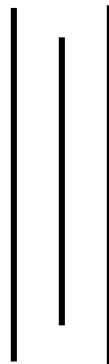


**PERFORMANCE EVALUATION AND CUSTOMER
SATISFACTION OF NABIL BANK LIMITED
(A Case Study of Lalitpur Branch)**

By:

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**A Thesis Submitted to:
Office of the Dean
Faculty of Management
Tribhuvan University**



*In partial fulfillment of the requirement for the Degree of
Master of Business Studies (MBS)*

**Kathmandu, Nepal
April, 2010**

RECOMMENDATION

This is to certify that the Thesis

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(A Case Study of Lalitpur Branch)**

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DECLARATION

I hereby declare that the work reported in this thesis entitled **“PERFORMANCE EVALUATION AND CUSTOMER SATISFACTION OF NABIL BANK LIMITED (A Case Study of Lalitpur Branch)”** submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Degree of Master of Business Studies (MBS) under the supervision of **Dr. Narayan Krishna Pradhan** of Shanker Dev Campus.

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Anisha Pokhrel

DECLARATION

I hereby declare that the work reported in this thesis entitled “Performance Evaluation and Customer Satisfaction of Nabil Bank (a case study of Lalitpur Branch)” submitted to Shanker Dev Campus, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement of the Master’s Degree in Business Studies (M.B.S.) under the supervision of Dr.Narayan Krishna Pradhan.

Date: April 2010

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Shanker Dev Campus

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ABBREVIATIONS

%	:	Percentage
AMEX	:	American Express
ATM	:	Automatic Teller Machine
B.S	:	Bikram Sambat
FIR	:	First Individual Report
GDP	:	Gross Domestic Product
HBL	:	Himalayan Bank Ltd.
MSF	:	Merchant Service Fee
NABIL	:	Nepal Arab Bank Ltd.
NBL	:	Nabil Bank Ltd.
NRB	:	Nepal Rastra Bank
PIN	:	Personal Identification Number
POS	:	Point of Sale
PSA	:	Premium Savings Account
SCBL	:	Standard Chartered Bank Ltd.
SCBNL	:	Standard Chartered Bank Nepal Ltd.
SCT	:	Smart Choice Technology
SD	:	Standard Deviation
SWOT	:	Strength, Weakness, Opportunity and Threat
U.S.	:	United States
USA	:	United States of America

CHAPTER - I

INTRODUCTION

1.1 Background of the Study

Nepal is a least developed country by means of high population growth rate (2.26 %) and low per capital income. Capital is a necessary factor for the development of a least developed country like Nepal. Capital formation and economic development is a very difficult and challenging task for Nepal due to numerous constraints. Reduction of widespread poverty is Nepal's biggest challenge. About 38% of the population lives below the poverty line, per capital income being \$350, which makes it one of the lowest per capital income generating countries. The poor economy of the country is reflected by the Gross Domestic Product (GDP) rate, which was recorded 2.2% in fiscal year 2005/06. The development of any country depends upon the economic development. Nepal as a developing country is trying to embark upon the path of economic development by developing all sectors of the economy. (World Bank, *'Nepal Sahayata Rananitiko Pragati Bibaran*, pp38-39 2007)

Nepal is least developed and land locked country. More than 80% people live in rural area and same percent people are directly and indirectly engaged in agriculture sector out of 2,50,00,000 populations. 83% of land covered rugged mountain and hilly region out of 1,47,181 square kilometer. 43% of populations live in poverty line and 40% National GDP received from agriculture sector and 70% covered foreign trade from this sector.

Nepal is rectangular in shape and lies between 80°4' and 88°12' East longitude and 26°22' and 30°27' North latitude. It has an area of 147181 Square km. It is 885 KM long and 145 to 241 km wide. From three sides, Nepal is surrounded by India. From northern side, it has been bordered with China. Nepal is the least developed and landlocked country with per capita income of Nepalese is USD 350. After introduced Open Sky and Liberal Economic Policy around 2040s B.S., there have been different organizations established at private sector. For the smooth development of the country, private sector plays vital role. Two types of business mainly exist in the market i.e. product oriented and

service oriented but second types of business are going increasing tendency in the current market.

Nabil Bank Limited commenced its business/ operations in 12 July 1984 as the first foreign joint venture bank in the country by given the name of Nepal Arab Bank Ltd, with the objective of extending international standard modern banking services to provide various sectors of the society. Pursuing its core objective, Nabil Bank brought about some major changes in the Nepalese banking sector in the last two decades. From the very inception in 1984 as the first joint venture bank to commence operations in the country of Nepal, Nabil Bank has been proving itself as a leader in terms of bringing the best international standard banking practices, products and services to the country.

1.1.1 Meaning of Bank

The word “bank” has been derived from the Italian word ‘banco’ or ‘banca’, Latin word ‘bancus’ and French word ‘banque’ meaning ‘bench’ on which the bankers would keep money and its records. Banks are financial institutions, which deal in money, handles saving, receives deposits from customers, collecting checks and deals in government and corporate securities. Banks are business houses established to safeguard people’s money, which is used to make loans and investments. A bank provides an easy way to pay bills through current account mostly known as cheque account. Money that is deposited in bank account earns additional amount for depositors in terms of interest, bonus, and etc. Banks provide many services such as accepting various types of deposits, safeguarding deposits, making loans, providing means of payment, electronic banking and other services such as traveler’s cheques and money orders. Banks invest by lending the funds to various business companies. (Y.B. Limbu, *Office Management and Accountancy*, Ratna Pushtak Bhandar, 2007, P6)

According to Kent, “A bank is an organization whose principal operations are concerned with the accumulation of the temporarily idle money of the general public for the purpose of advancing to other for expenditure.”

According to Sawyer, “ Ordinary banking business consists of changing cash for bank deposit and bank deposit for cash, transferring bank deposit from one person or another giving bank deposit in exchange for bills of exchange, government bonds, the secured or unsecured promises of businessman to repay etc.”

Thus, bank is a business establishment that safeguards people’s money and uses it to make loans and investments.

1.1.2. Evolution of Modern Banking

Moneylenders in Northern Italy originally did business in open areas, or big rooms, with each lender working from his own bench or table. That’s how the bank got its name. The very first banks were probably the religious temples of the ancient world. In them were stored gold in the form of easy-to-carry compressed plates. Their owners justly felt that temples were the safest places to store their gold as they were constantly attended, well built and were sacred, thus deterring would-be thieves.

Ancient Greek holds further evidence of banking. Greek temples as well as private and civic entities conducted financial transactions such as loans, deposits, currency exchange, and validation of coinage. In Christian scruples, there is found to be the presence of strong criticism from the church regarding charging interest. This in turn led the modern banking to take up shape. Bank of Venice set up in 1157 AD in Venice, Italy is regarded as the first modern bank. Subsequently, Bank of Barcelona in 1401 AD, Bank of Genoa in 1407 AD came into operation. In 1602 AD – First joint stock company, the Dutch East India Company was founded. These modern banks gradually replaced goldsmiths, and moneylenders.

Some of the oldest private banks are: Barclays, Hope & Co. Barings Bank etc. Till date the banks that come under the list of world’s largest bank fulfilling international standard are- Bank of America, Citicorp, Lloyds, Midland, Barclays, Credit Agricole, Fuzi, Mitsubishi etc. All these banks share a primary purpose that is to safeguard people’s money as well as provide many services such as accepting deposits, making loans,

providing means of payment, e-banking and many other services. (Shakespeare Vaidya, 1999)

1.1.3 History of Banking in Nepal

Financial system in Nepal originated in the historical context of Guna Kama Dev around 1723 BS. To borrow money, to rebuild the city, a merchant brought Nepal Sambat by clearing all indebtedness 57 years later during Jayasthiti Malla's rule. During his tenure 64 different classes according to occupation were created in the name of Tankadhari. Like other countries goldsmith, merchant and money lenders were the ancient bankers of Nepal. The Tejarath Adda was established during the tenure of the Prime Minister Ranoddip Singh (1877-1933) BS. It was the first step towards the institutional development of the banking system in Nepal. However Tejarath Adda mainly focused on giving loans to the employees and public against the bullion at 5% interest rate and did not focus in collecting enough of deposits from them.

In Nepal, modern banking sowed its seeds with the inception of Nepal Bank Limited in 1937 AD. NBL mainly focused on attracting people towards banking sector from pre-dominated money lenders' net and of expanding banking services. After the restoration of peace in 1951 AD Nepalese government was formed with interim character having many times changes. Later on 1956 AD the central bank of the country in the name of Nepal Rastra Bank (NRB) was developed. Since then it has been functioning as the government's bank and has contributed to the growth of financial sector.

The integrated and speedy development of the country is possible only when competitive banking services reaches the nooks and corners of the country. As such after the political changes with the rise of Panchayat democracy number of financial institutions developed through government initiation like Agriculture Development Bank (ADB), Provident fund, NIDC, Cooperative bank, Rastriya Banijya Bank etc within the period of 12years. The inception of Nepal Arab Bank Limited (now known as NABIL bank) in 1984 AD, the first joint venture bank proved to be a milestone in the history of banking. It gave a new ray of hope to the sluggish financial sector.

1.1.4 Meaning of Commercial Bank

According to Commercial Bank Act 2031, section 2(a) “Commercial bank is a financial institution that operates currency exchanges, money transactions, accepts deposits, advances loans and performs other commercial transactions which is not specifically established with the objectives of cooperative, agricultural, industrial or any other such kind of specified purpose.”

Commercial bank is a financial institution authorized to provide a variety of financial services, including consumer and business loans (generally short-term), checking services, credit cards and savings accounts. It raises funds by collecting deposits from business and consumers via checkable deposits, saving deposits, and time deposits. It lends loans to business and consumers. It also buys corporate bond, and government bonds. Commercial bank also refers to a bank or a division of a bank that mostly deals with deposits and loans from corporations or large businesses, as opposed to normal individual members of the public (retail banking).

1.1.5 Functions of Commercial Bank

Commercial banks are profit-oriented banks. It provides services to public and maximizes the profit whereas central bank regulates the function of commercial banks with the banking polices made to mobilize the national economy.

Following are the functions of commercial banks:

-) To accept deposits
-) To provide loan and advances
-) To provide general utility functions
-) To provide overseas trading services
-) To provide information and other services
-) To provide investments facility
-) To provide remittance facility

1.1.6 Commercial Bank in Nepal

The history of commercial bank in Nepal start forms the establishment of Nepal Bank Limited on 1994 BS. It is the first bank in Nepal and prior to this, there was no such organized banking system in the country.

As the time passed Banijya Bank was established on 2022 in order to play a major role not only in domestic banking services but also in the foreign trade. After the establishment of this bank, there was progress in the banking industry in Nepal. Today, Nepal can take legitimate pride in the remarkable growth and progress in the banking industry. Nepal has opened its door to foreign commercial banks to operate in the country almost a decade back. The commercial banks that have been established till date have been enlisted in the appendix attached herewith.

1.1.7 Introduction of Nabil Bank Limited

1.1.7.1 Nabil Bank Details

Nabil bank limited commenced its business/operations in 12th July 1984 as the first foreign joint venture bank in the country, with the objective of extending international standard modern banking services to various sectors of the society. Pursuing its core objective, Nabil Bank brought about some major changes in the Nepalese banking sector in the last two decades. From the very inception in 1984 as the first joint venture bank to commence operations in the country of Nepal, Nabil Bank has been providing itself as a leader in terms of bringing the best international standard banking practices, products and services to the country.

The mission statement of Nabil Bank is to be the bank of the first choice to all its Stakeholders; Customers, Shareholders, regulators, communities and staffs. For its customers Nabil Bank aims to be the first choice in meeting all their financial requirements, for Shareholders it aims to be the investment of choice, for Regulators it aims to be an example of a model bank, and it aims to be an outstanding corporate citizen in all the communities it work in and finally it aims to be the first choice as an employer with whom to build a career. It is committed to rush forward to achieve this by living a set of values everyday in every thing it does. These values are:

-) Customer Focus
-) Orientation towards result
-) Innovation
-) Synergy
-) Professionalism

Today Nabil Bank is a leader in the financial sector in Nepal. With a network that has about 30 points of representation spread across the country; complimented by a network of ATMs and now NabilNet and NabilTele, the ease of access of accounts and information for its customers has never been more convenient. For this Nabil Bank is providing an entire range of products and services, starting with deposit accounts in local and foreign currency, Visa and Master Card denominated in rupees and dollars, Visa electron debit cards, personal lending products for Auto, Home and Personal loans, Trade Finance products, Treasury services and Corporate Financing. Some of the major points of considerations on which Nabil Bank has focused in order to meet its objectives are given below:

Technology

Nabil Bank believes that the technology plays a key role in enhancing its ability to deliver service of the highest quality that benchmark with international standards. The renowned core banking system 'Finacle' has made it possible for the bank to offer many innovative products, Nabil Net, the Bank's internet banking channel offered to customers, was possible due to our IT platform. Similarly, the bank is equipped with Disaster Recovery Site, which will ensure uninterrupted business even in the event of any disaster affecting operations of its main Data Center.

Industrial and Business Relations

The bank has always given importance in maintaining harmonious relations amongst staff at all levels. There is the registered authorized staff union in the bank which represents all staffs of senior assistance level and below for their benefits, welfare and other employee

related aspects. There has been a good working relation between the management and staff union.

Right from inception, the bank is driven by the philosophy of giving paramount importance to its customers. The bank has introduced many products and has built a reputation of delivering the highest quality of professional services in a personalized manner. As a result, the bank has been able to attract a large number of customers from different strata. Nabil is a sole banker to the multitude of international Aid Agencies, Embassies, NGOs, INGOs, besides a host of corporate and retail customers.

Corporate social responsibility

The bank's philosophy on Corporate Social Responsibility rest on three pillars: Health, Education and Sports. In Education the bank is supporting the education of under privileged children at the Mary Ward School. In Health it has partnered with the Glaucoma Center at the Tilganga Eye Hospital to increase overall knowledge about the blinding disease. And in Sports, Nabil has entered into a partnership with Three Star Football club to promote sportsmanship and healthy living.

Internal Control System

Since banking business is exposed to basically credit, market and operational risks, it has been the policy of the bank to strengthen internal control system. The bank has put in place various policies, product papers and standard instruction manuals covering work of almost all areas of its operations.

To avoid the conflict of interest, a clear demarcation has been drawn between business generation and risk management functions besides setting limits for managing all above risks. Similarly, Internal Audit Department and Compliance Department are strengthened to ensure compliance of all internal and external requirements.

In order to ensure independent and unbiased observation/decisions, Internal Audit Department reports directly to Audit Committee, comprised of Board of Directors. Similarly, the Company Secretary of the Board heads Compliance unit.

Future Programs

One of the major focus areas of the bank for coming days is mobilizing low cost deposits. The bank plans to expand its ATM network in some locations and change its card platform to issue and accept smart cards, which will complement in providing even better services to the deposit holders. Foreseeing the prospects and opportunities in the remittance business, then bank is working towards expanding its remittance network by forging partnerships in the Middle East, Malaysia, Japan and United Kingdom.

