DETERMINANTS OF SATISFACTION OF CUSTOMER IN COMMERCIAL BANKS

A Thesis

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In Partial Fulfillment of the Requirement of the Degree of

MASTER of ARTS

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By

PRAMILA BHATTARAI

Roll No.: 193/067

T.U. Regd. No: 6-1-999-1240-2005

Tribhuvan University

Kathmandu, Nepal

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LETTER OF RECOMMENDATION

This thesis entitled DETERMINANTS OF SATISFACTION OF CUSTOMER IN COMMERCIAL BANKShas been prepared by Mrs. PRAMILA BHATTARAI under my guidance and supervision. I, hereby, recommend it in partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS for final examination.

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Rashmee Rajkarnikar, Ph.D.

Thesis Supervisor

Date: 2077/11/20 B.S

    4 March, 2021

APPROVAL LETTER

We certify that thesis entitled DETERMINANTS OF SATISFACTION OF CUSTOMER IN COMMERCIAL BANKS submitted by Mrs. PRAMILA BHATTARAI to Central Department of Economics, Faculty of Humanities and Social Sciences, Tribhuvan University, in partial fulfillment of the requirements for the Degree of MASTER OF ARTS in ECONOMICS and found satisfactory in scope and quality. Therefore, we accept this thesis as a part of the said degree.

Thesis Committee:

……………………………….

Prof. Dr. Shiva Raj Adhikari

Head of Department

……………………………..

Nirmal Kumar Raut, Ph.D

External Examiner

……………………………..

Rashmee Rajkarnikar, Ph.D.

Thesis Supervisor

Date: 2077/12/05 B.S

    18 March, 2021

DECLARATION

I, hereby, declare that this thesis entitled DETERMINANTS OF SATISFACTION OF CUSTOMER IN COMMERCIAL BANKSwhich I have submitted to the Central Department of Economics, Tribhuvan University, in partial fulfillment of the requirement for the Degree of MASTER OF ARTS in ECONOMICS, is entirely my original work prepared under the guidance of my supervisor. I have made due acknowledgements to all ideas and information borrowed from different sources in the course of writing the thesis. The results of this thesis have not been prepared or submitted anywhere else for the award of any degree. I shall solely responsible for any evidences found against my declaration.

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Pramila Bhattarai

Roll. No. 193/067

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ABSTRACT

Customers' satisfaction in context of the Banking refers to the level of perceived satisfaction that has been gained by utilizing the products and services offered by the bank.This study has been conducted with the objective to find out the satisfaction level of the services provided by the bank and to determine the socioeconomic factors affecting the customer satisfaction. Customers' satisfaction in the banking sector is affected by the various aspects. In this study, 13 indicators were constructed for which the Cronbach Alpha was 0.946. These inputs were the statements which were constructed in the questionnaire using Likert scale of five point. For the analysis of the effects of various independent variables on dependent variables, linear regression model was used. The dependent variable was customer satisfaction while independent variables were age, yearly income, educational level, gender, profession, marital status and duration of account in bank.

10 branches of Mega Bank Nepal from Kathmandu valley were selected randomly. 10 clients of each branch were selected on convenience basis which makes up to 100 customers.The mean score of all 13 statements were more than 3 which means that on average, the customers are satisfied. The overall mean of the customer satisfaction was found to be 3.17.The regression model showed that customer satisfaction was negatively associated with income of the customer while it is positively associated with the profession of the respondent (business).

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ACRONYMS/ABBREVIATIONS

%   Percentage

&   And

ANOVA   Analysis of Variance

ATM   Automated Teller Machine

CV   Coefficient of Variation

i.e.   That is

ISO   International Organization for Standardization

S.E.E.   Secondary Education Examination

SPSS   Statistical Package for Social Science

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The reality of customer satisfaction is in the eyes of beholder- customer. The sooner we realize and accept our customers' perceptions of our products and services as reality, and accept it as our challenge, the better we will earn their confidence and become their permanent supplier of choice. Because different customers have different needs, a company cannot effectively satisfy this wide range of needs equally. The most important strategic planning decision in the pursuit of customer satisfaction is to choose the most important factors which satisfy them than others.

The banking customers are not very different than others. They also need to be satisfied with the products and services they get from the banks. Different services may attract the customer and they rank them as per their preference. Bank should identify what type of customers needs which services as per their priority. The issues and factors are fast, quick and friendly service delivery of the bank; reasonable interest rate provided/charged by the bank; easy location of the bank; image of the bank; SMS and online services provided by the bank; remittances services provided by the bank; network of the bank; pleasant environment inside the banking premises; easy accesses to ATM services; off hour (morning, evening and holidays) counter services; foreign exchange facility provided by the bank; easy to send money to foreign countries; minimum balance required for the deposit etc.

Determining the customer satisfaction has always been important especially in service industries as well as financial sector (Bennet & Sharyn, 2004). Consequently, customer satisfaction will lead to repeat purchase and become a promotion agent by being word of mouth advertising, sharing their positive opinion towards their banker's performance to friends and relatives. Customer satisfaction identify as combination of overall customer behavior and perception towards service provider that incorporates several factors.

Muffatto and Panizzolo (1995) believed that customer satisfaction is considered to be one of the most important competitive factors and identified as the one best indicator of firm's future profits. Relatively, satisfaction has a direct impact on bank's performance and it also becomes a benchmark for customer's preferences to choose their banker.

Customer satisfaction is an important element to every organization's existence. It is a measure of how products and services meet customer expectation. It is a long-term strategy. In general, customer satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a products perceived performance relation to his/her expectations. If the performance falls short of expectation, the customer is not satisfied. Likewise if the performance matches their expectations then the customers are satisfied. If the performance exceeds the expectation the customer is highly satisfied. Although customer satisfaction cannot be very difficult. The customer either get satisfied with the services they receive or nor get satisfied with the received services. Customer satisfaction is the key factor for customer retention and the success of the bank. Identifying and improving the factor than can limit the satisfaction of customer is the crucial step for the bank which wants to be a step forward than its competitors.Warsame, et al. (2018) considered customer satisfaction as an important element to every organization's existence. On the basis for that reason, the researchers devote the majority of the time by looking factors influencing customer satisfaction in commercial banks. Nippatlapalli (2013) explained that customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation and it also provides a leading indicator of consumer purchase intentions and loyalty.

Demographic factors are most important factors for segmenting the customers groups. Consumer needs, wants, usage rate etc., these all depend upon demographic variables. The customer satisfaction in commercial bank is determined by various socio-economic factors such as age, income level, education qualification, gender, professional and type of clients. Individual with similar age may exhibit similar buying behavior and may have similar needs for financial services. Younger generations are more likely to use new technological advancement as compared to older generation. Aging population prefer easy accessibility of branches and their banking services need changes due to change in

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their income and lifestyle. Education plays a significant role on the usage of internet banking as well as playing a vital role in the adoption and usage of tele-banking technology. In, addition, quality of e-banking and internet banking services satisfies more clients with higher education. The use of banking services is more common among households in urban areas, households with higher income and wealth as well as for households in which an adult member has professional education and formal employment. The poor people are less likely to avail banking facilities. Customer with formal employment is more likely to use banking services and as well as Customers with formal employment and busy lifestyle would be very much likely to adopt banking service since it is a necessity, accessible at anytime and anywhere, and is convenient for them. There are different types of clients in banks and they significantly impact on customer satisfaction of bank. There are various types of product & services in bank and various types of account holders, various types of depositors, lenders and creditors which significantly affects the banks performances because their needs and wants varies and banks should fulfill their need to deliver an incredible customer experience.

