

# CHAPTER I INTRODUCTION

## 1.1 Background of the study

There was a time when service with a smile use to be enough to satisfy most of the customers. Today however, service firms differentiate themselves in the marketplace by offering better services and meeting standard quality and emerged as a major strategic theme in the services marketing and service businesses have started adopting it as one of the ultimate objectives.

Today, the quality of products and services consumed has a great importance in the business world. According to Aga and Safakli (2007), it is widely accepted that surviving in difficult and competitive conditions of a market economy requires good quality production as well as services. To understand and assess the results of efforts realized, quality of production should be measurable. While the quality of goods can easily be measured by taking into account of certain physical properties, the measurement for services is rather difficult because the quality in this case depends on large number of factors (Aga & Safakli, 2007). Bank is a customer oriented services industry. A bank depends upon the customers for their survival in the market. The customer is the focus and customer service is the differentiating factors. (Guo et al.,2008) A bank can differentiate itself from competitors by providing high quality customer service (Naeem & Saif, 2009). Efficacy of customer service is related with progressive operation. In the competitive banking industry, customer satisfaction is considered as the essence of success. Organizations operating in service industries should consider service quality a key strategic issue for the business success (Spathis *et al.*, 2004). In some earlier studies, service quality has been referred as the extent to which a service meets customer's needs or expectations (Lewis & Mitchell, 1990). Bank should be known about the expectation and perception of the customer. Measuring customer's expectation is the key to being able to serve the customer satisfactorily. On the other hand, with better understanding of customer's perceptions, bank can determine the actions required to meet the customer's needs. In this way they can easily satisfied the customer which is directly impact on the overall performance of the bank. Indeed, customer satisfaction has great significance for the future of an institution and it is seen as a basis for securing market

position and achieving other objectives of the institution. Therefore, achieving high levels of service is one method to keep customers both satisfied and loyal.

In Nepal, at present customers in the banking sector are in slightly increasing bargaining position due to the significant growth of banks. Therefore, banks have to provide service carefully because of the availability of banks.

Service quality has been a vital issue of discussion and research over the past three decades. Research on service quality has well established that the customer perception of the quality of a service depends on customer's pre-service expectations. Studies by Parasuraman (1985), Zeithmal (1990), noted that the key strategy for the success and survival of any business institution is the deliverance of quality services to customers. Accordingly, Chang (2008) deemed that excellent service quality is vital to business success and survival. Hence, delivering quality service to clients is a necessity for success and survival in today's competitive world (Kang, 2004). Banks do business with customer's money. So, the more satisfied customers are involved in a bank's row, the more secure business and profitability. If a bank cannot provide proper customer service, then the bank would be losing its customers. The profitability would also be decreasing because of the poor customer service. According to Kang (2004) many service delivery errors and problems can occur and that is not beneficial for the reputation of the organization. Ha and Jang (2009) argued that service failure occurs when customer perceptions do not meet customer expectations. The problem with service failure is that it may lead to a destroyed relationship between the customer and the organization. Thus the importance of customer satisfaction in today's dynamic corporate environment is obvious as it greatly influences customer's repurchase intensions whereas dissatisfaction has been seen as a primary reason for customer's intentions to switch. Satisfied customers are most likely to share their experiences with other five or six people around them. Equally well, dissatisfied customers are more likely to tell another ten people about their unfortunate experiences with a particular organization. In order to achieve customer satisfaction, organizations must be able to build and maintain long lasting relationships with customers through satisfying various customers needs and demands (Pizam & Ellis, 1999). Otherwise, the combined effect of negative word-of-mouth, switching and reduced consumption will affect the productivity and profitability of the bank.

### **1.1.1 Banking Sector in Nepal**

In the context of Nepal, it is very difficult to trace the correct chronological history of the Banking systems in Nepal because there are no sufficient historical records and data about Banking in Nepal. Nepal bank Ltd. is the first modern bank of Nepal. It is taken as the milestone of modern banking of the country. Nepal bank marks the beginning of a new era in the history of the modern banking in Nepal. This was established in 1937 A.D. Nepal Bank has been inaugurated by King Tribhuvan Bir Bikram Shah Dev on 30<sup>th</sup> Kartik 1994 B.S. Nepal bank was established as a semi government bank with the authorized capital of Rs.10 million and the paid -up capital of Rs. 892 thousand. Until mid-1940s, only metallic coins were used as medium of exchange. So the Nepal Government (His Majesty Government on that time) felt the need of separate institution or body to issue national currencies and promote financial organization in the country. This is a major milestone in the the history of Nepal as the country entered into official financial system. After the nineteen year of establishment of NBL, the Nepal Rastra Bank (NRB) was established in the year 2013 B.S. Rastriya Banijya and Agricultural Development Bank ltd. were established in the year 2022 and 2024 B.S. respectively. 47 years after the first bank was established in Nepal, the first privately owned commercial bank, Nabil Bank Ltd., was established in the year 2041 BS.

