

**Product Offerings and Customer Satisfaction**  
**(A comparative study in between Machhapuchchhre Bank**  
**Ltd, Chipledhunga Branch and Nabil Bank Ltd, New Road**  
**Branch, Pokhara)**

*By*  
**Dipak Jyoti Dhungana**  
**Prithwi Narayan Campus**  
**T.U. Registration No.: 7-1-048-1150-96**  
**Roll No.: 121/061**

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## RECOMMENDATION

This is to certify that the Thesis

*Submitted by:*

**Dipak Jyoti Dhungana**

**Entitled**

**Product Offerings and Customer Satisfaction**

(A comparative study in between Machhapuchchhre Bank Ltd, Chipledhunga Branch  
and Nabil Bank Ltd, New Road Branch, Pokhara)

*has been prepared as approved by this department in the prescribed format of  
the faculty of management. This thesis is forwarded for examination.*

Supervisor

Name: Dr. Bed Nath Sharma

Head, Research Department

Sign: \_\_\_\_\_

Sign: \_\_\_\_\_

Campus Chief

Sign: \_\_\_\_\_

Date: .....

## VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis

Submitted by:

**Mr. Dipak Jyoti Dhungana**

Entitled

### **Product Offerings and Customer Satisfaction**

(A comparative study in between Machhapuchchhre Bank Ltd, Chipledhunga Branch  
and Nabil Bank Ltd, New Road Branch, Pokhara)

And found the thesis to be the original work of the student and written  
according to the prescribed format. We recommend the thesis to be  
accepted as partial fulfillment of the requirements for

**The Master's Degree in Business studies (MBS)**

### **Viva-Voce Committee**

Head, Research Department \_\_\_\_\_

Member (Thesis supervisor) \_\_\_\_\_

Member (External Expert) \_\_\_\_\_

Member (External Expert) \_\_\_\_\_

Date: .....

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## LIST OF ABBREVIATIONS

AMA	=	American Marketing Association
NRB	=	Nepal Rastra Bank
MBL	=	Machhapuchchhre Bank Limited
NBL	=	Nabil Bank Limited
JVB	=	Joint Venture Bank
EBIL	=	Emirates Bank International Limited
SAARC	=	South Asian Association for Regional Cooperation
ABBS	=	Anywhere Branch Banking Service
ATM	=	Automated Teller Machine
WTO	=	World Trade Organization
NGO	=	Non Government Organization
INGO	=	International Non Government Organization
OD	=	Overdraft
EMI	=	Equal Monthly Installment
LC	=	Letter of Credit
TQM	=	Total Quality Management
SCBNL	=	Standard Chartered Bank Nepal Limited
NBBL	=	Nepal Bangladesh Bank Limited
TDS	=	Tax Deduction at Sources
SWIFT	=	Society for Worldwide Interbank Financial Telecommunication
POS	=	Point of Sales
TR	=	Total Rank
WV	=	Weighted Value
MV	=	Mean Value
OR	=	Order in Rank
PR	=	Personal Relationship

## **CHAPTER-ONE INTRODUCTION**

### **1.1 Background of the Study:**

American Marketing Association (AMA) defines the marketing concept as follows: “Marketing is the process of planning and executing to conception, pricing, promotion, and distribution of ideas, goods, services to create exchange that satisfy individual and organizational goals,” (Kotler, 1999, p.8)

In this definition the individual goal includes the satisfaction from the products and services offered by the organizations and the organizational goal refers to the profit and long-term survival of the organization. Therefore, any organization will be able to earn profit and survive for long-term while its customers are being satisfied. Thus the customer satisfaction plays vital role in marketing.

The basic marketing concept is concerned with identifying & satisfying the needs and wants of customers by providing a market offering to fulfill those needs and wants through exchanging process, profitability.

In general, there are two types of organization-Manufacturing Organization and Service Providing Organization. Service Industry is still a relatively new field to study in nature and it has been growing after 1970 in the world. Service Industry by its name refers that institute which provides/offers services instead of physical goods. (Woodruffe, 1999, p.13).

Product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. A bank product is defined as, “Anything that has the capacity to provide the satisfaction, use and the return desired by the customer.” Like every product, bank product also has a life cycle. It passes through various phases of Introduction, Growth, Maturity, Saturation and Decline. As per Boston Consultancy Group (BCG) matrix, products can be termed as a) Dogs, b) Cash-

Cows, c) Problem-child and d) Star. A prudent banker should maintain a proper balance of dogs, cash cows, stars and problem-child. If proper balance is not maintained in the matrix, it will invite problems either immediately or in the long run. Bank is solely a service oriented business organization. Bank has nothing to sell but its service. Service excellence is the greatest factor that influences the customer. Service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in ownership of anything. Banks, Airlines, Hotels, Insurance Companies, Consulting firms are service industries. Service has following four special characteristics.

- Intangibility: Services cannot be tasted, felt, heard, or smelled before purchase.
- Inseparability: Service cannot be separated from their providers.
- Variability: Quality of services depends on who provides them and when, where and how.
- Perishability: Services can not be stored for later sale or use.

Customer satisfaction is the totality of feelings of pleasure or disappointment experienced by the customer through the comparison between the products/services' actual performance and its expected performance. (Koirala, 2062, p.87). Customer satisfaction is the post purchase outcomes where the customer compares the expected benefits with actual benefits. If the performance of the product/service is below of customer expectation, the customer will be dissatisfied. If it exceeds the customer expectation, customers will be highly satisfied or delighted. Customer Satisfaction depends on a product's perceived performance matches a buyer's expectation. Satisfied Customers makes repeat purchases, and they tell others about their good experiences with the product/service. Smart companies aim to delight customers by promising only what they can deliver, then delivering more than they promise. (Kotler & Armstrong, 1999, p.8). Customer satisfaction is closely linked to quality. Quality begins with

customer needs and ends with customer satisfaction. Thus the customer satisfaction is needed to attract and retain the customers. It develops the customer's loyalty towards the organization or stops the customer from brand switching. Therefore the marketers must know how to please their customer.

In general, bank means a financial institution, which accepts deposits in different accounts and provides loan of different types. The banking system was prevalent in an unorganized way from the ancient time. Regarding the origin of the word 'Bank' there are different concepts. According to one opinion, the term bank was originated from Italian word 'Banco' which meant bench. The money exchanger at that time kept heap of money on the bench from which came the use of word 'Banko'. In the opinion of Macleod, since banko means 'heap', it denotes the joint fund contributed by many persons. The term bank was first used in Italy. It is proved by one another opinion as well. In another opinion, Italy had to face economic crisis in 1171 due to a great war. Hence, the government decided to raise involuntary loan of one percent from the property of each citizen at 5 percent rate of interest. That loan was called 'Monte' or joint funds in Italian language. Since at that time most parts of Italy had German ownership, the German word 'Banko' was used for monte. Later these words were converted into 'Banko' in Italian language, 'Banke' in French language and 'Bank' in English language. The Banking system was prevalent in an unorganized way from ancient time. Crother, thus, has rightly remarked- '*Lending and borrowing are almost as old as money itself.*' According to Crowther there are three ancestors of bank-merchants, moneylenders and goldsmiths. They had initiated the system of banking in one-way or other. According to French writer Revielpout the bank and notes were in use in Bebylone in 600 B.C. The Bank had started in Italy in 12<sup>th</sup> century as a public bank. The first public bank was the Bank of Venice established in 1157. After that Bank of Barcelona was established in 1401, and Bank of Genoa in 1408 as public banks. In 1609, Bank of Amerterdam, a famous bank was established. In reality, the history of modern banking had started from Bank of England established 1694. But the modern

joint stock banks were established in England only in 1833. The Banque de France was established in France in 1807. Later the banks were established in other parts of the world. (Joshi, 2062, p.3)

In Nepal the system of granting loan was prevalent from ancient time. In 14<sup>th</sup> century, a class of people called 'Tankadhari' used to exchange money and provided loans. The Tejarath office established in 19<sup>th</sup> century used to give loans to government employees. But the banking in Nepal has started in real sense with the establishment of Nepal Bank Limited in 1937. With the initiation of economic liberalization in the country the entry restriction on banking industry was lifted. Consequently, other commercial banks have been established and some others are ready to come in the market place. (Joshi, 2062, p.4).

Table no.1.1.1

The Process of Financial Intermediation



It was only after 1984 that private banks were allowed to operate with license. With the introduction of the licensing policy, a number of joint venture banks come in operation. The basic objectives to allow the foreign banks with joint venture bank in Nepal was to develop the banking sector, to create healthy competition, to further develop the already existing old banks and to introduce new technological efficiency in the banking sector. After the restoration of the multiparty democracy system, a more liberalization policy had been adopted to encourage the participation of various private sector of the overall development of the nation. As a result there has been tremendous growth and competitiveness in various fields; one and most significant sector among them is the banking industry. According to economic bulletins published by NRB, the number of commercial banks has reached twenty six in operation up to June 2008, and

few more are about to enter. With increasing competition, the customers are becoming very important for any organization. To cope with competition, Banks should make the policies of attracting new customers as well as retaining the existing customers. There is no doubt that while increasing number of banks, there is also available many options for customers to hire services and more exercise to banks for product offerings.

## **1.2 Focus of the Study:**

Bank is solely a service oriented business organization. Bank has nothing to sell but its service. Service excellence is paramount to satisfy a customer and unless a customer is satisfied, it is almost unthinkable of retaining a customer. Service excellence is the greatest factor that influences the customer. Bank tries to convert their repeat customer to loyal customer and further to members and advocates by which they will speak for the bank and this will be the driving force behind to multiply the customers by day and night. In this regard, the study of product offerings and customer satisfaction is the study of what product offered by the banks and what is the level of customer satisfaction towards the offerings. It includes the study of product offerings, communication tools of their offerings, factors lead to satisfaction & dissatisfactions. The field of products offerings by banks and its impact on their clients holds great interest for us as customers, marketers, and students. The products/services offered by banks have come under the question in terms of customer satisfaction that's why it is going to examine product effectiveness towards the customer satisfaction in the prevailing situation. Since there is sprouting number of banks, development banks, finance companies and saving cooperatives across the country day by day, meanwhile they claim they are offering superior products/services to the customers than others. Therefore, this study is specially designed to explore what is the actual situation exists in between Machhapuchhre Bank Limited, Chipledhunga Branch and Nabil Bank Limited, Pokhara Branch in terms of product offerings and its impact on customer i.e. Customer Satisfaction towards the Product Offerings. This study will be conducted on



Pokhara valley. Pokhara, where most of the banks have established their branches and the head office of MBL lies in Pokhara. This study will be under taken over the product offerings and customer satisfaction of Nabil Bank Limited, Pokhara Branch (NBL- a Joint Venture Bank) and Machhapuchchhre Bank Limited, Chipledhunga Branch (MBL-a Domestic Promoted Bank). It will be effective to give the profile of the selected banks.

### **1.3 Profile of Selected Banks:**

#### **1.3.1 Nabil Bank Limited (NBL):**

NBL was established on July 1984, under a technical service agreement with Dubai Bank Limited, Dubai which was later merged with Emirate Bank Limited, Dubai. NBL is the 1<sup>st</sup> and major JVB in the country with key points of representation all over the kingdom of Nepal Sharing 50% is owned by N.B. International Limited, Ireland; sharing by 20% from financial institution of Nepal and sharing 30% from general people.

After 11 years of active participation, Emirates Bank International Limited (EBIL) divested its 50% shares holding in Nabil to National Bank Limited, Dhaka, Bangladesh. EBIL's Decision to divest this investment was influenced by restructuring of their own worldwide activities and strategy to concentrate only in United Arab Emirates and Pakistan with increased economic cooperation under the SAARC framework particularly in the field of trade and commerce. The participation of National bank Limited of Bangladesh in Nepal seemed to be most timely. However, the Board of Directors had decided to release the technical assistance contract with National Bank Limited, Dhaka, Bangladesh in May 2001, In view to that the management of the NBL could be handled by the Nepalese employees. NBL bank offers modern banking services to its customer like tale banking, internet banking, AB Banking, mobile banking, ATM facilities ect.

### 1.3.2 Machhapuchchhre Bank Limited (MBL):

MBL, the first commercial bank in the western part of the kingdom has been established under the Commercial Act 2031 and Company Act 2021 by Nepalese promoters and began its operation in Aswin, 2057. MBL is the fully computerized bank. It has the most sophisticated GLOBUS banking software with modern banking facilities like tale banking, internet banking, ABBS Banking, mobile banking, ATM facilities and many more. The branches are interlinked by centralized database system and enable the bank to provide anywhere facilities to its customers.

## 1.4 Statement of Problem:

The commercial banks, development banks and other financial institutions are sprouting in Nepal day after day. They are not expanding only their branches but at the same time they are also expanding their activities and services. On the other hand due to the broad and liberal financial policy adopted by the government for the entrance, the number of financial institutions is also increasing in Nepal with the aim to provide banking services & facilities more effectively. Similarly, being a member of WTO, Nepal has to open its market for all members of WTO which may increase competition in terms of quality services, capital, modern technology etc.

Banking in Pokhara is as important as banking in anywhere else in the world. Banking sector is the major institutional system in Pokhara which carries out the financial flow within the economy. The importance of banking in Pokhara can also be understood with the emergence of e-banking in the recent years. Banking results in the mobilization of money in the economy and also helps the people to invest and store their money and also to give the money to the debtors to precede their businesses and give financial benefits to the economy.

As the development banks and other financial institutions are introducing different schemes, including high interest rates, to lure clients, deposits in the commercial banks have declined, according to the bankers. At present, banks under 'B'

category (development banks) have been attracting more deposits than the 'A' category banks (commercial banks).

Deposit collected by commercial banks is only 49.17 percent of the total deposit collection till mid-October of the fiscal year 2009/10. Commercial banks had collected 55.88 percent of the total deposit during the same period last year. According to Nepal Rastra Bank's Pokhara regional office, commercial banks have lost deposits by some 7 percent over the period of a year. Development banks and financial institutions, however, raised their deposits by 6 percent and 1 percent respectively during the period.

Development banks and financial institutions have been aggressively expanding their network in Pokhara in recent years. Thirteen development banks and 14 finance companies have opened their branch in Pokhara in the last one year. Only six commercial banks opened their branches in Pokhara during the period. The bankers said commercial banks have been losing deposit because of their failure to compete with development banks and financial institutions by involving in unhealthy practices like raising interest rates and offering discounts to clients in account operation and loan flow.

Pokhara is a city of close to 350,000 inhabitants in central Nepal located at 28.25°N, 83.99°E, which is the centre of the country from east to west or from north to south, 198 km west of capital or 178 km north of Sunauli(border town of India) or 150 km south-east of Jomsom or 80 km east of Baglung. It is called the second largest city of Nepal. It is the Headquarters of Kaski District, Gandaki Zone and capital of geographical Central Nepal i.e, Western Development Region. Pokhara is one of the most popular tourist destinations in Nepal.

Pokhara is a small city where almost banks & financial institutions have run their branches. Number of commercial banks, development banks and financial institutions reach to 28, 18 and 18 respectively in Pokhara city till December 2010. Moreover, more than 394 cooperatives are operating in Pokhara city. The main sources of fund collection are found in remitted money and money spent by tourist. Most of the

people of Pokhara are in abroad for military services in India and UK. Similarly people of Pokhara are also spread in Qatar, Dubai, Malaysia, Hong Kong, Singapore and so on.

Business experts recommend focusing on the entire customer experience with each service contact. “It is the totality of the buying experience that will keep your customers coming back for more. More than just the basics of customer service create a favorable experience for the customer; everything, conscious and unconscious, can affect it. Successful service companies attend to every detail to ensure that the customer’s physical, social, and psychological experience is pleasant. Thus the main problem is- Are the banks able to satisfy their customers with their offerings? Besides this, the specific problems are:

- What are the products & services offered by MBL and NBL?
- What are the tools used by NBL and MBL to communicate about their products and services?
- What are the factors that can lead to customer satisfaction and dissatisfaction?
- What is the level of customer satisfaction & dissatisfaction?
- What efforts are being done to improve the customer satisfaction?

### **1.5 Objectives of the Study:**

Banks are offering new products day by day, but their performance in terms of customer satisfaction is systematically measured. The main purpose of this study is to comparatively reveal the financial products offered to serve to the people for their satisfaction in between the MBL and NBL branches of Pokhara. The specific objectives of the study are as follows:

- To identify the products & services offered by the banks.
- To find out the tools used by the banks to commercialize and promote their products & services.

- To assess the factors that can lead for customer satisfaction and dissatisfaction.
- To analyze the existing level of customer satisfaction.
- To suggest for better product offerings for higher satisfaction to the customer.

### **1.6 Significance of the Study:**

Banking sector plays significant role in utilization of the internal resources of a country. Banks are the bridge in between the savers and borrowers. They collect deposits in different accounts with providing interest (i.e. Cost of Funds) and grant different types of loan in productive sectors, such as industry, commerce, trade, agriculture etc. so in short banks enhance national economy of the country.

The field of product offerings and customer satisfaction holds great interest for us as a customer, as a marketer and as a marketing student. As a customer, we benefit from insights into our own buying related decision such as what we buy, why we buy, how we buy and the promotional influences that persuade us to buy. As a marketer it is important for us to recognize why and how customers buy the product and with what types of product they are satisfied, so that we can formulate better strategic marketing decisions. If marketers understand their offerings & customers, they are able to predict how customers are likely to react to various offerings, informational & environmental cues, and are able to shape their marketing strategies accordingly. Similarly as a student, we are concerned in understanding customer satisfaction with the product offerings.

This study will be focused on product offerings and customer satisfaction of NBL and MBL. Thus the findings of this study will be important for the management of concerned banks to improve performance through deciding and formulating appropriate policies regarding product offerings and customer satisfaction. Similarly this study will be also helpful for the customers in the context of what efforts are made by these banks

to attract and retain them; and they will be able to hire services by choosing accordingly. Similarly the finding of the study will equally important for the others who are interested to know about this area. Since up to now, no study have been conducted in this field, perhaps this is the first in this regard it is also significant. At last but not least, it is hoped that it will provide the pertinent and relevant literature for the future research in this area of customer satisfaction in banking sector.

### **1.7 Delimitation of the Study:**

Each and every study has its own limitation. No study can be free from constraints. Moreover this is the descriptive study, so the study is subject to the following limitations:

- **Sample:**

Due to the time and resources, only two branches of two banks i.e. Shabhagriyachowck Branch of Nabil Bank Limited and Chipledhunga Branch of Machhapuchchhre Bank Limited, are selected for this study. Therefore the conclusion derived from the study may or may not be applicable to all the financial institutions.

- **Use of Primary Data:**

This study is mainly based on primary data collected through the questionnaire, personal interview and observation. However the study is not free from limitation of inherent character of the data.

Customer satisfaction and products offering of the banks is influenced by several environmental factors but this study excludes all these factors.

Similarly this study is conducted on human beings who are more critical that they wear different marks in different situation. They change their opinion and arguments according to situation, time, place etc. that may be the limitation of the study.

## **1.8 Organization of the Study:**

This study report has been organized into five major chapters. The first chapter, *Introduction*, deals with the subject matter of the study consists of general background, focus of the study, statement of problem, objective of the study, significance of the study and limitation of the study.

The second chapter, *Literature Review*, deals with introduction, product/service offerings by the bank and the review of previous study. It consists of conceptual framework, review of books, journals, articles, internet search and previous thesis related to study topic.

The third chapter, *Research Methodology*, includes introduction of research methodology, research design, population & sample, data collection technique, data processing technique and data analysis methods.

The fourth chapter, *Data Presentation and Analysis*, deals with the presentation and analysis of the data. Under this chapter, the data are analyzed by using various tools designed in the research methodology and presents the major findings of the study.

The fifth chapter, *Summary, Conclusion & Recommendation*, is the final section that includes the major findings, conclusions of the study and suggestions for the improvement. In addition, the bibliography, questionnaire and appendices have been incorporated in the present study.

## **CHAPTER-TWO**

### **LITERATURE REVIEW**

The introductory part of this study has been presented in the first chapter. This section provides current stage of the research work and guidelines for further study and helps to avoid unnecessary duplication of research work what others have already said and done. In this chapter, an attempt has been made to review the various relevant literatures in relation to support the study to receive some ideas for developing a research design.

This chapter deals with past related studies. Broadly, it can be divided into two parts i.e. Conceptual Framework and Review of Related Studies.

#### **2.1 Conceptual Review:**

Conceptual review presents the theoretical aspect of the study. It includes Product & Its Types; Service Marketing; Buying Behaviour, Customer Satisfaction & Its Role in Buying Process; Product Mix & Financial Service Marketing Mix; Development of Bank & Banking Services; Banking Service Promotion Mix; Factor Determining Customer Satisfaction; and Current Issues in Banking Services Management.

##### **2.1.1 Introduction to Product:**

A product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. Product includes more than just tangible goods. Broadly defined products include physical objects, services, persons, products, organizations, ideas, or mixes of these entities. Thus throughout this text, we use the term product broadly to include any or all of these entities. (Kotler, 1999, p.238)



A good, idea, method, information, object, or service that is the end result of a process and serves as a need or want satisfier. It is usually a bundle of tangible and intangible attributes (benefits, features, functions, uses) that a seller offers to a buyer for purchase. (<http://www.businessdictionary.com/definition/product.html>)

Product and services fall into two broad classes based on the types of consumers that use them- Consumer Products and Industrial Products. Broadly defined, products also include other marketable entities such as organizations, persons, places, and ideas. (Kotler, 1999, p.240)

### **Consumer Product:**

A consumer product is generally any tangible personal property for sale and that is used for personal, family, or household for non-business purposes. The determination whether a good is a consumer product requires a factual finding, on a case-by-case basis. This basis will vary from one jurisdiction to another. The term “consumer product” means any article, or component part thereof, produced or distributed (i) for sale to a consumer for use in or around a permanent or temporary household or residence, a school, in recreation, or otherwise, or (ii) for the personal use, consumption or enjoyment of a consumer in or around a permanent or temporary household or residence, a school, in recreation, or otherwise; but such term does not include— (A) any article which is not customarily produced or distributed for sale to, or use or consumption by, or enjoyment of a consumer. ([http://en.wikipedia.org/wiki/Consumer\\_product](http://en.wikipedia.org/wiki/Consumer_product)).

Consumer products are those products bought by financial consumer for personal consumption. Marketers usually classify these goods further based on how consumers go about buying them. Consumer products include convenience products, shopping products, specialty products, and unsought products. (Kotler, 1999 , p.240)

Convenience products are those products that the customer usually buys frequently, immediately, and with a minimum of comparison and buying efforts.

Shopping products are those products that the customer characteristically compares on such bases of suitability, quality, price, & style in the process of selection and purchase.

Specialty products are those products that consumer product & services with the unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase efforts.

Unsought products are those consumer products that the consumer either does not know about or knows about but does not normally think of buying. Most major new innovations are unsought until the consumer becomes aware of them through advertising.

### **Industrial Product:**

Industrial products are those purchased for further processing or for use in conducting a business. Thus the distinction between a consumer product and an industrial product is based on the purpose for which the product is bought. The three groups of industrial products and services include materials & parts, capital items, and supplies & services. (Kotler, 1999 , p.241)

Material & parts include raw materials and manufactured materials & parts. Raw materials consist of farm products and natural products.

Capital items are industrial products that aid in the buyer's production or operations including installations and accessory equipment. Installations consist of major purchase such as buildings and fixed equipment includes portable factory equipment & tools.

Supplies & services include operating supplies and repair & maintenance items. Supplies are the convenience products of the industrial field because they are usually purchased with a minimum of efforts or comparison. Business services include maintenance & repair services and business advisory services.

### **2.1.2 Product Mix Strategy:**

An organization with several product lines has a product mix. A product mix (or product assortment) consist of all the product lines and items that a particular seller offers for sale. A company's product mix has four important dimensions: width, length, depth, and consistency. (Kotler, 1999, p.257)

Product mix, also known as product assortment, refers to the total number of product lines that a company offers to its customers. For example, a small company may sell multiple lines of products. Sometimes, these product lines are fairly similar, such as dish washing liquid and bar soap, which are used for cleaning and use similar technologies. Other times, the product lines are vastly different, such as diapers and razors. The four dimensions to a company's product mix include width, length, depth and consistency. (<http://smallbusiness.chron.com/product-mix-639.html>).

The width of a company's product mix pertains to the number of product lines that a company sells. For example, if a company has two product lines, its product mix width is two. Small and upstart businesses will usually not have a wide product mix. It is more practical to start with some basic products and build market share. Later on, a company's technology may allow the company to diversify into other industries and build the width of the product mix. (<http://smallbusiness.chron.com/product-mix-639.html>).

Product mix length pertains to the number of total products or items in a company's product mix, according to Philip Kotler's textbook "Marketing Management: Analysis, Planning, Implementation and Control." For example, ABC Company may have two product lines, and five brands within each product line. Thus, ABC's product mix length would be 10. Companies that have multiple product lines will sometimes keep track of their average length per product line. In the above case, the average length of an ABC Company's product line is five. (<http://smallbusiness.chron.com/product-mix-639.html>).

Depth of a product mix pertains to the total number of variations for each product. Variations can include size, flavor and any other distinguishing characteristic. For example, if a company sells three sizes and two flavors of toothpaste, that particular brand of toothpaste has a depth of six. Just like length, companies sometimes report the average depth of their product lines; or the depth of a specific product line. (<http://smallbusiness.chron.com/product-mix-639.html>).

Product mix consistency pertains to how closely related product lines are to one another in terms of use, production and distribution. A company's product mix may be consistent in distribution but vastly different in use. For example, a small company may sell its health bars and health magazine in retail stores. However, one product is edible and the other is not. The production consistency of these products would vary as well. (<http://smallbusiness.chron.com/product-mix-639.html>).

These product mix dimension provide the handles for defining the company's product strategy. The company can increase its business in four ways. It can add new product lines, thus widening its product mix. In this way, its new lines build on the company's reputation in its other lines. The company can lengthen its existing product lines to become a more full-line company. Or it can add more versions of each product and thus deepen its product mix. Finally, the company can pursue more product line consistency –or less–depending on whether it wants to have a strong reputation in a single field or in several fields. (Kotler, 1999, p.258)

Services differ from tangible products, they often require additional marketing approaches. In a product business, products are fairly standardized and can sit on shelves waiting for customers. But in a service business, the customer and front-line service employee interact to create the service. Thus, service providers must interact effectively with customers to create superior value during service encounters. Effective interaction, in turn, depends on the skills of front-line service employee, and on the service production and support processes backing these employees. (Kotler & Armstrong, 2004, p.260)

Service companies can differentiate their service delivery by having more able and reliable customer-contact people, by developing a superior physical environment in which the service product is delivered, or by designing a superior delivery process. For example, a bank might offer its customers electronic home banking as a better way to access banking services than having to drive, park, and wait in line. One of the major ways a service firm can differentiate itself is by delivering consistently higher quality than its competitors do. Like Manufacturers before them, many service industries have now joined the total quality movement. Customer retention is perhaps the best measure of quality-a service firm's ability to hang onto its customers depends on how consistently it delivers value to them. Like product marketers, service providers need to identify the expectations of target customers concerning service quality. Unfortunately, service quality is harder to define and judge than is product quality. For instance, it is harder to get agreement on the quality of a haircut than on the quality of a hair dryer. Moreover, although greater service quality results in greater customer satisfaction, it also results in higher costs. (Kotler & Armstrong, 2004, p.261)

### **2.1.3 Financial Service Marketing**

Services are a form of product that consist of activities, benefits or satisfaction offered for sale that are essentially intangible and do not result in the ownership of anything. Examples are banks, hotels, airlines, hospitals, tax preparations, home repair services etc. Service industries vary greatly. Governments offer services through courts, employments services, military services, police services etc. Business organizations offer services- Banks, Hotels, Airlines, Hospitals, Tax Preparations, and Home Repair Services etc. (Kotler, 1999 , p.238)

Financial services can be defined as the products and services offered by institutions like banks of various kinds for the facilitation of various financial transactions and other related activities in the world of finance like loans, insurance, credit cards, investment opportunities and money management as well as providing

information on the stock market and other issues like market trends. Financial services refer to services provided by the finance industry. The finance industry encompasses a broad range of organizations that deal with the management of money. Among these organizations are banks, credit card companies, insurance companies, consumer finance companies, stock brokerages, investment funds and some government sponsored enterprises. (<http://www.mbaknol.com/business-finance/definition-of-financial-services>).

Functions of financial services:

- Facilitating transactions (exchange of goods and services) in the economy.
- Mobilizing savings (for which the outlets would otherwise be much more limited).
- Allocating capital funds (notably to finance productive investment).
- Monitoring managers (so that the funds allocated will be spent as envisaged).
- Transforming risk (reducing it through aggregation and enabling it to be carried by those more willing to bear it).

Characteristics and Features of Financial Services:

- **Customer-Specific:** Financial services are usually customer focused. The firms providing these services, study the needs of their customers in detail before deciding their financial strategy, giving due regard to costs, liquidity and maturity considerations. Financial services firms continuously remain in touch with their customers, so that they can design products which can cater to the specific needs of their customers. The providers of financial services constantly carry out market surveys, so they can offer new products much ahead of need and impending legislation. Newer technologies are being used to introduce innovative, customer friendly products and services which clearly indicate that the concentration of the providers of financial services is on

generating firm/customer specific services. (<http://www.mbaknol.com/business-finance/definition-of-financial-services>).

- **Intangibility:** Financial services are generally intangible, but the service providers go to considerable lengths to ‘tangibles’ the service for customers. A building society, passbook, regular bank statements, ‘gold’ credit cards and insurance policies are example of the way in which financial services are presented to consumers. They can enhance the image of the service and the provider and even bestow status or implied benefits upon the user as with a ‘gold’ card. Physical reminders of the service product, brand name and value serve to reassure the consumer and help the organization’s positioning. (Woodruffe, 1999, p.253).

In a highly competitive global environment brand image is very crucial. Unless the financial institutions providing financial products and services have good image, enjoying the confidence of their clients, they may not be successful. Thus institutions have to focus on the quality and innovativeness of their services to build up their credibility. (<http://www.mbaknol.com/business-finance/definition-of-financial-services>).

- **Concomitant:** Production of financial services and supply of these services have to be concomitant. Both these functions i.e. production of new and innovative financial services and supplying of these services are to be performed simultaneously. (<http://www.mbaknol.com/business-finance/definition-of-financial-services>).
- **Tendency to Perish:** Unlike any other service, financial services do tend to perish and hence cannot be stored. They have to be supplied as required by the customers. Hence financial institutions have to ensure a proper synchronization of demand and supply. (<http://www.mbaknol.com/business-finance/definition-of-financial-services>). In that once it has occurred it cannot be repeated in exactly the same way. For

example, once a 100 meters Olympic final has been run, there will be not other for 4 more years, and even then it will be staged in a different place with many different finalists. (<http://marketingteacher.com/lesson-store/lesson-services-marketing.html>).

- People based services: Marketing of financial services has to be people intensive and hence it's subjected to variability of performance or quality of service. The personnel in financial services organization need to be selected on the basis of their suitability and trained properly, so that they can perform their activities efficiently and effectively. (<http://www.mbaknol.com/business-finance/definition-of-financial-services>).

- Market Dynamics: The market dynamics depends to a great extent, on socioeconomic changes such as disposable income, standard of living and educational changes related to the various classes of customers. Therefore financial services have to be constantly redefined and refined taking into consideration the market dynamics. The institutions providing financial services, while evolving new services could be proactive in visualizing in advance what the market wants, or being reactive to the needs and wants of their customers. (<http://www.mbaknol.com/business-finance/definition-of-financial-services>).

- Other Characteristics:

**Higher Involvement Purchase/Complex Product-** Many financial services are high involvement purchase. This will mean that the customer will shop around for the best advice or the best offer and will generally take a long time to plan the purchase, for example with a mortgage or a pension. Information will be sought about competing brands and products, usually from a variety of sources including advertising, the press, informal advice from colleagues or family, perhaps, and formal advice from the bank manager or a financial consultant. (Woodruffe, 1999, p.255)



**High Level of Branch Loyalty-** Customers tend to stay with financial service providers and use them to satisfy their different needs at different stages of their life. Banks recognize this well and are taken to provide student overdrafts in hope of retaining a professional salaried account holder for many years. Many people choose the same bank or building society as their parents because the parents open an account for them. Children and teenagers are a key target market for banks and building societies because of the possibilities of future business. Customer retention is the aim for financial service providers. Customer will, and increasingly do, change providers if they are very dissatisfied, however, or if they perceive better value elsewhere, thus increasing the competitive pressure between institutions. (Woodruffe, 1999, p.255)

#### **2.1.4 Financial Services Marketing Mix:**

The challenges facing the financial services industry mean that greater emphasis than ever before must be placed on developing and implementing successful marketing programs to create and foster a customer orientation. True differentiation of financial products is virtually impossible to achieve because they are intrinsically the same, offering similar benefits and services to consumers. The degree of suitability between brands is correspondingly very high at the outset (for example, at the supplier or product selection stage). Once a financial product has been sold, however, the customer is frequently tied in over a long period and may even face penalties if they wish to change supplier (as in the case of fixed rate mortgage) or if they wish to discontinue the service (terminating endowment or insurance agreements or before the full term has expired for example). (Woodruffe, 1999, p.261).

The key objectives for financial services providers are:

- Attracting customers in the first place.

- Retaining customers through high levels of client satisfaction and by providing a portfolio of financial services to meet their changing needs over time.

The service marketing mix is also known as an extended marketing mix and is an integral part of a service blueprint design. The service marketing mix consists of 7 P's as compared to the 4 P's of a product marketing mix. Simply said, the service marketing mix assumes the service as a product itself. However it adds 3 more P's which are required for optimum service delivery. (<http://www.marketing91.com/service-marketing-mix>).

- Product:

There is little or no room for innovation in product design due to the ease by which competitors can make similar offerings, for example by altering charges or interest rates to meet those of competitors. Additionally, many financial services are affected by other restrictions, such as government directives relating to income tax and investments or constraints on the amounts which can be invested. Therefore, differentiation can best be achieved through the other elements of the marketing mix. Current accounts are dominated by bank, although the building societies' share of this market in which they could not compete until recently is growing. (Woodruffe, 1999, p.261).

The product in service marketing mix is intangible in nature. Like physical products such as a soap or a detergent, service products cannot be measured. Tourism industry or the education industry can be an excellent example. At the same time service products are heterogenous, perishable and cannot be owned. The service product thus has to be designed with care. Generally service blue printing is done to define the service product. For example – a restaurant blue print will be prepared before establishing a restaurant business. This service blue print defines exactly how the

product (in this case the restaurant) is going to be. (<http://www.marketing91.com/service-marketing-mix>).

- Price:

Pricing in case of services is rather more difficult than in case of products. If you were a restaurant owner, you can price people only for the food you are serving. But then who will pay for the nice ambience you have built up for your customers? Who will pay for the band you have for music? Thus these elements have to be taken into consideration while costing. Generally service pricing involves taking into consideration labor, material cost and overhead costs. By adding a profit mark up you get your final service pricing. You can also read about pricing strategies. (<http://www.marketing91.com/service-marketing-mix>).

The price in financial services terms to the costs involved to the customer in, say, bank charges or credit card interest rates. These prices seem to evoke low levels of customer sensitivity as many customers enjoy 'free' banking, by maintaining their current accounts in credit, for example, or paying their credit card balances off each month. The introduction of new charges, however, such as the annual credit card fee had a noticeable effect initially, however, and sparked off competitive reaction from lenders prepared to offer cards with no annual charge. Price also relates to the value of the product to the customer and, as such, can be highly sensitive. This can be in terms of interest rates charged on a mortgage, where reductions in interest for first time buyers or preferential rates for existing customers of other services (for example current account holders) are standard promotional tools in the industry, representing a form of discounting. (Woodruffe, 1999, p.261).

- Promotion:

Major adverting campaigns are undertaken continuously by banks, building societies and other major financial institutions such as insurance companies. The main

purpose of the advertising is to strengthen awareness of the brand and company image and to inform the market about the services available. The trend has also been towards developing more below-the-line promotional activities using highly sophisticated databases to target direct mail campaigns at distinct market segments and using publicity, sponsorship and other promotional means. (Woodruffe, 1999, p.262).

Promotions have become a critical factor in the service marketing mix. Services are easy to be duplicated and hence it is generally the brand which sets a service apart from its counterpart. There will find a lot of banks and telecom companies promoting themselves rigorously. Why is that? It is because competition in this service sector is generally high and promotion is necessary to survive. Thus banks, IT companies, and dotcoms place themselves above the rest by advertising or promotions. (<http://www.marketing91.com/service-marketing-mix>).

- Place:

Place or location has always been regarded as critical in retail financial services where high street positions are maintained by most of the large institutions. For transaction services where regular and frequent branch contact is required this can be important. First Direct, however, the telephone banking service, has proved that a bank without branches is possible though its customers still need access to convenient ATM outlets. Some consumers prefer personal, face-to-face contact within a branch and may be more likely to use a local branch or building society. Direct Line and other telephone insurance services are also moving away from the traditional large networks of branches and brokers or agents. Changes in distribution systems, technology and consumer demands are all key influences on the evolution of the 'place' component of the marketing mix. (Woodruffe, 1999, p.263).

Place in case of services determine where is the service product going to be located. The best place to open up a petrol pump is on the highway or in the city. A place where there is minimum traffic is a wrong location to start a petrol pump.

Similarly a software company will be better placed in a business hub with a lot of companies nearby rather than being placed in a town or rural area. (<http://www.marketing91.com/service-marketing-mix>).

- People:

Customer care is at the forefront of both quality and differentiation in the financial services industry. Staffs need to be highly trained not only in customer care but in how to respond to the rapidly changing market environment. Personnel maintain relationships with customers. (Woodruffe, 1999, p.263).

People is one of the elements of service marketing mix. People define a service. If you have an IT company, your software engineers define you. If you have a restaurant, your chef and service staff defines you. If you are into banking, employees in your branch and their behavior towards customers defines you. In case of service marketing, people can make or break an organization. Thus many companies nowadays are involved into specially getting their staff trained in interpersonal skills and customer service with a focus towards customer satisfaction. In fact many companies have to undergo accreditation to show that their staff is better than the rest. (<http://www.marketing91.com/service-marketing-mix>).

- Process:

This is the main area where technological advances have led to major change. Improvements in the process stem not only from the automation of many transactions and data handling within organization but also from process re-engineering to reduce delays in processing mortgage applications, for example, or the installation of automated queuing systems to cut down on waiting time. North West Securities, a finance company specializing in consumer lending, offer existing and previous customers same-day acceptance of loan applications and will also arrange for courier

delivery of a personal cheque for the loan amount to the customer's home if required. (Woodruffe, 1999, p.263).

Service process is the way in which a service is delivered to the end customer. Lets take the example of two very good companies – Mcdonalds and Fedex. Both the companies thrive on their quick service and the reason they can do that is their confidence on their processes. On top of it, the demand of these services is such that they have to deliver optimally without a loss in quality. Thus the process of a service company in delivering its product is of utmost importance. It is also a critical component in the service blueprint, wherein before establishing the service, the company defines exactly what should be the process of the service product reaching the end customer. (<http://www.marketing91.com/service-marketing-mix>).

- Physical Evidence:

The environment in banks is changing, moving away from austerity and formality to a more friendly approach reflected in more attractive branch layouts and décor. Other physical evidence plays an important part in financial transactions such as the documentations which must be presented by salespeople to prove that they are authorized to offer investment advice. This creates confidence and helps to build the relationship between customer and provider. Physical evidence is also widely used to tangibilie the service. Attractive brochures and policy documents, presented in glossy folders, cheque book and credit card holders, 'gold' credit card, children's 'collectable' money boxes are all examples of physical evidence being used in this way. (Woodruffe, 1999, p.263).

Services are intangible in nature. However, to create a better customer experience tangible elements are also delivered with the service. Take an example of a restaurant which has only chairs and tables and good food, or a restaurant which has ambient lighting, nice music along with good seating arrangement and this also serves good food. That's physical evidence. Several times, physical evidence is used as a

differentiator in service marketing. Imagine a private hospital and a government hospital. A private hospital will have plush offices and well dressed staff. Same cannot be said for a government hospital. Thus physical evidence acts as a differentiator. (<http://www.marketing91.com/service-marketing-mix>).

### **2.1.5 Consumer Behaviour:**

The study of Consumer behaviour is the study of how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items. It includes the study of what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, and how often they use it. (Schiffman & Kanuk, 2000 , p.6)

Consumer behaviour is the study of the decision-making units and the processes involved in acquiring consuming and disposing of goods, services, experiences, and ideas. Within this simple definition a number of important concepts are introduced. First, the definition uses the term “decision-making units” rather than “consumers”, since decisions may be made either by individuals or groups. In the introductory vignette, several indicators of group decision making are found. For example, the youth groups, which claimed “shoe territories” in cities, are engaging in group decision making. Similarly, a couple may make a joint decision on what brand of sneaker to wear together. A family may vote on where to vacation, or a company could form a buying group to make a decision concerning the purchase of an industrial item. (Mowen, 1990, p.5)

Consumer buying decision process consists of five stages: need recognition, information search, evaluation of alternatives, purchase decision and postpurchase behaviour. Clearly, the buying process starts long before actual purchase and continues long after. Marketers need to focus on the entire buying process rather than on just the purchase decision. (Kotler & Armstrong, 2004, p.198)

Buyer Decision Processes are:

- Need Recognition:

The buying process starts with need recognition—the buyer recognizes a problem or need. The buyer senses a difference between his or her *actual* state and some *desired* state. The need can be triggered by *internal stimuli* when one of the person's normal needs—hunger, thirst—rises to a level high enough to become a drive. A need can also be triggered by *external stimuli*. At this stage, the marketer should research consumers to find out what kinds of needs or problems arise, what brought them about, and how they led the consumer to this particular product. By gathering such information, the marketer can identify the factors that most often trigger interest in the product and can develop marketing programs that involve these factors. ([http://www.zainbooks.com/books/marketing/principles-of-marketing\\_15\\_consumer-buying-behavior.html](http://www.zainbooks.com/books/marketing/principles-of-marketing_15_consumer-buying-behavior.html)).

