

Chapter I

Introduction

1.1 General background

Banks are one of the most important institutions for the development of the financial sector, economy and the country as a whole. The healthy and prudent functioning of banking system is required for a development of overall economy of a country. Banks play an integral role of financial intermediary by collecting deposits from the surplus facing units and lending them to the deficit facing units. The study identified five quality dimensions that play a vital role to fill the gap between customer expectation and customer satisfaction. Five quality dimensions include reliability, privacy, reputation, empathy and tangibility. Numerous studies have agreed that customer expectations encompass more than one aspect of the service package (Johnson, 1995; Taylor, 1993 and Chase, 1978).

The concept of quality, efficiency, productivity, growth and survival pose a great challenge for the survival and growth of all corporate bodies. These growth and survival demands are further deepened by the need to attract and retain customers, as customers are the main focus of any successful business. Business success depends on a firm's understanding and meeting customers' needs and demands. In Ghana, utility provision has always suffered a setback as utility firms have always been criticized for poor quality of services. (Agyapong, 2011). Service quality determines the satisfaction level and attitude of customer towards any particular organization. The quality of service provided by an organization has significant impact on customer satisfaction which ultimately affects the purchase decision of customers. Indeed, customer satisfaction is the consequence of the service quality provided by an organization (Cronin and Taylor, 1992).

Good quality measures need to have high satisfaction loadings, good reliability, and low error variances. A business with high service quality meet or exceed customer expectations whilst remaining economically competitive. Whitaker et al. (2008) revealed that improved service quality increases profitability and long term economic competitiveness. Similarly,

improvements to service quality may be achieved by improving operational processes, identifying problems quickly and systematically; establishing valid and reliable service performance measures and measuring customer satisfaction and other performance outcomes.

A customer's expectation of a particular service is determined by factors such as recommendations, personal needs and past experiences. The expected service and the perceived service sometimes may not be equal, thus leaving a gap. The service quality model or the GAP model highlighted the main requirements for delivering high service quality. Thus service quality is assessed five gaps that cause unsuccessful delivery. Customers generally have a tendency to compare the service and experience with the actual service provided by the organization or by a business firm. If the experience does not match the expectation, there arises a gap. Thus, in order to explore the gap the service quality model used ten determinants i.e. reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer and tangibles that may influence the appearance of a gap (Parasuraman et. al 1985).

Service quality can be measured in terms of customer perception, customer expectation, customer satisfaction, and customer attitude (Sachdev and Verma, 2004). The degree to which the organization is able to meet the customer expectation directly impacts customers' attitude toward the organization. Ekinci (2003) indicated that the evaluation of service quality leads to customer satisfaction. Organizations' should constantly examine their level of service quality in comparison to their rivals. Since, customers are the very reason for the existence of an organization, their level of satisfaction is paramount importance. The meaning of service quality and the perception of customers to what constitutes service quality is constantly evolving. Therefore, managers of the organizations should continuously work on improving the level of service quality and focus on providing better customer experience.

Bank as a service sector has a great influence in the economy of the country. It plays a very important role in economic development. The growth rate of economy largely depends on the rate of investment which, in fact depends on the level of saving. Higher saving leads to higher level of capital formation which is crucial for economic growth and development. The primary function of the commercial banks is to accept deposit and provide loans. The

commercial banks play major role in mobilizing saving for capital formation. The role of commercial banks in economic development includes saving promotion, saving mobilization, promotion trade, industry and employment allocation of funds, and transfer of money (Sachdev and Verma, 2004).

In the context of Nepal, Pandey and Joshi (2010) revealed that customer's satisfaction had direct relationship with behavior intension of the customer, but customer satisfaction had worked as a mediator between customer service quality and behavior intensions. Gyawali and Kunwar (2014) found that there is positive and significant relationship between customers' satisfaction and five service quality dimensions. Likewise, Maharjan (2014) reported a positive association between work motivation and job satisfaction of teachers. The result also showed that work motivation and job satisfaction are highly positively correlated and indicated that the administration must increase the scale of salary according to the market price of other commodities to motivate the teachers in their teaching.

Similarly, Khadka (2015) revealed positive and significant relationship between service quality, behavior of the employee, complaint handling, and customer convenience with customer satisfaction. However, this study observed positive but insignificant relationship between social network interaction and customer satisfaction in Nepalese commercial banks. Khanal (2015) found positive relationship of service quality with customer satisfaction and customer loyalty in the Nepalese commercial banks.

The above discussion shows that the studies devoted on the impact of various dimensions of service quality on customer satisfaction of Nepalese commercial banks. Though there are these findings in the context of different countries, no such findings using more recent data exist in the context of Nepal. Hence, this study focuses on analyzing the impact of various dimensions of service quality on customer satisfaction of Nepalese commercial banks.

1.2 Statement of the problems

The construct of service quality and customer satisfaction has been the subject of debate in the service quality area for several years. Satisfaction as the outcome of individual

service transactions and the overall service encounters whereas service quality is the customer's overall impression of the service provided by an organization in comparison to that of the competitors. There is disagreement among the studies regarding the efficacy of the expectation-perception gap view of service quality.

Intangibility associated with service quality has been recognized as the major hindrance in measuring the service quality (Joseph et al., 2005). Another important dimension of service quality is inseparability where the production, delivery and consumption of the service occur simultaneously. Thus, customers evaluate service quality by matching expectation with their perception regarding the service during or after its use (Barry et., 1988). The banking sectors around the world provide similar type of services which is regarded as the main reason why customer satisfaction has gained greater significance. Therefore, customer satisfaction is regarded as the major differentiating factor that helps banks to achieve sustainable competitive advantage (Lim & Tang, 2000).

The growth in the number of banks has led to fierce competition to attract new customers and retain old ones. This has led to innovations in banking sector in terms of new products, services and advanced technology. Banks have understood the importance of service quality as it helps them to achieve customer satisfaction which ultimately creates customer loyalty. Customer satisfaction has been associated as an integral component of the bank's core competence and performance (Kunst and Lemmink, 2000). There are contrasting views regarding the definition and measurement of service quality with no overall consensus among the studies (Wisniewski, 2001).

The studies are not very clear about the distinction between quality and satisfaction.

Satisfaction is a "post consumption" experience which compares perceived quality with expected quality, whereas service quality refers to a global evaluation of a firm's service delivery system (Anderson and Fornell, 1994). Customer satisfaction is a complex phenomenon and a different approach is required to understand its essence (Kanji and Moura, 2002). Customer satisfaction can be defined as the overall attitude of the customer towards a particular organization. The customer will compare the service provided by the organization against some pre-purchase standard which is also referred to as expectation. According to this definition, if the level of service provided by the

organization is on par or above customers' expectation then the customer is deemed satisfied (Halstead et al., 1994).

Consumer perception is a subjective phenomenon and varies from person to person. Thus, their perception regarding the service offered by an organization can only be analyzed using multiple dimensions (Anderson et al., 1994). Parasuraman et al. (1985) developed one of the most popular models to determine the components of service quality. This model is based on the perception gap between the received service quality and the expected service quality and has been widely used for explaining customer perception of service quality. Originally 10 dimensions of service quality were proposed (reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer and tangibles). Later on these dimensions were reduced to five (reliability, responsiveness, empathy, assurances and tangibles).

In the context of Nepal, Pandey and Joshi (2010) revealed that customer satisfaction had positive relationship with behavior intentions of the customer. Likewise, Sthapit and Darshan (2010) revealed that brand loyalty is almost non-existent in case of Nepalese buyers. Meanwhile, Maharjan (2014) found positive relationship between customer satisfaction and service quality factors. Similarly, Gyawali and Kunwar (2014) found positive and significant relationship between customer's satisfaction and service quality dimensions. However, Pradhananga (2014) revealed that related dimensional service quality and tangible service quality have no significant impact on customer satisfaction whereas core service quality has a significant impact on customer satisfaction.

Similarly, Khadka (2015) examined the relationship between various factor affecting customer relationship management and customer satisfactions. Thus this study found positive and significant relationship between behavior of the employee, complaint handling, and customer convenience with customer satisfaction in Nepalese commercial banks. Khanal (2015) found positive relationship of service quality with customer satisfaction and customer loyalty in the Nepalese commercial banks.

Though there are above mentioned empirical evidences in the context of other countries and in Nepal, no such evidences using more recent data exist in the context of Nepal. This study therefore deals with the following issues in the context of Nepalese banks:

1. What is the perception of customers on the level of service quality factors (responsiveness, tangibility, empathy, assurance and reliability) rendered by Nepalese commercial banks?
2. To what extent service quality dimension affects customer satisfaction of Nepalese commercial banks?
3. Which service quality dimensions need to be improved to ensure an improvement in the level of customer satisfaction?

1.3 Objectives of the study

The major objective of the study is to analyze the impact of various dimensions of service quality on customer satisfaction of Nepalese commercial banks. The specific objectives are as follows:

1. To analyze the impact of service quality on customer satisfaction of Nepalese commercial banks.
2. To analyze the relationship between reliability and responsiveness of on consumers satisfaction.
3. To determine the impact of assurance on customer satisfaction

1.4 Significance of the study

The identification of the factors that constitutes service quality is very significant in modern business world. as competition is very fierce and businesses are always looking for a way to gain competitive advantage. Thus, the quality of service being radared by an organization to its customer can act as a source of long-term competitive advantage. Therefore, the determination of factors responsible for service quality and customer satisfaction will enable the managers the organization to specify, measure, control and improve customer perceived service quality. This will further help an organization to concentrate its resources in areas which allow them to generate better service quality. Consequently, it will lead to better customer satisfaction, loyalty and help an organization outperform its competitors. On the other hand, the customers will also be benefitted in terms of high quality of services being provided by the organization (Johnston, 1994).

The only way to satisfy customers and ultimately earn profit in today's business world is through excellent service quality. Also, the customers of the banks are more aware than ever before about their rights and expect no less than excellence from the products and services of the organization. On top of that, the increase in competition has forced banks to constantly improve their service quality in order to attract new customers and retain the old ones. The first and foremost step for bank towards customer satisfaction is the identification of the factors that affect service quality. However, the big question regarding significant dimension of the service quality still seems to be a mystery. Service quality and customer satisfaction are both qualitative factors and the variables of service quality that play a significant role in achieving customer satisfaction is always going to be a matter of subjective judgment on the part of the customers (Mersha & Adlakha, 1992). This study mainly focuses on the analyzing the impact of service quality dimensions on customer satisfaction of Nepalese commercial banks. This study provides the clear knowledge about the customer satisfaction and major factors influencing customer satisfaction in Nepalese commercial banks. This study will provide an insight into the factors which generate customer satisfaction among the customers of Nepalese commercial banks. It gives information regarding the level of service quality provided by the Nepalese commercial banks in terms of responsiveness, tangibility, empathy, assurance and reliability. Thus, it will help to identify those factors which have significant impact on customer satisfaction so that the organizations can concentrate their resources in those dimensions of service quality. Deeper understanding of the factors responsible for customer satisfaction can help managers to design the product and services that will help in creating customer satisfaction. The study is also beneficial for academicians who are interested in performing studies related to impact of service quality dimensions on customer satisfaction.

1.5 Operational definitions:

This section deals with the operational definition of the variables that have been used in this study. The study attempts to identify the relationship of factors i.e. responsiveness, tangibility, empathy, assurance and reliability with customer satisfaction. The brief discussion on how these variables have been used or interpreted in this study is made below:

Customer satisfaction

Customer satisfaction is often regarded as the consequence of marketing activity performed by an organization so it has acquired a central position in marketing. Customer satisfaction leads to change in attitude of customers, repeat purchase and ultimately brand loyalty. Origin of the concept of customer satisfaction is derived from the marketing concept that profit is generated through satisfaction of customer needs and wants (Sabir et al., 2014). Davies et al. (1995) revealed that concept of customer satisfaction is new to those companies which have given more preference to price and availability of products for earning profit. Therefore, there must be clarity as to what customer satisfaction really means. Satisfaction is a “post consumption” experience which compares perceived quality with expected quality, whereas service quality refers to a global evaluation of a firm's service delivery system (Anderson and Fornell, 1994). Customer satisfaction can be defined as the overall attitude of the customer towards a particular organization (Halstead et al., 1994).

Responsiveness

Responsiveness defined as the willingness or readiness of employees to provide service. It involves timeliness of services (Parasuraman et al., 1985). It also involves understanding needs and wants of the customers, convenient operating hours, individual attention given by the staff, attention to problems and customers’ safety in their transaction (Kumar et al., 2009). Similarly Hunjra et al. (2011) revealed positive and significant relationship between assurance, responsiveness tangibility and empathy with customer satisfaction and customer loyalty. Likewise, Coil et al. (2007) suggested that an increase in responsiveness through customer segmentation can increase the level of customer satisfaction. Furthermore, increase in customer satisfaction can lead to customer loyalty. Ahmad (2012) found that satisfied employees are motivated and give more responsive to help the customers which results in higher level of customer satisfaction and loyalty. Moreover, Zafar et al. (2012) observed positive and significant relationship between customer satisfaction and construct of service quality such as responsiveness reliability tangibility. Thus based on it following hypothesis has been developed:

H1: There is positive impact of responsiveness on customer satisfaction.

Tangibility

Parasuraman et al. (1985) defined tangibility as the appearance of physical facilities, equipment, personnel, and written materials. Ananth et al. (2011) referred to tangibility in their study of private sector banks as modern looking equipment, physical facility, employees are well dressed and materials are visually appealing. Similarly, Hunjra et al. (2011) found positive and significant relationship between assurance, responsiveness tangibility and empathy with customer satisfaction and customer loyalty. However, Osman and Sentosa (2013) revealed indirect effect of empathy, tangibility and responsiveness with customer satisfaction and customer loyalty.. Likewise, Osman and Sentosa (2013) found positive and significant impact of tangibility on customer satisfaction and customer loyalty in the case of Malaysia. But, Shamsuddoha and Alamgir (2003) observed service quality dimensions as the important antecedents of customer satisfaction and found responsiveness, empathy, safety and security as the most important determining variables of service quality Based on this the following hypothesis has been developed:

H2: There is positive relationship between tangibility and customer satisfaction.

Empathy

Parasuraman et al. (1985) defined empathy as the caring and individual attention the firm provides its customers. It involves giving customers individual attention and employees who understand the needs of their customers and convenience business hours. Ananth et al. (2011) referred to empathy in their study on private sector banks as giving individual attention; convenient operating hours; giving personal attention; best interest in heart and understand customer's specific needs. Singh (2013) observed positive and significant relationship between physical aspect, reliability, personal interaction, problem solving, empathy assurance and policy with customer satisfaction. Similarly, Markovic et al. (2014) found positive and significant role of empathy in determining the customer satisfaction and loyalty in health sector. On the other hand Nareeman and Hassan (2013) found positive and significant impact of empathy and CSR dimensions of economic, ethical, and philanthropy on both customer satisfaction and loyalty. Moreover, Halimi (2011) found the significant relationships between customers' perceived service quality

such as assurance empathy, tangibility responsiveness with customer satisfaction and customer loyalty.

Based on this the following hypothesis has been developed:

H3: There is positive impact of empathy on customer satisfaction.

Assurance

Parasuraman et al. (1985) defined assurance as knowledge and courtesy of employees and their ability to inspire trust and confidence. According to Sadek et al. (2010), in British banks assurance means the polite and friendly staff, provision of financial advice, interior comfort, eases of access to account information and knowledgeable and experienced management team. Halimi (2011) found the significant relationships between customers' perceived service quality such as assurance empathy, tangibility responsiveness with customer satisfaction and customer loyalty. Similarly, Choshalyc and Halimi (2011) revealed positive relationship between high level of communication and assurance level of the customer which eventually increases customer satisfaction. Gyawali and Kunwar (2014) found the positive and significant relationship between customers' satisfaction and service quality dimensions. Similarly, Whitaker et al. (2008) revealed a positive and significant relationship between assurance reliability, tangibility courtesy and responsiveness with customer satisfaction. Based on this the following hypothesis has been developed:

H4: There is positive relationship between assurance and customer satisfaction.

Reliability

Reliability depends on handling customers' services problems; performing services right the first time; provide services at the promised time and maintaining error-free record. Furthermore, the study stated reliability as the most important factor in conventional service (Parasuraman et al., 1988). Reliability also consists of accurate order fulfillment; accurate record; accurate quote; accurate in billing; accurate calculation of commissions; keep services promise. Yang and Fang (2004) also mentioned that reliability is the most important factor in banking services. Similarly, Shamsuddoha and Alamgir (2003) found reliability as important antecedents of customer satisfaction and loyalty in retail banking.

Likewise, Zafar et al. (2012) observed positive and significant relationship between responsiveness reliability tangibility and customer satisfaction. Similarly, Jhandir(2012) revealed positive and significant relationship between service quality dimension such as responsiveness, reliability assurance empathy. Based on this the following hypothesis has been developed:

H5: There is positive impact of reliability on customer satisfaction.