Seven more commercial banks were added in a decade after 2041 B.S. Only four commercial banks were established from the period of 2051 B.S. to 2063 B.S. There are mainly two reasons for it. In this time period the country saw the sluggish economic growth due to the maoist insurgency. The second reason being the reluctance on issuing license by the regulatory body, the NRB. After the maoist insurgency came to an end in the year 2063 B.S., at least one commercial bank was established every year till last year. The banking industry, like other sector, saw growth in the absence of ongoing conflict. However, this sector was also not immune from poor governance, corruptions and scandals. The government owned banks were the most effected ones due to direct political interference in the banking activities.

Now again the number of commercial banks are set to decline due to the monetary policy of this fiscal year which requires commercial banks to have paid up capital of at least Rs 8 arba by the end of Ashad 2074. This short time frame given to quadruple the paid up capital will force banks to merge with each other creating fewer commercial banks in coming years.

### **1.1.2 Service Quality**

Parasuraman & Zeithaml, (1985, 1990) defines 'service quality' as the difference between customer perceptions of the current service being provided by a given organization and customer expectations of excellent service within that given industry. According to Gronroos (1984), perceived quality of a given service is the result of an evaluation process since consumers often make comparison between the services they expect with perceptions of the services that they receive. He points out; when it comes to service quality it is not the actual level of quality, but the level of quality the customer expects. Hence, service quality depends on the strategy of the organization, how it wants to be perceived. A customer's perceived service quality is very much impacted by how the customer is approached by, and treated by the bank's front-line, and support-employees at different encounters with the organization. The same can be applied to the banking industry. Customers perceive services in terms of quality of the service and of the overall satisfaction with their experience. Thus, companies today recognize that they can compete more effectively by distinguishing themselves with respect to service quality and improved customer satisfaction.

### **1.1.3 Customer Satisfaction**

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectations. It is typically defined as a post consumption evaluating judgment concerning a specific product or service. Customer satisfaction translates to customer loyalty, and loyalty is one of the biggest drivers of corporate growth. A loyal customer is certainly a satisfied customer, but a satisfied customer is not necessarily a loyal customer. Researchers have taken a close look at customer loyalty over the years and have come to the conclusion that the more a customer is emotionally and positively engaged with a brand, the higher the chance of developing true loyalty.

Customer satisfaction is a business philosophy which focuses on the creation of value for customers, anticipating and managing their expectations and demonstrating ability and responsibility to satisfy their needs. Qualities of service and customer satisfaction are critical factors for success of any business, (Gronroos, 1984). Customer expectation is the difference between the expectations of the customers before receiving the services and perceptions of the customers after receiving the services. Customer satisfaction mainly depends on the build-up of the perceived value which the customers have concerning a product or service, (Kotler, 2009). When a company fails to meet customers' expectations, they take actions i.e. they cancel services, they switch the products and they change the organizations.

The number of commercial banks is increasing in Nepal due to the attractive market opportunity available in the country, especially after the advent of democracy. Nowadays, the performance of these commercial banks has come under question in terms of customer satisfaction. This study is designed to explore answer to this problem. The number of commercial banks including regional banks stood at seventeen at the end of 2003. Most of the commercial banks have their branches in Kathmandu valley. Their city branches are located in and around New-road, Kantipath, and Kamaladi. It is, therefore, quite imperative to assess their performance in terms of customer satisfaction.

### **1.2 Statement of the problem**

The main issue being faced by the Nepalese banks is that most of them are still being driven under the operation of the outdated programs. Another issue is the lack of qualified and experienced workforce which eventually explains the low quality service delivery to their customers. Moreover, banking institutions are facing the challenge of customer satisfaction of in light of their service in several situations; impolite service at the counter, no enough employees to attend customers, busy telephone lines and limited banking times.

- What is the level of customer satisfaction in banking sector in Nepal from the customer perspective?
- What are the determinants of customer satisfaction in banking sector?
- Which service quality dimension has the strongest impact on customer satisfaction in Nepalese banking sector?