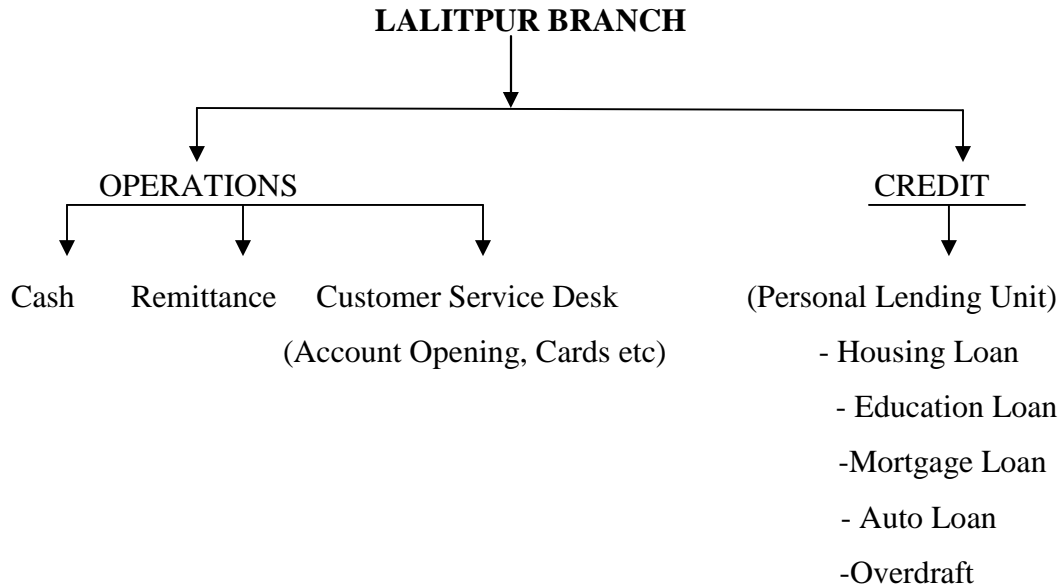
1.1.7.2 Present situation of Nabil Bank Limited

Today Nabil bank is in a unique position in the banking industry in Nepal, for when it looks back, as the country 'first joint venture bank, giving rise an unparalleled insight into the market, risks, opportunities and customer needs. Nabil presently spreads over 30 locations, the highest amongst all joint venture banks. Now the bank has technologies of its best, the people of its best and it is moving towards the excellence. The bank initially started with basic bank services like deposits, saving and corporate and trade loans. Now it covers the gamut of world class banking services.

The head office of the bank is situated at Kamaladi, Kathmandu, often called as Nabil House and altogether there are 39 branches spread over different locations. Among them, 14 are situated in the Kathmandu valley at Kantipath, New Road, Jorpati, Kupandole, Maharajjung, Tripureswor, Balaju, Kuleshor, Satdobato, Kauashaltar, Maitidevi, Thamel, Halchowk and Baneshor.

This study is based on the performance evaluation of Nabil Bank Limited for customer satisfaction as a case study of its Lalitpur Branch. Lalitpur Branch of Nabil Bank Limited is located in Pulchok, Lalitpur. The branch provides a full fledged banking service viz. Cash Counter, Remittance Service, Customer Service Desk, Privilege Counter, Personal

Lending Unit for personal loans, Card Services etc. The branch is basically divided into two units - Operations and Credit. There are 40 staff in the branch. Lalitpur Branch is the 8th Branch of Nabil Bank Limited. The structure of the branch is presented hereunder:



1.1.7.3 Achievements of the NABIL Bank Limited as a whole.

-) First joint venture Bank commenced operations in 1984 and presently spread over 40 locations, the highest amongst all joint venture banks.
-) The only joint venture bank, which has its own properties in Kathmandu, Pokhara, Biratnagar.
-) Over the years, Nabil has had the privilege to render comprehensive banking services to lending government institutions like Nepal Telecommunication Corporation, Nepal Electricity Authority, Nepal Oil Corporation, Nepal Television and Nepal Water Supply Corporation.
-) Nabil is the sole bankers to South Asian Association for Regional Cooperation and a large number of Diplomatic Missions including Belgian consulate, US Embassy, Danish Embassy, Finnish Embassy, Egyptian Embassy, Embassy of Russia, Embassy of Bangladesh, Embassy of Republic of Korea, Embassy of DPR Korea, Embassy of Myanmar, Embassy of Srilanka, Australian Consulate, Norwegian Embassy etc. as well as major international non governmental organization and donor agencies like JICA, DFID, ICIMOD etc.

-) Nabil is the first bank in Nepal to issue credit cards and currently issues Visa and MasterCard, credit, debit and charge cards for domestic and international use to make purchases or take cash from ATMs.
-) Nabil bank has won the 'Bank of the year 2004 Nepal' award as well as the best commercial bank award in the year 2007 announced by "The Boss", a Business Journal in Nepal.
-) It is noteworthy that Nabil is the only joint venture bank which has its service counter inside the international and domestic Airport in Kathmandu.

Banking, perhaps the most important component of the financial system plays a vital role in the economy of any country. It provides raw materials for the promotion of the financial system and, through it, the economy of a country.

The practice of banking emerged in Nepal 70 years ago with the establishment of Nepal Bank Limited in 1994 BS. In its 70 years' banking history, the country has made much headway in the banking sector. There is now a wide-ranging network of financial institutions scattered across the length and breadth of the country. The financial system of the country now consists of the central bank, commercial banks, development banks, finance companies and cooperatives engaged in limited banking transactions.

Going back to the history of banking industry we should know about the emergence of bankers and banking practices in Nepal. Like other countries goldsmiths, merchants and moneylenders were the ancient bankers of Nepal. Tejarath Adda established during tenure of the then Prime Minister Ranoddip Singh (B.S. 1993) was the first step towards the institutional development of Banking in Nepal. Tejarath Adda did not collect deposits from the public but gave loans to employees and public against the bullion.

Nepal's first commercial bank, the Nepal Bank Limited (NBL), was established in B.S. 1994 (i.e. 1937 A.D.). NBL had a Herculean task of attracting people towards banking sector for predominant moneylenders' net and of expanding banking services. Being a

commercial bank, it was natural that NBL paid more attention to profit generating business and preferred opening branches at urban centers.

Prior to the establishment of Nepal Rastra Bank, Kathmandu had little control over its foreign currency holdings. Indian rupees were the prevalent medium of exchange in most parts of the country. Nepalese currency was used mostly in the Kathmandu Valley and the surrounding hill areas. The existence of a dual currency system made it hard for the government to know the status of Indian currency holdings in Nepal. The exchange rates between Indian and Nepalese rupees were determined in the marketplace. Between 1932 and 1955, the value of 100 Indian rupees varied between Rs71 and Rs177. The government entered the currency market with a form of fixed exchange rate between the two currencies in 1958. An act passed in 1960 sought to regulate foreign exchange transactions. Beginning in the 1960s, the government made special efforts to use Nepalese currency inside the country as a medium of exchange.

In B.S. 2013 Nepal Rastra Bank (NRB) was established as a central bank under Nepal Rastra Bank Act, 2012 B.S. Its function is to supervise commercial banks and to guide the basic monetary policy of the nation. Its major aims were to regulate the issue of paper money; secure countrywide circulation of Nepalese currency and achieve stability in its exchange rates; mobilize capital for economic development and for trade and industry growth; develop the banking system in the country, thereby ensuring the existence of banking facilities; and maintain the economic interests of the general public. Nepal Rastra Bank also was to oversee foreign exchange rates and foreign exchange reserves. There were other government banking institutions. Rastriya Banijya Bank (National Commercial Bank), a state-owned commercial bank, was established in 1966. The Land Reform Savings Corporation was established in 1966 to deal with finances related to land reforms.

There were two other specialized financial institutions. Nepal Industrial Development Corporation, a state-owned development finance organization headquartered in Kathmandu, was established in 1959 with United States assistance to offer financial and

technical assistance to private industry. Although the government invested in the corporation, representatives from the private business sector also sat on the board of directors. The Co-operative Bank, which became the Agricultural Development Bank in 1967, was the main source of financing for small agribusinesses and cooperatives. Almost 75 percent of the bank was state-owned; 21 percent was owned by the Nepal Rastra Bank and 5 percent by cooperatives and private individuals. The Agricultural Development Bank also served as the government's implementing agency for small farmers' group development projects assisted by the Asian Development Bank and financed by the United Nations Development Program (UNDP). The Ministry of Finance reported in 1990 that the Agricultural Development Bank, which is vested with the leading role in agricultural loan investment, had granted loans to only 9 percent of the total number of farming families since 1965.

Since the 1960s, both commercial and specialized banks have expanded. More businesses and households had better access to the credit market although the credit market had not expanded. In the mid-1980s, three foreign commercial banks opened branches in Nepal. The Nepal Arab Bank Limited (now Nabil Bank) was co-owned by the Emirates Bank International Limited (Dubai), the HMG Nepal, and the Nepalese public. The Nepal Indosuez Bank was jointly owned by the French Banque Indosuez, Rastriya Banijya Bank, Rastriya Beema Sansthan (National Insurance Corporation), and the Nepalese public. Nepal Grindlays Bank was co-owned by a British firm called Grindlays Bank (Standard Chartered Bank Ltd.), local financial institutions and the Nepalese public.

According to the latest data published by NRB, the total numbers of commercial banks operating in the country has reached to 23.

1.1.8 Current Scenario of Nepalese Banking Sector

It has not been long since the monopoly of the government owned institutions in the financial market have been diluted. The liberalization initiatives of the government have been the primary reason for this shift in paradigm. Some of the major developments as a result of this change are:

-) Emergence of private sector banks and financial institutions
-) Spurt of cooperatives formed for financing reasons
-) Reform initiatives in the large state-owned banks
-) Introduction of a composite act to govern all types of financial institutions

The Nepalese financial sector is composed of banking sector and non-banking sector. Banking sector comprises Nepal Rastra Bank (NRB) and commercial banks. The non-banking sector includes development banks, micro-credit development banks, finance companies, co-operative financial institutions; non-government organizations (NGOs) performing limited banking activities. Other financial institutions comprise of insurance companies, employee's provident fund, citizen investment trust, postal saving offices and Nepal stock exchange.

There is a tremendous growth in the number of financial institution in Nepal in the last two decades. At the beginning of the 1980s when financial sector was not liberalized, there were only two commercial banks, and two development banks performing banking activities in Nepal. There were no micro-credit development banks, finance companies, cooperatives and NGOs with limited banking transactions. After the liberalization of the financial sector, financial sector has made a hallmark progress both in terms of the number of financial institutions and beneficiaries of financial services. By mid-July 2007, NRB licensed bank and non-bank financial institutions totaled 170. Out of them, 26 are commercial banks, 28 development banks, 60 finance companies, 11 micro-credit development banks, 20 saving and credit co-operatives, and 47 NGOs. There were only 2 commercial banks and 1 development bank twenty-five years ago.

These have brought following changes in the environment of financial sector:

-) Expansion of financing network
-) Improvement in access to finance situation
-) Availability of competitive products with lesser cost
-) Improvement in administration of financial assets
-) Import of international expertise

-) Structural improvements in financial institutions
-) Removal of gap between mainstream and parallel economy
-) Development of professionalism
-) Improvements in capital market
-) Improvement in corporate governance mechanisms

1.2 Statement of the Problems

Commercial banks are major financial institutions, which occupy important place in the framework of every economy. Due to the lack of other specialized institutions the commercial banks have to bear more responsibilities and to act as development banks. This has been major problem in almost all under developed countries including Nepal. Nepalese commercial banks lack appropriate, well managed and formulated policies to develop customer satisfaction in competitive market. They mainly rely upon the guideline instructions of Nepal Rastra Bank. There is lack of clear view towards sound financial performance and evaluation of the commercial banks. Furthermore there are not any specific views and guidelines towards the customer service deliver by the commercial banks in Nepal.

Due to the lack of farsightedness in policy formulation i.e. hesitation to invest long-term projects, unorganized interest structure and absence of strong commitment towards its proper implementation, causes many problems to commercial banks resulting in the increment in the dissatisfaction ratio of the customers of these banks.

Mainly, this study seeks to analyze and evaluating the performance evaluation of the customer satisfaction of commercial banks taking a case of Nabil Bank Limited, Lalitpur Branch. By analyzing the errors of commercial banks, this research aims to find out proper ways that help to make proper decision.

Mainly this study will examine the following questions:

- a. What are the different types of services provides by Nabil Bank Limited, Lalitpur Branch?

- b. What are the different units and subunits that exist under Operations as well as Credit Department of the Bank?
- c. What is the current level of customer satisfaction provided by the Lalitpur Branch of Nabil Bank Limited for different services it provides?
- d. How is Nabil Bank performing as a whole?

1.3 Objectives of the Study

The MBS program has incorporated two years program with a view to develop students' skill in object-oriented business management, capable of understanding and solving real life business related problems. It provides practical exposure and helps the student to understand corporate social responsibility, develop corporate attitude and venture entrepreneurship. It helps to develop managerial skills and to generate new ideas to test for particular problems. Once the problems and underlying causes are understood the potential solutions can be generated that optimize organizational strengths, minimize the weaknesses and increase the profits.

The main objective of this research is to explain Customer Service provided Nabil Bank Limited and to analyze the level of customer satisfaction based on the Lalitpur Branch of Nabil Bank Limited as well as to evaluate the performance of Nabil Bank Limited as a whole. Following are the specific objectives of this study.

1. To identify different types of services provided by the bank, Lalitpur Branch.
2. To explain different sub units under Operations as well as Credit Department of the bank.
3. To find current level of customer satisfaction provided by the Lalitpur branch of the bank for different services it provides.
4. To evaluate the performance of Nabil Bank as a whole.

This study has been prepared with a specific objective of presenting the condition of Nabil Bank Limited and share the knowledge gained throughout the period. The thesis basically focuses on the Customer Service provided by different departments of Nabil Bank Limited, Lalitpur Branch and tries to provide a glimpse of the level of customer satisfaction of the branch.

1.4 Scopes of the Study

The study will be helpful to the students of business studies as it provides actual practical exposure of organization functioning and enable them to know how much the academic knowledge and principles are utilized in practice. As the study contains detailed analysis of the banking industry, it may be very much useful to the company itself. This helps the company to know what it is current position in the market in providing customer satisfaction. Some points as recommendations for improvement have been given on the basis of analysis of data and the observation of micro and macro environment scenario.

1.5 Limitations of the Study

Although this research is prepared with lots of effort and hard work, it has certain limitations. Arranging interviews and putting questionnaires with the customers of different types was quite difficult. Furthermore the time factor was also the major concerned problem for the research. The main focus is on the customer satisfaction of Nabil Bank, Lalitpur Branch.

- a. Sample size of this study will be all together 150 respondents are selected for participation randomly.
- b. This study is totally based on the views and responses received from regular customers of Lalitpur Branch of Nabil Bank only. The findings of the study may not be applicable for other parts of the country.
- c. In this research, most data will be primary in nature and secondary data also will be used for analyzing the overall performance of the Bank.

1.6 Organization of the Study

The study report has presented the systematic presentation of the research design, analysis, presentation, and findings of the study. It has divided into five chapters

Chapter-I: Introduction

The beginning chapter of the study is introduction, which highlighted the basic information of the research area, various problems of the study, and objectives of the study, need or significance of the study

Chapter-II: Review of Literature

The second chapter of the study assures readers that they are familiar with important research that has been carried out in similar areas by earlier scholars in related areas. It also establishes that the study as link in a chain of research that is developing and emerging knowledge about concerned field.

Chapter-III: Research Methodology

The third chapter describes the various research methods (i.e. research design, source of data, data collection techniques and types of questionnaire, data collection methods).

Chapter-IV: Presentation and Analysis of Data and Findings

The developed information has finished in required form in fourth chapter. It presented and analyzed the information (i.e. both primary as well as secondary source) by using simple analytical tools in specified form to meet the stated objectives of study.

Chapter-V: Summary, Conclusion and Recommendations

On the basis of the results from data analysis, the researcher concluded about the research work. Besides, it also gives important suggestions to the concerned organization for better improvement.

CHAPTER - II

REVIEW OF LITERATURE

2.1 Introduction

Now in this chapter the focus has been made on the review of literature relevant to the customer service and the level of customer satisfaction of the customers of Nabil Bank Limited. Every possible effort has been made to grasp knowledge and information that is available from libraries, document collection centers, other information managing bureaus, and internet and concern commercial bank. This chapter helps to take adequate feed back to broaden the information base and inputs to my study. Conceptual framework given by different authors, research scholars, etc. in this chapter is reviewed from the books research papers, annual reports, and articles etc., which are arranged into the following order.

2.2 Customer Value and Satisfaction

Modern marketing is a customer-oriented, integrated marketing and goal-oriented philosophy of business. This philosophy assumes that all the planning and operation should be customer-oriented i.e., the organization and its employees should first focus on determining customer needs and wants. In order to satisfy their needs and wants, all marketing activities (4ps or 7ps) should be coordinated in a coherent or marketing consistent way. And the marketer should try to earn profit only after the customers are satisfied. Through it is very difficult talk for the marketers, if they want long-run survival and achieve long run goal, they should follow this principle. (Philip Kotler, 2003)

A buyer is anyone, individual person and an organization, which is potentially willing and able to buy products offered by the marketers. The buyer and customer are interchangeably used. In comprehensive term, buyers or customers are people in families and other kinds of households who buy and use products and services in order to satisfy there personal needs and wants.

