text{ Employees} + (.707) \text{ Physical Evidence} + 24.7$$

The positive regression coefficient of internet service is .070 which indicates that there is positive relationship between internet service and customer satisfaction as well as if internet service is increased by one unit; the average influence on customer satisfaction tends to increase by .070 units holding others independent variables constant.

Similarly, the positive regression coefficient of price is .086 which indicates that there is positive relationship between price and customer satisfaction as well as if price is increased by one unit; the average influence on customer satisfaction tends to increase by .086 units holding others independent variables constant.

Moreover, the positive regression coefficient of employees is .338 which indicates that there is positive relationship between employees and customer satisfaction as well as if price is increased by one unit; the average influence on customer satisfaction tends to increase by .338 units holding others independent variables constant.

Eventually, the positive regression coefficient of physical evidence is .707 which indicates

that there is positive relationship between employees and customer satisfaction as well as if physical evidence is increased by one unit; the average influence on customer satisfaction tends to increase by .707 units holding others independent variables constant.

4.3.3 Hypothesis Testing

As demonstrated in coefficient table of regression analysis. The hypothesis testing has been tested with the help of unstandardized beta coefficients of independent variables corresponding p-value (Sig.). If corresponding p-value of independent variables less than .05, as a result, the alternative hypothesis is accepted or else rejected.

H₁1: There is significant impact of internet service on customer satisfaction.

The corresponding p-value is .090 which is greater than 0.05; hence, there is statistically insignificant relationship between internet service and customer satisfaction. Thus, the alternative hypothesis; there is significant impact of internet service on customer satisfaction is rejected at 95 percent confidence level.

H₁2: There is significant impact of price on customer satisfaction.

The corresponding p-value is .081 which is greater than 0.05; hence, there is statistically insignificant relationship between price and customer satisfaction. Thus, the alternative hypothesis; there is significant impact of price on customer satisfaction is rejected at 95 percent confidence level.

H₁3: There is significant impact of employees on customer satisfaction.

The corresponding p-value is .000 which is less than 0.05; hence, there is statistically significant relationship between employees and customer satisfaction. Thus, the alternative hypothesis; there is significant impact of employees on customer satisfaction is accepted at 95 percent confidence level.

H₁4: There is significant impact of physical evidence on customer satisfaction.

The corresponding p-value is .000 which is less than 0.05; hence, there is statistically significant relationship between physical evidence and customer satisfaction. Thus, the

alternative hypothesis; there is significant impact of physical evidence on customer satisfaction is accepted at 95 percent confidence level.

Table 18: *Summary Hypotheses*

Hypotheses	Results
H ₁₁ : There is significant impact of internet service on customer satisfaction	Reject H ₁₁
H ₁₂ : There is significant impact of price on customer satisfaction	Reject H ₁₂
H ₁₃ : There is significant impact of employees on customer satisfaction	Accept H ₁₃
H ₁₄ : There is significant impact of physical evidence on customer satisfaction	Accept H ₁₄

4.4 Major Findings

- i) The KMO and Bartlett's test. The KMO measure of sampling adequacy found to be 0.868 which is much greater than 0.5. Therefore, it indicates that sample size of 384 is adequate. In addition, the factor analysis can also be done, as the Bartlett's Test of Sphericity value is less than 0.00 which is significant.
- ii) The reliability test of items. Reliability values generated by using Cronbach alpha method are found to be greater than 0.70 that is .930 percent as a whole. This designates the scale ensures internal consistency. In addition, the items considered for variables internet service, price, physical evidence, employees and customer satisfaction have alpha value greater than 0.70. Thus, the all items consisting these variables are reliable and consistent for analysis.
- iii) In accordance with the survey of 384 respondents, 45.1 percent of the respondents are male and 54.9 percent of respondent are female. Thus, majority of respondents who have participated in survey, are female and minorities of the respondent are

male. In absolute number, 173 males and 211 females have been participated in this study respectively.