1.6 Organization of the study

This study is organized into a total of five chapters. Chapter one contains general background of the study including statement of the problem, objectives of the study, statement of hypothesis, operational definitions and significance of the study. Chapter two consists of review of literatures related to studies in global context as well as the review of studies in Nepalese context. Besides, this chapter also comprises theoretical or conceptual framework used in the study. Chapter three presents the research plan and design, nature and sources of data, models used for data analysis and conclusion along with the limitations of the study. Chapter four consists of presentation and analysis of data with different financial and statistical tools. Chapter five offers the summary overview on all works carried out in chapter one through four including major conclusions derived from the study. This chapter also includes a separate section for recommendation based on the major findings of the study.

Chapter II

Literature review and theoretical framework

This chapter deals with review of empirical studies associated impact of service quality dimensions on the customer satisfaction. The first section is review of major literature, which provides description of relevant literature to customer satisfaction in context of both developed and developing countries around the globe. The second section highlights the conceptual framework of the study associated with factors (responsiveness, tangibility, empathy, assurance and reliability) on customer satisfaction of Nepalese commercial banks. And finally, third sections deal with the concluding remarks.

2.1 Review of related literature

This section provides a review of major empirical studies associated with the impact of service quality dimensions on customer satisfaction. More specifically, the review of literature has been categorized as follows:

2.1.1 Review of major studies

2.1.2 Review of recent studies

2.1.3 Review of Nepalese studies

2.1.1 Review of major studies

The review of major studies related to the service quality dimensions and customer satisfaction is given in Table 2.1.

Table 2.1: Review of major studies

Studies	Findings
Heselink et al. (2002)	Found significant correlation between perceived satisfaction and the behavioral aspects.
Matulesy and Adiansunyani (1945)	Brand image is significantly positively correlated to brand loyalty; consumer satisfaction is significantly positively correlated with brand loyalty.

Lee et al.(2001)	Switching costs and service quality dimensions play an important role between customer satisfaction and loyalty.
Caruana(2002)	Revealed that customer satisfaction does play a mediating role in the effect of service quality on service loyalty.
Shamsuddoha & Alamgir (2003)	Revealed that responsiveness, empathy, safety and security are the most important determining variables of service quality.
Pozza (2005)	Found that knowledge regarding the organization's own customer satisfaction level is more important than competitor astuteness in order to obtain higher level customer satisfaction.
Islam et al. (2007)	Revealed different level of satisfaction between staffs and non-staff's ATM users.
Torres & Tribo (2007)	Suggested the perverse effect of implementing policies, focused excessively on satisfying customers at the expense of shareholders, on a firm's brand equity.
Cooil et al. (2007)	Revealed Customer segmentation as an unlimited potential as a tool that can guide firms toward more effective ways to market products and develop new ones.
Gupta & Islamia (2008)	Highlighted the factors that may affect the bank's strategy to adopt Internet banking.
Whitaker et al. (2008)	Observed that back office offshoring is associated with an increase in customer loyalty.
Khan and Mahapatra (2009)	Finds that customers are satisfied with quality of service on four dimensions such as reliability, accessibility, privacy/security, responsiveness
Ozturkcan et al. (2009)	Observed positive and significant relationship between tangibility, reliability and empathy with customer satisfaction and loyalty.
Omar et al. (2011)	Revealed that reliability, convenience, speed, safety and security have the major contribution to retain and attract the customers.
Padhy and Swar (2012)	Found positive and significant impact of reliability, tangibility, responsiveness, assurance and courtesy on customer satisfaction and customer loyalty.
Jhandir (2012)	Observed that customer satisfaction is significantly related with perceived service quality and perceived value.
Zafar et al. (2012)	Found positive and significant relationship between various dimensions of service quality and customer satisfaction.

Source: Books and Research Journals

Heselin et al. (2002) investigated the perception questions and behavioral aspects like complaints and about the service provision of the flex company. Using, a questionnaire survey to measure the satisfaction of their flex workers. Every month a random sample is drawn from the total file of flex worker from 1998 to 2000. This study has been used the descriptive and correlational research design to investigate the relationship between perceived satisfaction and behavioral aspects. Which, has been measured through the frequency of making complaints and the extent of making use of other employment agencies. Therefore, all indicators related to complaints showed less satisfaction of the flex workers over the three-year period

Matulesy and Adiansunyani (1945) examined correlation between brand image and brand loyalty of a Blackberry mobile phone. This study collected 120 observations from 100 respondents who was aged 21-40 years and lived in Surabaya. The study employed correlation analysis to derive the findings. The study found that there is correlation between brand image and brand loyalty of blackberry mobile phone. Similarly, brand image is positively correlated with brand loyalty. Likewise, consumer satisfaction is positively correlated with brand loyalty.

Lee et al. (2001) determined the moderating role of switching costs in the customer satisfaction-loyalty link and identified customer segments and then analyzed the heterogeneity in the satisfaction-loyalty link among the different segments. The study used 235 observations collected from questionnaire techniques. Likewise this study employed multiple regression analysis and correlation methods to assess the relationship between customer satisfaction and customer retention rates. In explaining the link between customer satisfaction and loyalty the switching costs play an important role and provide useful insight. Similarly, this study revealed that the presence of switching costs can mean that some seemingly loyal customers are actually dissatisfied but do not defect because of high switching costs. Thus, the level of switching costs and service quality dimensions moderates the link between satisfaction and loyalty.

Caruana (2002) analyzed that the effects of service quality and the mediating role of customer satisfaction on service loyalty. This study has collected 1208 observations from 1,000 retail banking customers through well-structured questionnaire. The study used descriptive, correlational and multiple regression analysis to determine the impact of service quality and customer satisfaction. Thus, the study found positive and significant impact of tangibility, reliability and courtesy on customer satisfaction and customer loyalty. Similarly, this study revealed negative and significant relationship between empathy and customer satisfaction and customer loyalty. Moreover, this study revealed customer satisfaction as the moderating variable in determining the effect of service quality on service loyalty. Shamsuddoha and Alamgir (2003) assessed the relationship between customer's satisfaction and customer's loyalty in retail banking. Similarly, this study examined the role of dimensions of service quality towards satisfaction through the 250 respondents by using primary and secondary data collections process. Where, the questionnaire was pretested on a small sample of 5 respondents and based on this minor change were made to improve the clarity of the questionnaire. The sampling procedure used for the study was simple random sampling. Using descriptive and correlational research design, this study revealed customers satisfaction as the most important determinant of customer loyalty in retail banking sector with the positive relationship. Likewise, this study observed service quality dimensions as the important antecedents of customer satisfaction. Moreover, this study found responsiveness, empathy, safety and security as the most important determining variables of service quality.

Pozza(2005) determined the relationship between alliance formation motives and customer satisfaction. Alliances operating in Italy in both business-to-consumer and business-to business markets were assessed. This study collected 2341 observations from top 20 business organization of Italy. Thus, the empirical study of the data found that under certain conditions, there is a strong relationship between these two concepts, and that customer satisfaction may be a primary reason for allying. The study observed that a company should not only monitor alliances in its competitive environment and the reasons for their formation (competitor intelligence), it should also monitor and manage activities of its own major suppliers and strategic partners in a more customer focused manner.

A study on the satisfaction levels of Hong Kong and Shanghai Banking Corporation (HSBC) ATM with respect to various aspects such as promptness of card delivery, the performance of HSBC ATM, the service quality of ATM personnel etc. found many positive features but the customers selected on the basis of convenience are not well aware of all these (Islam et al., 2007). And also, it observed Machine complexity, machine breakdown, poor quality notes etc. are the major problems identified by the ATM users. Likewise, this study revealed different level of satisfaction between staffs and non-staffs ATM users.

Torres and Tribo (2007) examined the interaction between ownership structure, taken as a proxy for shareholders' commitment, and customer satisfaction - the main driver of consumer loyalty - and their impact on a firm's brand equity. The empirical analysis used an incomplete panel data comprising 69 firms from 11 nations, for the period 2002-2005. Using descriptive and regression analysis, this study found positive and direct effect of customer satisfaction on brand equity but has negative and indirect effect on brand equity due to reductions in ownership concentration. This latter effect emerges when managers are mainly customer-oriented. This study gives out a warning signal that highlights the perverse effect of implementing policies, focused excessively on satisfying customers at the expense of shareholders, on a firm's brand equity.

Cooil et al.(2007)reviewed general approaches to customer segmentation, with an emphasis on the most powerful and flexible analytical approaches and statistical models. The data are collected from the 9 profitability groups of 130,000 to 150,000 households. This study used regression, descriptive and predictive clustering methods including cluster regression and CHAID technique to investigate the various approach to customer satisfaction. Thus, this study revealed Customer segmentation as an unlimited potential as a tool that can guide firms toward more effective ways to market products and develop new ones.

Gupta and Islamia(2008)examined the consumer behavior with respect to Internet banking concerning conventional banking, and to explore the possibility of blending these banking systems. The study examined the data, drawn from a survey of Internet banking consumers and the service providers that offer Internet banking and develops a functional

model for maximizing value to the consumers, which the banks may choose to adopt Internet banking strategically. Using, descriptive analysis this study identified the weaknesses of conventional banking and explores the consumer awareness, use patterns, satisfaction and preferences for Internet banking vis-à-vis conventional form of banking and also highlights the factors that may affect the bank's strategy to adopt Internet banking.

Whitaker et al. (2008) investigated the relationship between offshoring and customer satisfaction. The longitudinal data of 150 North American firms and business units from 1998-2006 are used to find that while front office offshoring is associated with a decrease in customer satisfaction, onshore front office outsourcing is associated with a similar decrease. This study found that the declines in customer satisfaction from front office offshoring may be partly attributable to language and cultural issues, and partly related to other gaps for outside service providers (offshore or onshore) to adequately serve and satisfy consumers. However, this study found that back office offshoring is associated with an increase in customer loyalty.

Khan and Mahapatra (2009) revealed the dimensions of internet banking and their relationships with the overall service quality, seven quality dimensions i.e. reliability, accessibility, user friendliness, privacy/ security, efficiency, responsiveness and fulfillment. Similarly, this study examined the role of dimensions of internet banking and their relationships with the overall service quality towards satisfaction using 44 structured questions from 2005 to 2009 to various target group of India from customer's perspective. One of the primary concerns of the study is to identify the important parameters affecting the service quality of internet banking. Using regression analysis, the study revealed that responsiveness, reliability, accessibility, user-friendliness efficiency is statistically significant at 5 percent level of significance. However two dimensions privacy and fulfillment are not statistically significant. Using correlation analysis, the study revealed that there is highest degree of positive correlation between fulfillment and responsiveness followed by reliability and accessibility, privacy and security and user- friendliness.

Ozturkcan, et al., (2009) investigated the six dimension of service quality scale namely tangibility, reliability, responsiveness, assurance, courtesy, empathy and the factors underlying healthcare customer's perceptions of service quality. This study employed convenient sampling to gather a data from 183 respondents from 1st June to July 15th 2007 of Marmara university hospital. Through a 5 point Likert-type scale, healthcare customers' expectations of a perfect service provider has been compared with the practices of Marmara university hospital to determine the probable gaps. The study observed a positive and significant relationship of tangibility, reliability, responsiveness, assurance, empathy and courtesy with customer satisfaction and only tangibility, reliability and empathy are positively related to customer loyalty.

Padhy and Swar(2012) assessed the salient features of service quality and service quality model. This study used. 440 observations from banking customers by using 300 well-structured questionnaires.. The study used descriptive analysis, correlational and regression analysis techniques to assess the relationship between service quality and customer satisfaction. Thus, this study revealed that the internal marketing concept is based on the belief that a firm's internal market. Similarly, the study found that the firm could achieved prosperity by aligning various external marketing approaches and principles to the frontline employees. Likewise, this study outlines the implementation of the

SERVQUAL model in the bank's subsequent quality improvement program, as evidenced through the bank's customer satisfaction endeavors.

Jhandir(2012)determined the relationship between perceived service quality using SERVQUAL and then the role of perceived value as a mediating variable in the service sector of Pakistan. This study has been collected a data from 400 questionnaires using convenience sampling technique out of which 78 questionnaires from transport, 77 from banking, 81 from courier and 79 from telecom sectors were collected and finally . A total of 75 from each industry were taken. Therefore, a total of 300 is the sample for the whole service sector. This study employed correlational and descriptive data analysis techniques. Thus, this study observed that customer satisfaction is significantly related

with perceived service quality and perceived value. So, this study concluded that customer has more expectation than then they actual received.

Zafar et al.(2012) examined the fundamental constructs of quality of banking services, which influence customer satisfaction and determined the impact of customer satisfaction and customer loyalty in the context of banking relationships. The study collected 192 observations through useable questionnaire by using convenience sampling method. The study found a positive and significant relationship between customer satisfaction and constructs of service quality. Similarly, this study revealed positive and significant impact of tangibility, reliability, competence conflict handling and on customer satisfaction and customer loyalty.

2.1.2 Review of recent studies

The review of recent studies related to service quality dimensions and customer satisfaction is given in Table 2.2.

Table 2.2: Review of recent studies

Studies	Findings
Guzzo (2010)	Observed that to improve customer satisfaction standards the management needs to provide customizable service experience as per the needs of the customer.
Khan and Tabssum (2011)	Observed that four service quality factors create customer satisfaction. These variables include tangibility, responsiveness, empathy and courtesy.
Halimi (2011)	Found significant relationships between customers' perceived service quality and relationship satisfaction and trust.
Kobylanski et al. (2011)	Suggested that American companies have more knowledge of the theoretical concept of customer satisfaction, therefore they possess a greater understanding of the implications of customer satisfaction research.
Saeidipour et al. (2012)	Found that tangibility is significant in determining the customer satisfaction and loyalty.
Martin-Ruiz et al. (2012)	Revealed that elements such as service atmosphere, hotel facilities, etc. are significant contributors to customer's easiness to relax and escape from routine.

Osman and Sentosa (2013)	Implied that the relationship of service quality, satisfaction and customer loyalty will lead to rural tourism operator profitability.
Singh (2013)	Revealed positive and significant relationship between physical aspect, reliability, personal interaction, problem solving and policy with customer satisfaction.
Nareeman and Hassan (2013)	Found strong positive and significant relationship between customer satisfaction and loyalty.
Singu (2014)	Found that the human element in service delivery such as empathy and courtesy are the major factors influencing customer satisfaction and loyalty in banking sector.
Markovic et al. (2014)	Observed that patients who perceived a higher level of service quality show greater satisfaction with the services, as well as a higher level of loyalty to the hospital which provides medical services.
Corte et al. (2015)	Revealed that tourist satisfaction depends on a complex process where the role of each factor is fundamental and it must be in tune with all the other ones.
Nwokorie (2016)	Found that there is positive impact of service quality dimensions on customer loyalty in hotel industry.

Source: Books and Research Journals

Guzzo(2010) investigated the relationship between service quality and customer satisfaction of the hotel industry of Sicily. In order to get the robust study, this study administered questionnaires to 100 guests (122 attempted to interview) of the hotel using the Critical Incident Approach (Hayes, 2008) in Sicilian coast of the south of Italy. To verify the existence of a real customer-oriented approach on behalf of the management, this study compared each service supplied by the hotel, the results regards the perceptions of the quality of services of the management with those of the guests. Hence, this study concluded that The Sporting Club hotel has a good potential to satisfy customers and compete, but to improve its customer satisfaction standards the management needs to adopt new and more advanced customer relationship management procedures. Moreover, the main factor which limits the Sporting Club Hotel's ability to achieve higher customer satisfaction levels is the standardization of services that reduces the possibility to customize the offer for specific guest needs.

Khan & Tabassum(2011) determined the relationship between service quality and customer satisfaction of the beauty-care service industry in Dhaka. This study includes in-depth interviews and questionnaire survey of 260 customers of high-end beauty parlors of Dhaka city. This study showed the utmost importance given by the customers in issues such as the service provider's behavior, knowledge, environment, counseling system and affordability of the parlors. The customers of the high-end parlors are highly satisfied with the environment, executive's politeness, complaint handling system, trustworthiness and materials. The politeness of the service providers, knowledge level of the executives and safety and hygiene issues are also satisfactory. Factor analysis (Principal component analysis) has been carried out by taking sixteen variables and the result indicates that four service quality factors are creating customer satisfaction. These factors are support & facility factor, employee performance factor, customer relation factor and communication factor.

Halimi et al. (2011) examined the customer's perceived service quality dimensions on customers' buying behavior in a B2C relationship from the customer perspective in insurance industry. Primary data has been collected by a properly designed questionnaire which was distributed among health insurance customers from three different hospitals in Malaysia and the secondary data has been collected through online data base such as Ebsco, Science Direct and Emerald. Then-after, SPSS tool has been used and correlation and regression analysis determined the relationship between the model's variables. Finally, this study has found significant relationships between customers' perceived service quality and relationship satisfaction and trust. On the other hand, the relationship between customers' perceived service quality and relationship commitment is not supported in this study. Meanwhile, based on the results, there is significant relationship between relationship commitment, relationship satisfaction and trust and the customers buying behavior in a B2C relationship.

Kobylanski et al. (2011) examined the concept of customer satisfaction in the context of activities focused on quality management in the food industry enterprises in Poland and in the USA. This study has been conducted in food industry enterprises that possessed quality systems, certified according to ISO 9001:2000 standard. This study found a

similarity in an assessment of enterprises' activities in the area of customer satisfaction management it indicates that American and Polish companies have similar perceptions of issues associated with measuring customer satisfaction. However, American companies have more knowledge of the theoretical concept of customer satisfaction, therefore they possess a greater understanding of the implications of customer satisfaction research.