1.2 Statement of the Problem

The banking and financial sectors of Nepal are growing rapidly. The number of commercial banks has grown to 27 from two commercial banks Nepal Bank Limited and Rastriya Banijya Bank Limited, in the last thirty-five years. There are some other commercial banks that are waiting the permission from the Central bank for their operation. As the country has already entered into WTO, from 2010 A.D onwards international banks may open branches in this country without any restrictions.

A financial institution needs to be aware of the attitudes of customers when they make their decisions. To attract and retain the customers bankers have to identify the priorities of those customers. The banks and financial institutions should be aware of the factors which satisfy customers more and should follow the strategies as per customers' requirement. Financial industry has changed rapidly with the increase of competitiveness and similarity of product offered. Hence, to conquer new customer and retain existing customers, banks should increase customer satisfactions and loyalty through service

quality (Levesque & McDougall, 1996). The new momentum brings financial industries to new perspective globally, for the most part to encourage competition intensifies when products and services offered are more or less similar. Customer's satisfaction able to become a weapon to influence the banks performance and determine its competitiveness and success. (Al-Khatib, et.al, 1999).

Financial sector focused on the lifetime value of the customer base rather than focused on cost of transaction (Armstrong & Tan, 2006). Nevertheless, banks must aware the importance of coordinating their business operation to create synergies and the necessary for the continuous creation and distribution of value to ensure the level of customer satisfaction.

Customer satisfactions are vital in securing better relationship with the banks whereby it reflects on the performance of the banks. Banks must set a benchmark of service quality delivered, particularly being known that service industry involved with personal touch. Dissatisfaction towards banks services might jeopardize the customer satisfaction level which leads to the performance of the banks. Customers are getting smarter to distinguish the quality of service. In order to remain in the industry, there is a need for the banks to ensure that they fulfill customer needs and wants.

In the background of this, it would be logical to know how the clients of bank perceive upon various products and services offered by the bank and get satisfaction and ultimately impact on bank's performance variables such as loan and deposit. So, the research question has been raised as:

- How far the customers of banks are satisfied with products and services provided by the bank?
- What are the socioeconomic factors that affect satisfaction level of customer of bank?

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1.3 Objectives of the Study

The general objective of the study is to find out the customer satisfaction in banking facilities and its impact on bank's performance variables. The specific objectives are presented as follows:

- To examine the level of satisfaction of customer with services provided by the bank
- To determine the socioeconomic factors that affect the customer satisfaction.

1.4 Significance of the Study

At present a lot of banks and financial institutions are attracting customer through various products and services gaining a wide popularity through their efficient management and professional services and playing a eminent role in the economy. This study no doubt have importance to various groups but in particular is directed to certain groups of people such as shareholders, to the management bodies to evaluate the weightage of their products and services to attract and retain client, to the government bodies or the policy makers such as the central bank and to researcher, students, journalists etc.

So, this study helps the banks to explore the customer preference and satisfaction on various financial products and services and its impact on bank's performance variables. So necessity of the present study is justified.

1.5 Limitations of the Study

- Banks performance variables are limited to loan and deposits of bank.
- Only 100 respondents were interviewed for the study.

1.6 Organization of the Study

Chapter I includes introduction, background of the study, statement of problem, objective of the study, signification of the study, limitation of study, organization of study itself. Chapter II includes different studies of 'Review of Literature'. Chapter III includes

conceptual framework, research methodology, research design, data collection, and method of analysis and research variables. Chapter IV includes presentation and analysis of data, data processing, data analysis and interpretation, major findings. Chapter Vincludes summary, conclusion and recommendations.

CHAPTER II

REVIEW OF LITERATURE

The review of literature is a crucial aspect of planning of the study. The main purpose of literature review is to find out what works have been done in the area of the research problem under study and what has not been done in the field of the research study being undertaken. For review study the researcher uses different books, reports, journals, and research studies published by various institutions, unpublished dissertations submitted by master level students have been reviewed.

2.1 Review at International Context

Ali and Bisht (2018) tried to measure satisfaction level of customers of public and private Banks and factors responsible for variation in customers' satisfaction between private and public banks in India. The objective of this research was to get the satisfaction level, variations in satisfaction level and reasons responsible for variations in satisfaction level or dissatisfaction in public and private banks. This study was based on primary information obtained from customers of public and private sectors banks in India as well as secondary data was also used. The respondents were from different parts of India, but mostly from the Uttar Pradesh due to native state of researcher. The questionnaire contained five factors to know the actual level of satisfaction in service sector which were tangibles, reliability, responsiveness, assurance and empathy. The mean difference between expectations and perceptions of the customers was calculated to know the variations in satisfaction level. The demographical analysis was also made to know the satisfaction level differences of customers of private and public sector. Chi square method was used to test hypothesis to get differences between dimensions of customers' satisfaction and private banks, public banks and in between related terms. The overall analysis of data revealed that private sector customers were more satisfied in all dimensions of services even gap between perception and expectation is negative in case of assurance of banks. Overall, customers of private and public sector banks were

satisfied except some tangible and behavioral factors of the banks employee due to the policies, strategies for tangibles and inefficiency of the employees.

Kombo (2015) conducted this study to investigate the current pattern of customer satisfaction in the Kenyan banking industry. The main objective of this study was to define and quantify the overall satisfaction of bank customer, the most important factors of satisfaction and dissatisfaction of bank customers in Kenya. A questionnaire survey was administrated to 403 bank customers of the top of the banks in Kenya. Questionnaire was made on the basis of three factors which were age, gender and education level. Hypothesis study had been conducted upon these three factors to know the actual satisfaction level of the customers. Software SPSS 2.0 was used to analyze the date gathered from the study. The results of the analysis demonstrated that the overall level of customer satisfaction was 64percent. The results also showed that the most important factor for customer satisfaction was the wide availability of banks branches, and the factor most associated with customer dissatisfaction was the high prices of products and services. Besides it wash found that women were more satisfied than men and people with primary and secondary satisfied than those with university education.

Murugiah and Akgam (2015) evaluated the customer satisfaction of the banks sector in Libya, based on customer perception regarding service quality. The objective of this study was to determine the key factors influencing the level of customer satisfaction in Libyan commercial banking. This study was an empirical study based on primary data collected through a well-structured questionnaire. The questionnaire had been personally administrated on a sample size of 150 bank customers. Data was obtained from a simple random sample of bank customers in the most Libyan cities without limited to specific city, or specific branch. In this study the researcher also examined how the independent variables affect the dependent variable. Under empirical specification of this study, the dependent variable was customer satisfaction and the independent variables were customer loyalty, service quality, and security. Multiple regression analysis was used to test and examine the hypothesis in the research framework. The findings based on three independent variables showed that all these variables influenced customer satisfaction in Libyan banking sector. From the regression model, it was found that service quality and

customer loyalty were positively associated with customer satisfaction whereas security was found to be negatively associated with customer satisfaction.