- Information Search:

An interested consumer may or may not search for more information. If the consumer's drive is strong and a satisfying product is near at hand, the consumer is likely to buy it then. If not, the consumer may store the need in memory or undertake an information search related to the need. Consumer can obtain information from any of several sources. These include personal sources (family, friends, neighbours, acquaintance), commercial sources (advertising, salespeople, dealers, packaging, displays), public sources (mass media, consumer-rating organizations) and experiential sources (handling, examining, using the product). People often ask others- friends, relatives, acquaintances, professionals-for recommendations concerning a product or service. Thus, companies have a strong interest in building sound a word-of-mouth source. These sources have two chief advantages. First, they are convincing: Word of mouth is the only promotion method that is of consumers, by consumers, and for consumer. Having loyal, satisfied costumers that brag about doing business with you is



the dream of every business owner. Not only satisfied customers repeat buying, but they are also walking, talking, and billboards for your business. (Kotler & Armstrong, 2004, p.152).

People often ask others—friends, relatives, acquaintances, professionals—for recommendations concerning a product or service. Thus, companies have a strong interest in building such *word-of-mouth sources*. These sources have two chief advantages. First, they are convincing: Word of mouth is the only promotion method that is *of* consumers, *by* consumers, and *for* consumers. Having loyal, satisfied customers that brag about doing business with you is the dream of every business owner. Not only are satisfied customers repeating buyers, but they are also walking, talking billboards for your business. Second, the costs are low. Keeping in touch with satisfied customers and turning them into word-of-mouth advocates costs the business relatively little. ([http://www.zainbooks.com/books/marketing/principles-of-marketing\\_15\\_consumer-buying-behavior.html](http://www.zainbooks.com/books/marketing/principles-of-marketing_15_consumer-buying-behavior.html)).

- Evaluation of Alternatives:

The consumer arrives at attitudes toward different brands through some evaluation procedure. How consumers go about evaluating purchase alternatives depends on the individual consumer and the specific buying situation. In some cases, consumers use careful calculations and logical thinking. At other times, the same consumers do little or no evaluating; instead they buy on impulse and rely on intuition. Sometimes consumers make buying decisions on their own; sometimes they turn to friends, consumer guides, or salespeople for buying advice. Marketers should study buyers to find out how they actually evaluate brand alternatives. If they know what evaluative processes go on, marketers can take steps to influence the buyer's decision. ([http://www.zainbooks.com/books/marketing/principles-of-marketing\\_15\\_consumer-buying-behavior.html](http://www.zainbooks.com/books/marketing/principles-of-marketing_15_consumer-buying-behavior.html)).

- Purchase Decision:

In the evaluation stage, the consumer ranks brands and forms purchase intentions. Generally, the consumer's purchase decision will be to buy the most preferred brand, but two factors can compare between the purchase intention and the purchase decision. The first factor is the attitudes of others. The second factor is unexpected situational factors. The consumer may form a purchase intention based on factors such as expected income, expected price, and expected product benefits. However, unexpected events may change the purchase intention. (Kotler & Armstrong, 2004, p.155)

- Post Purchase Behaviour:

The marketer's job does not end when the product is bought. After purchasing the product, the consumer will be satisfied or dissatisfied and will engage in post purchase behavior of interest to the marketer. What determines whether the buyer is satisfied or dissatisfied with a purchase? The answer lies in the relationship between the *consumer's expectations* and the product's *perceived performance*. If the product falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted. The larger gap between expectations and performance, the greater the consumer's dissatisfaction. This suggests that sellers should make product claims that faithfully represent the product's performance so that buyers are satisfied. Some sellers might even understate performance levels to boost consumer satisfaction with the product. For example, Boeing's salespeople tend to be conservative when they estimate the potential benefits of their aircraft. They almost always underestimate fuel efficiency—they promise a 5 percent savings that turns out to be 8 percent. Customers are delighted with better-than-expected performance; they buy again and tell other potential customers that Boeing lives up to its promises. Almost all major purchases result in cognitive dissonance, or discomfort caused by post purchase conflict. After the purchase, consumers are satisfied

with the benefits of the chosen brand and are glad to avoid the drawbacks of the brands not bought. However, every purchase involves compromise. Consumers feel uneasy about acquiring the drawbacks of the chosen brand and about losing the benefits of the brands not purchased. Thus, consumers feel at least some post purchase dissonance for every purchase. Why is it so important to satisfy the customer? Such satisfaction is important because a company's sales come from two basic groups—*new customers* and *retained customers*. It usually costs more to attract new customers than to retain current ones, and the best way to retain current customers is to keep them satisfied. Customer satisfaction is a key to making lasting connections with consumers—to keeping and growing consumers and reaping their customer lifetime value. Satisfied customers buy a product again, talk favorably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company. Many marketers go beyond merely *meeting* the expectations of customers—they aim to *delight* the customer. A delighted customer is even more likely to purchase again and to talk favorably about the product and company. A dissatisfied consumer responds differently. Whereas, on average, a satisfied customer tells 3 people about a good product experience, a dissatisfied customer gripes to 11 people. In fact, one study showed that 13 percent of the people who had a problem with an organization complained about the company to more than 20 people. Clearly, bad word of mouth travels farther and faster than good word of mouth and can quickly damage consumer attitudes about a company and its products. Therefore, a company would be wise to measure customer satisfaction regularly. It cannot simply rely on dissatisfied customers to volunteer their complaints when they are dissatisfied. Some 96 percent of unhappy customers never tell the company about their problem. Companies should set up systems that *encourage* customers to complain. In this way, the company can learn how well it is doing and how it can improve. The 3M Company claims that over two-thirds of its new-product ideas come from listening to customer complaints. But listening is not enough—the company also must respond constructively to the complaints it

receives.([http://www.zainbooks.com/books/marketing/principles-of-marketing\\_15\\_consumer-buying-behavior.html](http://www.zainbooks.com/books/marketing/principles-of-marketing_15_consumer-buying-behavior.html)).

### **2.1.6 Customer Satisfaction & Its Role in Buying Process:**

The definition of the customer satisfaction has been widely debated as organizations increasingly attempt to measure it. Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. It is a highly personal assessment that is greatly affected by customer expectations. Satisfaction also is based on the customer's experience of both contact with the organization (the "moment of truth" as it is called in business literature) and personal outcomes. Some researcher define a satisfied customer within the private sector as "one who receives significant added value" to his/her bottom line- a definition that may apply just as well to public service. (<http://www.cssp.org/publications/constituents-co-invested-in-change/customer-satisfaction>).

Manufacturers, retailers and all types of marketing organizations are now involved in massive campaigns to improve their quality of service and its profitability by ensuring customer satisfaction. Looking after the customer is at least as important as looking after his equipment, and this is borne out in surveys made both in the United States and in the United Kingdom. This is equally important in business-to-business and industrial markets as it is in consumer markets. (Woodruffe, 1999, p.293)

Customer satisfaction is a highly personal assessment that is greatly influenced by individual expectations. Some definitions are based on the observation that customer satisfaction or dissatisfaction results from either the confirmation or disconfirmation of individual expectations regarding a service or product. To avoid difficulties stemming from the kaleidoscope of customer expectations and differences, some experts urge companies to "concentrate on a goal that's more closely linked to customer equity." Instead of asking whether customers are satisfied, they encourage companies to determine how customers hold them accountable.

(<http://www.cssp.org/publications/constituents-co-invested-in-change/customer-satisfaction>).

In essence, model of the buying decision process show that the typical purchaser will screen out all non-responsive suppliers (i.e. those whose price and features/capabilities do not meet needs). The remaining acceptable suppliers are then usually chosen on the basis of service responsiveness and quality. In a study of over 3000 users of data processing, office automation and telecommunications equipment, the key importance of service and service-related issues in the decision to buy was measured. In this particular study of the information technology market, users were asked to place a weighting, on a scale of 1-9 (with 9 being most important), as to the factors utilized to influence the buy decision. The results can be briefly summarized as follows: (Woodruffe, 1999, p.293)

- The highest rating factor was reliability of the equipment followed by service response time and capability of service organization, all weighed higher than 8. (Four further factors relating to service (e.g. speed of parts delivery) were weighted between 7 and 8.
- The actual cost of the equipment was given an importance rating of only 6.5, slightly higher than the cost of service at 6.4.
- Only delivery times and instruction/training were weighted lower than this.

Clearly, as this study related to the type of products where technical service support would be seen as essential-telecommunications and computer equipment-the results are perhaps not too surprising. However, for many consumer purchase decisions these factors rate highly in importance in exactly the same way. (Woodruffe, 1999, p.293)

Developing a customer satisfaction program is not just about carrying out a survey. Surveys provide the reading that shows where attention is required but in many respects, this is the easy part. Very often, major long lasting improvements need a

fundamental transformation in the company, probably involving training of the staff, possibly involving cultural change. The result should be financially beneficial with less customer churn, higher market shares, premium prices, stronger brands and reputation, and happier staff. However, there is a price to pay for these improvements. Costs will be incurred in the market research survey. Time will be spent working out an action plan. Training may well be required to improve the customer service. The implications of customer satisfaction surveys go far beyond the survey itself and will only be successful if fully supported by the echelons of senior management. (<http://www.b2binternational.com/publications/white-papers/customer-satisfaction-survey>).

Satisfaction is an attitude based on past experience with an actor. Although trust is usually understood as a future-oriented attitude, i.e. as a state of mind that goes beyond past experience, one can hardly deny that a certain amount of positive experience with a person or organization will at least support the development of trust towards this person or organization. There are situations in which a person is forced to rely on another person without having (positive) past experience at all or even with negative past experience. Therefore, the most effective way for a supplier to make the actors in a customer firm believe in his/her honesty, competence and benevolence is to provide them with positive experience. (<http://www.impgroup.org/uploads/papers/131.pdf>).

### **2.1.5 Development of Bank and Banking Service:**

A bank is an organization, the major function of which is to deal in money and credit. The main business of bank is to pool the scattered idle deposits in the public and channel it for productive use. It collects deposits and invests or lends to those who stand in need of money. Bank, in other words, is a custodian of money received from the depositors. Hence, its responsibility towards the general public is pretty different than those who are involved in other types of trades and service. (Shrestha, 2007, p.1).

The term bank is derived from the French word *Banco* which means a Bench or Money exchange table. In olden days, European money lenders or money changers used to display (show) coins of different countries in big heaps (quantity) on benches or tables for the purpose of lending or exchanging. A bank is a financial institution which deals with deposits and advances and other related services. It receives money from those who want to save in the form of deposits and it lends money to those who need it. (<http://kalyan-city.blogspot.com/2011/02/what-is-bank-introduction-definition.html>).

The banking system was prevalent in an unorganized way from the ancient time. Regarding the origin of the word 'Bank' there are different concepts. Some concept says that the word 'Bank' has been derived from the Italian word 'Banco', Latin word 'Bancus', and French word 'Bangue' which all means a bench. The money exchanger at that time kept heap of money on the bench and heap denotes the joint fund contributed by many persons. Some other says that it has been derived from a German word 'Banck' which means joint stock fund. Later these words were converted in to 'Banko' in Italian language; 'Banke' in French language; and 'Bank' in English language. If we see the history of modern bank the oldest modern bank in the world was Bank of Venice, which was established in 1157 AD. (Joshi, 2062, p.3).

Major function of Bank is to accept deposit in different accounts and provide loan of different types. Therefore mainly the Banks have two types of customers i.e. depositors and borrowers. To get success in the competition, both types of customers should be satisfied. Besides accepting deposits and granting loans, banks render/offer many other services to their customers. Among these services, some services are provided not to earn profit but also to increase customer satisfaction. The banks are regarded as the heart of modern economy. It is because they mobilize resources by collecting deposits and channeling those resources to productive sectors by granting loans. Bank offers all financial services to individuals and institutions. (Gup and Kolari, 2005, p.8).

Most of the functions performed by banks for their customers can be divided into three broad areas:

- Payment
- Intermediation
- Other Financial Services

Payment refers to the means by which financial transactions are settled. Payment system also involves the settlement of credit card transactions, electronic banking, wire transfers and other aspects in the movement of funds. The payment system can be further divided into two parts, the retail payment system used by individuals to pay their bill or receive funds and the large payment system used by business concerns and government to handle large domestic and international payment & receipts. (Gup and Kolari, 2005, p.9).

Deposit-type financial Intermediation refers those economic units whose principal function is obtaining funds from depositors and others, and then lending those funds to borrowers. In financial terms, the deposits represent bank liabilities and the loans are the assets. Their profit is the difference between rates at which they borrow and lend, after taking into account all of their expenses. Banks act as intermediaries between those who have money (i.e. savers or depositors) and those who need money (i.e. borrowers). As financial intermediaries, banks enhance economic efficiency and economic growth by allocating capital to its best possible uses. By offering depositors financial instruments that have desirable risk/return characteristic, banks encourage savings, and by effectively screening credit request, they channel funds into socially productive and profitable uses. (Gup and Kolari, 2005, p.9)

Beside accepting deposits and granting loans the banks render many other services to their clients. The services offered by banks can be divided into four groups i.e. Primary Service, Agency Service, General Utility Service and Service Developed by More Recently. (Joshi, 2062, p.6)



#### 2.1.7.1 Primary Services:

The collection of deposits and granting of loans are two primary or essential services offered by commercial banks. These banks collect deposits in different types of accounts and grant different forms of loan. Banks render these services in following ways:

##### 1. Accepting Deposits:

Commercial banks accept deposits in different accounts. This is the first important and oldest function of the commercial bank. The main forms of deposit accepted by banks are as follows:

- Current or Demand Deposit:

The men and the institutions needing cash frequently deposit their money in current account. The amount deposit in this account can be withdrawn by drawing cheque without prior information. Since the bank should keep all money in reserve and cannot invest, no interest is offered in this account. The bank may instead, take incidental or bank charge for the management of money. The minimum amount to be deposited and maintained in this account is stipulated but the amount varies from bank to bank. If the minimum amount is not maintained, the bank charges some amount of fees. The passbook containing account and cheque book to with low money are issued to depositors. (Joshi, 2062, p.6)

- Saving Deposit:

A deposit account held at a bank or other financial institution that provides principal security and a modest interest rate. Depending on the specific type of savings account, the account holder may not be able to write checks from the account (without incurring extra fees or expenses) and the account is likely to have a limited number of free transfers/transactions. Savings account funds are considered one of the most liquid investments outside of demand accounts and cash. In contrast to savings accounts, checking accounts allow you to write checks and use electronic debit to access your

funds inside the account. Savings accounts are generally for money that you don't intend to use for daily expenses. To open a savings account, simply go down to your local bank with proper identification and ask to open an account. (<http://www.investopedia.com/terms/s/savingsaccount.asp>).

Savings accounts are accounts maintained by retail financial institutions that pay interest but cannot be used directly as money (for example, by writing a check). These accounts let customers set aside a portion of their liquid assets while earning a monetary return. For the bank, money in a savings account may not be callable immediately and therefore often does not incur a reserve requirement freeing up cash from the bank's vault to be lent out with interest. ([http://en.wikipedia.org/wiki/Savings\\_account](http://en.wikipedia.org/wiki/Savings_account))

Banks encourage this type of account. The deposit in this type of account remains stable for a very long period of time. The weakness of this account is that it is maintained at a high cost. Theoretically, this type of account is considered very suitable for lending, as the deposit remains stable. It is considered as the “**Cash Cows Product**” of the banker. (Shrestha, 2007, p.56).

- Call Deposit:

In deposit terminology, the term Call Deposit refers to a specific type of interest bearing investment account that allows a person to withdraw their money from the account without a penalty. In many cases the money can be withdrawn from a Call Deposit account without prior notification to the bank. (<http://www.deposits.org/dictionary/term/call-deposit>)

This is a hybrid account, having mix features of savings account and current account. Deposits in this account earn interest as in savings account and at the same time, the deposits can be withdrawn similar to that of current account. Profit making organizations were earlier restricted from opening savings account (though the restriction has already been removed at present) so this type of account became suitable to them who always had surplus fund in their account. Interest rates offered in this

account depends on mutual agreement reached between the banker and the customer. (Shrestha, 2007, p.55).

- Fixed or Time Deposit:

Fixed deposit accounts are also known by the names of certificate of deposits, bonds and time deposits in different countries. Customers deposit in a fixed deposit account for a fixed period of time at a fixed rate of interest. Money cannot be withdrawn from such accounts before the time period ends, though some banks allow withdrawal by paying a penalty fee. (<http://www.sendmoneyindia.org/different-types-of-bank-accounts.php>).

The amount deposited for a fixed period is called Fixed or Time deposit. As the name implies, the amount deposited cannot be withdrawn before the fixed period. However, the depositor can take loan from the bank against the security of fixed deposit receipt. The interest rate is higher than offered by bank. Since the bank can utilize the money for a fixed period high interest is offered in this account. The fixed deposit in Nepal is of one month to five years above. No chequebook and passbook is issued in this account. Only fixed deposit receipt is given as an evidence of deposit. (Joshi, 2062, p.7).

- Recurring Deposit:

The Recurring deposit account is an account in the bank (or a Post office in some countries) where an investor deposits a fixed amount of money every month for a fixed tenure (mostly ranging from one year to five years). This scheme is meant for investors who want to deposit a fixed amount every month, in order to get a lump sum after some years. The small monthly savings in the Recurring Deposit scheme enable the depositor to accumulate a handsome amount on maturity. Interest at term deposit rates is computable on quarterly compounded basis. ([http://wiki.answers.com/Q/What\\_are\\_recurring\\_deposit\\_accounts](http://wiki.answers.com/Q/What_are_recurring_deposit_accounts)).

- Other Types of Accounts:

Repatriation or Special Account:

There are two types of Special Accounts: Special Dollar Account and Special Rupee Account. Travel Agencies, Trekking Agencies, Foreign Airlines, Cargo Companies, General Service Agent of Foreign Airlines can open this type of account in FCY as well as in NPR. The Foreign/Nepalese currency earned by sales of passenger air tickets, cargo service etc. is repatriable against the NRB permit. (Shrestha, 2007, p.58).

Rupee Convertible Account:

In general, restrictions on foreign currency movements are placed by developing countries which have faced foreign exchange problems in the past is to avoid sudden erosion of their foreign exchange reserves which are essential to maintain stability of trade balance and stability in their economy. ([http://wiki.answers.com/Q/What\\_is\\_rupee\\_convertibility](http://wiki.answers.com/Q/What_is_rupee_convertibility)).

This account is opened by with the approval of NRB. The balance in the account is maintained only in Nepalese rupee though deposits are done only through foreign currency. Withdrawal is allowed in any currency from rupee convertible account. (Shrestha, 2007, p.58).

Currency Designated Account:

All foreigners other than Indian and Bhutanese nationals can open this type of account. The deposit and withdrawal are permitted only in the currency in which the account is maintained. Currency designated account can be opened only as current account. (Shrestha, 2007, p.58).

Convertible Foreign Currency Account:

Convertible foreign currency account can be opened both as savings and current account. Foreign nationals, organizations, institutions, social organizations receiving grants and assistance in FCY, Nepalese drawing salary in foreign currency by way of

employment or earning through study, service, trainings, seminar and business, local firms earning commission or salary as representatives, consultant fees, awards or royalties of books and articles, can open this type of account. (Shrestha, 2007, p.58).

## 2. Providing Loans:

A loan is a type of debt. Like all debt instruments, a loan entails the redistribution of financial assets over time, between the lender and the borrower. In a loan, the borrower initially receives or *borrow*s an amount of money, called the *principal*, from the lender, and is obligated to *pay back* or *repay* an equal amount of money to the lender at a later time. Typically, the money is paid back in regular *installments*, or partial repayments; in an annuity, each installment is the same amount. The loan is generally provided at a cost, referred to as interest on the debt, which provides an incentive for the lender to engage in the loan. In a legal loan, each of these obligations and restrictions is enforced by contract, which can also place the borrower under additional restrictions known as loan covenants. (<http://en.wikipedia.org/wiki/Loan>).

Commercial banks offer two types of credit facilities namely funded facility and non-funded facility. In the case of funded facilities offered, cash is involved such as in OD facility, Demand Loan, Time Loan, Short Term Loan, Long Term Loan etc. and in case of non-funded facility, cash is not involved but only the contingent liabilities increase. LC and Guarantee facility offered by banks are non-funded facilities. Normally, commercial banks offer short-term facilities, as the major portion of deposits they maintain are of short-term in nature. Short Term facilities can be on secured basis (where there is tangible security) and on unsecured basis (without any security). (Shrestha, 2007, p.177).

Traditionally, commercial banks can grant only short-term credit. But in present time, it also provides loan of medium and long-term nature to some extent to even industry and agriculture. The bank charges interest on loans, which are usually higher

than those, offered on the deposits. Since the banks in Nepal are now free to fix interest rates, the rate of interest on both deposits and loans varies from bank to bank. The main forms of loan provided by the bank are as follows:

- Loans and Advances:

The bank provides the loans and advances to individuals and institutions for various purposes. The bank provides loans only against the securities like gold, silver, government and non-government securities, which are easily marketable, stable in value and liquid. Some banks offer the personal loans without security on the basis of honesty and prestige of the customers. The bank charges interest on full amount of the loan. The loans provided against the export bills are called advances. (Joshi, 2062, p.8).

- Overdraft:

Loan arrangement under which a bank extends credit up to a maximum amount (called overdraft limit) against which a current (checking) account customer can write checks or make withdrawals. The most common form of business borrowing, an overdraft is a type of revolving loan where deposits (credits) are available for re-borrowing, and interest is charged only on the daily overdraft (debit) balance. It is, however, also a demand loan: the facility can be cancelled (and entire outstanding amount 'called') at any time by the lender at its discretion, without any warning notice or explanation. If the overdraft is secured by an asset or property, the lender has the right to foreclose on the collateral in case the account holder does not pay. Calls happen usually where the (1) borrower's credit rating falls, (2) lender has reason to believe the borrower may go into default, or (3) borrower has not 'revolved' the overdraft in a satisfactory manner and has turned it into a hardcore debt. An overdraft is approved only for a fixed period (usually one year) after which it is must be renegotiated. In the US practice (where it is called line of credit or credit Line), the borrower is often required to maintain 10 to 20 percent of the approved overdraft limit as cash balance in the account, and must demonstrate its continuing financial health by managing without

the overdraft for a one or two-month period (called cleanup period). (<http://www.businessdictionary.com/definition/overdraft.html>).

- Cash Credit:

Cash credit is a short-term cash loan to a company. A bank provides this type of funding, but only after the required security is given to secure the loan. Once a security for repayment has been given, the business that receives the loan can continuously draw from the bank up to a certain specified amount. This type of financing is similar to a line of credit. ( <http://www.businessfinance.com/cash-credit.htm>).

The practice of cash credit was originated in Scotland. The cash credit is not based on personal security. It is provided against the collateral of shares, debenture, cotton, jute, rice etc. The borrower needs to pay interest only on the actual amount taken as in overdraft. There is only one difference between cash credit and overdraft. In overdraft, more amounts can be withdrawn from current account for a temporary period, whereas a new account is opened in case of cash credit. (Joshi, 2062, p.9).

- Discounting of Bills:

Banks provide loans by discounting bills such as the bill of exchange. In modern days, transactions are made with the help of credit. The bank discounts the rate of interest from the face value of the bill and allows drawing the remaining amount by cheque. This is called discounting of bills. The most important element in credit is the bill of exchange which is used to negotiate a letter of credit. Seller discounts that bill of exchange with the bank and gets money. Discounting bill terminology is used for this purpose. Now it is seller's bank responsibility to send documents and bill of exchange to buyer's bank for onward forwarding to the buyer for the acceptance and the buyer finally, accepts bill of exchange drawn by the seller on buyer's bank because he has opened that LC. Buyers bank than get that signed bill of exchange from the buyer as

guarantee and release payment to the sellers bank and waits for the time span will buyer will pay the bank against that bill of exchange. (<http://www.blurtit.com/q780714.html>).

- Clean Advances/Casual Overdraft:

Clean advances are unsecured loans granted for short period after taking into account the net liquid resources of the borrower. After study of character, capacity and capital of a party and after determining that the borrower can repay at a short notice, the party is considered eligible for such credits. Casual Overdraft means to allow a customer to overdraw his account without having to provide any security to the bank. Such overdrawing is allowed on exceptional case and not on regular basis. (Shrestha, 2007, p.178).

- Demand Loan:

A demand loan is an agreement providing the lender the ability to demand full payment of the remaining balance of the loan at any point in time after the loan is executed. The loan terms virtually allow the lender to demand full payment, hence demand loan. While the borrower enjoys relatively easy qualifying terms and an open-ended repayment schedule, the lender enjoys significant benefits. For example, periodic finance charges coupled with interest charges on the outstanding balance. These charges can be significant meaning the lender is enjoying a handsome return on investment. Because this type of loan can be called at the lender's discretion, the lender can take action to minimize potential losses. This loan type allows the lender the ability to gauge the business cycle and related business activities to determine a possible downturn in economic, political or other changes. The obvious benefit is the lender can call the loan and obtain the balance of the loan before the downward spiral ensues. On the other hand, if the economy is in good shape, the borrower benefits from making token payments on an irregular schedule. If a payment schedule has been implemented, the borrower will enjoy a relaxed payment schedule. Another term for demand loan is a call



loan. The terms and conditions, regardless of what the loan is called, will be the same. Whether it is titled a demand loan or a call loan, it is a type of loan usually employed when the lender and borrower have a long standing and positive business relationship. (<http://www.moneyferret.com/demand-loan-definition>).

- Term Loan:

Term loans are your basic vanilla commercial loan. They typically carry fixed interest rates, and monthly or quarterly repayment schedules and include a set maturity date. The range of funds typically available is \$25,000 and greater. Bankers tend to classify term loans into two categories: Intermediate-term loans: Usually running less than three years, these loans are generally repaid in monthly installments (sometimes with balloon payments) from a business's cash flow. According to the American Bankers Association, repayment is often tied directly to the useful life of the asset being financed. Long-term loans: These loans are commonly set for more than three years. Most are between three and 10 years, and some run for as long as 20 years. Long-term loans are collateralized by a business's assets and typically require quarterly or monthly payments derived from profits or cash flow. These loans usually carry wording that limits the amount of additional financial commitments the business may take on (including other debts but also dividends or principals' salaries), and they sometimes require that a certain amount of profit be set-aside to repay the loan. Term loans are most appropriate for established small businesses that can leverage sound financial statements and substantial down payments to minimize monthly payments and total loan costs. Repayment is typically linked in some way to the item financed. Term loans require collateral and a relatively rigorous approval process but can help reduce risk by minimizing costs. Before deciding to finance equipment, borrowers should be sure they can they make full use of ownership-related benefits, such as depreciation, and should compare the cost with that leasing. (<http://www.entrepreneur.com/encyclopedia/term/82534.html>).

- **Bridge Loans:**

A short-term loan that is used until a person or company secures permanent financing or removes an existing obligation. This type of financing allows the user to meet current obligations by providing immediate cash flow. The loans are short-term (up to one year) with relatively high interest rates and are backed by some form of collateral such as real estate or inventory. It is also known as "interim financing", "gap financing" or a "swing loan". Sometimes, when a lending institution fails to disburse the loans already sanctioned either for want of completion of documentation formalities or for want of resources, a commercial bank is requested to extend loans for a temporary period as a stop gap arrangements which is known as "Bridge Loan". Some other bank bridges the gap in providing loan by agreed institution, hence it is called bridge gap loan. (<http://www.investopedia.com/terms/b/bridgeloan>).

- **Participation Loans or Consortium Loans:**

Technically, consortium financing is financing a project jointly by two or more banks. Under consortium arrangement, the banks acquire common interests and share the advances and securities on pre-determined proportions. At times, mainly in the case of larger projects requiring comparatively larger amount of funds in the form of capital investment, a single Bank may not be in a position to finance the project of its own or may feel hesitant in undertaking the risk because of the degree of the risk involved. In such case, the banks form a consortium to jointly participate in financing. (<http://www.bok.com.np/customer-care/faq/credit.php>).

- **Hire Purchase Loan:**

In the case of Hire Purchase Loan, the article belongs to the owner (bank) and is given on hire to the customer. The hirer (borrower) will pay the owner (bank), the hire money agreed between them by installments normally on (EMI) i.e. on equal monthly

installment basis over a period of time. If the hirer fails to pay any installments due, the owner (financier or bank) will have unrestricted and undisputed right to take over the possession of the article or vehicle given on hire. Banks entertain for vehicles and costly durable goods such as refrigerators and television on hire purchase agreements. Nowadays, machinery and equipment are also being financed under Hire-Purchase scheme. (Shrestha, 2007, p.179).

- Time Loan:

Short-term (usually between one to six months) asset based business loan payable usually in one installment on the maturity date. Time loans are commonly used to finance revenue generating assets (such as inventory) which provide the funds to pay back the loan. These loans differ from the demand loans in that (1) the borrower has to pay the full interest up front when the loan is advanced, and (2) the lender cannot demand the repayment (call the loan) before the loan's maturity date. Time loan is also a working capital loan, given for a period of less than one year and has a fixed maturity date. (<http://www.businessdictionary.com/definition/time-loan.html>).

- Trust Receipt Loan:

Trust Receipt (TR) Loan can be defined in two ways such as:

a) Asset based financing: Method used for funding purchase of inventories of consumer durables (appliances, automobiles), construction equipment, etc. In this arrangement the bank holds the title and the borrower can sell the goods (and thus repay the loan) but is obligated to keep them separate from the other inventory.

b) Documentary credit: Method whereby a bank allows an importer to take delivery of imported goods but retains the title to them. This arrangement allows the importer to acquire and sell goods without making payment under a letter of credit. (<http://www.businessdictionary.com/definition/trust-receipt.html>)

- **Pre-Shipment Loan:**

It is a time loan of revolving nature provided to exporters to manufacture goods for export, against the security of an Export LC. Funds advanced by a lending institution (such as an export-import bank or trade development bank) against confirmed orders from qualified foreign buyers to enable the exporter to make and supply ordered goods. Usually, the exporter arranges a commitment from the buyer to make the payment directly to the lender. Upon receipt of payment the lender deducts the loan amount plus interest and other charges and forwards the balance to the exporter. (<http://www.businessdictionary.com/definition/pre-export-financing.html>)

- **Post-Shipment Loan:**

Post-shipment finance is a loan or advance granted by a bank to an exporter of goods. This facility is available to an exporter subsequent to the date of shipment of goods up to the date of realization of export proceeds. Some key features of post-shipment finance are: a) Finance is extended to either the exporter (seller's credit) or the overseas buyer of the goods (buyer's credit). b) Finance is extended against evidence of shipping documents. c) Concessive rate of interest is available for a maximum period of 180 days, starting from the date of submission of documents. Normally, the documents are to be submitted within 21 days from the date of shipment. ([http://www.autopartsasia.com/BankingTut3\\_s.asp](http://www.autopartsasia.com/BankingTut3_s.asp)).

#### Classification Based on Sector-wise Loan Distribution:

- **Real Estate Loans:**

Real estate is a legal term that encompasses land along with improvements to the land, such as buildings, fences, wells and other site improvements that are fixed in location—immovable.<sup>[1]</sup> Real estate law is the body of regulations and legal codes which pertain to such matters under a particular jurisdiction and include things such as commercial and residential real property transactions. Real estate is often considered

synonymous with real property (sometimes called *realty*), in contrast with personal property (sometimes called *chattels* or *personality* under *chattel law* or *personal property law*). A domestic office loans secured by real estate is considered as real estate loans. Generally real estate loans are classified into seven subcategories: Construction and development loans, multifamily residential real estate, home equity, 1 to 4 families residential, farmland and other real estate loans. These loans are classified separately because such loans are subject to different risks and regulations in the USA. ([http://en.wikipedia.org/wiki/Real\\_estate](http://en.wikipedia.org/wiki/Real_estate))

- Commercial or Industrial Loans:

Commercial or Industrial Loans are extended to finance the business of a borrower. It can be for financing the working capital need, purchase of fixed assets and various other seasonal or miscellaneous requirements. The financing can be for short term and long term needs. UBPR has defined commercial loans as “domestic office commercial and industrial loans, loans to depository institution, acceptance of other banks and obligations of states and political sub division.” (Shrestha, 2007, p.180).

- Individual or Consumer Loans:

Consumer Loans are extended to individual borrowers. The average size of consumer loans is relatively small. The maturities of such loans are 1 to 4 years. Consumer loans are provided to finance durable goods in hire purchase like car, freeze, washing machine etc. Nowadays banks finance the education, medical care, travelling expenses etc. of individuals. The individual borrower’s default risk is high compared to commercial loans. Consumer loans are considered risky because the goods financed through consumer lending cannot be sold in the face value and neither there exists a secondary market for such goods. Hence, the interest rates on such loans are high in comparison to other types of loans. Consumer loans are normally repaid in installments consisting of principal and interest on EMI (Equal Monthly Installments) basis. As the

interest is also paid every month, the actual cost of fund comes to be higher than other loans. (Shrestha, 2007, p.181).

- Agriculture Loans:

Agriculture loans are provided to finance the planting and harvesting of crops. Such loans are quite similar to commercial and industrial loans because loan is provided to finance the short term seasonal credit need of the customers. The loan is utilized in purchase of seeds, pesticides, fertilizers, wages of farm workers and various other production costs. The loan is repaid when other crops are harvested and sold. Long term financing is extended for purchase of live stock, tractor, combine machines, equipment and land. Agriculture lending is considered extremely volatile because the price of agro products rises and falls depending on the demand and supply of national and international markets. (Shrestha, 2007, p.181).

- Loans and Leases in Domestic Offices:

In the USA, lease financing is the most important single source of funds to support business expenditures for capital investments. Lease financing means letting or renting a building, a piece of land, or equipments for a fixed period against which the lessee pays a lease rental fee for that period. The regular fixed rental fee is paid on monthly, quarterly, half yearly or yearly basis as per the agreements between the lesser and lessee. When the lease contract ends, the assets revert to the lesser. A lessee is an individual or a firm which uses an asset without owning int. (Shrestha, 2007, p.181).

### 3. Supporting Government Activities:

Banks invest on government securities and bonds for supporting government activities with credit. Banks earn interest by investing in government and non-government securities. Banks make government transactions with the permission of the central bank, such as Nepal Rastra Bank. It implies that banks collect government revenue and disburse government funds on behalf of the government. (Joshi, 2062, p.9).

### 2.1.7.2 Agency Services:

The functions other than main functions performed by commercial bank are called secondary functions/services. These functions are also called agency functions. The bank charges minimum fees for undertaking agency functions for its customers. The objective behind undertaking such functions is to attract or retain customers rather than to earn income. The agency services rendered by banks are as follows:

1. Collection of Credit Instruments (Bills):

Banks collect the credit instruments like cheque, bills of exchange and promissory notes of customers and receive payments. (Joshi, 2062, p.9). Banks collect and pay various credit instruments like cheques, bills of exchange, promissory notes etc., on behalf of their customers. (<httpwww.newagepublishers.comsamplechapter001636.pdf>).

2. Income Receiving and Payment:

Bank receives the dividend, interest of shares and debentures. Similarly, it receives and makes payments of insurance premium, rent and income tax periodically. (Joshi, 2062, p.9).

3. Purchase and Sale of Securities:

Banks help in issuing of shares, purchase and sell the securities like shares, debentures in the stock exchange and other markets on the order of the customers. (Joshi, 2062, p.10). Banks purchase and sell various securities like shares, stocks, bonds, debentures on behalf of their customers. (<httpwww.newagepublishers.comsamplechapter001636.pdf>).

#### 4. Trustee and Attorney:

Bank works as the administrator, trustee, executor and attorney in settlement of will and accounts of the customers. Banks manage the financial affairs and property of individuals and business firms for which they charge fees. This property management function is known as trust service. Services offered to individuals are called personal service trust, while the service offered to businesses is called commercial trust service. Customer can set aside funds for the education of their children under personal service trust. Banks act as trustees for wills, which ensures that the legal heirs receive their rightful inheritance. Under commercial trust department, banks manage security portfolios, and pension plans for business firms and act as agents for corporations issuing stocks and bonds. (Joshi, 2062 , p.10).

#### 5. Remittance of Money:

Commercial banks, on account of their network of branches throughout the country, also provide facilities to remit funds from one place to another for their customers by issuing bank drafts, mail transfers or telegraphic transfer on nominal commission charges. As compared to the postal money orders or other instruments, bank drafts have proved to be a much cheaper mode of transferring money and have helped the business community considerably. (<httpwww.newagepublishers.comsamplechapter001636.pdf>).

#### 6. Correspondent Service:

Banks also act as correspondent or representative of their customers. Banks receives passport, ticket for travel for their customers. (Joshi, 2062 , p.10). Sometimes banks act as representative and correspondents of their customers. They get passports, traveller's tickets and even secure air and sea passages for their customers. (<httpwww.newagepublishers.comsamplechapter001636.pdf>).



#### 7. Tax Consultant:

Banks provide advice on matters of taxes to their customers. They prepare income tax return of their customers and recover the overpayment of tax. Banks also assist their customers in tax assessment. (Joshi, 2062, p.10). Banks may also employ income tax experts to prepare income tax returns for their customers and to help them to get refund of income tax. (<httpwww.newagepublishers.comsamplechapter001636.pdf>).

#### 2.1.7.3 General Utility Services:

Banks perform other miscellaneous functions as well. Functions other than agency functions are called incidental or general utility functions. The general utility services are as follows:

##### 1. Safety Custody of Valuables:

Banks keep the valuable goods like diamond, jeweler and important documents like securities in its safe deposit vault. These goods can be taken to home in case of need by informing the bank. (Joshi, 2062, p.10). Bank provide locker facility to their customers. The customers can keep their valuables, such as gold and silver ornaments, important documents; shares and debentures in these lockers for safe custody. (<httpwww.newagepublishers.comsamplechapter001636.pdf>).

##### 2 Issue Credit Instruments:

A credit instrument is nothing but a payment system established in the business, recognized by the country's legal and financial institutions. Success and implementation of said instrument largely depend upon the active support of the banks. Out of the several existing credit instruments, the personal check system and the documentary credit systems are widely being utilized. A promissory note or written evidence of a debtor's obligation is also considered as the credit instrument. The personal check system ensures a payment order to be paid by the bank upon production of the check

issued to some organization or individual against the bank's credit. Maker, drawer, bank, payee, bearer, etc. constituent the organizing machinery of the check credit instrument which is further classified as the negotiable instrument (does not mean, it can favor anyone!). (<http://www.blurtit.com/q830752.html>).

### 3 Dealing of Foreign Exchange:

The foreign exchange market (forex, FX, or currency market) is a global, worldwide decentralized financial market for trading currencies. Financial centers around the world function as anchors of trading between a wide range of different types of buyers and sellers around the clock, with the exception of weekends. The foreign exchange market determines the relative values of different currencies. The primary purpose of the foreign exchange is to assist international trade and investment, by allowing businesses to convert one currency to another currency. For example, it permits a US business to import British goods and pay Pound Sterling, even though the business' income is in US dollars. It also supports direct speculation in the value of currencies, and the carry trade, speculation on the change in interest rates in two currencies. Bank exchange the foreign currencies of customers. They make available the foreign exchange needed by individuals and traders and charges fee for this service. The commercial banks perform this function with prior approval of the central bank. ([http://en.wikipedia.org/wiki/Foreign\\_exchange\\_market](http://en.wikipedia.org/wiki/Foreign_exchange_market)).

### 4 Economic Information and Statistics:

A separate department of research and statistics can be found in every bank. This department makes available the local and foreign information to the businessmen. The bank publishes monthly and annual bulletins given information's about the situation of trade, industry, rate of interest etc. (Joshi, 2062, p.11). Banks collect statics giving important information relating to trade, commerce, industries, money and

banking. They also publish valuable journals and bulletins containing articles on economic and financial matters. (<httpwww.newagepublishers.comsamplechapter001636.pdf>).

#### 5 Work as Referee:

Banks also work as the referee of the customers. The information on economic condition of other persons or institutions may be taken from the bank. But due to the need of maintaining secrecy, such information's can be obtained only on the consent of the concerned party. The bank knows well about the honesty and reliability of the customers. Hence, it is easier to make contract by taking secret information from the bank. (Joshi, 2062, p.11). Banks may act as references with respect to the financial standing, business reputation and respectability of customers. (<httpwww.newagepublishers.comsamplechapter001636.pdf>).

#### 6 Issue of Guarantee:

Banks issue letter of guarantee promising to pay in case of default of transactions. This facility is widely used in construction and other commercial transactions. (Joshi, 2062, p.11).