- iv) In accordance with the survey of 384 respondents, the percentage of subscribers below 20, 21-30 years, 31-40 years and above 40 years are 16.4, 33.1, 27.6 and 22.9 respectively. In absolute number, the subscribers having age of below 20, 21-30 years, 31-40 years and above 40 years respondents are 63, 127, 106 and 88 respectively.
- v) In accordance with the survey of 384 respondents, the percentage of subscribers having school level, undergraduate and graduate status are 16.7, 48.4 and 34.9 respectively. In absolute number, the subscribers having school level, undergraduate and graduate status are 64, 186 and 134 respectively.
- vi) In accordance with the survey of 384 respondents, the percentage of subscribers having Rs. 6100- Rs. 10000, Rs. 3100- Rs. 6000, Rs. 1000- Rs. 3000 and above 10000 are 22.1, 42.4, 34.1 and 1.3 respectively. In absolute number, the subscribers having Rs. 6100- Rs. 10000, Rs. 3100- Rs. 6000, Rs. 1000- Rs. 3000 and above 10000 are 85, 163, 131 and 5 respectively.
- vii) In accordance with the survey of 384 respondents, the percentage of Wi-Fi using of Classist, SKY, Subisu, WorldLink, Vai_net, Nepal Telecome, and Others are 1.0, 2.1, 7.0, 44.3, 35.9, 7.0 and 2.6 respectively. In absolute number, the subscribers using of Classist, SKY, Subisu, WorldLink, Vai_net, Nepal Telecome, others are 4, 8, 27, 170, 138, 27 and 10 respectively.
- viii) Respondents were asked about internet service dimension of service quality provided by IPS. Mean of all statements are above 3. Among seven statements, the statement “My current ISP maintains speed of the service during busy times” has the highest mean 4.14 with standard deviation .916, while the statement, “My current IPS provides strong and high-quality network signals” has the lowest mean 3.98 with the standard deviation .865.

- ix) Mean value of all the statements ranges from 4.14 to 3.98, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of internet service is 4.08 with standard deviation of 0.88. It indicates that the average score is more than three which means internet service is perceived good and satisfactory.
- x) Respondents were asked about price dimension of service quality provided by IPS. Mean of all statements are above 3. Among seven statements, the statement “Company provides a various price offers” has the highest mean 4.28 with standard deviation .836, while the statement, “Company provides reasonable prices” has the lowest mean 4.10 with the standard deviation .797.
- xi) Mean value of all the statements ranges from 4.28 to 4.10, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of price is 4.19 with standard deviation of 0.82. It indicates that the average score is more than three which means price is perceived good and satisfactory.
- xii) Respondents were asked about employees’ dimension of service quality provided by IPS. Mean of all statements are above 3. Among seven statements, the statement “Employees have the knowledge to do their Job” has the highest mean 4.29 with standard deviation .742, while the statement, “Employees perform the service right” has the lowest mean 4.16 with the standard deviation .878.
- xiii) Mean value of all the statements ranges from 4.29 to 4.16, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of employees is 4.23 with standard deviation of 0.79. It indicates that the average score is more than three which means employees is perceived good and satisfactory.
- xiv) Respondents were asked about physical evidence dimension of service quality

provided by IPS. Mean of all statements are above 3. Among seven statements, the statement “Sufficient number of branches available” has the highest mean 4.31 with standard deviation .830, while the statement, “It is easy to reach the company’s branches” has the lowest mean 4.06 with the standard deviation .761.

- xv) Mean value of all the statements ranges from 4.31 to 4.06, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of physical evidence is 4.17 with standard deviation of 0.81. It indicates that the average score is more than three which means physical evidence is perceived good and satisfactory.
- xvi) Respondents were asked about customer satisfaction dimension of service quality provided by IPS. Mean of all statements are above 3. Among seven statements, the statement “I am satisfied with my provider” has the highest mean 4.31 with standard deviation .830, while the statement, “Services provided by my provider are excellent” has the lowest mean 4.12 with the standard deviation .898.
- xvii) Mean value of all the statements ranges from 4.31 to 4.12, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of customer satisfaction is 4.19 with standard deviation of 0.84. It indicates that the average score is more than three which means customer satisfaction is perceived good and satisfactory.
- xviii) The correlation coefficient between internet service and customer satisfaction is .660** which indicate that there is a positive correlation between internet service and customer satisfaction. The corresponding p-value is 0.000, which is less than level of significance (α) = 0.01 at 99 percent confidence level results that there is significant relationship between internet service and customer satisfaction. Thus, internet service and customer satisfaction move in identical direction.
- xix) Similarly, the correlation coefficient between price and customer satisfaction is .686** which indicate that there is a positive correlation between price and

customer satisfaction. The corresponding p-value is 0.000, which is less than level of significance (α) = 0.01 at 99 percent confidence level results that there is significant relationship between price and customer satisfaction. Thus, price and customer satisfaction move in identical direction.