Saeidipour (2012) examined the dynamic environment of the competitive situation and existing conditions on market and the effects of development of E-banking on customer satisfaction levels of Refah bank of Kermanshah province. Questionnaires were used in this study which consists of 4 sections, each section is contains 23 questions that provided by Likert and it distributed between 375 cases of Refah Bank customers in Kermanshah Province. This study collected a data from April 2010 to end of August 2010 through simple random sampling. This study used the descriptive and chi-square test. Thus this study found that there is a significant difference between the E-banking services and customer satisfaction.

Martin-Ruiz et al. (2012) assessed three levels of a service evaluation i.e. attributes (service value), outcome (service experience), and values (developing service relationships); secondly, to differ and to relate the perceptions of service value with service experience components. This study collected 2400 observations from 80 hotels through wellstructured questionnaires and interviewing process. Using MIMIC model approach, this study found services cape as the strongest driver of service value when creating service experiences, followed by service equity. Likewise, Elements such as service atmosphere, hotel facilities, etc. are significant contributors to customer's easiness to relax and escape from routine. Similarly, hotel managers should take note of the importance of service equity by developing strong brand images which capitalize on customer's experiences rather than service attributes.

Osman and Sentosa(2013) determined an indirect effect of understanding service quality, customer satisfaction and customer loyalty in Malaysia rural tourism. The model was designed and then examined by utilizing the Partial Least Square procedure on data that had been collected from a survey that yielded 295 usable questionnaires. This study confirmed that the customer satisfaction has significant and positive partial mediating effect on service quality and customer loyalty relationship in Malaysia rural tourism and

It is also important to do the study utilizing experimental design by capturing longitudinal data in Malaysia rural tourism industry using robust measures. Thus, this study implied that the relationship of service quality, satisfaction and customer loyalty will lead to rural tourism operators' profitability. Therefore, service quality and customer satisfaction play a crucial function within the Malaysia rural tourism industry.

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Singh(2013)assessed the impact of perceived service quality on overall customer satisfaction in retail outlets in India. This study has gathered 600 observations through the questionnaire and interviewing process. The scale consisting of five dimensions namely physical aspects, reliability, personal interaction, problem solving and policy developed by Dhabolkar, Thorpe and Rentz was used. By using, descriptive, correlational and ordinary least square techniques, this study showed maximum growth in terms of organized retail outlets in India. Moreover, this study revealed positive and significant relationship between physical aspect, reliability, personal interaction, problem solving and policy with service quality. Likewise, this study observed positive and significant relationship between five dimensions of service quality such as retail outlets in India. Moreover, this study revealed positive and significant relationship between physical aspect, reliability, personal interaction, problem solving and policy with customer satisfaction.

Singu (2014) determined the service quality determinants and customer satisfaction using SERVQUAL and modified SERVQUAL instrument. This study has collected sample of 903 (325 from urban, 281 from Semi-Urban and 297 from rural segments) customers of five banks in public and private banks of India. Using, descriptive and chi-square test, this study revealed that the human element in service delivery such as empathy and courtesy are the major factors influencing customer satisfaction and loyalty in banking sector. Similarly, this study found that the rural customers are open to the changes in the banking sector to avail the benefits of the being banked.

Markovic et al. (2014) determined patients' perceptions and expectations of service quality in one specialty hospital for medical rehabilitation. SERVQUAL instrument was used to measure the service quality. The SERVQUAL questionnaire included an expectations and perceptions section, each consisting of 34 statements. In addition, the questionnaire contained an extra section relating to demographics and an overall question on the impression of quality of the service provided. One hundred and four (104) satisfactorily completed questionnaires were collected. This study revealed that patients perceived a rather satisfactory level of health care quality across all SERVQUAL dimensions. Patients who perceived a higher level of service quality show greater satisfaction with the services, as well as a higher level of loyalty to the hospital which provides medical services. This study also found the multidimensionality of the concept and the existence of a gap between patients' expectations and the perceptions of service quality. Finally, despite the criticism of the SERVQUAL instrument, this study confirms the usefulness of the SERVQUAL model in terms of its reliability and validity for measuring quality in the health care sector.

Nwokorie (2016) assessed significant service recovery strategies and their impact on customer loyalty in the hotel industry. Data for the study were gathered through a structured questionnaire and analyses were carried out using inferential statistics, while the study hypotheses were tested using the Z-test statistical technique. Thus, the study revealed that there is significant relationship between service recovery strategy, time, customer loyalty and customer satisfaction. The study showed that effective recovery efforts have a significant impact; hence compensation was among recovery strategies

adopted by most hotels studied and service quality dimensions play an important role in determining the customer loyalty.

Pasha and Waleed (2016) assessed the determinants of customer loyalty in the banking sector by analyzing variables such as customer satisfaction, brand trust, perceived price and service quality. This study used descriptive, correlation and regression techniques for empirical analysis and the survey method is adopted for data collection of 232 respondents out of 500 respondents during the period of 2016. Reliability of instrument is determined by using Cronbach's Alpha. This study found that perceived value, service quality, customer satisfaction, and brand trust significantly influence customer loyalty.

2.1.3 Review of Nepalese studies

The review of Nepalese studies on service quality dimension and customer satisfaction is given in Table 2.3

Table 2.3: Review of Nepalese literature

Study	Major findings
Pandey and Joshi (2010)	Customer satisfaction works as a mediator between service quality and behavior intentions of the customer.
Banstola (2012)	Found that the most important factor influencing customer satisfaction in E-banking services is its reliability and ease of use.
Sthapit& Darshan (2010)	The study has inferred that brand loyalty is almost non-existent while Nepali buyers have shown extremely high preference for Nokia.
Maharjan (2014)	Positive relationship is found between customer satisfaction and service quality factors.
Gyawali and Kunwar (2014)	The study found the positive and significant relationship between customers' satisfaction and service quality dimensions
Pradhananga (2014)	The study found that related dimensional service quality and tangible dimensional service quality have no significant impact on customer satisfaction respectively. But core service quality has a significant impact on customer satisfaction.
(Gyawali, 2015)	This study concluded that there is high competition among different brands. The factors price, quality, availability in the market, incentives, profit margin, etc. determines the portion occupied by the individual brand.

Khadka (2015)	Revealed positive and significant relationship between service quality, behavior of the employee, complaint handling, and customer convenience with customer satisfaction.
Khanal (2015)	Found positive and significant relationship between tangibility, reliability, responsiveness, assurance, and empathy with customer satisfaction and customer loyalty in the Nepalese commercial banks.
Shakya (2016)	Found that customer satisfaction in online banking has positive impact on the performance of the Nepalese commercial bank.

Source: Books and Research Journals

Gautam (2004) revealed that customers were more satisfied with the second-generation joint-venture banks where they had to spend less time waiting and also where the employee's behavior was good. A total of 331 customers' opinions were collected as sample from ten commercial banks, including the main branch and another city branch. The study concluded that commercial banks showed better performance towards their customer. Further, customers were also found satisfied with commercial banks reason behind it was the facilities it offered like credit card, automatic teller machine etc. They should invest more resources to enhance customer satisfaction. This study has been filled the some requirements of social audit of Nepalese commercial banks in terms of customer satisfaction as no such previous studies has initiated in context on Nepal.

Pandey and Joshi (2010) analyzed the relationship among the constructs of service quality, customer satisfaction and behavior intentions in the hospitality industry. The study reviewed a proposed model of service quality and its relationship with customer satisfaction and behavior intentions: service quality is positively related to satisfaction, and behavioral intentions. Similarly, customer satisfaction works as mediator between service quality and behavioral intentions of the customers. The model is tested empirically with the data from a survey among 243 Asian, European and American customers who stay in five star hotels in Nepal. The four hypotheses establish the fact that service quality and behavioral intentions of the customer in the hotel industry are positively associated. Service quality has no relationship with customer satisfaction.

Customer satisfaction has positive relationship with behavior intentions of the customer, but customer satisfaction has worked as a mediator between customer service quality and behavior intentions of the customer in the hotel industry.

Sthapit and Darshan (2010) examined buyer response (preference and loyalty) towards established global brand and emerging Chinese brand in Nepali cell phone market. This study has inferred that that brand loyalty is almost non-existent while Nepali buyers have shown extremely high preference for Nokia established global brands. Price and efficiency are the key factors behind buyers' brand selection while new technology and features most influenced cell phone purchase decisions. The study has suggested strategies for not only advertising and brand promotion but also for the brand tracking on critical KPIs (Key performance indicators) of the brand and benchmarking.

Banstola (2012) examined a study on prospect and challenges of E-banking in Nepal. The purpose of the study was to identify the major prospect and challenges of e-banking in Nepal. Five banks were selected as sample for the study using a simple random sampling method. The data were collected from general customers by means of questionnaire sent through email and also via self-administration. From four major cities of Nepal (Pokhara-37, Kathmandu-20, Butwal-33, Biratnagar-10) a total of 100 questionnaires were collected and used in the analysis. The study found that some banks are in lack of having regular back up of website information and E-banking policy. Nepalese banks are using E-banking for their own convenience and for the purpose of retaining exiting customers. The cost analysis of most of the banks in Nepal is seems to be either inadequate or not applied due to their narrow space of business transaction or lack of sufficient tools. No significant correlation was found between use of E-banking and gender, marital status or salary of customer. However, this study found positive and significant impact of use of E-banking on age and education.

Maharjan (2014) showed the positive relationship between customer satisfactions with service quality factors, they are: assurance, technology, reliability, responsiveness, empathy and tangibility. The study showed the service quality analysis, however, have produced conflicting results any attempt to given a generalized and coherent conclusion

has proved inadequate. The analysis from the study has tried to see the impact of those seven independent variables (motivation, training and development, selection and appointment, organizational support, supervisory support, retention policy and communication) upon the employee satisfaction level in Nepalese commercial banks.

Gyawali and Kunwar (2014) investigate customers' perceptions about banking service quality and their satisfaction taking attention over five service dimensions, responsiveness, tangibility, empathy, assurance and reliability using SERVPERF model. This study examined the overall perception of customers toward the tangibles, reliability, responsiveness, assurance and empathy found satisfied. The study identifies the positive and significant relationship between customers' satisfaction and five service quality dimensions. Higher variability in overall SQ perception (satisfaction) is contributed by reliability, responsiveness, assurance and empathy. This study is helpful for concerns to understand the factors affecting customers' satisfaction which binds their clients towards their bank and avoids switching the bank. This study has been providing a more useful and practical information for managers in improving service quality and delivering superior customer value to achieve high customer satisfaction over the service delivered.

Pradhananga (2014) revealed that that related dimensional service quality and the tangible dimensional service quality have a very low relationship with customer's satisfaction in the Nepalese commercial banking sector. The study used related dimensional service quality, tangible dimensional service quality and core service quality as dimensions of service quality. Correlation and multiple regression analyses were used to examine the impact of service quality on customer satisfaction. The related dimensional service quality and tangible dimensional service quality have no significant impact on customer satisfaction respectively. But core service quality has a significant impact on customer satisfaction.

Similarly, Khadka (2015) examined the relationship between service quality, behavior of the employee, complaint handling, and customer convenience with customer satisfaction in Nepalese commercial banks. This study collected 204 observation from well-structured questionnaire. Using, descriptive, correlational and multiple regression analysis this

study revealed positive and significant relationship between service quality, behavior of the employee, complaint handling, and customer convenience with customer satisfaction.

However, this study observed positive but insignificant relationship between social network interaction and customer satisfaction in Nepalese commercial banks.

Khanal (2015) investigated the impact of various dimensions of service quality with customer satisfaction and customer loyalty. This study has collected 198 observation from the well-designed questionnaire, thus obtained observation has been analyzed by using descriptive, correlational and multiple regression analysis. Thus, this study found positive relationship between tangibility, reliability, responsiveness, assurance, and empathy with customer satisfaction and customer loyalty in the Nepalese commercial banks.

This study has tried to explore regarding the brand affects in buying decision of Mobile phones in Kathmandu Valley. Advertising is a promotional activity for marketing a commodity. Advertising helps the manufacturer to increase his/her sales and maintain market. Now a days the advertising play a significant role in today's highly competitive world. Today's world is characterized by more complex technology, and this can be extremely confusing to people who are not technology minded. Brands can play an important role here by providing simplicity and reassurance to the uninitiated; offering a quick, clear guide to a variety of competitive products and helping consumers reach better quicker decisions. In order to get information about brand preference, questionnaire survey has been used. Convenience sampling method is used while selecting the respondents. It is concluded that there is high competition among different brands. The factors price, quality, availability in the market, incentives, profit margin, etc determines the portion occupied by the individual brand (Gyawali, 2015).

(Shakya, 2016) revealed the relationship between online banking system on customer satisfaction and performance of Nepalese commercial banks. The survey is based on 145 respondents from 20 commercial banks in Nepal during the period of 2016. Ease of use, usefulness, security, responsiveness and efficiency are taken as independent variables whereas Return on assets, return on equity and customer satisfaction are dependent variables Using regression model, the study reveals that customers' satisfaction, ease of

use, usefulness, security, responsiveness and efficiency are positively related to return on assets and return on equity.

2.2 Conceptual framework

Conceptual framework is a basic conceptual structure organized around a theory. It defines the kinds of variables that are going to be used in the analysis. Conceptual framework is a type of intermediate theory that attempts to connect to all aspects of inquiry with problem definition, purpose, literature review, methodology, data collection and analysis. It can act like a map that give coherence to empirical inquiry as the conceptual framework are potentially so close to empirical inquiry, take different forms depending upon the research question or problem. The conceptual framework describes the link among the service quality dimensions and customer satisfaction. In the conceptual framework for the analysis of the study customer satisfaction is taken as a dependent variable whereas service quality is the independent variable which is measured through five proxies i.e. responsiveness, tangibility, empathy, assurance and reliability.

Figure 2.1:Conceptual framework

The figure shows the theoretical framework of the study. The dependent variable of this study is customer satisfaction and the independent variables of the study are responsiveness, tangibility, empathy, assurance and reliability.

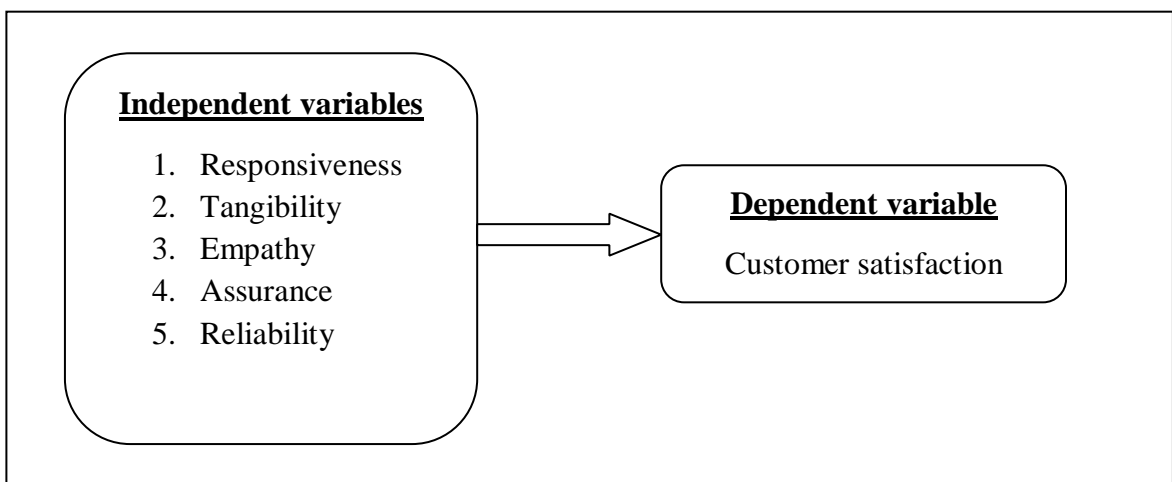


Figure 2.1 shows the relationship among responsiveness, tangibility, empathy, assurance and reliability and customer satisfaction. In the conceptual framework for the analysis of

the study customer satisfaction has been taken as dependent variables and responsiveness, tangibility, empathy, assurance and reliability are taken as independent variables.

2.3 Concluding Remarks

This chapter reviewed various theories and empirical studies that enhance the fundamental understanding on different perspective on the impact of service quality dimensions on customer satisfaction. The study attempts to explore the impact of selected factors on customer satisfaction of Nepalese commercial banks.

Heselin et al. (2002) found significant correlation between perceived satisfaction and the behavioral aspects. Meanwhile, Shamsuddoha & Alamgir (2003) revealed that responsiveness, empathy, safety and security are the most important determining variables of service quality. Similarly, Omar et al. (2011) observed that reliability, convenience, speed, safety and security have the major contribution to retain and attract the customers. Likewise, Jhandir (2012) observed that customer satisfaction is significantly related with perceived service quality and perceived value. Halimi (2011) found significant relationships between customers' perceived service quality and relationship satisfaction and trust. Nareeman and Hassan (2013) revealed strong positive and significant relationship between customer satisfaction and loyalty. There is positive and significant relationship between physical aspect, reliability, personal interaction, problem solving and policy with customer satisfaction (Singh, 2013). According to Martin-Ruiz et al. (2012), elements such as service atmosphere, hotel facilities, etc. are significant contributors to customer's easiness to relax and escape from routine. Therefore, improvement in these dimensions can lead to customer satisfaction.