### **1.3 Research questions**

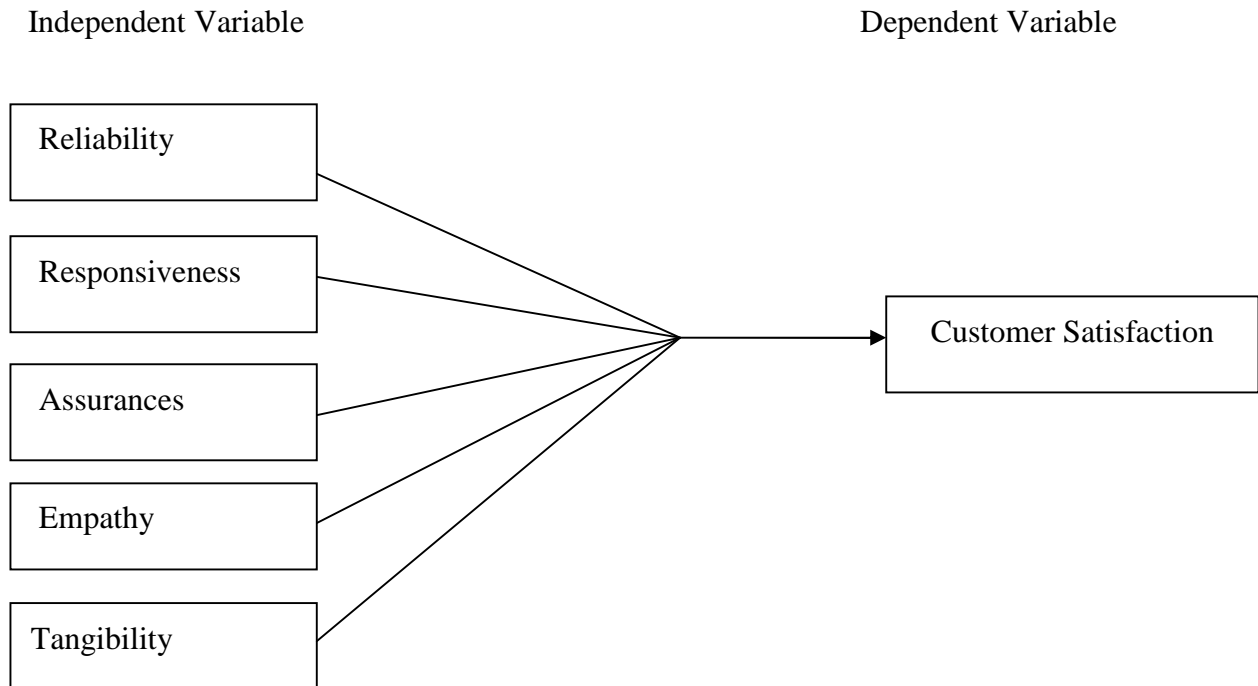
The study was guided by the following questions:

- What is the respondents profile like gender, age, education background, marital status, type of account, banking experience?
- What is the level of service quality in the banking sector?
- What is the level of customer satisfaction in the banking sector?
- What is the relationship between service quality and customer satisfaction in Nepalese banking sector?

### **1.4. Purpose of the study**

- To determine the level of service quality in the banking sector.
- To determine the level of customer satisfaction in the banking sector.
- To determine the relationship between service quality and customer satisfaction.

## 1.5 Conceptual Framework



## 1.6 Significance of the study

The findings of will help management of commercial banks understand how several dimensions of their services affects customers' satisfaction, hence customer retention. Study will provide deeper insights into what is needed in order for bank to enhance customers' satisfaction and, thus, allow for improvement in bank strategies to attract and retain their customers. This study will be important for researchers and academicians being that there are limited studies on determinants of customer satisfaction in the banking sector in Nepal. The outcome of this study will be invaluable empirical study and also act as local reference on for future research.

### **1.7 Limitation of the study**

The present study collects relevant data from various sources relating to the respondents' view and for content analysis. In addition, some of the sub-samples are quite small in number while the overall sample is confined to the Nepali banks customers. These findings should be generalized in providing a description of customer satisfaction of banks to the rest of the population. However, the findings cannot be generalized to other types of bank customers. Moreover, another limitation to the study is the time required to complete the study. The study will be complete within 6 month after the proposals accept.

### **1.8. Chapter Plan**

The whole study has been divided into six chapters. The first chapter describes about the introduction of the study whereas the second chapter throw light about the literature review, the third chapter elucidates about the research methodology of the study. Similarly the fourth chapter is about result and discussion. Chapter five give glance of the conclusion of the study. Chapter six is about summary, conclusion and implecation. And last there is the presentation about the bibliography and appendix. Similarly, acknowledgements, table of contents, list of tables, list of figures, abbreviations are included in the front part of the thesis report.

#### **Chapter I: Introduction**

The introduction orients the reader. It gives a clear understanding of the background, scope, and purpose of the study. The information to be included in the introduction chapter is: - Background of the study, Statement of the study, Objective of the study Significant of the study, Limitation of the study and Organization of the study.

#### **Chapter II: Literature Review**

This chapter includes the review of national international books, articles, journals, published an unpublished reports, thesis and other relevant materials related topics.

#### **Chapter III: Research Methodology**

This chapter question and answer how research is conducted. It includes research design, source of data, population and sample, data collection, processing and analyzing procedures and statistical tools.

#### **Chapter IV: Result**

This chapter attempts to the discussion and analysis section is the heart of the report .this is the section in which data are presented and analyzed .This chapter contains following two sections: Data presentation and analysis, types of services provided by banks and describes the major findings of the study. This chapter attempts to analyze and evaluate the both primary and secondary data of banking sector with the help of statistical tools and technique.

#### **Chapter V: Summary and Conclusion:**

This chapter deals with summary is a brief narration of the entire report. This summary gives the reader overall picture of the study. A conclusion is thus a deduction based on the findings. Recommendations are the different suggestion for the organization under the study and for the further researcher.