- xx) Moreover, the correlation coefficient between employees and customer satisfaction is .766** which indicate that there is a positive correlation between employees and customer satisfaction. The corresponding p-value is 0.000, which is less than level of significance (α) = 0.01 at 99 percent confidence level results that there is significant relationship between employees and customer satisfaction. Thus, employees and customer satisfaction move in identical direction.
- xxi) Eventually, the correlation coefficient between physical evidence and customer satisfaction is .845** which indicate that there is a positive correlation between physical evidence and customer satisfaction. The corresponding p-value is 0.000, which is less than level of significance (α) = 0.01 at 99 percent confidence level results that there is significant relationship between physical evidence and customer satisfaction. Thus, physical evidence and customer satisfaction move in identical direction.
- xxii) The multiple regression model summary, the R-square for this model is 0.753; thus, price, employees, physical evidence and internet service explain 75.3 percent of the variation customer satisfaction. The adjusted R-square is .740. The std. error of the estimate for multiple regression model is .30451.
- xxiii) The fitness of the model stated by an F-value of 288.922 with p-value .000 signifies that F-value is significant. This implies that the research model is a good-fit in explaining the effect of service quality of internet service providers on customer satisfaction.
- xxiv) The positive regression coefficient of internet service is .070 which indicates that there is positive relationship between internet service and customer satisfaction as

well as if internet service is increased by one unit; the average influence on customer satisfaction tends to increase by .070 units holding others independent variables constant.

- xxv) Similarly, the positive regression coefficient of price is .086 which indicates that there is positive relationship between price and customer satisfaction as well as if price is increased by one unit; the average influence on customer satisfaction tends to increase by .086 units holding others independent variables constant.
- xxvi) Moreover, the positive regression coefficient of employees is .338 which indicates that there is positive relationship between employees and customer satisfaction as well as if price is increased by one unit; the average influence on customer satisfaction tends to increase by .338 units holding others independent variables constant.
- xxvii) Eventually, the positive regression coefficient of physical evidence is .707 which indicates that there is positive relationship between employees and customer satisfaction as well as if physical evidence is increased by one unit; the average influence on customer satisfaction tends to increase by .707 units holding others independent variables constant.
- xxviii) The corresponding p-value is .090 which is greater than 0.05; hence, there is statistically insignificant relationship between internet service and customer satisfaction. Thus, the alternative hypothesis; there is significant impact of internet service on customer satisfaction is rejected at 95 percent confidence level.
- xxix) The corresponding p-value is .081 which is greater than 0.05; hence, there is statistically insignificant relationship between price and customer satisfaction. Thus, the alternative hypothesis; there is significant impact of price on customer satisfaction is rejected at 95 percent confidence level.
- xxx) The corresponding p-value is .000 which is less than 0.05; hence, there is

statistically significant relationship between employees and customer satisfaction. Thus, the alternative hypothesis; there is significant impact of employees on customer satisfaction is accepted at 95 percent confidence level.

xxxi) The corresponding p-value is .000 which is less than 0.05; hence, there is statistically significant relationship between physical evidence and customer satisfaction. Thus, the alternative hypothesis; there is significant impact of physical evidence on customer satisfaction is accepted at 95 percent confidence level.

4.5 Discussions

The study is focused on service quality of internet service providers and customer satisfaction. The basic objective of this research is to examine the service quality on customer satisfaction of internet service providers in Kathmandu valley. To achieve the objectives of the study and to answer the research questions, the suitable research design such as descriptive and correlational research design have been incorporated. Since this research aids in providing a deeper understanding of the identified problem and well as examining the cause and effect relationship between independent variables (price, physical evidence, employees and internet service) and dependent variables (customer satisfaction). The population is regarded the total user within Kathmandu valley of top three internet service provider organization such as WorldLink, Vianet and Classic-Tech respectively. As a sample, 384 subscribers have been randomly selected. Both descriptive and inferential statistical tools have been employed for fact findings and remaining the cause and effect relationship between and among the variables.

The study reveals that service quality has positive effect on customer satisfaction. The service quality dimensions such as price, physical evidence, employees and internet service have positive and significant relationship with customer satisfaction. Thus, the findings of this study are consistent with the findings of researcher such as Parasuraman, Zeithaml and Berry (1985), Yoo and Donthu (2001), Lee and Hwan (2005), Li et al. (2006).