A buyer behavior consists of activities that the people engage in when selecting, purchasing, and using products and services so as to satisfy needs and desires. Such activities involve not only physical actions but also mental and emotional processes. Here, the main theme is that the process of effective marketing must begin with the careful evaluation of the problems faced by potential customers, because a product or service that does not provide an answer to a buyer's problem, no matter how unimportant that problem may seem to others, will not be accepted by the customers. Therefore, it is more productive to find out what customers want in a product, and then to offer them that product, rather than to present a product and hope to convince the customers that they need it.

A marketer can secure his long-term benefits only by satisfying customer needs and wants. So the key to success for a marketer is to properly analyze the value and satisfaction that a customer receives from the marketer's offer or product because a customer makes purchase the product or service only if he expects adequate benefits from the product compared to the cost he satisfies.

Here, the customer value is the benefits that a customer receives from the product. It is the difference between the total customer value and total customer cost. More specially,

Customer Value = Total Customer Value - Total Customer Cost.

Total Customer Value = Product Value + Service Value + Personnel Value + Image Value.

Total Customer Cost = Monetary Cost + Time Cost + Energy Cost + Psychological Cost.

Customer satisfaction is a customer's feeling of pleasure or disappointment regarding the performance of the product he consumes. If the product fulfills his expectations, he is said to be satisfied; but if his expectations are not fulfilled he is said to be dissatisfied or disappointed.

A satisfied customer may have the following:

1.1.1.1 A satisfied customer

- becomes loyal towards company and its products for a longer period;
- buys more when the company introduces new products;
- talks favorably about the company and its products;
- pays less than attention to competitors' advertisement and brands;
- becomes less sensitive to competitors' price and other offers;
- provides ideas to the marketer to improve the product and its offers;
- becomes less costly than the servicing of a new customer.

A marketer needs to retain not only the existing customers but should also attract the new customers because dissatisfied customers may try to shift to the competitors' products and services. This may cause a huge loss to the marketer. In order to find out the number of customers to be attracted to recover the loss due to the defection of customer, a marketer needs to rightly assess the cost of lost customers.

In order to reduce or control the defection rate of the existing customers, the marketers need to follow the following strategies:

- Identify the defection rate and its measurement criteria.
- Identify and evaluate the causes for customer defection.
- Estimate the loss of profit.
- Identify the cost of reducing defection rate.
- Give more emphasis on customer care.

The cost of lost customer is quite expensive for the company, so the company should retain not only the current customers but also should attract the new customers to check the loss due to the rejection of the customers. The cost of attracting a new customer is estimated to be five times cost of keeping a current customer happy. Therefore, the retention of the current customers is an important task for the company. The key to

customer retention is keeping the customers satisfied; otherwise, the chance of their defection becomes high.

There are basically two methods of strengthening the customer retention:

To exercise high switching barriers

It is possible by providing high quality product and service at comparatively low price, provide discounts, simplify service delivery process of the company, etc. this method is known as Quality Marketing.

Here, quality means the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs. Quality may be the best assurance of customer allegiance, marketer's strongest defense against domestic as well as foreign competition, and the only path to sustained growth and earnings. Some companies and countries award prizes to the concerned firms or companies for their best performance as the best quality practices and improvements. Quality marketing is the key to value creation and customer satisfaction. Marketers who don't learn the language of quality improvement, manufacturing, and operations will become as obsolete as buggy whips.

To deliver high customer satisfaction

Delivering high customer satisfaction is possible through developing good relationship with the customers. This method is known as relationship marketing. Through this method, a marketer may be able to be familiar with the customers, understand their behavior and know the ways to provide them better values and satisfaction.

Through relationship marketing, new customer may be developed. The starting point of relationship marketing is the prospect. The prospect is one who conceivably might buy the product or service. When the need for the company's product is raised, he becomes a prospect. When he has ability to pay and willingness to spend money for the product, he becomes a qualified prospect. Developing good relationship with the prospects, a marketer may be able to convert them into first-time customers, repeat customers, clients, advocates and partners respectively.

B) Services Provided by Nabil Bank, Lalitpur Branch

Nabil Bank, Lalitpur Branch provides different types of services to its customers. Some of importance services are as under:

A) Deposits: The major function that a bank performs is accepting deposits. Customers are paid certain interest on their deposit. Nabil Bank has offered different types of deposit products to its customers. They are as follows:

- i. Current Deposit:** In current accounts, customer may withdraw or deposit any amount of cash at least leaving the minimum balance as set by the bank from time to time. If the balance in current accounts falls below the minimum set by the bank, the bank will deduct a charge from the accounts. Deposit holder will be provided with a chequebook containing as many leaves that meet with your requirement. Individuals, profit-making business houses, international / national non-government organizations and others are benefited by current accounts. This account does not pay any interest to account holders. Normally statements are provided to customers on a periodic basis. Current accounts can be opened in Nepali Rupee and various other convertible foreign currencies.
- ii. Call Deposit:** Call deposit accounts are those accounts where customers park high-volume short-term deposits. These accounts pay interest to account holders based on the rate negotiated with the bank. Cheque books will be provided to the call account holders to withdraw cash. Call accounts can be opened in Nepali Rupee and various other convertible foreign currencies.
- iii. Time Deposit:** Time deposit accounts are meant for those individuals and corporate houses, which would like to earn interest on the fund not in use otherwise for a period of time. Time deposit accounts are opened for a fixed

period of time ranging from 2 weeks to more than a year. These accounts pay interest to account holders at the rates agreed upon with customers at the time of opening time deposits. The interest rate and initial deposit will be fixed for the period as agreed with the bank. In case time deposit holders need fund from the time deposit account prior to its maturity, they can apply for a loan pledging the time deposit certificate on which the bank will have the lien. Another way of withdrawing money from a time deposit account prior to its maturity is to have it pre-maturely liquidated, in which case the time deposit holder will pay a charge to the bank or interest rate of the time deposit will be re-structured.

Time deposit accounts can be opened in Nepali Rupee and various other convertible foreign currencies.

- iv. **Normal Saving Deposit:** Savings deposit accounts are meant for those individuals who have a habit of saving money from their earnings so that they can use it when they require. The bank allows holders to withdraw the money as and when they need it at least leaving minimum balance as set by the bank. The bank will provide them with a cheque book/ withdrawal slip for withdrawal of cash. Nabil Bank pays interest in savings accounts at a floating rate, which is fixed by the bank from time to time depending on the market situations, economy of the country and various other factors. Bank will provide statements of transactions on a periodic basis. This account can be opened Nepali Rupee and various other convertible foreign currencies.
- v. **Nabil Bachat:** Besides regular deposit products Current, Savings and Fixed deposits account, Nabil Bank offers special deposit schemes like "**Nabil Bachat**". The account holders of NabilBachat enjoy higher interest rates and avail other banking services like Debit Card, Any Branch Banking Service (ABBS), and Internet banking service "NabilNet", purchase or issuance of Travelers Cheques etc. for free. That is not all; The NabilBachat Holders can be proud

winners of cash lucky draws of up to Rs 1 Lakh a month and a gorgeous 'Echo' car a year.

- vi. Provident Fund:** It is one of the retirement fund schemes provided by Nabil Bank. As the name suggests, this account is used for keeping provident funds of employees of corporate accounts. Certain interest is paid in this account.

- vii. Retirement Fund:** Nabil Bank Limited Retirement Fund (NBLRF) with the approval of Nepal Government, Department of Inland Revenue and Nepal Rastra Bank, has been managing and operating Retirement Fund of its own employees and the employees of Nabil bank's corporate customers. The Fund is an independent trust in accordance with the provision of Income Tax Act 2058 of Nepal, which is managed by a separate board and management team.

B) Personal Lending: Nabil Bank is committed to provide its customers the highest standards of services when it comes to the personal financial needs of the customers. "Nabil Housing" meets the customer's needs of purchasing or renovating their dream house. "Nabil Auto" provides financing to purchase vehicles. Furthermore, "Nabil Properties" enables the customers to borrow from the bank for any of their financial needs by mortgaging their idle property.

C). Cards Products: Nabil Bank is a pioneer in introducing credit cards in Nepal. Nabil has been a principal member of Visa and MasterCard International since early 1990s. Nabil Bank is proud to be the bank having widest range of services in cards, which includes acquiring of all kinds of cards under Visa and MasterCard brands. The bank has also acquired Diners Cards being a sole agent for the country and has an arrangement of POS sharing with American Express Cards. Nabil is supported by the 'state of the art technology' to provide online services, issues credit and debit cards under the brands of both Visa and MasterCard to the account holders as well as non-account holders.

Nabil Visa Local (Credit Card) and **Nabil Master Card Local** (Credit Card) are accepted in over 150,000 outlets and 15,000 ATM's in Nepal and India. **Nabil Visa Electron (Debit Card)** on the other hand, is accepted in over 100,000 electronic terminals merchants and 15,000 ATM's in Nepal and India can be availed and used without any hassle of limits, interest, late payment fees and other penalties. **Nabil Prepaid & Nabil Kool Cash** are prepaid cards, as widely accepted as Nabil Visa Electron Debit Cards, and can be availed instantly without even having account in the bank.

Nabil also offers International Cards like **Nabil Master Card International (Regular)**, **Nabil MasterCard International (Travel Quota)** that are accepted worldwide in millions of outlets and ATM's. These cards are becoming exceptionally convenient while traveling to the countries other than India where transactions through cards are lot more preferred than cash and travelers cheques.

D) Nabil Net: Through Nabil's Internet Banking facility "NabilNet", Customers can bring the bank right to their homes and offices. Customers, ranging from individuals, INGO's, development agencies, and corporate houses, can avail of a host of services like transferring funds, viewing account balances, downloading and printing account statements, inquiring status of issued cheques etc. from their own personal computers.

E) ATM's: Nabil has a network of 13 ATMs in the Kathmandu valley and outside in locations like Biratnagar, Butwol, Dharan and Pokhara. The ATMs provides 24 hours service to its customers throughout the year. Nabil ATMs also accept credit and debit card products of Visa MasterCard.

F) Any Branch Banking Service (ABBS): Nabil bank performs its banking operations using world-renowned software produced by INFOSYS India "FINACLE". All its points of representation are linked through VSAT and other latest communication means. As a result, the customers can enjoy true freedom of anywhere banking anytime with instant

fund transfers across the cities, collection of cheques, deposit of funds, instant access to account statements and other exclusive banking services.

G). Meaning of remittance

Remittances are the portion of earned income that migrant workers choose to send to the families they have left behind. Migrant workers may move to different regions in their own countries, or leave their countries of origin completely in order to earn more income. Over the past few years, remittances have begun to receive a great deal of attention, though people have been sending remittances for centuries. There are several reasons why remittances are receiving so much attention now: (1) they are becoming progressively easier to track and record; (2) it is cheaper and safer to send remittances now, so people do not fear sending remittances through official channels; (3) remittances are a large source of income for many nations around the world. For instance, in 1997, remittances accounted for 15.86% of Jamaica's national income (Amuedo-dorantes & Pozo, 2004); (4) because of the expanding size of remittances, many policy makers and government officials desire to know how to use this income to develop their nations. It is very difficult to ascertain the actual growth rate of remittances for most nations. The data available shows there has been a massive boom in remittance flows in the last two decades; however, these numbers could be misleading. Perhaps this giant increase in the figures simply means that migrants and remittance recipients are using official legal channels and reporting their transfers more than before. Haiti is an excellent example of this "growth." Over the past twenty years, remittances to Haiti seemed to have multiplied by a factor of 8. However, this growth in income is hard to sustain unless the number of Haiti migrants have also multiplied by that much. Large remittances may point to a greater willingness of remitters and recipients to report or to send and receive the income through official channels. Though it is impossible to know the true growth of remittances, there is no doubt that remittances are flowing regularly and making a great impact on the recipient nations.

Remittance products

A) SWIFT Transfer

Through the SWIFT transfer mechanism, we can transfer your fund to virtually anywhere in the world. Likewise we can receive the fund for your account with us from virtually any bank in the world. SWIFT stands for Society for Worldwide Interbank Financial Telecommunication System, which is a reliable communication network speeding up fund transfer and other financial messages. You do not need to have an account with Nabil bank for fund transfer through SWIFT.

B) Western Union

It is one of the fastest and convenient means of transferring money within various countries of the world. Through Western Union, you can receive the fund through thousands and thousands of agents located worldwide. It is the fastest and premium fund transfer system. Once the fund is transferred at the sending end and the recipient knows MTCN (Money Transfer Control Number), sender' name, amount etc, he or she will obtain the fund at any of Nabil's Branches within the shortest possible time by filling up a form and submitting an identity. You do not need to have an account with Nabil Bank. Nabil Bank is only bank in Nepal that is a Principal Agent of Western Union International. Nabil- Western Union extends its service to the people of 32 districts through its 161 outlets. Through Western Union, one can receive the fund through thousands and thousands of agents located worldwide.

The process of Western Union:

The sender goes to the western union location anywhere in the world and deposits the money. The sender gets the money transfer control number (MTCN).The sender informs the receiver about the amount of money sent and the MTCN.

The receiver goes to the nearest western union agent location that offers money transfer service and fills an application form with a valid identity card. A person at the counter hands over the money. During my stay at remittance department I basically dealt with the customers, providing them information and helping them fill up the forms.

C) E-Remittance

Any of the Nepali workers in Qatar can send the fund to their recipient/beneficiary through E-remittance. This product has been established in a tie-up with Doha bank, Qatar to facilitate transfer of workers' funds into the country.

D) Traveler's Check

You can purchase or sell traveler's cheques at Nabil bank. Instead of carrying cash, a lot of people prefer to carry traveler's cheques for safety reason, while they travel. American Express Traveler's Cheques are available for sale.

E) Bank Draft

Nabil Bank can draw drafts on a number of its correspondent banks located all over the world.

F) Mail Transfer

When there is no SWIFT transfer or draft arrangement, you may operate for mail transfer. As the name suggests, mail transfer is slow compared to other ways of fund transfer.

G) Manager's Check

It is a cheque drawn by Nabil Bank on itself, specially used for payments made by Nabil bank. Beneficiary can send the cheque on collection or through clearing or can deposit it in his/her account with Nabil Bank itself.

H) Anywhere Branch Banking

Nabil Bank uses state-of-art technology, software and hardware to provide the best service to its customers. All the branches are connected through VSAT link or radio link, so that you can access your account from any of the branches located through out the country. All the branches of the bank serve you for deposit and withdrawal of cash, balance inquiry, statement balance certificate etc.

I) Others services provided by Nabil Bank

Card Products

Nabil Bank is a pioneer in introducing credit cards in Nepal. Nabil has been a principal member of Visa and Master Card international since early 1990. Nabil Bank is proud to be the bank having widest range of services in cards which includes acquiring all kinds of cards under Visa and Master Card brands. The bank has also acquired Diners Cards being a sole agent for the country and has an arrangement of POS sharing with American Express Cards.

Nabil Prepaid

It is prepaid card widely accepted as Nabil Visa Electron Debit Cards and can be availed without even having account in the bank.

The objectives of developing NABIL PREPAID cards are:

-) Increase interest free deposit base.
-) Increase the customer base of the bank.
-) Increase card issuance and transactional incomes.
-) Increase the revenue sources and better utilization of capability at no extra capital investment burden to the bank.

The main target customers of NABIL PREPAID cards are:

-) College going students who are modern and aspire cards but are not credit eligible and cannot afford to open account at Nabil Bank for a debit card.
-) Nepalese students studying in India who is equally modern and seeking the better way of getting the tuition fee and living expenses from the parents in comparison to cumbersome and time consuming demand draft or wire transfer etc.
-) Nepalese going to India for pleasure or business or treatment who are in search of safe and convenient tool rather than carrying cash or draft.
-) General public in search of card products but cannot afford to maintain account at Nabil Bank.
-) Urban or semi-urban people who receive regular remittance via Western Union through nabil bank and or CG Finco and see value in carrying cards than cash.