ChicagoIL, (2012) studied on U.S. consumer preferences with their banks. The objective of the study was to find out the attitudes and preferences of client. The data were collected from primary sources from respondents. The specific method used by the researcher is not mentioned in the research paper.The major findings of the study were: a) While attitudes and preferences varied across segments, consumers are generally satisfied with their primary financial institution, but there is room for improvement. b) Consumers are eager for financial institutions to approach them with additional products and services to address their needs, particularly when it comes to investing and financial management. c) Vital differentiators among segments extend far beyond assets, income and age to include consumers' views on factors from satisfaction with their primary financial institution to their own personal financial situation and the regulatory environment. The researcher has made some recommendation after completing the research as financial institutions should shape their strategic priorities to focus on building stronger relationships with customers. The research is relevant in Nepal since the research is carried out to find out customer preference. It is related to the topic of this research as well because customer preference is directly related to the customer satisfaction. The title, objective, a source of data collection used by the research seems matching among one another to explore the major findings and prescribe recommendation.

Gbadeyan and Akinyosoye (2011) analyzed the customer preference for e-banking services in Sierraleone. The objective of the study is if customers' choice of banks is influenced by the quality of e–banking services provided. The data were collected from distributing questionnaire to respondents. Questionnaire comprising open ended and Likert type of questions were used. The specific method used by the researcher is not mentioned in the research paper.The major findings of the study were: a) The paper concludes thate-banking has become important phenomenon in the banking industry and it will continue as more progress and innovations are made in information technology. b) The Chi–Square analysis revealed that the quality of e–banking services offered by banks have significant influence on their customers at 95percent, 3 degree of freedom.The

researcher has made some recommendation after completing the research as: a) The paper recommends that various measures should be put in place to ensure more security such as installation of encrypted software. b) Verification system of customer's identification cards. c) Frequent change of password, examining test questions and using mixed password such as the use of alphanumeric amongst others. The research is relevant in Nepal since the research is carried out e-banking. It is related to the topic of this research as well because e-banking is directly related to the customer satisfaction. The title, objective, a source of data collection used by the research seems matching among one another to explore the major findings and prescribe recommendation.

Lajuni et. al., (2010) explored selection criteria of client while selecting bank. The data were collected from primary sources from respondents. The specific method used by the researcher is not mentioned in the research paper.The major finding of the study wasthat which banks could offer and promise efficiency, a wide range of services including Automated Teller Machines (ATMs) could attract more clients. They also gave preference to banks that were strictly regulated by the central bank and financially stable with a strong brand name.The researcher has made some recommendation after completing the research as: a) Interest rate, fast and efficient service satisfies the customer. b) Modern services attract the client. c) Bank image is also an important criterion of client while selecting a bank.The research is relevant in Nepal since the research is carried out to find out customer selection criteria of bank. It is related to the topic of this research as well because customer preference criteria are directly related to the customer satisfaction. The title, objective, a source of data collection used by the research seems matching among one another to explore the major findings and prescribe recommendation.

Senyucel (2009) explored factors which are prioritized by the client while selecting the bank. The data were collected from primary sources from respondents throughtelephone interview. The specific method used by the researcher is not mentioned in the research paper.The major findings of the study were: a) Paying higher interest on saving account. b) Availability of internet banking is the preference of clients.The researcher has made some recommendation after completing the research as: higher interest on saving account

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and availability of modern banking are the major factors to attract the client.The research is relevant in Nepal since the research is carried out to find out customer preference. It is related to the topic of this research as well because customer preference is directly related to the customer satisfaction. The title, objective, a source of data collection used by the research seems matching among one another to explore the major findings and prescribe recommendation.

Rashid and Hassan (2009)examined the impact of demographic disparities on the bankselectioncriteria applied by diversified customers of domestic Islamic banks in Bangladesh". The objective of the study was to explore factors which differ as per demographic disparities. The data were collected from primary sources from respondents. The method used by the researcher is regression analysis after controlling four demographic groupings such as gender, marital status, age and educational qualification in the research paper.The major finding of the study was mostly the non-Islamic factors such as corporal efficiency, core-banking services, confidence etc. were given higher weights by majority of the respondents.The researcher has made some recommendation after completing the research as:introducing complete e-banking solution, increase advanced marketing efforts and hire experienced human resources for better Islamic banking activities. Demographic disparities don't make major differences in making choice in banking habit.The research is relevant in Nepal since the research is carried out to find out customer preference according to client disparities. It is related to the topic of this research as well because customer preference is directly related to the customer satisfaction. The title, objective, a source of data collection used by the research seems matching among one another to explore the major findings and prescribe recommendation.

HomeTrust Bank (2007) analyzed customer satisfaction,a case study of home trust banking partnership. The objective of the study was to deliver top-notch service to its customers. The data were collected from primary sources from respondents throughtelephone interview. The specific method used by the researcher is not mentioned in the research paper.The major findings of the study were: Home Trust Bank was voted "Best Bank" by the readers. The researcher has made some recommendation after

completing the research as: a) Service quality is the major factor to satisfy the customer. b) Customer should have easy access over the banking products. The research is relevant in Nepal since the research is carried out to find out customer satisfaction. It is related to the topic of this research as well because customer satisfaction is one of the major objectives. The title, objective, a source of data collection used by the research seems matching among one another to explore the major findings and prescribe recommendation.

Thomke(2003) examined R&D of bank of America's path breaking experiments". The objective of the study was to provide good services to the client. The data were collected from primary sources from its own branches. The specific method used by the researcher is not mentioned in the research paper.The major findings of the study were: a) Service quality is the major factor to satisfy the customer. b) Service quality appears to be linked to customer satisfaction.The researcher has made some recommendation after completing the research as: Financial institutions should focus on building stronger relationships with customers to satisfy their needs.The research is relevant in Nepal since the research is carried out to find out good service which satisfies the client. It is related to the topic of this research as well because service quality is one of the major factors which satisfy the bank client. The title, objective, a source of data collection used by the research seems matching among one another to explore the major findings and prescribe recommendation.

2.2 Review at National Context

2.2.1 Review of Journal

Neupane (2019) analyzed the determinants of customer satisfaction in public banks of Nepal. The main objective of this study was to examine the factor influencing customer satisfaction in public banks of Nepal. The customers of public banks in Nepal were the population of this study under which Kathmandu city was selected as study area. The survey method had been used to collect the primary data and sample unit was an account holder of public bank drawn as sample from convenience sampling method. This study

had used descriptive and analytical research design to test the research hypothesis. The demographic variables like age, gender income level and education level was used to test the hypothesis. The researcher attempted to cover the variable which affect the customer satisfaction on public bank under which dependent variable was customer satisfaction and independent variables were responsiveness, assurance, tangibles, reliability and empathy. The correlation and regression analysis were used to analyze the data. The study findings were based on the quantitative survey and interviews of customer on the pubic banks in Kathmandu valley. This study conclude that banks should focus more on increasing tangibles, responsiveness and assurance. There is linear relationship of responsiveness, assurance, tangibles and empathy with customer satisfaction. It was also found that customer gives higher importance to assurance dimension, second importance to responsiveness and third preference to tangibles factor and empathy factor. The demographic variables age, gender, income level and education level were found to positively associate with the responses of participants.

Shrestha (2018) examined the customer satisfaction on service quality of selected commercial banks of Nepal. The study had employed descriptive research design and quantitative study by using survey methodology to deal with customer satisfaction in the context of Nepalese commercial banks. In this study, the data were collected through questionnaire from 65 respondents (out of 100 customers of commercial banks) has been used for analysis. A detail study was done on the basis of five dimensions as suggested by Parasuraman, Zeithamal and Berry (1988). They are reliability, responsiveness, assurance, empathy and tangibles. The result of the study indicated that the overall customers are satisfied with service quality of the commercial banks. Hence it was found that the level of customer satisfaction of the commercial banks on the basis of service quality can be considered satisfactory.