#### 7 Advisory Services:

Banks have knowledge about the existing economic situation of the country. So, they provide important advice on financial matters to their customers. This facilitates entrepreneurs and business persons to make profitable investment. (Joshi, 2062, p.11).

#### 8 Underwriting Services:

Banks underwrite the shares and bonds issued by their firms. Since people have confidence over banks, it is not difficult to sell securities having underwriting of banks. Firms are thus able to operate their business by raising funds from the market. (Joshi, 2062, p.11).

#### 2.1.7.4 Services Developed More Recently:

Banks have developed following services more recently:

1. Granting Consumer Loans Service:

In past, banks did not provide loans to individuals and families. It is because they considered that most consumer loans are of small size: they have high default rate making such lending unprofitable. However, by 1920s banks began to provide consumer loans due to stiff competition both for deposits and loans. (Joshi, 2062 , p.11).

2. Financial Advisory Services:

Banks provide financial advice to their customers in the use of credit and saving or investing funds. Banks today provide many financial advisory services. They help individuals to prepare tax returns and financial plans. Likewise, they provide advice to business customers on marketing opportunities at home and abroad. (Joshi, 2062, p.12).

3. Cash Management Services:

Banks offer cash management services to their customers. Under this, a bank agrees to handle cash collections and disbursements for a business firm and to invest any temporary cash surpluses in short-term interest-bearing securities and loans until the cash is needed to pay bills. These services are also offered to individuals at present. (Joshi, 2062, p.12).

4. Making Venture Capital Loans Services:

Banks also finance start-up costs of new companies. Such loans have added risk. So, this task is generally performed through a venture capital firm. Banks may also involve other investors to help share the risk. (Joshi, 2062, p.12).

5. Selling Retirement Plans:

Bank trust department manages the retirement plans that most business make available to their employees. Banks invest incoming funds and make payments to qualified recipients who have reached retirement, or become disabled. Banks also sell deposit retirement plans or pension programs to individuals, who hold these deposits until the funds are needed after retirement. (Joshi, 2062, p.12).

6. Security Brokerage:

Banks deal in securities, execute buying and selling orders for security trading customers. This is referred to as security brokerage services. Banks involves in marketing of new securities to raise funds for corporations and other institutions. This is known as security underwriting services. (Joshi, 2062, p.12).

7. Offering Mutual Funds and Annuities:

Banks provide investment products such as mutual fund accounts and annuities. These products offer the prospect of higher yields than are available on conventional bank deposits. But these products also carry more risk. Annuities consist of long-term savings plans that promise the payment of a stream of income to the annuity holder beginning on a designated future date. In contrast, mutual funds are professionally managed investment programs, that acquire stocks, bonds, and other securities that appear to fit the funds' announced goals such as to maximize income or to achieve long-term capital appreciation. Some banks organize special suidiary organization to market these services. (Joshi, 2062, p.13).

8. Merchant Banking Services:

Banks offer merchant banking services to large corporations. These services include temporary purchase of corporate stock to aid the launching of a new business venture or to support the expansion of an existing company. The bank providing these

services becomes a temporary stockholder and bears considerable risk that may occur due to the decline in stock value. Merchant banking services also include the identification of possible merger targets, providing strategic marketing advice, and offering hedging services to help customers manage risk, especially the risk of loss due to the change in currency prices and interest rates. (Joshi, 2062, p.13).

## **2.8 Banking Service Promotion Mix:**

‘Promotion’ refers to all the ways in which the product or service-the market offering-can be promoted to the target market, and the communication methods available to markets. This fall into four main areas: Advertising, Personal Selling, Sales Promotion, Public Relations. (Woodruffe, 1999, p.16).

Banking Marketing concept can be understood a bit different from product marketing. D. Ghosh Roy states, “Customers are attracted through promises and are retained through satisfactions of expectations, needs, and wants. The actual satisfaction delivered to a customer is affected by the performance of all the personnel of the bank. Every employee, from the top executive to the junior most employees-the sweeper/messenger of the bank is a marketer. Customer relations in a bank is in fact a chain reaction, it is nothing but a total team effort.” Promotion is the communication effort of products by the banker towards its potential buyers. Promotion mix includes advertising, publicity, sales promotion, and personal selling. (Shrestha, 2007, p.47).

- Advertising:

Advertising is paid-for publicity, transmitted through a wide variety of media. The media space and time must be bought (although this is sometimes provided by the media for certain charitable or public information announcements) with the target audience in mind. In this way, advertising is distinctive in that the advertiser has control over what is to be said and when and how it is to be transmitted, by which means. (Woodruffe, 1999, p.156).

Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor targeted at mass community at a single effort. Advertising is one of the most important promotional tools that companies direct persuasive communications to target buyers and publics. (Shrestha, 2005, p.226).

Advertising is done through hoarding, posters, banners, billboards, leaflets, brochures and direct mail. Advertising is any paid presentation and promotion of ideas, goods, or services by an identified sponsor. Example: Print ads, radio, television, billboard, direct mail, brochures and catalogs, signs, in-store displays, posters, motion pictures, web pages, banner ads, and emails. (<http://en.wikipedia.org>).

- **Publicity:**

Publicity refers to communications about organizations, products or services, which is not paid for or sponsored by the organization in question. Often it takes the form of news reports and announcements. Publicity is communication efforts without spending money. It can be done through participation in newsworthy activities such as: Publicity through the media, Involvement in social and community initiatives, Sponsorship of events, Public announcements & special publications, and Corporate brochures & other publicity material. (Woodruffe, 1999 AD, p.158).

- **Sales Promotion:**

Sales promotion is an activity in which short-term incentives are extended to encourage purchase/sales of the product service. For example, we can take savings schemes with lottery program or freebies, Free Samples, Money-off coupons & special offers, 'free' gifts and other incentives etc. Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. (<http://en.wikipedia.org>)

Sales promotion consists of all those activities which can help to stimulate purchase of goods and services. Sales promotion activities can be aimed at the end consumer or at intermediaries in the channel, sometimes referred to as 'out of the pipeline' and 'into the pipeline' promotions respectively. (Woodruffe, 1999, p.158).

Sales promotion is a collection of selling activities that do not fall directly into the advertising or personal selling category such as the use of contests, coupons, sample distribution, premiums, price offs, sponsorship of special events, in-store demonstrations, international trade fairs and exhibitions, etc. In other words all marketing activities other than advertising, personal selling and publicity are sales promotions. (Shrestha, 2005, p.226).

- **Personal Selling:**

Personal selling is a process of helping & persuading one or more prospects to purchase a good or service or to act on any idea through the use of an oral presentation. Examples: Sales presentations, sales meetings, sales trainings incentive programs for intermediary sales people samples, and telemarketing. Can be face-to-face or via telephone. (<http://en.wikipedia.org>).

Personal selling takes many forms but consists of the seller engaging in some kind of personal contact with the customer or potential customer in order to persuade them to make a purchase. It differs from advertising in that there is this personal contact, either face-to-face or by telephone, usually. (Woodruffe, 1999, p.157).

Personal selling can be taken as the most effective and vital tool of the promotional-mix. It is the face-to-face contact by the banker with his customer for the sales of banking product/services. In personal selling, a bank marketer's effort is centered towards satisfying the customers by fulfilling the customer needs which requires in-depth knowledge of the bank's product and also an understanding of the customers. (Shrestha, 2007, p.51).



## **2.9 Factors Determining Customer Satisfaction in Banking Sector:**

### Customer Satisfaction:

Customer satisfaction is an important theoretical as well as practical issue for most marketers and consumer researchers. Customer satisfaction is a major outcome of marketing activity whereby it serves as a link with various stages of consumer buying behavior. For instance, if customers are satisfied with a particular service offering after its use, then they are likely to engage in repeat purchase and try line extensions. Customer satisfaction is widely recognized as a key influence in the formation of consumers' future purchase intentions. Satisfied customers are also likely to tell others of their favourable experiences and thus engage in positive word of mouth advertising. This positive word of mouth advertising is particularly useful in collectivist Asian cultures like that of Pakistan where social life is structured in a way to improve social relationships with others in the society. Dissatisfied customers, on the other hand, are likely to switch brands and engage in negative word of mouth advertising. A recent study conducted by Levesque and McDougall (1996) confirmed and reinforced the idea that unsatisfactory customer service could lead to a drop in customer satisfaction and willingness to recommend the service to a friend. This would lead to increase in switching by customers. So, the significance of customer satisfaction and customer retention in strategy development for a 'market oriented' and 'customer focused' firm cannot be underestimated. Customer satisfaction can be considered as the essence of success in today's highly competitive world of business. Customer satisfaction is increasingly becoming a corporate goal as more and more companies strive for quality in their products and services. In this context, an understanding of 'determinant of customer satisfaction' is of great significance to marketers. ([http://goliath.ecnext.com/coms2/gi\\_0198-44806/Factors-influencing-customer-satisfaction-in.html](http://goliath.ecnext.com/coms2/gi_0198-44806/Factors-influencing-customer-satisfaction-in.html)).

Why is it so important to satisfy the customer? Such satisfaction is important because a company's sales come from two basic groups-*new customers and retained customers*. It usually costs more to attract new customers than to retain current ones. And the best way to retain current customer is to keep them satisfied. Customer satisfaction is a key to building lasting relationships with customers-to keeping and growing consumers and reaping their customer lifetime value. Satisfied customers buy a product again, talk favorably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company. Many marketers go beyond merely *meeting* the expectations of customers- they aim to *delight* the customer. The larger gap between expectations and performance, the greater the consumers' dissatisfaction. This suggests that sellers should make product claims that faithfully represent the product's performance so that buyers are satisfied. Some sellers might even understate performance levels to boost consumer satisfaction with the product. For example, Boeing's salespeople tend to be conservative when they estimate the potential benefits of their aircraft. They almost always underestimate fuel efficiency-they promise a 5 percent savings that turns out to be 8 percent. Customers are delighted with better-than-expected performance; they buy again and tell other potential customers that Boeing lives up to its promises. (Kotler & Armstrong, 2004, p.156).

It is generally accepted that customer satisfaction often depends on the quality of product or service offering. For this reason, research on customer satisfaction is often closely associated with the measurement of quality. Thus, both service quality and customer satisfaction share a close relationship, though they are normally conceptualize as unique (or separate) constructs. There is some empirical evidence suggesting that service quality is a causal antecedent of customer satisfaction. However, there is very little empirical research demonstrating the importance of service quality dimensions in determining customer satisfaction. In a recent study, Levesque and McDougall 1996 found that the performance of the service provider on core and relational dimensions of service was an important driver for customer satisfaction in retail banking in the UK.

However, in a non-Western context, the link between core and relational dimensions of service and customer satisfaction is yet to be established empirically. The current paper aims to fill this gap in the literature. ([http://goliath.ecnext.com/coms2/gi\\_0198-44806/Factors-influencing-customer-satisfaction-in.html](http://goliath.ecnext.com/coms2/gi_0198-44806/Factors-influencing-customer-satisfaction-in.html)).

A dissatisfied consumer responds differently. Whereas, on average, a satisfied customer tells 3 people about a good product experience, a dissatisfied customer gripes to 11 people. In fact, one study showed that 13 percent of the people who had a problem with an organization complained about the company to more than 20 people. Clearly, bad word of mouth travels faster and faster than good word of mouth and can quickly damage consumer attitudes about a company and its products. Therefore, a company would be wise to measure customer satisfaction regularly. It cannot simply rely on dissatisfied customers to volunteer their complaints when they are dissatisfied. Some 96 percent of unhappy customers never tell the company about their problem. Companies should set up systems that encourage customers to complain. In this way, the company can learn how well it is doing and how it can improve. (Kotler & Armstrong, 2004, p.156).

Customer delivered value is the difference between total customer value and the total customer costs. The total customer value is the composite of all the benefits customers expect from a product or service offer. The total customer cost is the composite of all the costs incurred by a customer in evaluating, obtaining, using, and disposing the product or service. (Koirala, 2060, p.85).

Total Customer Value:

Customer buy from the firm that they believe offers the highest **customer delivered value**-the difference between *total customer value* and *total customer cost*. For example, suppose that a large construction firm wants to buy a bulldozer. It will buy the bulldozer from either Caterpillar or Komatsu. The salespeople for the two companies carefully describe their respective offers to assess which one delivers the greatest value. It adds all the values from four sources-*product, service, personnel*, and

*image*. First it judges that Caterpillar's bulldozer has better accompanying services-delivery, training, and maintenance. The customer views Caterpillar personnel as more knowledgeable and responsive. Finally it places higher value on Caterpillar's reputation. Thus, the customer decides that Caterpillar offers more total customer value than does Komatsu. (Kotler & Armstrong, 2004, p.545)

Total Customer value includes four types of values: product values, services value, personnel value, and image value. The product value is generated by the basic attributes of the product such as product quality, functions, designs, packaging, and price. The service value is generated by the different types of services offered along with the product such as warranty, money refunds, delivery and installations and so on. The personnel value is generated through the use of efficient salespersons who use public relations skill to serve and satisfy the customer. The image value is the ownership value generated through brand equity where buying and using a specific brand provides the customer with an enhanced personal image. (Koirala, 2060, p.85).

#### Total Customer Cost:

Total customer cost also includes four types of costs: monetary cost, time cost, energy cost and psychic cost. Monetary cost is represented by the price paid for the product or service. Time cost is the time spent for searching, evaluating and buying the product or service. Energy cost is the physical effort put by the customer in order to buy the product and take it to their home or office. Psychic costs are represented by the frustrations and dissatisfaction with the product. Psychic costs may be involved during various states of the buying process. Customer normally evaluate the total expected value and total expected cost of different product or service offers of competing companies to arrive at a choice decision. When customer choice is limited by other constraining factors such as personal benefits in organizational buying, the customer may buy a product with higher total cost and lower total value. (Koirala, 2060, p.86).

#### Factors Determining Customer Satisfaction:

Customer satisfaction is closely linked to quality. In recent years, many companies have adopted total quality management (TQM) programs, designed to constantly improve the quality of their products, services, and marketing processes. Quality has a direct impact on product performance and hence on customer satisfaction. (Kotler & Armstrong, 1999, p.8).

Bank is solely a service oriented business organization. Bank has nothing to sell but its service. Service excellence is paramount to satisfy a customer and unless a customer is satisfied, it is almost unthinkable of retaining a customer. Hence, the focus of the banker must be to create loyal customers. There are two types of customers: namely Walk-in customer and Permanent customers. Walk-in customers are those customers who enter the bank just to take a one-time service like draft issuance, fax transfer or encashment of cheques. Permanent customers of a bank must fulfill mainly three conditions viz. there must be visible dealing activities between the customer and the banker, the transaction must be in the form of regular banking business and the most vital to have account with the bank. Service excellence is the greatest factor that influences the customer. At all cost, bankers must endeavour to convert their repeat customers to loyal customers and further to members and advocates. They will speak for the bank and this will be the driving force behind to multiply the customers by day and night. Employees working in the banking sector must be conscious enough to consider customers as a purpose of the business and not as a hindrance in the business. The quotation of Mahatma Gandhi regarding customer is very appropriate to quote here. He refers, "Customer is very important person. He is not an interruption on our work but he is purpose of it. We are entirely dependent upon our customers but they are not dependent upon us. We are not doing any favour to them but they are doing a favour to us. The customer is the purpose of our business not a disturbance in our business; we are here because of them: they are not here because of us". (Shrestha, 2007, p.51).

Factors related to service offerings are also related to customer satisfaction. According to Levesque and McDougall (1996), convenience and competitiveness of the bank are two important factors which are likely to influence the overall satisfaction levels of a customer. A number of researchers have looked into the bank selection criteria adopted by. Empirical findings from this stream of research suggest that convenient location is a critical factor influencing the choice of a bank by customers. A convenient bank location means customers can easily do business with their banks on a regular basis. Accessibility is also a related factor which, while acting together with convenience, enables customers to deal with their banks more easily. Furthermore, customer satisfaction in retail banking is also likely to be influenced by the perceived competitiveness of the bank's interest rates. Since services exist in real time, services are consumed at the very moment when they are made available to customers. They cannot be stored and checked for their quality like a physical product. Hence, every service production failure is likely to be experienced by a customer. Consequently, "dissatisfaction with a service might occupy most of the time over which service is consumed". However, customers might not instantly switch their banks after experiencing a problem during the service production. This is mainly because of the fact that the perceived costs of switching are relatively high in retail banking. Customers, however, might display a passive response to a problem, which can be in the form of making a formal complaint. Customer satisfaction in such cases can depend upon the efficient and effective response of the service provider. ([http://goliath.ecnext.com/coms2/gi\\_0198-44806/Factors-influencing-customer-satisfaction-in.html](http://goliath.ecnext.com/coms2/gi_0198-44806/Factors-influencing-customer-satisfaction-in.html)).

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Banking business is totally dependent on relationship marketing. The customers feel and reflect on how the treatment is given to them by different banks. This becomes the real driving force to introduce them where to bank upon. In this background, the banker's main target must be to provide service excellence, so that, the wants of their customers is satisfied and the customers are finally delighted. Banker's effort must be centered towards converting his first time customer to ultimate partners. (Shrestha, 2007, p.54).

Mr. Deepak Raj Sapkota had found, through his partial fulfillment research study, the factors affecting to customer satisfaction in banking sector are employee behaviour, high interest rate, physical facilities provided by bank, service reliability, employee convenience ability and fast & correct service. (Sapkota, 2002, p.47).

### **2.10 Current Issues in Banking Service Management:**

The finance sector has shown maturity in recent years. The positive trend is also due to the strict regulatory guidelines. However, innovation in this sector is lacking. In order to be competitive in this market, finance companies need to collaborate and start thinking and planning mergers to create a larger capital base. The future for small capital base companies is limited. There has to be a paradigm shift in the regulations to facilitate development in the financial sector. Financial innovation can only take place if it is allowed from the regulatory angle; otherwise, redefining the wheel and calling it an innovative product will continue to be the trend in the banking and financial sector.

([http://red.nrb.org.np/publications/special\\_publication/Special\\_Publications--Nepalese\\_%20Financial\\_%20System\\_Growth\\_%20and%20\\_Challenges\\_%28July%202009%29-NEW.pdf](http://red.nrb.org.np/publications/special_publication/Special_Publications--Nepalese_%20Financial_%20System_Growth_%20and%20_Challenges_%28July%202009%29-NEW.pdf)).

Competition in the financial market is already tough with the presence of large number of financial institutions including joint venture banks of international banks. Interest spread, exchange spread etc of the banks is constantly narrowing. The competition is expected to stiffen further with the government's commitment of allowing foreign banks to open their branches from 1<sup>st</sup> January 2010. When international banks come, they come with large capital, modern technology and an array of products. Experience of our neighbouring countries suggests us not to panic with the arrival of international banks. We however need to focus on the following areas to remain competitive.

([http://red.nrb.org.np/publications/special\\_publication/Special\\_Publications--Nepalese\\_%20Financial\\_%20System\\_Growth\\_%20and%20\\_Challenges\\_%28July%202009%29-NEW.pdf](http://red.nrb.org.np/publications/special_publication/Special_Publications--Nepalese_%20Financial_%20System_Growth_%20and%20_Challenges_%28July%202009%29-NEW.pdf)).

- Augmenting capital base: Mergers and acquisitions can be effective in this regard. Sadly, there is not a single case of M&A amongst the commercial banks. Current level of return on equity and Nepalese culture are the major obstacles but the competition exerted by the international banks will force us to behave like international players. Similarly, the local banks should maintain their position so high that they can raise capital from international market.
- Develop expertise in various fields: International banks have better exposure mainly in treasury and credit area than local banks. The local banks thus need to focus on enhancing skills of their human resources in these areas.
- Adopt best human resource practices.
- Strengthen risk management system and corporate governance.



- Improve customer service quality.
- Maximize use of information technology.
- Focus on product innovation and cost management.

In any economy, the importance of the financial sector in general and the banking sector in particular cannot be underestimated. Banking plays a pivotal role in the overall development of an economy. Economic reforms initiated by the government 18 years ago have changed the landscape of several sectors of the Nepalese economy. The Nepalese banking sector is no exception. This sector has been going through major changes as a consequence of the economic reforms. The changes affect the ownership pattern of banks, regulatory aspects, availability of funds, cost of funds, opportunities to earn, a range of services (fee based and fund based) and management of priority sector lending. As a consequence of liberalization in interest rates and cutthroat competition, banks are operating on a reduced spread. (The Kathmandu Post, Resta Jha, March 21, 2009, Vol.XVII, No. 32 p.6).

The economic reforms have also generated new and powerful customers (the Nepalese middle class) and a new mix of players (public sector units, private banks and foreign banks). The emerging competition has generated new expectation from the existing and new customers. There still lies an urgent need to introduce new products. The existing products need to be delivered in an innovative and cost-effective way by taking full advantage of emerging technologies. Currently, the trend is to increase the number of financial institutes and not the quality of financial services being delivered. With 25 commercial banks already up and running, seven new commercial banks are waiting for the green signal from Nepal Rastra Bank. It is pretty evident that we are seeing growth in the width of the Nepalese financial sector, however, depth and specialization severely lack quality. (The Kathmandu Post, Resta Jha, March 21, 2009, Vol.XVII, No. 32 p.6).

Remembering a seminar conducted one and a half years ago entitled “Role of Education for Financial Sector Reform” to which Nepal Rastra Bank (NRB) and the IMF had invited the vice chancellors of all four universities in the country. The seminar concentrated on the need for universities to play an aggressive role in the delivery of quality education relevant to the financial sector, thereby helping capacity building in the process of the financial sector reform program initiated by the government. (The Kathmandu Post, Resta Jha, March 21, 2009, Vol.XVII, No. 32 p.6).

As the financial sector has evolved into the biggest sector in the economy, there is high demand for quality and competent human resources to manage it. Let’s analyze Table 1.

Table 2.10.1  
Nepali Financial Market

	Commercial Banks	Development Banks	Finance Companies	Micro Financial Institutions	Cooperatives	NGO in Banking Activities	Total
Number	25	58	78	12	17	47	237
No. of Employees	14,273	2,234	2,568	989	1,129	1,842	20,204
Asset Size	316.08 B	82.36 B	91.49 B	7.8 B	0.94 B	3.23 B	501.9 B
Op. Profit	13.99 B	3.68 B	2.56 B	1.13 B	0.81 B	0.84 B	23.01 B
Net Profit	8.39 B	1.84 B	1.28 B	0.66 B	0.41 B	0.44	13.02 B
Staff Exp	1.62 B	0.65 B	0.32 B	0.16 B	0.09 B	0.39 B	3.23 B
Trading Expenses	0.13 B	0.03 B	0.02 B	0.01 B	0.00 B	0.01 B	0.20 B

Note: \* Figures for these cooperatives, which are registered with NRB, have only been included. There are some 1,000 plus additional cooperatives, which are registered with the National Cooperatives Board, operating in Nepal. Figures for Op. Profit, Net Profit, Staff Expenses and Trading Expenses pertain to a one-year period.

Sources: *The Kathmandu Post, Resta Jha, March 21, 2009, Vol.XVII, No. 32 p.6*

From the above table, it is evident that there are altogether 237 financial institutions (other than Nepal Rastra Bank) in the country and more than 20,000 people working at these institutions. These human resources are responsible for managing approximately Rs. 502 billion worth of assets (primarily loans and advances), out of which 21 percent comprises two government-owned banks, Rastriya Banijya Bank and Nepal bank Ltd. An annual net profit of Rs.13.02 billion generated by creating assets worth Rs.502 billion means a very low return on assets of a mere 2.59 percent, which is even below the average savings deposit rate in the country, which is 4.75 percent. (The Kathmandu Post, Rosta Jha, March 21, 2009, Vol.XVII, No. 32 p.6).

While doing a root cause analysis of this scenario, two very strong reasons have evolved. The first reason is the poor quality of loans due to non-compliance of basic credit principles while granting loans coupled with lack of credit-skills assessment. The second reason is that almost all the financial institutions by and large are involved only in dealing with undifferentiated vanilla banking products. For example, if someone needs a car loan, which is typically a commercial bank product, he or she can walk into any development bank in the country. Yes, in the current scenario, it is very difficult for development banks in the country to burn their fingers by going into long-term project loans. However, they should be able to create their own niche (position) market. To give another example, there are simple value-added products like “funded-risk participation” and “private labeling” in the trade finance area, “options and other derivative products” in the global market most lucrative area of “remittance”. (The Kathmandu Post, Rosta Jha, March 21, 2009, Vol.XVII, No. 32 p.6).

There is a serious problem in knowledge about the above-mentioned products in Nepal’s banking community. As depicted in Table-1, the annual staff training expenses of these financial institutions is very low, that is Rs.0.20 billion. This can be attributed to non-availability of structured banking related courses in the country. There are handful of banking-related training centers in the country, which are only providing piecemeal training courses in various areas, which are not adequate for true learning.

Someone who has completed a postgraduate program in banking and finance from an overseas university will be able to say how much more we can do in Nepal's financial sector even if we implement only 10 percent of what he has learnt in his postgraduate program. (The Kathmandu Post, Rosta Jha, March 21, 2009, Vol.XVII, No. 32 p.6).

The level of product diversification in areas such as trade finance, remittance, global markets and even credit management is very low in Nepal. In terms of comparison, if we disregard India as it is one of the large economies and compare our financial market with that of Bangladesh, the, the Bangladeshi financial market would be rated to while we are not even at three. This means there is a huge gap to be filled before our banking sector starts operating at the optimum level. (The Kathmandu Post, Rosta Jha, March 21, 2009, Vol.XVII, No. 32 p.6).

If we study the analysis presented in Table 2, we see that our financial market needs to bring much improvement in the knowledge level of human resources, use of technology and corporate governance.

Tabel-2.10.2  
Challenges of the Nepali Financial Market

	Commercial Banks	Development Banks	Finance Companies	Cooperatives
HR-Knowledge Level	Fair	Needs Improvement	Below Average	Below Average
Use of Technology	Fair	Fair	Needs Improvement	Needs Improvement
Offering of Products and Services	Undifferentiated Products and Services	Undifferentiated Products and Services	Undifferentiated Products and Services	Undifferentiated Products and Services
Corporate Governance	Fair	Fair	Needs Improvement	Below Average
Level of Competition	Intense	Intense	Intense	Intense
Stringency of Regulations	Stringent	Stringent	Stringent	Not Consistent

Sources: *The Kathmandu Post, Resta Jha, March 21, 2009, Vol.XVII, No. 32 p.6*

Something noticeable in the table is that there are stringent regulations for financial institutions and that the level of competition among the players is pretty intense. (The Kathmandu Post, Resta Jha, March 21, 2009, Vol.XVII, No. 32 p.6).

After considering all these factors, we can safely conclude that for true and sustainable financial sector reform, we also need to, besides addressing the issues of loan recovery and loan management, focus on capacity building of the players in the financial market by providing them platforms which will enable them to acquire specialize and focused knowledge on global banking products. It is highly evident that an in-depth exposure to these products will not only add significant value to the banking sector's customers, but also enable banks to witness many new openings from where

additional revenue streams can be generated for the banks. (The Kathmandu Post, Resta Jha, March 21, 2009, Vol.XVII, No. 32 p.6).

## 2.2 Research Review:

This section presents the review of articles and review of related dissertations. Different research works had been conducted by different scholars and those issues are reviewed in this section that is related with the study area. They are:

**Customer Satisfaction in Service Sector** by Dipak Raj Sapkota, Kathmandu (2002) is very much useful dissertation in the study of customer satisfaction. This study aimed to assess the performance of Nepali Joint Venture Commercial Banks in terms of 'Customer Satisfaction' and to investigate the level of customer satisfaction; to analyze comparative level of service; and to identify the factor of satisfaction or dissatisfaction are the specific objectives the study. This study had been conducted over the eight Nepali Joint Venture Bank. The major findings of the study are:

- The majority of customer falls under the category of satisfied but not strongly satisfied. Similarly strongly dissatisfied customer was not found in any bank.
- The no. of customer saying dissatisfied or strongly dissatisfied had been found negligible in case of each bank.
- Customer satisfaction with regard to employee behaviour had been found satisfactory.
- Regarding the comparative performance of eight joint venture banks in terms of customer satisfaction, Standard Chartered Bank Nepal Limited (SCBNL) and Nabil Bank Limited (NBL) are in good position; Himalayan Bank Limited, Nepal Bangladesh Bank Limited and Nepal SBI Bank Limited are average position; and Nepal Indosuez Bank Limited, Nepal Bank of Ceylon Limited and Everest bank Limited are under the average position.
- Joint Venture Banks are not able to target their activities towards poor people.

- In service sectors, employee behaviour is one of the major components regarding the customer satisfaction. The good employee behaviour has been found from NABIL where as just opposite from SCBNL and NBBL and moderate from other rest banks.
- Interest rate, employee behaviour, physical facilities, fast and reliable service are the major factors for customer satisfaction or dissatisfaction.

**A Study on Product Offerings of Financial Institutions in Pokhara** by Madhav Raj Ghimire, Pokhara (2004) is found also very much useful for the study of “Product Offering & Customer Satisfaction”. This study aimed to identify the products of commercial banks, finance companies, cooperatives and insurance companies of Pokhara; to assess the customer view on the product offerings of financial institutions; and to make a comparative study of the various products and their interest rates of commercial banks, finance companies, insurance companies and cooperatives. The major findings are:

- Commercial banks are offering current deposit, call deposit, saving deposit, fixed/term deposits and special deposit. Local currency and foreign currency accounts can be opened as per requirement. Interest rate on deposits is subject to tax deduction at sources (TDS), as per the rules.
- Commercial banks cater different types of deposit accounts tailored to suit the needs of its customers, both individuals and organizations.
- Commercial banks provide loans on broad areas of industry, trading, consumer items, and other activities. Term loan, working capital (overdraft/short term) loan, trust receipt loan, packing credit/extortion’s loan, priority sector/deprived sector loan, housing loan, hire purchase loan, educational loan, agriculture loan, foreign employment loan, loan against first class bank’s guarantee, other bank guarantee, other financial guarantee, fixed deposit (own’s), fixed deposit (others’), government

bonds, foreign currency deposits, gold and silver, marketable securities, consortium loan/syndicate loan others.

- Commercial banks exchange foreign currencies, provide safe deposit locker, and provide remittance facility of fund transfer through SWIFT, draft, telegraphic, fax, mail transfers.
- Banks are attempting for providing modern banking facilities such as anywhere banking and internet banking to the customers. This service is mainly offered by joint venture banks and private commercial banks in Pokhara.
- Commercial banks are offering various products and services recognizing the growing importance of international trade in the economy and need for bank's active participation in this area. They are offering letter of credit (import, export), export documents/bills (negotiation, purchase/discount, acceptances), bills in collection (import, exports), collection (inward, cheques, and drafts, outward, cheques, drafts, and traveler's cheques), guarantee (bid bond/tender guarantee, performance, advance payment, financial, counter).

**Effectiveness of Financial Product in Financial Institutions “A CASE STUDY OF DEBIT CARD USE AND ACCEPTANCE IN POKHARA”** by Ranjit Prasad Neupane, Pokhara (2007) is found useful dissertation to study “Product Offered by Banks and Customer Satisfaction”. The study purposed to explore frequency of use of debit card in payment system; to explore preferred mode of receipt and payment; to measure relationships between use pattern and age profession and income of cardholders; to explore income pattern of commercial banks through debit card; to analyze opinions of debit card acceptor in market; and to analyze perception of debit card issuer.

Mr. Neupane had found out the following findings through the study:

- There are three types of debit card issuing in Pokhara- SCT network, Visa electron and SCBNL. Cardholder can use their card in ATM with free of cost if card holder



are from same bank whereas if debit card user are from different banks, they should pay prescribed cost for every transaction.

- There is medium correlation in between issuance of debit card and the income of bank. Correlation of issuance of debit card in Pokhara and total income of bank from debit card in Nepal is 0.48728798.
- About 32% of cardholder indicated that the information is ineffective whatever information had been delivered by the bank.
- 63% and 32% of debit cardholder have the debit card of one bank and two banks respectively.
- By 80% of debit cardholders are often use ATM to get cash whereas only 2% of cardholder are using debit card in POS Terminals.
- By 74% debit cardholders use their card no more than five times in a month. Only 26% cardholders are using their card more than 5 times in a month. Most of frequents debit card users have income level less than 10,000.00 rupees per month.
- Merchants suggest that bank should be reviewed the charges on POS Terminal and forwarded some awareness campaign to motivate debit cardholder for using their card.
- Usually deliver information of banks are know to use, charges and places of access of debit card. Banks also inform their cardholder about possibilities of error on use of debit card. In the same time, banks are delivering information about procedure of claim compensation to fulfill their loss due to debit card. In other hand, about 32% of cardholder indicated information is ineffective whatever information had been delivered by bank.

## **CHAPTER-THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION:**

This chapter is concerned with the procedures that are adopted in this research work. It includes research design, justification of selection of the study unit, nature and sources of data, methods of data collection, data analysis tools and limitations of methodology. Thus in this chapter due attention has been given for research methodology.

#### **3.2 RESEARCH DESIGN:**

The purpose of the study is to find out the product & service offering by the banks and customer satisfaction with those offerings. Therefore, exploratory as well as descriptive research design has been employed in this study. For the exploratory purpose, data have been collected through brochures, booklets, personal contact. Similarly for analytical purpose data have been collected through questionnaires.

#### **3.3 POPULATION AND SAMPLE:**

Pokhara is a small city where almost banks & financial institutions have run their branch offices in Pokhara. Number of commercial banks, development banks and financial institutions reach to 28, 18 and 18 respectively in Pokhara city till December 2010. Moreover, more than 394 cooperatives are operating within the Pokhara valley. MBL has spread its network through 40 branch offices across the country whereas six branch offices have been established within the Pokhara valley. Similarly NBL has extended its services through 36 branch offices across the country whereas 2 branches have been established in Pokhara valley. According to the economic bulletin published by Nepal Rastra Bank on Mid July, 2010, the number of commercial banks has reached

27. All these commercial banks have been taken as the population of the study. Out of these, two commercial banks namely Nabil Bank Limited (NBL) and Machhapuchchhre Bank Limited (MBL) are selected for the study. Looking the sample selection, it has been seen that the study has covered 7.41% population. Being a comparative study, it is considered as an appropriate sample size to represent the clear picture of the Product Offering & Customer Satisfaction.

### **3.4 NATURE AND SOURCES OF DATA:**

The sources of data are primary as well as secondary for this study. Data & information will be collected through the various respondents and concerned bankers. Primary data & information will be collected by using questionnaires. The responses derived from the different respondents are about the attitude, current market scenario, suggestion for future improvements and customer satisfaction with the products and services offering by the banks.

### **3.5 DATA COLLECTION PROCEDURE:**

A structure questionnaire will be designed to collect the required information, which has been presented in appendix. An assistant had been appointed for data collection to collect the responses from the customers whereas I, myself collected the responses from bank's official such as Branch Managers of the banks. Data have been collected on Monday to Thursday of the second week of February, 2011. Two days Sunday & Friday are known as peak transactional days in these commercial banks. Therefore these days were excluded from the routine of data collection. So that high reliability of the responses could be maintained. Waiting hall, exist gate and in most of the collection customers' own residence were used for data collection place. The questionnaire consists for tow sets of questions. The first set is related to customers, which deals for customers' knowledge about the banking products/services, banking promotional activities, influencing factors for customer satisfaction, rank wise

consideration of influencing factors, existing customer satisfaction with offerings and suggestions for future improvement. The second sets is related to branch manager which deals overall banking status, banking offerings, promotional tools, customers' reactions over the product offering, feedback on promotional activities, priority or ranking of factors to lead to customer. The questionnaires related to customers are in both English & Nepali Language to enhance the reliability whereas questionnaires relating to banks' official are only in English Language. The number of administered questionnaires are valid to response are given in the table.

Table no.3.4.1  
Structure of Questionnaire

Sr. No	Banks	Administered	Responses
1	Nabil Bank Limited		
	I) Customers	50	50
	II) Branch Manager	1	1
2	Machhapuchhre Bank Limited	50	50
	III) Customers	1	1
	IV) Branch Manager	1	1

Secondary data will be collected from brochures, leaflets, booklets and mainly from website of the respective bank.

### 3.6 DATA PROCESSING TECHNIQUE:

After receiving the questionnaire from the respondent of the concerned banks, the relevant factors are drawn and tabulated under the different needs before analyzing the data. So far as computation is concerned it has performed with help of computer.

### 3.7 DATA ANALYSIS TOOLS:

Method of the data analysis depends upon the nature of data. Therefore wide varieties of analytical tools have been used in this study. Since the study is mainly based on qualitative data the descriptive analysis has been made to draw some conclusion of the study. Some analysis methods are:

#### 3.7.1 Percentage (%):

It is a Mathematical tool, which represent the proportion of any variable in terms of its total. Percentages are used to express how large/small one quantity is, relative to another quantity. The first quantity usually represents a part of, or a change in, the second quantity, which should be greater than zero. A **percentage** is a way of expressing a number as a fraction of 100 (*per cent* meaning "per hundred" in Latin). It is often denoted using the percent sign, "%", or the abbreviation "pct". In the study, percentage have been calculated for the types of deposit account, reason for account opening, time for cash withdrawn & deposit, portion of customer to recommend the bank, evaluating overall service of the bank and so on.

#### 3.7.2 Diagram and Graph:

A diagram is a geometric symbolic representation of information according to some visualization technique. The term diagram in common sense can have two meanings. Diagram and Graph can be defined like the term "illustration", the diagram is used as a collective term standing for the whole class of technical types, including graphs, technical drawings and tables. These are the picture tools which helps to know the true picture of different variables in the absence of complicated formulae and equation.

### 3.7.3 Weighted Average:

The **weighted mean** is similar to an arithmetic mean (the most common type of average), where instead of each of the data points contributing equally to the final average, some data points contribute more than others. The notion of weighted mean plays a role in descriptive statistics and also occurs in a more general form in several other areas of mathematics.

If all the weights are equal, then the weighted mean is the same as the arithmetic mean. While weighted means generally behave in a similar fashion to arithmetic means, they do have a few counter-intuitive properties, as captured for instance in Simpson's paradox.

## **CHAPTER-FOUR**

### **PRESENTATION AND ANALYSIS OF DATA**

In this chapter, the data and information obtained from the questionnaire has been presented and analyzed comparatively keeping the objective in mind. This chapter has been organized in to three parts. The first part includes analysis of customers' responses. The second part deals with the responses of bank employee. And the third part includes comparative analysis of both responses.

In the first section of the first part, general analysis has been done which includes products & services offering by the banks, time of account opening, account types, knowledge about the bank & banking products, effectiveness of promotional activity, account opening objective, reasons of account opening and rating for overalls services & banks.

The second section of the first part includes customer suggestions regarding service quality, promotional activities, products & services and social involvement of banks.

Similarly, the third section of the first part includes the analysis of most influencing factors of customer satisfaction & dissatisfaction, level of satisfaction with various factors and rating of the factors.

The first section of the second part includes analysis of promotional tools, objectives of promotion & evaluation of promotional campaign.

The second section of the second part includes analysis of sources of idea generation for product innovation, influencing factors of product innovation, analysis of the promotional message, analysis of additional efforts to satisfy customer and ranking of various factors from the side of banker.

The third part includes analysis of comparative performances of two banks, comparative analysis on customers & bankers responses.

#### **4.1 General Analysis:**

Under the general analysis, different aspects are incorporated and analyzed.

##### **4.1.1. Products & Services Offered by the Banks:**

The banks are offering various products & services to their customers in order to meet the needs of customers. According the brochures, booklets and website following products & services are being offered by MBL & NBL.

##### **Products & Services Offered by MBL:**

All the products & services offered by MBL are classified into three categories namely Deposit Products, Loans & Advances Product and Other Product& Services:

##### **Deposit Products:**

###### **a) Current Deposit:**

This account can be opened in the name of individuals, proprietary concerns, partnership firms, companies, corporations, trusts, government agencies and other organizations. The general features of this account are:

- Non interest bearing account.
- No restriction for number & amount of transactions.
- Allowed to deposit & withdraw funds from any branches.
- Automatic fund transfer to and from call account.
- Account can be opened in local & foreign currencies.
- Loan & overdraft facilities are granted through this account.