The key features of NABIL PREPAID cards are:

1. No need to open account with Nabil Bank.
2. Simple procedure to obtain the card, just need to fill up the form and provide a photograph and a copy of identity document.
3. Secured transactions due to acceptance only in electronic environment.
4. Usable at any sales outlet across Nepal and India that accepts Visa Card and has POS terminal.
5. No extra charge in using the card for purchase.
6. No charge on cash withdrawal from any of Nabil's ATMs. Cash withdrawal fee of Rs150 per transaction from non Nabil ATMs.
7. Can block the card just over telephone in the event of lost or stolen.
8. Can be surrendered any time and ask for the refund from the ranch which had issued the card.
9. Card valid for a year.
10. Facility of transferring balance from a lost or stolen or expired card to a new card.
11. Usable at any ATMs across Nepal and India that accepts Visa Card to withdraw cash.
12. Real time reloads of value from any branch of Nabil Bank.

The process of using the card:

Any individual added 16 years and above can use NABILPREPAID card. They must visit any branches or counter of Nabil Bank. An application form must be fill up with a photograph. And copy of identity document. Then they must deposit the amount of wish to load the card Rs1200 are required to prepare the card where Rs1000 is refundable deposit and Rs200 is the charge of card. Now come out within 10 minutes with a Nabil Prepaid Card in hand. Very less time is required to prepare the card. This card can be used at restaurants, hotels, department stores, clothing and foot-ware stores, travel agents for payment of goods/services and ATMs for cash withdrawal anywhere in Nepal and India.

Nabil Remit

With the help of Nabil Remit we can send, receive money from different parts of the country through the Nabil branches and Nabil agents. It is very easy and convenient method of sending and receiving money. The money can be collected within an hour it is sent. So this is one of the fastest services. There are total 30 Nabil branches are going to be established. There are total 176 Nabil agents.

Process to send money:

An application form including sender/receiver name, address, phone number, amount to be sent must be filled up. Bank provides 10 digit transaction reference Number to the customer. This number is needed to receive money. Bank charges certain commission to send money.

Process to receive money:

An application form is provided by bank which includes sender/receiver name, address, phone number, amount to be received, and the secret pin code number. This form must be filled up by the customer. The customer can receive money by filling those secret numbers and a copy of citizenship or driving license or any certificate which has government issuance.

Nabil has established remittance relationship with various correspondent banks in various countries like Qatar, Kuwait, UAE, Korea and Saudi Arabia. Any of the Nepali workers in Qatar can send the fund to their recipient / beneficiary through **E-remittance**. This product has been established in a tie-up with Doha Bank, Qatar to facilitate transfer of workers' funds into the country. For domestic network, Nabil has tied up with Speed Remit P. Ltd and is now able to deliver funds received from abroad to the customers around the country.

H) Safe Deposit lockers

Nabil offers complete safety of customer's valuables (documents, jewelry etc) through its Safe Deposit Lockers at nominal service charge. This facility is available from Kamaladi, Lalitpur, Kantipath, Maharajgunj, Pokhara and Biratnagar.

C) Policy Formulation and Implementation for Commercial Banks

-) In the process of amending the existing regulatory directives as and when require, some unclear sections of the regulations/directives were clarified, some were abolished while other was revised in FY 2002/03. These directives included the following:
 - (a) Commercial banks were allowed to open a bank branch within the Kathmandu valley after opening two branches outside the valley.
 - (b) The provision of maintaining 5.5 percent interest spread between deposits and lending rate was abolished.
 - (c) A directive was issued regarding sale of promoters share and putting it as collateral.
 - (d) Credit to the small farmers development bank limited (SFDB) will be treated as credit to the deprived sector.
 - (e) A directive was issued in relation to financial guarantee and investment in government bonds.
 - (f) Apart from the clarification relating to the investment in CIB, NRB made some revisions in some of its directives regarding banks paid-up capital, swap loan, formation of audit committee, adjustment in loan loss provisioning, various aspects of corporate governance, rescheduling and restructuring of loans and advances, etc.
-) To consolidate the different acts of commercial banks and financial institutions under an umbrella a draft of the bank and financial institutions ordinance was prepared and submitted to the ministry of finance.
-) With a view to reducing gradually the lending to priority sector by commercial banks, the following arrangement was made with effect from FY 2002/03.

While lending to priority sector will not be compulsory for the commercial banks from FY 2007/08 onwards, provision of lending to the deprived sector will be continued.

Table no: 2.1

Lending Priority Percentage to Total Loan

1.1.1.1.1 Fiscal Year	Minimum ceiling of priority sector lending as percent of total loan
2002/03	7 percent
2003/04	6 percent
2004/05	4 percent
2005/06	2 percent
2006/07	2 percent
2007/08	2 percent
2008/09	2 percent

For the enlistment of the sick industries, refinancing of Rs. 303 million was made available to 40 such industries through various commercial banks in FY 2002/03.

2.3 Review of Research Papers

Review of literature means reviewing research studies of other relevant proposition in the related area of the study so that all the past studies, their conclusions and deficiencies may be known and further research can be conducted. In order to conceptualize the issue of research of activities helps to identify the adequate relevant literatures. This sort of activities helps to identify the research problem as well as to determine the methodology for the study. It also avoids unintentional replication of previous studies.

For this study, relevant literatures have been reviewed from books, journals, magazines, published and unpublished articles and so on. Reports of previous research and dissertation works have also been reviewed during the study. Relevant literatures are also cited from related web sites. Libraries and online libraries are frequently visited for this purpose. This chapter presents an outline of the literature reviewed during the study.

There are not much articles related to Performance Evaluation on Customer Satisfaction in Nepal.

Wagle (2000) in his thesis entitled- "*A Study on Trends of Saving, Investment and Capital Formation in Nepal*" has indicated that capital fund has significant and positive relation with both deposit and loans. That means increase or decrease in capital fund increases or decreases deposits as well as loans. However the degrees of relationship were different. But relation of capital with profit was positive and insignificant. That indicated less of increase or decrease in profit is due to capital fund or capital fund is least responsible in changing profit. Banks seem to be more dependent on the deposits in the form of savings which leads to higher end use of funds and higher profits. A Bank can achieve such objectives only through optimum customer satisfaction and a broader customer base by reaching out to the masses in the rural and deprived sectors.

Dhakal (2006) in his study entitled "*A comparative study of Financial Performance of Private Sector Banks in Nepal especially of Nabil Bank Ltd. and Nepal Investment Bank Ltd.*" concludes that the Banks with a successful track and a strong capital base along with adequate reserves have helped the Banks in creating trust among the common man which has led to their growth and higher profits. Both the banks are found to be efficient in utilizing most of their total assets by minimizing their operational expenses, mobilizing resources more efficiently and extending their banking facilities to the rural areas. The trust and service that has been created through their customized banking services and reach to the major areas of Nepal has led to more people bank with them. The Banking services and satisfaction level among the customers have also been satisfactory till date.

Thapa has expressed his view that the commercial banks including foreign joint venture banks seem to be doing pretty well in mobilizing deposits likewise; loans and advances of these banks are also increasing. But compared to the high credit needs particularly by the newly emerging industries, the banks still seem to lack of adequate funds. The banks are increasing their lending to non-traditional sectors along with the traditional sectors. This

has obviously increased the customer base of the commercial banks resulting in the increase in the satisfaction level of the customers.

Mahato, in his thesis paper, "*A comparative study of the financial performance of NABIL & NIBL.*" concludes that NABIL pays more attention towards the attainment of national objective through participation in the task of economic development with liberal attitude towards the government and being more responsive to the national priorities like branch expansion more employment opportunities and more resource mobilization as well as paying more attention in the satisfaction of the customers after delivering services of different natures. So, from the point of view of customers, shareholders and government, NABIL is performing much better than NIBL. He has recommended all the commercial banks to:

-) Increase portion of equity capital in their capital structure.
-) Consider/evaluate the level of satisfaction of the customers after providing the services.
-) Control operating costs.
-) Increase liquidity as per the new regulation NRB.
-) Meet social responsibility.

At present there are 26 commercial banks including other banking and non-banking financial institutions. NBL and RBB were the first two commercial banks to be established in Nepal and continued to enjoy a duopoly until the banking industry was liberalized in the 1980s. Together, the banks dominate Nepal's banking industry. RBB and, too lesser extend NBL have reputation for poor service, un-commercial out look and politically motivated activities. Both are suggested by the KPMG/Barents reports to be technically insolvent, bad customer service resulting in the customer dissatisfaction, suffering from large incidence of bad debts and being particularly susceptible to scams. Now these two banks have been given to foreign companies in management contract.

During the mid 80s, due to the liberalization policy foreign banks attracted to come to Nepal. In 1984 Nabil bank Ltd. was established as the first joint venture bank. After the restoration of democratic constitution that was lauded as the best social-legal document in

the world. Further the economic liberalized with a view of enhancing private sector participation in various spheres. As consequence as in the most to countries, the banking sphere majority occupied by large number of joint venture banks largely dominates Nepalese financial sector.

Nepal Arab Bank Ltd. Nepal Indosues Bank Ltd.(Nepal Investment Bank), Nepal Grindlays Bank Ltd.(which now Standard Chartered Bank), Himalayan Bank Ltd., Nepal SBI Bank Ltd., Nepal Bangladesh Bank Ltd., Everest Bank Ltd., Bank of Kathmandu Ltd., Bank of Ceylon (which is now Nepal Credit and commerce Bank Ltd.) was established as joint venture bank. "Laxmi Bank Ltd. which was established as youngest private commercial bank with the investment by Nepalese investor as now made an agreement by with Hattan National Bank of Srilanka under the technical service agreement as a joint venture by taking 10-15 percent share from this bank." Other remaining Lumbini Bank Ltd, Nepal Industrial and Commercial Bank Ltd., Machhapuchhre Bank Ltd., Kumari Bank Ltd., Siddharatha Bank Ltd., Citizens Bank International, Global Bank, Prime Bank, Bank of Asia Nepal, Sunrise Bank are established as a private sector commercials bank by Nepalese investors.

Quantitatively operative commercial banks although are giving some choosing right of banking service but overall competitive environment have not been created yet. RBB and NBL which have the largest number of customers and branches have lost their faith to the public due to their service quality. Their customers are so dissatisfied that they have been constantly switching towards the newly established commercial banks to seek better service quality. In urban areas commercial banks like Standard Chartered Bank Nepal Ltd. & Nabil Bank Limited have been dominating the segment of commercial banking. "On the other hand there are some banks from other country whose domestic banking system are not properly supervised by their home country central banks. Where the institution is carrying out, in some cases are quite questionable banking activities." In regard of other Nepalese private commercial banks some of them are not far from the time to evaluate the performance of some recent organized young commercial baking's financial activities.

“A Report Study on Performance Evaluation of Chaudhary Group for customer satisfaction in instant noodle” has made remarkable efforts for evaluating Chaudhary Group on the customer satisfaction in instant noodles presented by **Dahal** for the requirement of partial fulfillment of bachelor level of T.U. examination. He focused on customer satisfaction specially noodles products produced by Chaudhary Group. Chaudhary Group produces different varieties instant noodles i.e. Wai-Wai, Gol-Mol, Mama, Rintin etc. He focused on his report, Chaudhry Group has categorized its products according to competitive brand products and this group’s products has been covered the market around 30 percent of total market. By providing different prizes and schemes to the final consumer, Chaudhary Group frequently changes its prizes and schemes according to competitive brand prizes and schemes. Recently, this company has announced that company’s products covered the market not only domestic area but also in foreign countries. (Hari Prasad Dahal, A Report Study on *Performance Evaluation of Chaudhary Group for customer satisfaction in instant noodle*, Nepal Commerce Campus, 2006)

Chaudhary Group has claimed its products produced as per the customer view, test, demand, loyalty, satisfaction etc. Customer can complain about its product through mail and web site. Recently, this company is facing the challenge from competitive brand products i.e. Rumpum, Mayoj, Rara, Shakha Laka Boom etc. but the test of Wai Wai is always flavored and tasty rather than other brand products. The company uses to furnish maximum amount for research and development of products in each year.

During the period of this report writing, Dahal has used both primary and secondary data. Primary data was collected and analyzed using the questionnaires method from Kathmandu valley final customer around 500 customers by asking different open end, closed end, alternative, yes/no, short view and tick answer related to the customer satisfaction and secondary data was collected from its head office Sanepa related to the income statement and balance sheet from FY 2001 to 2005 and those data were analyzed by using simple financial tool for finding the actual performance of the company.

Dahal focused on his report writing that customer is the king of market and product should be produced according to test and want of customer and then only company can earn profit in competitive market. Goods should be produces as per above provision and provide after sale service and lastly should response the customers feedback about the sold products.

Finanly, he recommended that the company should focus on customer test and satisfaction rather than prizes and more schemes, expand its new market area not only existing market area, expand its product line with the test and want of customer etc.

2.4 Research Gap

This thesis includes the study on the performance evaluation on the *Customer Satisfaction* of NABIL Bank Limited, a case study of Lalitpur Branch. This research is completely new and original and it should be the foundation for the future researchers to know about the CUSTOMER SATISFACTION OF NABIL BANK LIMITED. Hence the research gap could not be assessed in this thesis. For the researchers it is requested to research about the different factors influencing marketing strategy, political instability, strictly follow up of the rules and regulations as well as the implementation etc. To stay alive in present competitive market scenario, each bank has to provide extra service to its clients in modern banking system.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Introduction

During the preparation of research different methods have been used for data collection, which basically includes collection of primary data as well as secondary data to some extent. Personal interview and consultation with concerned staffs and customers are made for the reliability and practicality of the data by making different types of questions i.e. open ended, ended, yes/no, choosing the best one for the Kathmandu valley to sampling method around 150 customers. Informal group discussions with concerned staffs are also conducted in order to collect more information in such a short period of time other information required were abstracted from the official website of Nabil Bank, Nepal Rastra Bank (NRB), yearly AGM, different brochures and leaflets published from the bank, customer service department record and other different books and newspapers.

For the proper analysis of the study and the company's customer service procedures, secondary data were collected from past record of Nabil Bank Limited and for the purpose of industry analysis data were collected from banking and financial statistics published by NRB. Collected data are entered into appropriate tables for easy interpretations of the study.

Primary data is acquired through the set of questionnaire filled by the regular customers of the Lalitpur Branch of Nabil Bank Limited as well as discussion among employees. Personal experience during the period of job of the researcher is also a source of primary data. The opinion and general conception as per the researcher's observation and academic knowledge has also the instrumental role in obtaining data.

The study conducted and presented has come out to be a descriptive one. The method of gathering information was interview with different personnel associated with Nabil Bank Limited. Information is derived from the secondary data like past record of bank, its

official website, brochures etc. So the overall study can be viewed as a blend of descriptive, explanatory as well as quantitative and qualitative study.

In the earlier chapters, general background of commercial banks has been highlighted and review of literature with possible reviews of relevant books articles, thesis and research findings has also been discussed. This had equipped the researcher with the inputs necessary for study and helped to make choice of research methodology to support the study in realistic term with sound empirical analysis. "Research methodology refers to the various sequential steps to be adopted by a researcher in studying a problem with certain objectives in view." In other words, research methodology describes the methods and process applied in the entire subject of the study.

3.2 Research Design

“A research design is the arrangement of condition for collection and analysis of data that aims to combine relevance to the research with economy in procedure”. (Claire Selltiz, 1962:50)

Research design is the plan, structure and strategy of investment so as to obtain answer to research questions and to control variances. To achieve the objective of this study, descriptive and analytical research design has been used.

Some financial and statistical tools have been applied to examine to facts and descriptive techniques have been adopted to evaluate investment performance of Nabil bank.

Before conducting of research, research design makes easy to identify the problem to report writing with the help of collection, tabulation, analysis and interpretation of data.

3.3 Sources of Data

During the preparation of research different methods have been used for data collection, which includes collection of both primary and secondary data. Primary Data includes questionnaire, personal interview with the respondents and consultation with concerned staffs and customers which are made for the reliability and practicality of the data by

making different types of questions i.e. open ended, ended, yes/no, choosing the best one for the Kathmandu valley to sampling method around 150 customers.

All the secondary data obtained from various sources are compiled, processed and tabulated in the time series as per the need and objectives. Formal and informal talks with the concerned authorities of the bank were also helpful to obtain the additional information of the related problem.