Upadhyay (2017) examined the level of customer satisfaction in the commercial banks of Nepal. The main objectives of this study was to determine the customer satisfaction levels of the banks, to determine in which areas are the customers unsatisfied and to understand how unsatisfied customers can be made satisfied. For this study, only five commercial banks, i.e., Rastriya Banijya Bank, Nepal Bank Limited, Agricultural

Development Bank Nepal, Standard Chartered Bank and Nabil Bank limited had been selected as sample banks where selection of sample was based on convenience basis. This study was based on primary data using judgmental sampling from the commercial banks of Nepal. Descriptive and analytical research designs were used for this study. A questionnaire survey had been conducted which includes 15 questions and were distributed to 30 customers in each bank. Questionnaires were developed in five scales and; mean, standard deviation and coefficient of variation were used as sampling tools. Cronbach's alpha test was done to test the reliability of the data. The researcher had used five Likert scale for analysis of data. Each and every variable had been tested and is was found that every variable reliability test was above 84percent. From the overall study, it was found that all the commercial banks had been able to satisfy their customers. Compared to government owned commercial banks performance of private banks was found satisfactory. Among different government banks the performance of Rastriya Banijya Bank was better than Nepal Bank Limited and Agricultural Development Bank Nepal. The overall performance of the banks in terms of customer satisfaction had been satisfactory.

Bhatta &Durgapal (2016), conducted study with the purpose to find out bank customers' perception about service quality and customer satisfaction and also to investigate the association and relationship between service quality and customer satisfaction. Samples of 300 customers from six banks located in Kathmandu were included in the analyses. Service quality was measured using SERVPERF approach. The questionnaire included 27 questions relating to the five dimensions of service quality viz. reliability, assurance, tangibility, empathy and responsiveness. Customer satisfaction was measured using a single item scale. A strong correlation was found between service quality dimensions and customer satisfaction. Regression analysis revealed reliability, tangibility, empathy and responsiveness as statistically significant predictors of customer satisfaction.

Gautam and Dhital (2004) accessed the commercial banks' performance in terms of "customer satisfaction. The specific objectives of this study were to investigate the level of satisfaction of customers of Nepalese commercial banks, to analyze the comparative performance of commercial banks in terms of customer satisfaction and to analyze the

reasons behind customers' satisfaction or dissatisfaction. All the Nepalese commercial banks were taken as the population of the study where ten commercial banks, including the main branch and another city branch were selected as the sample for the study. This study covered only the depositor type of customers. The researchers designed standard structured questionnaire to collect the required information where five point Likert scale, multiple-choice scale, ranking scale, and other demographic nominal information were used. Questionnaire was designed in a way to collect two kinds of basic information on customer satisfaction which were perceived programs by the customers and the actual level of customer satisfaction. These two elements were found highly correlated. Eight satisfaction criteria were assumed to find out the comparative strengths and weaknesses of Nepalese commercial banks. They were interest rate, fast & correct, reliability, good employee behavior, and pleasant office environment, located near from customers place, timely information, and targeted for poor people. Only few statistical tools such as mean, standard deviation, person's correlation, ANOVA, chi square were used for analysis. The result showed that customers were found satisfied with those banks where customers had to spend less time on waiting, and the employees' behavior was good. There was a significant difference in the customer satisfaction in Nepalese commercial banks. It was also concluded that Nepalese commercial banks were significantly different in terms of four main criteria - employee behavior, reliability, fast functioning, and serving poor people.

2.2.2 Review of Thesis

Devkota & Dahal (2016) explored out the major factors that have impact in customer satisfaction and customer loyalty in case of commercial banks of Nepal. The researcher tried to explore whether there exists any relationship between service quality dimensions, customer satisfaction and customer loyalty depending upon various situational factors. Various concepts such as consumer buying behavior, buyer's decision process, customer satisfaction, customer loyalty, service quality, SERVQUAL model was discussed along with relevant relationship between them in the literature review and based upon it, a conceptual model was been formulated stating the five different hypotheses (one of the hypothesis has been divided into two sub-hypothesis). In order to collect data for

analysis, 375 completely filled questionnaires were collected within one month. The participants were asked to fill up the questionnaire form with face-to-face interaction. All these forms were collected from various commercial banks in Kathmandu, Nepal. In order to analyze the data, Statistical Packages for Social Sciences (SPSS) was used and analytical techniques like factor analysis, multiple regression analysis, and descriptive analysis were used along with Sobel test for mediation analysis. After testing the hypotheses using various techniques, it was found that service quality dimensions such as tangibility, reliability, responsiveness, empathy and assurance had significant positive impact on customer satisfaction and customer loyalty. Similarly, one of the situational factors stated as years of relationship had significant positive relationship with customer satisfaction while another situational factor stated as frequency of visiting bank had a significant negative relationship with customer satisfaction. In the same way, in case of mediating factor, tangibility and frequency of visiting bank do not have significant relationship while reliability, responsiveness, years of relationship and empathy and assurance have significant positive relationship. However, it should be noted that some of the independent and mediating variable were overlapped. In case of control variable, only respondent age had positive significant impact on customer loyalty while other variable like education level, income and gender are not significantly related with customer loyalty.

Dhakal (2012) assessed and measured the level of customer satisfaction for Nepal SBI bank ltd. The research is focused to reveal the expectations of customers which could be crucial for SBI's growth and success. Since working staffs plays an important role to create quality service, the research is also centered to find out employees' motivational factors. It is very important to translate and quantify customers' expectations into measurable targets. This provides an easy way to make decision con-concentrating on different attributes in order to improve customer satisfaction. Thus, the research is also aimed at measuring the level of customer and employee satisfaction. Theoretical framework of this research is centered to service quality created by satisfied employee to meet up customers' expectations. The study employs the Gap Model of Service Quality, Profit-chain Model, Herzberg two factor theories and ISO Guideline to measure the

customer satisfaction as the main theories for research. The empirical research was accomplished using quantitative method. Out of 125 questionnaires served 108 people responded. The response rate was 86.4percent. Out of 50 questionnaires served to SBI staffs 38 responded which accounts to 76percent. The results of survey indicated that the overall level of satisfaction among the customers of SBI is quite good however not yet excellent. Likewise, employee motivational factors should be emphasized and take into actions in order to improve the satisfaction level of staffs to enhance the quality of services and products. Customer education, employee training programs and several researches are highly recommended.

2.3Research Gap

There are many researches done outside Nepal regarding satisfaction of the banking customers for various banking facilities. However, in Nepal, except one, no other researches have been found in the time of literature review done for finding out the level of the satisfaction of consumers on banking products and services, yet scanty information is available about the level of customer satisfaction. Lots of the researches are performed in examining the satisfaction level in public and private banks (Ali & Bisht, 2018; Upadhyay, 2017). Many researchers have analyzed the customer satisfaction on different dimensions like tangibles, reliability, responsiveness, assurance, empathy (Ali & Bisht, 2018; Neupane, 2019; Shrestha, 2018; Bhatta & Durgapal, 2016, Devkota & Dahal, 2016). Various researchers have identified various factors affecting customer satisfaction such as prices of products and services (Kombo, 2015); customer loyalty, service quality and security (Murugiah &Akgam, 2015), quality of e-banking (Gbadeyan & Akinyosoye, 2011); demographic variables like age, income level, education level in case of public bank (Neupane, 2019). But there are scanty of researches which have examined the socioeconomic determinants affecting the customer satisfaction of the private commercial banks in Nepal. Thus, this study was undertaken to generate empirical data on the level of influence of socioeconomic characteristics determining the satisfaction level in the private commercial banks in Nepal.