###### **b) Call Deposit:**

Call deposit account is an interest bearing account. Any amount exceeding the agreed minimum balance in current account is automatically transferred to call account on a daily basis. The general features of this account are:



- Interest bearing account.
- Interest is calculated on a daily balance and credited to account on quarterly basis.
- Fund can be deposited from any branch.
- Fund starts earning interest from the same day of credit to the account.
- Account can be opened both in local & foreign currencies.
- Current account must be opened for operating account. That's mean no cheque from this account is issued.

c) Saving Deposit:

Saving accounts are suitable for inculcating the habit of saving among customers. Saving account can be opened in the name of individuals (singly & jointly), minors (children aged below 16 years) and other non-profit organizations. The bank offers several types of saving accounts viz: Normal Saving Account, Royal Saving Accounts, Pewa Saving Account, Share Holders' Account and Salary Management Account. The general features of the account are:

- Account is interest bearing.
- Interest is calculated on a daily balance and credit to account on quarterly basis.
- Funds can be deposited from any branch.
- Internet bank facilities are available.
- Saving account can be opened both in local & foreign currencies

d) Royal Saving Deposit:

This account is a saving account. Royal saving deposit account is suitable for those savers who maintain big amount in the account for any future needs. The bank offers attractive package of facilities in addition to interest and liquidity. This account

can be opened in the name of individuals (singly or jointly), minors (children aged below 16 years) with minimum balance of Rs.10,000.00. The general features of the account are:

- Interest bearing account.
- Interest is calculated on a daily balance and credited to account on quarterly basis.
- Accidental insurance coverage with Rs.100,000.00 for every account holder.
- Free internet banking service is available.
- 50% discount is available in locker charges
- Unlimited withdrawal facility is available.
- Other privileged banking services are available.

e) Fixed/Term Deposit:

Fixed deposit account can be opened in the name of individuals, proprietary concerns, firms, companies, trust and other organizations. Fixed deposit accounts are accepted for minimum 7 days to maximum for any period agreed upon. Interest is paid semi-annually or as agreed at the time of deposit. The interest of the deposit can be credited to current account or saving account as the case may be. General features of the fixed deposit account are:

- Account is opened for fixed term or fixed period of time.
- Loan is available against the fixed deposit receipt by adding 2.5% rate of interest on the rate of this account.
- This account can be opened with a minimum amount of Rs.50,000.00.

f) Share Holder's Account:

This account is a saving account in nature and targeted for shareholder of the bank. This account can be opened by applicants of minimum 16 years old of age, minority can also open this account subject to some conditions refer to the bank. This account can be opened only in local currency. General features of this account are:

- Only shareholders of this bank can open this account and currently bank is offering 6.50% rate of interest to this account.
- Interest is calculating for maintaining monthly minimum balance.(NRB is restricted to calculate interest on monthly minimum balance.)
- ATM/Debit card is available with a free of cost.
- SMS banking is available with a free of cost.
- Internet banking service is available with free of cost.
- Mobile bill payment facility is available.

g) Pewa Bachat:

Pewa bachat khata is a personal saving account. Only females can open this account (however account operator can be male if account holder authorizes so). Account can be opened with Rs.500.00. This account can be opened in the joint name of minor as well (minor can be son or daughters). This account can be opened in local currency only.

- Interest is calculated on a daily balance and credited to account on quarterly basis.
- ATM/Debit card is provided with free of charges only at the time of account opening (i.e. first issue is free, renewal, loss and damage will be charged).
- Mobile banking facility is available to this account.
- Telephone bills payment facility is available to this account.

- If the monthly average account balance is more than Rs.15,000.00, then 50% discount will be provided in locker charge, however security margin deposit for locker must be required.

h) Yuva Bachat:

Yuva bachat khata is a new saving account scheme targeted for youths. Account can be opened with the amount of Rs.100.00. The general features of this account are:

- Interest is calculated on daily balance and credited to the account quarterly.
- Currently bank is providing 4.00% rate of interest in this account.
- ATM/Debit card is provided with the cost of Rs.200.00 only.
- Mobile banking service is provided free of charge.
- ABB facility is provided t this account.
- 50% discount will be provided on education and home loan for these account holders.

i) Salarly Management Scheme:

This account is a saving account in nature and targeted for staffs of various organizations. Bank is going aggressively into agreements with different entities for salary management scheme. This account can be opened with the minimum balance of Rs.500.00. The general features of this account are:

- Interest is calculated on daily balance and credited to account quarterly.
- Currently bank is providing 8.00% rate of interest to this account.
- Internet banking service with free of cost is available on demand.
- Mobile banking services with free of cost is available on demand.
- ABB facilities are available.
- No limitation on withdrawal is employed.

- ATM/Debit card is issued for 2 years with free of cost.
- Member of this account will be entitled for "privilege loan scheme of the bank".

j) Uchcha Sichya Bachat:

This is a personal individual deposit account opened on behalf of individuals below 14 years of age by their parents/guardians. This account can be opened with a minimum balance of Rs.16.00. The general features of this account are:

- Interest is calculated on daily balance & credited to the account quarterly. Currently bank is providing 8.00% rate of interest to this account.
- The balance is transferred to the normal saving account upon maturity of the account.
- The account must be maintained for minimum period of two years to earn interest. If account is closed within two years, the interest for the whole tenure is computed at prevailing normal saving plus an account closing charges of Rs.750.00.

k) Mach 7 Deposit:

This account is a saving deposit account in nature and can be opened in the name of natural person with the minimum balance of Rs.25,000.00. All the rules of the bank set for savings account shall be applicable to this account. The account can be opened in a local currency. The general features of this account are:

- Currently bank is offering 7.00% rate of interest with calculated on a daily balance and interest is credited on a quarterly basis.
- Anywhere Banking facility is available to this account type.

- 50% discount in locker charges, however security deposit margin is required.
- Internet banking service is available to this account.
- Account closing charge is applicable as normal charges.
- 50% discount in ATM issuance charge is applicable.
- Mobile banking service is provided with free of charge.
- Account holder's telephone bill payment service is free of charge.
- Ledger charge is applicable Rs.250.00 in case of not maintaining minimum balance.

1) Samman Bachat:

This is a personal saving account targeted for aged people and can be opened by those persons whose age is more than 50 years. Account can be opened with a minimum balance of Rs.500.00 and in a local currency. The general features of this account are:

- Interest is calculated on a daily balance and credited to account on quarterly basis. Currently bank is providing 8.00% rate of interest in this account.
- Anywhere Banking facilities is not available to this account but if needs this facility, bank takes normal charge for this facility.
- Mobile banking facility is available to this account with free of cost.
- Account holder's telephone bill payment service is available with free of charges.
- 50% discount in locker charge is available but security margin deposit is required.
- 50% discount in TC issuance charge is available to this account.

All the interest bearing accounts are subject to tax deduction at sources while paying interest.

#### Loan & Advance Produces:

##### a) Term Loan:

MBL offer term loan to finance capital expenditures for customer business. The bank also extend term loan to finance part of the permanent working capital needs. The bank claims that it has priced term loan extremely competitive and the repayment tenure of loan is flexible to match with customer cash flow from the business but not exceeding a maximum period of 5 years. Interest is charged on quarterly or monthly basis based on Nepali calendar as agreed. Following documents should be required for this loan.

- Detail project report.
- Profile of company and its director(s) or firm and its partners/proprietor.
- Registration documents of the company/firm (renewed, as applicable).
- Loan application form.

##### b) Working Capital (Overdraft/Short Term Loan):

Under this loan heading bank offers tow types of loan namely a. Overdraft/Cash credit and b. Short term loan. These loans are offered to finance the current assets (working capital requirements). Customers can avail these loans to finance permanent as well as seasonal need of working capital. The loan can be approved for one year or lesser period and can be renewed on annual basis or after mutually agreed period, based on loan performance. Interest is charged on quarterly or monthly basis in Nepali calendar. Following documents should be required.

- Financials of last three years (Cash flow statement, Balance sheet, Profit & loss account), if applicable.

- Projected financials for current and future five years (Cash flow statement, Balance sheet, Profit & loss account).
- Profile of company and its director(s) or firm and its partners/proprietor.
- Registration documents of the company/firm (renewed, as applicable).
- Recent statistics of production, sales, stock and book debts. (as applicable)
- Loan application form.

c) Trust Receipt/Importer's Loan:

Import finance is offered to meet the running requirement of working capital and the loan amount can be up to 80% of the value of import bill. Bank offers this loan to the importer for payment of bill under import of credit opened through the bank and or import bills under collection received through the bank. Tenure of this loan shall be for a maximum period of 90 days. Interest on this loan is charged on quarterly basis and upon maturity. Following documents are required for this loan.

- Financials of last three years (Cash flow statement, Balance sheet, Profit & loss account), if applicable.
- Projected financials for current and future two years (Cash flow statement, Balance sheet, Profit & loss account).
- Profile of company and its director(s) or firm and its partners/proprietor.
- Registration documents of the company/firm (renewed, as applicable).
- Recent statistics of production, sales, stock and book debts. (as applicable)
- Loan application form.



d) Packing Credit/Exporter' Loan:

Bank offers the export finance to the exporters for executing export order on hand or order receivable in near future. This loan is provided against specific export letter of credit. The loan can be granted in two forms.

a) Pre-shipment loan is provided in the form of packing credit for the purpose of purchasing, producing, fabricating, packing and shipping of goods meant for exports against lodging a irrevocable letter of credit established in favour of the exporter through a reputed bank and/or confirmed orders/export contracts. The loan amount can be in maximum up to 70% of the LC value and must be repaid in full including interest from the proceeds of the export documents.

b) Post-shipment advance is provided in the form of negotiation of export bills (documents) drawn under irrevocable letters of credit. The bills are negotiated/discounted at the bank's prevailing FCY buying rate on the date of negotiation/discount. In the case of usance bill, the maximum usance period permissible for negotiation/discount is 120 days. The commission/interest for the negotiation/discount of the bill will be charged at the time of negotiation/discount. The advance must be repaid in full from the proceeds realized from the export bill.

If the bill negotiated/discounted does not get realized or paid in time, the exporter has to repay the loan from its own sources at the maturity of the loan and advance.

e) Priority Sector/Deprived Sector Loan:

This type of loan is mandatory provision employed by the Central Bank to banks and financial institutions. As per the provision made by Nepal Rastra Bank, commercial bank has to invest its 3.00% loan amount of total loan volume on those priority sectors likes livestock farm, poultry firm house, micro hydropower company, cash grain farm etc as assigned by Government. If any banks & financial institutions fail to meet that provision, NRB will charge the penalty. The main purpose of providing this loan is to

fulfill the mandatory requirements of NRB and to enhance & improve the economic status of the socially marginal people.

f) Home Loan:

Bank offers this type of loan for purchasing of land with objective of construction of house at the same time, construction a new house or renovating existing one or extension of a residential house or non-residential property or constructed building or shopping complex. The features of this loan are:

- The loan amount should be minimum Rs.500,000.00 but not exceed to Rs.5,000,000.00.
- Bank can finance up to 80% of the total requirements.
- Repayment in equated monthly installments (EMI) within 3 years to 15 years. Six months moratorium period can be granted for new construction.
- Eligibility criteria: To be a permanent employee of organized sector; To be a professionals (like Doctor, Engineer, Lawyer, Chartered accountants etc); To be a self employed individuals & business persons; To others having proof of regular income source.
- Security should be the property purchased/constructed from the loan.
- The loan is approved within 15 days, if the application is complete in all respects.
- The borrower must be at least 21 years of age and the loan must be terminable before customer reach the age of 50 years.
- Loan can be granted for purchase of land for residential use, wherein customer must construct house for his/her own residence.
- Other terms and conditions are applied as decided by the bank from time to time.

g) Hire Purchase Loan:

Bank offers this type of loan for purchasing vehicles. The bank can finance up to 90% of the vehicle price at attractive interest rate repayable within 5 years in equated monthly installment. Other features of the loan are:

- Loan amount can be minimum of Rs.500,000.00 to maximum Rs.3,000,000.00.
- Eligibility criteria are: To be a permanent employee of organized sector; To be professionals (Doctor, Engineer, Lawyer, Chartered accounts, etc); To be a self-employed individuals, business persons; To others having proof of regular income sources.
- Required documents are: Evidence of income source, Quotation of vehicle from the dealer, Driving license, Passport size photograph, Citizenship certificate.
- Required securities are: Vehicle must be registered and insured in the name of bank and additional security may be asked for depending upon the case.
- 1% of the approved loan amount to be paid at the time of loan disbursement as the charges of loan processing fee.
- The loan can be approved within 48 hours, if the application is complete in all respects.

h) Education Loan:

Bank has been providing education loan to the needy Nepali nationals to finance their pursuit of higher education in the country and/or abroad. This loan is targeted to the students who are perusing for higher study in the country as well as abroad. Higher study means any course/study after 12 classes. The loan is financed educational expenses of the students such as admission fee, tuition fee, health insurance expenses,

travel expenses, library and reading materials expenses, security deposit and other related expenses.

i) Loan Against Securities:

Bank provides loans against following security(s): a. 1<sup>st</sup> Class Bank Guarantee, b. Other Bank Guarantee, c. Other Financial Guarantee, d. Fixed Deposit, e. Other's Fixed Deposit, f. Government Bonds, g. Foreign Currency Deposit, and h. Marketable Securities. The purposes of this loan may be business (industry and trade), housing, hire purchase, education, professional, personal and/or consumption. Loan amount can be 90% of the face value of security. Other features of this loan are:

- Loan can be repaid at the time of maturity or security or in convenient installments, as appraised and agreed to at the time of approval, but in case of loan against guarantees, repayment should be in monthly installments or revolving, borrow, repay or reborrow and repayment must complete within the expiry date of such guarantee.
- No loan processing fee is charged.
- No charges on partly prepayment.
- The borrower must be at least 21 years of age and the loan must be terminable before the customer reach the age of 60 years.

j) Consortium/Syndicate Loan:

Bank provides consortium or participation finance which is the extension of credit limits to a borrower on syndicate basis occurs when two or more than two financial institutions jointly participate in financing. The participation of banks enables them to apply uniform standard, similar terms and conditions and exchange of information with regard to the credit proposal.

In case of big projects requiring heavy capital investment, single financial institution may not be willing to take all the risk, instead they may join with other financial institutions to share the risk. Further due to a provision of Single Obligor Limit(SOL) of Nepal Rastra Bank, financial institutions can not finance up to the requirement of the borrower. Financial institutions may also have limited resources and hence they may not be able to finance in the big projects individually. Other features of this loan are:

- Approved limit of consortium loan is fixed on party's loan account maintained in the bank.
- Disbursement of loan shall be made upon the written request of lead bank in the lead bank's account maintained with Central Bank or in any other banks.
- If the bank is a lead bank, the draw down request shall be made to the participating bank/banks, upon receipt of the request from the borrower as per the disbursement clause of facility agreement.
- The borrower is required to maintain the checking account with the lead bank or with the participating bank. Opening of checking account with other than consortium requires approval from all the consortium in most of consortium.
- The rate of interest on the consortium finance is fixed in the consortium meeting. However, the same shall have to be approved by the management. Upon approval from the management the same shall be applied in the computer system.
- Interest is calculated and charged on daily basis in the debit balance.

k) Privilege Loan:

The bank has been providing different services to the people of various walks of life to facilitate their different purposes. The bank is now providing Salary Management

service to various corporate entities, In the course of serving the employees of the entities; the bank identifies the opportunity of cross selling of their lending products to them. The Privilege Loan is available to the employees of the Entities where the bank has Salary Management Agreement. The loan can be sanctioned to finance land purchase, building construction / renovation, home finishing / furnishing, vehicle purchase (private), children education, meeting social / family obligations, vacation tour, medical treatment of the family member, etc. This product is divided in two categories:

Category 1: Personal Overdraft, which can be renewed annually upon satisfactory performances. Overdraft can be available for all purposes (except clearly stated speculative transactions).

Category 2: Personal Term Loan, which can be repaid in agreed installments and terminating in the agreed period (expiry date). The processing fee is 0.2% and the interest rate is 8.9% for overdraft and 8.75% for term loan. Asset valuation fee is waived to the borrower.

#### Other Products & Services:

##### a) Mobile Banking:

Machhapuchchhre Bank brings SMS (Short Message Service) Banking facility to their customers. SMS banking is a facility that lets a customer keep track of his/her account even while he/she is on the move. This facility is available for all types of deposit accounts. Following procedures should be made to get this SMS service:

- Customer should send the SMS to the mobile no..4545.
- To check account balance

Type : pin bal

Example : mbl bal (pin followed by syntax)

- To check the exchange rates  
Type : pin fx currency code  
Example : mbl fx usd (pin followed by syntax, then currency code)
- To get the statement last five transactions  
Type : pin lt  
Example : mbl lt (pin followed by syntax)
- To remind installment or interest payment date for loan customers  
SMS server will automatically send
- Upon the withdrawal/deposit of NPR. 5,00,000.00 (for saving account holders) and (for current account holders), SMS Server will automatically generate a reminder message and send to the respective account holders.

b) MBL Debit Card:

The bank has joined hands with Smart Choice Technologies (SCT), the first company in Nepal to provide networked ATMs. The ATM/Debit Card of Machhapuchchhre Bank allows its customers to access a vast network of ATMs located in various points in Kathmandu and other major cities within Nepal displaying the SCT logo on it. The ATM card allows the cardholder to withdraw cash, inquire account balances and change PIN number. The card can also be used to pay for purchases in various stores, restaurants, shops and other merchant establishments having Point of Sales (PoS) terminals.

c) Internet Banking:

Machhapuchchhre Bank provides Internet Banking Services to facilitate its customers services though internet. Internet banking is a facility that lets a customer keep track of his/her account even while he/she is far from the bank. The general procedures of the internet banking are:

- Type the Machhapuchchhre Bank's official web site:  
<http://www.machbank.com>
- Click on Internet Banking Tab. (The mach online page will display).
- Supply your username and password.

d) Any Branch Banking:

Machhapuchchhre Bank provides ABB services throughout its various branches. The customers can do business from any of the branches irrespective of in which branch the account was opened. The network is online and one can have access to his/her account from any of the branches of the Bank.

e) Trade Finance:

Recognizing the growing importance of international trade in the economy and need for bank's active participation in this regard, Machhapuchchhre Bank Limited offers following products and services

- Letter of Credit
  - Import LC services
  - Export LC services
- Export Documents / Bills
  - Negotiation
  - Purchase / Discount
  - Acceptances
- Bills in Collections
  - Import Collections
  - Export Collections
- Clean Collection
  - Inward Collections



- Cheques and Drafts
- Outward Collections
- Cheques, Drafts and Travelers Cheques
- Guarantees
  - Bid Bond / Tender Guarantee
  - Performance Guarantee
  - Advance Payment Guarantee
  - Financial Guarantee
  - Counter Guarantee
  - Other Guarantees

f) Safe Deposit Locker:

Bank has been providing its safe deposit lockers through its various branches like Head Office in Pokhara, Kathmandu, Newroad and Birgunj branch respectively at a very nominal rent allowing customers to have very safe custody of customers' valuables. But locker facility is not available in its Chipledhuga Branch.

g) Money2Nepal:

The bank has been putting a lot of emphasis on the proper channeling of funds from different parts of the world to Nepal. It has established relations with the following Exchange Houses for this purpose.

- Bahrain Financing Company BFC - [www.bfc.com.bh](http://www.bfc.com.bh)
- Xpress Money Services Limited, UAE - [www.xpressmoney.com](http://www.xpressmoney.com)
- Habib Qatar International Exchange - [www.habibqatarexchange.com](http://www.habibqatarexchange.com)
- International Money Express IME - [www.imeremit.com.np](http://www.imeremit.com.np)
- Liberal Money Express - [www.liberalnepal.com](http://www.liberalnepal.com)
- Krishi Premura - [www.krishipremura.com](http://www.krishipremura.com)

- UAE Exchange, UAE - [www.uaexchange.com](http://www.uaexchange.com)
- Modern Money Express
- Western Union Money Transfer - [www.westernunion.com](http://www.westernunion.com)
- Crystal Worldwide Money Express
- Ceylinco Fastcash - [www.ceylincofastcash.com](http://www.ceylincofastcash.com)
- City Express Money Transfer - [www.ct-xpress.net](http://www.ct-xpress.net)

Customers can go to any of these Exchange Houses and request them to make a transfer through any of our offices in Nepal or they can go to your bank or to any bank in their vicinity and request them to remit the funds to any of the banks mentioned above in the currency specified above in Machhapuchchhre Bank Ltd.'s account.

h) Remittance:

- Funds Transfer (Draft / Telegraphic Transfer / Mail Transfer):

Funds can be transferred to the bank from anywhere, in most of the major currencies through our Correspondent Banks, Financial Institutions in Middle East, Europe and East Asia and also from Other Banks. Funds can also be transferred to any of the following cities of the country directly from MBBL branches as well as through our local correspondents in Kathmandu, Pokhara, Birgunj, Hetauda, Biratnagar, Bhairahawa, Butwal, Birtamod, Buhabi, Damauli, Banepa, Nepalgunj, Narayanghat, Janakpur and Dhangadhi.

In addition to the above, MBBL also provides fund transfer service to other cities of Nepal through the local correspondents. Outward remittances in Indian Rupees and other foreign currencies will be made as per the rules and regulation of Nepal Rastra Bank.

## i) Correspondents Bank:

Machhapuchchhre Bank Limited has maintained agency accounts with following banks in the major business centers of the World through which their customer can transfer fund easily. They are:

Table no. 4.1.1  
Correspondents Banks of MBL

Name of Bank	SWIFT Address	Bank A/C No.
US Dollars		
Standard Chartered Bank One Madison Avenue New York, NY 10010, USA	SCBLUS33	3582 072 101 001
Mashreqbank PSC, 255 fifth Avenue New York, NY 10016	MSHQUS33	70008068
Australian Dollar		
Austalia and New Zealand Banking Group Limited Level 6 Podium 530 collirs Street Melbourne Victoria 3000, Australia	ANZBAU3M	881490 AUD 00001
EURO		
Standard Chartered Bank Frankfurt, Germany	SCBLDEFX	01808 6207
Sterling Pound		
Standard Chartered Bank 22 Billiter Street, London EC 3M 2RY, United Kingdom	SCBLGB2L	01250847801
Japanese Yen		
Standard Chartered Bank Sanno Park Tower 21F 2-11-1 Nagata-Cho, Chiyoda Ku, Tokyo 10 6155 Japan	SCBLJPJT	2192201110
Indian Rupees		
Standard Chartered Bank 19 Netaji Subhas Road Kolkata, India	SCBLTNBCCAL	32205121725
ICICI Bank 8th Floor, South Block, ICICI Tower Bandra Kurla Complex Mumbai 400 051	ICICINBB	000 405 075 251

### Products & Services Offered by NBL:

All the products & services offered by MBL are classified into three categories namely Business Banking, Privilege Banking, Bancassurance, Personal Lending, Remittance, Trade Finance, Clean Bills, E-Banking and Other Products & Services:

i. Privilege Banking:

Under the privilege banking service, NBL offers following deposit products & services.

a) Current Account:

This account can be opened in the name of individuals, proprietary concerns, partnership firms, companies, corporations, trusts, government agencies and other organizations. The general features of this account are:

- In current accounts, customers may withdraw or deposit any amount of cash.
- This is a non-interest bearing account.
- Normally statements are provided to customers on a periodic basis.
- Customer can open current accounts in Nepali Rupee and a range of other convertible foreign currencies in all the foreign currencies listed by Nepal Rastra Bank.
- Customers are encouraged to use NabilNet (online banking system) to download statements and view transactions as through the internet.
- Individuals, profit-making business houses, international / national non-government organizations and others open current accounts.

b) Call Deposit:

Call deposit accounts are those accounts where customers can high-volume for 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. This account can be opened in the name proprietary concerns, partnership firms, companies, corporations, trusts, government agencies and other organizations. The general features of this account are:

- Interest bearing account.
- Interest is calculated on a daily balance and credited to account on quarterly basis.
- Fund can be deposited from any branch.
- Fund starts earning interest from the same day of credit to the account.
- Account can be opened both in local & foreign currencies.
- Current account must be opened for operating account. That's mean no cheque from this account is issued.

c) Fixed Deposit/Time Deposit:

Time deposit accounts are meant for those individuals and corporate houses, who 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. General features of the fixed deposit account are:

- Account is opened for fixed term or fixed period of time.
- Loan is available against the fixed deposit receipt by adding 2.00% rate of interest on the rate of this account.
- This account can be opened with a minimum amount of Rs.50,000.00.

- Interest rate is offered from 7.00% to 11.50% for minimum 2 weeks to maximum one year and above.
- Time deposit accounts can be opened in Nepali Rupee and various other convertible foreign currencies (list).

d) 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 account holders to withdraw the money as and when they need it. Interest rates in savings accounts are subject to change depending on the market conditions. Bank will provide statements of transactions on a periodic basis. Customers are encouraged to use NabilNet to download the statements and view their transactions through the internet. The general features of the account are:

- Account is interest bearing and currently bank is offering 3.00% rate of interest in this account.
- Interest is calculated on a daily balance and credit to account on quarterly basis.
- Funds can be deposited from any branch.
- Internet bank facilities are available.
- Saving account can be opened both in local & foreign currencies

e) Nabil Lok Bachat:

Nabil Lok Bachat is a very flexible savings deposit product where customer can open the account at zero minimum balance requirement and still earn interest on the monthly minimum balance above Rs 20,000. Under the scheme, the customers are required to avail a Visa Electron Debit Card at a discounted rate of Rs 200 while opening the account. Nabil Visa Electron Debit Card

will provide the customers to access to their accounts through the large network of ATMs for withdrawals 24 hours a day. Customer can also use the Visa Electron Card to purchase goods and services at Visa accepting outlets both in Nepal and India. If required, bank also provides cheque book at a very nominal fee. Nabil Lok Bachat account holders can also enjoy internet banking solution 'NabilNet' and 365 Days Banking with Evening Counters with out any additional cost. Nabil Lok Bachat is most suitable for corporate entities for the salary distribution to their staff members. Prospective share investors who need a bank account compulsorily for investing into an IPO by an amount above a certain sum can also take advantage of very relaxed terms of Nabil Lok Bachat scheme. Currently bank is providing only 2.00% rate of interest with the minimum balance of zero amount.

f) Nabil Bachat:

Nabil Bachat is our premium savings deposit product. The minimum balance requirement for this deposit is NPR. 50,000 and the interest rate in this is 6% p.a. for deposits exceeding NPR. 50,000. The product has the following features:

- Debit Card (VISA Electron): Free of issuance charge
- Anywhere branch banking service (ABBS): Free of charge
- Account Statement: Free of charge
- Stop Payment: Free of charge
- Good for Payment: Free of charge
- NabilNet (Internet Banking System): Free of charge
- Balance Certificate: Free of charge
- Free cheque book issuance
  
- TC: Free of issuance and purchase charge
- Privilege Relationship
- Locker Facility

g) Nabil Student Bachat:

Nabil Student Saving accounts are meant for the students. This product is an amalgamation of a Deposit Product and a Loan Product. Students can open this account with a minimum balance of just NPR 500 and enjoy a host of exclusive facilities, better interest rates, instant access on online banking services, privileged education loans, free cheque books, special discounts on TCs, Bank Drafts Swift Transfer and much more.

h) Nabil Bal Bachat:

The product has been designed to promote the habit of savings amongst the parents for a secured future of their children. The amount can be used later for various purposes viz the educational expenses of the children, investment in fixed assets for the children or for the marriage ceremonies of the children later in future. This account is equally useful to repeat the banking concept amongst the children from their early ages. The product also has a facility to make a monthly transfer from the account of the parent to the Nabil Bal Bachat account through a 'Standing Instruction' option. The Standing Instruction facilitates the monthly transfers, by an amount decided by the parent without having the parents to come to the Bank and make the monthly transfers by themselves. The features of the product are as follows:

- Minimum balance is Rs.500.00.
- Interest rate is 4% p.a. on daily balance (Paid on balance Rs. 15000/- and above only).
- Issuance of Visa Electron Debit Card at Rs. 200.
- Free issuance of cheque book.
- Free Nabil Net is available.
- If Standing Instruction is applicable, monthly minimum transfer not below Rs. 500.
- No restriction on deposits.



- Option to restrict/allow withdrawal remains with the account holder.

i) Nabil Jestha Bachat:

Nabil Jestha Bachat is a special savings scheme for the Senior Citizens who belong to the age group of 50 years and above. The scheme offers an interest rate of 5% p.a. on daily balance. Under this scheme, interest is paid every month which helps the senior citizens to manage their monthly expenses more conveniently. The scheme offers the below features which has been introduced for the benefit of the senior citizens.

- Minimum balance requirement is Rs.500.00.
- Interest rate is 5% p.a. daily balance (for balance above 15,000.00 only) with monthly interest payment.
- Free Nabil Net is available.
- Unlimited withdrawals & deposits facility is available.
- Issuance of ATM card with a charge of only Rs.200.00 (mandatory)
- Free Issuance of cheque book.
- 50% discount on the issuance of traveler's cheque, SWIFT Transfer, demand drafts ect.
- Free charges for Good for Payment and stop payment service.
- Free issuance of balance certificate and account statement.
- 25% discount on locker charges (depends upon the availability of the locker).

j) Nabil Jestha Muddhati:

Nabil Jestha Muddhati is a special Fixed Deposit scheme for the Senior Citizens who belong to the age group of 50 years and above. The scheme offers an interest rate of 9% p.a. Under this scheme the interest is paid on a monthly basis which helps the senior citizens to manage their monthly expenses more conveniently and thus makes their lives more comfortable. The scheme offers the below features which has been introduced for the benefit of the senior citizens.

- Minimum Balance for this account is Rs. 500,000.00.
- Interest rate is 9.00% per annum payable on a monthly basis
- Tenure for this account is 1 year.
- Pre-mature liquidation not allowed for this account.
- Option of 90.00% loan limit with the Bank's prevailing interest rate.
- Compulsory opening of Nabil Jestha Bachat account (to be used as interest nominated account).

k) Retirement Fund Account:

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.

Contribution made by an employee to his/her Provident Fund, Gratuity or other Fund of similar nature payable at the time of retirement is known as Retirement Fund Contribution. The Contribution up to one third of total assessable income or NPR 300,000.00, whichever is lower is deductible from assessable income. Individual employee of corporate customer of Nabil Bank Limited can open an account and deposit their retirement contribution with the NBLRF. Prior to this the corporate customers have to enter into an agreement with the Fund. The depositors is called beneficiary of the Fund.

According to current provision of Income Tax Act 2058, total payment of retirement fund up to NPR 500,000.00 or fifty percent of total deposit, whichever is higher is tax free. Remaining balance is taxable @5.00%. While in case of the deposit in other unapproved fund will attract tax @15% in the total amount.

Beneficiary may borrow up to ninety percent of their total deposit. Such borrowing will attract an interest rate of one percent higher than the rate for deposit. Beneficiary shall not have any right to claim the payment of the retirement contribution as long as s/he is continuing the service. Beneficiary who is separated from the service may claim for payment of the balance retirement contribution with evidence of separation of service. In the event of death of the beneficiary, his/her nominee may lodge the claim for payment of balance amount in the account of the deceased. Where no nominee is appointed or the nominee has also died, first living relative of the deceased beneficiary may lodge the claim.

l) Provident Fund Account:

If customers are unable to use the above mentioned retirement fund schemes, bank has introduced another savings account called "Provident Fund" account. As the name suggests, this account is used for keeping provident funds of employees of the bank's corporate accounts. Bank opens provident fund accounts in the individual name and also provides interest on that. Individual provident fund accounts are operated with joint signatures both by the account holder and the designated person from his/her office.

m) Nabil Nari Bachat Account:

Nabil Nari Bachat account is a specially designed deposit product for female customers. The account holders are offered with a customized Visa Electron Debit Card and with this Nabil is the first Bank ever to have crafted a special Visa Electron Debit card for women. This product is suitable for the women from various walks of life. The account holders are also entitled to get special discounts/offers from various organizations/outlets/shops/restaurants/hotels only within the valley i.e. within Kathmandu Valley. The account holders are entitled to get Gift Voucher worth Rs.

2,700/- while opening account with minimum balance Rs. 500.00. Other features of this account are:

- Minimum balance requirement is Rs.500.00.
- Interest rate of this account is 5% p.a. payable on monthly minimum balance.
- Free Nabil Net service is available.
- Unlimited withdrawals & deposits facilities are available to this account.
- Issuance of ATM card with a charge of only Rs.200.00 (mandatory).
- 25% discount on the Issuance of Traveler's cheque, SWIFT transfer and Demand Draft.
- Facility of Locker (preference given subject to availability).
- The account holders will be entitled to get a Gift voucher worth Rs.2,000.00 from Asri Jewllers, Rs.400.00 from Ina Center and Rs.300.00 on the opening the account.

n) Nabil Muddati Account:

In order to cater to the needs and meet the expectations of its valued customers, Nabil Bank has launched Nabil Muddati. As the name suggests, this deposit is fixed in nature and offers a very attractive interest rate. Following are the features of the product:

- Minimum balance in order to open this account is Rs.100,000.00.
- Tenure is one year and above.
- Interest rate on this account is 9.00%.
- Availability of overdraft loan up to 90% of TD value.
- This interest rate is applicable for Nabil Jestha Muddati as well. This scheme is valid for a limited period only.

ii. **Business Banking:**

Under the business banking service, NBL offers following loan products & services.

a) **Working Capital Loan:**

Bank provides Overdraft/Short term loans to finance day-to-day business activities of customers' business concerns. Basically, this loan will help you to build up your inventory and receivables to a desired level, against which the loan will be disbursed. Following documents should be required.

- Financials of last three years (Cash flow statement, Balance sheet, Profit & loss account), if applicable.
- Projected financials for current and future five years (Cash flow statement, Balance sheet, Profit & loss account).
- Profile of company and its director(s) or firm and its partners/proprietor.
- Registration documents of the company/firm (renewed, as applicable).
- Recent statistics of production, sales, stock and book debts. (as applicable)
- Loan application form.

b) **Fixed Capital Loan:**

Nabil bank provides this type of credit facility to finance the projects or acquire fixed assets. Generally, this is a long term loan for acquiring or purchasing machinery, equipment, land and building. The tenure of repayment is cash flow based.

c) **Import Loan:**

For financing international and local trade transactions through letter of credit, customers may get this credit facility to import their goods in the form of trust receipt or

time loan. Bank facilitates their customer to import using bank's extensive banking network around the world.

d) Bills Discounting Facility Under Suppliers Credit:

Bank also offers discounting facilities to suppliers against the import usance bills.

e) Export Loan:

Bank has the different products to finance on customers' funding requirement for completion of various stages of export processes such as pre-shipment loan, post-export loan (post-shipment loan), negotiation / documentary bill purchase etc. Such credit facility can be availed in foreign currency as well as local currency.

f) Hire Purchase Loan:

Bank can finance the purchase of vehicles, exclusively used for commercial purpose.

g) Project Financing:

For any feasible project, bank is committed to take it up for funding from fixed capital to working capital loan - right from the establishment stage which may include financial services like letter of credit and guarantee.

h) Consortium/Syndication Loan:

With the expertise in diverse field of business bank is capable of arranging consortium finance / loan syndications for large projects.

i) Mortgage Loan:

Customers are welcome to step into the bank for loans to be used for any purpose by mortgaging of their land and building.

iii. Bancassurance:

In line with the international trend, Nabil Bank has set up Bancassurance unit for selling life and non life insurance policies to its customers through various distribution channels. 'Nabil Bank' has obtained required permit from Insurance Board. Nabil Bancassurance has made an arrangement with various insurance companies to provide insurance policies instantly to bank's customers from any branch/unit, once insurance request is made and premium are paid there on. Being a corporate agent, Nabil Bancassurance plays a bridge role between the customers and the insurance companies.

Advantage of Nabil Bancassurance:

- Availing the insurance service in addition to other banking services (one stop financial solution).
- More trust and stability of dealing with a Bank in operation for over 2 and ½ decades.
- Convenience in premium payments.
- Convenience in receiving policies.
- Assistance in expeditious claim settlement.

iv. Personal Lending:

Bank provides its customers with top-notch services when it comes to customer personal financial needs. Whether customers need to buy a dream house or a fast car, need to mortgage house for money for any reason or need funds for household items, customers can get these facilities. Under this lending, bank offers following services:

a) Housing Finance:

Bank provides finance facility for purchase or construction of customer land and house so that a customer has a shelter of his/her dream. The following are the features of housing finance scheme.

Table no. 4.1.2  
Housing Loan Scheme of NBL

S.N.	Products	Loan Amount	Loan Tenor
1	Land Purchase	5 lakhs to 80 lakhs	upto 20 years
2	Land & Building Purchase	5 lakhs to 80 lakhs	upto 20 years
3	Construction	5 lakhs to 80 lakhs	upto 20 years
4	Renovation / Extension	3 lakhs to 15 lakhs	upto 20 years
5	Refinancing (loan take over)	5 lakhs to 80 lakhs	upto 20 years

Other features of this loan are:

- Collateral for all above products are required
- At least 8 feet wide motorable access should be available to the land.
- Land should be far from high tension line
- Third Party Collateral is not acceptable for this loan.
- 2% of amount is applicable for prepaid before 1 year.
- 1% of amount is applicable for prepaid after 1 year.
- Partial payment is allowed after 1 year only.
- 1% service charge of loan amount is applicable.

b) Auto Loan:

NBL provides finance for purchase of vehicles - be it for personal or commercial purpose. The following are the features of auto finance scheme.



Table no.4.1.3  
Auto Loan Scheme of NBL

S.N.	Products	Loan Amount	Loan Tenor
1	Private	3 lakhs to 60 lakhs	Upto 5 years to 7 years
2	Commercial	3 lakhs to 60 lakhs	Upto 4 years
3	Used	3 lakhs to 20 lakhs	Maximum 4 years
4	Refinancing	3 lakhs to 25 lakhs	Age of the vehicle should not exceed maximum 7 years at the time of loan maturity

Other features of this loan are:

- Processing fee 1% of the loan amount payable upfront.
- Prepayment Allowed after 1 year only with prepayment fee as 1% of the amount prepaid.
- Age Criteria from 21 years to 65 years at loan maturity.

d) Nabil Property:

Customers can mortgage their property and borrow from the bank to use the funds for any purpose. The following are the features of Nabil Property loan.

Table no. 4.1.4  
Scheme of Nabil Property Loan

Loan Amount	Loan Tenor	Financial Ratio	Age Criteria
5 lakhs to 50 lakhs	upto 10 years	70% of distress value of property	25 to 65 years at loan maturity

Other features of this loan are:

- Collateral should be required.
- At least 8 feet wide with a motorable access should be required.

- Land to be free of guthi or mohi.
- Land to be far from high tension line.
- Third Party Collaeral is not acceptable.
- Eligibility is any individual having steady regular income source.
- Loan documentation fees are Rs.1,500.00 up to NPR 1 million loan Rs.3000.00 up to Rs.10 million loan and Rs.5,000.00 above Rs.10 million loan.
- Prepayment fee is 2.00% of amount prepaid before 1 year, 1% of amount prepaid after 1 year.
- Partial payment allowed after 1 year only.
- Service Charge: 1% of loan amount is applicable initially.
- Age Criteria for co-applicant is 21 years at the time of application received and not older than 75 years at loan maturity.

e) Personal Finance:

With personal finance scheme, customers will be able to borrow money to purchase household items. The following are the features of personal finance scheme.

- Eligibility for this loan is for service holder having permanent service terms or contract basis at least covering the loan tenure and the employer should be in a position to provide an undertaking to transfer the fund to the Bank for EMI.
- Loan amount for this loan is 2 lakhs to 10 lakhs.
- Loan tenure will be up to 3 years.
- Purpose of this loan will be to purchase of household items.
- Processing fee will be 1.00% of the loan amount payable initially.
- Prepayment facility is allowed after 6 months of loan sanction date.

f) Education Loan:

Nabil bank offers its education loan product specially designed for students aspiring to pursue further studies abroad. If one plans to apply for abroad studies and need financial assistance, NBL provides this service to meet his/her expectations and help to realize academic goals.

Following are the features of this loan:

- Education Loan against Fixed Asset Collateral (Land and / or Building or apartment):

Bank provides this loan against property acceptable to the Bank. Bank accepts property such as land, land & building and apartment owned by student, parents or sponsors. The loan will enable the student to pursue higher/technical/professional education abroad or in Nepal. The loan will essentially help the student to partly finance for tuition fees, airfare, logistics support and living expenses in the form of TCs/Cash/Demand Draft/Wire Transfers etc. Further, 4 years moratorium (where the customer can service interest only) will reduce the financial burden of monthly repayment installments during these first four years thereby supporting students/parents/sponsors during the study period. Other features of this loan are: Loan amount will be 70.00% of valuation of the property assessed by one of the Bank's authorized valuers. Loan is payable in equated monthly installment (EMI) basis. Tenure will be up to 15 years. Interest rate of 12.00% p.a. is offered by the bank. Service charge will be applicable with 0.50% of loan sanctioned amount. Loan documentation fee will be Rs.3,500.00 payable while sanctioning loan. Prepayment fee/loan commitment fee will be 0.50% of prepaid loan amount/unutilized loan amount (prepayment allowed after one year). Moratorium period will be 4 years or course duration whichever is lower.

- Education Loans against Nabil Fixed deposits:

Nabil provides a hassle free loan against Nabil Fixed Deposits for educational purposes as well. The Nabil Fixed Deposits will be pledged with the bank until the

sanctioned loan limit remains valid or the loan/interest is fully repaid and unused loan limit is released. The bank pays the interest on pledged Fixed Deposit at half yearly basis at Bank's prevailing interest rate. Out of the sanctioned limit, based on the requirements evidenced in the offer letter, the disbursements will be made for the purpose of meeting payments/expenses related to the academic course such as paying tuition fees, airfare, living expenses in the form of TCs/Cash/Demand Draft/Wire Transfers etc. Other features of this loan are: Loan to value ratio will be 90.00% of TD value. Loan type is EMI and/or Term Loan (quarterly interest payment). Tenure will be up to 15 years. Interest rate will be plus 2.00% or minimum 8.75% p.a. (Interest rate subject to change). Service charge will be employed with 0.50% of loan sanctioned amount or NPR 5,000.00 whichever is higher. (Applicable while issuing sanction Letter). Prepayment fee will be applicable with 0.50% of pre-paid loan amount (allowed after one year).

iv. Remittance:

- a) SWIFT (Society for Worldwide Interbank Financial Telecommunication System):

Through the SWIFT transfer mechanism, customer can transfer the fund to virtually anywhere in the world. Likewise customers can receive the fund for their account with the bank from virtually any bank in the world. SWIFT is a reliable communication network speeding up fund transfer and other financial messages. Customers do not need to have an account with Nabil Bank for fund transfers through SWIFT.