Likewise, various data and information are collected from the economic journals, periodicals, bulletins, magazines and other published and unpublished reports and documents from various sources.

3.4 Populations and Sample

To fulfill the requirement of these thesis objectives, among the clients of its bank, only 150 persons are selected for primary data collection and from the secondary data only sampling method of past data will be gathered as required.

The limitation of time and unavailability of the relevant data has forced the researcher to make research on the few commercial banks (only one-Nabil Bank Limited, Lalitpur Branch), even though there are 23 commercial banks all over the country and their stocks are traded actively in the stock market.

CHAPTER-IV

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

In the earlier chapters, general background and research methodology have been highlighted along with review of relevant literature pertinent to this purpose study. Now it comes to the most important component of the study, which deals to the analysis of customer satisfaction of the Nabil Bank, Lalitpur Branch. The whole analysis is based upon the interpretation of results to find existing level of customer satisfaction of the customers of Nabil Bank Limited, Lalitpur Branch which more or less reflects the level of customer satisfaction of the entire bank. Secondly, data are analyzed for this purpose, which are abstained from financial statements and annuals reports of the concerned bank.

To achieve the mentioned objective, this chapter of the study analyses the various data of Nabil Bank. Basically primary data is collected through questionnaire whereas secondary data are collected from financial and annual reports of the Bank which will be analyzed by using simple financial and statistical tools. For clarification of presented data, it is necessary to show in different diagrams and charts.

Nabil Bank Limited, at present, is one of the market leaders of the country in Banking Industry. The bank has reached in this position after a long history. Without having its satisfied customers the bank would not have achieved this success. So this study is based on performance evaluation of Nabil Bank Limited for customer satisfaction of Lalitpur Branch.

Chapter entitled data presentation and analysis has been organized to present the data and analyze them accordingly. It is necessary for this study. It has focused on performance evaluation of Nabil Bank for customer satisfaction.

4.2 Data Presentation

With the help of review of literature and research methodology along with objectives of the study, both of primary and secondary data will be collected using different methods like questionnaire and from different reports and both of data will be applied for requirement of this thesis writing. To make this fruitfully and effectively, it is necessary to collect proper data and rightly analyze with the help of objectives of the study.

So, the primary data would be collected around 150 clients of Nabil bank in the Kathmandu of Lalitpur branch by asking listed questions and their valuable information about the customer satisfaction and service provided by Nabil bank. The customers of Lalitpur Branch who have been enjoying several facilities from the bank have been selected randomly.

Similarly, secondary data would be gathered from own bank web site and different publication of Nabil bank and Rastra bank. Both primary and secondary data will be presented in different tables, charts, diagrams and figures when required.

4.3 Data Analysis

Both collected data will be analyzed as the requirement of objective of this study. But for the fulfillment of selected topic is very tough at the side of customer satisfaction.

In this section, the collected data will be analyzed and interpreted by using simple statistical and financial tools as descriptive well as analytical studies with the help of different tables, charts, diagrams and figures. Primary and secondary data will be analyzed for the requirement of this study. In this section, both types of data will be analyzed and interpreted in separately. Secondary data and its analysis can help to the primary data analysis and plays role for research analysis about customer satisfaction of Nabil bank.

The collected primary data are categorized in four groups at the time of providing questionnaires to the clients only in Lalitpur Branch around 150 persons of customers of

its bank. The questions are basically focused to the customer satisfaction and service provided by bank to its customers. The responses of the respondents have been shown in the table hereunder:

Table 4.1
Product Consciousness

Do you enjoy any sort of facility in Nabil Bank Ltd., Lalitpur Branch?	No. of Respondents
YES	150
NO	-

The table shows that all the respondents are enjoying any one of the facilities in Lalitpur Branch of Nabil Bank Limited. This happened so as we have not included any other person in this study other than those using any one of the facilities in order to obtain exact conclusion. The information obtained from any other persons those who have not been using any facility from Nabil would never is supportive for this study.

Table 4.2
Types of Customers

Types of Customers	Number of Customers	Weight
Account Holders only	41	0.27
Cards Users	22	0.15
Borrowers	40	0.26
Remittance Users	18	0.12
Using More than one facility	29	0.20
Total	150	1

Source: Nabil Bank Limited-Survey-2010

The table shows that out of 150 respondents chosen for this study 41 of the customers have different accounts at Nabil Bank Ltd., Lalitpur Branch. 22 use cards like Debit (ATM Cards), Credit Cards and Nabil Prepaid Cards. Similarly, 40 of them are borrowers who have been using different credit facilities from Nabil Bank while 18 respondents are remittance facility users who send and receive money from several countries from every

part of the world. Out of 150, 29 respondents have been using more than one facility from Nabil which include some customers who use all the facilities as well.

Table 4.3
Types of Account

Types of Account	Number of Customers	Weight	Rank
Saving Account	12	0.29	2
Current	20	0.50	1
Fixed	8	0.19	3
Others	1	0.02	4
Total	41	1	

Source: Nabil Bank Limited

Out of 41 respondents who have account at Lalitpur Branch of Nabil Bank Limited, 12 have Saving account, 20 have current, 8 have fixed and 1 respondent have call account. Saving as well as current accounts includes some Foreign Currency accounts.

Table 4.4
Level of Customer Satisfaction

Particulars	Satisfied (No. of customers)	Not Satisfied (Number of Customers)
Interest Rate in Saving A/c	-	21
Withdrawing Limit	33	8
Frequency of withdrawal	41	-
Other Services	26	15

Source: Opinion Survey, 2010

The above table shows that almost all the saving account customers are not satisfied with the interest rate that Nabil Bank Limited is offering to them in Saving Account. But majority of Account Holders are satisfied with the withdrawing limit and frequency of withdrawal. Moreover they are satisfied with the behavior of the employees. As per the respondents, they have chosen Nabil Bank Limited to bank because of its reputation, behavior of employees and a wide range of services it provides to the customers.

Table 4.5
Cards Facility

Types of Cards	Number of Customers	Weight	Rank
Debit Card (ATM Card)	10	0.37	1
Credit Cards	6	0.22	3
Prepaid Cards	7	0.26	2
Using more than one Card	4	0.15	4
Total	27	1	

Source: Opinion Survey, 2010

The above table shows that majority of the card users are using Debit Cards. As already explained above, ATM (Debit) Cards are used by the customers who have account with Nabil Bank. Similarly 6 persons are using Credit Cards who have been availing it on the basis of their credit worthiness. Prepaid cards are generally being used by the students who go to India for study purpose. There are some customers who are using more than one card.

Table 4.6
Level of Satisfaction (Card Users)

Types of Cards	Satisfied (No. of customers)	Not Satisfied (Number of Customers)
Debit (ATM Cards)	7	3
Credit Cards	5	1
Prepaid Cards	6	1
Using more than one Card	3	1

Source: Opinion Survey, 2010

Out of the respondents most of the cards users are satisfied from the card service provided Nabil Bank Limited. Only few of them complained about the ATM machines which go out of order suddenly. Some suggested adding the outlet of ATM throughout

the nation. From personal interview the researcher came to know that Credit Card users are more satisfied as they get some credit limit for using a certain sum of money for certain period of time.

Table 4.7
Borrowers

Types of Borrowers	Number	Weight	Rank
Auto Loan	23	0.47	1
Housing Loan	11	0.23	2
Overdraft	5	0.10	4
Education Loan	6	0.12	3
Other Credit Facility	4	0.08	5
Total	49	1	

Source: Opinion Survey, 2010

The above table reveals that of the total credit facility users of the Bank Auto loan borrowers are higher in number than other. The number of credit facility users who have borrowed Housing Loan lies second to Auto Loan borrowers. Then there are borrowers of Education loan, Overdraft and other credit facilities provided by the bank. The trend of number of users of the three latter credit facilities is similar in nature.

Table 4.8
Level of Satisfaction (Borrowers)

Types of Cards	Satisfied (No. of customers)	Not Satisfied (Number of Customers)
Auto Loan	13	10
Housing Loan	9	2
Overdraft	4	1
Education Loan	4	2
Other Credit Facility	3	1
Total	33	16

Source: Opinion Survey, 2010

The table shows that the satisfied customers (Borrowers) of Nabil Bank Ltd, Lalitpur Branch are more in comparison to that of not satisfied customers. 10 out of 23 Auto Loan customers are dissatisfied customers. This happened so due to recent increment in interest rate on Auto Loans by the Bank. The tendency of satisfaction of other borrowers seems to be more positive as the Bank provides competitive interest rates as well as follows easy procedure for advancing the loan.

Table 4.9
Remittance Facility users

Remittance Type	Number of Customers	Weight	Rank
Western Union Money Transfer	10	0.29	2
Nabil Remit.	8	0.23	3
SWIFT (Electronic Transfer)	12	0.34	1
E-Remit. & Others	5	0.14	4
Total	35	1	

Source: Opinion Survey, 2010

The above data shows that the remittance facility users prefer SWIFT (Electronic Transfer) more than any other remittance facilities. Maximum customer use Western Union Money Transfer facility as well. For internal (with in the country) transfer of fund, customers use Nabil Remit. Whereas they use E-remit as well as other mediums of the remittance for transferring money from other countries.

Table 4.10
Level of Satisfaction (Remittance Facility users)

Factors	Satisfied Customers	Unsatisfied Customers
Time for collecting money	28	7
Service	25	10
Behaviour of Employees	30	5

Source: Opinion Survey, 2010

The remittance customers are almost satisfied from the Bank while enjoying Remittance facility. As the bank has a separate counter for Remittance, it does not take more time for providing money to the beneficiary. Similarly, the quality of service also is better as there

is the provision of separate counter and staff for this purpose. The respondents found the behaviour of the employees quite good and are satisfied towards it to the greater extent.

Table 4.11
Extra Facilities

Particulars	No. of customers
Expect new facilities	48
Already have enough facilities	102

Source: Opinion Survey, 2010

The above data shows that majority of the customers are satisfied with the facilities provided by Lalitpur Branch of Nabil Bank Limited as the bank already provides all the facilities that all other banks are providing. However some of the customers suggested to add a separate customer service desk for solving their inquiries. Presently the same is merged with Account Opening Department. Similarly, some suggested adding Business Loan facility from the branch which is presently provided only by Kantipath Branch of Nabil Bank Limited.

Table 4.12
Account in other banks.

Name of Bank	No. of Respondents	Weight	Rank
SCBNL	25	0.26	2
EBL	18	0.18	3
HBL	13	0.13	4
NIBL	31	0.32	1
Others	11	0.11	5
Total	98	1	

Source: Opinion Survey, 2010

The above table shows that the customers who have been using several facilities in Nabil Bank Limited, Lalitpur Branch are even enjoying other facilities in many other banks. Most of the customers are enjoying facilities at Nepal Investment Bank Limited (NIBL). 25 customers are using facilities at Standard Chartered Bank Nepal Limited followed by

Everest Bank Limited, Himalayan Bank Limited and other commercial banks and financial institutions.

Table 4.13
Service Quality-a comparison

Particulars	No. of Respondents	Weight	Rank
Nabil is Better	66	0.44	1
The other banks or financial institutions are better	33	0.22	3
Almost same	51	0.34	2
Total	150	1	

Source: Opinion Survey, 2010

The above table shows that the service provided by Nabil Bank Limited is better than other banks and financial institutions. This happens so as Nabil Bank provides a wide variety of services in every field. The quality of service it provides is also better than others. The most important thing is that Nabil Bank Limited has a number of branches all over the nation and customer of Lalitpur Branch can enjoy the facility in any branch throughout the nation easily due to ABBS facility of the Bank. Almost 34% of the respondents said that the service provided by the financial institutions nowadays is almost same. Remaining respondents chose other banks and financial institutions as better ones.

Overall Analysis of the Primary Data

Above primary data collection is related to customer satisfaction provided by Lalitpur Branch of Nabil Bank limited. The questionnaire is categorized in five groups. They are account holders, card holders, borrowers, customer who use remittance facility and for all subject matters. To analyze the primary data at the side of researcher is really a very difficult task. However the researcher had tried the best to gather information such that the exact result could be derived.

Out of 150 respondents 41 are the different account holders, 22 Cards Holders 40 are borrowers, 18 Remittance Users and remaining 29 are those who use more than one facilities from Nabil Bank Limited, Lalitpur Branch. Comparatively, about 50 % customers have current account, 29 % customer have saving account 19% customers have fixed account in this bank and 2% have other accounts. So, we can say that more customers have chosen Nabil Bank Limited to execute their day to day transaction from their current account at the Bank as Nabil Bank Limited have more service outlets and provides swift service. Such customers are related to the any institution or company. Normally, in current account, there is no limit of drawing amount and has no frequency bar. However no interest is paid to such accounts. Such customers are highly satisfied from the bank in terms of withdrawing limit, frequency of withdrawal, service provided by the employee.

About 29% of saving account holders have account in Nabil and 19% have fixed deposit account. They get interest in return from these accounts. But almost all the customers who have interest bearing account are not satisfied with the interest rate the Bank offers in Saving and Fixed deposit account. It is the lowest in the industry. Due to competition in the market between other financial institutions the interest rates have gone as high as 5% on daily balance basis. But Nabil Bank provides 2% to 4% on monthly minimum balance and upto 4% in fixed deposit account.

Most of account holders live around the city of lalitpur and their view about choosing this bank out of different finance/ bank is not a big reason only location and service facilities provided by private sector.

Nabil Bank limited provides Debit (ATM) card facility as well as several credit card facilities to its customers. Out of 150 respondents 27 card holders provide us their response. Out of 27, 10 are using Debit (ATM) Card. Debit cards are provided to those account holders who have bank account with Nabil Bank. Immediately after the customers use their account, the balance in the account decreases. Such cards can be used

in different shops, departmental stores etc. to purchase goods as well. Nabil Bank Limited alone have 31 ATM outlets throughout the country. Customers can withdraw the amount from these outlets free of cost. Similarly, such cards can be use in SCT ATM outlets which charges Rs. 25 per transaction. Almost all the commercial banks of Nepal are the members of SCT. As such cards are VISA Debit cards, these are accepted in more than 10,000 ATM outlets in India too.

Similarly 6 customers out of 27 are credit card users. Credit cards are provided to those customer who have constant source of income. It is provided evaluating the repayment capability of the customers based on their creditworthiness. Credit card holders must not have account at Nabil Bank. Certain limit is provided in their card out of which the customers can withdraw 50% of total limit as cash but they can utilize full amount by purchasing goods. A total of 45 days is provided as repayment period. If the time crosses 45 days, the customers have to pay an interest of 2.25% on daily basis. Such cards can be of VISA or MasterCard and can be in NPR or USD.

In the same way, 7 out of 27 use Nabil Prepaid Card and 4 use more than one cards from Nabil Bank Ltd, Lalitpur Branch. Nabil Prepaid Card holders do not have to open an account. They simply deposit cash in the card account which is obtained from the bank after paying Rs. 150 per card. The customers can deposit the amount in the card by paying Rs. 50 per deposit. Such cards can be used from all the ATM outlets from Nepal and India where VISA cards are accepted. Withdrawing from Nabil does not charge any amount, Rs. 25 per transaction from SCT network and Rs. 125 from any other banks in Nepal and India.

Out of all these cards holders, more than 75% of the customers are satisfied from the card service of Nabil Bank Limited. Few complained on the distance of ATM outlets, and some complained on the service of the machine which goes out of order suddenly sometimes.

From the view of different type of borrowers of Nabil Bank, 47% borrowers are enjoying Auto Finance facility from Lalitpur Branch, 23% are availing Housing Finance facility, 10% Overdraft facility, 12% Education Loan and remaining 8% are availing other credit facilities. Such borrowers have chosen Nabil Bank Limited for borrowing loan due to quick and prompt service and lower interest in such personal loans in comparison to other banks in the industry. So far the level of satisfaction of such borrowers is concerned, almost 67% of the borrowers are satisfied from the overall aspects (terms of loan, service of bank, behavior of employees) of the loan of Nabil Bank Limited, Lalitpur Branch. But still more than 40% of Auto Loan Borrowers are not satisfied from the bank in terms of interest rate as the Bank recently made an increment in the interest rate of Auto Loans. Some of the borrowers have even suggested the bank to reduce service charge while advancing loan which amount to 1% of Loan amount.