#### **Bibliography and Appendix**

Bibliography tells the reader the sources of the researcher's information and gives a clear and complete discretion of these sources that were used in preparing the thesis report.

The appendix is a section containing a variety of items that are concerned with the study such materials as questionnaires, survey instruments, check list etc. are also included as appendix materials.



## **CHAPTER II LITERATURE REVIEW**

### **2.1 Introduction**

In this chapter we define some concepts which related to this study such as: Customer Satisfaction, Customer Satisfaction and Banking Sector, Customer Satisfaction and Customer Loyalty, Customer Satisfaction and Service Quality, Consumer Perceptions and behavior: relationships between service satisfaction, quality and loyalty and bank selection criteria.

### **2.2 Conceptual Review**

The study of customer satisfaction with services rendered by a firm requires a clear understanding of basic concepts. This part therefore provides some operational definitions and brief description of key concepts that are used in this study.

#### **2.2.1 Service Quality:**

From the marketer's perspective, service quality can be viewed as the level of service attributes needed to make the service acceptable and profitable in the market place, thus satisfying the marketers' needs for profitability and economic success. On the other hand, customers view service quality as an equivalent to the level of service attributes required to satisfy their own needs and requirements. In this respect, marketers try to define service quality in advance while customers make during and after use evaluations.

Lewis (1993) said that customers perceive service quality in a subjective (sometimes irrational and sentimental) way and in clearly human terms. Parasuraman (2004) opined that unlike products; the quality of services is evaluated by customers not only by the service outcome (core service), but also by the production and delivery process as well as by the 'peripherals' related to the service.

As a result of the characteristics of services, the principles and practices of product quality control cannot be used for assessing service quality. According to Bitner and Hubert (1994), Grönroos (1984), Lehtinen and Lehtinen (1982) and Lewis and Booms (1983), to assess the

quality of services and form an impression about the relative inferiority/superiority of a service provider and its services, customers compare the level of the service delivered to them with their own personal expectations shaped by past experience.

Grönroos (1982) and (1984) and Parasuraman *et al.* (1985) and (1988) named the result of this comparison as 'Perceived Service Quality'.

However, Parasuraman *et al.* (1988) explained the perceived service quality as the customer's global attitude or judgment 'related but not equivalent to satisfaction' of the overall excellence or superiority of a service. However, Berry *et al.* (1988) stated that what counts in services is the conformance to the wishes of customers rather than to any predetermined set of specifications.

As Lewis & Mitchell (1990) put it, service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis. This means that, in the final analysis, customers are the exclusive judges of service quality, no matter what the marketer thinks.

According to Parasuraman (1991), if customers disagree with the marketer's perspective, then the service is problematic. There is no other fact or reality about service quality than what customers perceive about a service (Lewis, 1993).

Parasuraman *et al.* (1985), gave the disconfirmation paradigm, which defines service quality as a result of the comparison between perceived and expected service performance. In this respect, researchers have generally adopted either the Nordic (European) model developed by Grönroos and (1984), or the American model developed by Parasuraman *et al.* (1985) and (1988).

### **2.2.2 SERVQUAL Dimensions in Banking Sector**

SERVQUAL dimensions plays vital role in measuring service quality in banking sector. Tangible related factor in banking sector relate to adequate staff to provide services, advance and useable equipment and easy physical layout. So these factors should be properly maintained in the banks because these factors help to increase customer

satisfaction. Reliability focuses on delivering of promised services. Banks with high reputation and dependability will always fulfill the promise made to customer, as well as banks also ensure level of security. Responsiveness focuses on helping customer and provides accurate services. Many banks try to customize their services depending upon the level of customer, as well as they try to personalize their services, which helps to enhance customer satisfaction. Similarly, customer wants assurance from bank. So, bank staff must explain each and every product and services to customer in detail so that customer will feel comfortable with banking services. Finally, to assure empathy, bank employee should treat each and every customer individually because each and every customer is unique.

All in all, organizations should enhance the quality of service, identify the problems quickly through research and feedback, and should try to assess client satisfaction effectively because service quality is becoming very significant competition factor in the field of service sector like banking.

Gronroos (1984) suggested three dimensions of service quality technical quality, functional quality and corporate image.

Lehtinen and Lehtinen (1982) identified three dimensions of service quality physical quality, corporate quality and interactive quality.

Parsuraman *et al.* (1985) refined their previous work and explored five dimensions of quality reliability, responsiveness, empathy, assurance and tangibility.

Parasuraman *et al.* (1991) refined five dimensions of service quality and devised the final version of SERVQUAL (replicate in three service industries, banking, telephone repairing and insurance).

Cronin and Taylor (1992) developed SERVPERF to compare with SERVQUAL.

Avkiran (1994) developed a four-factor scale consisting of 17 items to measure service quality.

Sureshchander *et al.* (2002) developed five dimensions of service quality consisting a 41-item scale.