CHAPTER III

RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. In it we study the various steps that are generally adopted by a researcher, studying his research problem among with the logic behind them.This chapter dealswith the research design, nature and sources of data, data collection procedure and tools & technique of analysis.

A research methodology helps us to find out accuracy, validity and suitability. The justification on the present study cannot be obtained without help of proper research methodology. The research methodology that areused in the present study is briefly mentioned below.

3.1 Conceptual Framework

Here, the conceptual framework shows the relationship between inputs (products and services provided by the bank) and output (customer satisfaction).

Chart 3.1: Dependent and Independent Variables and Their Relation

S.N.	Inputs
1	Bank provides fast, quick and friendly service delivery
2	Reasonable Interest by the bank compared to others
3	Easy location of the bank from your residence, office etc.
4	Image of the bank is good
5	SMS and online services provided by the bank is good.
6	Remittances services provided by the bank is satisfactory than others.
7	You are not suffering from traditional habit of banking with the bank.
8	Pleasant environment inside the banking premises
9	Easy accesses to ATM services provided by the bank.
10	Off hour (morning, evening &holidays) counter services provided by bank
11	Easily foreign exchange facility provided by the bank as per your needs
12	Easy to send money to foreign countries
13	Rate of foreign exchange by bank is reasonable than others.

Customer Satisfaction

There are 13 inputs which define the customer satisfaction. These inputs are the statement which are constructed in the questionnaire using Likert scale of five point. The highest score can have 5 point while lowest has 1 point. The point scored in each input has added to get the score for the customer satisfaction. Chart 3.2 shows the effects of various independent variables on dependent variable customer satisfaction.

Chart 3.2: Socioeconomic Factors affecting Customer Satisfaction

Independent variable
➢ Age
➢ Income level
➢ Educational qualification
➢ Gender
➢ Profession
➢ Types of client

Dependent variable
Customer Satisfaction
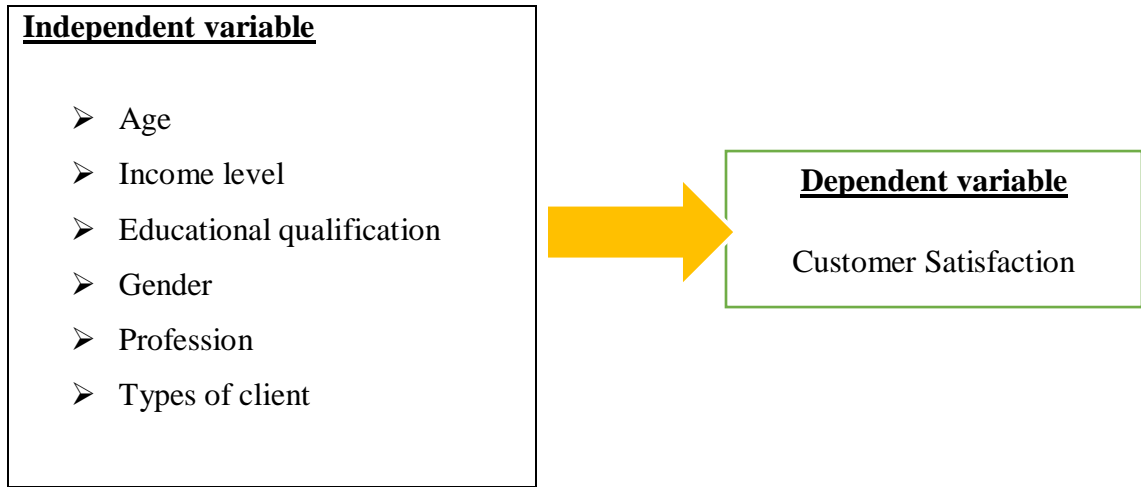
3.2 Study Area

The study area included the commercial banks of Nepal. Altogether there are currently 27 banks in Nepal. One bank is selected purposively. Mega Bank Nepal was selected as it is private bank operating in Nepal which has more than 10 branches in the Kathmandu Valley. 10 branches of this sampled bank in Kathmandu were surveyed for the study.

3.3 Sources of Data

The sources of data are primary. The primary data are first handed data which are collected by the researcher. The primary data was collected using questionnaire (see annex-1).

3.4 Data Collection Techniques

Five items Likert Scale questionnaire was used for primary data collection. For example, BANK Provides Fast, Quick and Friendly Service Delivery.

Totally disagree	Slightly Disagree	Neutral	Slightly Agree	Totally Agree
1	2	3	4	5

The major sources of primary data for this study wereclients of the banks.

Information was collected developing a scheduled questionnaire and distributing these to informants. Question of close end (i.e., totally disagree, slightly disagree, neutral, slightly agree and totally agree) was included in questionnaire.

A sample of 100 customers of 10 different branches in Kathmandu valley (about 10 from each branch) were taken in this survey. All of the customers of all branches in the valley were considered as the population of this survey and 10 branches were selected on logical basis so as to represent all categories of branches in the initial stage of sampling. 6 branches from Kathmandu were selected (Maharajgunj, Gyaneshwor, New Baneshwor, Teku, Kalanki and Thamel), 3 were selected from Lalitpur district (Jawalakhel, Lagankhel and Imadole) and 1 branch from Bhaktapur (Kamalbinayak). In the second stage, 10 clients of each branch were selected on convenience basis. Hence, 100 customers from the banks were selected on a convenient basis. Respondents from Maharajgunj and Gyaneshwor were interviewed on 3rd December, 2020. Similarly, respondents from New Baneshwor, Thamel were interviewed on 4th December, 2020. On 5th December, respondents from Thamel and Kelanki were interviewed. On 6th December, respondents from Jawalakhel, Lagankhel and Imadole were interviewed and on 7th December, respondents from Kamalbinayak were interviewed.

All of the participants in this survey wereeither depositors or loan client of the banks. Efforts were made to balance number of customers from each category (such as gender, age, education level, professions, type of client: depositors and loan client etc.).

3.5 Methods of Data Analysis

For the first objective of the study which is to examine the level of satisfaction of customer with products and services provided by the bank, Likert scale was used. The Likert scale was added up to make an overall score. There are total of 13 inputs that make up the composite output customer satisfaction. Each indicator can carry at most 5 score which makes the possible highest score for an individual as 65.