Out of 150 respondents, 35 were remittance facility users who have been enjoying several remittance facilities from the bank. 29% clients take facilities through Western Union Money Transfer, 23% clients take facilities through Nabil-Remit, 34% clients take facilities through electronic transfer (Swift), and 14% clients take facilities through E-remittance and others remittance facilities. The branches of Western Union Money Transfer are spread all over the world in a remarkable number. So sending money through this medium is considered easy and fast. However out of 35 remittance users major portion is covered by Electronic transfer. Nabil Bank Limited being the oldest of all commercial banks already have chain relation with different international banks. So sending money directly in the account of the customers have become very popular. Most of the remittance users of the bank are satisfied with all the aspects of the bank. As the bank has a separate counter for Remittance, it does not take more time for providing money to the beneficiary. Similarly, the quality of service also is better as there is the provision of separate counter and staff for this purpose. The respondents found the behaviour of the employees quite good and are satisfied towards it to the greater extent.

As the respondents were asked for the possibilities of adding extra facilities in the questionnaire. Most of them responded that Nabil Bank Limited is already providing a

wide ranges of services. So there is no need to add any more. But some of the respondents suggested adding facilities like Business Loan, a separate customer service desk etc. in Lalitpur Branch.

A company that seeks to satisfy the customer by providing them value for what they take and the quality they expect will get more repeat business, referral business and reduce complaints and service expenses. Some top banking institutions not only provide quality service but they also give extra service to make their customers feel important and valued. So does Nabil Bank Limited.

Similarly, while collecting primary data, we came to know that 98 out of 150 respondents have bank account in some other banks and financial institutions. Majority of customers have accounts/are availing any sorts of facilities from Nepal Investment Bank Limited, then at Standard Chartered Bank Nepal Limited and many other banks and financial institutions as well. This shows that customers do have alternative banks/financial institutions to transact their transactions.

We have conducted a comparative study on the service provided by Nabil Bank Ltd. in comparison with other banks and financial institution. Majority of customers (44%) are satisfied with the service provided by Nabil Bank Limited. 34% of them responded that the service provided by Nabil Bank and other banks and financial institution is almost same while remaining 22% liked the service quality of other banks and financial institutions.

4.4 Analysis of Secondary Data of Nabil Bank as a whole:

This research also tries to study the secondary data of the Bank as a whole. Nabil Bank Ltd., Lalitpur Branch contributes almost 10% on all the aspect expect Personal Loans (Auto, Housing, Education etc.) which contributes about 90% in the country wide exposure. The following data obtained from the Annual report and other financial reports of Nabil Bank Limited shall be used to measure the effects of customer satisfaction on the Bank's entire portfolio. As the bank's clientele base is strong, the success and failure

of the Bank, increase and decrease of Deposit, Loan, Profit etc. are directly affected by the satisfaction of the customer. Hence the following data, to some extent, help us to know the performance evaluation of Nabil Bank Limited with respect to level of customer satisfaction.

Table 4.14
Net Interest Income to Net Interest Expenses Ratio

(in Million)

	2004/05	2005/06	2006/07	2007/08	2008/09
Net Interest Income	1049	1310	1587	1979	2798
Net Interest Expense	244	357	556	759	1153
Difference	805	1057	1031	1220	1645

Source: Nabil Bank Limited, Annual Report

Figure 4.1
Net Interest Income to Net Interest Expenses Ratio

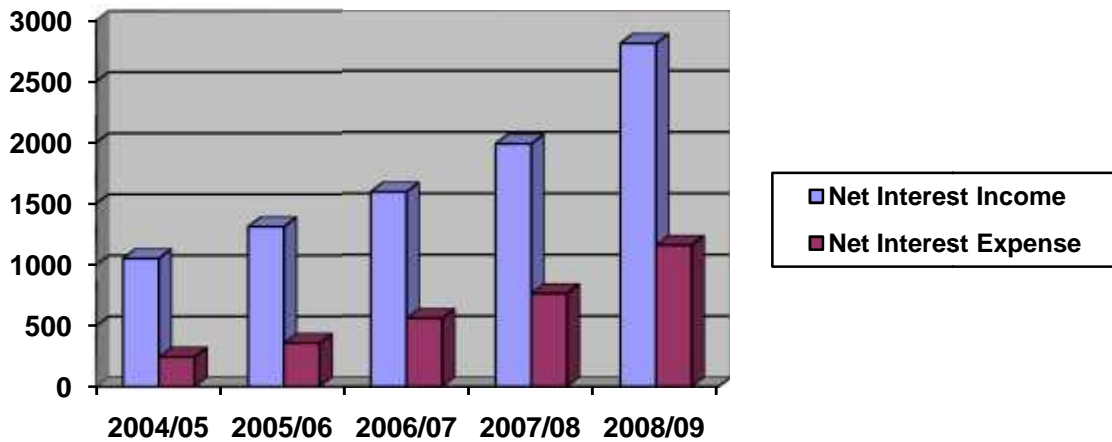
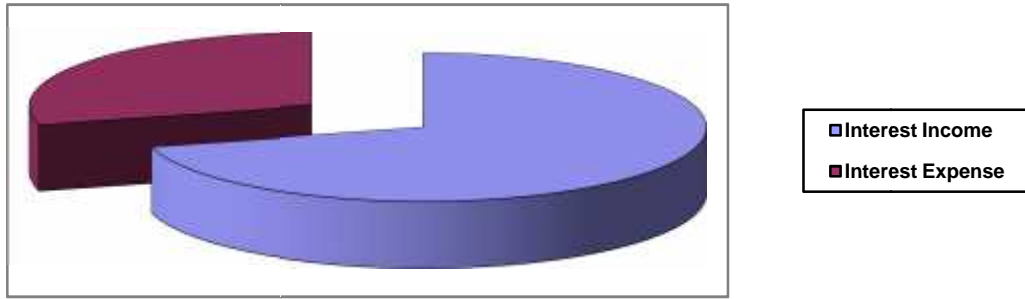


Figure 4.2
Total Interest Income to Total Interest Expenses



From the above table and figure clearly show net income and expenditure related to interest. Obviously net interest income is greater than net interest expenses throughout the study period. The tendency is increasing in the side of net interest income but at the side of net interest expense interest expenses is decreasing till 2004/05 from the beginning of the study period and rest two years is increased. Bank pays less rate of interest of deposit and more rate of interest charged by bank from lenders.

Generally bank provides less interest to its depositors and invests by charging more interest to different. The difference amount will be the income of the bank. The trends of difference amount between net interest income and similar type of expenses is increasing which reflects the good condition of this bank. From that pie chart of FY 2006/07 shows that total interest income and expenses of Nabil bank is 66% and 44% respectively. Obviously, any bank receives more interest than it provides interest expense to its customers. The above table and graphs reflect the level of customer satisfaction of Nabil Bank Limited. The more interest Bank earns, the more satisfied are the customers (borrowers). Similarly, the interest expenses have also increased which shows the increasing number of account holders every year.

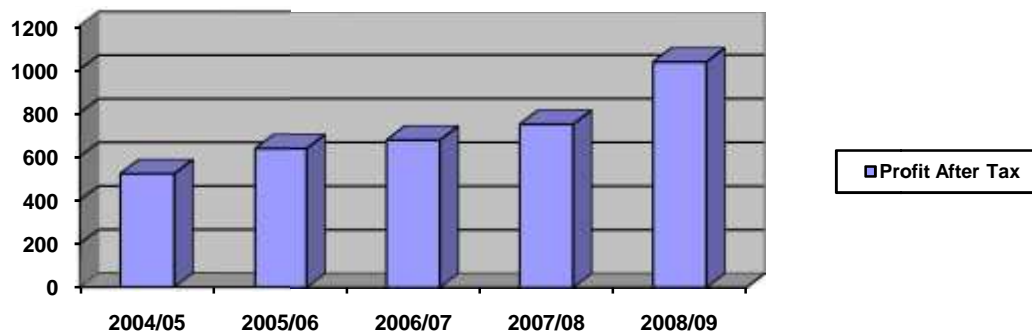
Table 4.15
Return on Shareholders Fund

(in Million)

	2004/05	2005/06	2006/07	2007/08	2008/09
Profit After Tax	520.10	635.30	674.00	746.47	1031.05

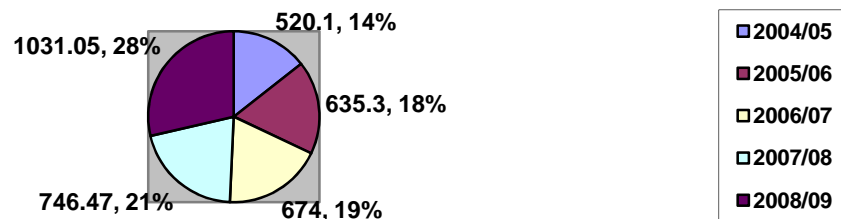
Source: Nabil Bank, Annual Report

Figure 4.3
Return on Shareholders Fund



The above table and figure clearly shows the increasing trend of Profit after Tax of Nabil Bank Limited which is the result of satisfied customers of the banks. The Profit after tax of NPR 674 Million is the second highest profit in the banking industry.

Figure 4.4
Profit after tax



The above pie chart shows that the Profit after tax is on an increasing trend. This reflects the well satisfied customer base of the Bank throughout the study period.

Table 4.16

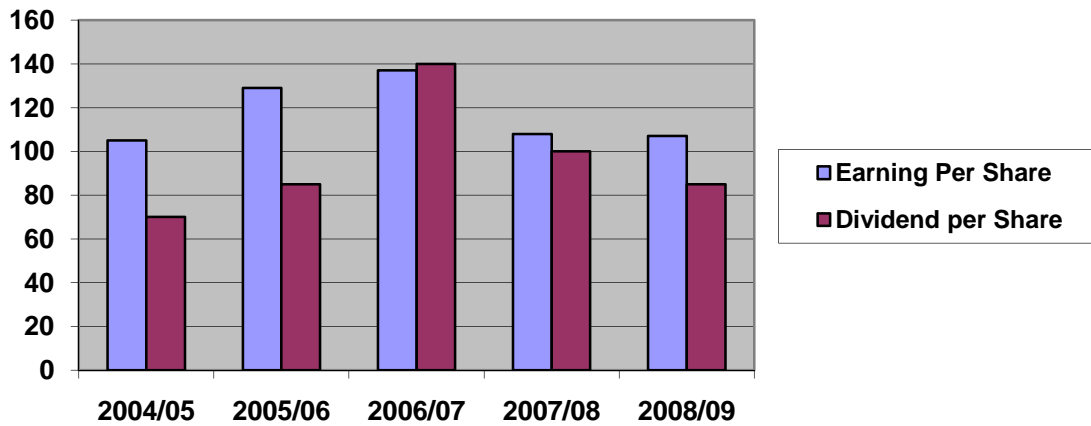
Ratio of Earning and Dividend per Share

	2004/05	2005/06	2006/07	2007/08	2008/09
Earning per Share	105	129	137	108	107
Dividend per Share	70	85	140	100	85

Source: Nabil Bank Annual Report

Figure 4.5

Ratio of Earning and Dividend per Share



From the above table and figure is related earning per share and dividend per share from FY 2002/03 to 2006/07 of Nabil bank. Each organization pays dividend from its earning therefore earning per share is always greater than dividend per share. We can find EPS and DPS amount of net income divided by number of share outstanding. The tendency of both EPS and DPS is increasing till the study period. The lowest EPS and DPS is 55 and 30 of FY 2002/03 respectively. Similarly the highest of both is in FY 2006/07 which is 129 and 85 Rupees respectively in EPS and DPS. Company can provide dividend to its shareholders from the amount of net profit each year if happened. The trend of both measures was seemed improving tendency or better condition through out the study period which obviously reflects better performance of the Bank and higher satisfaction level of the customer.

Figure 4.6
Earning Per Share

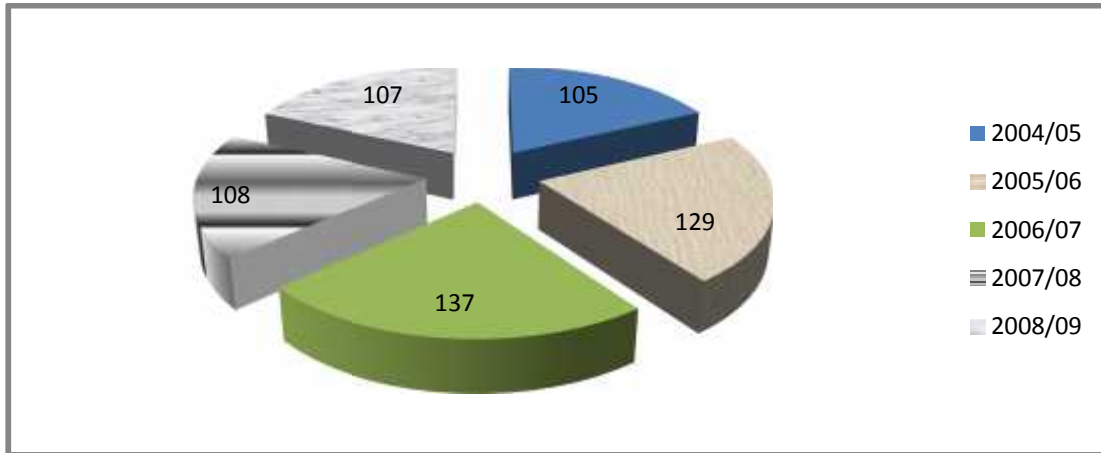
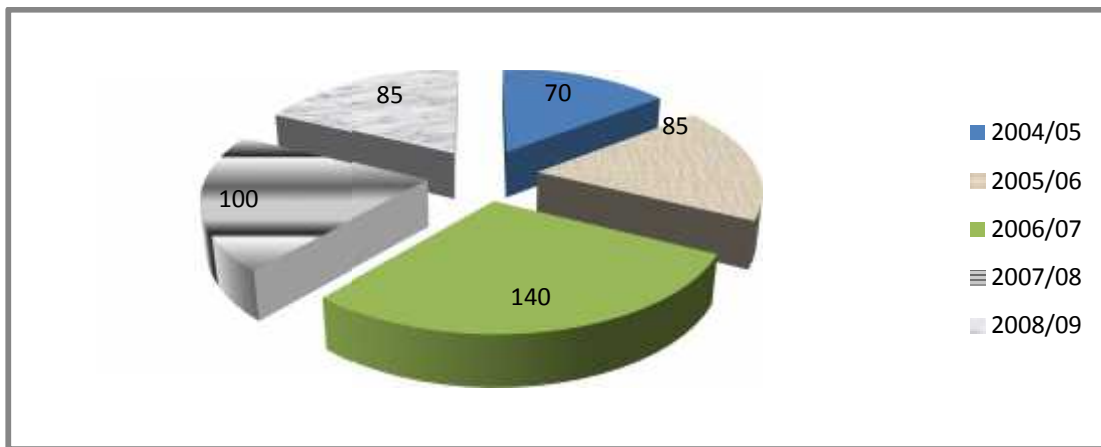


Figure 4.7
Dividend Per Share



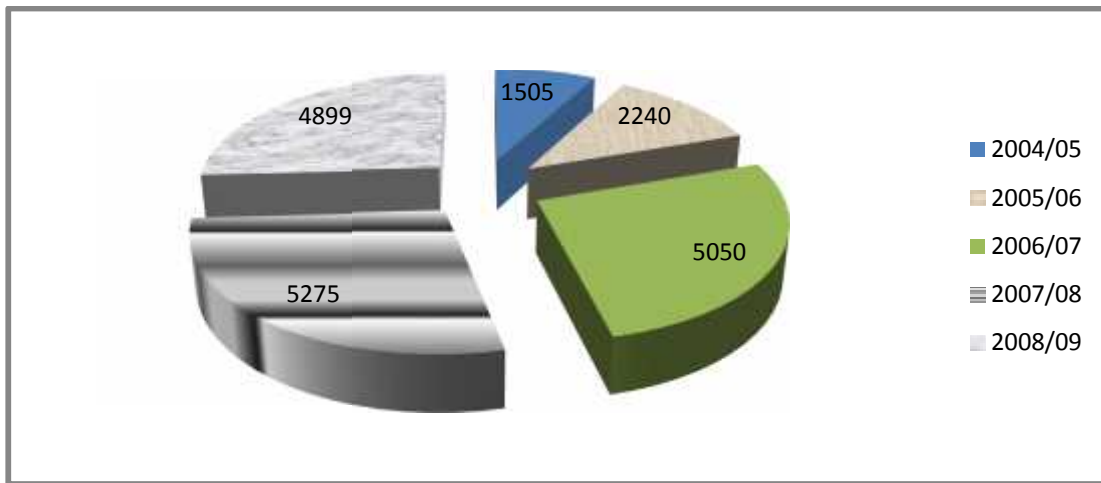
From the both pie chart of earning per share (EPS) and dividend per share (DPS) of different five years, it clearly reflects that EPS and DPS are both on an increasing trend which says that not only the customers of the bank but also all the stakeholders are satisfied

Table 4.17
Earning, Dividend and Market Price per Share
(In Rupees)

	2004/05	2005/06	2006/07	2007/08	2008/09
Earning per Share	105	129	137	108	107
Dividend per Share	70	85	140	100	85
Market Price per Share	1505	2240	5050	5275	4899

Source: Nabil Bank, Annual reports.

