A COMPARATIVE STUDY ON CUSTOMER PERCEPTION TOWARDS COMMERCIAL BANKS

A Comparative Case Study with Seven Banks

By:

AMRITA POKHAREL

Prithivi Narayan Campus, Pokhara

T.U. Regd. No.: 9-1-48-1504-98

Roll. No.: 79/062

A thesis submitted to:

Office of the Dean
Faculty of Management
Tribhuvan University

In partial fulfillment of the requirements for the degree of Masters of Business Studies (M.B.S.)

> Pokhara June 2010

RECOMMENDATION

This is to certify that the thesis

Submitted by:

Amrita Pokharel

Entitled

A Comparative Study on Customer Perception Towards Commercial Banks

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

Supervisor	Head of Department
Name: Milan Baidhya	Signature:
Signature:	
	Campus Chief:
	Signature:
Date:	

VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis presented by

Amrita Pokharel

Entitled

A Comparative Study on Customer Perception Towards Commercial Banks

and found the thesis to be the original work of the student and written according to the prescribed format. We recommended the thesis to be accepted as partial fulfillment of the requirements for Master's Degree in Business Studies (M.B.S.)

Viva-Voce Committee

Chairperson, Research Committee:
Member (Thesis Supervisor):
Member (External Expert):
• '
Member:
Date:

ACKNOWLEDGEMENTS

This research work on "Comparative Study on Customer Perception of Commercial Banks" has been prepared for fulfillment of the requirements of the Degree of master of Business studies.

I wish to express my profound gratitude to my thesis supervisor, Mr. Milan Baidhya Associate Prof. and Dr. Puspa Raj Sharma, Head of the Research Department, faculty of management, Prithvi Narayan Campus, Pokhara for their invaluable guidance to conducting this research work. Their constants inspiration and support has resulted in the completion of this work.

I am grateful to all my teacher and friends who gave freely of their fame advice and continuous support. I would like to express my sincere thanks to the staff of western Regional library PNC, Central Liberary T.U, Central library PU, Public Library Pokhara.

I'm extremely grateful to all the staff of Standard Chartted Bank, Himalayan Bank Ltd, Everest Bank Ltd, Nabil Bank Ltd, Nepal Investment Bank Ltd, Nepal Industrial, Commercial Bank Ltd and Rastriya Banijiya Bank Ltd and their customers who helped me necessary data and information to prepare this dissertation.

Thanks are also goes to large no of authors and publishers of banks and journals who permitted me to quote their views and empirical finding a credited. I am pleased to knowledge individually all of my friends who assisted me directly or indirectly by providing the require data material and suggestion. I have incorporated many of their suggestion.

At last but not least, I would like to express my deepest gratitude to my father Purna Prasad Pokharel and mother Hum Kala Pokharel for their contribution and blessings on my highest studies and other family members specially my loving husband Mr. Badri Nath Baral, brothers, sister in law for their love, inspiration and providing valuable support during the study period. I'm greatly thanks for "Kanchan Computer Sewa" who helps to care the typing of this thesis.

June 21 2010 Amrita Pokharel

TABLE OF CONTENTS

Lette	er of Ac	ceptance	
Reco	ommend	ation	
Eval	uation a	and Approval	
Ackı	nowledg	ement	
Tabl	le of Cor	ntents	
List	of Table		
List	of Figur	'e	
Abb	reviatio	n	
CHA	APTER-	-I: INTRODUCTION	Page 1-12
1.1	Backgr	round of the study	1
1.2	Status	of Current Nepalese Banking Industry	4
1.3	Focus	of the Study	7
1.4	Statem	ent of the Problem	10
1.5	Objecti	ives of the Study	11
1.6	Signifi	cance of the Study	11
1.7	Limitat	tion of the Study	11
1.8	Organi	zation of the Study	12
CHA	APTER-	-II: REVIEW OF LITERATURE	13-33
2.1	Concep	otual Review	13
	2.1.1.	Concept of Commercial Banks	13
	2.1.2.	Sources of Bank Capital	14
	2.1.3.	Uses of Functions of Bank Capital	17
	2.1.4.	Concept of Customer Perception	22
	2.1.5.	The Concept of Perception	22
	2.1.6.	Customer Perception	23
	2.1.7.	Customer Perception on Service	23
	2.1.8.	Measuring Customer Perception in the Banking Industry	25
	2.1.9.	The Need to Measure Customer Perception	26