The current study aimed at understanding the influence of internet service quality and customer satisfaction. The results of the study found an influence of the internet service quality on the customer satisfaction in a positive way, this means that the level of the service that is presented for customer can have an influence on their satisfaction in terms of attracting them to the service and satisfy them with the level of the service that they expect. On that idea, Ariff et al. (2013) argued that taking care of the level of the service can influence the satisfaction of customers. On the other hand, Khan and Fasih (2014) noted to the fact that the quality service can be very influential on the level of customer satisfaction specifically if that appeared through the e-service which can end up in influencing the overall performance of the organization. Also, Selvakumar (2015) accepted the influence of the service quality on the customer satisfaction on the bases of the fact that if a customer got the level of the service they expected their level of loyalty will raise and the image of the organization will be deeply influence. It was also reached through the results of the study that the level of the service quality along with its dimensions (prices, employees and physical evidence) can also influence the level of the level of customer satisfaction. The most influential variable of all appeared to be the physical evidence which can be seen as the most influential factor of all given factors. This matched what came along with Sakhaei, Afshari and Esmaili (2014) arguing that there is no relation between the service itself and the customer satisfaction; it is mostly the quality of the service and the physical evidence that counts to the customers and what basically raises their satisfaction towards a certain service.

On the idea of the internet service quality and its influence on customer loyalty, it was found out that there is a statistically significant influence of internet service quality and the idea of customer loyalty. It appeared that the more the service matched the expectations of the customers the more loyal they became to the organization. On the same idea Van Es, R.A.J (2012) argued that the level of the services and its quality influences the level of the customer satisfaction; at the same time the higher the customer satisfaction is the more the customers are willing to become loyal, in that sense we can find a correlation between the level of the service quality and the degree of customer loyalty through their satisfaction.

Orel and Kara (2014) noted in their study to the influence of service quality on customer loyalty. They argued that the higher the service quality is the higher the probability of a better customer loyalty. Which also rhymed with the results of Osman and Sentosa (2016) who stated that the most influential factor on the level of customer loyalty is the degree of attention that the organization gives to the level of their service quality specifically when it come to the internet services (e-service).

Generally speaking, and through the analysis it was found out that internet service quality and customer satisfaction positively influences the level of customer loyalty to the organization. This appeared through the results and rhymed with the results of Siddiqi (2011) who also found an interrelation between the idea of customer satisfaction and the quality of the service in contact with the level of customer loyalty. Also, Lenka, Suar and Mohapatra (2009) reached the same result arguing that the lean of the service may lead to customer satisfaction which in its turn can end up with having a higher level of customer loyalty. This can be seen as a logical result given that when an individual is satisfied with a certain service gradually the loyalty will lean towards that service that provides the best satisfaction.

CHAPTER-V

SUMMARY AND CONCLUSION

5.1 Summary

The study is entitled “Service Quality and Customer Satisfaction of Internet Service Providers in Kathmandu Valley”. The basic objective of this research is to examine the service quality on customer satisfaction of internet service providers in Kathmandu valley. To achieve the objectives of the study and to answer the research questions, the suitable research design such as descriptive and correlational research design have been incorporated. Since this research aids in providing a deeper understanding of the identified problem and well as examining the cause and effect relationship between independent variables (price, physical evidence, employees and internet service) and dependent variables (customer satisfaction). The population is regarded the total user within Kathmandu valley of top three internet service provider organization such as WorldLink, Vianet and Classic-Tech respectively. As a sample, 384 subscribers have been randomly selected. Both descriptive and inferential statistical tools have been employed for fact findings and remaining the cause and effect relationship between and among the variables.

In the light of the evidence, it is obvious that service quality has positive effect on customer satisfaction. The most prominent dimension of service quality is physical evidence followed by employees. Thus, enhancement over physical evidence and employees are acquired for customer satisfaction. The service quality dimensions such as price, physical evidence, employees and internet service have positive and significant relationship with customer satisfaction. Further, service quality dimensions such as price, physical evidence, employees and internet service have positive effect on customer satisfaction. Low quality services, which does not achieve the clients' satisfaction, prompts customer disappointment, abnormal state of fulfillment is built up when the brand satisfies the necessities of clients much more than the contending brands. Consumer loyalty in a business is basic. Unsatisfied customers rush to change from the brand which neglects to

satisfy fundamental necessities. Moreover, it was noticed that a disappointed client may relate a terrible ordeal disintegrating potential support of the specialist organization.