- b) Western Union:

Through Western Union, customers 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's 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. Customers do not need to have an account with Nabil Bank.

c) E-Remittance (Qatar, Doha):

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:

Customers 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 in Nabil Bank Limited.

e) Bank Draft:

Nabil Bank can draw drafts on a number of its correspondent banks located all over the world. Under this service, customer can draw drafts on following currencies:

- Indian Rupee Draft Arrangement
- Foreign Currency Draft Arrangement

f) Mail Transfer:

When there is no SWIFT transfer or draft arrangement, customers may option 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, especially used for payments made by Nabil Bank. Beneficiary can send the cheque on collection or through clearing or can deposit it in his or her account with Nabil Bank itself.

h) Anywhere Branch Banking:

Nabil Bank uses state-of-art technology, software and hardware to provide the best services to its customers. All the branches are connected through VSAT link or Radio link, so that one can access his/her account from any of the branches located throughout the kingdom. All the branches of the bank serve to their customers for deposit and withdrawal of cash, balance enquiry, statement, balance certificate etc.

v. Trade Finance:

Under the trade finance heading, NBL offer followings services:

a) Import LC:

NBL offers shipping Indemnity for their customers. Generally this is issued for Documentary Credit (DC), popularly known as letter of credit is the most safe and convenient means of paying for exports among all other existing methods of payment. It is widely used to effect payments in domestic and international trade. A written undertaking is issued by a bank (usually referred to as the issuing bank) on the instructions of the buyer of goods to the seller. The payment is made under conditions stated in the undertaking. Payments are always up to a stated limit and against stipulated documents. Import is dedicated for a quality customer service with a swift and reliable output. Bank understands its customers' requirement and is also equally concerned for the risks to which customers are exposed while doing their import transactions. Before issuing a DC, customers will require to have approved credit limits sanctioned by the bank. In line with the central bank regulations, bank requires following documents along with the DC Application form for establishing a DC:

- Proforma Invoice/sales contract/indent with following information in minimum.
- Harmonic Code number of the merchandise being imported (at least 8 digits).
- Country(ies) of origin of the merchandise.

- Payment term as per ICC Incoterms 2000.
- PAN Certificate.
- Company Registration Certificate.

b) Export LC:

NBL offers shipping Indemnity for their customers. Generally this is issued to facilitate the needs and requirements of the exporters, NBL offers Export LC which is committed for delivering unparalleled processing and advisory services. Bank is committed to help realize the customers export proceeds at the earliest possible through our correspondent banks. Nabil offers various products to finance the trade, be it import or export. For the exporters, the products available are Pre-Shipment Loan, Post-Shipment Loan, Documentary Negotiation and Documentary Purchase. Important aspects to check when you receive a letter of credit:

- Payment terms (sight, usance or else).
- Availability (whether the LC is restricted with any particular bank).
- Acceptability of issuing bank (confirmation by a local bank may be asked for).
- Terms of shipment.
- Terms and conditions of the DC and feasibility of their compliance (amendments may be sought for if any of the conditions are not practically possible to comply with).
- On whose account the bank charges are

Confirmation to a DC enhances security under the DC and mitigates any existing issuing bank and/or country risk since the same are taken over by the confirming bank.

c) Forward Contact:

NBL offers shipping Indemnity for their customers. Generally this is issued for enable customers to hedge their foreign exchange risk, bank buy or sell forward foreign currency at the request of the trade finance customers. For any forward contract, there should be an underlying Import or Export LC.

d) Bid Bond:

NBL offers shipping Indemnity for their customers. Some contracts are awarded through bidding processes. In such bids, participants are demanded to deposit an earnest money or to submit a guarantee letter issued by a bank, which will be used by beneficiary as a security in case of withdrawal by participants when contract is awarded to the participant. Such guarantee is called a bid bond. Such contracts are generally 2-5% of the bidding value as per the requirement of the beneficiary. For issuance of bid bonds, customers need credit line from the bank.

e) Counter Guarantee:

NBL offers shipping Indemnity for their customers. Generally this is issued for foreign bidders, it is sometimes difficult to have a guarantee issued from a bank in Nepal due to not having credit lines in a bank in Nepal. And in that case, the foreign party will have a guarantee issued from a bank of repute in their own country in favor of Nabil Bank, which in turn will issue a guarantee on behalf of the foreign party.

f) Performance Bond:

NBL offers shipping Indemnity for their customers. After a contract is awarded to a party, the party needs to perform under the terms and conditions as stipulated by the beneficiary. Beneficiary to protect his interest asks the customer to submit a performance bond issued by a bank. In case the terms and conditions are violated by the



customer, the beneficiary will invoke the guarantee and will obtain compensation for his loss.

g) Advance Payment Guarantee:

NBL offers shipping Indemnity for their customers. Generally this is issued when a contracting body makes an advance of payment prior to performance of work to help start work and for liquidity of the contractor, they will be exposed to financial risk. To mitigate such risk, they demand beneficiary of the advance payment to submit a guarantee issued by a bank. In case the fund such advanced is abused or the contractor defaults on terms and conditions, beneficiary of the advance payment guarantee will invoke the guarantee and will obtain compensation for their loss.

h) Shipping Indemnity:

NBL offers shipping Indemnity for their customers. Generally this is issued under import LC, if bills of lading and other related documents do not arrive at the issuing bank on time prior to arrival of goods, then shipping company and port authority will not release goods to the buyer. In such situations, to release goods, shipping companies will demand a guarantee issued by a bank. Once the original documents arrive at the LC issuing bank and are submitted to the shipping company, guarantee will be released.

vi. Clean Bills:

Bank's national processing center is geared up to process the customers' cheques, drafts or traveler's checks and credit proceeds into their accounts at the soonest possible, no matter where they have been drawn - on any bank in Nepal or anywhere else in the world with the established use of our correspondent banking relationship.

vii. E-Banking:

In keeping with the bank commitment to be the "Bank of 1<sup>st</sup> Choice" Nabil Bank is constantly moving towards enhancing customer services by providing enhanced products and services. Along the same line, bank provides its customers with Nabil Net, Internet banking system (online banking), Nabil Tele, telephone banking system.

viii. Other Product & Services:

Under the other products & services, bank offers U.S. visa fee, Safe locker deposit, Balance certificate and Advance payment certificate.

a) U.S. Visa Fee:

If one wants to travel to the United States of America and need to pay U.S. visa fee, bank provides this service to collect that at through Maharajgunj branch. Visa application forms are also available at Maharajgunj branch.

b) Safe Locker Deposit:

NBL offers safe locker deposit service to keep customers' valuables. Though the bank has been providing this safe deposit locker facility, this facility is not available in Pokhara Branch. There are various sizes of the safe deposit locker to suit customers' requirement.

c) Advance Payment Certificate:

For foreign currency payments customers receive in advance of their exports shipments, bank offers advance payment certificates which will help to clear their goods through customs check points.

ix. Card Products:

Under the card products, bank offers various card products like Credit card, Debit card, Prepaid cards, Acquiring services, Other services, Scheme/offers, Nabil installments and ATMs.

- Credit Card:

Nabil Bank is the pioneer of Card Industry in Nepal. Bank is the principal member of Visa and MasterCard International since early 1990s. Bank started issuing credit cards since 1993. Today, bank prides on being the service provider with widest range of card services ranging from issuance of local currency Visa credit cards, Visa debit cards, Visa prepaid cards, MasterCard credit cards in local currency and US Dollars, US Dollar Prepaid cards. Bank also accepts Visa and MasterCard cards issued all around the world through the extensive network of ATMs and Merchant locations in Nepal. In order to provide superior services, bank has exclusive arrangement with American Express here in Nepal for accepting American Express card through the POS Terminals.

- Visa Debit Card:

Bank offer visa debit card which incorporates following features:

- Valid in Nepal and India
- Can be used for purchases of merchandise / services or cash withdrawal
- Round the clock service
- Prompt service / No queue
- Accepted in over 100,000 POS terminal merchants
- Accepted in over 5,000 ATMs
- No interest, late fee or penalty
- No hassle of limit

- Secured transactions due to electronic environment
  - Highly economical to obtain and use
  - Added facility of balance inquiry and PIN change
  - No service charge on use at Nabil ATMs and all POS terminals
- Visa Prepaid Cards:

NBL offer visa prepaid cards which has the following features:

- No need to have an Account at NABIL Bank Ltd
- Can be used for Cash Advance and Retail Purchases
- Balance Enquiry Options
- Balance can be topped up within the card validity
- Easy to Apply , Easy to Avail
- 365 days support service

#### 4.1.2. Length of Customers Stay:

The respondents were requested to provide their opinions of the length of account opening time. The following table shows the summary of the responses.

Table no. 4.1.2  
Length of Customer Stay

Sr. No.	Time	MBL		NBL	
		Number	%	Number	%
1	In this year	10	20	4	8
2	Before two years	19	38	20	40
3	Before three years	21	42	26	52

Source: Field Survey by Researcher.

According to table no.4.1.1, 42% respondents in MBL & 52% respondents in NBL had opened their account before three years ago in the bank and similarly 38% respondents in MBL & 40% respondents in NBL had opened their accounts before two years ago in the bank. Only 20% respondents in MBL & 8% respondents in NBL had been new account holders who opened their account in this year.

As noted above, majority of the customers, i.e. 42% in MBL and 52% in NBL, reported that the length of account opening time at greater than three years. Above figures depict that both banks had more old customers who had opened their accounts before three years ago. Though both banks had old & experienced customers, the customers in NBL has been found old & experienced rather than the customers of MBL because NBL has more old customers which reflect strong and stable bank-customer relationships. Therefore, analyzing the above figures it has been concluded that the majority of the customers are old and experienced customers in both banks and banks-customers relationships is found strong and stable.

#### 4.1.3. Recommendation for Account Opening:

The respondents were requested to provide their opinions over the recommendation. The following table shows the summary of the responses.

Table no. 4.1.3 (i)  
Recommendation for Account Opening

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Yes	22	44	18	36
2	No	28	56	32	64

Source: Field Survey by Researcher.

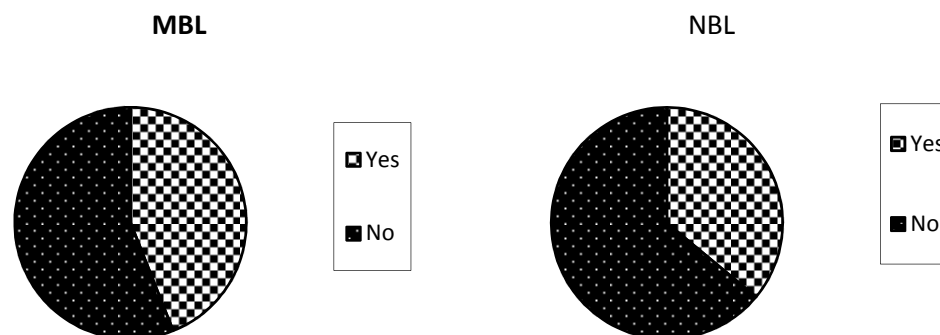


Figure No.1 Recommendation for Account Opening.

Table no.4.1.3 (i) represents the data of account holders who are recommended by others. Out of the total respondents, only 44% respondents in MBL & 36% respondents in NBL had got recommendation by others to go to the bank. Similarly 56% respondents in MBL and 32% respondents in NBL did not get any recommendations to go to bank so that they were come by themselves. Above figure shows that most of the customers were come themselves rather than recommendation. Hence, it is concluded that most of the customers are come by themselves.

Table no. 4.1.3 (ii)  
Enthusiast of Account Opening

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Family Member	9	18	10	20
2	Colleague	7	14	4	8
3	Neighbour	1	2	1	2
4	Office	5	10	4	8
5	Others	0	0	0	0

Source: Field Survey by Researcher.

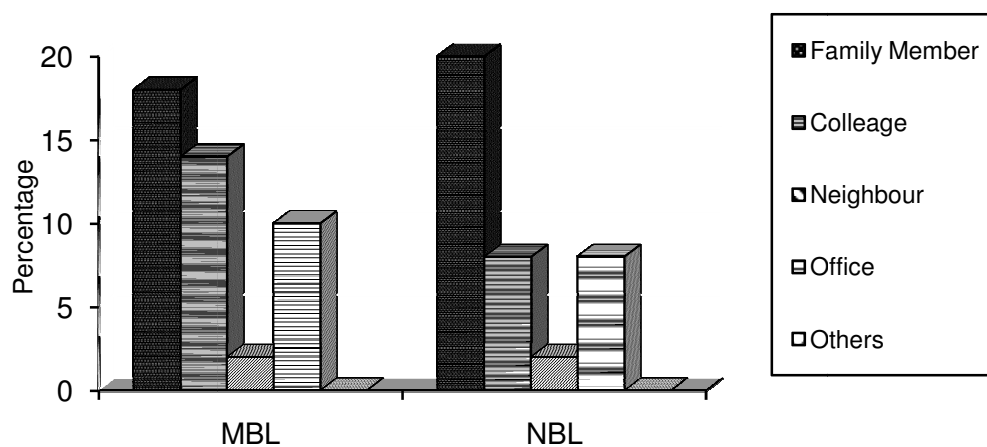


Figure No.2 Enthusiast for Account Opening.

Table no.4.1.3 (ii) discloses that most of the customers were recommended by their family members. After then they were recommended by colleague and their office where they do jobs. Hence it has been concluded that most of the customers are come with the recommendation of their family member first, then their colleague and after then their employers.

#### 4.1.4. Type of Accounts Opened:

The respondents were requested to provide their types of accounts. The following table shows the summary of the responses.

Table no.4.1.4  
Types of Account Opened

Sr. No.	Account Type	MBL		NBL	
		Number	%	Number	%
1	Current Account	21	38.18	13	22.42
2	Saving Account	34	61.82	40	68.96
3	Fixed Deposit	0	0	2	3.45
4	Loan Account	0	0	3	5.17

Source: Field Survey by Researcher.

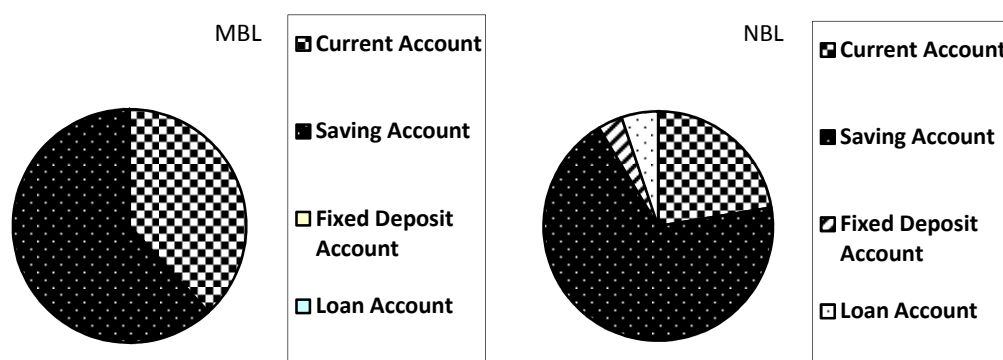


Figure No.3 Types of Account Holders.

Table no.4.1.3 represents that the most of the respondents in both banks had opened saving accounts which occupied 61.82% respondents in MBL & 68.96% respondents in NBL on saving account. Similarly 38.18% respondents in MBL & 22.42% respondents in NBL had opened current account which was second position in the figures. In the study, nobody had been found with fixed & loan account in MBL whereas 3.45% & 5.17% respondents had been found in NBL with fixed account & loan account respectively.



Therefore the most of the customers had opened saving accounts & current accounts. Hence it has been concluded that the result of the study will be implemented on those customers who had opened saving & current accounts.

#### 4.1.5. Assessment of Financial Statements:

The respondents were requested to provide their opinions over the quarterly published financial results published in the Newspapers. The following table shows the summary of the responses.

Table no. 4.1.5  
Assessment of Financial Statement

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Ever Analyze	1	2	0	0
2	Sometime Analyze	15	30	9	18
3	Never Analyze	34	68	41	82

*Source: Field Survey by Researcher.*

Table no.4.1.5 depict that the most of the respondents in both banks had never analyzed the financial reports published in newspaper which occupied 68% respondents in MBL & 82% respondents in NBL. Similarly 30% respondents in MBL & 18% respondents in NBL had sometimes analyzed these quarterly published financial reports of their concerned banks. In the study, only 2% respondents in MBL had been found that they ever analyzed the quarterly financial reports published in newspaper whereas nobody had been found in NBL in this regard.

Hence it has been found & concluded that the quarterly published financial reports did not play significant role on customer attraction. Nobody had concerned about the financial health of their concerned banks.

#### 4.1.6. Types of Promotional Tools Used:

The respondents were requested to provide their views over these promotional tools used by banks & financial institutions. The following table represents the summary of the responses.

Table no. 4.1.6 (i)  
Promotional Tools Used by Banks

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Advertisement	32	64	20	40
2	PR & Publicity	14	28	24	48
3	Sales Promotion	3	6	4	8
4	Personal Selling	1	2	2	4
5	Direct Marketing	0	0	0	0

Source: Field Survey by Researcher.

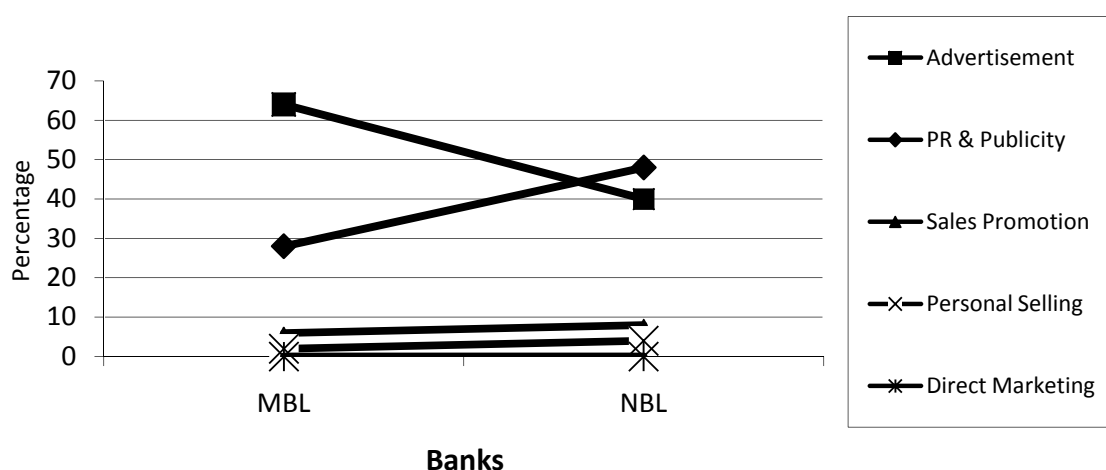


Figure No.4 Types of Promotional Tools.

Table no.4.1.6 (i) reveals that the most of the respondents in both banks had known the banks, banking products & services through advertisements and PR & Publicity. The portion of the respondents knowing banks & banking products & banking services through the Advertisement was 64% in MBL & 40% in NBL. Similarly the portion of the respondents knowing banks, banking products & banking services through PR & Publicity was 28% in MBL & 48% in NBL. The portion of the respondents knowing banks, banking products & services through other promotional tools rather than Advertisements and PR & Publicity was not countable effectiveness in this regards. In this study, among the various promotional tools the advertisement had found more effective to promote the bank's brand, products & services in MBL whereas the PR & Publicity had more efficiency to promote the brand name, product & service in NBL. Hence it has been found & concluded that the bank has to utilize Advertisement and PR & Publicity to promote their brand name, products & services rather than other promotional tools.

Similarly to the question of did you have knowledge about the banking products and services and if yes, how did you know about that, the respondents provided following responses which are incorporated below in table.

Table no. 4.1.6 (ii)

## Promotional Tools to Know the Banking Products &amp; Services

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Advertisement	29	58	26	52
2	PR & Publicity	17	34	34	68
3	Sales Promotion	3	6	0	0
4	Personal Selling	0	0	0	0
5	Direct Marketing	0	0	0	0

*Source: Field Survey by Researcher.*

Table no. 4.1.6 (ii) reveals that the most of the respondents in both banks had known the banks, banking products & services through advertisements and PR & Publicity. The portion of the respondents knowing banks & banking products & banking services through the Advertisement was 58% in MBL & 52% in NBL. Similarly the portion of the respondents knowing banks, banking products & banking services through PR & Publicity was 34% in MBL & 68% in NBL. Similarly 6% respondents knew the bank & banking products in MBL. The portion of the respondents knowing banks, banking products & services through other promotional tools rather than Advertisements and PR & Publicity was not countable effectiveness in both banks regarding above subject matters.

Hence it has been concluded that the banks have to utilize Advertisement and PR & Publicity in order to promote their products & service rather than other promotional campaign for effectiveness promotion.

In the same connection, it was tried to obtain the responses from the respondents in the question of how far the customers remembered the contents of promotional campaign, the respondents provided followings opinions which are incorporated below in table.

Table no. 4.1.6 (iii)  
Effectiveness of Promotional Tools

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Don't Remember at all	5	10	6	12
2	Remember bank but not product & advertisement	29	58	30	60
3	Remember bank and product but not advertisement	12	24	9	18
4	Remember advertisement	4	8	5	10

Source: Field Survey by Researcher.

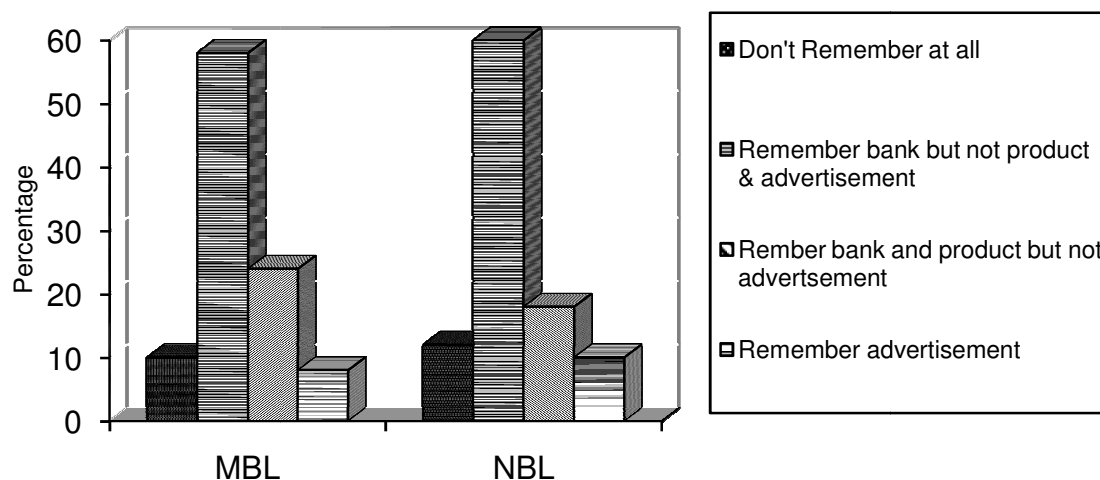


Figure No.5 Effectiveness of Promotional Tools.

Table no.4.1.6 (iii) depicts that the majority of the respondents in both banks had known the banks but not banking products & services which occupied 58% respondents in MBL & 60% respondents in NBL. Similarly 24% respondents in MBL and 18% respondents in NBL remembered bank & banking products & services which lies

second position by the ranking. Though majority of the respondents remembered bank, banking products & services, 10% & 12% respondents in MBL & NBL respectively said that they didn't remember anything. Only 8% respondents & 10% respondents in MBL & NBL respectively said that they remembered only advertisement. Therefore, the result shows that the bankers should follow advertisement rather than other promotional tools.

Hence it has been found & concluded that the bank has to use more Advertisement and PR & Publicity in order to promote their products & services rather than other promotional tools.

#### 4.1.7. Effectiveness of the Promotional Campaign:

In terms of the effectiveness of promotional campaign, it may have the different features namely Understandable, Believable, Informative, Memorable, Attractive, Unique from others, etc. Here it has been tried to obtain the opinion from the respondents whether the promotional campaign used by banks have these features or not

Table no. 4.1.7  
Effectiveness of the Promotional Campaign in terms of Various Features

Features	Responses						
	Bank	Measurement	Strongly Agree	Somewhat Agree	Neither Agree nor Disagree	Somewhat Disagree	Strongly Disagree
Understandable	MBL	Number	13	29	8	0	0
		Percentage	26	58	16	0	0
	NBL	Number	12	31	6	1	0
		Percentage	24	62	12	2	0
Believable	MBL	Number	15	20	15	0	0
		Percentage	30	40	30	0	0
	NBL	Number	13	25	11	1	0
		Percentage	26	50	22	2	0
Informative	MBL	Number	3	13	29	5	0
		Percentage	6	26	58	10	0
	NBL	Number	3	13	25	9	0
		Percentage	6	26	50	18	0
Attractive	MBL	Number	3	12	26	5	4
		Percentage	6	24	52	10	8
	NBL	Number	5	19	23	3	0
		Percentage	10	38	46	6	0
Duplication	MBL	Number	10	25	12	3	0
		Percentage	20	50	24	6	0
	NBL	Number	8	28	10	4	0
		Percentage	16	56	20	8	0
Memorable	MBL	Number	0	3	4	25	18
		Percentage	0	6	8	50	38
	NBL	Number	0	1	2	26	21
		Percentage	0	2	4	52	42

Source: Field Survey by Researcher

Table no.4.1.7 depicts that the majority of the respondents in both banks agreed that the promotional tools used by the banks were understandable which occupied 58% respondents in MBL & 62% respondents in NBL. Similarly 26% respondents in MBL 24% respondents in NBL strongly agreed that the promotional campaign used by the banks were easily understandable. But some portion of the respondents argued that it was difficult to say that the promotional campaign were understandable or not which occupied only 16% & 12% respondents in MBL & NBL respectively. Though, only 2% respondents in NBL said that the promotional campaign were not understandable, nobody felt strong argument in this regards. Therefore, the result shows that the bankers should follow same types of campaign with little bit improvements rather than other promotional campaign.

Hence it has been found & concluded that the promotional campaign was effective in terms of understanding ability which may push to obtain the objectives of promotional campaign.

Table no.4.1.7 depicts that the majority of the respondents in both banks agreed that the promotional tools used by the banks were believable which occupied 40% respondents in MBL & 50% respondents in NBL. Similarly 30% respondents in MBL 26% respondents in NBL strongly agreed that the promotional campaign used by the banks were easily believable. But some portion of the respondents argued that it was difficult to say that the promotional campaign were believable or not which occupied only 30% & 22% respondents in MBL & NBL respectively. Though the majority of the respondents were in the side of favor, only 2% respondents in NBL said that the promotional campaign was not believable, and nobody felt strong argument in this regards. Therefore, the result shows that the bankers should follow same types of campaign with little bit improvements rather than other promotional campaign.

Hence it has been found and concluded that the promotional campaign was effective in terms of realistic which may push to obtain the objectives of the bank.



Table no.4.1.7 depicts that the majority of the respondents in both banks could not say that the promotional tools used by the banks were informative or not which occupied 58% respondents in MBL & 50% respondents in NBL. Though the majority of the respondents could not say anything, 26% respondents in both banks agreed that the promotional campaign used by the banks were informative which promoted brand name of the banks as well as the products & services of the banks. In addition to the same, 6% respondents in both banks strongly support that the promotional campaign was strongly informative. But in the same line some portion of the respondents argued that it was not informative to all and it was just for promotion. But nobody was in the favor strongly disagreement.

Hence it has been found and concluded that the promotional campaign was not informative to general public so in coming days promotional campaign should be employed with some improvements. And improvements should be done in terms of informative ability by which it may push to obtain the objectives of the bank.

Table no. 4.1.7 reveals that the majority of the respondents in both banks could not say that the promotional tools used by the banks were attractive or not which occupied 52% respondents in MBL & 46% respondents in NBL. Though the majority of the respondents could not say anything, 24% respondents in MBL & 38% respondents in NBL agreed that the promotional campaign used by the banks were attractive which easily drew the attention of prospects and was able to promote brand name of the banks as well as the products & services of the banks. In addition to the same, 6% respondents in MBL & 10% respondents in NBL strongly argued that the promotional campaign used by the banks strongly drew the attention of the prospects & existing clients. But in the same regards, 10% respondents in MBL & 6% respondents in NBL said that the promotional campaign used by the banks was not attractive and they suggested for some improvements. Similarly 8% respondents in only MBL strongly disagreed that the promotional campaign was not completely attractive. It needed extremely improvements and suggested to bring after intensive corrections.

Hence it has been found & concluded that the promotional campaign was unable to draw attention of prospects as well as existing clients so in coming days promotional campaign should be brought with the intensive correction. And corrections should be done in terms of attraction ability of the promotional campaign by which it may push to obtain the objectives of the bank.

Table no. 4.1.7 depicts that the majority of the respondents in both banks agreed that the promotional tools used by the banks were duplicated from the competitors that occupied 50% respondents in MBL & 56% respondents in NBL. Similarly 20% respondents in MBL 16% respondents in NBL strongly added their statements that the promotional campaign used by the banks was duplicated from the competitors and it did not have its uniqueness features. But some portion of the respondents argued that it was difficult to say that the promotional campaign was duplicated from others or not which occupied 24% & 20% respondents in MBL & NBL respectively. Though the majority of the respondents were in the side of favor, only 6% respondents in MBL & 8% respondents in NBL said the different agreement that the promotional campaign was not duplicated from the competitors, and it was seemed with its unique feature. Nobody in both banks argued strongly that the promotional campaign was not duplicated.

Hence it has been found & concluded that the bankers should not repeat same types of campaign. It should have extreme change not little bit improvements. And corrections should be done in terms of uniqueness ability of the promotional campaign by which it may push to obtain the objectives of the bank.

Table no.4.1.7 reveals that the majority of the respondents in both banks agreed that the promotional campaign used by the banks was not memorable which occupied 50% respondents in MBL & 52% respondents in NBL. According to their argument they did not completely remember that promotional campaign, actually what was that. Adding to those agreements, 36% respondents in MBL & 42% respondents in NBL strongly argued that the promotional campaign used by the banks was completely forgettable. In the same line, 8% respondents in MBL & 4% respondents in NBL could

not say that either that promotional campaign was memorable or forgettable. Just 6% respondents & 2% respondents in MBL & NBL respectively said that the promotional campaign was memorable to some extent. Nobody had been found in the line of strongly agreement that the promotional campaign was memorable.

Hence it has been found & concluded that the promotional campaign was completely forgettable. Promotional campaign should be catchy by which customers can easily keep it in their minds. Therefore it is suggested to the bankers to cater their promotional campaign which can easily take their place in the mind of prospectors & clients.

#### 4.1.8. Reasons for Account Opening:

Customers open the account by pursuing different objectives. The reasons of opening the bank account will be yardstick to measure how far the bank is able to meet the objectives of customers.

This part of the study reveals that why did customer go to the banks. To know the reasons, following six reasons like security, returns, easy to operation, grabbing opportunity for other banking services, increasing saving and making bank balance certificate for abroad study were presented. In the same regards, respondents were requested to provide the reasons of opening their bank accounts. The summary of the responses are presented below in table:

Table no. 4.1.8  
Reasons of Account Opening

Reasons	Banks	Measurement	Responses		
			High	Medium	Low
Security	MBL	Number	38	11	1
		Percentage	76	22	2
	NBL	Number	37	13	0
		Percentage	74	26	0
Returning	MBL	Number	12	33	5
		Percentage	24	66	10
	NBL	Number	6	32	12
		Percentage	12	64	24
Easy to Operation	MBL	Number	14	33	3
		Percentage	28	66	6
	NBL	Number	13	36	1
		Percentage	26	72	2
Opportunity for Other Banking Facilities	MBL	Number	19	16	15
		Percentage	38	32	30
	NBL	Number	30	15	5
		Percentage	60	30	10
Increasing Saving	MBL	Number	11	15	24
		Percentage	22	30	48
	NBL	Number	1	19	30
		Percentage	2	38	60
Making Bank Balance Certificate	MBL	Number	2	5	43
		Percentage	4	10	86
	NBL	Number	30	17	3
		Percentage	60	34	6

Source: Field Survey by Researcher.

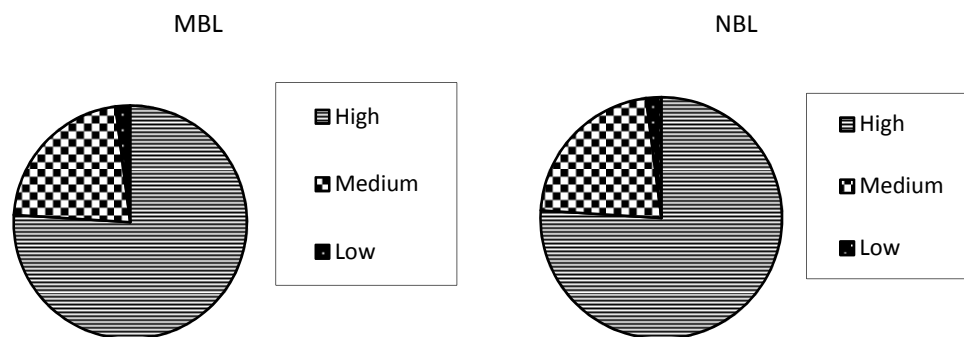


Figure No.6 Security Reasons to Come to Banks.

Table no.4.1.8 depicts that the majority of the respondents in both banks agreed that they had opened bank accounts with the higher motives of security reason which occupied 76% respondents in MBL & 74% respondents in NBL. The respondents who kept security reason in medium are 22% in MBL & 26% in NBL. Similarly only 2% respondents in MBL kept security reason in low and nobody in NBL kept in low.

Hence it has been found & concluded that the customers open their bank accounts in the bank with the reasons of security. The result shows that they keep security reason on higher side among the other reasons. So bankers should provide the assurance to their customers that they are strong in terms of security in the overall areas of the bank.

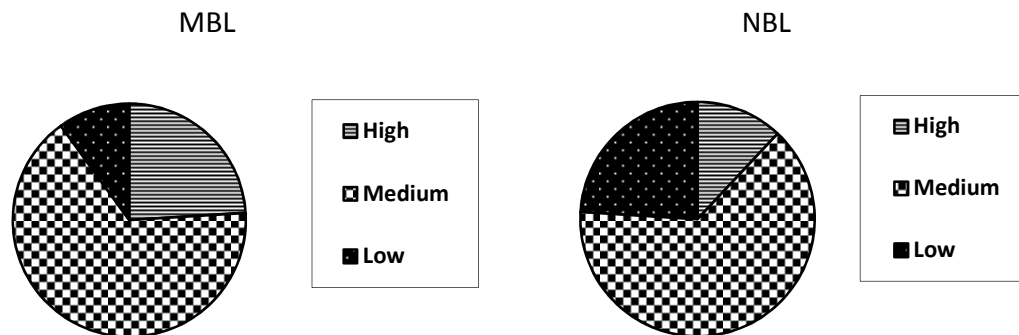


Figure No.7 Return Reasons to come to Banks.

Table no.4.1.8 reveals that the majority of the respondents in both banks agreed that they had opened bank accounts with the reasons of return objectives which occupied 66% respondents in MBL & 64% respondents in NBL which lies in medium reason. The respondents who kept return reason in high are 24% in MBL & 12% in NBL. The respondents who kept return reason in low are 10% in MBL & 24% in NBL.

The result shows that most of the customers had maintained their bank accounts with pursuing return objectives in medium. Comparing the opinions of respondents of two banks, most of the customers who associated with MBL bank seek higher returns on their accounts than NBL.

Hence it has been found & concluded that the customers open their bank accounts for various reason. The research shows that they keep return objectives on medium side among the different reasons. So bankers should be able to provide appropriate returns on their accounts.

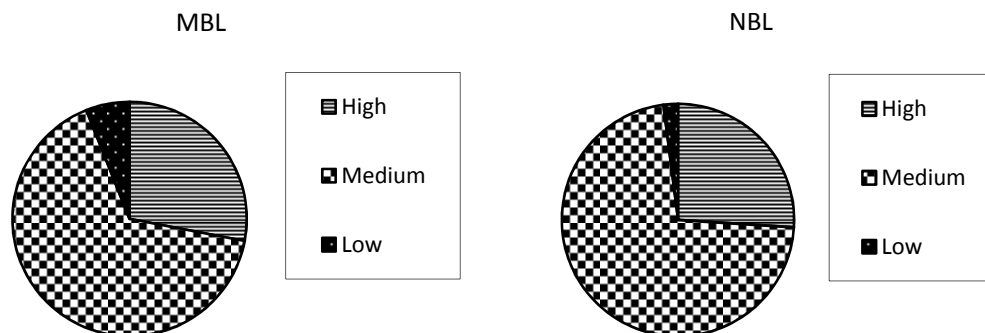


Figure No.8 Reasons of easy to operation to come to Bank.

Table no.4.1.8 reveals that the majority of the respondents in both banks agreed that they had opened bank accounts with the objectives of easiness for operation which occupied 66% respondents in MBL & 72% respondents in NBL and lies in medium reason. The respondents who kept that reason of easiness for operation on higher side are 28% in MBL & 26% in NBL. The respondents who kept that reason on lower side are only 6% in MBL & 2% in NBL.

The result shows that most of the customers had maintained their bank accounts with pursuing easiness reason on medium side.

Hence, it is concluded that the customers open their bank accounts for various reason. The research shows that they keep easiness objectives on medium side among the different reasons. So bankers should consider simplicity & easiness while catering their products & services to their customers.

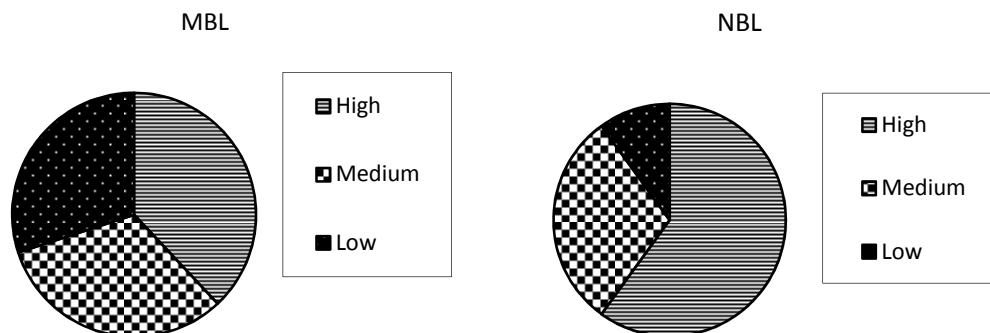


Figure No.9 Reason of opportunity for other banking facilities.

Table no.4.1.8 reveals that the majority of the respondents in both banks agreed that they had opened bank accounts with pursuing higher motives of getting other banking services & facilities which occupied 38% respondents in MBL & 60% respondents in NBL and lies on higher degree of reason. The portion of respondents who pursued that reason on medium side is 32% in MBL & 30% in NBL. Similarly the portion of respondents who followed less for other banking facilities is 30% in MBL & 10% in NBL.

The result shows that most of the customers had associated with banks with expecting other banking services & facilities.

Analyzing the results of both banks, even though most of the customers expected other banking services & facilities, the customer in NBL expected other banking services & facilities more than MBL. Hence, it has been found and concluded that the bankers should consider auxiliary products & services while offering one. Similarly bankers should also consider for product depth & width while innovating, designing & launching their products & services.



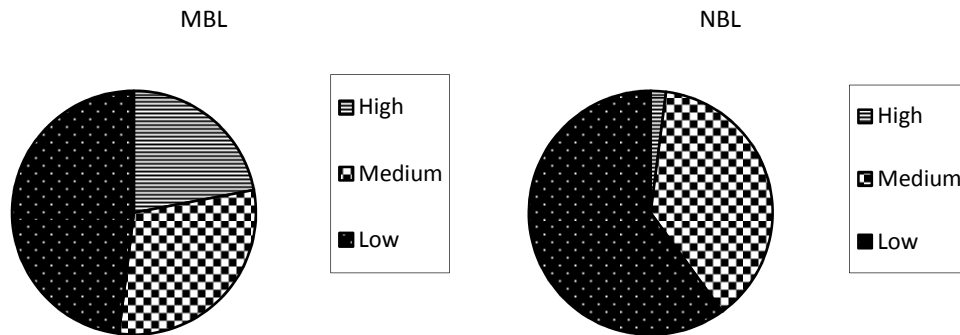


Figure No.10 Reason of increasing saving to come to Bank.

Table no.4.1.8 reveals that the majority of the respondents in both banks agreed that they had opened the bank accounts with pursuing lower motives of making saving which occupied 48% respondents in MBL & 60% respondents in NBL and lies on lower reason. The portion of respondents who pursued that reason of increasing saving on medium side is 30% in MBL & 38% in NBL. Similarly the portion of respondents who followed higher motives of making saving is 22% in MBL & 2% in NBL.

Analyzing the results, In spite of most of the customers did not have the objectives of making saving by collecting their small & scattered funds, most of the customers of MBL comparing to NBL wanted to make a saving by collecting their small & scattered funds.