Various researchers have developed alternative concepts for service quality, like the European perspective and the American perspective. The European perspective states that service quality should include three dimensions, like technical quality, functional quality and corporate image. The American perspective proposes that service quality may be

evaluated on the functional quality dimension, described by five components: tangibles, reliability, responsibility, assurance, and empathy.

According to Parasuraman et al, service quality can be defined as the difference between service expectation and service performance. They proposed service quality to be a function of pre-purchase customer expectations, perceived process quality, and perceived output quality.

Service quality is the difference between the customer expectations for service performance prior to the service encounter and their perceptions of the service received. Service quality as the subjective comparison that customers make between the quality of the service that they want to receive and what they actually get.

The definition of service quality is based on customer-led quality definition where quality is defined as satisfying customer's requirements, relying on the ability of the organization to determine customers' requirements and then meet these requirements. Basically, service quality in banking can be viewed from two perspectives: customer perspective and bank perspective.

### **2.2.3 SERVQUAL Model**

This model was first introduced in 1985 and it is one of the popular tools used to measure service quality. SERVQUAL Model measures the gap that exists between customer expectation and actual service received from the customer. This model consists of five service quality dimensions and they are:

1. Tangibility: which includes exterior of physical facilities, equipment, written sign and signal, personnel.
2. Reliability: Focuses on how service promises are delivered.
3. Responsiveness: Focuses on how organizations are willing to help customer and offer prompt services.
4. Assurance: Focuses on inspiring trust and confidence in employee while delivering services.
5. Empathy: Focuses on providing individual attention, and caring to the customer by providing customized services, because each and every customer is unique. (Wilson et al., 2008).

#### **2.2.4 Customers' Satisfaction**

If there is a necessity of defining customer's satisfaction in the banking sub-sector, then one cannot ignore quality of service. This is because the two co-exist and deterioration of one often leads to deterioration of the other. Although some scholars claim that quality precedes satisfaction (Cronin and Taylor, 1992), others writers suggests that customer satisfaction is necessarily founded by quality of service or product (Anderson 2000). That's why in the present study, quality in service is understood as satisfaction antecedent.

According to Gronröös (1984) quality in service is defined as a construct composed of what is delivered by the company to the customer (technical aspect), and the way the service is performed (functional or relational aspect). A number of empirical researches have validated this definition and indicated a strong relation between these two quality dimensions and customer's satisfaction (Cronin and Taylor, 1992).

In addition to technical aspects, on the other hand studies have shown that functional quality (the way the service is performed) contributes significantly to customers' satisfaction. For example Ladhari, R. (2008) have shown that bank clients do not overlook how the service was performed (functional quality) even when asked specifically about their satisfaction towards service technical aspects. This suggests that the functional dimension also influences clients' satisfaction significantly. Customer's satisfaction is therefore an emotional reaction strongly associated with prior expectations, related to specific transactions (Oliver, 1993). This can be defined as the feelings or judgments by customers towards products or services after they have used them. Various scholars' purports that satisfaction is the result of a customer's perception of the value received in a transaction or relationship compared with price and acquisition costs. Moreover, it is relative to the value expected from transactions with competitors. Thus, there is sufficient evidence to suggest that customer's satisfaction may be seen as an attitude. Because of its attitudinal nature, customer satisfaction can be measured in ordinal scale tagging customers' Likert scale response to questions relevant to the study (Cronin and Taylor, 1992). Owing to the nature of the financial service activity, in which costumers in general do not regard the financial product as a tangible, complete product, the service that accompanies the product is very important to determine general satisfaction towards the institution. Consequently, by modeling general satisfaction for financial service companies, it proves important to include both the attributes linked to products and the ones related to services.

Customer satisfaction is a key to long-term business success. To protect or gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers. In proportion to Magesh (2010), satisfaction means a feeling of pleasure because one has something or has achieved something. It is an action of fulfilling a need, desire, demand or expectation. Customers compare their expectations about a specific product or services and its actual benefits.

According to WTO (1985), customer satisfaction is known as a psychology concept which entail the well being feeling and enjoyment as a result of getting what a person hopes and expects from a product or service which is appealing to that person. Satisfaction is the customers' assessment of a product or service in terms of whether that product or service has attained their needs and expectations. Reference has defined satisfaction as a positive, affective state as a result of the evaluation of all parts of a party's working relationship with another.

### **2.2.5 Services Quality in Banking Sector:**

In the changing banking scenario of 21st century, the banks had to have a vital identity to provide excellent services. Banks nowadays have to be of world-class standard, committed to excellence in customer's satisfaction and to play a major role in the growing and diversifying financial sector (Guo *et al.*, 2008). There has been a remarkable change in the way of banking in the last few years. Customers have also accurately demanded globally quality services from banks. With various choices available, customers are not willing to put up with anything less than the best. Banks have recognized the need to meet customer's aspirations. Consequently service quality is a critical motivating force to drive the bank up in the high technology ladder. Banking industry is a demand driven industry, which constitute an important part of the service industry. Banks have to redefine their corporate image to that emphasizes service quality since it provides many advantages to a company such as allowing the company to differentiate itself from its competitors by increasing sales and market shares, providing opportunities for cross selling, improving customer relations thus enhancing the corporate image, reliability, responsiveness, credibility and communication results in the satisfaction and retention of customers and employee, thus reducing turnover rate (Newman, & Cowling, 1996).