2.2	Rese	arch Review	28
	2.2.1	Review of the Related Articles	29
	2.2.2	Review of Master's Dissertations	31
СН	APTER	R-III: RESEARCH METHODOLOGY	34-38
3.1	Resea	rch Design	34
3.2	Popul	ation and Sample	34
3.3	Natur	e and Source of Data	35
3.4	Data (Collection Procedures	35
3.5	Data I	Processing and Analysis	36
3.6	Data A	Analysis Tools and Techniques	36
	3.6.1	Simple Percentage Calculation	36
	3.6.2	Ratios, Table and Graphs	36
	3.6.3	Multidimensional Scaling	37
	3.6.4	Gap Analysis	37
	3.6.5	Perceptual Mapping	37
CH	APTER	R-IV: DATA ANALYSIS & PRESENTATION	39-60
4.1	Analy	sis of Customer Perception towards Different Banks	41
4.2	Checking the Relative Position of Banks on Key		
	Produ	cts/Services on Perceptual Maps	46
	4.2.1	Interest Rate versus Document Processing Time	46
	4.2.2	New Cross Product Vs Document Processing Fees	48
	4.2.3	Brand Name versus Advertisement	49
4.3	Analysis of Best Commercial Medium for Advertisement		50
	4.3.1	Approach through Newspapers	52
	4.3.2	Approach through TVs	53
	4.3.3	Advertisement Recall Patterns	54
4.4	Major	Concerns of Customers	56
	4.4.1	Long Queue Problems	56
	4.4.2	Social Activities	57
4.5	Major	Findings of the Study	58

CHAPTER-V: SUMMARY, CONCLUSIONS

	AND RECOMMENDATIONS	61-67
5.1	Summary	61
5.2	Conclusions	63
5.3	Recommendations	66

BIBLIOGRAPHY

Journals and publications

Websites:

Appendix: A

Appendix: B

LIST OF TABLES

Table N	o. Table Title	Page No.
4.1	Analysis of Response on preferred means of financing	40
4.2	Summary of respondents' rating against each factor of all banks	S
	(Question No. 20)	42
4.3	Summary of respondents' rating against each factor of all banks	S
	(Question No. 15)	44
4.4	Average rating calculated from table 4.2 and table 4.3	45
4.5	Average Rating Score on Interest Rate and Document Processing	g 47
4.6	Average Rating Score on New Cross Product and Processing Fee	es 48
4.7	Average Rating Score on Advertisement and Brand Name	49
4.8	Response from Customer on Medium and Media	51
4.9	Respondent's Response on Ad recall for Different Bank	54

LIST OF FIGURES

Fig. No.	Figure Title	Page No.
1.1	Total Assets/GDP Ratio	6
1.2	Mid - Assets/GDP Ratio	6
3.1	Samples Perceptual Map	38
4.1	Preferred Financing Means	41
4.2	Customer perception of Different Products of Banks (Q.No.20)	43
4.3	Customer Perceptions of Different Products of Banks (Q.No.15) 45
4.4	Perceptual Map of Interest Vs Document Processing	47
4.5	Perceptual Maps of New Cross Product	
	Vs Document Processing Fees	48
4.6	Perceptual Map of Advertisement vs. Brand Name	49
4.7	Approach through Media	51
4.8	Approach through Newspapers	52
4.9	Approach through TVs	53
4.10	Advertisement Recall Patterns	55
4.11	Complaint for longest Queue in cash counters	56

ABBREVIATION

AD = Advertisement

ATM = Automated Taller Machine

CSR = Corporate social Responsibility

DSAs = Direct Selling Agents

EB = Everest Bank Limited

FDICIA = Federal Deposit Insurance Corporation Improvements

FMs = Frequency of modulation

GDP = Gross Development Product

HBL = Himalayan Bank Limited

JVBs = Joint Venture Banks

NABIL = Nabil Bank Limited

NCDs = Non- Convertible Debentures

NGBL = Nepal Grindlays Bank Ltd

NIBL = Nepal Indosuez Bank Ltd

NIBL = Nepal Investment Bank Limited

NIC = Nepal Industrial and Commercial Bank Limited

PCA = Promote Corrective Action

RBB = Rastriya Banijya Bank Limited

SCB = Standard Chartered Bank

TT = Telex Transfer

TVs = Televisions