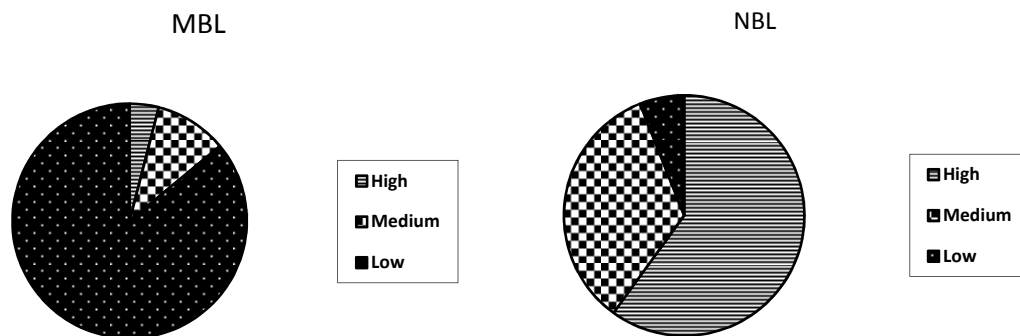


Figure No.11 Reason of making balance certificate.

Table no.4.1.8 discloses the contradict results which can not be generalized in all banks. In MBL the majority of the respondents said that they did not come to the bank with pursuing higher motives of making banking transactions & bank balance certificates which occupied 86% out of total. But in the same time the majority of respondents in NBL said that they come to the bank with pursuing the objectives of making banking transactions & bank balance certificates which occupied 60% out of total. Similarly respondents who said that they came to bank with pursuing medium objectives of making banking transactions and bank balance certificates is 10% in MBL and 37% in NBL. Similarly the respondents who said that they came to bank with pursuing higher objectives of making banking transactions & bank balance certificates is only 2% in MBL. Similarly the respondents who said that they came to bank with pursuing lower objectives of making banking transactions & bank balance certificates is only 6%.

The study shows in MBL most of the customers does not come to bank with the objectives of making banking transactions & bank balance certificates. In the same time, the study shows in NBL most of the customers come to bank with pursuing the objectives of making banking transactions & bank balance certificates. Hence, this consequence can not be generalized to all. The reasons of opening bank accounts in the bank with pursuing the objectives of making banking transactions & bank balance certificates depends on bank's own status & popularity and its eligibility given by the foreign embassy.

#### 4.1.9. Analysis of Waiting Time in Payment & Deposit Counter:

Customers have to spend some times while making the cash or cheque deposits or enchasing the payment instruments. To know the fact that how much time to be spent in the bank, respondents were requested to provide their opinion on the time they spent

for deposit or make payment in the banks. The summary of the responses are presented below in table:

Table no. 4.1.9 (i)  
Pay Out Time for Deposit Counter on Queue

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Below 5 Minute	1	2	0	0
2	5 to 10 Minutes	3	6	2	4
3	10 to 15 Minutes	10	20	4	8
4	15 to 20 Minutes	13	26	14	28
5	More than 20 Minutes	23	46	30	60

*Source: Field Survey by Researcher.*

Table no. 4.1.9 (ii)  
Pay Out Time for Deposit in Free Counter

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Below 5 Minute	33	66	24	48
2	5 to 10 Minutes	9	18	17	34
3	10 to 15 Minutes	4	8	8	16
4	15 to 20 Minutes	1	2	1	2
5	More than 20 Minutes	3	6	0	0

*Source: Field Survey by Researcher.*

The above tables reveal that the majority of the respondents said that the bank had taken more than 20 minutes to accept deposit on queue. The portion of respondents saying that is 46% respondents in MBL & 60% respondents in NBL. Similarly, the

majority of the respondents said that in free counter the bank had taken less than 5 minutes to accept the deposit on free counter. The portion of respondents saying that is 66% respondents in MBL & 48% respondents in NBL.

It has been found that the bank had taken maximum time to accept the deposits from the customers on queue but it takes minimal time on free counter. Therefore it is concluded that the bank has to find first in which days of week maximum transactions has been taken and maximum customers have come to bank. After then in the crowd days, it is better to manage additional deposit counters which may enhance customers' satisfactions at the end.

Table no. 4.1.9 (iii)

Pay Out Time for Payment Counter on Queue

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Below 5 Minute	1	2	0	0
2	5 to 10 Minutes	2	4	2	4
3	10 to 15 Minutes	11	22	3	6
4	15 to 20 Minutes	11	22	16	32
5	More than 20 Minutes	25	50	29	58

*Source: Field Survey by Researcher.*

Table no. 4.1.9 (iv)  
Pay Out Time for Payment on Free Counter

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Below 5 Minute	32	64	24	48
2	5 to 10 Minutes	10	20	17	34
3	10 to 15 Minutes	5	10	9	18
4	15 to 20 Minutes	1	2	0	0
5	More than 20 Minutes	2	4	0	0

*Source: Field Survey by Researcher.*

The above tables reveal that the majority of the respondents agreed that the bank had taken more than 20 minutes to make the payment on queue. The portion of respondents to say this is 50% & 58% in MBL & NBL respectively. Similarly, on free counter the bank had taken less than 5 minutes to make the payment. The portion of respondents to say this is 64% & 48% in MBL & NBL respectively.

It has been found that the bank had taken maximum time to make the payment to the customers on queue but it takes minimal time on free counter. Therefore it has been concluded that the bank has to find first in which days of week maximum transactions has been done and maximum customers have come to bank. After then in the rush & crowd days, bank has to manage additional payment counters which may enhance customers' satisfactions at the end.

#### 4.1.10. Fulfillment of Account Opening Objectives:

Customers open the account by pursuing different objectives. The objectives of opening the bank account will be the yardstick to measure how far the bank is able to fulfill their objectives. Therefore, the respondents were requested to provide their

opinion about how far the bank was able to fulfill their objectives. The summary of the responses are presented below in table.

Table no. 4.1.10  
Fulfillment of Account Opening Objectives

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Highly Fulfilled	1	2	2	4
2	Fulfilled	37	74	27	54
3	Neutral	9	18	18	36
4	Unfulfilled	3	6	2	4
5	Highly Unfulfilled	0	0	1	2

*Source: Field Survey by Researcher.*

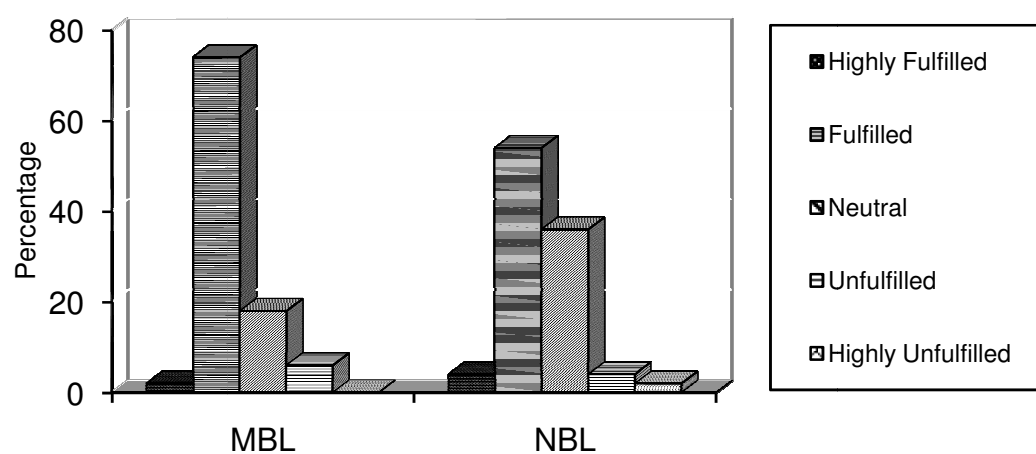


Figure No.12 Fulfillment of customers' objectives.

Table no.4.1.10 shows that the majority of the respondents agreed that the banks were able to fulfill their objectives in both banks. The portion of respondents to say this

is 74% in MBL and 54% in NBL. Only 2% & 4% respondents in MBL & NBL respectively felt that their objectives were highly fulfilled by the banks. Similarly, 18% & 36% respondents in MBL & NBL respectively said that they could not say neither the bank was able to fulfill their objectives nor unable. Only 2% respondents in NBL said that their objective of account opening was highly unfulfilled.

It has been found that the banks were able to fulfill the objective of account opening of customers. According to the figures, MBL was more able to fulfill their objectives than NBL. Therefore it is concluded that the NBL has to do more exercise to fulfill the objectives of their customers than MBL.

#### 4.1.11. Overall Quality of Banking Services:

Banks always try to provide the best services to their customers but this will be the yardstick to measure how far the banks were able to provide their best services to the customer. In the same regards, the respondents were requested to provide their opinion about the overall service qualities of the banks. The summary of the responses are presented below in table.

Table no. 4.1.11  
Banks' Overall Service Quality

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Best	2	4	2	4
2	Good	21	42	25	50
3	Average	13	26	9	18
4	So so	13	26	14	28
5	Bad	1	2	0	0

*Source: Field Survey by Researcher.*

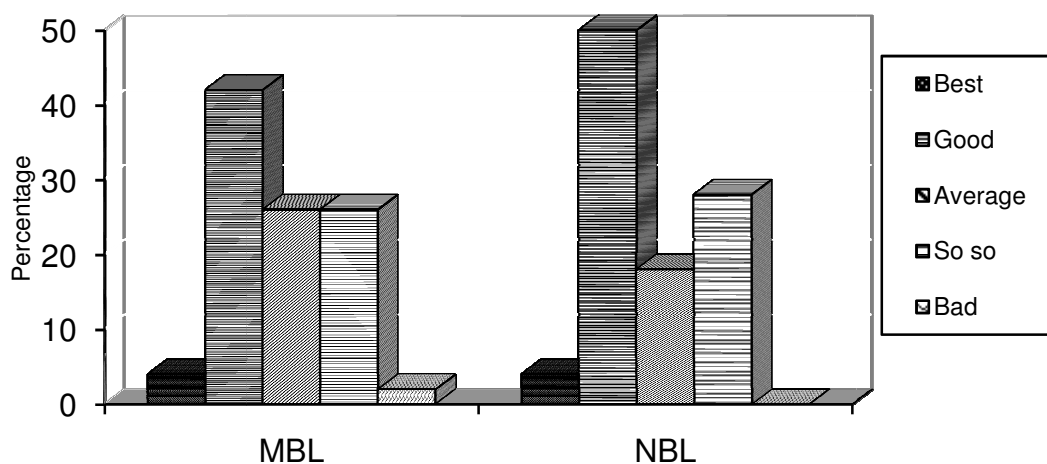


Figure No.13 Overall quality of the banking services.

Table no.4.1.11 shows that the majority of the respondents agreed that the bank's overall service quality was good. The portion of respondents to say that is 42% & 50% in MBL & NBL respectively. Similarly, 26% & 18% respondents in MBL & NBL respectively told that the quality of overall services were in average level. But 26% respondents in MBL and 28% respondents in NBL respectively told that the overall service quality were so so in both banks like other financial institutions. Only 4% respondents said the quality of service were best in both banks. But 2% respondents in MBL bank said that the bank provided bad service.

It has been found that the banks had provided good service qualities to their customers in general even though the best service qualities must be exercised in future. According to the results, NBL was more able to provide good service qualities than MBL. Therefore, it should be tried more by MBL to cater best service qualities in coming days.



#### 4.1.12. Market Research on New Products and Services:

The respondents were asked that did they have any information about the survey for new product & service innovation or launching by the bank. The summary of the responses are presented below in table.

Table no. 4.1.12  
Market Research for New Product & Service

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Yes	2	4	7	14
2	No	48	96	43	86

Source: Field Survey by Researcher.

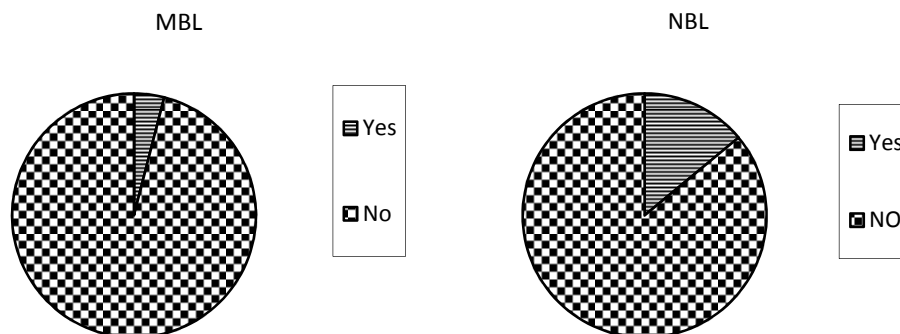


Figure No.14 Market research on new product & service.

Table no.4.1.12 shows that the far majority of the respondents agreed that the bank did not conduct research while innovating & launching a new product and service. The portion of respondents to say that is 96% respondents in MBL and 86% respondents in NBL. Only 4% & 14% respondents in MBL & NBL respectively told

that the bank conducted research before innovating & launching a new product or service.

It has been found that the banks did not conduct research & survey before innovating & launching a new product and service even though they claimed they did survey. Therefore it would be better to conduct research before innovating & launching the products & services.

#### **4.2. Analysis of Customer Feedback for Future Improvements:**

The study focused what was the suggestions made by customers to the overall banking service qualities, promotional activities, products & services and social involvement of the bank. The customers' suggestions will be yardstick to improve in all above mentioned subject matters.

##### **4.2.1. Customer Feedback on Overall Service Quality:**

The respondents were requested to provide their suggestions regarding the overall service qualities for future improvements. The summary of the responses are presented below in table.

Table no. 4.2.1  
Customer Feedback on Overall Service Quality

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Overall service quality is not satisfactory, it should be improved	12	24	7	14
2	Employee behavior is very poor, well training should be provided to them	22	44	7	14
3	Parking space is not adequate, it should be arranged	29	58	1	2
4	Customer care is poor, it should be improved	18	36	16	32
5	Listen & respond to customer's needs is weak, it should be improved	9	18	23	46
6	Employee's knowledge on product/services is in poor side, it should be improved	10	20	5	10
7	ATM service is found almost interrupted, it should be made constant service	21	42	1	2
8	No privilege service, it should be adopted	14	28	18	36
9	Payment & deposit counter should be added	14	28	11	22

*Source: Field Survey by Researcher.*

Table no.4.2.1 shows that the majority of the respondents i.e. 58% in MBL told that the bank has to arrange its parking facility, which is 2% in NBL. Similarly 46% respondents in NBL said that the bank has to improve on listening & responding customers' needs. This suggestion is suggested by only 18% in MBL. In regards to employee behavior, 44% respondents in MBL said that the bank has to provide well training to its employee to improve good manner whereas only 14% respondents said that in NBL. Regarding the ATM services, 42% respondents suggested that the bank has to make its constant ATM service to enhance service quality whereas only 2% respondents in NBL suggested that suggestion. 36% respondents in MBL suggested that

the bank has to improve its customer caring and near about same percentage i.e.32% said that the bank has to improve its customer caring to enhance overall service quality. Similarly 24%, 20%, 28% & 28% respondents in MBL said that the bank has to improve overall service quality, to improve employee's knowledge about products & services, to add privilege service & number of teller counter respectively. This portion is 7%, 5%, 18% & 11% in NBL respectively.

It has been found that the MBL does not have appropriate parking facility whereas the staffs of NBL do not have listing & responding power to its customers' responses. Similarly the staffs of MBL lack good manner to deal to their customers. MBL does not have constant ATM service which was seemed always interrupted. Both banks lack good customer caring while providing the services. MBL's staffs do not have sufficient knowledge about products & service. Both banks have to add privilege service counters as well as more teller counters.

MBL has to arrange its adequate parking facility. Similarly NBL has to improve on listing quality of staffs & staffs' responding powers to customers' needs & demands. MBL has to provide well training to its staffs to improve good manner which enhance overall service qualities at the end. MBL has to make its constant ATM service to enhance service quality. Both banks have to improve its customer caring to enhance overall service quality. MBL has to improve employee's knowledge about products & services and has to add privilege service & number of teller counter to enhance the overall service qualities.

#### 4.2.2. Customer Feedback on Promotional Activities:

To know the effectiveness of these promotional activities as well as for future improvements, the respondents were requested to provide their suggestions over the current promotional activities. The summary of the responses are presented below in table.

Table no. 4.2.2  
Customer Feedback on Promotional Activities

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Promotional Activities are like competitors' Copy it should be unique	12	24	13	26
2	Messages are not Informative, Attention Getting & Believable	10	20	9	18
3	No Evaluation System of promotional activities, It should be adopted	11	22	20	40
4	Advertisement is poor, it should be increased	13	26	10	20
5	PR and Publicity is poor, it should be enhanced	9	18	9	18
6	Sales Promotion is in poor side, it should be improved	10	20	16	32

*Source: Field Survey by Researcher.*

Table no.4.2.2 shows that 26% respondents in MBL felt that the advertisement is poor and said that the bank has to increase advertisement (i.e. printing, audio & visual etc.) to enhance its business whereas only 20% respondents suggested that suggestion in NBL. Similarly 40% respondents in NBL felt that the bank has to regular adopt evaluation system of promotional activities by which the effectiveness of promotional activities can be drawn whereas only 22% respondents said that in MBL. Near about the same portion of respondents in both banks, i.e. 24% in MBL & 26% in NBL felt that current promotional activities were like as competitor's copy and these should be made unique. 18% respondents in both banks suggested that the bank has to enhance their PR & Publicity.

Therefore it has been found that the advertisement is poor in MBL whereas in NBL it was seemed little bit better. Similarly the evaluation measure was not found in NBL whereas it was seemed little bit better in MBL. In both banks the promotional

campaign was like duplication from other. In both banks PR & Publicity was found in poor side.

Hence it has been found & concluded that MBL should increase advertisement (i.e. printing, audio & visual etc.) to enhance its business whereas NBL should improve a little bit than MBL. Both banks must adopt evaluation system of promotional activities by which the effectiveness of promotional activities. Both banks should make the unique promotional activities and should not make the duplication from competitor. In both banks PR & Publicity should be improved intensively.

#### 4.2.3. Customer Feedback on Products & Services:

Bank always tries to cater its best product and service in the markets but in reality it may not be felt. To know the facts as well as to make the suggestions to the bank, the respondents were requested to provide their suggestions regarding the product and service quality for future improvement. The summary of the responses are presented below in table.

Table no. 4.2.3

#### Customer Feedback on Product and Service Quality

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Prices of products/service is higher, it should be reviewed	40	80	36	72
2	Market research should be analyzed before introducing new product	15	30	9	18
3	Always focus to high profile customer, it should be focused to poor people or marginal people also	22	44	37	74
4	Products or services are shown as like competitor's copy, adequate exercise should be done before innovating & introducing new product or service	20	40	17	34

*Source: Field Survey by Researcher.*

Table no.4.2.3 discloses that the majority of the respondents felt that the bank is employing high price to its product or service. The portion is 80% and 72% in MBL & NBL respectively. Similarly 74% respondents in NBL felt that the bank always focused to high profile customers whereas only 44% felt that in MBL. Similarly 40% respondents in MBL & 34% respondents in NBL felt that the bankers did not do adequate exercise to innovate & introduce new product or service. They are easily copied other products or service. Respondents suggested in both bank that product or service should be unique and adequate exercise must be done before innovating & introducing new product or service.

Therefore it has been found that the banks are rating high price on their product and service. Similarly the banks always focus to high profile customers and mostly ignore low profile customers. The bankers do not exercise adequately to innovate & introduce a new product and service but they make the duplication from others.

Hence it has been concluded that appropriate price should be employed on products and services. Similarly the banks should focus equally to its customers and prejudice should not be employed on the customers, but comparing to the MBL, NBL should improve more. The bankers should do adequate exercise to innovate & introduce a new product and service. The products and services should be unique and should not be duplicated from others and adequate exercise must be done before innovating & introducing a new product and service.

#### 4.2.4. Customer Feedback on Social Involvement:

The respondents were requested to provide their suggestions regarding social involvement of bank for future improvement. The summary of the responses are presented below in table.

Table no. 4.2.4  
Customer Feedback on Social Involvement of Bank

Sr. No.	Responses	MBL		NBL	
		Number	%	Number	%
1	Social involvement of bank is in poor side, it should be increased	11	22	12	24
2	Some employee sheets should be reserved to marginal people	28	56	26	52
3	Support programs to disable & aged people should be conducted	24	48	34	68
4	Credit facility to deprived/marginal people should be enhanced	39	78	42	84

*Source: Field Survey by Researcher.*

Table no.4.2.4 shows that the majority of the respondents said that the bank is focusing to high profile customers to provide loan. The portion of saying that is 78% in MBL and 84% in NBL. Similarly 48% respondents in MBL & 68% respondents in NBL suggested that the bank has to conduct some support programs to disable & aged people. Similarly 56% respondents in MBL & 52% respondents in NBL said that the bank has to reserve some employee sheets for socially marginal people. Though the overall social involvement of the bank has been found satisfactory, some respondents such as 22% in MBL & 24% in NBL said that the bank has to improve its activities of corporate social responsibilities for future betterment.

Therefore it has been found that the banks always focus to high profile customers to provide loan. Similarly banks do not conduct the support programs to disable & aged people. The banks do not reserve the employee sheets for socially marginal people. The corporate social responsibility of the bank has been found poor.

Hence the banks should focus to all the customers equally. The banks should conduct some support programs to disable & aged people for better goodwill in



markets. Similarly some employee sheets should be reserved for socially marginal & backward people. The corporate social responsibilities of the bank should be improved for future betterment.

#### **4.3 Influencing Factors of Customer Satisfaction & Dissatisfaction:**

It is no doubt that the satisfaction level of customer is largely depends upon various factors but which factor influences more or less is the matter of further study. Keeping this in mind, there were presented 12 factors to respondents and asked them to provide their opinion regarding which factor influence mores and less. The summary of the responses provided by the respondents has been presented below.

Table No. 4.3  
Influencing Factors of Customer Satisfaction & Dissatisfaction

Factor	Bank	Measurement	Responses				
			Strongly Influencing	Influencing	Avg. Influencing	Little Influencing	Never Influencing
Interest	MBL	Number	33	12	4	1	0
		Percentage	66	24	4	2	0
	NBL	Number	19	17	13	1	0
		Percentage	38	34	26	2	0
Security	MBL	Number	39	10	0	1	0
		Percentage	78	20	0	2	0
	NBL	Number	40	10	0	0	0
		Percentage	80	20	0	0	0
Fast & Correct Services	MBL	Number	23	19	8	0	0
		Percentage	46	38	16	0	0
	NBL	Number	15	24	10	1	0
		Percentage	30	48	20	2	0
Reliability	MBL	Number	21	18	6	3	2
		Percentage	42	36	12	6	4
	NBL	Number	25	19	2	3	1
		Percentage	50	38	4	6	2
Employee Behaviour	MBL	Number	27	12	8	3	0
		Percentage	54	24	16	6	0
	NBL	Number	26	14	9	1	0
		Percentage	52	28	18	2	0
Location	MBL	Number	7	18	22	3	0
		Percentage	14	36	44	6	0
	NBL	Number	3	13	27	7	0
		Percentage	6	26	54	14	0

Customer Care	MBL	Number	14	22	12	2	0
		Percentage	28	44	24	4	0
	NBL	Number	20	22	6	2	0
		Percentage	40	44	12	4	0
Target for Poor People	MBL	Number	0	5	6	12	27
		Percentage	0	10	12	24	54
	NBL	Number	0	5	7	15	23
		Percentage	0	10	14	30	46
Physical Environment	MBL	Number	1	5	26	16	2
		Percentage	2	10	52	32	4
	NBL	Number	1	7	30	10	2
		Percentage	2	14	60	20	4
Technology	MBL	Number	30	16	4	0	0
		Percentage	60	32	8	0	0
	NBL	Number	36	12	0	2	0
		Percentage	72	24	0	4	0
Reputation of the Bank	MBL	Number	26	18	4	2	0
		Percentage	52	36	8	4	0
	NBL	Number	26	17	4	3	0
		Percentage	52	34	8	6	0
Minimum Balance to Maintain Account	MBL	Number	1	9	25	14	1
		Percentage	2	18	50	28	2
	NBL	Number	0	13	26	9	2
		Percentage	0	26	52	18	4

*Source: Field Survey by Researcher.*

Table no.4.3 reveals that the interest rate of deposit & loan account is a very strongly influencing factor for customer satisfaction & dissatisfaction which occupied 66% respondents in MBL & 38% respondents in NBL. Similarly 24% respondents in

MBL & 34% respondents in NBL said that the interest rate provided by their bank was strongly influencing factor to the level of customer satisfaction. Only 8% & 26% respondents in MBL & NBL respectively felt that interest rate is an average influencing factor for customer satisfaction. Nobody denied its influences on customer satisfaction & dissatisfaction.

Hence it has been found & concluded that the interest rate of deposit & loan account is a very strongly influencing factor for customer satisfaction & dissatisfaction and it influences more in MBL customers than NBL. Therefore appropriate interest rate should be provided on deposit accounts & similarly same should be taken on loan accounts.

Table no.4.3 reveals that the majority of the respondents agreed that security is the strongly influencing factor for the customer satisfaction & dissatisfaction which occupied 78% respondents in MBL & 80% respondents in NBL. Safety & security is the major things to attract the customers and make the satisfaction & dissatisfaction to them. Similarly 20% respondents in both banks agreed that the safety factor has major influencing power for customer satisfaction & dissatisfaction.

Hence it has been found and concluded that the security is the strongly influencing factor for the customer satisfaction & dissatisfaction which should be adequately adopted by the banks. Safety & security is the major things to attract the customers and make the satisfaction & dissatisfaction which has the major influencing power for customer satisfaction & dissatisfaction.

Table no.4.3 depicts that the majority of the respondents agreed that the fast & correct service strongly influenced to the level of satisfaction & dissatisfaction which occupied 46% respondents in MBL & 30% respondents in NBL who said that the fast & corrective service influenced very strongly to their level of satisfaction & dissatisfaction. Similarly, 38% respondents in MBL and 48% respondents in NBL said that the fast & correct service influenced to their level of satisfaction & dissatisfaction.

Hence it has been found & concluded that the fast & correct service strongly influenced to the level of satisfaction & dissatisfaction.

Table no.4.3 reveals that the majority of the respondents agreed that reliability of bank & banking service strongly influenced to their level of satisfaction & dissatisfaction which occupied 42% respondents in MBL & 50% respondents in NBL who said that the reliability of bank & banking service strongly influenced their level of satisfaction & dissatisfaction. Similarly, 36% & 38% respondents in MBL & NBL respectively felt that the reliability is the most important factor which strongly influenced for their level of satisfaction & dissatisfaction.

Hence it has been found and concluded that the reliability of bank & banking service has strongly influenced to the level of satisfaction & dissatisfaction. Therefore the banks should have better reliability on their customers.

Table no.4.3 depicts that the majority of the respondents agreed that the employee behavior is a strongly influencing factor to influence customer satisfaction & dissatisfaction which occupied 54% respondents in MBL & 52% respondents in NBL who said that the employee behavior of the bank effect very strongly to the level of satisfaction & dissatisfaction. Similarly, 24% & 28% respondents in MBL & NBL respectively agreed that the employee behavior effect strongly to the level of customer satisfaction & dissatisfaction.

Hence it has been found & concluded that the employee behavior has a strongly influencing power to influence customer satisfaction & dissatisfaction. Therefore the banks should have better consideration for good employee behavior.

Table no.4.3 depicts that the majority of the respondents said that the location of the bank is an average influencing factor to influence the customer satisfaction & dissatisfaction which occupied 44% respondents in MBL & 54% respondents in NBL who said that the location of the bank has an average influencing power for level of customer satisfaction & dissatisfaction. Similarly, 26% respondents in MBL & 36%

respondents in NBL agreed that this is a strongly influencing factor to the level of customer satisfaction & dissatisfaction.

Hence it has been found and concluded that the location of the bank is an average influencing factor to influence the customer satisfaction & dissatisfaction. Therefore the bank should consider little bit to the location of the bank.

Table no.4.3 reveals that the majority of the respondents agreed that the customer caring is an influencing factor to influence the customer satisfaction & dissatisfaction which occupied 44% respondents in both banks. Similarly, 28% respondent in MBL & 40% respondents in NBL said that the customer care is a strongly influencing factor to the level of customer satisfaction & dissatisfaction. Only 24% respondents in MBL & 12% respondents in NBL said that it is an average influencing factor for customer satisfaction & dissatisfaction.

Hence it has been found & concluded that customer care is a strongly influencing factor of customer satisfaction & dissatisfaction. Therefore, the bank should have tough consideration on customer care.

Table no.4.3 reveals that the majority of the respondents agreed that the factor 'Targeted for Poor People' is a never influencing factor to influence the level of customer satisfaction & dissatisfaction which occupied 54% respondents in MBL and 46% respondents in NBL who said that bank's target for poor & marginal people does not have a influencing power for level of customer satisfaction & dissatisfaction. Similarly, 24% respondents in MBL and 30% respondents in NBL said that this has a little influencing power to influence the level of customer satisfaction & dissatisfaction. Only 12% respondents in MBL & 14% respondents in NBL felt that this is an average influencing factor for customer satisfaction & dissatisfaction.

Hence it has been found and concluded that the targeting for poor people is not an influencing factor to influence the level of customer satisfaction & dissatisfaction. Therefore, the bank should not have any consideration on it.

Table no.4.3 reveals that the majority of the respondents agreed that the physical environment is an average influencing factor to influence the level of customer satisfaction & dissatisfaction which occupied 52% respondents in MBL and 60% respondents in NBL. Similarly, 32% respondents in MBL and 20% respondents in NBL said that this is a little influencing factor for level of customer satisfaction & dissatisfaction.

Hence it has been found and concluded that the physical environment has the average influencing power to influence the level of customer satisfaction & dissatisfaction. Therefore, bank should have some consideration on its physical environments.

Table no.4.3 depicts that the majority of the respondents agreed that the technology is a strongly influencing factor to influence the level of customer satisfaction & dissatisfaction which occupied 60% respondents in MBL & 72% respondents in NBL. Similarly, 32% respondents in MBL & 24% respondents in NBL said that this is an influencer for level of customer satisfaction & dissatisfaction.

Hence it has been found and concluded that the technology has a strongly influencing power to influence the level of customer satisfaction & dissatisfaction. Therefore the bank should have more consideration on it.

Table no.4.3 depicts that the majority of the respondents agreed that the reputation of the bank is an important thing for customer satisfaction. They felt that reputation is very strongly influencing factor for the level of customer satisfaction & dissatisfaction which occupied 52% respondents in both banks. Similarly, 36% respondents in MBL & 34% respondents in NBL said that this is a strongly influencer for level of customer satisfaction & dissatisfaction.

Hence it has been found and concluded that the reputation of the bank is a most important factor to influence the level of customer satisfaction and dissatisfaction.

Therefore, the banks should have more consideration on their reputation as well as goodwill.

Table no.4.3 reveals that the majority of the respondents agreed that the minimum balance to maintain account is an average influencing factor to influence the level of customer satisfaction & dissatisfaction which occupied 50% respondents in MBL and 52% respondents in NBL. Similarly, 28% respondents in MBL & 18% respondents in NBL said that this is a little influencing factor for level of customer satisfaction & dissatisfaction.

Hence it has been found and concluded that the minimum balance to maintain account has an average influencing power to influence the level of customer satisfaction & dissatisfaction. Therefore the banks should have average consideration on the minimum balance to maintain accounts.

#### **4.4 Level of Customer Satisfaction & Dissatisfaction:**

An attempt had been made to analyze the customer satisfaction & dissatisfaction with various factors. A question titled "In terms of the service you received from the bank, how far would you satisfy with the following mentioned factors" was structured and administered among the customer and requested to express their opinions. Five options namely Strongly Satisfied, Satisfied, Neutral, Dissatisfied & Strongly Dissatisfied were provided to them as an option. The summary of the responses given by the respondents has been incorporated below in table.



Table No. 4.4  
Level of Customer Satisfaction & Dissatisfaction

Factors	Bank	Measurement	Responses				
			Strongly Satisfied	Satisfied	Neutral	Dissatisfied	Strongly Dissatisfied
Interest on Deposit Accounts	MBL	Number	1	2	8	31	8
		Percentage	2	4	16	62	16
	NBL	Number	0	5	1	38	6
		Percentage	0	10	2	76	12
Interest on Loan Account	MBL	Number	0	5	12	19	14
		Percentage	0	10	24	38	28
	NBL	Number	0	5	8	34	3
		Percentage	0	10	16	68	6
Security	MBL	Number	12	26	10	2	0
		Percentage	24	52	20	4	0
	NBL	Number	14	30	6	0	0
		Percentage	28	60	12	0	0
Reliability	MBL	Number	5	31	7	7	0
		Percentage	10	62	14	14	0
	NBL	Number	14	34	1	1	0
		Percentage	28	68	2	2	0
Services Charges, Commission Rate & Other Fees	MBL	Number	2	9	9	28	2
		Percentage	4	18	18	56	4
	NBL	Number	0	29	8	11	0
		Percentage	0	58	16	22	0
Friendly & Courteous Manner	MBL	Number	2	29	11	8	0
		Percentage	4	58	22	16	0
	NBL	Number	0	42	3	4	1
		Percentage	0	84	6	8	2

Employees' Knowledge about Product & Services	MBL	Number	3	21	24	2	0
		Percentage	6	42	48	4	0
	NBL	Number	0	19	29	2	0
		Percentage	0	38	58	4	0
Willingness to Listen & Respond Customers' Needs	MBL	Number	3	17	23	6	1
		Percentage	6	34	46	12	2
	NBL	Number	0	17	28	5	0
		Percentage	0	34	56	10	0
Fast & Effective Services	MBL	Number	5	15	4	26	0
		Percentage	10	30	8	52	0
	NBL	Number	0	26	9	13	2
		Percentage	0	52	18	26	4
Consideration as a Valued Customer	MBL	Number	1	13	27	7	2
		Percentage	2	26	54	14	8
	NBL	Number	0	18	26	6	0
		Percentage	0	36	52	12	0
Clean & Well Care Facility	MBL	Number	4	44	0	1	1
		Percentage	8	88	0	2	2
	NBL	Number	5	44	0	1	0
		Percentage	10	88	0	2	0
Professional & Attractive Appearance of Employee	MBL	Number	7	34	4	5	0
		Percentage	14	68	8	10	0
	NBL	Number	4	41	0	5	0
		Percentage	8	82	0	10	0
Available to Customer When Needed	MBL	Number	4	23	13	8	2
		Percentage	8	46	26	16	4
	NBL	Number	0	12	14	24	0
		Percentage	0	24	28	48	0
Uninterrupted	MBL	Number	16	28	2	4	0

ATM Service		Percentage	32	56	4	8	0
	NBL	Number	6	39	2	3	0
		Percentage	12	78	4	6	0
ATM in Convenient Location	MBL	Number	16	28	2	4	0
		Percentage	32	58	4	8	0
	NBL	Number	6	39	2	3	0
		Percentage	12	78	4	6	0
Accurate Service	MBL	Number	3	17	30	0	0
		Percentage	6	34	60	0	0
	NBL	Number	4	15	30	2	0
		Percentage	8	30	60	4	0
Complete Records of Transaction	MBL	Number	29	19	2	0	0
		Percentage	58	38	4	0	0
	NBL	Number	19	29	2	0	0
		Percentage	38	58	4	0	0
Offer Alternative Means to Meet Customers' Needs	MBL	Number	4	17	24	3	2
		Percentage	8	34	48	6	4
	NBL	Number	0	7	15	25	3
		Percentage	0	14	30	50	6
Provide Guidance & Advisory Services	MBL	Number	0	40	6	3	1
		Percentage	0	80	12	6	2
	NBL	Number	0	31	10	5	4
		Percentage	0	62	20	10	8
Parking Facility	MBL	Number	0	0	4	34	12
		Percentage	0	0	8	68	24
	NBL	Number	6	41	3	0	0
		Percentage	12	82	6	0	0

Source: Field Survey by Researcher.

Table no.4.4 discloses that the majority of the respondents were dissatisfied with interest rate provided on deposit accounts which occupied 62% respondents in MBL & 76% respondents in NBL. Similarly, 16% respondents in MBL & 12% respondents in NBL felt strongly dissatisfaction with the interest rate on deposit accounts. Only 2% respondents in MBL said they were strongly satisfied with the interest rate on deposit accounts whereas 16% respondents in MBL and 2% respondents in NBL had been found neutral on this matter.

Hence it has been found and concluded that the customers are found dissatisfied with the interest rate on deposit accounts provided by the banks. Therefore the banks should have provided appropriate rate of interest on deposit accounts.

Table no.4.4 discloses that the majority of the respondents were dissatisfied with interest rate provided loan accounts which occupied 38% respondents in MBL & 68% respondents in NBL. Similarly, 28% respondents in MBL & 6% respondents in NBL felt strongly dissatisfaction with the interest rate on loan accounts. Only 2% respondents in MBL said they were strongly satisfied with the interest rate on deposit accounts and 24% & 16% respondents in MBL & NBL were found neutral on this matter.

Hence it has been found & concluded that most of the respondents are found dissatisfied with interest rate taken on loan accounts which should be reviewed the rate of interest on lending.

Table no.4.4 reveals that the majority of the respondents were satisfied with security factor. They felt that their deposits are in safe side which occupies 52% respondents in MBL & 60% respondents in NBL. Similarly, 24% respondents in MBL & 28% respondents in NBL felt strongly satisfaction with the safety factor of the banks. Similarly 20% respondents in MBL & 12% respondents in NBL were found neutral in this matter. Only 4% respondents in MBL was found dissatisfied in this matter.

Hence it has been found and concluded that the banks are able to satisfy their customer with the safety factors. Therefore, the bank should make it continue.

Table no.4.4.4 depicts that the majority of the respondents were satisfied with reliability of bank & banking services. This occupies 62% & 68% respondents in MBL & NBL respectively. Similarly, 10% respondents in MBL & 28% respondents in NBL strongly felt that the bank & banking services were reliable and they were strongly satisfied with this matter. Only, 14% respondents in MBL & 2% respondents in NBL were found neutral & dissatisfied in this matter. Nobody was strongly dissatisfied.

Hence it has been found & concluded that the customers are found satisfied with the reliability of bank & banking services which should be continued to satisfy the customers in coming days.

Table no.4.4 reveals that the majority of the respondents were satisfied in NBL with service charges, commission rate & other fees which occupied 58% respondents but only 18% respondents in MBL were satisfied. Similarly the majority of the respondents were dissatisfied in MBL with its service charges, commission rate & other fees which occupied 56% respondents but only 22% respondents were dissatisfied. 18% respondents in MBL & 16% respondents in NBL had been found neutral in this matter. Only, 4% respondents in MBL strongly satisfied & same percentage of respondents dissatisfied but in NBL nobody had been found in strongly satisfied & dissatisfied.

Hence it has been found & concluded that the customers in NBL are satisfied with service charges, commission rate & other fees but in MBL customers aren't found satisfied. Therefore, MBL should review its service charges, commission rate & other fees to make the better customer satisfaction.

Table no.4.4 reveals that the majority of the respondents were satisfied with friendly & courteous manner of the bank. This shows that the bank employees were catering their services to their customers with friendly & courteous manner. The portion of satisfied respondents occupies 58% respondents in MBL & 84% respondents in NBL. Similarly, 2% respondents in MBL & only 6% respondents in NBL had been found neutral in this matter. 16% respondents in MBL & 8% respondents in NBL had

been found dissatisfied. Only 4% respondents in MBL were found strongly satisfied in this matter.

Hence it has been found and concluded that the banks are providing good friendly & courteous manner to their customers. Comparing to figure of MBL's figure, NBL is providing its service to its customer with good friendly & courteous manner. Therefore though the bank has good friendly & courteous manner, MBL should improve its manner with providing well training to its staffs.

Table no.4.4 reveals that the majority of the respondents had been found neutral whether bank's employee had the knowledge of banking products and services. This occupied 48% respondents in MBL and 58% respondents in NBL. Similarly 42% & 38% respondents in MBL & NBL respectively said that they were satisfied regarding the employee's knowledge of products and services. 4% respondents were dissatisfied with this matter in both banks.

Hence it has been found & concluded that employees of the banks could not convince to their customers about the products & services. Therefore, the banks should provide well training & knowledge to their staffs which will enhance customer satisfaction at the end.

Table no.4.4 discloses that the majority of the respondents had been found neutral. The employee did not have willingness to listen & respond to their customers' needs. This occupied 46% & 56% respondents in MBL & NBL respectively. Similarly 34% respondents in both banks said that they were satisfied. They felt that bank had the willingness to listen & respond their needs. Similarly 12% respondents in MBL & 10% respondents in NBL had been found dissatisfied with this matter. They felt that bank did not have the willingness to listen & respond their needs. The percentage of strongly satisfied in MBL is 6% and not found in NBL. Similarly The percentage of strongly dissatisfied in MBL is 2% and not found in NBL.

Hence it has been found & concluded that the employees of the banks do not have willingness to listen & respond to their customers' needs. Therefore it should be improved promptly to enhance the customer satisfaction.

Table no.4.4 represents that the majority of the respondents in NBL were satisfied that the bank had been providing fast & effective services to them which occupied 52% respondents but only 30% respondents felt that in MBL. But in case of MBL, the majority of the respondents was dissatisfied and felt that bank did not provide fast & effective services which occupied 52% respondents but only 26% respondents felt that in NBL. 8% & 18% respondents were found neutral in MBL & NBL respectively. 10% respondents in MBL strongly felt that bank was providing fast & corrective service but that was zero in NBL. Similarly 4% respondents in NBL felt that the bank was not providing fast & effective service to their customers whereas nobody found to say that in MBL.