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### **2.2.6 Customer Satisfaction In Banking Sector**

Among the many studies in literature dedicated to customer satisfaction in banks, Al-bro's (1999) study in the context of Washington, U.S., utilized a benchmark involving bank customers from all geographic areas and bank assets. The study involved asking customers various questions concerning their satisfaction with the banks. Data collected was utilized to benchmark customer satisfaction scores of banks participating in the financial client satisfaction index. The findings revealed that the most significant attributes that results in satisfaction include human interaction issues like 'correcting errors promptly', 'courteous employees' and 'professional behavior'. Moreover, the findings also revealed that the provision of good, personal service is considered by the clients as more important more than convenience or products. The above findings were consistent with (Guo *et al.*, 2008) findings. The latter study was also conducted in Washington and it revealed that customers taking the customer satisfaction survey bought more products compared to the control group that were not participants to the survey. According to the authors, survey participation is what led the customers to develop more positive perceptions to-wards the company and it convinced them that the firm values and cares about its customers and their feedback.

Banking is one of the numerous services in which customer satisfaction has had an ever increasing importance in the corresponding research areas. This is essentially because the banking sector is becoming more and more competitive. Retail banks are pursuing this strategy, in part, because of the difficulty in differentiating based on the service offering. Customer satisfaction in banking has not been neglected by researchers.

Customer satisfaction is a key to long-term business success. To protect or gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers. In proportion to Magesh (2010), satisfaction means a feeling of pleasure because one has something or has achieved something. It is an action of fulfilling a need, desire, demand or expectation. Customers compare their expectations about a specific product or services and its actual benefits. As stated by Kotler & Armstrong, (2010), satisfaction as a person's feelings of pleasure or disappointment resulting from the comparison of product's perceived performance in reference to expectations. Customer's feelings and beliefs also affect their satisfaction level.

The key to obtaining competitive advantage in the banking business is to be customer-driven. In other words, the entire aspects of the institution should concentrate on the factors that the customers hold dear and it should be willing to exceed customer expectations. Several studies evidenced that by concentrating on and delivering excellent customer satisfaction outcome, firms achieve superior profitability. Hence, improving customer service may entail training procedure or enhancement of computer information systems of the bank. While improving customer service may lead to increased tangible accounting costs, it may also steer clear of the occurrence of intangible costs. Bankers can develop quantitative data through researching customer satisfaction, in the hopes of stressing that the emphasis and delivery of exceptional customer satisfaction can lead to improved revenues that are higher than increased costs. The customer service and satisfaction are the factors differentiation a firm from its large, national competitors. Moreover, the banks branding message reads, "Great Rates. Friendly Service" and through ongoing sales and service training, it attempts to deliver what it promises to.

Also, Ladhari, R. (2008) revealed that in order to achieve customer satisfaction, it is imperative for banks to make use of different tools that varies from re-engineering of service to focusing on specific tasks. In addition, Albro's (1999) study involved a national survey of the customers patronizing 814 banks in an attempt to determine customer satisfaction. He



revealed that cross selling hinges on high level of customer satisfaction. The study also revealed a very high correlation between satisfaction scores and customer's predisposition to repurchase. In short, for happy customers to provide recommendations through word-of-mouth to others, they must be satisfied. On the contrary, if the firm is derelict in serving the customer, they will not hesitate to switch to another financial institution. Customer satisfaction is not becoming significant in a way that some banks view it as a main element in their marketing strategies. The term 'after marketing' has also been commonly utilized to reflect the concentration on expending effort to cater to current customers in an attempt to increase their satisfaction and to retain them (Vavra, 1995). This section stressed on the importance of customer satisfaction which is considered to be the basis of banks' development of strategies. As such, it is important for current financial institutions to shift towards customer management for their satisfaction of the services provided. It is also imperative for banks to develop a system that continuously measures customer satisfaction.

### **2.2.7 Service Quality and Customer Satisfaction in Banking Sector**

In the current dynamic and competitive business world, sustainable competitive advantage is driven by the delivery of high quality service that will result in customer satisfaction. In other words, customer satisfaction is a condition to achieving customer retention and loyalty and it can assist in boosting profitability, market share and return on investment. In a related study, Suresh chandar (2002) conducted an in-depth investigation of the relation between service quality and customer satisfaction. They concluded by identifying five factors of service quality that are considered by customers as critical. They are enumerated as follows; Core service or service product – service content. The human elements of the service delivery including reliability, responsiveness, assurances, empathy, and service recovery – all a part of the human element when delivering the service. Service delivery systemization which refers to the processes, procedures, systems and technology that helps in making the provision of service in a seam-less manner.