S.N.	Inputs	Lowest possible score	Highest possible score
1	Bank provides fast, quick and friendly service delivery (S1)	1	5
2	Reasonable Interest by the bank compared to others (S2)	1	5
3	Easy location of the bank from your residence, office etc. (S3)	1	5
4	Image of the bank is good (S4)	1	5
5	SMS and online services provided by the bank is good (S5)	1	5
6	Remittances services provided by the bank is satisfactory than others (S6)	1	5
7	You are not suffering from traditional habit of banking with the bank (S7)	1	5
8	Pleasant environment inside the banking premises (S8)	1	5
9	Easy accesses to ATM services provided by the bank (S9)	1	5
10	Off hour (morning, evening &holidays) counter services provided by bank (S10)	1	5
11	Easily foreign exchange facility provided by the bank as per your needs (S11)	1	5
12	Easy to send money to foreign countries (S12)	1	5
13	Rate of foreign exchange by bank is reasonable than others (S13)	1	5
	Total	13	65

For each indicator, mean was calculated to analyze the level of satisfaction in that aspect. Also coefficient of variation will be calculated to analyze the variability of the response.

For the reliability of the data collected, Cronbach Alpha has been calculated using SPSS. Also the Cronbach Alpha 'if item deleted has been calculated and attached in the annex-2 to test the reliability of the indicators used to measure the customer satisfaction.

Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability. Cronbach's alpha can be written as a function of the number of test items and the average inter-correlation among the items.

$$\alpha = \frac{N\bar{c}}{\bar{v} + (N-1)\bar{c}}$$

Where, N is equal to the number of items, $\bar{c}$ is the average inter-item covariance among the items and $\bar{v}$ equals the average variance.

For the analysis of the effects of various independent variables on dependent variables, linear regression model was used. The estimated relationship among the various independent and dependent variables are shown following.

$$Y = a + b_1 age + b_2 income + b_3 education + b_4 gender + b_5 profession + b_6 marital\ status + b_7 duration\ of\ account\ holding$$

Where,

Y = customer satisfaction (total score obtained from the 13 indicators)

Age = age of the respondent (in years)

Income = yearly income of the respondent

Education = educational level of the respondent expressed in years

Gender = gender of the respondent expressed as dummy variable, 1 = male; 0, otherwise.

Profession = profession of the respondent expressed as dummy variable, 1 = business; 0, otherwise

Marital status = marital status of respondent, 1 = married; 0, otherwise

Duration of account holding = duration of account in bank expressed in years

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

In this chapter of the study, logical presentation and interpretation of data are done according to the objectives of the study. The first section of the study consisted of description of socio-demographic characteristics of the respondents, second section consists of estimation of customer satisfaction of the Mega Bank Limited based on the thirteen indicators. The third section consists of the factors determining the customer satisfaction of customers.

4.1 Socio Demographic Characteristics of Respondents

In this section of the study, the socioeconomic characteristics of the respondents are explained.

4.1.1 Age, Sex and Marital Status of Respondent

Table 4.1 shows the three-way table explaining age, sex and marital status of the respondent.

Table 4. 1: Distribution of Respondents by Age, Sex and Marital Status

Age	Sex of Respondent						Total
	Female			Male			
	Marital Status of Respondent		Total	Marital Status of Respondent		Total	
	Unmarried	Married		Unmarried	Married		
15-24	16	0	16	8	0	8	24
25-34	8	13	21	9	6	15	36
35-44	0	9	9	0	20	20	29
45 and above	0	3	3	0	8	8	11
Total	24	25	49	17	34	51	100
Mean	29.41			35.14			32.33
CV	27.65			26.64			28.45

Source: Field Survey, 2020

Table 4.1 shows that among 100 respondents, 49 were female and 51 were male. 24 were aged between 15-24, 36 were aged between 25-34, 29 were aged between 35-44 and 11 were aged 45 and above. Among 100 respondents, 41 were unmarried and 59 were married. The mean age of female respondent was 29.41 years and mean age of male respondent was 35.14 years. The mean age of whole respondent was found to be 32.33 years. The coefficient of variation of respondent age is 28.45 percent.

4.1.2 Profession and Educational Status of Respondent

Table 4.2 shows the two-way table explaining occupation and educational status of respondent. The occupation of the respondents wasfound to be business, government job, student, agriculture, teaching, and private job. None of the respondent were found to be illiterate of above master's degree.

Table 4. 2: Occupation and Educational Status of Respondents

Occupation of respondent	Educational Status of Respondent					Total
	Below SEE	SEE	Intermediate	Bachelor's degree	Master's degree	
Business	1	2	7	4	3	17
Government Job	0	0	1	9	0	10
Student	0	1	6	1	0	8
Agriculture	3	4	0	0	0	7
Teacher	0	1	4	3	5	13
Private Job	1	1	12	18	1	33
Others	0	1	1	1	0	3
Unemployed	2	4	2	1	0	9
Total	7	14	33	37	9	100

Source: Field Survey, 2020

Out of total respondents, 33 had private jobs (banks, hospitals, private firms), 17 were business man, 13 were teachers, 10 were government officials, 8 were students, 7 were involved in agriculture, and 3 had other jobs like driving, plumbing etc. 9 were unemployed. Most of the business had intermediate degree. Most of government official had bachelor's degree. Most of the student were of intermediate level. Those who were

involved in agriculture were SEE passed and below SEE. Most of the teachers were master's degree passed. Most of the private job holder were bachelor's degree passed.

4.1.3 Income Classification of Respondent

Table 4.3 shows the two-way table explaining income and education of the respondents. The annual income is classified as 1 lakh to 2.99 lakh, 3 lakh to 4.99 lakh, 5 lakh to 6.99 lakh and 7 lakh and above.

Table 4. 3: Distribution of Respondent by Income and Education

Education	Annual Income Classification				Total	Mean
	100000-299999	300000-499999	500000-699999	above 700000		
Below SEE	3	1	3	0	7	442000.00
SEE	5	4	5	0	14	402857.14
Intermediate	13	12	6	2	33	393575.76
Bachelor's degree	9	17	11	0	37	388864.86
master's degree	0	2	6	1	9	555333.33
Total	30	36	31	3	100	411080.00
Mean income	411080.00					
Minimum	160000					
Maximum	709000					
cv	37.07					

Source: Field Survey, 2020

The result of the study showed that 30 had annual income of Rs. 1 lakh to Rs. 2.99 lakh, 36 had annual between Rs. 3 lakh to Rs. 4.99 lakh, 31 had annual income of Rs 5 lakh to Rs. 6.99 lakh and 3 had annual income above Rs. 7 lakh.

The mean income of the respondent below SEE was found to be Rs 442000, that of SEE passed were found to be Rs. 402857.14, that of intermediate passed was found to be Rs. 393575.76, that of bachelor degree passed was found to be Rs. 388864.86 and that of master degree passed was found to be Rs. 555333.33.

The mean income of the respondents was found to be Rs. 411080 while the minimum annual income was found to be Rs 160000 and maximum annual income was found to be

Rs. 709000. The coefficient of variation annual income of the respondent was found to be 37.07 percent which shows the variation of the income among respondents.

Table 4.4 shows cross tabulation between income and profession of the respondents.

Table 4. 4: Distribution of Respondent by Income and Profession

| Profession | Income Classification | | | | Total | Mean |
	100000-299999	300000-499999	500000-699999	above 700000		
Business	1	3	10	3	17	566235.29
Government Job	0	9	1	0	10	404300.00
Student	7	1	0	0	8	245000.00
Agriculture	6	1	0	0	7	245428.57
Teacher	4	5	4	0	13	379923.08
Private Job	10	14	9	0	33	397606.06
Others	1	1	1	0	3	352333.33
Unemployed	1	2	6	0	9	516000.00
Total	30	36	31	3	100	411080.00

Source: Field Survey, 2020

Most of the business man had income above Rs. 5 lakh. Most of the government officials had income between 3 lakh to 4.99 lakh. The students and those who were involved in agriculture had annual income less than 4.99 lakh. Most of the teachers and private job holders had annual income less than 6.99 lakh.