Hence it has been found and concluded that NBL is providing fast & effective services to their customers but it is poor in MBL. Therefore, MBL should try to provide fast & effective service to their customers which enhance customer at the end.

Table no.4.4 reveals that the majority of the respondents had been found neutral position in both banks either the bank felt them as a valued customer or not. The percentage of saying that was 54% respondents in MBL and 52% respondent in NBL but only 26% respondents in MBL & 36% respondents in NBL felt that the bank recognized them as the valued customers. But 4% respondents in MBL & 12% respondents had been found dissatisfied & they thought that the bank did not recognize them as a valued customers.

Hence it has been found & concluded that the bank does not recognize the customer as a valued customers. Therefore, the banks should recognize their customers as the valued customers which ultimately enhance the customer satisfaction.

Table no.4.4 represents that the majority of the respondents had been found satisfied in both banks. This occupies 88% respondents out of total in both banks. Similarly the percentage of saying strongly satisfied was 8% respondents in MBL and 10% respondent in NBL but nobody had been found in neutral position. Though the percentage of dissatisfaction was low, the study found that there was also dissatisfied customer in banks. This occupies only 2% respondents in both banks. Similarly only 2% respondents in MBL bank had been found strongly dissatisfied but nobody in NBL with this matter.

Hence it has been found & concluded that the bank has maintained well cared physical facility which ultimately satisfy the customers.

Table no.4.4 reveals that the majority of the respondents had been found satisfied in both banks with employee's professionalism & manifestation which occupied 68% respondents in MBL and 82% respondents in NBL. Similarly the percentage of saying strongly satisfied was 14% respondents in MBL and 8% respondent in NBL. Only 8% respondents had been found neutral in MBL regarding this matter. Though the figure of dissatisfaction was low, the study found that there was also dissatisfied customer in banks. This occupies only 10% respondents in each bank. Similarly the figure of the strongly dissatisfied respondents had been not found in both banks.

Hence it has been found & concluded that the employees of the bank maintain their professionalism & manifestation and employees of the MBL should try more to become professionalism & manifestation than NBL.

Table no.4.4 represents that the majority of the respondents in MBL had been found satisfied with the bank that the bank employee were available to them when need which occupied 46% respondents, whereas 24% respondents found in NBL. But in case of NBL the majority of respondents had been found dissatisfied with the bank that the bank employee were not available to them when need which occupied 48% respondents, whereas 16% respondents found in MBL. Near about the same portion of



respondents in both banks had been found neutral in this opinion which was 26% & 28% respondents in MBL & NBL respectively. Similarly 8% respondents had been found strongly satisfied in MBL which was zero in NBL and 4% respondents had been found strongly dissatisfied in MBL which was again zero in NBL.

Hence it has been found & concluded that the employee in MBL are available to the customers when need but in the NBL the employee are not available to the customer which should be improved by NBL for customer satisfaction.

Table no. 4.4 reveals that the majority of the respondents in both banks had been found satisfied with the bank that the bank established its ATM service in convenient location which occupied 56% respondents in MBL & 78% respondents in NBL, whereas 32% respondents in MBL & 12% respondents in NBL had been found strongly satisfied with the location of ATM Terminals. Similarly 4% respondents in both banks had been found neutral in this regards. Nobody respondents had been found in strongly dissatisfied category. But 8% respondents in MBL & 6% respondents in NBL had been found dissatisfactory that bank did not place its ATM Terminals appropriate location to them.

Hence it has been found & concluded that the location of ATM terminals are found in Convenient Location from the customers.

Table no. 4.4 reveals that the majority of the respondents in both banks had been found satisfied with the bank that the banks were providing constant or uninterrupted ATM service to their customers through the convenient location which occupied 62% respondents in MBL & 78% respondents in NBL, whereas 14% respondents in MBL & 12% respondents in NBL had been found strongly satisfied with the uninterrupted ATM services. Only 14% respondents in MBL and 8% respondents in NBL had been found neutral in this regards. Nobody respondents had been found in strongly dissatisfied category in NBL. But 6% respondents in MBL & 2% respondents in NBL had been found dissatisfactory that banks did not provide their constant ATM services.

Hence it has been found & concluded that customers in both banks have been found satisfactory with the ATM services.

Table no.4.4 reveals that the majority of the respondents in both banks had been found neutral in both banks that they didn't say that whether the bank had been providing its accurate service or not. The percentage of saying that was 60% respondents in both banks. Only 4% respondents in NBL had been found satisfied with the accurate service of the bank but nobody had been found in both banks strongly dissatisfied respondents in this regards. Similarly 34% respondents & 30% respondents in MBL & NBL respectively had been found satisfied whereas 6% respondents & 8% respondents had been found strongly satisfactory.

Hence it has been found & concluded that the banks are unable to provide accurate services to their customer as well as to convince them. Therefore, the banks should review the services providing techniques & procedures which should be accurate.

Table no.4.4 represents that the majority of the respondents in both banks had been found satisfactory with the banks that the bank was providing the complete records of transaction of their accounts. The percentage of respondents saying strongly satisfied with this matter was 58% respondents in MBL & 38% respondents in NBL. Similarly the percentage of respondents saying they were satisfied was 38% in MBL & 58% in NBL. Only 4% respondents in both banks had been found neutral with this matter and nobody had been found in the line of dissatisfactory.

Hence it has been found & concluded that the banks make the complete records of transaction. Therefore it should be continued in future for better customer satisfaction.

Table no.4.4 represents that the majority of the respondents in MBL had been found neutral with the banks that the bank whether offered or not offered an alternative mean to provide satisfaction to them, if one failed to meet its objective which occupied 48% respondents in MBL where only 30% respondents felt that. Similarly 50%

respondents in NBL had been found dissatisfactory with this matter where only 6 % respondent felt that in MBL. Though the majority of the respondents were found dissatisfactory 34% respondents in MBL & 14% respondents in NBL had been found satisfactory and said that the bank offered alternative means whether their first means failed to meet their objectives. Only 8% respondents in MBL had been found highly satisfactory that if one tool failed to serve its performance after then bank offered another alternative.

Hence it has been found & concluded that the bank does not have the practice of offering alternative means when one failed to meet its objective. Therefore, alternative means should be arranged to every product & service which ultimately enhance the customer satisfaction.

Table no.4.4 represents that the majority of the respondents in both banks had been found satisfied with the banks' financial guidance & advisory services that provided to their customers which occupied 80% respondents in MBL & 62% respondents in NBL. Similarly 12% respondents in MBL & 20% respondents in NBL had been found neutral in this matter. Nobody had been found in highly satisfactory category in both banks. The percentage of dissatisfactory respondents was 6% in MBL & 10% in NBL. Similarly 2% respondents in MBL & 8% respondents in NBL had been found in highly dissatisfactory with the bank that the bank never provided its financial guidance & advisory services to their customers.

Hence it has been found & concluded that the banks are providing financial advisory services to their customers who are being satisfied with the banks. Therefore, it should be continued in the coming days for the betterment.

Table no. 4.4 represents that the majority of the respondents in NBL had been found satisfied with the bank's parking facility that provided to their customers which occupied 82% respondents. But in the same time the figure depicts that the majority of the respondents in MBL had been found dissatisfied with the bank's parking facility provided to customers which occupied 68% respondents. Similarly 12% respondents in

NBL had been found strongly satisfied with the parking space of bank but 24% respondents in MBL had been found strongly dissatisfied with the parking space provided by the bank. Similarly nobody respondents had been found strongly satisfied or satisfied in MBL and nobody respondents had been found strongly dissatisfied or dissatisfied in NBL.

Hence it has been found & concluded that the NBL has arranged good parking facilities to its customers whereas MBL does not arrange appropriate parking facilities which makes customer dissatisfaction. Therefore, appropriate parking facilities should be arranged by MBL which ultimately enhance the customer satisfaction.

#### **4.5. Factors to Be Considered at First to Satisfy The Customers:**

Here an attempt has been made to analyze the subsequent importance of these factors to satisfy a customer among the various. Keeping this in mind, the respondents were requested to provide their opinions regarding the question of which factors should be considered first to satisfy them among the 14 various factors presented in front of them. The following table shows the summary of the responses.

Table no. 4.5 (i)  
Rank Wise Consideration of Various Factors in MBL

Factors	Rank														TR	WV	MV	OR
	1	2	3	4	5	6	7	8	9	10	11	12	13	14				
Interest Rate	21	11	7	4	3	2	0	1	0	0	1	0	0	0	50	126	2.52	2
Safety	17	21	4	4	0	0	0	2	0	1	0	1	0	0	50	125	2.50	1
Reliability & accuracy	6	6	10	3	9	2	4	3	4	0	2	0	0	1	50	241	4.82	3
Friendly & courteous employee behaviour		1	4	7	0	6	1	8	3	8	4	5	3	0	50	399	7.98	8
Fast & efficient service	2	0	5	4	8	8	10	4	5	2	0	0	1	1	50	315	6.30	5
Account maintenance balance	0	0	1	0	2	1	2	0	1	5	5	13	9	11	50	574	11.48	12
Pleasant & attractive decor	0	0	1	0	0	3	2	1	1	6	3	10	6	17	50	581	11.62	13
Technology	0	3	6	8	9	5	3	2	3	5	5	0	1	0	50	313	6.26	4
Branches & ATM Terminals in convenient location	3	1	4	9	4	6	4	5	7	1	1	0	4	1	50	327	6.54	6
Recognition you as a valued customer	1	2	0	1	3	1	4	7	4	7	8	7	4	1	50	458	9.16	11
Parking Space & facilities	0	0	0	0	0	0	2	2	3	2	7	4	18	12	50	604	12.08	14
Ranges of service	0	4	6	5	7	4	7	2	5	2	2	2	2	2	50	335	6.70	7
Providing financial advisory service to customers	0	1	1	2	2	7	3	8	8	4	6	5	0	3	50	430	8.60	10
Reputation of the bank	0	0	1	3	3	5	8	5	6	7	6	3	2	1	50	422	8.44	9

Sources: Field Survey by Researcher

Table no. 4.5 (ii)  
Rank Wise Consideration of Various Factors in NBL

Factors	Rank														TR	WV	MV	OR	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14					
Interest Rate	9	12	8	6	5	4	1	2	1	0	1	0	0	1	50	187	3.74	2	
Safety	15	12	10	8	5	0	0	0	0	0	0	0	0	50	126	2.52	1		
Reliability & accuracy	3	5	13	7	7	5	4	3	3	0	0	0	0	50	224	4.48	3		
Friendly & courteous employee behaviour	2	0	0	2	3	2	1	6	10	6	4	3	0	2	50	382	7.64	8	
Fast & efficient service	5	1	3	6	8	8	4	4	5	1	3	0	2	50	302	6.04	5		
Account maintenance Balance	2	0	1	1	1	3	3	3	4	9	5	1	5	12	50	503	10.06	11	
Pleasant & attractive décor	0	0	1	0	0	2	0	1	4	6	7	10	10	9	50	572	11.44	13	
Technology	8	4	3	2	6	5	1	8	2	7	1	1	0	2	50	303	6.06	6	
Branches & ATM Terminals in convenient location	1	1	2	1	4	10	4	6	7	4	5	2	1	2	50	392	7.84	9	
Recognition you as a valued customer	1	4	4	3	1	5	9	3	8	0	3	6	2	1	50	372	7.44	7	
Parking Space & facilities	0	1	0	0	1	0	1	1	1	4	3	18	15	5	50	585	11.70	14	
Ranges of service	4	10	4	1	0	4	1	3	1	1	1	6	0	4	1	50	282	5.64	4
Providing financial advisory service to customers	0	0	0	1	1	3	3	5	5	12	4	8	6	2	50	499	9.98	10	
Reputation of the bank	0	0	1	3	4	2	1	3	3	2	9	4	3	15	50	521	10.42	12	

Sources: Field Survey by Researcher

According to the table no.4.5 (i), It has been found that the data collected in MBL, respondents had made the subsequent rank of various influencing factors from

one to fourteen as Safety (1), Interest rate (2), Reliability & accuracy (3), Technology (4), Fast & efficient services (5), Branch & ATM location (6), Ranges of services (7), Friendly & courteous manner (8), Bank's reputation (9), Financial advisory service (10), Recognition you as a valued customer (11), Minimum balance to maintain account (12), Pleasant & attractive décor (13) and Parking facilities (14).

Similarly according to the Table no.4.5 (ii) it has been found that the data collected in NBL, respondents had made the subsequent rank of various influencing factors as Safety (1), Interest rate (2), Reliability & accuracy (3), Ranges of services (4), Fast & efficient service (5), Technology (6), Recognition you as a valued customer (7), Friendly & courteous manner (8), Branches & ATM location (9), Financial advisory service (10), Minimum balance to maintain account (11), Bank's reputation (12), Pleasant & attractive décor (13) and Parking facilities (14).

Hence it has been concluded that the safety, interest rate, reliability & accuracy, technology and fast & effective services are the most first considerable factors in order to satisfy the customers; which factors should be kept in front side. Similarly ranges of services, branch & ATM location, and friendly & courteous manner should be considered in the second position. After then bank's reputation, financial advisory service, recognition as a valued customer and minimum balance to maintain account should be kept subsequently. Then parking space & facilities and pleasant & attractive décor should be kept subsequently.

#### **4.6 Overall Analysis on the Bankers' Views:**

Here, an attempt has been made the what are the bankers' point of view regarding the various issues on banking product & service, its marketing, promotional campaign and ultimately customers satisfaction. The focus of the study was to draw the conclusion of either the opinions, views & thoughts of the bankers match to the expectation of the customers or not and suggest accordingly. Therefore, the bank

managers are requested to provide their opinion regarding the various issues on banking industry and banking products & services, which are presented below gradually.

#### 4.6.1 Current Banking Scenario:

In the opinion over current market scenario, both bankers viewed as a cut-throat competitive market. In this situation, customer satisfaction plays significant as well as importance role to make a successful business. Therefore the customer satisfaction should be a main formula in the bank and accordingly all the policies & guidelines should be formulated.

#### 4.6.2 Promotional Tools:

An attempt has been made to know that what types of promotional tools banks are using to promote their brand name and to communicate the products & services in the market. In the same connection, the bank manager gave the responses following responses.

- Advertisement (Print, Visual, Audio, Audio & Visual)
- PR & Publicity (News Release & Sponsorship of Events)
- Personal Selling (Direct Sale, Door to Door Marketing)
- Directing Marketing (Online Marketing & Internet Marketing)

Though banks are using above mentioned promotional tools, there has been found that the Advertisement and PR & Publicity tools have been found most effective according to the customer survey.

Therefore, it has been concluded that it will be most fruitful & effective to use Advertisement (Print, Visual, Audio, Audio & Visual) and PR & Publicity (News Release & Sponsorship of Events) to promote their brand name and to communicate the products & services.



#### 4.6.3 Objective of Promotional Campaign:

Similarly another attempt has been made to know objectives of promotional campaign conducted by the banks. In the same connection, the bank manager had stated following objectives of doing promotion.

Table no. 4.6.3  
Objective of Promotional Campaign

MBL		NBL	
Objectives	Rank	Objectives	Rank
Attracting new customer	1 <sup>st</sup>	Attracting new customer	1 <sup>st</sup>
Enhancing brand name	2 <sup>nd</sup>	Promoting a particular product or service	2 <sup>nd</sup>
Promoting a particular product or service	3 <sup>rd</sup>	Enhancing brand name	3 <sup>rd</sup>
Retaining existing customer	4 <sup>th</sup>	Retaining existing customer	4 <sup>th</sup>
Biting to competitors' advertisement	5 <sup>th</sup>	Biting to competitors' advertisement	5 <sup>th</sup>

*Sources: Field Survey by Researcher*

Analyzing the table no.4.6.3, the promotional objectives, both banks wanted to attract new customer at first. Then in second, MBL want to promote its brand name where NBL kept it at third position. Similarly MBL kept third objective as to promote a particular product or service where NBL kept it at second position. Similarly retaining existing customer and biting to competitors' ad are the forth & fifth respective objectives.

Hence it has been found & concluded that the both banks have almost the similar objective of promotional campaign.

#### 4.6.4 Evaluation System of Promotional Activities:

It is the very important to know that whether the promotional activities were being effective or not to meet the assigned objectives. Therefore an attempt has been made to analyze the evaluation system of promotional activities and responses are found as mentioned hereunder.

Both banks had the evaluation & measurement system of promotional campaign. Both banks count the volume of deposit & loan, income of a particular period and competitive position of the bank in order to make evaluation of promotional activities. Moreover MBL also counts the number of account holders to measure the objective of promotion.

#### 4.6.5 Comparative Analysis of Rank Wise Consideration:

As the customer requested to provide the subsequent importance of various factors which affect the customer satisfaction & dissatisfaction, an attempt has been made to analyze the subsequent importance of these factors in the vision of services providers. Keeping this in mind, the bankers were requested to provide the subsequent order of various fourteen factors presented with them. The following table shows the summary of the responses.

Table no.4.6.5  
Comparative Analysis of Rank Wise Consideration

Factors	Customers' Rank (MBL)	Banker's Rank (MBL)	Factors	Customers' Rank (NBL)	Banker's Rank (NBL)
Interest Rate	2	1	Reliability & Accuracy	3	1
Bank's Reputation	9	2	Bank's Reputation	12	2
Technology	4	3	Interest Rate	2	3
Branch and ATM Location	6	4	Safety	1	4
Reliability & Accuracy	3	5	Technology	6	5
Ranges of Services	7	6	Fast & Efficient Service	5	6
Account Maintenance Balance	12	7	Ranges of Services	4	7
Friendly and Courteous Manner	8	8	Parking Space	14	8
Fast & Efficient Service	5	9	Branch and ATM Location	9	9
Pleasant and Attractive Décor	13	10	Account Maintenance Balance	11	10
Safety	1	11	Friendly and Courteous Manner	8	11
Parking Space	14	12	Recognition as a Valued Customer	7	12
Recognition as a Valued Customer	11	13	Pleasant and Attractive Décor	13	13
Financial Advisory Service	10	14	Financial Advisory Service	10	14

Sources: Field Survey by Researcher

According to the comparing to the data presented in Table no.4.6.5 both respondents and bankers provided different ranking for various factors. In MBL, according to the customers the safety factor should be kept in second position where bank want to keep it in first position. Similarly customers kept interest rate factor in second position where bank keeps it at eleventh position. Customer kept reliability & accuracy in third position where bank keeps it at fifth position. Customer placed technology in fourth position where bank keeps it in fifth position. Customer placed fast & effective service in fifth position where bank keeps it in ninth position. Customer placed branch & ATM location in sixth position where bank keeps it in fourth position. Customer placed ranges of services in seventh position where bank keeps it in sixth position. Both customers & bank places friendly & courteous manner in eighth position. Customer placed bank's reputation in ninth position where bank keeps it in second position. Customer placed financial advisory services in tenth position where bank keeps it in fourteenth position. Customer placed recognition you as a valued customer in eleventh position where bank keeps it in thirteenth position. Customer placed minimum balance to maintain account in twelfth position where bank keeps it in seventh position. Customer placed pleasant & attractive décor in thirteenth position where bank keeps it tenth position. Customer placed parking space & facilities in fourteenth position to ranges of service where bank keeps it in twelfth position.

Therefore it has been found & concluded in MBL that the bank are presenting almost factors as per the expectation of customer but it has to be reviewed on the following factors:

- Safety
- Bank's reputation
- Financial advisory services
- Recognition all the customers as the valued customers

- Minimum balance to maintain account
- Ranges of service
- Pleasant & attractive décor
- Fast & efficient service

Hence these factors should be presented as per the customers' expectation in future.

Similarly, in NBL, according to the customers the safety should be kept in first place where bank places it at fourth position. Customers kept interest rate in second position where bank keeps it in third position. Customer placed reliability & accuracy in third position where bank keeps it at first position. Customer placed ranges of services in fourth position where bank keeps it in seventh position. Customer placed first & efficient service in fifth position where bank keeps it in sixth position. Customer placed technology in sixth position where bank keeps it in fifth position. Customer placed recognition you as a valued customer in seventh position where bank keeps it in twelfth position. Customer placed friendly & courteous manner in eighth position where bank keeps it in eleventh position. Customer placed in ninth position to branches & ATM location in ninth position where bank keeps it in same position. Customer placed financial advisory service in tenth position where bank keeps it in fourteenth position. Customers placed minimum balance to maintain account in eleventh position where bank keeps it in tenth position. Customers placed reputation of bank in twelfth position where bank keeps it in second position. Customer placed pleasant & attractive décor in thirteenth position where bank keeps it in same position. Customer placed parking space & facilities in thirteenth position where bank keeps it eighth position.

Therefore it has been found & concluded in NBL that the bank are presenting almost factors as per the expectation of customer but it has to be reviewed on the following factors:

- Safety
- Reliability & accuracy
- Friendly & courteous manner
- Recognition you as a valued customer
- Reputation of bank
- Parking space & facility
- Ranges of services
- Financial advisory services

Hence these factors should be presented as per the customers' expectation in future.

#### 4.7 MAJOR FINDINGS:

1. Both banks, MBL & NBL are offering following Products & Services:

Products & Services Offered by MBL:

All the products & services offered by MBL are classified into three categories namely Deposit Products, Loans & Advances Product and Other Product & Services. They are:

Deposit Products:

- Current Deposit
- Call Deposit
- Saving Deposit
- Royal Saving Deposit
- Fixed/Term Deposit
- Share Holder's Account
- Pawa Bachat
- Yuva Bachat
- Salary Management Scheme
- Uchha Sicha Bachat
- Mach 7 Deposit
- Samman Bachat:

Loan & Advance Produces:

- Term Loan
- Working Capital (Overdraft/Short Term Loan)
- Trust Receipt/Importer's Loan
- Packing Credit/Exporter' Loan
- Priority Sector/Deprived Sector Loan:
- Home Loan

- Hire Purchase Loan
- Education Loan
- Loan Against Securities
- Consortium/Syndicate Loan
- Privilege Loan

Other Products & Services:

- Mobile Banking
- MBL Debit Card
- Any Branch Banking
- Trade Finance
- Safe Deposit Locker
- Money2Nepal
- Remittance
- Correspondents Bank

Products & Services Offered by NBL:

All the products & services offered by MBL are classified into nine categories namely Business Banking, Privilege Banking, Bancassurance, Personal Lending, Remittance, Trade Finance, Clean Bills, E-Banking and Other Products & Services. They are:

- a) Privilege Banking:
- Current Account
  - Call Deposit
  - Fixed Deposit/Time Deposit
  - Normal Saving Deposit



- Nabil Lok Bachat
- Nabil Bachat
- Nabil Student Bachat
- Nabil Bal Bachat
- Nabil Jestha Bachat
- Nabil Jestha Muddhati
- Retirement Fund Account
- Provident Fund Account
- Nabil Nari Bachat Account
- Nabil Muddati Account

b) Business Banking:

Under the business banking service, NBL offers following loan products & services.

- Working Capital Loan
- Fixed Capital Loan
- Import Loan
- Bills Discounting Facility Under Suppliers Credit
- Export Loan
- Hire Purchase Loan
- Project Financing
- Consortium/Syndication Loan
- Mortgage Loan

c) Bancassurance

d) Personal Lending

Under this lending, bank offers following services

- Housing Finance

- Auto Loan
- Nabil Property
- Personal Finance
- Education Loan

e) Remittance

- SWIFT (Society for Worldwide Interbank Financial Telecommunication System)
- Western Union
- E-Remittance (Qatar, Doha)
- Traveler's Check
- Bank Draft
- Mail Transfer
- Manager's Check
- Anywhere Branch Banking

f) Trade Finance

Under the trade finance heading, NBL offer followings services:

- Import LC
- Export LC
- Forward Contract
- Bid Bond
- Counter Guarantee
- Performance Bond
- Advance Payment Guarantee
- Shipping Indemnity

- g) Clean Bills
  - h) E-Banking
  - i) Other Product & Services
    - U.S. Visa Fee
    - Safe Locker Deposit
    - Advance Payment Certificate
  - a) Card Products:
    - Credit Card
    - Visa Debit Card
    - Visa Prepaid Cards
2. The majority of the customers, i.e. 42% in MBL and 52% in NBL, have been found long time stay customers whose length of account opening time has been found greater than three years. Both banks have old and experienced customers which disclose the strong and stable banks-customers relationships.
3. According to the study 44% respondents in MBL & 36% respondents in NBL are coming to the banks with the recommendation of others. Majority of the customers i.e. 56% respondents in MBL and 32% respondents in NBL are coming to the bank by themselves. Among the recommended customers, most of the customers were recommended by their family members. After then they were recommended by colleague and their employers.
4. Majority of the customers in both banks had opened saving accounts which occupied 61.82% customers in MBL & 68.96% customers in NBL on saving account. Similarly 38.18% customers in MBL & 22.42% customers in NBL had opened current account. In the study, nobody had been found with fixed & loan

account in MBL whereas 3.45% & 5.17% customers had been found in NBL with fixed account & loan account respectively.

5. Majority of the customers in both banks had never analyzed the financial reports published in newspaper which occupied 68% customers in MBL & 82% customers in NBL. Therefore, it has been found that the published financial reports does not play significant role to attract & retain the customers.
6. Customers in both banks knew the banks and banking products & services through advertisements and PR & Publicity. The portion of the customers knowing banks and banking products & banking services through the Advertisement were 64% customers in MBL & 40% customers in NBL and through the PR & Publicity were 28% customers in MBL & 48% customers in NBL.
7. The promotional tools used by the banks were understandable and believable but it is difficult to say that the promotional tools were informative and attractive or not. Customers perceive the promotional tools used by the banks were the duplication from the competitors and are not memorable.
8. In relevance to the reasons of opening bank account, the customers open their accounts with the strong reason of security and seeking the opportunity for other banking services too. Similarly return and easy to operation is medium reason. Customers open the bank account with the lower reason of increasing saving. Most of the customers in NBL open the bank accounts for making banking transaction & bank balance certificate for the purpose of abroad study.
9. Banks takes more than 20 minutes to accept deposit & to make the payment on queue but in free counter it takes less than 5 minutes.
10. The analysis shows that the majority of the respondent i.e. 74% respondents in MBL and 54% respondents in NBL agreed that the banks were able to fulfill their objectives.

11. Customers in both banks agree that the bank's overall service quality is good. The portion of respondents to say that is 42% & 50% in MBL & NBL respectively but it has been found that NBL is comparatively found more success to provide good service qualities than MBL.
12. The banks do not conduct research while innovating & launching a new product and service even though they are claiming. The portion of respondents to say that is 96% respondents in MBL and 86% customers in NBL.
13. In relevance to providing suggestion to the bank, customers in MBL suggest that the bank has to arrange its sufficient parking facility. Similarly customers in NBL suggest that the bank has to improve on listing & responding quality to customers' needs & wants. In relevance to the employee behavior, 44% respondents in MBL suggest that the bank has to provide well training to its employee to improve good employee behavior whereas only 14% respondents suggest in NBL. Regarding the ATM services, customers suggest that the bank has to make its constant ATM service to enhance service quality. Customers in both banks suggest that the bank has to improve their customer caring quality. Similarly customers of the MBL suggest that the bank has to improve overall service quality, employee's knowledge about products & services and has to add privilege service counters as well as number of teller counter too.
14. The customers in both banks suggest that the bank has to adopt evaluation system of the promotional campaign due to being poor quality. The customers feel that the banks are copying promotional activities to each other. PR & Publicity of the both banks are found poor, so customers suggest to enhance their quality of the promotional campaign.
15. The majority of the customers said that the bank is employing high price to its product or service. The customers in both banks feel that the banks are always focusing to high profile customers and do not do adequate exercise to innovate

& introduce new product or service. Majority of the customers feel that both banks do not have their unique product & service.

16. Customers in both banks suggest not to focusing high profile customers only to provide loan and suggest for complying some support programs to disable & eldest people. Majority of the customers suggest to the bank to reserve some employee sheets for socially marginal people. Though the overall social involvement of the bank has been found satisfactory, some customers in both banks suggest that the banks have to improve its corporate social responsibilities activities for the future betterment.
17. The interest rate on deposit & loan account and reputation are found very strongly influencing factors for customer satisfaction & dissatisfactions. Similarly the security, technology, employee behavior, fast & correct service and reliability of bank & banking service are found strongly influencing factors for customer satisfaction & dissatisfaction. The branch & ATM location of the bank, physical environment and minimum balance to maintain the account are found an average influencing factor for customer satisfaction & dissatisfaction. Similarly customer care is found an influencing factor and bank's target for poor people is found never influencing factor for customer satisfaction & dissatisfaction.
18. The customers in both banks are found satisfied with security factors; reliability of bank & banking services; friendly & courteous manner; ATM terminals in convenient location & uninterrupted services; complete records of transaction; financial guidance & advisory services; employee's professionalism & manifestation where nobody has been found with strongly satisfied. Customers only in NBL have been found satisfied with fast & effective services; parking facility; service charges, commission rate & others fees. Similarly customers only in MBL have been found with fast & effective services of the bank and available to customers when needed.

19. The customers in both banks are found dissatisfied with interest rate on deposit & loan; service charges, commission rate & others fees of the bank. Customers only in MBL have been found dissatisfied with parking facility. Similarly customers only in NBL have been found dissatisfied with available when needed to customer and offer alternative means to fulfill the customers' needs.
20. The customers in both banks have been found neutral whether the employees' does or does not have the knowledge of banking products and services; whether they have or have not willingness to listen & respond to the customers' needs, whether the bank employees' do or do not recognize to the customers as the valued customers whether bank employees' provide or not provide accurate service to the customers. The customers only in MBL have been found neutral with the factor of offering alternative means to fulfill the customers' needs & wants.
21. The customers of MBL had made the subsequent rank from one to fourteen as Safety (1), Interest rate (2), Reliability & accuracy (3), Technology (4), Fast & efficient services (5), Branch & ATM location (6), Ranges of services (7), Friendly & courteous manner (8), Bank's reputation (9), Financial advisory service (10), Recognition you as a valued customer (11), Minimum balance to maintain account (12), Pleasant & attractive décor (13) and Parking facilities (14).
22. The customers of NBL had made the subsequent rank as Safety (1), Interest rate (2), Reliability & accuracy (3), Ranges of services (4), Fast & efficient service (5), Technology (6), Recognition you as a valued customer (7), Friendly & courteous manner (8), Branches & ATM location (9), Financial advisory service (10), Minimum balance to maintain account (11), Bank's reputation (12), Pleasant & attractive décor (13) and Parking facilities (14).  
Therefore the safety, interest rate, reliability & accuracy, technology and fast & effective services are the most first considerable factors in order to satisfy the

customers; which factors should be kept in front side. Similarly ranges of services, branch & ATM location, and friendly & courteous manner should be considered in the second position. After then bank's reputation, financial advisory service, recognition as a valued customer and minimum balance to maintain account should be kept subsequently. Then parking space & facilities and pleasant & attractive décor should be kept subsequently.

23. Pertaining to the current banking market scenario, both bankers viewed as a cut-throat competitive market. In this situation, customer satisfaction plays significant & importance role to make a successful business. Therefore the customer satisfaction should be a main recipe in the bank and accordingly all the policies & guidelines should be formulated.
24. The banks are using the following promotional tools.
  - Advertisement (Print, Visual, Audio, Audio & Visual)
  - PR & Publicity (News Release & Sponsorship of Events)
  - Personal Selling (Direct Sale, Door to Door Marketing)
  - Directing Marketing (Online Marketing & Internet Marketing)

Though banks are using above mentioned promotional tools, there has been found that the Advertisement and PR & Publicity tools have been found most effective according to the customer survey.

25. The banks want to attract new customer at first. Then in second, MBL want to promote its brand name where NBL kept it at third position. Similarly MBL kept third objective as to promote a particular product or service where NBL kept it at second position. Similarly retaining existing customer and biting to competitors' ad are the forth & fifth respective objectives.
26. The both banks have the evaluation & measurement system of promotional campaign. Both banks count the volume of deposit & loan, income of a particular period and competitive position of the bank in order to make



evaluation of promotional activities. Moreover MBL also counts the number of account holders to measure the objective of promotional campaign.

27. MBL is presenting almost factors as per the expectation of customer but it has to be reviewed on the following factors as per the customers' expectations:
- Safety
  - Bank's reputation
  - Financial advisory services
  - Recognition all the customers as the valued customers
  - Minimum balance to maintain account
  - Ranges of service
  - Pleasant & attractive décor
  - Fast & efficient service
28. NBL is presenting almost factors as per the expectation of customer but it has to be reviewed on the following factors as per the customers' expectations:
- Safety
  - Reliability & accuracy
  - Friendly & courteous manner
  - Recognition you as a valued customer
  - Reputation of bank
  - Parking space & facility
  - Ranges of services
  - Financial advisory services

### **To sum up**

- Advertisements and PR & Publicity are the most effective promotional tools than others. Promotional tools used by the banks are understandable and believable but not informative & memorable.

- In general, customers open the bank accounts with the higher reason of security and seeking opportunity for other banking services too but return and easy to operation are medium reason. Similarly increasing saving & making transactions & balance certificates are the lower reason of opening bank accounts.
- The interest rates, bank's reputations are very strongly influencing factors for customer satisfaction & dissatisfactions. The security, technology, employee behavior, fast & correct service and reliability of bank & banking service are strongly influencing factors. The branch & ATM location of the bank, physical environment and minimum balance to maintain the account are average influencing factor. Customer care is an influencing factor and bank's target for poor people is never influencing factor for customer satisfaction & dissatisfaction. Majority of the customer are found satisfied with these factors.
- The safety, interest rate, reliability & accuracy, technology and fast & effective services are the most first considerable factors in order to satisfy the customers; which factors should be kept in front side. Similarly ranges of services, branch & ATM location, and friendly & courteous manner should be considered in the second position. After then bank's reputation, financial advisory service, recognition as a valued customer and minimum balance to maintain account should be kept subsequently. Then parking space & facilities and pleasant & attractive décor should be kept subsequently.
- Despite the fact that the various parts of the banking services are found satisfied, some parts of overall services, promotion, social involvement and products & services should be improved in order to delight the customers.

## CHAPTER-FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1. SUMMARY:

In general banks are those intermediaries which link the savers and users of capital. They collect small and scattered saving of the individuals and mobilize it in the productive sectors in the form of investment or loan. Bank means a financial institution, which accepts deposit in different accounts and provides loan of different types



Bank is solely a service oriented business organization. Bank has nothing to sell but its service. Service excellence is paramount to satisfy a customer and unless a customer is satisfied, it is almost unthinkable of retaining a customer. Service Excellency is the greatest factor that influences the customer satisfaction. Bank tries to convert their repeat customer to loyal customer and further to members and advocates by which they will speak for the bank and this will be the driving force behind to multiply the customers by day and night. In this regard, the study of product offerings and customer satisfaction is the study of what products & services offered by the banks and what is the customer satisfaction towards these offerings.

This research study includes the study of products & services offerings, communication tools of their offerings, factors lead to satisfaction & dissatisfactions. The field of products offerings by banks and its impact on their clients holds great

interest for us as customers, marketers, and students. The products/services offered by banks have come under the question in terms of customer satisfaction that's why it is going to examine product effectiveness towards the customer satisfaction in the prevailing situation. Since there is sprouting number of banks, development banks, finance companies and saving cooperatives across the country day by day, meanwhile they claim they are offering superior products/services to the customers than others. Therefore, this study is specially designed to explore what is the actual situation exists in between Machhapuchhre Bank Limited, Chipledhunga Branch and Nabil Bank Limited, Pokhara Branch in terms of products & services offerings and its impact on customer i.e. Customer Satisfaction towards the Product & Services Offerings. This study will be conducted on Pokhara valley. Pokhara, where most of the banks have established their branches and the head office of MBL lies in Pokhara. This study will be under taken over the product offerings and customer satisfaction of Nabil Bank Limited, Pokhara Branch (NBL- a Joint Venture Bank) and Machhapuchchhre Bank Limited, Chipledhunga Branch (MBL-a Domestic Promoted Bank).

The commercial banks, development banks and other financial institutes are sprouting across the country day by day. They are not expanding only their branches but at the same time they are also expanding their activities and services. On the other hand due to the broad and liberal financial policy adopted by the government for the entrance, the number of financial institutions is also increasing in Nepal with the aimed to provide banking services & facilities more effectively. Similarly, being a member of WTO, Nepal has to open its market for all members of WTO which will increase competition in terms of quality services, capital, modern technology etc. Numbers of foreign banks with huge capital as well as modern technology are ready to enter in Nepal after 2010 as per the WTO provisions.

Banks offer new products day by day, but their performance in terms of customer satisfaction is not still largely measured, due to the insufficient research study.

Therefore the main purpose of this study is to find out the product offerings and customer satisfaction in banks; however the functional objectives of this study are:

- To identify the products & services offered by NBL & MBL.
- To find out the tools used by MBL & NBL to commercialize their products & services.
- To assess the factors that can lead for customer satisfaction and dissatisfaction.
- To suggest for the ways to improve the customer satisfaction in banking sector.

## **5.2. CONCLUSIONS:**

The field of product offerings and customer satisfaction holds great interest for us as a customer, as a marketer and as a marketing student. As a customer, we benefit from insights into our own buying related decision such as what we buy, why we buy, how we buy and the promotional influences that persuade us to buy. As a marketer it is important for us to recognize why and how customers buy the product and with what types of product they are satisfied, so that we can formulate better strategic marketing decisions. If marketers understand their offerings & customers, they are able to predict how customers are likely to react to various offerings, informational & environmental cues, and are able to shape their marketing strategies accordingly. Similarly as a student, we are concerned in understanding customer satisfaction with the product offerings

This study may cover almost all the banks & financial institutions of Nepal in terms of products & services offerings and customer satisfaction. The study was based on primary as well as secondary data. In order to analyze the situation, questionnaire had been developed and structured, after that necessary table has been drawn and the

facts have been analyzed under the different needs. Descriptive as well as analytical tools have been used to draw the conclusion.

The purpose of the study is to find out the products & services offerings and customer satisfaction in financial institutions. Therefore, exploratory as well as descriptive research design (Descriptive studies) thus simply represent an accurate profile of organizations, events, or situation.

The information collected from 100 customers of two banks i.e. MBL & NBL and 2 branch managers of these banks. The majority of the customers have been found long time stay customers whose length of account opening time has been found greater than three years. Similarly majority of the customers came to the bank by themselves. Among the recommended customers, most of the customers were recommended by their family members. After then they were recommended by colleague and their employers. Advertisements and PR & Publicity are the most effective promotional tools than others. Promotional tools used by the banks have been found understandable and believable but not informative & memorable. Customers open the bank accounts with the higher reason of security and seeking opportunity for other banking services too but return and easy to operation are medium reason. Similarly increasing saving & making transactions & balance certificates are the lower reason of opening bank accounts.

Analysis of the influencing factors to customer satisfaction, the interest rates, bank's reputations are very strongly influencing factors for customer satisfaction & dissatisfactions. The security, technology, employee behavior, fast & correct service and reliability of bank & banking service are strongly influencing factors. The branch & ATM location, physical environment and minimum balance to maintain the account are average influencing factor. Customer care is an influencing factor and bank's target for poor people is never influencing factor for customer satisfaction & dissatisfaction. Majority of the customer are found satisfied with these factors.

Analysis of the customer satisfaction about the banking offerings & programs shows that the majority of the customer falls under the category of satisfied but not strongly satisfied.

Similarly analyzing the rank wise consideration of the various influencing factors, the safety, interest rate, reliability & accuracy, technology and fast & effective services are the most first considerable factors in order to satisfy the customers; which factors should be kept in front side. Similarly ranges of services, branch & ATM location, and friendly & courteous manner should be considered in the second position. After then bank's reputation, financial advisory service, recognition as a valued customer and minimum balance to maintain account should be kept subsequently. Then parking space & facilities and pleasant & attractive décor should be kept subsequently.

### **5.3. RECOMMENDATIONS:**

On the basis of findings, following recommendations have been made.

1. Bankers are suggested to try to convert their clients into advocates who always talk about the banks and ultimately will recommend to all in order to come to the banks.
2. Customer satisfaction is a difficult task in a service sector, so bankers are suggested to integrate human service and operation areas of the organization.
3. Mostly the clients of both banks knew the banks' brand name, products & services through the Advertisement and PR & Publicity, so bankers are suggested to utilize Advertisement and PR & Publicity in order to promote the brand name, products & services rather than other promotional tools and suggested to use other promotional tools with the different & changed forms.
4. In terms of the effectiveness of the promotional campaign, promotional campaign is found understandable and believable but these are not found

informative, attractive and memorable. So bankers are suggested to make the promotional campaign as informative, attractive and memorable.