Sam et al. (2007) revealed the significance of supply chain management and consumer behavior in boosting the customer satisfaction level toward organizations' products and services. Likewise, Guzzo (2010) suggested that in order to improve customer satisfaction standards the management needs to provide customizable service experience as per the needs of the customer. Meanwhile, Kobylanski et al. (2011) revealed that American companies have more knowledge of the theoretical concept of customer

satisfaction, therefore they possess a greater understanding of the implications of customer satisfaction research.

Singh (2013) revealed positive and significant relationship between physical aspect, reliability, personal interaction, problem solving and policy with customer satisfaction.

Likewise, Osman and Sentosa (2013) implied that the relationship of service quality, satisfaction and customer loyalty will lead to rural tourism operator profitability. Similarly, Nareeman and Hassan (2013) found strong positive and significant relationship between customer satisfaction and loyalty. Markovic et al. (2014) observed that patients who perceived a higher level of service quality show greater satisfaction with the services, as well as a higher level of loyalty to the hospital which provides medical services. Furthermore, Corte et al. (2015) revealed that tourist satisfaction depends on a complex process where the role of each factor is fundamental and it must be in tune with all the other ones.

Though there are some studies on the impact of service quality dimensions on customer satisfaction in the case of developed countries, under developed countries like Nepal are severely lacking these studies. Thus, this study has been carried out to analyze the impact of service quality dimension on customer satisfaction of Nepalese commercial banks. Pradhananga (2014) found that related dimensional service quality and tangible dimensional service quality have no significant impact on customer satisfaction respectively. But core service quality has a significant impact on customer satisfaction.

Thus, considering the research gaps particularly in Nepalese context, this study proposes a framework to determine the key service quality dimensions affecting the customer satisfaction of Nepalese commercial banks. This study intends to fill a gap of identifying the impact of service quality dimensions on customer satisfaction of Nepalese commercial banks.

Chapter III

Research methodology

Research methodology sets out overall plan associated with a study. It provides a basic framework on which the study is based. Before presenting the analysis and interpretation of data, it is necessary that research methodology be described first. In the absence of methodology, it is likely that the conclusions drawn may be misunderstood. This chapter therefore explains the methodology employed in this study. This chapter has been divided into six sections. Section one provides a description of research plan and design used in the study. Section two deals with the description of the sample. Similarly, section three describes the instruments. Section four explains data collection procedure and tools along with reliability and validity of the data. Section five presents analysis plan. Finally, section six explains models used in this research.

3.1. Research plan and design

This study used descriptive research design to deal with research questions associated with service quality dimensions and customer satisfaction of Nepalese commercial banks.

This study adopts descriptive research design for fact finding and identifies adequate information that affect level of customer satisfaction. This research design is a process of accumulating facts. It describes phenomenon as it exists. Such design involves the systematic collection and presentation of data to give clear picture of a particular situation.

This study also used causal comparative research design to identify the cause and effect relationship between service quality dimensions and customer satisfaction of commercial banks in Nepal. This design has employed to assess the characteristics, opinions, and perception of respondents and the level of satisfaction of Nepalese commercial banks. Causal comparative design is used to find the cause and effect relationship between dependent and independent variable.

3.2 Description of the sample

This study is based on primary sources of data. The primary sources of data were used for qualitative research. For the fact finding of the study questionnaire was made. The well-structured set of questionnaires was developed and distributed to the Nepalese commercial banks' users. The primary data were used to extract the information from the customers regarding the customer satisfaction and various dimension of service quality. The questionnaire consists of questions such as Likert scale questions, multiple choice questions and ranking type.

Table 3.1 shows the list of sample banks along with the total number of observations.

Table 3.1: List of sample banks along with the total number of observations

S.N.	Name of the commercial banks	Date of establishment	No. of questionnaires received
1.	Nepal Investment Bank	1986/03/09	8
2.	Bank of Kathmandu	1995/03/12	8
3.	Sunrise Bank Limited	2007/10/12	8
	Total		24

Source: Field Survey, 2018

Thus the study is based on 24 observations.

The total population for the study includes all the customers of Nepalese commercial banks users. The simple random sampling techniques has been used for the study purpose. The total number of observations for the study consists of 24 respondents for analyzing the customer satisfaction and service quality of commercial banks in Nepal.

3.3 Instrumentation

This study relies on primary data. And the primary data for the study is collected from questionnaire survey. The data regarding the dependent and independent variables of the study are collected and coded with unique code for each sample commercial banks. So that, the data could be easily identified and assessed. Primary data are analyzed using the SPSS package. Descriptive statistics, correlation and regression tools are used through SPSS package in order to drive the meaningful relationship among the dependent and independent variables.

3.4 Data collection procedures and time frame

This section elaborates on how data were collected for this study purpose and the time frame of the study. Data collection was done through the interviewing and questionnaire survey. The respondents were from Kathmandu valley. There are altogether 24 respondents. The questionnaire was divided into different sections where the first section includes the respondent's personal details and rest of other section includes multiple choice question and ranking question, statement questions regarding the subject matters. Hence these questionnaires were used as a primary source of data collection. The respondents are the customers of Nepalese commercial banks. The questionnaire is distributed and collected through personal meetings.

3.5 Methods of analysis

This section gives a presentation on how the empirical data was used to analyses the impact of various dimensions of service quality on customer satisfaction commercial banks in Nepal. The methods of data analysis consist four sections. First includes generalization of demographic information of the respondents like gender, age, academic

qualification and designation along with the percentage frequency distribution of the general information of the respondents.

Second section analyze mean and weighted average mean values of various dimensions of service quality i.e. responsiveness, tangibility, empathy, assurance and reliability. Third section deals with Pearson correlation coefficients which examines the relationship of various dimensions of service quality with customer satisfaction of customers of commercial banks in Nepal.

The final part of data analysis describes regression analysis of primary data. A multiple regression model has been applied to estimate the relationship between dependent variables customer satisfaction and with independent variable such as responsiveness, tangibility, empathy, assurance and reliability. It also describes different statistical tests of significance for validation of model such as t-test, F-test. Similarly, for the reliability of the data Chronbach's alpha has also been calculated.

3.6 Presentation and analysis of data

This section presents the primary data that are taken to evaluate the effectiveness of brand image, perceived quality, brand switching cost, brand experience, price fairness and their impact on customer satisfaction and brand loyalty of mobile phones. This section also presents the results of the questionnaire survey conducted among different group of customer within Kathmandu valley. Questionnaire survey was designed to understand the view of the respondents in relation to impact of selected brand specific factors on customer satisfaction and brand loyalty of mobile phones. A set of questionnaires including, multiple choices, rankings, and Likert scales type of questions were provided. Altogether 200 respondents are surveyed and analyzed in accordance with the objective of the study. The respondent profile along with their personal characteristics and result of the survey are presented in below.

3.6.1 Respondent's profile

The respondent's profile reveals the personal characteristic of respondents combined on the basis of different personal characteristics such as gender, age group, academic qualification, occupation and income level. Demographic characteristic plays a

significant role in understanding buying behavior of the consumers. This section therefore describes the demographic characteristics of the respondents of mobile brand users. This section deals with the gender, age, academic qualification, occupation and income level of the respondents. The demographic characteristics of the respondents are presented in the Table 3.2

Table 3.2: Demographic characteristics of respondents

This table shows the number of respondents classified by age, gender, academic qualification and employment status.

Respondents' detail	Number of responses	Percentage
Gender:		
Male	11	45.8
Female	13	54.2
Total	24	100
Marital status:		
Married	12	50
Singled	12	50
Total	24	100
Family type		
Nuclear family	10	41.6.
Joint family	14	58.4
Total	24	100
Bank used tenure		
Less than 1 Year	1	4.2
1-3 Years	4	16.6
3-5 Years	9	37.6
5-10 Years	6	25

More than 10 years	4	16.6
Total	24	100
Age group(in years)		
Up to 20	1	4.2
21-30	2	8.4
31-40	7	29.1
41-50	8	33.3
51-60	5	20.8
Above 60	1	4.2
Total	24	100
Frequency of using bank		
Daily	1	4.2
Once in a week	4	16.6
Twice in 2 weeks	9	37.5
Once in 3 weeks	7	29.2
Once in a Month	3	12.5
Total	24	100
Academic qualification		
Primary	1	4.2
Secondary	3	12.5
Higher secondary	6	25
Undergraduate	7	29.1
Graduate	4	16.6
Post graduate	2	8.4
Doctorate	1	4.2
Total	24	100
Employment status		
Business	9	37.5
Service	11	45.8
Student	3	12.5
Housewife	1	4.2
Total	24	100
Monthly income		
below 10,000 Rupees	1	4.2
10,000 - 20,000 Rupees	5	20.8

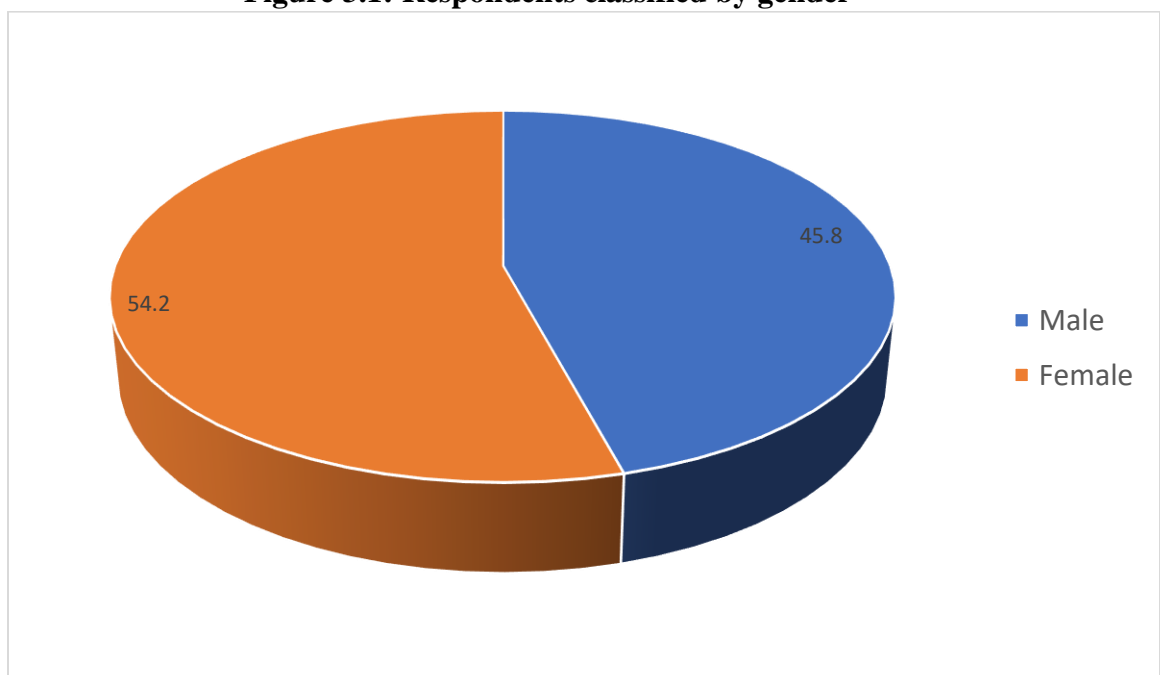
20,000 - 50,000 Rupees	8	33.2
50,000 – 75,000 Rupees	5	20.8
75,000 – 100,000 Rupees	2	8.4
100,000 – 200,000 Rupees	1	4.2
200,000 – 400,000 Rupees	1	4.2
400,000 Rupees and above	1	4.2
Total	24	100
Account types		
Current	15	62.5
Saving	7	29.1
Fixed Deposit	2	8.4
Total	24	100

Source: Field Survey, 2018

Gender

Gender is an important variable in expressing and giving the responses about the problem. (Johnson, 1995). The gender wise classification of the respondents is presented in Figure 3.1.

Figure 3.1: Respondents classified by gender

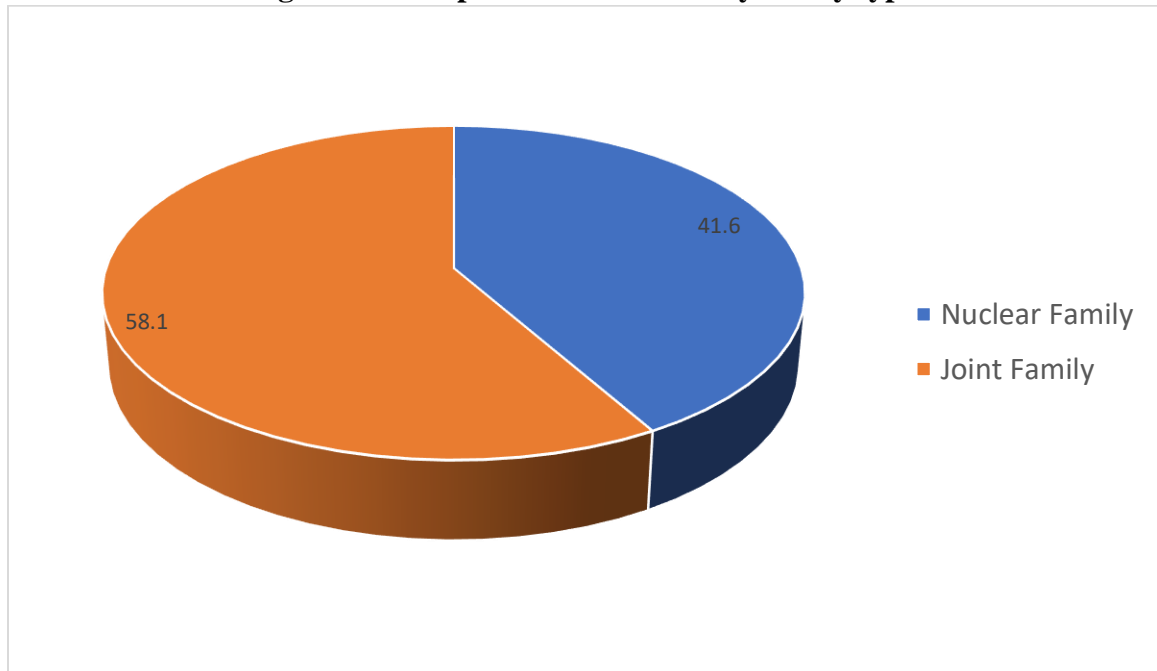


The figure indicates that majority of the respondents are female (54.2 percent). The rest of the respondents are Male (45.5 percent).

Family Type

Likewise, family type is a crucial variable in expressing and obtaining the responses about the problem (Cronin and Taylor, 1992). The family type wise classification of the respondents is shown in figure 3.2.

Figure 3.2: Respondents classified by family type



Out of the total respondents, majority of the respondents (58.5 percent) are belongs to joint family and 41.6 percent of respondents have nuclear family type.

Marital Status

Marital status is also an important variable in expressing and giving responses about the problem (Taylor, 1993). The classification of marital status of the respondents has been presented in following figure 3.3.