Service tangibles which refers to equipment, signage, employees' appearance and the man-made physical environment characterizing the service – commonly called the 'service space', and finally, Social responsibility which is the service provider's ethical behavior and activities.

The above study indicated the close relation between service quality and customer satisfaction in a way that an increase in one factor leads to the increase in the other. Viewed from another perspective, Johnston (1995) investigated the relation between the determinants of service quality and outcomes of the zone of tolerance. He revealed that there are some determinants that are more likely to be a source of dissatisfaction while others to be a source of satisfaction. He demonstrated the following;

The key source of satisfaction of the banks customers include alternativensess responsiveness care and friendliness when the key source of dissatisfaction include issues pertaining to integrity, reliability, responsiveness availability and functionality.

The source of satisfaction enumerated above are not necessary the opposite of the source of satisfaction.

The intangible accepts of the staff – customer relation significantly impact service quality in the negative and positive way.

Responsiveness is a key determinant quality and is a key element provision of satisfaction while the lack of it is the main source of dissatisfaction

Issues of reliability are a source of dissatisfaction as opposed to satisfaction.

From the above, it is evident that satisfaction can be achieved by providing the ser-vice in a timely and efficient manner. The presence of satisfying factors may also lead to positive, virtuous circles, supporting contact staff-customer relationship. Another study related to customer satisfaction in business service is the one by Nawak and Washburn (1998). They revealed that service quality has a highly significant relationship with overall customer satisfaction. First, they revealed that product quality is a critical element of presentation. Second, the significant relation between timeliness and cost management could support the saying “time is money” in the context of business response to market changes. The third most critical contributor to overall customer satisfaction was revealed to be service quality. Moreover, Rod, Ashill, Carruthers and Shao (2009) stated that overall internet banking service quality is significantly related to overall customer satisfaction in New Zealand banks. They added that the delivery of high quality online service is called for, for the maintenance or enhancement of the banks’ customer satisfaction.

Maddern (2007) revealed that the role of staff satisfaction and service quality are both main drivers of customer satisfaction of the technical service quality (TSQ) in the U.K. In addition, TSQ was revealed to be a key determinant of customer satisfaction.

In a related study, Isa and Amin (2008) claimed that most of the Islamic Bank's customers were satisfied with the banks' overall service quality. The findings also indicated that the standard model of Islamic banking service quality dimensions should include the following six dimensions; tangible, reliability, empathy, responsiveness, assurance and compliance along with the good determinants of satisfaction. They also revealed a significant relationship between service quality and customer satisfaction.

As said by Wilson et al. (2008), service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy and tangibility while satisfaction is more inclusive and it is influenced by perceptions of service quality, product price and quality, also situational factors and personal factors. The relationship between service quality and customer satisfaction is becoming crucial with the increased level of awareness among bank customers. Demographic characteristics should be considered by the bank managers to understand their customers.

Islamic banks working in different parts of the world assessed their performance with reference to service quality and customers' responses. An empirical study was conducted by Naser *et al.* (1999) to measure customer awareness and satisfaction by using a sample of 206 respondents towards Islamic banking in Jordan. It was observed that customers have awareness about products of Islamic bank but expressed a sense of dissatisfaction towards some of the services.

Oppewal and Vriens (2000) empirically investigated the relationship between service quality and customer satisfaction by using the original SERVQUAL instrument with 10 dimensions as devised by Parasuraman *et al.* (1985). This study gave a direction to relate service quality and customer satisfaction. Service quality gained significance with the passage of time due to increased competition among service firms. It was examined how customer satisfaction affects the customers' behavioral consequences. The study conducted by Athanassopoulos *et al.* (2001) found a strong impact of customer satisfaction on their decision to stay with the existing service provider; and restrain their negative behavioral intentions. Kayis *et al.* (2003) conducted a comparative analysis of Australian and Korean banks to find out the quality management practices and its outcomes. They found a meaningful relationship between perceived service quality and customer satisfaction. They

suggest that organizations should focus on service quality as an input to customer satisfaction for long-term benefits and business success.

According to Wang *et al.* (2003), banks have realized the importance of service quality for successful survival in today's global and highly competitive environment.

The customer behavior in retail banking by considering service quality and its outcomes. It was observed that customers have varied experiences of satisfaction and dissatisfaction for utilization of self-service technologies. Financial sector is becoming more conscious about the performance evaluation regarding quality of products/services according to customers' expectations.

The findings of another study by Duncan and Elliott (2004) reveal a positive correlation between financial performance and customer service quality scores. Curry and Penman (2004) reported that service quality is inevitable for differentiation to compete in the banking sector. They suggested that the right service could retain the customers for long-term benefits. So, banks should maintain the level of services by proper allocation of resources to meet customer requirements. Findings indicated that financial institutions require reasonable procedures to evaluate the overall satisfaction of their customers.