5. Bankers are suggested to provide security, returns, ease in operation, additional opportunities to the customers. In NBL most of the customers come to bank with pursuing the objectives of making banking transactions & bank balance certificates, so NBL is suggested to follow this without the prejudice.
6. Bankers are suggested to find the particular days of week in which maximum transactions are done and maximum customers are come to the banks. After then in the crowd days, bankers are suggested to manage additional deposit & payment counters which may ultimately enhance customers' satisfactions.
7. MBL is found more successful to fulfill the objectives of customers than NBL, so NBL is suggested to do more exercise to fulfill the customers' objectives.
8. NBL is found more successful to provide good service qualities than MBL, so MBL is suggested to try to cater best service qualities in coming days.
9. Bankers are found for not conducting research & survey before innovating & launching a new product & service even though they claimed they did survey. So bankers are suggested to conduct research before innovating & launching the products & services.
10. MBL is suggested to arrange the adequate parking facility. Similarly NBL is suggested to improve on listening & responding quality of staffs to customers' needs & demands. MBL is suggested to provide well training to its staffs to improve good manner which enhance overall service qualities at the end. MBL is suggested to make its constant ATM service to enhance service quality. Both banks are suggested to improve its customer caring to enhance overall service quality. MBL is suggested to improve employee's knowledge about products & services and to add privilege service & number of teller counter to enhance the overall service qualities of the banks.



11. MBL is suggested to increase advertisement (i.e. printing, audio & visual etc.) to enhance its business whereas NBL should improve a little bit than MBL. Both banks are suggested in order to adopt evaluation system of promotional activities by which the effectiveness of promotional activities will be obtained. Both banks are suggested to make the unique promotional activities and suggested not to make the duplication from competitor. Both banks are suggested to intensively improve their PR & Publicity.
12. Bankers are suggested to do adequate exercise for innovating & introducing a new product and service. The products and services should be unique and should not be duplicated from others and adequate exercise must be done before innovating & introducing a new product and service. Similarly bankers are suggested to focus equally to their customers and prejudice should not be employed among the customers, but comparing to the MBL, NBL should improve more in this regards.
13. Bankers are suggested to launch some support programs to disable & aged people for better goodwill in markets. Similarly they are suggested to make reservation of employment sheets for socially marginal & backward people.
14. Interest rate of deposit & loan account is a very strongly influencing factor for customer satisfaction & dissatisfaction and it influences more in MBL customers than NBL and customers in both banks are found dissatisfied with the interest rate. So bankers are suggested to provide appropriate interest rate on deposit accounts & similarly appropriate interest rate should be taken on loan accounts.
15. Security is a strongly influencing factor for the customer satisfaction & dissatisfaction and bankers are able to satisfy their customer with the safety factors and they are suggested to make the strongly satisfied.

16. Fast & correct service is the strongly influencing factor for customer satisfaction & dissatisfaction and customers in NBL are found satisfied with fast & effective services but it is poor in MBL. Therefore, MBL is suggested to provide fast, correct & effective service to their customers to enhance customer satisfaction.
17. Reliability of bank & banking service is the strongly influencing factor for satisfaction & dissatisfaction and customers are found satisfied with the reliability of bank & banking services, so bankers are suggested to provide reliable service to their customers.
18. Employee behavior is a strongly influencing factor to influence customer satisfaction & dissatisfaction. Though both banks have good friendly & courteous employee behaviour, it is recommended to MBL to improve its manner with providing well training to its staffs.
19. Location of the bank is an average influencing factor to influence the customer satisfaction & dissatisfaction so bankers should consider little bit to the location of the bank.
20. Customer care is a strongly influencing factor of customer satisfaction & dissatisfaction, so the bankers are suggested to have tough consideration on customer care.
21. Technology is a strongly influencing factor to influence the level of customer satisfaction & dissatisfaction, so the bankers are suggested to have more consideration in this regard.
22. Reputation of the bank is a most important factor to influence the level of customer satisfaction and dissatisfaction, so the bankers suggested to give more consideration on their reputation as well as goodwill.

23. Minimum balance to maintain account is an average influencing factor to influence the level of customer satisfaction & dissatisfaction, so the bankers are suggested to give average consideration on the minimum balance to maintain accounts.
24. Customers in NBL are found satisfied with service charges, commission rate & other fees but in MBL customers aren't found satisfied, so MBL is suggested to review its service charges, commission rate & other fees to make the better customer satisfaction.
25. Employees of the banks could not convince to their customers about the products & services, so the bankers are suggested to provide well training & knowledge to their staffs about the products & services to enhance customer satisfaction.
26. Customers are not satisfied with the employee's willingness to listen & respond to customers' needs & wants, so bankers are suggested to improve on it to enhance the customer satisfaction.
27. Customers are feeling that the banks do not recognize them as the valued customers, so bankers are suggested to recognize their customers as the valued customers for the customer satisfaction.
28. Employee in MBL are available to the customers when need but in the NBL the employee are not available to the customers, so NBL is suggested to improve to their employee in order to be available when customers need.
29. Bankers do not have the practice of offering alternative means when one failed to meet its objective, so they are suggested to offer alternative means & actions to their customers when one failed to meet the objectives of customers.

30. NBL has the good parking facilities where customers are found satisfied whereas MBL does not arrange appropriate parking facilities which makes customer dissatisfaction. So, MBL is suggested to arrange appropriate parking facilities for customer satisfaction.
31. Bankers are suggested to keep in front side to safety, interest rate, reliability & accuracy, technology and fast & effective services which are found most first considerable factors in order to satisfy the customers. Similarly ranges of services, branch & ATM location, and friendly & courteous manner are suggested to keep in the second position. After then bank's reputation, financial advisory service, recognition as a valued customer and minimum balance to maintain account are suggested to keep subsequently. Then parking space & facilities and pleasant & attractive décor should be kept subsequently.
32. MBL is presenting almost factors as per the expectation of customer but it is suggested to review on the following factors which should be considered according to the customers' expectation.
- Safety
  - Bank's reputation
  - Financial advisory services
  - Recognition all the customers as the valued customers
  - Minimum balance to maintain account
  - Ranges of service
  - Pleasant & attractive décor
  - Fast & efficient service
33. In NBL is presenting almost factors as per the expectation of customer but it is suggested to review on the following factors which should be considered according to the customers' expectation.

- Safety
- Reliability & accuracy
- Friendly & courteous manner
- Recognition you as a valued customer
- Reputation of bank
- Parking space & facility
- Ranges of services
- Financial advisory services

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## QUESTIONNAIRE

### QUESTIONNAIRE FOR CUSTOMER:

This questionnaire comes to you as a part of research to know your views about product offerings of banks and your level of satisfaction over their products. We thus, request you to take some time to answer the following questions. We greatly appreciate your cooperation in expressing your views.

1. When did you open the bank account? (*Make single choice.*) (तपाईंले यस बैंकमा खाता कहिले खोल्नु भएको थियो ?)
  - a) In this year [  ]
  - b) Before two years ago [  ]
  - c) Before three years & above [  ]
  
2. Have you ever got any recommendation from others to open account in this bank? (तपाईंलाई यस बैंकमा खाता खोल्न कसैले सिफरिस गर्नु भएको थियो ?)
 

Yes [  ] No [  ]
  
3. If yes, who did you recommend? (यदि सिफरिस गरेको भए तलका मध्ये कसले सिफरिस गरेको थियो ?)
  - a) Family member (पारीवारीक सदस्यले) [  ]
  - b) Colleague (साथिभाईहरूले) [  ]
  - c) Neighbor (छिमेकीहरूले) [  ]
  - d) Recommended by office (तलब प्रदान गर्नकोलागि आफ्नै अफिसले) [  ]
  - e) Others (अरुले) [  ]
  
4. What is your type of account? (तलका मध्ये तपाईंको खाता कस्तो प्रकारको हो ?)
  - a) Current account [  ]
  - b) Saving account [  ]
  - c) Fixed account [  ]
  - d) Loan account [  ]
  
5. Have you analyzed the financial statements published on newspaper? (*Make single choice.*) (बैंकहरूले प्रत्येक त्रैमासीक, अर्धवार्षिक तथा वार्षिक रूपमा प्रकाशित गर्ने वित्तीय विवरणहरूको तपाईंले विश्लेषण गर्नुहुन्छ ?)
  - a) Ever analyze (सधै विश्लेषण गर्छु) [  ]
  - b) Sometime analyze (कहिलेकाँही विश्लेषण गर्छु) [  ]
  - c) Never analyze (कहिले पनि विश्लेषण गर्दिन) [  ]

6. How do you know about this bank? (*Please tick as many as relevant.*)(तपाईंले यस बैंकको बारेमा कसरी थाहा पाउनुभएको हो ?)
- Advertisement (Print, Visual, Audio, Audio & Visual) (पत्रपत्रीका, टि.भी, एफएम आदि बाट)[  ]
  - Personal Relationship and Publicity (News Release & Sponsorship of Events)(व्यक्तीगत सबन्धले, बैंकले कुनै कार्यक्रम प्रायोजन गरेको थियो त्यहि बाट) [  ]
  - Sales Promotion (Gifts, Trade Show & Discount)(व्यापारीक मेला, कुनै विषेस अफर, आदि बाट)[  ]
  - Personal Selling (Direct Sale, Door to Door Marketing)(बैंकको कर्मचारी घर घरमा गएर, आदी बाट) [  ]
  - Direct Marketing (Online Marketing & Internet Marketing) (इन्टरनेट तथा वेबसाईट मार्फत, आदी बाट) [  ]
  - Others, if any, (Specify) (अन्य भए कृपया खुलाउनुहोस, खुलाउनुहोस) [  ].....
7. Do you have knowledge about the products/services of this bank? If yes, how do you know about the products/services? (*Please tick as many as relevant.*)(तपाईंले यस बैंकको सेवाहरु तथा सुविधाहरुबारेमा तपाईंलाई जानकारी छ की छैन ? यदि छ भने कसरी थाहा पाउनुभएको हो ?)
- Advertisement (Print, Visual, Audio, Audio & Visual) (पत्रपत्रीका, टि.भी, एफएम, आदी बाट)[  ]
  - Personal Relationship and Publicity (News Release & Sponsorship of Events) (व्यक्तीगत सबन्धले, बैंकले कुनै कार्यक्रम प्रायोजन गरेको थियो त्यहि बाट) [  ]
  - Sales Promotion (Gifts, Trade Show & Discount)(व्यापारीक मेला, कुनै विषेस अफर, आदी ?)
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  - Direct Marketing (Online Marketing & Internet Marketing) (इन्टरनेट तथा वेबसाईट मार्फत, आदी बाट) [  ]
  - Others, if any, (Specify) (अन्य भए कृपया खुलाउनुहोस)[  ].....
8. How well do you remember this advertisement (question no. 6 & 7)? (*Make single choice.*)(तपाईंले यस बैंकको बारेमा माथीको (प्रश्न नम्बर ६ र ७ को) जसरी थाहा पाउनुभयो त्यसलाई कसरी व्याख्या गर्नुहुन्छ ?)
- Don't remember at all. (कतै पनि सम्झीन्न ।) [  ]
  - Remember bank but not product or advertisement (बैंकलाई सम्झीन्छु तर बैंकको सेवाहरु र विज्ञापन सम्झीन्न ।) [  ]

- c) Remember bank and product but not advertisement (बैंकलाई र बैंकको सेवाहरूलाई सम्झिन्छु तर विज्ञापन सम्झिन्न ।) [   ]
- d) Remember advertisement (विज्ञापन मात्र सम्झिन्छु ।) [   ]

9. Based on the features of advertisement, how would you describe this advertisement (question no. 6 & 7) to others? (तपाईंले यस बैंक र बैंकको सेवाहरूको बारेमा माथीको (प्रश्न नम्बर ६ र ७ को) जसरी थाहा पाउनुभयो त्यसलाई कसरी व्याख्या गर्नुहुन्छ ?)

Features (विषेशताहरू)	Strongly Agree (एकदमै सहमत छु)	Somewhat Agree (सहमत छु)	Neither Agree Nor Disagree (थाहा छैन)	Somewhat Disagree (असहमत छु)	Strongly Disagree (एकदमै असहमत छु)
Understandable (बुझ्ने खालको थियो)					
Believable (विश्वास लाग्ने थियो)					
Informative (सूचना दिने खालको थियो)					
Attention Getting (देख्ने वित्तीकै आकर्षण खालको थियो)					
Competitors' Copy (अरुको नक्कल जस्तै थियो)					
Memorable (जहिंलेपनि सम्झने खालको थियो)					

10. Why do you want to open the account in this bank? (*Purpose of account opening.*) ( तपाईंले यस बैंकमा तलका मध्ये कुन कुन कारणले बढी महत्व र कुन कुन कारणले कम महत्वको कारणले खाता खोल्नु भएको हो ?)

Sr.	Reasons (कारणहरू)	High (धेरै महत्वले)	Medium (मध्यम महत्वले)	Low (कम महत्वले)
a.	Security(मेरो निक्षेपको सुरक्षको होस भनेर खाता खोलको हो)			
b.	Returns (मेरो निक्षेपमा धेरै व्याज आम्दानी होस भनेर खाता खोलको हो)			
c.	Easy to operation (कार्यगर्न सजिलो होस भनेर खाता खोलको हो)			
d.	Opportunity for the other banking services (अन्य बैंकिंग सेवा प्राप्त गर्ने अवसर पाईन्छ भनेर खाता खोलको हो)			
e.	Increasing saving (थोरै थोरै गरेर धेरै बचत गर्छु भनेर खाता खोलको हो)			

f.	Balance certificate & making transactions for abroad study or abroad tour (विदेश पढ्न तथा गुम्न जाने उद्देश्यले खातामा रकम तथा कारोवार देखाउन खाता खोलको हो)			
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11. On an average, how much time do you have to wait in the deposit counter?(तपाईंले यस बैंकमा नगद डिपोजिट गर्दा औषतमा कति मिनट खर्चिनु पर्छ ?)
- In queue ..... minimum  
(लाईनमा बस्नुपर्दा .....)
  - Free counter ..... minimum  
(लाईनमा बस्नुनपर्दा .....)
12. How much time do you have to wait in payment counter?(तपाईंले यस बैंकमा नगद जिकनुपर्दा औषतमा कति मिनट खर्चिनु पर्छ ?)
- In queue ..... minimum  
(लाईनमा बस्नुपर्दा .....)
  - Free counter ..... minimum  
(लाईनमा बस्नुनपर्दा .....)
13. Please rank the following situation, when you get maximum & minimum care from this bank. (तलको विभिन्न अवस्थाहरू मध्ये कुन अवस्थामा तपाईंलाई यस बैंकले बढी तथा कम ध्यान दिएको थियो, कृपया तलको अवस्थाहरूलाई ranking गर्नुहोला ?)

Situations (विभिन्न अवस्थाहरू)	Maximum (धेरै)	Moderate (मध्येम)	Minimum (कम)
At the time of offering/marketing (बैंकको मन्छे मार्केटीङ्गर्न आउदाको गर्दाको अवस्थामा )			
While opening account (खाता खोल्दाको अवस्थामा )			
While making more transaction (धेरै कारोवार गर्दाको अवस्थामा)			
After purchasing service (निक्षेप गरिसकेपछि वा ऋण लिईसकेपछि को अवस्थामा)			
While bringing new customer (नयाँ ग्राहकहरू ल्याउदाको अवस्थामा)			
While closing account (खाता बन्द गर्दाको अवस्थामा)			

14. Based on your experience, would you prefer this bank to others? (*Make single choice.*)(तपाईंको अनुभवको आधारमा, तपाईंले यस बैंकको सेवाहरु राम्रो भएकोले यस बैंकमा कसैलाई खाता खोल्नु सल्लाहा दिनुहुन्छ ?)
- a) Definitely would (खाता खोल्न एकदम सल्लाहा दिन्छु) [   ]
- b) Probably would (सायद खाता खोल भन्न सक्छु होला) [   ]
- c) Might or might not (भन्न पनि सक्छु, भन्न पनि सक्दैन) [   ]
- d) Probably not (सायद खाता खोल भन्दिन होला) [   ]
- e) Definitely not (खाता खोल भनेर एकदमै भन्दिन) [   ]
15. In your opinion, which of the following factors are the most influencing factors for your level of satisfaction & dissatisfaction? (तपाईंको विचारमा, तपाईं सन्तुष्ट हुनमा तलका विभिन्न कुराहरु मध्ये कुन कुराले बढी तथा कुन कुराले कम असर गर्दछ ?)

Factors	Very Strongly Influencing (जादै धेरै असर गर्दछ)	Strongly Influencing (धेरै असर गर्दछ)	Average Influencing (सामान्य असर गर्दछ)	Little Influencing (थोरै असर गर्दछ)	Never Influencing (कतैपनि असर गर्दैन)
Interest rate (निक्षेपमा दिने धेरै ब्याजले तथा ऋणमा लिने कम ब्याजले)					
Security (बैंकको समग्र सुरक्षा प्रणालीले)					
Fast & correct service(छिटो तथा छरितो सेवाले)					
Reliability(समग्र बैंकको विश्वशीनियतताले)					
Employee' behavior (कर्मचारीहरुले तपाईंप्रतिगर्ने व्यवहारले)					
Location (Near to residence) (घरबाट नजिक भएकोले)					
Customer care (ग्राहकहरुलाई गरिने राम्रो हेरविचारले)					
Targeted for poor people (बैंकको विपन्नवर्गमा पर्ने ग्राहकहरुलाई लक्षित गरेकोले)					
Physical environment(बैंकको आकर्षक सजावटले)					
Technology (नयाँ नयाँ प्रविधिले)					
Reputation of the bank (बैंकको पब्लिकमा भएको राम्रो ख्यातिले)					
Account maintenance balance (बैंकमा खाता खोल्दा लाग्ने न्यूनतम राख्नुपर्ने रकमले)					
Service getting procedures(बैंकको सेवा लिदा गर्नुपर्ने प्रक्रियाले)					

16. In terms of the service you received from the bank, how far would you satisfy with the followings factors? (यस बैंकबाट लिनुभएको विभिन्न सेवाहरु लिने क्रममा तलका विभिन्न कुराहरु मध्ये तपाईं कुन कुन कुराहरुमा सन्तुष्ट हुनुहुन्छ भने कुन कुन कुराहरुमा असन्तुष्ट हुनुहुन्छ ?)

Statements	Satisfied (सन्तुष्ट)		Not Sure (थाह छैन)	Dissatisfied (असन्तुष्ट)	
	Strongly (धेरै सन्तुष्ट छु)	Somewhat (सन्तुष्ट छु)		Somewhat (असन्तुष्ट छु)	Strongly (धेरै असन्तुष्ट छु)
Interest rate on deposit account (निक्षेपमा दिने व्याजदर प्रति)					
Interest rate on loan account (ऋणमा लिने व्याजदर प्रति)					
Security (यस बैंकको सुरक्षा निति प्रति)					
Reliability of the bank & banking service (बैंक र बैंकले दिने सेवा तथा सुविधाहरु प्रति)					
Service chares, commission rate & other fees ( ऋणमा लिने सेवा शुल्कमा, कमिशन शुल्कहरुमा तथा अन्य शुल्कहरु प्रति)					
Friendly & courteous manner (यस बैंकको कर्मचारीहरुले गर्ने साथित्व तथा बिनम्र व्यवहार प्रति)					
Employees' knowledge about banking products & services (बैंकले दिने सेवाहरुको बारेमा कर्मचारीहरुमा भएको ज्ञान तथा अनुभव प्रति)					
Willingness to listen & respond your needs ( तपाईंको आवश्यकता पुरा गर्नुपर्छ तथा तपाईंलाई ध्यान दिनुपर्छ भन्नेमा बैंकको कर्मचारीहरुको ईच्छा तथा चाहना प्रति)					
Fast & effective service (बैंक तथा बैंकको कर्मचारीहरुले दिने छिटो छरितो सेवा तथा सुविधाहरु प्रति)					
Recognition you as a valued customer ( तपाईंलाई बैंकले अमूल्य ग्राहक हो भन्ने सोचाइ प्रति)					
Clean & well cared facilities (बैंकको भौतिक संरचनाको अवस्था प्रति)					
Professional & attractive appearance of employee (बैंकको कर्मचारीहरुको पेशागत तथा आर्कषक देखावट प्रति)					
Available to customer when needed (तपाइलाई आवश्यक परेको बेलामा बैंकको कर्मचारीहरु तुरुन्त उपस्थितहुने, तपाईंको फोन उठाउने, तथा तपाईंलाई ध्यान दिने कुराहरु प्रति)					
Pleasant & attractive décor (बैंकको बाथरुमको, ग्राहकहरु बस्ने ठाऊहरुको, राम्र पिउने पानिको					

व्यवस्था, र AC तथा Heater आदीको व्यवस्था प्रति)					
ATM in convenient locations (बैंकको ATM मेसिनहरु उपर्युक्त ठाँउहरुमा राखेको नराखेको प्रति)					
Uninterrupted ATM services (बैंकको ATM को सेवाहरु प्रति)					
Accurate service (बैंकको शुद्ध सेवा तथा सुविधाहरु प्रति)					
Complete record of transactions (बैंकले तपाईंको खाताको राखेको सम्पूर्ण कारोवार रेकर्ड प्रति)					
Offer other services or alternative means to meet your needs (बैंकले तपाईंको आवश्यकता पुरा गर्ने क्रममा तथा तपाईंलाई सेवा तथा सुविधा दिने क्रममा कुनैपनि बैकलीक सेवा दिएको प्रति)					
Guidance & advisory services (बैंकले तपाईंको रकम व्यवस्था गर्न, यो खातामा राम्रो व्याज छ, यसमा राख्नुहोस भन्ने गरेको प्रति, तपाईंको व्यवसायलाई राम्रो सग सन्चालन गर्न तपाईंलाई दिएको मार्गदर्शन तथा वित्तीय सरसल्लाह, तथा देशको वित्तीय स्थितिको बारेका तपाईंलाई दिएको यथार्त जानकारी प्रति)					
Parking space & facility (बैंकको पार्किङ सुविधा तथा व्यवस्था प्रति)					

17. In your view, what factors should be considered first to satisfy you by the bank? (Please rank the following factors by giving number 1 to first considerable & 14 to least considerable.) (तपाईंको विचारमा, तलका विभिन्न कुराहरु मध्ये तपाईंलाई सन्तुष्ट गर्न बैंकले सर्वप्रथम कुन, दोस्रोमा कुन, तेस्रोमा कुन क्रमश ..... चौथौमा कुन कुराहरुमा ध्यान दिनु पर्दछ ? कृपया १,२,३,४,५,६,७,८,९,१०,११,१२,१३ र १४ नम्बर दिनुहोला)

Sr.	Factors	Rank
1.	Interest rate (निक्षेपमा दिने व्याजदर तथा ऋणमा लिने व्याजदरलाई)	
2.	Safety (बैंकमा रहेको निक्षेप तथा लकरमा भएको सरसमानको सुरक्षालाई)	
3.	Reliability & accuracy (बैंक र बैंकले दिने सेवा तथा सुविधाहरुलाई)	
4.	Friendly & courteous employee behavior (बैंकको कर्मचारीहरुले गर्ने साथित्व तथा बिनम्र व्यवहारलाई)	
5.	Fast & efficient service (बैंक तथा बैंकको कर्मचारीहरुले दिने छिटो छरितो सेवा तथा सुविधाहरुलाई)	
6.	Account maintenance balance (बैंकमा खाता खोल्दा लाग्ने न्यूनतम राख्नुपर्ने रकमलाई)	
7.	Pleasant & attractive décor (बैंकको वाथरुमको, ग्राहकहरु बस्ने ठाँउहरुको, राम्रो पिउने पानिको व्यवस्था, र AC तथा Heater आदीको व्यवस्थालाई)	
8.	Technology (नयाँ नयाँ प्रविधिलाई)	

9.	Branches & ATM terminals in convenient location (बैंकको शाखाहरु तथा ATM मेसिनहरु उपर्युक्त ठाँउहरुमा हुनुपर्नेलाई)	
10.	Recognition you as a valued customer (बैंकले अमूल्य ग्राहक हो भन्ने सोचाइलाई)	
11.	Parking space & facilities (बैंकको पार्किङ सुविधा तथा व्यवस्थालाई)	
12.	Ranges of service (बैंकले दिने धेरै भन्दा धेरै सेवा तथा सुविधाहरुलाई)	
13.	Providing financial advisory service to customers (बैंकले रकम व्यवस्था गर्न दिएको सल्लाहा, यो खातामा राम्रो व्याज छ यसमा राख्नुहोस भनेर दिने सरसल्लाह, तपाईंको व्यवसायलाई राम्रो सग सन्चालन गर्न दिईने मार्गदर्शन तथा वित्तीय सरसल्लाह, तथा देशको आर्थिक स्थितिको बारेमा दिने विश्लेषणलाई)	
14.	Reputation of the bank (बैंकको राम्रो ख्यातिलाई)	

18. How far of your objective of opening the account are fulfilled by the bank? (Make single choice.) (यस बैंकमा तपाईंले खाता खोलेको उद्देश्य कति हद सम्म पुरा भएको छ ?)
- a) Highly fulfilled (धेरै पुरा भएको छ ।) [  ]
- b) Fulfilled (पुरा भएको छ ।) [  ]
- c) Neutral (थाह छैन ।) [  ]
- d) Unfulfilled (पुरा भएको छैन ।) [  ]
- e) Highly unfulfilled (कत्तीपनि पुरा भएको छैन ।) [  ]
19. How do you rate the overall service that bank provide you? (Make single choice.) (यस बैंकले दिएको समग्र सेवा तथा सुविधाहरुलाई तपाईंले कसरी मूल्याङ्कन गर्नु भएको छ ?)
- a) Best (सारै राम्रो छ ।) [  ]
- b) Good (राम्रै छ ।) [  ]
- c) Average (अन्य बैंकहरु जस्तै ठिकै छ ।)
- d) So so (त्यस्तै हो ।) [  ]
- e) Bad (सारै नराम्रो छ ।)
20. Do you have any information that the bankers undertake any survey on new product or service development & launching? (यस बैंकले आफ्नो नयाँ सेवा तथा सुविधाहरु ल्याउनु भन्दा पहिले तपाईंलाई तपाईंको आफन्त, नजिकको मान्छेहरु तथा छिमेकीहरुलाई कुनै किसिमको सोधखोज गरेको जानकारीमा छ ?)
- Yes [  ] No [  ]
21. Have you made any suggestions to the bank for better services? (यस बैंकलाई तपाईंले कहिल्यै कुनैपनि विषय वस्तुमा सुझाव दिनुभएको छ ?)
- Yes [  ] No [  ]



27. Your suggestions to the bank for future improvements: (यस बैंकले भविष्यमा गर्नुपर्ने सुधारहरू :)

- i. What is your suggestion regarding the service quality? (*Please tick as many as relevant.*) (यस बैंकको समग्र सेवाको गुणस्तरमा सुधार गर्न तलका सुझावहरूमध्ये तपाईंले कुन कुन सुझावलाई सिफारिस गर्नुहुन्छ ?)
- Overall service quality is not satisfactory, it should be improved. (सम्पूर्ण सेवाको गुणस्तरमा कमी छ, सुधार गर्नु पर्छ ।) [  ]
  - Employee behavior is very poor; well training should be provided to them. (कर्मचारी व्यवहार राम्रो छैन, तिनीहरूलाई राम्रो तालीम दिई सुधार गर्नु पर्छ ।) [  ]
  - Parking space is not adequate, adequate parking space should be arranged. (पार्किङ्ग व्यवस्था छैन, यसको व्यवस्था गर्नु पर्छ ।) [  ]
  - Customer care is poor, it should be improved. (ग्राहकहरूलाई राम्रो हेरचाहमा कमी छ, सुधार गर्नु पर्छ ।) [  ]
  - Listen & response to customer's needs is weak, it should be improved. (ग्राहकलाई सुन्ने तथा तिनीहरूको आवश्यकता पुरा गर्ने पक्ष कमजोर छ, सुधार गर्नु पर्छ ।) [  ]
  - Employee's Knowledge of products/services is in poor side, it should be improved. (कर्मचारीहरूलाई आफ्नो बैंकको सेवा र सुविधाहरूको ज्ञानमा कमी छ, सुधार गर्नु पर्छ ।) [  ]
  - ATM service is found almost interrupted; it should be made constant service. (ATM सेवा प्रायजसो विग्रिरहेको हुन्छ, सुधार गर्नु पर्छ ।) [  ]
  - No privilege service, it should be adopted. (आवश्यक अवस्थामा ग्राह्यता (प्राथमिक) सेवाको व्यवस्था छैन, यसलाई अबलम्बन गर्नु पर्छ ।) [  ]
  - Payment & deposit counter should be added. (भुक्तानी सेवा निक्षेप सेवाको Counter हरू थोरै छ, थप्नु पर्छ ।) [  ]
  - Others, if any (Specify): (अन्य कुनै भए, कृपया व्यक्त गर्नुहोस्) [  ]  
.....
- ii. What improvements should be adopted regarding the promotional activities? (*Please tick as many as relevant.*) (यस बैंकको, सेवा तथा सुविधाहरूको समग्र प्रवर्धन गर्न तलका सुझावहरूमध्ये तपाईंले कुन कुन सुझावलाई सिफारिस गर्नुहुन्छ ?)
- Current promotional activity is as like competitors' copy, it should be made unique. (अहिलेको तौर तरिकाहरू अन्य बैंकको नक्कल जस्तो छ, सुधार गर्नु पर्छ ।) [  ]
  - Promotional messages are not informative, attention getting & believable, it should be improved. (प्रवर्धनको क्रियाकलापहरू सुचनामुलक, आकर्षक तथा विश्वशानिय छैनन्, सुधार गर्नु पर्छ ।) [  ]
  - No evaluation system of promotional activities, evaluation system should be adopted. (प्रवर्धनको क्रियाकलापहरूको नतिजा कस्तो रहेको छ भनेर मूल्याङ्कन गरिदैन, यसलाई अबलम्बन गर्नु पर्छ ।) [  ]

- d. Advertisement (Print, Visual, Audio and Audio & Visual) is in poor side, it should be increased. [ ] (पत्रपत्रीका, टि.भी, एफएम, आदीको विज्ञापन राम्रो छैन, सुधार गर्नु पर्छ । )
- e. PR and Publicity (News Release & Sponsorship of Events) is poor, it should be enhanced. (कर्मचारीहरुको व्यक्तीगत सबन्ध, कुनै कार्यक्रम प्रायोजन गर्नेकार्य, आदी कमजोर छ, सुधार गर्नुपर्छ ।) [ ]
- f. Sales Promotion (Gifts, Trade Show & Discount) is in poor side, it should be improved.(बैंकले व्यापारीक मेलामा भाग लिने, कुनै विषेस अफर राखेर सेवाहरु ल्याउने कार्य, आदीमा बैंक कमजोर रहेकोछ, सुधार गर्नुपर्छ ।) [ ]
- g. Others, if any, (Specify) (अन्य कुनै भए, कृपया व्यक्त गर्नुहोसा )
- .....

iii. What improvements should be adopted for product/service offerings? (Please tick as many as relevant.) (यस बैंकको सेवा तथा सुविधाहरुको बारेमा तलका सुझावहरुमध्ये तपाईंले कुन कुन सुझावलाई सिफारिस गर्नुहुन्छ ?)

- a. Product/service prices are in higher side, needed to review. (बैंकले निक्षेपमा दिने व्याज कम हुनु तथा कर्जामा लिने व्याज धेरै रहेको छ, यसलाई पुर्नविचार गर्नुपर्छ ।) [ ]
- b. Products/services are introduced without research, market demand should be analyzed. (बैंकले बजार विश्लेषण विना सेवा तथा सुविधाहरु ल्याउछ, जुन बजारको माग सग मेल खादैन, बजारको अध्ययन गरेरमात्र त्यस्ता सेवा तथा सुविधाहरु ल्याउने गर्नुपर्छ ।) [ ]
- c. Always focus to high profile customer; it should be focused to poor or marginal people also. (बैंकले सेवा तथा सुविधाहरु हुने खानेलाई मात्र केन्द्रित छ, सिमान्तक्रीत वर्गलाई पनि लक्षित गर्नुपर्छ ।) [ ]
- d. Products/services are shown as like the competitor' copy, adequate exercise should be done before introducing new product/service. (बैंकले सेवा तथा सुविधाहरु अन्य बैंकको नक्कल जस्तो छ, यसलाई सुधार गरि आफ्नै पनमा ल्याउनु पर्छ ।) [ ]
- e. Others, if any (Specify) (अन्य कुनै भए, कृपया व्यक्त गर्नुहोसा ) [ ]
- .....

iv. What is your suggestion regarding the social involvement of the bank? (Please tick as many as relevant.) (यस बैंकले सामाजिक उत्तरदायित्व सम्बन्धि खेलेको भुमिकाको बारेमा तलका सुझावहरुमध्ये तपाईंले कुन कुन सुझावलाई सिफारिस गर्नुहुन्छ ?)

- a. Social involvement of bank is in poor side, it should be improved. (बैंकले सामाजिक उत्तरदायित्व सम्बन्धि खेलेको भुमिकाका कमजोर छ, यसमा बृहत सुधार ल्याउने छ ।) [ ]
- b. Some employment sheets should be reserved to marginal people. (बैंकले सिमान्तकृत वर्गका मानिसहरुलाई केहि रोजगारको सिटहरुको व्यवस्था गर्नुपर्छ ।) [ ]

- c. Support programs to disable & aged people should be conducted. (बैंकले अपांड्व तथा प्रोढ बर्गका मानिसहरुलाई सहयोगको कार्यक्रम ल्याउनु पर्छ ।) [  ]
- d. Credit facility to deprived/marginal people should be enhanced. (बैंकले सिमान्तकृत बर्गका मानिसहरुलाई सरल तरिका बाट प्राप्तहुने ऋणको व्यवस्था गर्नुपर्छ ।) [  ]
- e. Others, if any (Specify) (अन्य कुनै भए, कृपया व्यक्त गर्नुहोसा ) [  ]
- .....

22. Please be kindly requested you to provide the following information.

**Name:** .....

**Gender:** Male [  ] Female [  ]

**Age:** Which of the following best represents your age? (Please tick one among the following age groups.)

Sr. No.	Age Group	Mark
a.	Less than 25 years	
b.	25 to <35 years	
c.	35 to <45 years	
d.	45 to <55 years	
e.	More than 55 years	

Thank You!

**QUESTIONNAIRE FOR BANK'S BRANCH MANAGER:**

This questionnaire comes to you as a part of research to know your product offerings to the customers and market introducing tools. I greatly appreciate for your cooperation.

1. As a banker, what is your opinion over the current banking scenario? *(Make single choice)*
  - a) Highly satisfied [    ]
  - b) Satisfied [    ]
  - c) Not satisfied [    ]
  - d) Cut-throat competitive [    ]
  - e) Unhealthy competitive [    ]
  
2. Which promotional tools among the followings are in use in your bank? *(Please tick as many as relevant.)*
  - a) Advertisement (Print, Visual, Audio, Audio & Visual) [    ]
  - b) PR and Publicity (News Release & Sponsorship of Events) [    ]
  - c) Sales Promotion (Gifts, Trade Show & Discount) [    ]
  - d) Personal Selling (Direct Sale, Door to Door Marketing) [    ]
  - e) Direct Marketing (Online Marketing & Internet Marketing) [    ]
  - f) Others, if any, (Specify) ..... [    ]
  
3. What is the main objective of promotional activities that you applied? *(Please rank the followings by giving number 1 to first objective & 5 to least objective.)*

Sr. No.	Objectives	Rank
a.	Attracting new customer	
b.	Retaining existing customer	
c.	Biting to competitors' Ad	
d.	Enhancing company brand name	
e.	Promote the particular product/service	
  
4. What kind of evaluation system of promotional activities is in use in your bank? *(Please tick as many as relevant.)*
  - a) Conducting survey after launching promotional activities [    ]
  - b) Measuring the volume of deposit & loan [    ]
  - c) Measuring no. of account holders [    ]
  - d) Measuring the income [    ]
  - e) Measuring the banking position in competitive market [    ]
  - f) Other, if any, (Please Specify) ..... [    ]

5. Among the followings, what is the main objective of your Bank? *(Please rank the followings by giving number 1 to first and 5 to last.)*

Sr. No.	Objectives	Rank
a.	Attracting new customer	
b.	Retaining existing customer	
c.	Profit maximization	
d.	Long-term survival	
e.	Wealth maximization	

6. In your bank, which of the following sources of ideas generation are using for new product/service innovation?

Sr. No.	Sources	Degree of Utilization			
		Maximum	Average	Minimum	Not Implacable
a.	Front-line personnel				
b.	Marketing staffs				
c.	Customers				
d.	Expert in the field				
e.	Market demand analysis				
f.	Gap analysis				
g.	Competitors' product/service				
h.	Brain storming of senior level staffs				

7. In new product/service innovation process, which factors should be considered highly among the followings?

Sr. No.	Factors	Degree of Consideration		
		High	Moderate	Low
a.	Organization's overall objectives & mission			
b.	Organization's resources			
c.	Complement to existing product or services			
d.	Management support			
e.	Current & future demand			
f.	Launching time			
g.	Competitors analysis			
h.	Promotional campaign cost			
i.	Customers' needs & wants			
j.	Target market			

8. Do you agree that there is little or no room for innovation in product design due to the ease by which competitors can make similar offering.

Yes [ ]

No [ ]

9. Please mark the following influences which affect maximum & minimum for product innovation in your experience.

<b>External Factors</b>		<b>Influencing</b>			
		<b>Maximum</b>	<b>Moderate</b>	<b>Minimum</b>	<b>Never</b>
1	Regulatory policy				
2	Income tax policy				
3	Govt. investment policy				
4	Technological change				
5	Competitors' policy				
6	Customers' income level				
7	Political environment				
8	National economy				
<b>Internal Factors</b>					
1	Company' policy				
2	Bank's overall objectives				
3	Promotional campaign				
4	Bank's resources				
5	Employee's expertness				

10. Bank's marketing mix is developed around the four main elements. In your view, which of the followings are most considerable in the banking? *(Please rank the following elements sequentially by giving number 1 to first considerable and 4 to least considerable.)*

<b>Sr. No.</b>	<b>Elements of Marketing Mix</b>	<b>Rank</b>
a.	Product/service	
b.	Price	
c.	Promotion	
d.	Place	

11. Which of the following elements of promotional mix, your bank has been using to communicate product/service to the market place? *(Please tick as many as relevant.)*

<b>Sr. No.</b>	<b>Elements of Promotional Mix</b>	<b>Relevant Element</b>
a.	Advertisement	

b.	Public relation	
c.	Sales promotion	
d.	Personal selling	

12. What are the main motives of promotional message designed by your bank? *(Please rank the following motives sequentially by giving number 1 to first and 5 to last.)*

External Message			Internal Message		
Sr.	Message	Rank	Sr.	Message	Rank
1	To inform about current & new service offering		1	To inform employees about changes in the organization	
2	To educate customers		2	To communicate plans & programs	
3	To persuade existing & potential customer to buy		3	To publicize incentive schemes & other events	
4	To remind customers about the services		4	To inform & educate employees about new products & services	
5	To make public announcements		5	To circulate marketing intelligence within the organization	

13. What are the main objectives of marketing of your bank? *(Please rank the following objectives by giving number 1 to first and 5 to last.)*

Sr. No.	Objectives	Rank
a.	To understand & anticipate customers' needs	
b.	To provide benefits and satisfactions to meet customers' needs	
c.	To ensure consistent quality & customer satisfaction	
d.	To retain existing customer & attract new ones	
e.	To achieve organizational objectives	

14. Does your bank conduct the research program for new product development & launch? *(Make single choice.)*

- a) On the time of new product development process [    ]
- b) Quarterly conducting in a year [    ]
- c) Half yearly conducting [    ]
- d) Yearly conducting [    ]
- e) Never [    ]

15. Have you kept customer suggestion box?  
Yes [ ] No [ ]
16. How often open this suggestion box? *(Make single choice.)*  
a) Daily [ ]  
b) Weekly [ ]  
c) Monthly [ ]  
d) Quarterly [ ]  
e) Half yearly [ ]  
f) Yearly [ ]
17. When your bank conducting survey on customer satisfaction? *(Make single choice.)*  
a) After launching new product or service [ ]  
b) Monthly [ ]  
c) Quarterly [ ]  
d) Half yearly conducting [ ]  
e) Yearly conducting [ ]  
f) Never [ ]
18. Have you made additional efforts to satisfy your customers? If yes, which types of efforts you are using? *(Please tick as many as relevant.)*  
a. Welcome by tea, coffee & cold drinks [ ]  
b. Keeping TV in waiting room [ ]  
c. Keeping all newspaper in waiting room [ ]  
d. Keeping chocolate [ ]  
e. Implement counter/spot deposit facility [ ]  
f. Providing privilege service while needed [ ]  
g. Providing 365 days service [ ]  
h. Involving in social events [ ]  
i. Others, if any (Please specify)
19. In your opinion, what factors should be considered first to attract, retain and satisfy the customers. *(Please rank the following factors by giving number 1 to first considerable and 14 to least considerable.)*

Sr. No.	Factors	Rank
a.	Interest rate	
b.	Safety	
c.	Employee behavior	
d.	Reliability & accuracy	



e.	Technology	
f.	Location	
g.	Fast & effective service	
h.	Pleasant & attractive decor	
i.	Branches & ATM terminals in convenient location	
j.	Reputation of the bank	
k.	Ranges of service	
l.	Parking space	
m.	Account maintenance balance	
n.	Promotional activities	

20. At last, how far do you think that your bank is able to satisfy to the target market? *(Make single choice.)*
- a) Near to satisfy      [   ]
- b) Not so far to satisfy    [   ]
- c) Far to satisfy      [   ]
- d) Very far to satisfy    [   ]
21. Please be kindly requested you to provide the following information.
- Name:** .....
- Designation:** .....
- Name of Institution:** .....

Thank You!