Figure 3.3: Respondents classified by marital status

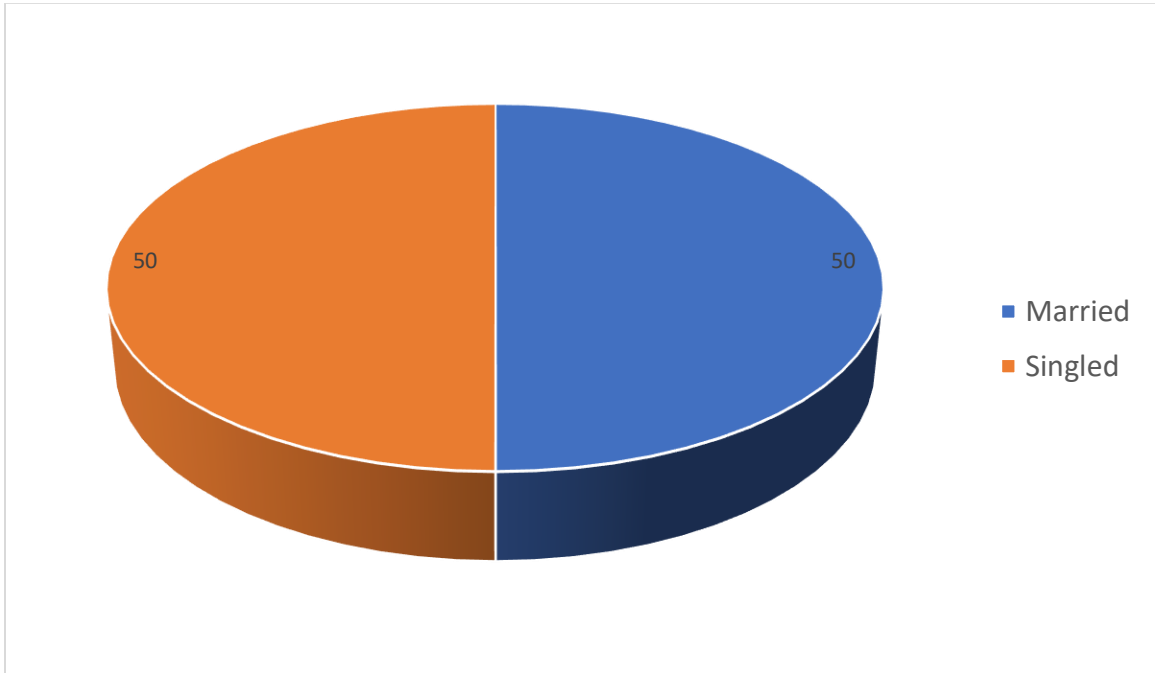
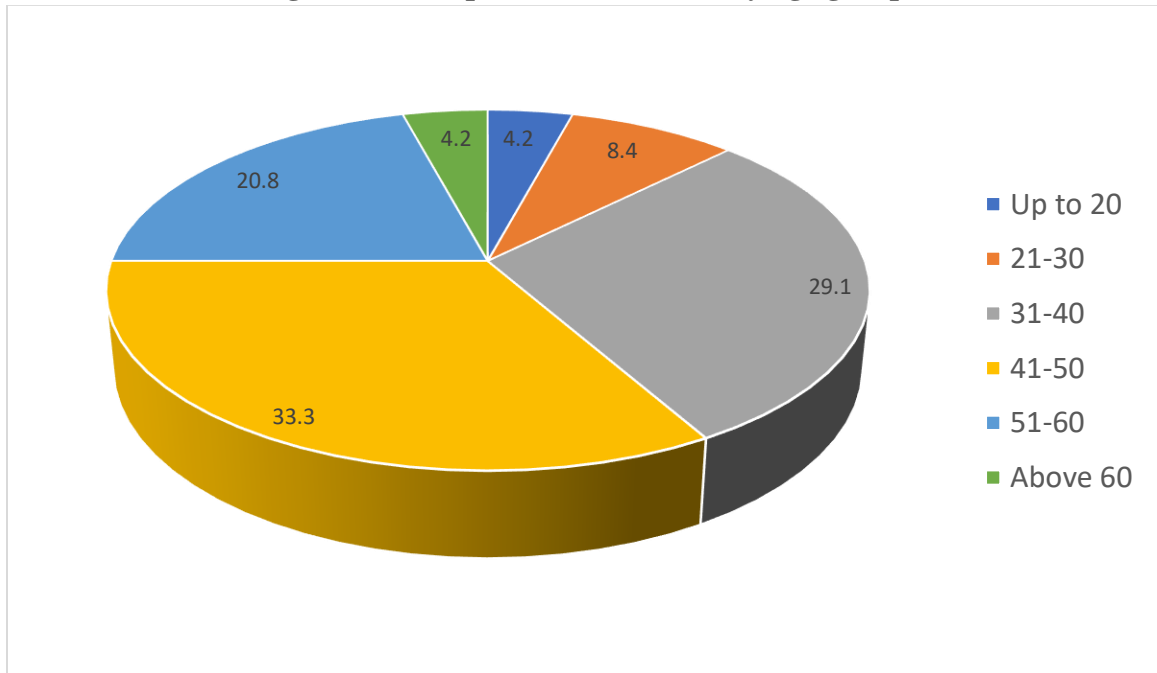


Figure indicates that majority of the respondents are married (50 percent). The rest of the respondents are singled (50 percent).

Age

Age of the respondents is one of the most important characteristics in understanding the views about the particular problems (Chase, 1978).

Figure 3.4: Respondents classified by age group



The age of the respondent is categorized into five groups i.e. up to 20 years, 21- 30 years, 31-40 years 41-50 years, 51 -60 years and above. The classification of the respondents by age in terms of percent is shown in Figure 3.4.

The figure shows that majority of respondents fall under the age group of age group of 4150 years (33.3 percent) followed by age group of 31-40 years (29.1 percent), 51-60 years (20.8percent), 21-30 years (8.4 percent), up to 20 years (4.2 percent) and above 60 years is (4.2 percent).

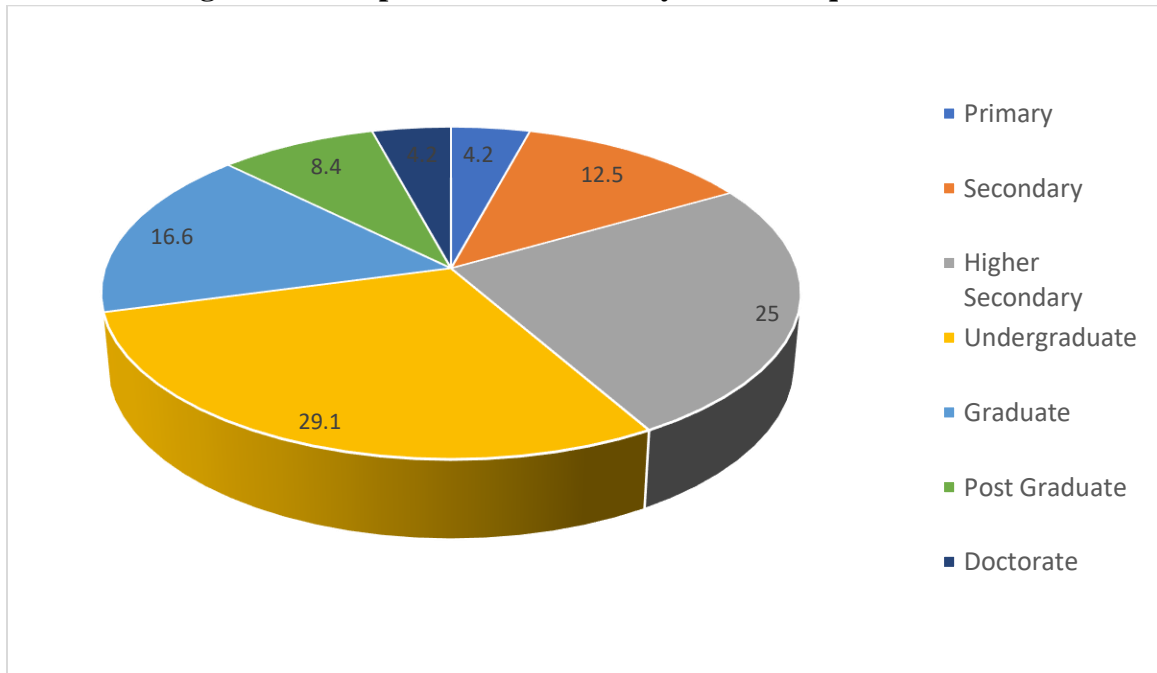
Academic qualification

Academic qualification is also an important variable in expressing and giving responses about the problem (Oliver, 1993). On the basis of the academic qualification, customers are categorized as those who have completed primary, secondary, higher secondary, undergraduate, graduate, post graduate and doctorate degree. The classification of the respondents by academic qualification in terms of number and percent is shown in Figure 3.5

Out of the total respondents, majority of respondents have completed undergraduate degree (29.1 percent), followed by higher secondary degree holders (25.0 percent), graduatedegree (16.6 percent), secondary degree (12.5 percent), post graduate (8.4

percent) and primary and doctorate degree holder have an equal percentage of 4.2 percent.

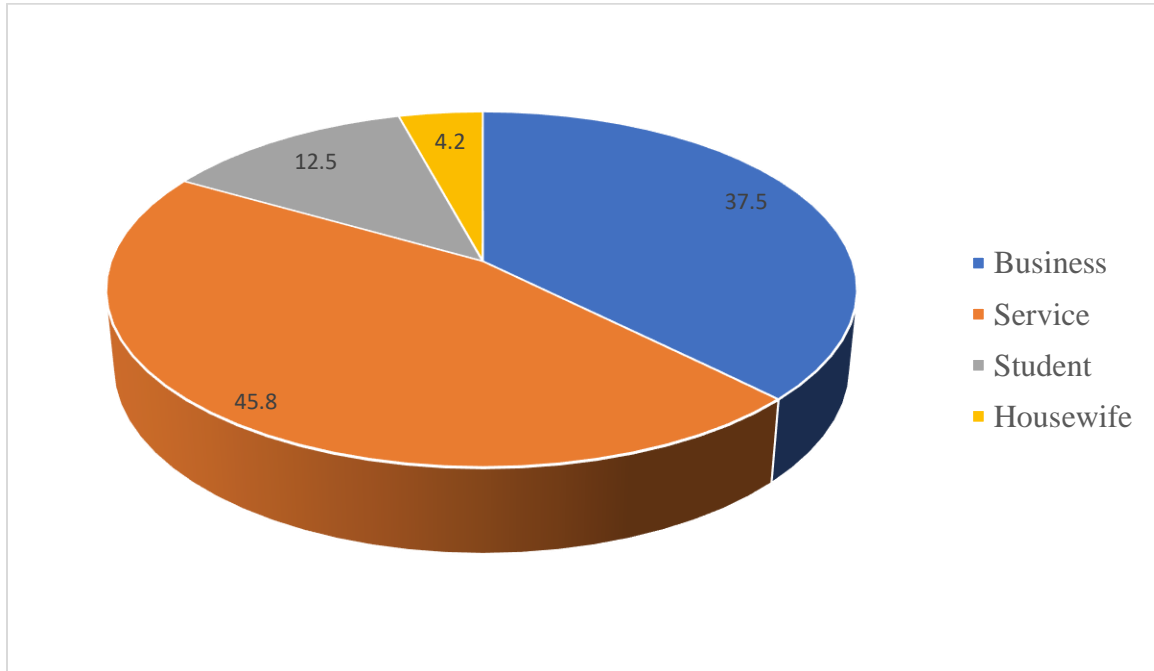
Figure 3.5: Respondents classified by academic qualification



Employment status

Employment status is also an important variable in expressing and giving responses about the problem Czepiel (1990).

Figure 3.6: Respondents classified by employment status



On the basis of the employment status customers are categorized as student, business, service, and housewife. The classification of the respondents by employment status in terms of number and percent is shown in Figure 3.6 indicates that the majority of the respondents (45.8percent) are service person followed by business (37.5 percent), student (12.5 percent), and housewife (4.2 percent).

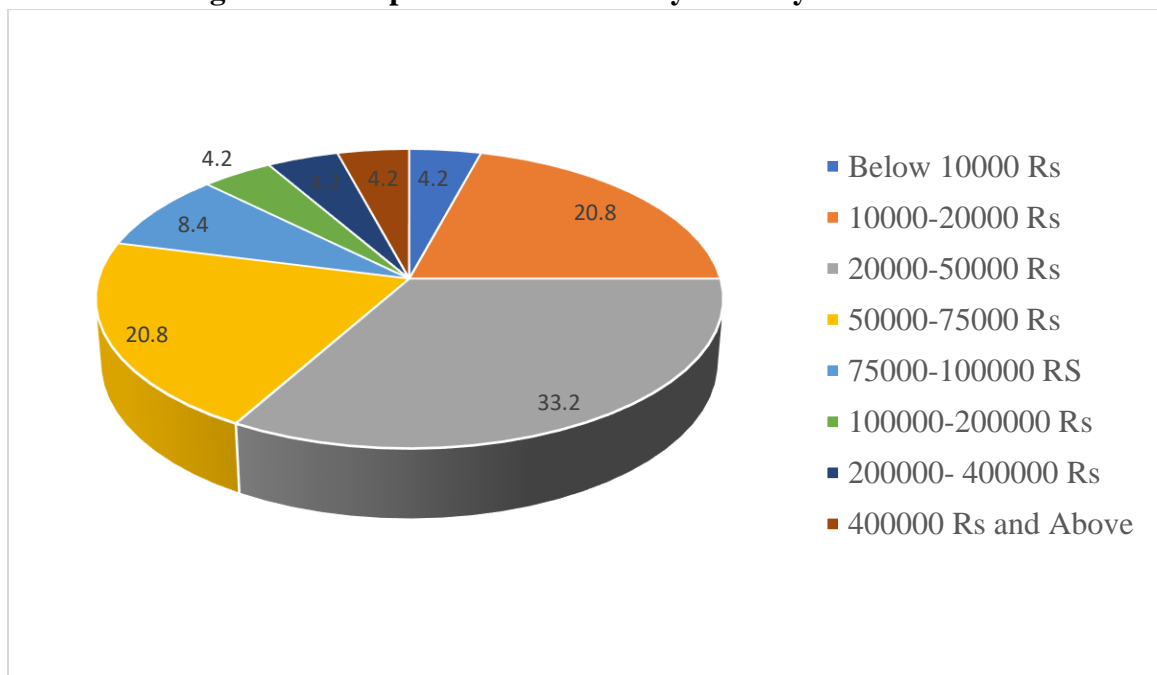
Monthly income level

On the basis of the monthly income level customers are categorized as their income levels i.e. less than Rupees 10000, Rupees 10000- Rupees 20000, Rupees 20000- Rupees 50000, Rupees 50000- Rupees 75000, Rupees 75000 – Rupees 100000, Rupees 100000 – Rupees 200000, Rupees 200000 – Rupees 400000 and above Rupees 500000. The classification of the respondents by income level in terms of percent is shown in Figure 3.7.

Out of the total respondents, majority of the respondents (33.2 percent) have monthly income between rupees 20,000 to Rupees 50,000, followed by monthly income between

Rupees 50,000-Rupees75,000 (20.8 percent), monthly income between Rupees10,000Rupees30,000 (20.8 percent), monthly income between Rupees 75,000 to Rupees 100,000, the 8.4 percent of respondents have monthly income between Rupees 100,000 – Rupees 400,000, monthly income above Rupees 400,000 (4.2 percent) whereas least number of respondents has income of less than Rupees 10,000 (4.2 percent).

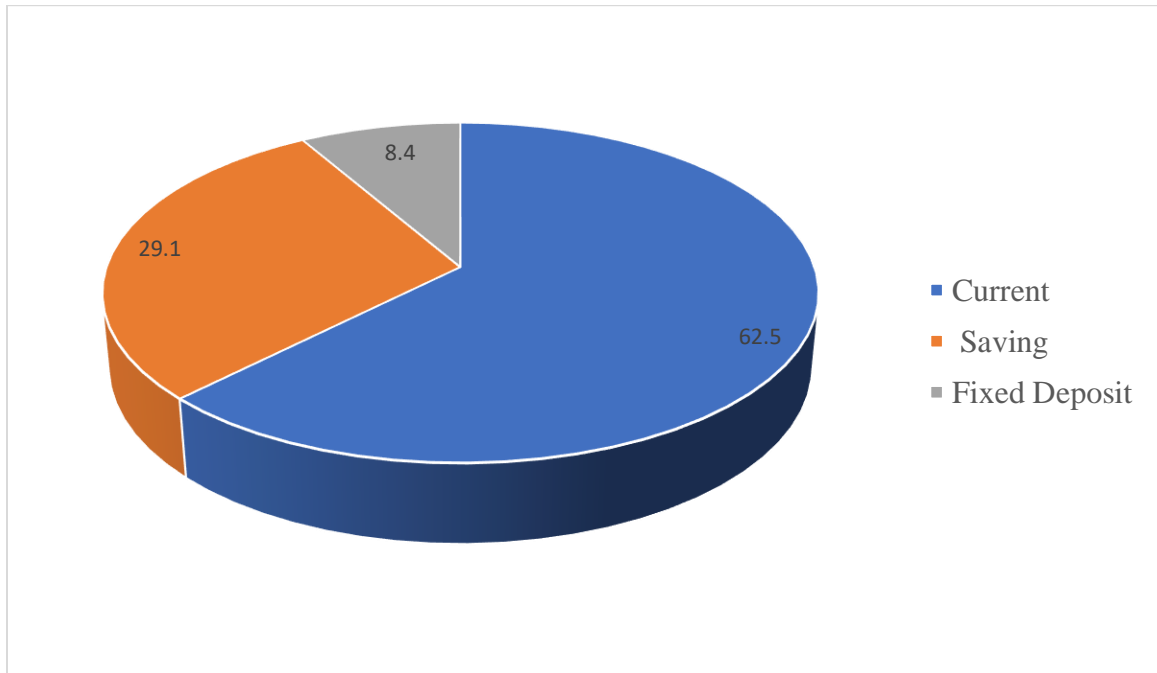
Figure 3.7: Respondents classified by monthly income level



3.6.2 Responses on respondents classified by account types

Respondents were asked on the types of bank account, which had been using by corresponding bank customers and the results are presented on figure 3.8.

Figure 3.8: Respondents classified by account types



Figures indicates that majority of the respondents are having saving account (62.5 percent), followed by current account (29.1 percent) and fixed deposit account (8.4 percent).

3.7 The model specifications

This study analyzes the impact of various dimensions of service quality on customer satisfaction of Nepalese commercial banks. The model has been designed to show the relationship between the dependent variable i.e. customer satisfaction and independent variable such as responsiveness, tangibility, empathy, assurance and reliability.

3.8 Reliability and validity

Validity refers to the truthfulness of findings. It determines whether the study truly measures what it was intended to measure or how truthful the study results are. It refers to

the accuracy of a measure and a measurement is valid when it measures and performs the functions that it supports to perform. It is the degree to which a measure accurately represents what is supposed it is supposed to measure. Reliability, on the other hand, refers to the credibility of the test, and it mainly tests measurements results and measurement tools (stability and consistency). The extent to which results are consistent overtime and an accurate representation of the total population under study is referred to as reliability, and if the results of a study can be reproduced under a smaller methodology, then the research instrument is considered to be reliable.