5.2 Conclusions

In the light of the evidence, it is obvious that service quality has positive and significant effect on customer satisfaction.

- i) The most prominent dimension of service quality is physical evidence followed by employees. Thus, enhancement over physical evidence and employees are acquired for customer satisfaction.
- ii) The service quality dimensions such as price, physical evidence, employees and internet service have positive and significant relationship with customer satisfaction. Further, service quality dimensions such as price, physical evidence, employees and internet service have positive effect on customer satisfaction.
- iii) Low quality services, which does not achieve the clients' satisfaction, prompts customer disappointment, abnormal state of fulfillment is built up when the brand satisfies the necessities of clients much more than the contending brands. Shopper satisfaction is likewise observed as a key execution marker inside a business.
- iv) There is confirming that organizing consumer loyalty is fundamental to enhance the business' gainfulness the two being emphatically related. Organizations in this manner now lift the part of clients to that of partners as an excellent business technique. Consumer loyalty in a business is basic.
- v) Unsatisfied customers rush to change from the brand which neglects to satisfy fundamental necessities. Moreover, it was noticed that a disappointed client may relate a terrible ordeal disintegrating potential support of the specialist organization.

5.3 Implications

Based on the aforementioned results and conclusion, the current study implies the following issues;

- i) Enhance the level of service quality awareness is the best approach to customer

satisfaction. Aware employees tend to pay more attention to the idea of service quality which can lead to a better customer loyalty.

- ii) The physical evidence is prominent factors for customers satisfaction. Thus, the physical enhancement is acquired in efficient level.
- iii) It is found out through the analysis that employees had no influence on the customer satisfaction, from that point it is recommended that employees are to trained in a better and more scientific approach on how to deal with customers and satisfy them in order to gain their satisfaction through the employees' attention to the details in the level of the service quality.

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APPENDIX

SURVEY QUESTIONNAIRES

Dear respondents,

I am Bikalpa Niraula, a MBS student of Nepal Commerce Campus, conducting a research on “Service Quality and Customer Satisfaction of Internet Service Providers in Kathmandu Valley”. This survey will be part of my academic research requirement. Thank you for your time and effort in filling out this questionnaire. I assure you that the information and responses you have provided in this questionnaire will be kept highly confidential, Secured and will be used only for my academic purpose only.

Group A: Personal Information of Respondents (Moderate Variables)

A. Your gender.

Male Female

B. Your age category.

Below 20 21-30 31-40 Above 40

C. Your education status.

School Level Undergraduate Graduate

D. Your occupation.

Self-employed Private Job Government Job Others

E. Your monthly internet expenses.

Rs. 1000-3000 Rs. 3100-6000 Rs. 6100- 10000 Above Rs.
10000

F. Using Wi-Fi.

Worldlink Vainet Subisu Classic-Tech Nepal Telecom

Sky

Group B: Likert Scale Questions

Please check out at only place for each statement considering;

1=strongly disagree, 2=disagree, 3=neutral, 4= agree and 5= strongly agree					
Internet Service	1	2	3	4	5
IS1: The internet service provided by current IPS is quick.					
IS2: My current IPS provides strong and high-quality network signals					
IS3: My current IPS is easy to access					
IS4: My current ISP is innovative and advanced in technology					
IS5: My current ISP provides prompt and quick service					
IS6: My current ISP maintains speed of the service during busy times					
IS7: My current ISP service is competent and efficient					
Prices					
P1: Company provides reasonable prices					
P2: Company provides a competitive price					
P3: Company provides some various prices offers					
P4: My provider keeps records and bills accurate					
Employees					
E1: Employees have the knowledge to do their Job					
E2: Employees perform the service right					
E3: Employees are dependable					
E4: Employees give me a personal attention					
E5: Employees deliver the service according to my needs					
E6: Employees ready to solve my problems					
Physical Evidence					
PE1: Physical facilities are visually appealing					
PE2: Branches have an attractive design and decoration, lighting, ventilation, cleanliness and parking					
PE3: Sufficient number of branches available					
PE4: It is easy to reach the company's branches					
PE5: Branches are located in suitable places					
PE6: Operating hours are convenient					
PE7: Short waiting time					
Customer Satisfaction					
CS1: My choice of my provider was a wise one					
CS2: I am satisfied with my provider					
CS3: I am pleased to use the service by my provider					
CS4: Services provided by my provider are excellent					

*****Thank You*****