The mean annual income of businessman was found to be 566235.29 while that of government official was found to be Rs. 404300.00. The average income of students was found to be 245000.00 and those who were involved in agriculture had mean annual income of Rs. 245428.57. The teachers had annual mean income of Rs. 379923.08. The mean annual income of private job holder was found to be Rs. 397606.06. Those who were unemployed were housewives and they had annual income of Rs. 516000.00. The earnings of the unemployed were from rental and interest income.

4.1.4 Types of Bank Account and Bank Account Duration

Table 4.5 shows the two-way table explainingduration of account in the bank and types of bank account. The duration of the account maintained in the bank is expressed in years. The least duration of the bank account holding was 1 year and most duration was found to be 8 years.

Table 4. 5: Distribution of Respondents by Bank Account and Bank Account Duration

Bank Account Duration	Bank Account			Total
	Saving	Fixed	Current	
1	14	6	4	24
2	6	8	3	17
3	9	6	5	20
4	6	4	4	14
5	3	2	5	10
6	7	3	2	12
7	1	0	1	2
8	0	1	0	1
Total	46	30	24	100

Source: Field Survey, 2020

Among 100 respondents 24 had bank account opened for 1 year, 17 had opened for 2 years, 20 had opened for 3 years, 14 had opened for 4 years, 10 had opened for 5 years, 12 had opened for 6 years, 2 had opened for 7 years and 1 had opened for 8 years.

Likewise, 46 opened saving account, 30 had opened fixed account while 24 had opened current account. Most of the respondents had opened saving account while most of them were new customers for the bank.

4.1.5 Frequency of Bank Visit

Table 4.6 shows the 2-way table between frequency of bank visit and type of bank account.

Table 4. 6: Frequency of Bank Visit

Frequency of Bank Visit	Bank Account			Total
	Saving	Fixed	Current	
Twice a Week	15	6	4	25
Once a Week	8	6	5	19
Bi-Monthly	7	9	8	24
Once in a Month	16	9	7	32
Total	46	30	24	100

Source: Field Survey, 2020

Table 4.6 shows that 25 customers visited the bank twice a week, 19 visited once a week, 24 visited twice a month and 32 visited once a month. It means that the customers visit the bank at least once a month for different purposes.

Among saving account holders, 15 visited the bank twice a week, 8 visited once a week, 7 visited twice a month and 16 visited once a month. Among fixed account holders, 6 visited the bank twice a week, 6 visited once a week, 9 visited twice a month and 9 visited once a month. Among current account holders, 4 visited the bank twice a week, 5 visited once a week, 8 visited twice a month and 7 visited once a month.

4.2 Level of Satisfaction of Customers with Services Provided by Bank

In this section of the study, the first objective of the study has been fulfilled which means that the customer satisfaction of the services of bank has been estimated. Before the calculated of the customer satisfaction, the reliability of the indicators of the customer satisfaction has been calculated using Cronbach's Alpha.

Table 4. 7: Computation of Cronbach's Alpha

Reliability Statistics	
Cronbach's Alpha	N of Items
0.946	13

Source: Output of SPSS 25

The cronbach's Alpha of 13 indicators of customer satisfaction was found to be 0.946 which is highly reliable. The rule of thumb is that the Cronbach's Alpha which is higher than 0.7 is said to be reliable. The Cronbach's Alpha with 'if deleted item' is shown in the appendix.

Table 4.8 shows the customer satisfaction of services given by the bank. The five-point Likert scale was constructed with 13 statements. The statements are mentioned in the methodology.

Table 4. 8: Customer Satisfaction

Statements	Totally Disagree	Slightly Disagree	Neutral	Slightly Agree	Totally Agree	Mean	CV
S1	11	19	22	37	11	3.18	37.48
S2	8	13	35	35	9	3.24	32.56
S3	6	21	27	40	6	3.19	32.35
S4	4	25	30	30	11	3.19	33.26
S5	19	8	28	39	6	3.16	33.58
S6	9	26	26	28	11	3.06	37.97
S7	8	21	35	24	12	3.11	35.95
S8	5	19	34	36	6	3.19	30.78
S9	6	16	34	32	12	3.28	32.44
S10	6	16	34	32	12	3.15	35.65
S11	6	16	34	32	12	3.15	35.65
S12	10	23	22	37	8	3.1	37.10
S13	6	20	28	38	8	3.22	32.61

Source: Field Survey, 2020

Where,

S1 = Bank provides fast, quick and friendly service delivery

S2 = Reasonable Interest by the bank compared to others

S3 = Easy location of the bank from your residence, office etc.

S4 = Image of the bank is good

S5 = SMS and online services provided by the bank is good

S6 = Remittances services provided by the bank is satisfactory than others

S7 = You are not suffering from traditional habit of banking with the bank

S8 = Pleasant environment inside the banking premises

S9 = Easy accesses to ATM services provided by the bank

S10 = Off hour (morning, evening &holidays) counter services provided by bank

S11 = Easily foreign exchange facility provided by the bank as per your needs

S12 = Easy to send money to foreign countries

S13 = Rate of foreign exchange by bank is reasonable than others

For the analysis of the mean of the statements, the value above than 3 is said to be satisfied while, value less than 3 is said to be dissatisfied as point 1 has been assigned for totally disagree and point 5 has been assigned for totally agree. All the statements were positively constructed. Among 13 indicators, the highest average score was obtained in easy accesses to ATM services provided by the bank whereas the lowest score was obtained in remittances services provided by the bank.

Table 4.8 shows that in all statements, the mean score of the customer satisfaction is more than 3 which means that on average, the customers are satisfied. The overall mean of the customer satisfaction was found to be 3.17 which also states that the in overall the customers of Mega Bank are satisfied.

4.3 Determinants of Customer Satisfaction

Table 4.8 shows the regression of independent variables on dependent variable.

Table 4. 9: Regression Table

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	40.516	5.922		6.842	0.000
age	-0.051	0.159	-0.042	-0.32	0.75
sex	1.056	1.84	0.048	0.574	0.567
marital	-2.681	2.405	-0.12	-1.115	0.268
educational status of	1.36	0.883	0.128	1.539	0.127
income source	-1.45E-05	0.000	-0.2	-2.402	0.018
bank account duration	0.296	0.508	0.049	0.582	0.562
Profession	23.261	2.61	0.795	8.912	0.000
R^2	0.568				
Adjusted R^2	0.535				
F-stat	17.303				
P-value	0.0000				

Source: Output of SPSS 25

The R^2 of the regression model is 0.568 which means that 56.8 percent of variation in dependent variable is explained by independent variables.

The F-statistics of the regression model is 17.303 which is greater than critical values for corresponding degrees of freedom. Same thing can be analyzed using p-value which is less than 0.05, which means that the model is significant.

The regression model showed that income of the respondent and profession of the respondent were statistically significant at 5 percent level of significance as the p-value of these variables are less than 0.05 while rest of the independent variables were statistically insignificant at 5 percent level of significance as the p-value of these variables are greater than 0.05. The customer satisfaction is negatively associated with income of the customer as the standardized coefficient of income is -0.2 while customer satisfaction is positively associated with the profession of the respondent (business) as the standardized coefficient of the profession is 0.585.