Table 3.3: Coefficient of Cronbach’s alpha

Cronbach’s alpha based on standardized items	No. of items
0.883	6

Cronbach’s alpha is a statistic. It is generally used as a measure of internal consistency or reliability. It has been used in this study to test validity and reliability of the primary data for determining internal consistency among the various proxies of dependent and independent variables. It allows us to measure the reliability of the different categories. It is a function of the number of test items and the average inter correlation among the items. As a general rule, a coefficient greater than or equal to 0.7 is considered acceptable and is a good indication of construct reliability.

Reliability test for all the component of questionnaire factors affecting customer satisfaction and brand loyalty, customer satisfaction and brand loyalty of mobile phones in Nepal were computed through SPSS. Cronobach’s alpha is greater than 0.7 is considered as reliable data. Here in the table 3.2 Cronobach’s alpha for the data is .883 which reveals that there consists of internal consistency and the data is reliable. Hence further test can be done from these data.

3.9 Limitations of the study

The major limitations of the study were as follows:

1. The study was predominantly based on primary source of data. Therefore, the reliability of conclusions of the study depends upon the accuracy of the information provided by the respondents.
2. The survey was conducted within the Kathmandu valley. Hence the study did not incorporate wide geographical character of the respondents.
3. The study was based on the assumption of linear regression between the dependent and independent variable. The study excluded the non-linear regression assumptions.
4. The study was based on responses from major 3 commercial banks of Nepal. Other financial institutions such as development banks, finance companies and micro- finance companies are not taken into consideration.
5. This study does not consider all the factors that affect the customer satisfaction. There can be other factors such as reputation, bank image and relationship of customers with bank which affects the overall customer satisfaction.

Chapter IV

Results and discussion

This chapter provides systematic presentation and analysis of primary data. The first section deals with the presentation and analysis of the data and presents the results of questionnaire survey. The second section covers the correlation and the third section covers the regression analysis. Finally, the fourth section discusses on the concluding remarks on the basis of findings.

Likewise, respondents were asked on the frequency of using bank and the results are presented on Table 4.1.

Table 4.1: Number of respondent's frequency of using bank.

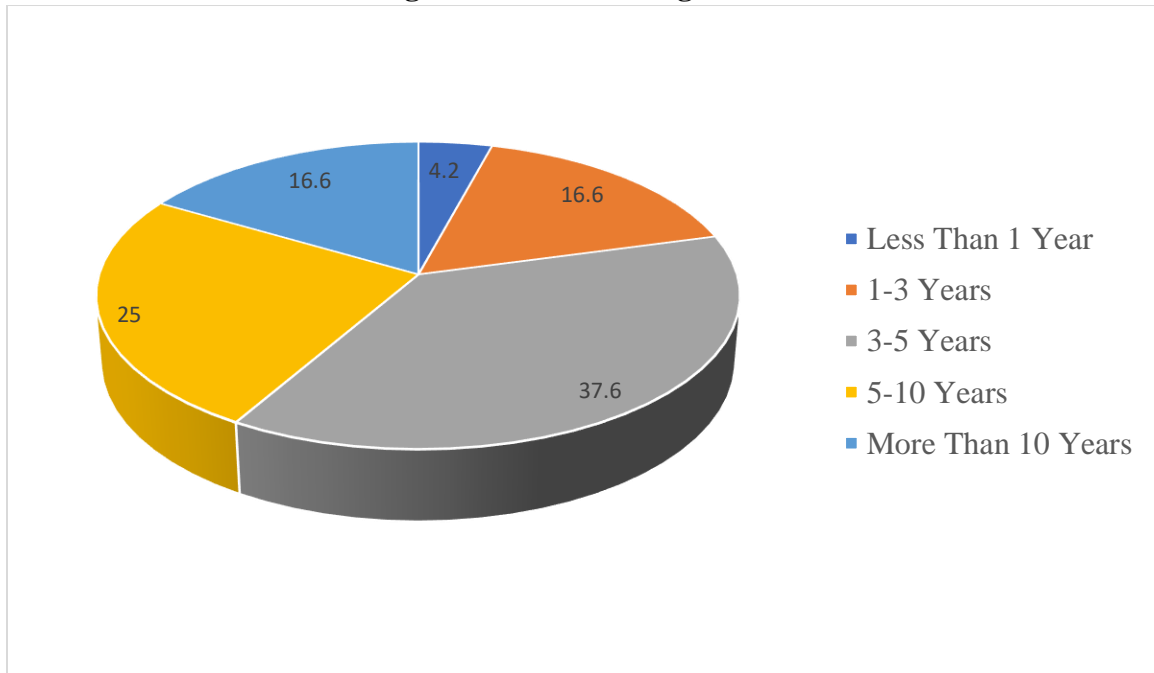
Frequency of using bank	Number of responses	Percentage
Daily	1	4.2
Once in a week	4	16.6
Twice in 2 weeks	9	37.5
Once in 3 weeks	7	29.2
Once in a Month	3	12.5
Total	24	100

Source: Field Survey, 2018

Out of the total respondents, majority of the respondents (37.5 percent) have visited twice in two weeks in banks, followed by respondents once in 3 weeks (29.2 percent), once in a week (16.6 percent), once in a month (12.5 percent) and daily (4.2 percent).

Similarly, respondents were asked the years of using banks, and the results are presented in following figure 4.1.

Figure 4.1. Bank using tenure



Out of the total respondents, majority of the respondents (37.6percent) has been using banking service for 3-5 years, followed by 5-10 years (25 percent), 1-3 years (16.6percent), more than 20 years (16.6 percent) and less than 1 years (4.2 percent).

4.1.1 Customers perception on tangibility, reliability, assurance, responsiveness and customer satisfaction.

This section provides the information on the customers 'perception on the level of selected dimensions of service quality. The respondents were asked question regarding their view on the level of tangibility, reliability, assurance, responsiveness and customer satisfaction.

Table 4.2 presents the opinions of respondents regarding tangibility.

Regarding, tangibility of statement on “I am satisfied with the premises of the bank and it is visually appealing”, majority of the respondents (49.9 percent) are satisfied from the premises of the banks and claim premises are appealing in nature. On the other hand, the respondents (41.7 percent) believed that the premises of the bank is not visually appealing

and dis-satisfied from the banks premises. However, some of the respondents (8.4percent) are indifferent towards the statement of appealing feature of banks premises.

Regarding the responses on the statement “I am satisfied with the technological up-to-date equipment of the bank”, majority of the respondents (37.5 percent) opined that they have clear understanding of technological advancement. Likewise, 33.3 percent of respondents are indifferent towards the technological up-to-date equipment of banks. Similarly, 29.2 percent of respondents are dissatisfied from the statement of technological advancement of the banks. The majority of the respondents (50 percent) are satisfied with uniform whereas, some respondents (20.8 percent) are dis-satisfied with it. And rest of the respondents (29.1 percent) have neutral opinion regarding uniform.

Likewise, on the response regarding the statement “I am satisfied with the bank statement and it is visually clear”, majority of the respondents (50 percent) are satisfied with the banks statement whereas, some respondents (33.4 percent) are dis-satisfied with the banks statement. A smaller percentage of respondents (16.6 percent) are were indifferent towards clarity on banks statement.

Table 4.2: Respondent’s opinions regarding tangibility

This table shows the number of the responses, percent and mean of the respondent’s opinions regarding tangibility. This statement is based on five point Likert scale 1 as very dis-satisfactory, 2 as dis-satisfactory, 3 as neutral, 4 as satisfactory and 5 as very satisfactory Space.

Statements		1	2	3	4	5	Total(N)	Mean
I am satisfied with the premises of the bank and it is visually appealing	F	2	8	2	8	4	24	3.26
	(%)	8.4	33.3	8.4	33.3	16.6	100	
	Avg(%)	41.7		8.4	49.9		100	
I am satisfied with the technological up-to-date equipment of the bank	F	1	6	8	7	2	24	3.1
	(%)	4.2	25	33.3	29.1	8.4	100	
	Avg(%)	29.2		336.3	37.5		100	
I am satisfied with the way employees uniform	F	1	4	7	9	3	24	3.36
	(%)	4.2	16.6	29.1	37.5	12.5	100	
	Avg(%)	20.8		29.1	50		100	
I am satisfied with the marketing materials distributed by the bank	F	2	7	4	8	3	24	3.15
	(%)	8.4	29.2	16.6	33.3	12.5	100	
	Avg(%)	37.6		16.6	45.8		100	
I am satisfied with the bank statement and it is visually clear.	F	2	6	4	8	4	24	3.23
	(%)	8.4	25	16.6	33.4	16.6	100	
	Avg(%)	33.4		16.6	50		100	
								3.22

Total weighted average	
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Similarly, regarding the responses on the statement “I am satisfied with the marketing materials distributed by the bank. They are clear and give complete information”, majority of the respondents (45.8 percent) are satisfied from the distributed marketing material of the banks. Similarly, some respondents (37.6 percent) showed the dissatisfaction towards the marketing material and information provided by the bank. Likewise, (16.6 percent) of respondents have indifferent opinions towards the statement.

The mean value of all these five question ranges from 3.1 to 3.36 it indicates that, there is consistency in responses of the respondents on the specified Likert scale item. The statement i.e. “I am satisfied with the way employees dress” has the highest mean value of 3.36 followed by the statement “I am satisfied with the premises of the bank and it is visually appealing” (3.26), “I am satisfied with the bank statement and it is visually clear (3.23) and “I am satisfied with the marketing materials distributed by the bank. They are clear and give complete information” (3.15).

Table 4.3 presents the opinions of respondent’s regarding perceived reliability

Regarding, reliability of statement on “I am satisfied with the services provided by the bank as promised”, majority of the respondents (54.2 percent) are satisfied from the service provided by bank as it promised whereas, the respondents (25.0 percent) are dissatisfied from the service provided by the bank. However, some of the respondents (20.8 percent) are indifferent towards the statement.

Table 4.3: Respondent’s opinions regarding perceived reliability

This table shows the number of the responses, percent and mean of the respondent’s opinions regarding tangibility. This statement is based on five-point Likert scale 1 as very dis-satisfactory, 2 as dis-satisfactory, 3 as neutral, 4 as satisfactory and 5 as very satisfactory.

Statements		1	2	3	4	5	Total(N)	Mean
I am satisfied with the services provided by the bank as promised.	F	1	5	5	8	5	24	3.43
	(%)	4.2	20.8	20.8	33.4	20.8	100	
	Avg(%)	25.0		20.8/	547.2		100	
I am satisfied with the service of handling a problems (speed of problem solving)	F	1	5	4	10	4	24	3.39
	(%)	4.2	20.8	16.7	41.6	16.7	100	
	Avg(%)	25		16.7	58.3		100	
I am satisfied with the way bank provides the services at the time they promised.	F	2	47	3	10	5	24	3.41
	(%)	8.4	16.7	12.5	41.6	20.8	100	
	Avg(%)	25.1		12.5	62.4		100	
I am satisfied with the operating hours of the banks.	F	1	6	3	9	5	24	3.41
	(%)	4.2	25.0	12.5	37.5	20.8	100	
	Avg(%)	29.2		12.5	58.3		100	
I am satisfied with the way bank delivers up to date records.	F	1	7	3	9	4	24	3.24
	(%)	4.2	29.1	12.5	37.5	16.7	100	
	Avg(%)	33.3		12.5	54.2		100	
								3.38

Total weighted average	
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Regarding the responses on the statement “I am satisfied with the service of handling problems (speed of problem solving)”, majority of the respondents (58.3 percent) opined good capability of the banks speed of problem solving. Likewise, 25 percent of respondents believed that the commercial banks are slow in solving problems. Similarly, the respondents (16.7) shared indifferent opinion towards the same statement.

The majority of the respondents (62.4percent) are satisfied with the way that banks provide the services at the time they promise, whereas, some respondents (25.1 percent) are dissatisfied from the services provided at the time they promised. And rest of the respondents (12.5 percent) have neutral opinion regarding the statement.

Likewise, on the response regarding the statement “I am satisfied with the operating hours of the banks”, majority of the respondents (58.3 percent) are satisfied with the operating hours of the banks whereas, s respondents (29.2 percent) are dis-satisfied with it. However, (12.5 percent) are indifferent regarding the operating hours of the banks.

Similarly, regarding the response on the statement “I am satisfied with the way bank delivers up to date records”, majority of the respondents (54.2 percent) are satisfied from the systematic record keeping system. However, some respondents (33.3 percent) showed the dis-satisfaction towards the way bank delivers up to date records. Whereas, (12.5 percent) of respondents have indifferent opinion towards the statement.

The mean value of all these five question ranges from 3.24 to 3.43 it indicates that, there is a consistency in responses of the respondents on the specified likert scale item. The statement i.e. “I am satisfied with the services provided by the bank as promised.” has the highest mean value (3.36) followed by the statement “I am satisfied with the way bank provides the services at the time they promised” and “I am satisfied with the operating hours of the banks” with the average value of 3.41 and “I am satisfied with the service of handling a problems (speed of problem solving)” (3.39). Whereas, the statement i.e. “I am satisfied with the way bank delivers up to date records” has the lowest mean of 3.24.

Table 4.4 presents the opinions of respondent's regarding perceived responsiveness.

Regarding, responsiveness of statement on "I am satisfied with the employee promptness in providing services in the bank", majority of the respondents (50 percent) are satisfied from the employee promptness in providing services in the bank. Whereas, the respondent (29.2 percent) did not believe that the employees are prompt in providing services. However, some of the respondents (20.8 percent) are indifferent towards the same statement of employee promptness in providing services.

Table 4.4: Respondent's opinions regarding perceived responsiveness

This table shows the number of the responses, percent and mean of the respondent's opinions regarding responsiveness. This statement is based on five point Likert scale 1 as very dis-satisfactory, 2 as dis-satisfactory, 3 as neutral, 4 as satisfactory and 5 as very satisfactory.

Statements		1	2	3	4	5	Total(N)	Mean
I am satisfied with the employee promptness in providing services in the bank.	F	1	6	5	8	4	24	3.44
	(%)	4.2	25.0	20.8	33.4	16.6	100	
	Avg(%)	29.2		20.8	50		100	
I am satisfied with the willingness of the employees to help customers.	F	1	7	4	8	4	192	3.27
	(%)	4.2	29.1	16.7	33.3	16.7	100	
	Avg(%)	33.3		16.7	50		100	
I am satisfied with the bank service of sending timely bank statements.	F	2	5	3	10	4	24	3.41
	(%)	8.4	20.8	12.5	41.6	16.7	100	
	Avg(%)	29.2		12.5	58.3		100	
I am satisfied from customer's safety in their transactions.	F	1	6	4	9	4	24	3.39
	(%)	4.2	25	16.6	37.6	16.6	100	
	Avg(%)	29.2		16.6	54.2		100	
I am satisfied from the individual attention given by the staffs.	F	2	5	5	8	4	24	3.30
	(%)	8.2	20.8	20.8	33.36	16.7	100	
	Avg(%)	29.2		20.8	50		100	

Total weighted average	
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Regarding the responses on the statement “I am satisfied with the willingness of the employees to help customers”, majority of the respondents (50 percent) satisfied with the willingness of the employees to help customers. Likewise, the respondent (33.3 percent) believed that the employees are not willing to help customers. Similarly, the respondents (16.7 percent) shared indifferent opinion towards the same statement.

The majority of the respondents (58.3 percent) are satisfied with the way that banks provide the services at the time they promised” whereas, some respondents (29.2 percent) are dissatisfied with it. A smaller percentage of respondents (12.5 percent) were indifferent towards the statement.

Likewise, the response regarding the statement “I am satisfied with the operating hours of the banks”, majority of the respondents (54.2 percent) are satisfied from the operating hours of the banks. However, the respondents (29.2 percent) are dis-satisfied from the operating hours of the banks and (16.6 percent) has been showing indifferent opinion regarding the operating hours of the banks.

Similarly, regarding the response on the statement “I am satisfied with the way bank delivers up to date records”, majority of the respondents (50.0 percent) are satisfied from the systematic record keeping system. However, some respondents (20.8 percent) showed the dis-satisfaction towards the way bank delivers up to date records. However, some of the respondents (29.2 percent) are indifferent towards the statement of up to date records.

The mean value of all these five question ranges from 3.24 to 3.43 it indicates that, there is consistency in responses of the respondents on the specified likert scale item. The statement i.e. “I am satisfied with the services provided by the bank as promised.” has the highest mean value (3.36) followed by the statement “I am satisfied with the way bank provides the services at the time they promised” and “I am satisfied with the operating hours of the banks” with the average value of 3.41 and “I am satisfied with the service of handling a problems (speed of problem solving)” (3.39).However, the statement i.e. “I am satisfied with the way bank delivers up to date records” has the lowest mean of 3.24.

Table 4.5 presents the opinions of respondent’s regarding perceived assurance.

Regarding, assurance of statement on “I am satisfied with the security of the bank” majority of the respondents (54.1 percent) are satisfied from the security provided by the bank. Similarly, the respondent (29.2 percent) are not satisfied from the security provided by the bank. However, some of the respondents (16.7 percent) are indifferent towards the same statement of security of the bank.