Figure 4.8
Market Price Per Share



From the above table and figure is related earning per share and dividend per share from FY 2002/03 to 2006/07 of Nabil bank. Each organization pays dividend from its earning therefore earning per share is always greater than dividend per share. We can find EPS and DPS amount of net income divided by number of share outstanding. The tendency of both EPS and DPS is increasing till the study period. The lowest EPS and DPS is 85 and 50 of FY 2002/03 respectively. Similarly the highest of both is in FY 2006/07 which is 137 and 140 Rupees respectively in EPS and DPS. Company can provide dividend to its shareholders from the amount of net profit each year if any. The trend of both measures was seemed improving tendency or better condition through out the study period.

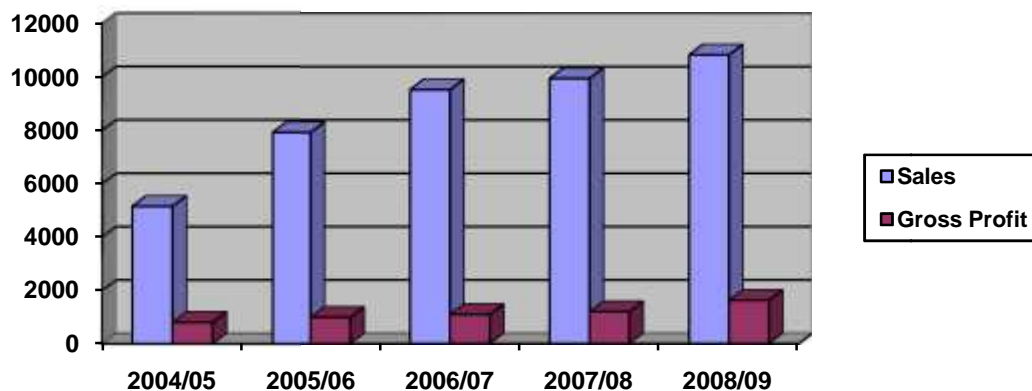
Similarly, the trend of market price per share (MPS) was also increasing through out the study period. It is determined as the financial condition of company and market of stock exchange. Those amounts were determined average amount of each year transaction. The position of MPS of this bank is second after standard Chartered bank in this year among the commercial bank. In FY 2006/07, MPS of Nabil Bank Limited has 5050 Rupees and Standard Chartered Bank has 6100 Rupees. The face value is only 100Rupees.

Table 4.18
Gross Profit Margin

	2004/05	2005/06	2006/07	2007/08	2008/09
Sales	5146.90	7915.60	9519.80	9939.80	10826.40
Gross Profit	805.10	987.80	1094.60	1197.90	1626.50
Ratio	15.64%	12.48%	11.50%	12.05%	15.02%

Source: Nabil Bank and computation

Figure 4.9
Gross Profit Margin



From the above table and figure related to the sales (total investment) and gross profit of Nabil bank recent five years and its ratio clearly shows that gross profit of it bank is increasing tendency except FY 2004/05 but the percentage or gross profit margin is up and down condition till the study period. The maximum share of gross profit margin is in FY 2004/05 i.e. 15.68% and the minimum margin is in FY 2002/03. That percentage is

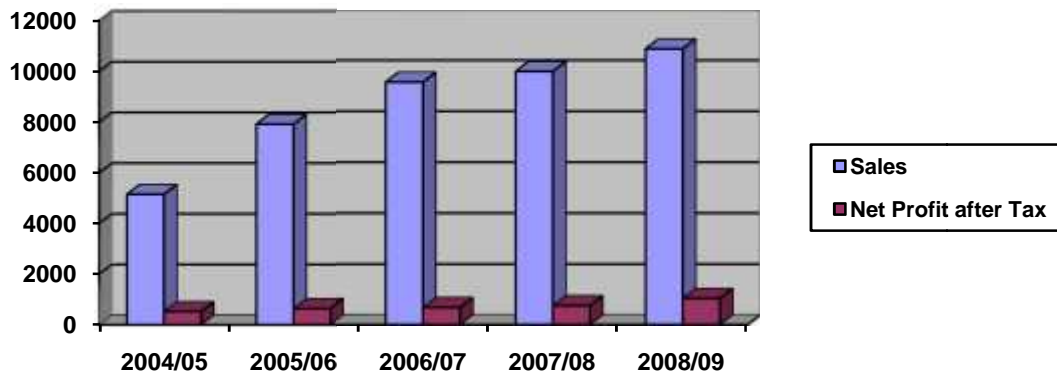
directly related the volume of sale and gross profit of different years. Higher % is preferable at the side of company. Alternatively, the highest amount of Sales and gross profit is in FY 2006/07. With the information of trading a/c and profit and loss a/c or income statement of each fiscal year, we can find gross profit and total sales of any organization but in the context of bank total sales means total investment of the bank to its clients.

Table 4.19
Net Profit Margin

	2004/05	2005/06	2006/07	2007/08	2008/09
Sales	5146.90	7915.60	9519.80	9939.80	10826.40
Net Profit after Tax	520.10	635.30	674.00	746.50	1031.10
Ratio	10.10%	8.02%	7.08%	7.51%	9.52%

Source: Nabil Bank and computation

Figure 4.10
Net Profit Margin



The net profit and sales of its bank recent five years are clearly seemed that the amount of both net profit and sales are increasing tendency but the net profit margin is up and down condition through out the study period. Higher margin is favorable. The net profit of this bank of FY 2002/03 and last study period i.e. FY 2006/07 is 416.24 and 674 million respectively. The tendency of both sales and net profit is going same direction till the study period except FY 2004/05.

Table 4.20

Total Deposit to Total Loan Ratio

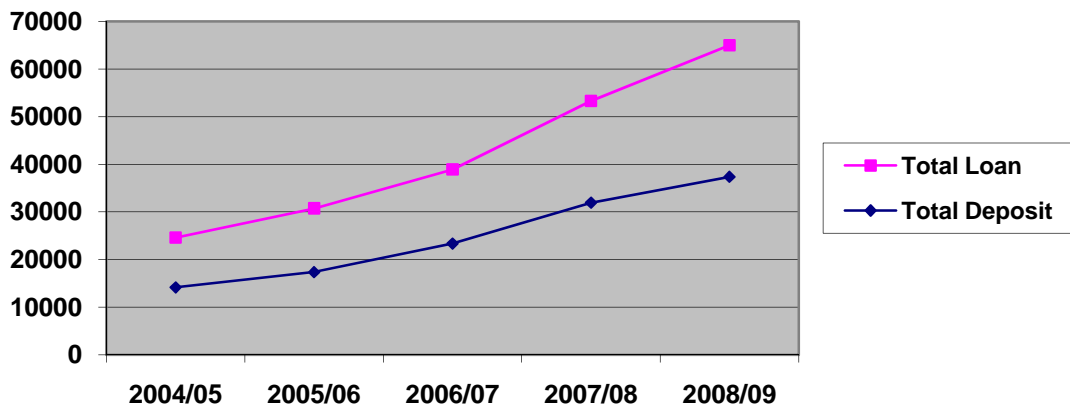
(In thousand)

	2004/05	2005/06	2006/07	2007/08	2008/09
Total Deposit	14147	17347	23342	31915	37348
Total Loan	10443	13378	15546	21365	27590
Ratio	73.82%	77.20%	66.60%	66.94%	73.87%

Source: Nabil Bank and computation

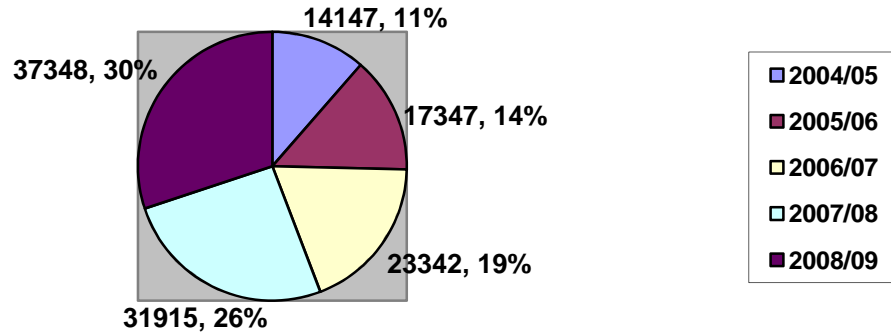
Figure 4.11

Total Deposit to Total Loan Ratio



From the above table and figure is related to total deposit and total loan provided by Nabil bank and its customers. The tendency of both total deposit received and loan provided by bank is increasing and also ratio of total deposit and loan has same result except FY 2003/04. The gape between total deposit and total loan depend the policy of Nepal Rastra Bank and commercial bank Act. Bank can collect deposit from different account and provide loan to different persons and organization in different heading which has been already mentioned in first chapter. Generally, bank provides loan to its customers through deposited amount and deposited customers can take money when needed. So, bank should hold minimum bash balance regularly at bank.

Figure 4.12



The ratio of total deposit and total loan provided by Nabil bank were 60 percent to 78 percent in different year which is shown in above chart. The maximum ratio was 78.39 percent in FY 2006/07 which is best ratio from the ratios of different year. In this year, bank did not hold more amounts in bank but financed more amounts to its customers with the comparing of last five years which can meet the provision of NRB.

Table 4.21

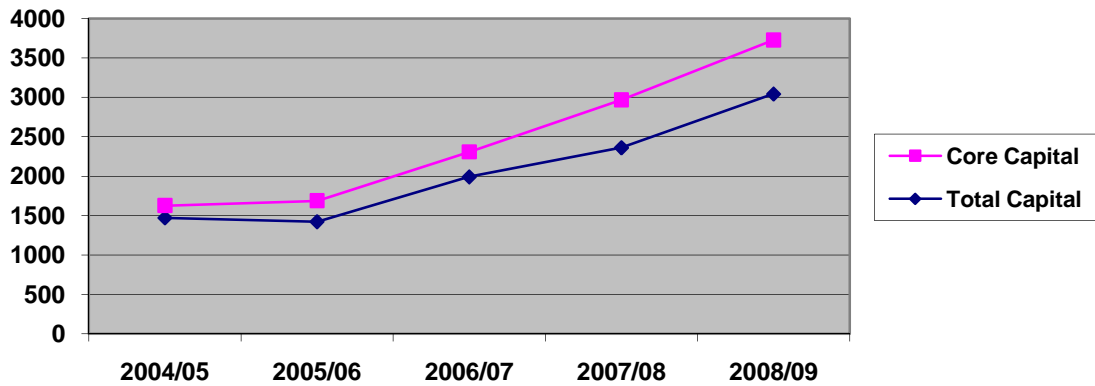
Total Capital to Core Capital Ratio

(In Million)

	2004/05	2005/06	2006/07	2007/08	2008/09
Total Capital	1471	1423	1993	2363	3044
Core Capital	156	266	315	605	683
Ratio	10.60%	18.69%	15.80%	25.60%	22.44%

Source: Nabil Bank and computation

Figure 4.13
Total Capital to Core Capital Ratio



Above the table and figure is related total capital and core capital of Nabil bank of different recent five years. The percentage of core capital to total capital was 10 percent to 19 percent through out the study period. The gape of them is depended as per the provision of NRB and its own policy. Comparatively minimum gape between total capital and core capital is not favorable. The minimum core capital is in FY 2004/05 i.e. 156 million where the maximum amount of core capital is in FY 2006/07 i.e. 315 million.

Table 4.22
Net Profit to Total Assets Ratio

In Million

	2004/05	2005/06	2006/07	2007/08	2008/09
Total Asset	16996.73	19547.70	19823.53	19547.70	19823.53
Net Profit	520.10	635.30	674.00	635.30	674.00
Ratio	3.06%	3.25%	3.40%	3.25%	3.40%

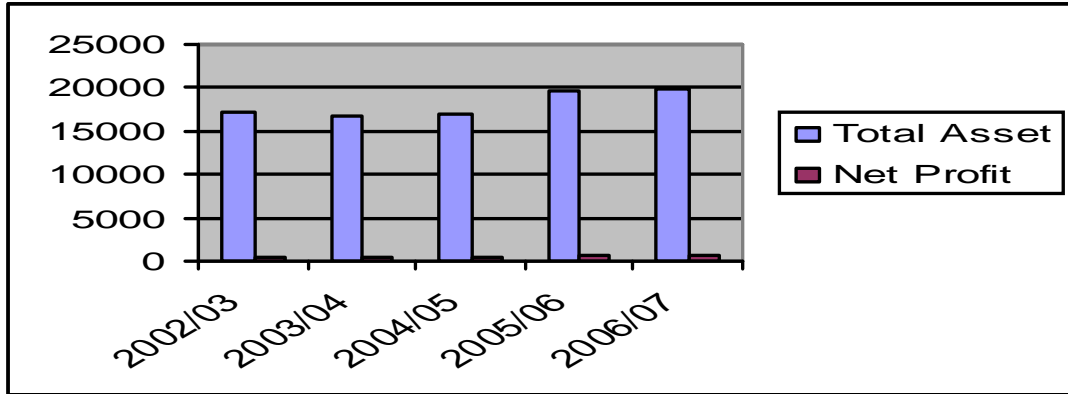
Source: Nabil Bank and computation

From the above table, it is related to total assets and net profit and the ratio of net profit to total assets of Nabil Bank of FY 2002/03 to 2006/07 which can show the relationship of total assets to net profit and higher ratio or percentage is preferable or higher ratio reflects favorable condition of business. Through this table, the ratio is increasing tendency through out the study period. The return of total assets investment is calculated by

applying this formula. Highest ratio was 3.40% in FY 2006/07 and lowest ratio was 2.43% in FY 2002/03 and highest assets and net profit were 19823.53 and 674.00 million in FY 2006/07 so more assets gave more return.

Figure 4.14

Net Profit to Total Assets Ratio



The ratio between total assets and net profit in the above figure are found that both are increasing trends except FY 2002/03 in total assets only.

Table 4.23

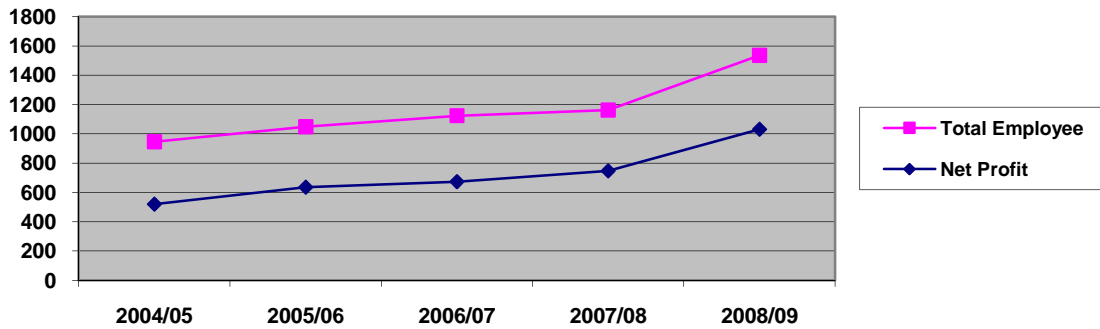
Net Profit to Total Employee Ratio

In Million

	2004/05	2005/06	2006/07	2007/08	2008/09
Net Profit	520.10	635.30	674.00	746.50	1031.10
Total Employee	426	414	450	416	505
Ratio	1.22	1.53	1.50	1.80	2.04

Source: Nabil Bank and computation

Figure 4.15
Net Profit to Total Employee Ratio



From the table and figure, it is found that the ratio of net profit to total employee that the highest ratio was in FY 2008/09 (2.04) and lowest ratio was in FY 2003/04 (1.22) which reflects earning power of each employee and higher ratio is favorable. In the context of bank scenario, more than 1 ratio reflects better condition of out put of employee. Through out the study period, the net profit is growing condition and also the numbers of employee were increasing tendency which means there is not over staffing problem but may be the lack of manpower.