The study of Neupane (2019) showed that demographic variables age, gender, income level and education level were found to positively associate with the responses of participants whereas in this study, only income and business profession were positively associated with satisfaction level of respondents. Though income was found to be negatively associated with the satisfaction which means that the people with high income had less satisfaction towards the bank while the people with low income had more satisfaction towards the bank. The reason for this can be explained as the richer people are not happy with the services provided by the bank as they have more expectations from the bank whereas the poor people do not expect much from the bank.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this chapter, the summary of the study, major findings of the study, conclusions and recommendations based on the findings of the study are described.

5.1 Summary

This study examined the customers' satisfaction of bank services and analyze the factors affecting it. There were 13 inputs which defined the customer satisfaction. These inputs were the statements which were constructed in the questionnaire using Likert scale of five point. The highest score had 5 point while lowest had 1 point. The point scored in each input was added to get the score for the customer satisfaction. For the analysis of the effects of various independent variables on dependent variables, linear regression model was used.The dependent variable was customer satisfaction while independent variables were age of the respondent, yearly income of the respondent, educational level of the respondent, gender of the respondent, profession of the respondent, marital status of respondent and duration of account in bank.

Out of 27 commercial banks, Mega Bank Nepal was selected randomly for the study using MS Excel, generating random number, as the banks were arranged alphabetically and coded them in ascending order from 1 to 27. The study was conducted in the 10 branches of Mega Bank Limited of Kathmandu valley. 6 branches from Kathmandu were selected (Maharajgunj, Gyaneshwor, New Baneshwor, Teku, Kalanki and Thamel), 3 were selected from Lalitpur district (Jawalakhel, Lagankhel and Imadole) and 1 branch from Bhaktapur (Kamalbinayak).In the second stage, 10 clients of each of each branch were selected on convenience basis which makes up to 100 customers. Information was collected developing a scheduled questionnaire and distributing these to informants. The primary data was collected using questionnaire. Question of close end (i.e. totally disagree, slightly disagree, neutral, slightly agree and totally agree) was included in questionnaire.

The eminent discovery of the study is:

Socio-demographic characteristics of respondent

- The mean age of female respondent was 29.41 years and mean age of male respondent was 35.14 years. The mean age of whole respondent was found to be 32.33 years.
- Among 100 respondents, 49 were female and 51 were male, 41 were unmarried and 59 were married.
- Most of the respondents has private jobs (33percent) while most of them were bachelor's degree holders (37 percent).
- The mean income of the respondents was found to be Rs. 411080 while the minimum annual income was found to be Rs 160000 and maximum annual income was found to be Rs. 709000.
- The mean annual income of businessman was found to be 566235.29 which were highest earning group.
- Most of the respondents were new account holder (24 percent) who had opened account for 1 year.
- Most of the respondents had opened saving account (46 percent) and least of the respondents were current account holders (24 percent).

Customer satisfaction

- The mean score of all 13 statements were more than 3 which means that on average, the customers are satisfied.
- The overall mean of the customer satisfaction was found to be 3.17.

Factors determining customer satisfaction

- The regression model showed that income of the respondent and profession of the respondent were statistically significant at 5 percent level of significance.
- The customer satisfaction was negatively associated with income of the customer while it is positively associated with the profession of the respondent (business).

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5.2 Conclusions

In general, the customers of the branches of Mega Bank in Kathmandu valley seemed to be satisfied in all 13 indicators constructed in the questionnaire. The overall satisfaction level of the customer was found to be 3.17 which suggests that the bank is successful in satisfying the customer. But still the overall score is not much higher which means that there is scope of improvement and innovation so that it can attract the new customers as well as retain the customers.

Also, it can be concluded that income of the respondent and profession of the respondent were statistically significant variable affecting customer satisfaction. The customer satisfaction is negatively associated with income of the customer while it is positively associated with the profession of the respondent (business).

5.3 Recommendations

Based on the findings of the study, following recommendations are made.

- Remittance services given by bank had the highest dissatisfaction among other statements. So it is recommended that this services should be improved to assure the customer's satisfaction.
- Also,traditional habit of banking had created much satisfaction among respondent. Hence it is needed to be corrected.
- The facility of the sending money is also not helpful in creating the customer satisfaction. Hence it should be upgraded.

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APPENDICES

Annex-1

Questionnaire

Date: ....

A. Information of the Respondent

1. Name: ....
2. Address: ....
3. Age: ....
4. Sex: ....
5. Contact no: ....
6. Email address: ....
7. Educational qualification of the respondent

   a. Below SEE   (   )

   b. SEE   (   )

   c. Intermediate   (   )

   d. Bachelor's degree   (   )

   e. Master's degree   (   )

   f. M. Phil   (   )

   g. Other (please specify): ....

8. Profession ……………………………..

B. Information of the Bank

1. Type of the bank account you have:

   a)   Saving account   (   )

   b)   Fixed account   (   )

   c)   Current account   (   )

   d)   Others (Please specify): .... (   )

2. How long it has been you have opened account in this bank? ....year/month
3. How frequently do you visit the bank?

a) Once a week   (   )

b) Twice a week   (   )

c) By monthly   (   )

d) Once in a month   (   )

e) Others (Please specify): .... (   )

C. Opinion towards the Bank

To what extent are you satisfied with the following banking products and services offered by this bank? Please Tick ☑ any option that represents your answer.

S.N.	Statements	Totally disagree	Slightly Disagree	Neutral	Slightly Agree	Totally Agree
1	Bank provides fast, quick and friendly service delivery					
2	Reasonable Interest by the bank compared to others					
3	Easy location of the bank from your residence, office etc.					
4	Image of the bank is good					
5	SMS and online services provided by the bank is good.					
6	Remittances services provided by the bank is satisfactory than others.					
7	You are not suffering from traditional habit of banking with the bank.					
8	Pleasant environment inside the banking premises					
9	Easy accesses to ATM services provided by the bank.					
10	Off hour (morning, evening &holidays) counter services					

	provided by bank					
11	Easily foreign exchange facility provided by the bank as per your needs					
12	Easy to send money to foreign countries					
13	Rate of foreign exchange by bank is reasonable than others.					

Annex-2

Computation of Cronbach's Alpha if Item Deleted

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Bank provides fast, quick and friendly service delivery	38.04	102.301	0.76	0.941
Reasonable Interest by the bank compared to others	37.98	105.111	0.732	0.942
Easy location of the bank from your residence, office etc.	38.03	105.868	0.712	0.942
Image of the bank is good	38.03	105.262	0.72	0.942
SMS and online services provided by the bank is good.	38.06	105.188	0.723	0.942
Remittances services provided by the bank is satisfactory than others.	38.16	102.52	0.773	0.94
You are not suffering from traditional habit of banking with the bank.	38.11	102.867	0.791	0.94
Pleasant environment inside the banking premises	38.03	107.019	0.693	0.943
Easy accesses to ATM services provided by the bank.	37.94	105.592	0.701	0.943
Off hour (morning, evening &holidays) counter services provided by bank	38.07	103.177	0.772	0.94
Easily foreign exchange facility provided by the bank as per your needs	38.07	103.985	0.734	0.942
Easy to send money to foreign countries	38.12	103.137	0.753	0.941
Rate of foreign exchange by bank is reasonable than others.	38	106.04	0.689	0.943

Source: Output of SPSS 25