Table 4.5: Respondent’s opinions regarding perceived Assurance

This table shows the number of the responses, percent and mean of the respondent’s opinions regarding assurance. This statement is based on five point Likert scale 1 as very dis-satisfactory, 2 as dis-satisfactory, 3 as neutral, 4 as satisfactory and 5 as very satisfactory.

Statements		1	2	3	4	5	Total(N)	Mean
I am satisfied with the security of the bank.	F	1	6	4	8	5	24	3.36
	(%)	4.2	25	16.7	33.3	20.8	100	
	Avg(%)	29.2		16.7	54.1		100	
I am satisfied with the employee’s eagerness of instilling confidence to me.	F	2	7	5	7	3	24	3.14
	(%)	8.4	29.1	20.8	29.1	12.6	100	
	Avg(%)	37.5		20.8	41.7		100	
I am satisfied with the knowledge of the employee (up to date knowledge about rules regulation products and services)	F	1	6	6	8	3	24	3.19
	(%)	4.2	25.0	25.0	33.3	12.5	100	
	Avg(%)	29.2		25.0	45.8		100	
I am satisfied from the politeness and friendliness of the staffs.	F	2	6	4	9	3	24	3.21
	(%)	8.4	25.0	16.7	37.5	12.4	100	
	Avg(%)	33.4		16.7	49.9		100	
I am satisfied from interior comfort of the bank.	F	1	5	5	8	5	24	3.47
	(%)	4.2	20.8	20.8	33.4	20.8	100	
	Avg(%)	25.0		20.8	54.2		100	
Total weighted average								3.22

Regarding the responses on the statement “I am satisfied with the employee’s eagerness of instilling confidence to me”, majority of the respondents (41.7 percent) are satisfied with the employee’s eagerness of instilling confidence in them. Likewise, (37.5 percent)

of respondents are not satisfied with the employee's eagerness of instilling confidence in them. Similarly, 20.8 percent of the respondents shared indifferent opinion towards the same statement of employee's eagerness of instilling confidence in me.

The majority of the respondents (45.8 percent) are satisfied from knowledge of the employee regarding the products and services whereas, some respondents (29.2 percent) are dis-satisfied from the level of employee knowledge regarding product and services. A smaller percentage of respondents (25.0 percent) are indifferent towards the knowledge of the employees regarding products and services.

Likewise, the response regarding the statement "I am satisfied from the politeness and friendliness of the staffs", majority of the respondents (49.9 percent) are satisfied by the behavior of the employees whereas, the respondents (33.4 percent) are dis-satisfied from the behavior of the employees. A smaller percentage of respondent (16.7 percent) were indifferent towards the behavior of the employees.

Regarding the response on the statement "I am satisfied from interior comfort of the bank", majority of the respondents (54.2 percent) are satisfied from the interior comfort of the bank. Likewise, some respondents (25.0 percent) showed the dis-satisfaction towards the interior comfort of the bank. Similarly, 20.8 percent of respondents are indifferent towards the interior comfort of the bank.

The mean value of all these five question ranges from 3.14 to 3.47 it indicates that, there is consistency in responses of the respondents on the specified likert scale item. The statement i.e. "I am satisfied from interior comfort of the bank" has the highest mean value (3.47) followed by the statement "I am satisfied with the security of the bank" (3.36), "I am satisfied from the politeness and friendliness of the staffs" (3.21) and "I am satisfied with the knowledge of the employee (up to date knowledge about rules regulation products and services)" (3.19). Whereas, the statement i.e. "I am satisfied with the employee's eagerness of instilling confidence to me" has the lowest mean of 3.14.

Table 4.6 presents the opinions of respondent's regarding perceived empathy.

Regarding, empathy of statement on "I am satisfied from the individual attention given by banks staffs to its customers" majority of the respondents (54.2 percent) are satisfied from

the individual attention given by banks staffs to its customers. Whereas, the respondents (25 percent) believed that the bank staffs do not provide individual attention to the customers. However, the respondents (20.8 percent) shared indifferent opinion towards the same statement.

Table 4.6: Respondent’s opinions regarding perceived empathy

This table shows the number of the responses, percent and mean of the respondent’s opinions regarding empathy. This statement is based on five point likert scale 1 as very dis-satisfactory, 2 as dis-satisfactory, 3 as neutral,, 4 as satisfactory and 5 as very satisfactory.

Statement		1	2	3	4	5	Tota l	Mean
I am satisfied from the individual attention given by banks staffs to its customers.	F	1	5	5	8	5	24	3.35
	(%)	4.2	20.8	20.8	33.4	20.8	100	
	Avg %	25		20.8	54.2		100	
I am satisfied from the understanding ability to the specific needs of customers	F	1	6	5	8	4	24	3.33
	(%)	4.2	25	20.8	33.3	16.7	100	
	Avg %	29.2		250.8	51		100	
Banks staff gives customers best interest at heart	F	1	5	4	9	5	24	3.47
	(%)	4.2	20.8	16.7	37.5	20.8	100	
	Avg %	25.0		16.7	58.3		100	
Bank has good operating hours	F	1	6	4	9	4	24	3.43
	(%)	4.2	25	16.7	37.5	16.7	100	
	Avg %	29.2		16.7	54.2		100	
Total Weighted Average								3.40

Regarding the responses on the statement “I am satisfied from the understanding ability to the specific needs of customers”, majority of the respondents (51 percent) are satisfied from the ability of the staffs to understand the specific needs of customers whereas, the respondents (29.2 percent) are dis- satisfied from the ability of the staffs to understand the specific needs of customers. However, the respondents (250.8 percent) shared indifferent opinion towards the same statement.

Likewise, the response regarding the statement “Banks staff gives customers best interest at heart”, majority of the respondents (58.3 percent) are satisfied that banks staff keeps customers best interest at heart whereas, the respondents (25.0 percent) do not believe that bank staff keeps customers best interest at heart. A smaller percentage of the respondents

(16.7 percent) were indifferent towards banks staffs keeping customer’s best interest at heart.

Regarding the response on the statement “Bank has good operating hours”, majority of the respondents (54.2 percent) are satisfied from the operating hours of the bank. Likewise, 29.2 percent of respondents are dis-satisfied from the operating hours of the bank. Similarly, 16.7 percent of respondents have indifferent opinion towards the statement of operating hours of the bank.

The mean value of all these five question ranges from 3.33 to 3.47 it indicates that, there is consistency in responses of the respondents on the specified likert scale item. The statement i.e. “Banks staff gives customers best interest at heart” has the highest mean value (3.47) followed by the statement “Bank has good operating hours” (3.43) and “I am satisfied from the individual attention given by banks staffs to its customers” (3.35). Whereas, the statement i.e. “Bank has good operating hours” has the lowest mean of 3.33.

Table 4.7 presents the opinions of respondent’s regarding perceived customer satisfaction.

Regarding, customer satisfaction of statement on “Say positive things about the Bank to other people” majority of the respondents (45.8 percent) will say positive things about the bank to other people. Likewise, the respondents (33.4 percent) will not say positive things about the bank to other people. However, some of the respondents (20.8 percent) are indifferent towards the statement of say positive things about the bank.

Table 4.7: Respondent’s opinions regarding perceived customer satisfaction

This table shows the number of the responses, percent and mean of the respondent’s opinions regarding customer satisfaction. This statement is based on five point likert scale 1 as very dis-satisfactory, 2 as dis-satisfactory, 3 as neutral,, 4 as satisfactory and 5 as very satisfactory.

Statements		1	2	3	4	5	Total(N)	Mean
Say positive things about the Bank to other people	F	2	6	5	8	3	24	3.23
	(%)	8.4	25	20.8	33.3	12.5	100	
	Avg (%)	33.4		20.3	45.8		100	
Encourage friends and relatives to do business with Bank.	F	2	6	5	7	4	24	3.11
	(%)	8.4	25	20.8	29.1	16.7	100	
	Avg (%)	33.4		20.8	45.8		100	
Intend to continue doing business with Bank.	F	2	5	6	8	3	24	3.29
	(%)	8.4	20.8	25	33.3	12.5	100	
	Avg (%)	29.2		25	45.8		100	
Interested on being a part of this Bank for the entire life.	F	1	5	5	9	4	24	3.38
	(%)	4.2	20.8	20.8	37.5	16.7	100	
	Avg (%)	25		20.8	54.2		100	
Have strong preference on this Bank	F	1	6	5	8	4	24	3.44
	(%)	4.2	25.0	20.8	33.3	16.7	100	
	Avg (%)	29.2		20.8	50.0		100	
Total weighted average								3.29

Regarding the responses on the statement “Encourage friends and relatives to do business with Bank”, majority of the respondents (45.8 percent) will encourage friends and relatives to do business with bank. Likewise, 33.4 percent of respondents will not encourage friends and relatives to do business with bank. Similarly, 20.8/ percent of the respondents are indifferent towards the same statement of encouraging friends and relatives to do business with bank.

The majority of the respondents (45.8 percent) intend to continue doing business with bank whereas, some respondents (29.2 percent) do not intend continue doing business with bank. And rest of the respondents (25 percent) have neutral opinion regarding the statement.

Likewise, the response regarding the statement “Interested on being a part of this bank for the entire life”, majority of the respondents (54.2 percent) are interested on being a part of this bank for the entire life whereas, some respondents (25 percent) are not interested on being a part of this bank for the entire life. A smaller percentage of respondents (20.8 percent) were indifferent towards being a part of the bank for the entire life.

Regarding the response on the statement “Have strong preference on this Bank”, majority of the respondents (50 percent) showed strong preference on this bank. Likewise, 29.2 percent of the respondents showed no strong preference on this bank. Similarly, 20.8 percent of respondents have indifferent opinion towards the statement of having strong preference on the bank.

The mean value of all these five question ranges from 3.11 to 3.44 it indicates that, there is consistency in responses of the respondents on the specified likert scale item. The statement i.e. “Have strong preference on this Bank” has the highest mean value (3.44) followed by the statement “Interested on being a part of this Bank for the entire life.” (3.38), “Intend to continue doing business with Bank” (3.29) and “Say positive things about the Bank to other people” (3.23). Whereas, the statement i.e. “Encourage friends and relatives to do business with Bank” has the lowest mean of 3.11.

4.2 Correlation analysis

Having indicated the descriptive statistics, the correlation analysis has been conducted and the results are presented in Table 4.17. More specifically, it shows the results of Kendal's correlation analysis. The results imply that all the variables have positive relationship with customer satisfactions.

Table 4.8: Kendal's correlation matrix for the dependent and independent variables

Variab les	Mean.	Std. Dev	TAN	REL	ASSU	EMP	RES	CUS
TAN	3.23	0.51	1					
REL	3.38	0.55	-0.06*	1				
ASSU	3.3	0.48	0.08**	0.03**	1			
EMP	3.4	0.56	0.01**	0.08	-0.11*	1		
RES	3.36	0.51	-0.03*	0.22*	0.07**	0.27**	1	
CUS	3.32	0.5	0.10**	0.08*	0.06	0.06**	0.03**	1

Source: SPSS results based on responses on survey questionnaire

Notes: **, * sign indicates that correlation is significant at 1 and 5 percent level respectively

All the correlation can be considered as low since the highest correlation has been observed to be 0.27 between responsiveness and empathy. The reliability and tangibility are positively related to customer satisfaction. This indicates that higher the value of tangibility and reliability, higher would be the customer satisfaction. Similarly, empathy and responsiveness are positively related to customer satisfaction. This results also indicates that higher the value of empathy and responsiveness, higher would be the customer satisfaction. Moreover, assurance is also positively related to customer satisfaction. This indicates that higher the value of assurance, higher would be the customer satisfaction.

4.3 Regression analysis

Having indicated the Kendal's correlation analysis, the regression analysis has been conducted and the results are presented in Table 4.18. More specifically, it shows the

regression of the independent variables namely tangibility, Reliability, assurance, empathy and responsiveness on dependent variable, customer satisfaction.

Table 4.18 shows that beta coefficient is positive for tangibility. It indicates that an increase in tangibility leads to increase in customer satisfaction, where coefficients are significant at 5 percent level of significance. This finding is similar to the findings of Osman and Sentosa (2013). Likewise, beta coefficient is positive and significant for reliability at 1 percent level of significance. This indicates that an increase in reliability lead to increase in customer satisfaction. This finding is consistent to the findings of Gupta and Islamia (2008). Moreover, the beta coefficient of assurance is positive but insignificant with the customer satisfaction. This finding is not consistent to the finding of Whitaker et al. (2008).

Table 4.9: Estimated regression results of customer satisfaction on TAN, REL, ASSES, EMP and RES

The results are based on 192 observations by using linear regression model. The model is $CUS = \beta_0 + \beta_1 RES + \beta_2 TAN + \beta_3 EMP + \beta_4 ASSU + \beta_5 REL + e_t$, Where, CUS (customer satisfaction is degree of satisfaction provided by the goods and services) is the dependent variables. The independent variables are TAN (tangibility is the appearance of physical facilities, equipment, personnel, and written materials), REL (reliability is the handling customers' services problems), EMP (empathy is the caring and individual attention given by the firms to its customers), RES (responsiveness is the willingness or readiness of employees to provide service), ASSU (assurance is the knowledge and courtesy of employees).

Model	Intercept	Regression Coefficient of					Adj. R ²	SEE	F
		TAN	REL	ASSU	EMP	RES			
1	2.99** (12.98)	0.10** (3.41)					0.49	0.49	4.56
2	3.07** (13.79)		0.65** (3.49)				0.51	0.51	4.21
3	3.51** (14.20)			0.08 (0.98)			0.12	0.50	3.79
4	3.13** (14.16)				0.06** (2.98)		0.34	0.49	4.93
5	3.21** (13.44)					0.07** (3.35)	0.38	0.51	6.01
6	3.01** (10.72)				0.06** (2.76)	0.02* (2.23)	0.28	0.47	7.34
7	2.72** (8.29)	0.11* (3.47)	0.08** (3.18)				0.35	0.50	4.97
8	3.33** (9.47)			0.05 (0.72)	0.06** (2.78)		0.31	0.62	6.24
9	3.28** (8.52)			0.05 (0.75)	0.05** (2.65)	0.03** (2.75)	0.38	0.49	5.34
10	2.93** (7.42)	0.11* (3.55)	0.09** (3.21)	0.07 (0.97)			0.27	0.50	4.45
11	2.76** (7.47)	0.10** (3.45)			0.06** (2.74)	0.02** (3.07)	0.42	0.63	5.47

12	2.56** (6.22)	0.10** (3.46)	0.08** (2.98)		0.05** (2.72)	0.04** (3.05)	0.51	0.52	6.98
13	2.77** (5.86)	0.11** (3.54)	0.08** (3.09)	0.06 (1.45)	0.04** (2.60)	0.12** (3.14)	0.49	0.68	7.45

Notes:

1. Figures in parentheses are t- values.
2. The asterisk (*) sign indicates that result is significant at 5% level and double asterisk (**) sign indicates that result is significant at 1% level.

The beta coefficient is positive and significant for empathy at 5 percent level of significance. This indicates that employee with higher level of empathy are able to generate higher level of customer satisfaction. This finding is consistent to the findings of Markovic et al. (2014). Similarly, the beta coefficient is also positive for responsiveness. It indicates higher the employee responsiveness, higher would be the customer satisfaction, where beta coefficient is significant at 5 percent level of significance. This finding is similar to the findings of Jhandir (2012).

The most important variable affecting customer satisfaction is empathy followed by tangibility, reliability and responsiveness.

4.4 Concluding remarks

This study is mainly focused on analyzing the impact of various dimensions of service quality on customer satisfaction of Nepalese commercial banks. This study used service quality variables: responsiveness, tangibility, empathy, assurance and reliability. The dependent variable used in the study is customer satisfaction for determining the level of customer satisfaction of Nepalese commercial banks. The result acknowledged in this study is based on the respondent's response on 24 questionnaires.

Majority of respondents were female i.e. 54.2 percent and belonged to joint family i.e. 58.4 percent. 50 percent of the respondents were married and 33.3 percent of the respondent belonged from the age group 41-50. Meanwhile, majority of the respondents have completed undergraduate degree and belonged to service sector i.e. 45.8 percent. Likewise, majority of the respondents have monthly income between Rupees 20,000 to

Rupees 50,000 and have current account (62.5 percent). Majority of the respondents i.e. 37.6 percent have been using banking service for 3-5 years.

Regarding tangibility of statement on “I am satisfied with the premises of the bank and it is visually appealing”, majority of the respondents (49.9 percent) are satisfied from the premises of the banks and claim premises are appealing in nature. Likewise, the majority of the respondents (50 percent) are satisfied from the way of employees dress. Similarly, the response regarding the statement “I am satisfied with the bank statement and it is visually clear”, majority of the respondents (50 percent) are satisfied from the banks statement. Regarding, reliability of statement on “I am satisfied with the services provided by the bank as promised”, majority of the respondents (54.2 percent) are satisfied from the service provided by bank as it promised. Likewise, regarding the responses on the statement “I am satisfied with the service of handling problems (speed of problem solving)”, majority of the respondents (58.3 percent) opined good capability of the banks speed of problem solving.