Table 4.24
Indicator Index of Nabil Bank

Heading	Indicator	2004/05	2005/06	2006/07	2007/08	2008/09
Net profit/ Gross Income	%	34.33	35.32	32.16	29.68	30.56
Earning Per Share	RS.	105.49	129.21	137.08	108.31	106.76
Market Price Per Share	RS.	1505	2240	5050	5275	4899
Price Earning Time Ratio	Time	14.27	17.34	36.84	48.70	45.89
Dividend	%	70	85	140	100	85
Cash Dividend on Share	%	70	85	100	60	35
Total Employee	No.	426	414	427	416	505
Net Profit/ Total Assets	%	3.06	3.23	2.72	2.32	2.55

Source: Nabil Bank and computation

Above table is related Net Profit/ Gross Income, EPS, MPS, Price Earning Ratio, Dividend, Cash Dividend on Share, Total Employee, Net Profit/ Total Asset of Nabil

Bank from FY 2004/05 to FY 2008/09. At the side of Net Profit/ Gross Income is increasing through out the study period which is given in percentage. Greater ratio is preferable or reflects good condition of the company.

Earning per share is calculated by net profit after tax divided by number of share outstanding. From the above figure, the tendency of EPS was increasing stage till 2006/07 and same has slightly decreased in FY 2008/09. Another side MPS means market price per share which is calculated net profit after tax divided by number of share outstanding. If financial condition is well then it price will raise. The tendency of MPS in each fiscal year is increasing through out the study period except in FY 2008/09 where same has decreased slightly. It is determined in stock market. In current situation MPS of this bank is in second position among the commercial bank with the value Rs. 4899.

Price earning ratio is calculated from MPS divided by EPS and from the table we can see this ratio is increasing tendency which means this bank is preferable at the side of public. There is basically two type of dividend provided by public company i.e. cash dividend and stock dividend. The tendency of cash dividend is improving condition and also increasing trends year by year through out the study period. Last year the company provided Rs. 85 in each common stock or share. So, each shareholder could receive Rs. 85 in per share in FY 2008/09.

The branch and counter of Nabil bank is being expanded in each and every year therefore the total number of employees were increased in every year except FY 2003/04 where total employees were 426 numbers. In the present situation the total number of employees has been reached around 505 persons. The craze of employee in commercial bank has been increased now due to better job. At last from the above table, there is mentioned net profit to total asset ratio which is also increasing trends that reflects better earning condition of bank.

Net profit to total assets ratio or margin reflects the proportion of investment of total assets and net profit. Normal assumption about the investment and net profit is higher the

investment makes high profit. The tendency of this ratio is increasing which reflects the good condition of company and good returned scenario of the company. The minimum ratio of net profit to total assets was 2.43 percent in FY 2002/03 and the maximum ratio of net profit to total assets was 2.72 percent in FY 2006/07. It seems the tendency is improving condition, however it has slightly decreased in comparison to that of last FY.

The overall secondary data presented above reflect the performance of Nabil Bank Limited which seems to be quite satisfactory. The researcher has presented the above data in this study to analyze the level of customer satisfaction by using these data. The overall performance of the Bank is noted to be satisfactory which obviously is due to the satisfied customers of the bank. It is truly said that the satisfied customers are the Assets of any company/organization. The same has been reflected in this study.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENTATIONS

This chapter summarizes the major findings of the study; draws conclusion about the *Performance Evaluation and Customer Satisfaction of Nabil Bank Limited*. It provides recommendations to make valuable suggestion for the stakeholders concerned. Summary mainly focuses on the objectives, methods and findings of the study. Conclusion section attempts to synthesize the results of specific objectives. Similarly, the recommendation part consists of some fundamental recommendations to the immediate stakeholders.

The study was carried out some sequential steps of research methodology such as defining research problem, reviewing literature, and designing research, collecting data, analyzing data, interpreting data and reporting.

5.1 Summary

This research is related on the study of *Performance Evaluation and Customer Satisfaction of Nabil Bank Limited*. This thesis has been divided in five chapters with different sub-chapter. After introducing opened market policy and liberal economic policy in 2040 BS and then different financial institution were established in private. The first bank of private is Nepal Arab Bank which was converted in Nabil Bank Limited.

The practice of banking emerged in Nepal 70 years ago with the establishment of Nepal Bank Limited in 1994 BS. In its 70 years' banking history, the country has made much headway in the banking sector. There is now a wide-ranging network of financial institutions scattered across the length and breadth of the country. The financial system of the country now consists of the central bank, commercial banks, development banks, finance companies and cooperatives engaged in limited banking transactions.

For the smooth development of the country, private sector plays vital role. Two types of business mainly exist in the market i.e. product oriented and service oriented but second type of business are going increasing tendency in the current market.

Nabil Bank Limited commenced its business/ operations in 12 July 1984 as the first foreign joint venture bank in the country by given the name of Nepal Arab Bank Ltd, with the objective of extending international standard modern banking services to provide various sectors of the society.

Pursuing its core objective, Nabil Bank brought about some major changes in the Nepalese banking sector in the last two decades. From the very inception in 1984 as the first joint venture bank to commence operations in the country of Nepal, Nabil Bank has been proving itself as a leader in terms of bringing the best international standard banking practices, products and services to the country.

The mission statement of Nabil Bank is to be the bank of the first choice to all its Stakeholders; Customers, Shareholders, regulators, communities and staffs. For its customers Nabil Bank aims to be the first choice in meeting all their financial requirements, for Shareholders it aims to be the investment of choice, for Regulators it aims to be an example of a model bank, and it aims to be an outstanding corporate citizen in all the communities it work in and finally it aim to be the first choice as an employer with whom to build a career.

Today Nabil Bank is a leader in the financial sector in Nepal. With a network that has about 30 points of representation spread across the country; complimented by a network of ATMs and now NabilNet and NabilTele, the ease of access of accounts and information for its customers has never been more convenient. For this Nabil Bank is providing an entire range of products and services, starting with deposit accounts in local and foreign currency, Visa and Master Card denominated in rupees and dollars, Visa electron debit cards, personal lending products for Auto, Home and Personal loans, Trade Finance products, Treasury services and Corporate Financing.

Nabil Bank believes that the technology plays a key role in enhancing its ability to deliver service of the highest quality that benchmark with international standards. The

renowned core banking system 'Finacle' has made it possible for the bank to offer many innovative products, NabilNet, the Bank's internet banking channel offered to customers, was possible due to our IT platform. Similarly, the bank is equipped with Disaster Recovery Site, which will ensure uninterrupted business even in the event of any disaster affecting operations of its main Data Center.

Nabil has established remittance relationship with various correspondent banks in various countries like Qatar, Kuwait, UAE, Korea and Saudi Arabia. Any of the Nepali workers in Qatar can send the fund to their recipient / beneficiary through E-remittance. This product has been established in a tie-up with Doha Bank, Qatar to facilitate transfer of workers' funds into the country. For domestic network, Nabil has tied up with Speed Remit P. Ltd and is now able to deliver funds received from abroad to the customers around the country.

One of the major focus areas of the bank for coming days is mobilizing low cost deposits. The bank plans to expand its ATM network in some locations and change its card platform to issue and accept smart cards, which will complement in providing even better services to the deposit holders. Foreseeing the prospects and opportunities in the remittance business, then bank is working towards expanding its remittance network by forging partnerships in the Middle East, Malaysia, Japan and United Kingdom.

The Lalitpur Branch of Nabil Bank is opened as its 8th Branch. Today Lalitpur Branch occupies approximately 10% of total contribution in profit. The Branch incorporates all the operational services like Cash, Account Opening, Remittance, ATM Service etc. as well as Personal Lending Unit which provides personal loans like Auto Loan, Housing Loan, Education Loan, Mortgage Loan etc.

5.2 Conclusions

It was already stated this study is based both primary and secondary data. Reliability of analysis and conclusion depends upon accuracy of data. Financial tools are applied for the study. From the analysis we obtain the following result.

The overall primary data collected to test the level of customer satisfaction of Lalitpur Branch of Nabil Bank Limited shows that majority of the customers are satisfied with the overall service provided by the branch. Since the Bank has the largest number of representation all over the nation and even provides ABBS facility, the customers of Lalitpur Branch are not limited in the Branch only for transacting their regular transactions. Lalitpur Branch itself provides a full fledged banking which has given lesser space to the customer to complain.

The researcher have even analysed the secondary data to find out the performance evaluation of the Bank in terms of Customer Satisfaction. Generally bank provides less interest to its depositors and invests by charging more interest to different. The difference amount will be the income of the bank. The trends of difference amount between net interest income and similar type of expenses is increasing which reflects the good condition of this bank. From table presented above for FY 2006/07 shows that total interest income and expenses of Nabil bank is 1,583 Million and 544 Million respectively. Obviously, any bank receives more interest than it's provides interest expense to its customers.

From the view of different type of lenders of Nabil Bank, 47% borrowers have been taken Auto Loan, 23% borrowers have been taken Housing Loan, 12% borrowers have been taken Education Loan and rest of borrowers have been taken Others Loan provided by Nabil Bank Limited, Lalitpur Branch. Some of the customers have even demanded for Business Loan from the branch.

Net profit to total assets ratio or margin reflects the proportion of investment of total assets and net profit. Normal assumption about the investment and net profit is higher the investment makes high profit. The tendency of this ratio is increasing which reflects the good condition of company and good returned scenario of the company. The minimum ratio of net profit to total assets was 1.53 percent in FY 2001/02 and the maximum ratio

of net profit to total assets was 3.25 percent in FY 2005/06 which has rested in 2.72 in FY 2006/07.

The branch and counter of Nabil bank is being expanded in each and every year therefore the total number of employees were increased in every year except FY 2002/03 where total employees were 326 numbers. In the present situation the total number of employees has been reached around 427 persons. The craze of employee in commercial bank has been increased now due to better job. At last from the above table, there is mentioned net profit to total asset ratio which is also increasing trends that reflects better earning condition of bank.

It is found that the ratio of net profit to total employee that the highest ratio was in FY 2006/07 (1.58) and lowest ratio was in FY 2003/04 and FY 2004/05(1.22) which reflects earning power of each employee and higher ratio is favorable. In the context of bank scenario, more than 1 ratio reflects better condition of out put of employee. Through out the study period, the net profit is growing condition and also the numbers of employee were increasing tendency which means there is not over staffing problem in the bank.

It is related to total assets and net profit and the ratio of net profit to total assets of Nabil Bank of FY 2002/03 to 2006/07 which can show the relationship of total assets to net profit and higher ratio or percentage is preferable or higher ratio reflects favorable condition of business. Through this table, the ratio is increasing tendency through out the study period. Highest ratio was 3.40% in FY 2006/07 and lowest ratio was 2.43% in FY 2002/03 and highest assets and net profit were 19,823.53 and 674.00 million in FY 2006/07 which shows that higher the assets higher is the return.

The percentage of core capital to total capital was 10 percent to 19 percent through out the study period. The gape of them is depended as per the provision of NRB and its own policy. Comparatively minimum gape between total capital and core capital is not favorable. The minimum core capital is in FY 2004/05 i.e. 156 million where the maximum amount of core capital is in FY 2006/07 i.e. 315 million.

Each organization pays dividend from its earning therefore earning per share is always greater than dividend per share. We can find EPS and DPS amount of net income divided by number of share outstanding. The tendency of both EPS and DPS is increasing till the study period. The lowest EPS and DPS is 55 and 30 of FY 2002/03 respectively. Similarly the highest of both is in FY 2006/07 which is 129 and 85 Rupees respectively in EPS and DPS. Company can provide dividend to its shareholders from the amount of net profit each year if happened. The trend of both measures was seemed improving tendency or better condition through out the study period.

Similarly, the trend of market price per share (MPS) was also increasing through out the study period. It is determined as the financial condition of company and market of stock exchange. Those amounts were determined average amount of each year transaction. The position of MPS of this bank is second after standard Chartered bank in this year among the commercial bank. In current market, MPS of Nabil Bank Limited has 5050 Rupees and Standard Chartered Bank has 6100 Rupees. The face value is only 100Rupees.

5.3 Recommendations

Bank plays the vital roles to eliminate the economic backwardness of the country. There are many banks existing in Nepal, among them Nabil Bank Limited is also contributing a lot for the economic development of nation. It can get a clear financial and performance evaluation for customer satisfaction of Nabil bank Limited. And it is realized that it still need improvement to provide best service and to face very worse situation. Therefore, some valuable suggestions and recommendations are prescribed through the basis of findings, presentation and analysis of data and conclusion to overcome weakness and inefficiencies and to improve present financial as well as customer satisfaction performance of Nabil Bank Limited, Lalitpur Branch and Nabil Bank Limited as a whole.

The following recommendations are prescribed on the basis of primary and secondary data analysis and major findings of the study:

-) Due to the establishment of several banks and financial companies in Lalitpur Area as well as other parts of nation, Nabil Bank Limited, Lalitpur Branch and Nabil Bank as a whole is facing lot of competition. Therefore, Nabil Bank Limited should emphasis on modern technology development and efficient manpower development.
-) As per the suggestion of the customers the Lalitpur Branch of Nabil Bank Limited should add a separate Customer Service Desk to deliver better service. The Branch should also start providing Business Loan as demanded by the customers.
-) Nabil bank Limited should be more market oriented, services oriented and offer a complete range of financial as well as customer service for customer satisfaction the customers.
-) In the side of capital adequacy position of Nabil Bank Limited is not satisfactory so the bank is recommended to rise its amount of shareholders fund for maintaining proper capital adequacy position which would increase the level of satisfaction to its stakeholders including its customers as well.
-) In order to presume the banking and saving habit of the lower level people of the country, this bank is suggested not to be surrounded and limited with the interest and status of big clients. Reduce in the minimum required balance and extension of its branches towards deprived sectors of the country is must for boosting up the lower level people. The recently introduced Nabil Lok Bachat has shown some positive sign on it.
-) As private sector it cannot keep its eyes close to the profit, however not only being a profit oriented organization some contribution for the establishment of the conditions of people of lower level will also be appreciable.
-) Before mobilizing funds, Nabil Bank Limited is recommended to collect of large variety of deposit through scheme like cumulative deposit scheme, price bonds scheme, gift cheque, house building deposit scheme, direct finance housing scheme, educational loan scheme and more. The bank has recently suffered a liquidity crunch situation which has ultimately resulted in increasing interest rates in Loans.

-) It is found that at times, bank focuses much of its attention to one sector leaving other sector unfocused so it is recommended to touch all the sectors and balance it effectively so as to have the optimal performance of bank.
-) It is found that Nabil Bank Limited still does not have enough ATM card counter, internet banking, and branch networking service etc. so it is recommended that it should increase such type's service for providing maximum service to its customers especially in remote areas.
-) At the time of sanction and lending loan from Nabil Bank Limited, there are usually taken more time and lengthy procedure so it is suggested that bank should improve its efficiency job.
-) By implementing conceptual skill and knowledge bank should develop lending plans and programs keeping in view the legal, economic and social as well as political environment. The plan should be drafted to the management personnel in the staff meeting and lending targets should be fixed on the basis of data analysis. Finally better performance through efficient internal as well as external management will ensure the effectiveness of bank overall policy.
-) It is strongly recommended to follow liberal lending policy and invest more and more percentage of total deposit in loan and advance and similarly maintain more stability on the investment policy.

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