Regarding, responsiveness of statement on “I am satisfied with the employee promptness in providing services in the bank”, majority of the respondents (50 percent) are satisfied from the employee promptness in providing services in the bank. Likewise, the responses on the statement “I am satisfied with the willingness of the employees to help customers”, majority of the respondents (50 percent) satisfied with the willingness of the employees to help customers.

Regarding, empathy of statement on “I am satisfied from the individual attention given by banks staffs to its customers” majority of the respondents (50 percent) are satisfied from the individual attention given by banks staffs to its customers. Likewise, regarding the responses on the statement “I am satisfied from the understanding ability to the specific needs of customers”, majority of the respondents (51 percent) are satisfied from the ability of the staffs to understand the specific needs of customers. Similarly, the response regarding the statement “Interested on being a part of this bank for the entire life”, majority of the respondents (54.2 percent) are interested on being a part of this bank for the entire life. Regarding the response on the statement “Have strong preference on this Bank”, majority of the respondents (50 percent) showed strong preference on this bank.

The result shows that there is positive and significant relationship between independent variable i.e. responsiveness, tangibility, empathy and reliability and dependent variable i.e. customer satisfaction. However, there is negative relationship between assurance and customer satisfaction.

On the basis of regression result, the beta coefficient for responsiveness, tangibility, empathy and reliability are positive and significant. However, the beta coefficient for assurance is inconsistent when regressed with customer satisfaction.

Chapter V

Summary, Conclusions and Recommendations

This chapter presents the brief summary of the entire study and highlights of major findings of the study. In addition, the major conclusions are discussed in separate section of this chapter which is followed by some implications and the recommendations regarding the impact of service quality dimensions on customer satisfaction of Nepalese commercial banks. Finally, the chapter ends with the scope of the future research in same field.

5.1 Summary

Customer satisfaction is a fundamental goal of marketing as the purpose of marketing is to satisfy customers. According to Bloemer and Odekerken-Schroder (2002) customer satisfaction is the result of successful marketing that creates competitive value for consumers. Contemporary marketing efforts are geared towards meeting consumers' needs and ensuring customer satisfaction and strategizing on how to retain such customers (Hassan, 2008). Judgments of product performance are related to expectations that could enhance the customer satisfaction or brand loyalty (Awan & Rehman, Impact of customer satisfaction on brand loyalty-an empirical analysis of home appliances in Pakistan, 2014). Brogowicz et al. (1990) indicated that satisfaction became a popular topic in marketing during the 1980s and is a debated topic during both business expansion and recessions. Most discussion on customer satisfaction involves customer expectation of the service delivery, actual delivery of the customer experience, and expectations that are either exceeded or unmet. If expectations are exceeded, positive disconfirmation results,

while a negative disconfirmation results when customer experience is poorer than expected. Thus, the key to sustainable competitive advantage lies in delivering high quality service that result in satisfied customers.

Customer satisfaction is often regarded as the consequence of marketing activity performed by an organization so it has acquired a central position in marketing. Customer satisfaction leads to change in attitude of customers, repeat purchase and ultimately brand loyalty. Origin of the concept of customer satisfaction is derived from the marketing concept that profit is generated through satisfaction of customer needs and wants (Sabir et al., 2014). Davies et al. (1995) revealed that concept of customer satisfaction is new to those companies which have given more preference to price and availability of products for earning profit. Therefore, there must be clarity as to what customer satisfaction really means. Thus, customer satisfaction represents the state of mind of in which the customer find themselves in after using products and services offered by the company as compared to their pre-purchase standard and expectation.

Service quality can be measured in terms of customer perception, customer expectation, customer satisfaction, and customer attitude (Sachdev and Verma, 2004). The degree to which the organization is able to meet the customer expectation directly impacts customers' attitude toward the organization. Ekinçi (2003) indicated that the evaluation of service quality leads to customer satisfaction. Organizations' should constantly examine their level of service quality in comparison to their rivals. Since, customers are the very reason for the existence of an organization, their level of satisfaction is paramount importance. The meaning of service quality and the perception of customers to what constitutes service quality is constantly evolving. Therefore, managers of the organizations should continuously work on improving the level of service quality and focus on providing better customer experience.

Spreng and Mackoy (1996) found that service quality is an important indicator of customer satisfaction. Service quality is a subjective phenomenon which varies from one individual to another. Therefore, it must be measured by encompassing different dimensions or components which constitutes the overall quality of service provided by the organization. According to Gray (2004), service quality provides lasting competitive

advantage to an organization and also helps to distinguish the organization from the competitors. Thus, service quality not only serves as an ingredient for creating customer satisfaction but also helps to create product differentiation. The rapid change in technology has changed customer perception of service quality. On top of that, the increase in the number of service providers has made customer satisfaction not an option but an essential part of the organizations' strategic planning.

This study attempts to determine the impact of service quality dimensions on customer satisfaction of Nepalese commercial banks. This study uses tangibility, reliability, assurance, responsiveness and empathy as service quality dimensions variables. A majority of earlier studies mostly in the corporate sectors of developed countries have determined the impact of service quality dimensions on customer satisfaction. This study has investigated these implications in the context of our country's commercial banks to see whether the results support the previous studies.

The major objective of the study is to analyze the impact of various dimensions of service quality on customer satisfaction of Nepalese commercial banks. However, the specific objectives are: To analyze the perception of customers towards the level of service quality dimension (responsiveness, tangibility, empathy, assurance and reliability) of Nepalese commercial banks, to examine the relationship of selected service quality dimensions with customer satisfaction, to determine the impact of selected service quality dimensions on customer satisfaction of Nepalese commercial banks and to find out the most important service quality dimensions affecting customer satisfaction of Nepalese commercial banks.

Heselin et al. (2002) found significant correlation between perceived satisfaction and the behavioral aspects. Meanwhile, Shamsuddoha & Alamgir (2003) revealed that responsiveness, empathy, safety and security are the most important determining variables of service quality. Similarly, Omar et al. (2011) observed that reliability, convenience, speed, safety and security have the major contribution to retain and attract the customers. Likewise, Jhandir (2012) observed that customer satisfaction is significantly related with perceived service quality and perceived value. Halimi (2011) found significant

relationships between customers' perceived service quality and relationship satisfaction and trust.

Nareeman and Hassan (2013) revealed strong positive and significant relationship between customer satisfaction and loyalty. There is positive and significant relationship between physical aspect, reliability, personal interaction, problem solving and policy with customer satisfaction (Singh, 2013). According to Martin-Ruiz et al. (2012), elements such as service atmosphere, hotel facilities, etc. are significant contributors to customer's easiness to relax and escape from routine. Therefore, improvement in these dimensions can lead to customer satisfaction.

In the context of Nepal, Pandey and Joshi (2010) revealed that customer's satisfaction had direct relationship with behavior intension of the customer, but customer satisfaction had worked as a mediator between customer service quality and behavior intensions.

Gyawali(2015) concluded that there is high competition among different brands. The factors price, quality, availability in the market, incentives and profit margin determines the portion occupied by the individual brand. Sthapit & Darshan (2010) found that there is high preference of Nepalese cell phone users is Nokia. Gyawali and Kunwar (2014) found that there is positive and significant relationship between customers' satisfaction and five service quality dimensions.

The study is based on primary source of data. An altogether 3 commercial banks were selected for the study and a total of 24 questionnaire were collected for the purpose of the study structured questionnaire was prepared.

The questionnaire survey has been conducted to know the opinions of customers of Nepalese commercial banks regarding the impact of service quality dimensions on customer satisfaction. A set of questionnaires was prepared and distributed to the customers of Nepalese commercial banks. The questions were designed to get the views and related information from the respondents. The questionnaires were self-adjusted, validated and pre-tested. The respondents represent customers of 3 commercial banks of Nepal and Descriptive statistics, correlation coefficient and a step wise regression method has been applied to estimate the relationship between dependent variable i.e. customer

satisfaction with independent variables i.e. tangibility, reliability, assurance, responsiveness and empathy. The collected data has been processed with the use of SPSS statistical package. Therefore, different statistical tests of significance for the validation of model such as t-test, F-test and R-square test were also used.

5.2 Conclusions

1. Among the 24 respondents, the majority of the respondents were female (54.2 percent). Maximum age group respondents fall under the category of 41 to 50 years with 33.3 percent and minimum age group respondents fall under the category of above 60 years with 4.2 percent.
2. Out of the total 24 respondents, the majority of the respondents were married (50.1 percent) and remaining 49.9 percent were unmarried. The maximum numbers of respondents have academic qualification of undergraduate (29.1 percent) and the minimum numbers of the respondents have academic qualification of doctorate with 4.2 percent.
3. Among the 24 respondents, the highest number of respondents was service person (45.8 percent) and the least (4.2 percent) were housewife. The maximum numbers of respondents (33.2 percent) have monthly income between Rupees 20,000 to Rupees 50,000 .
4. Among the 24 respondents, the highest number of respondents used banking services twice in 2 weeks (37.5 percent) and the least (4.2 percent) used banking services daily. The maximum numbers of respondents (62.5 percent) have saving account and minimum numbers of respondents (8.4 percent) have fixed deposit account.
5. As per the survey, 37.6 percent of the respondents have been using banking service for 3 to 5 years, 25 percent of the respondents have been using banking services for 5 to 10 years, 16.6 percent of the respondents have been using banking services for 1 to 3 years, 11.5 percent of the respondents have been using banking services for more than 20 years and remaining 4.2 percent have been using banking services for less than 1 year.
6. Employee dress is ranked first (3.36 average mean) as a most important attributes of tangibility, followed by premises (3.26 average mean), bank statement (3.23

average mean), marketing materials (3.15 average mean) and up-to-date equipment (3.1 average mean).

7. Service provided by the bank is ranked first (3.43 average mean) as a most important attribute of reliability, followed by timing (3.41 average mean), operating hours (3.41 average mean), handling problems (3.39 average mean) and delivering up-to-date records (3.24 average mean).
8. Employee promptness in providing services in the bank is ranked first (3.44 average mean) as a most important attribute of responsiveness, followed by timely bank statements (3.41 average mean), safe transaction (3.39 average mean), individual attention (3.30 average mean) and willingness to help customers (3.27 average mean).
9. Interior comfort of the bank is ranked first (3.47 average mean) as a most important attribute of assurance, followed by security of the bank (3.36 average mean), politeness and friendliness of the staffs (3.21 average mean), knowledge of the employees (3.19 average mean) and employee eagerness in instilling confidence (3.14 average mean).
10. Bank's staff keeping customer's best interest at heart is ranked first (3.47 average mean) as a most important attribute of empathy, followed by operating hours (3.43 average mean), individual attention given by bank staffs (3.35 average mean) and understanding the specific needs of the customers (3.33 average mean).
11. Regarding respondent's opinion on tangibility, majority of the respondents (49.9 percent) are satisfied from the premises of the banks and claim premises are appealing in nature. Likewise, the majority of the respondents (50.1 percent) are satisfied from the way of employees dress. Similarly, majority of the respondents (49.9 percent) are satisfied from the banks statement. The response regarding the statement "I am satisfied with the bank statement and it is visually clear", majority of the respondents (49.8 percent) are satisfied from the banks statement. Regarding the responses on the statement "I am satisfied with the marketing materials distributed by the bank. They are clear and give complete information", majority of the respondents (45.8 percent) are satisfied from the distributed marketing material of the banks.

12. The majority of the respondents (54.2 percent) are satisfied from the service provided by bank as it promised. Likewise, majority of the respondents (58.3 percent) opined good capability of the banks speed of problem solving. The majority of the respondents (62.4 percent) are satisfied from the way that banks provide the services at the time they promised. Similarly, the response regarding the statement “I am satisfied with the operating hours of the banks”, majority of the respondents (58.4 percent) are satisfied from the operating hours of the banks. The majority of the respondents (54.2 percent) are satisfied from the systematic record keeping system.
13. The results show that the majority of the respondents (50.1 percent) are satisfied from the employee promptness in providing services in the bank. Likewise, the responses on the statement “I am satisfied with the willingness of the employees to help customers”, majority of the respondents (49.9 percent) satisfied with the willingness of the employees to help customers. The majority of the respondents (58.3 percent) are satisfied from the way that banks provide the services at the time they promised. Similarly, the majority of the respondents (58.3 percent) are satisfied from the operating hours of the banks. Regarding the response on the statement “I am satisfied with the way bank delivers up to date records”, majority of the respondents (54.2 percent) are satisfied from the systematic record keeping system.
14. In the case of assurance, the majority of the respondents (54.1 percent) are satisfied with the security provided by the bank. Likewise, majority of the respondents (41.7 percent) are satisfied with the employee’s eagerness of instilling confidence in them. The majority of the respondents (45.8 percent) are satisfied from knowledge of the employee regarding the products and services. Similarly, majority of the respondents (49.9 percent) are satisfied by the behavior of the employees.
- Regarding the response on the statement “I am satisfied from interior comfort of the bank”, majority of the respondents (54.2 percent) are satisfied from the interior comfort of the bank.

15. Respondent's perception on empathy shows that majority of the respondents (54.2 percent) are satisfied from the individual attention given by banks staffs to its customers. Likewise, majority of the respondents (51 percent) are satisfied from the ability of the staffs to understand the specific needs of customers. The majority of the respondents (58.3 percent) are satisfied that banks staff keeps customers best interest at heart. Regarding the response on the statement "Bank has good operating hours", majority of the respondents (54.2 percent) are satisfied from the operating hours of the bank.
16. On respondent's opinion on customer satisfaction, the majority of the respondents (45.8 percent) opined positive things about the bank to other people. Likewise, majority of the respondents (45.5 percent) encourage friends and relatives to do business with bank. The majority of the respondents (45.8 percent) intend to continue doing business with bank. Similarly, majority of the respondents (54.2 percent) are interested on being a part of this bank for the entire life. Regarding the response on the statement "Have strong preference on this Bank", majority of the respondents (50 percent) showed strong preference on this bank.
17. The results show that there is positive relationship between responsiveness and customer satisfaction. Higher the responsiveness, higher would be customer satisfaction. Similarly, the results show that there is positive relationship between tangibility and customer satisfaction. Higher the tangibility, higher would be customer satisfaction.
18. The results show that there is positive relationship between empathy and customer satisfaction. Higher the empathy, higher would be customer satisfaction.
19. The results show that there is positive relationship between reliability and customer satisfaction. Higher the reliability, higher would be customer satisfaction. However, there is negative relationship between assurance and customer satisfaction. Higher the assurance, lower would be CS.
20. On the basis of regression result, the beta coefficient for responsiveness is positive and significant which reveals that better the responsiveness, higher would be the customer satisfaction.

21. The beta coefficient for tangibility is positive and significant which reveals that better tangibility leads to increase in customer satisfaction.
22. The results indicate that there is positive and significant impact of reliability on customer satisfaction, which reveals that higher the level of reliability, higher would be the customer satisfaction.
23. Likewise, the study found that beta coefficient for empathy is positive and significant with customer satisfaction indicating higher the level of empathy, higher would be the customer satisfaction.

The major conclusion of this study is that tangibility, reliability, responsiveness and empathy are major factors affecting customer satisfaction of Nepalese commercial banks. Employee dress, promptness, service provided by the bank, interior comfort of the bank and bank's staffs keeping customer's best interest at heart are ranked as the most important attributes affecting customer satisfaction of Nepalese commercial banks. The study revealed that tangibility, responsiveness, reliability and empathy have positive relationship with customer satisfaction indicating that higher the level of tangibility, responsiveness, reliability and empathy, higher would be the customer satisfaction.

The major factor is tangibility followed by responsiveness, empathy and reliability. However, the impact of assurance on customer satisfaction is unclear.

5.3 Recommendations

On the basis of the findings of the study, the following are the major recommendations:

1. The study observed a positive relationship between responsiveness and customer satisfaction. Hence, the banks willing to increase customer satisfaction level should focus more on responsiveness.
2. The study revealed positive relationship between tangibility and customer satisfaction. Thus, the commercial banks of Nepal should willing to increase customer satisfaction level prioritizing more on tangibility.
3. The study found positive relationship between empathy and customer satisfaction. Thus, the Nepalese commercial banks should willing to increase customer satisfaction level and empathy.

4. The study observed the positive relationship of reliability with customer satisfaction. Hence, the banks should willing to increase customer satisfaction level should focus more on reliability.
5. The study reveals that majority of the respondents prefer empathy dimension of service quality. Thus, the banks should focus on being more empathetic in order to increase customer satisfaction

5.4 Scope for future research

This study can be regarded as the preliminary steps in investigating the impact of service quality dimensions on customer satisfaction of Nepalese commercial banks. The study remains enough ground for future researchers which are listed below:

1. This study is based on the survey of customers of Nepalese commercial banks inside the Kathmandu valley. Therefore, to incorporate wide geographical character of the respondents, future studies can be carried out by extending the survey outside the Kathmandu valley.
2. This study has only taken 3 commercial banks whereas further studies can be done by including more commercial banks.
3. This study only includes five service quality dimensions to investigate the customer satisfaction of Nepalese commercial banks. Further study can be done by taking more service quality dimension variables.
4. The sample size taken for the study is limited so further study can be done by taking larger sample size.

The students or an individual willing to do extensive study can get relevant information about the customer satisfaction and factors influencing customer satisfaction in Nepalese commercial banks from this study. This study will also serve as a reference material and provide guidance to future studies in this area in the context of Nepal.

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