However Joseph *et al.* (2005) said that understanding of changing needs and expectations of customers is an essential prerequisite for the financial sector. Jabnoun and Khalifa (2005) proposed and tested a measure of service quality to compare conventional and Islamic banks in UAE. The study found that four dimensions were significant in case of conventional banks. While only personal skill and values were crucial in determining service quality in the Islamic banks.

Nelson and Chan (2005) found that bank-customer relationship quality is evident between satisfied and dissatisfied customers. Both types of customers have clearly distinctive feelings regarding their service experience. Al-Hawari and Ward (2006) found that customer satisfaction plays an inter-mediator role in the relationship between service quality and financial performance of the banks.

The overall customer satisfaction was investigated in the Malaysian banking industry by collecting data from 220 customers of 15 retail banks. It was found that the overall customer satisfaction is one of the key determinants of relationship quality

Razak *et al.* (2007) suggested that bank should start service quality improvement programs to enhance customer satisfaction and customer loyalty.

The issue of customer satisfaction has been explained by numerous theories developed by several authors. Generally four groups of theories have been used to understand the process through which customers form satisfaction judgment. The Four psychological theories are (1) Assimilation theory; (2) Contrast theory; (3) Assimilation-Contrast theory; and (4) Negativity theory (Anderson, 1973).

### **2.3 General Discussion**

Customers are important stakeholders in organizations and their satisfaction is a priority to any sane management. In the globalized era where competition is growing, customer satisfaction has been a matter of concern for many organizations and researchers alike. That's why organizations are increasingly obliged to provide more improved services, conduct market research, invent new products and improve quality of services. The quality of service has become an issue to reckon with as it is related to customer satisfaction.

The principal objective of organizations is profit maximization alongside cost minimization. However, Profit maximization is achieved through increased sales amid cost reduction. Customer satisfaction often leads to customer loyalty and the two are indeed necessary for increased sales customer (Wilson et al., 2008). From the view of operations management, it is obvious that customers play important roles in the organizational process. Before the placement of strategies and organizational structure, the customers are the first aspect considered by managements. The questions asked in the strategic planning ranges from who will need to consume these offers, where are they and for how much can they buy to how to reach the customers and will it yield them maximum satisfaction? After these questions, the organization will then designs the product, segment the markets and create awareness. This does not only show the importance of customers in the business environment but also the importance of satisfying them.

Customers are always aiming to get maximum satisfaction from the products or services that they buy. Winning in today's marketplace entails the need to build customer relationship and not just building the products; building customer relationship means delivering superior value over competitors to the target customers (Kotler et al., 2009). Whether an organization provides quality services or not will depend on the customers' feedback on the satisfaction they get from consuming the products, since higher levels of quality lead to higher levels of customer satisfaction.

The current trend in business world is that companies are increasingly producing what they can sell and not just selling what they can produce as it was the case during the production era in 1950s. Since the beginning of the consumption era in marketing customers became very vital in business. Thus in this consumption era organizations are obliged to render more services in addition to what they provide as offers to their customers (Wilson et al., 2008). The most pertinent issues in customer satisfaction include the qualities of these services provided to customers; as well as overall customers' satisfaction with the services.

Customer satisfaction involves internal comparison of what was expected with the product or service's performance. This process can be described as the 'confirmation / disconfirmation' process. The process starts when the customers form expectations prior to purchasing a product or service. It then proceeds with identifying the level of perceived quality after consumption of or experience with the product or service. The said perceived quality of the product or service produces is influenced by prior expectations (Oliver, 1993). If perceived performance is only slightly less than expected performance, assimilation will occur. That is the perceived performance will be adjusted upward to equal expectations. On the other hand if perceived performance lags expectations substantially, contrast will occur, and the shortfall in the perceived performance will be exaggerated (Vavra, 1997).

As service or product performance exceeds expectations, satisfaction increases, but at a decreasing rate, whereas as perceived performance falls short of expectations, the disconfirmation is more. Satisfaction can be subjective measured basing on customer needs, emotions. It can also objectively measure basing on product and service features.

Most studies in banking services customer satisfaction explored issues related to satisfaction itself, loyalty and switching costs. This is because of existence of a direct relationship between quality of service and customer satisfaction. For instance a study by Krishnan et al. (1999) identified quality of products and services; quality of financial reports and account statements; service quality offered in automated telephone systems; and service quality offered through direct contact in the agencies as the four key factors that influence bank customers' satisfaction.

Further analysis by Hallowell (1996) indicated the existence of a relation between customer satisfaction, retention and bank profitability. Furthermore, Gremler and Brown (1999) indicated that loyal customers most highly recommend the service and that the number of recommendations increases with: the length of time of the relationship with the company.

On the other hand a study by Madill et al. (2002) have shown that strong relationships between banks and customers increases bank profits and enhances customers accessibility to credit, more favorable rates on loans, less stress and greater convenience. This in turn enhances customers' satisfaction and influences customers to make recommendations to others while decreasing their likelihood of switching to another financial institution's service. These results are similar to those of N'Goala (2007) who have shown that affective commitment, combined with strong relationships are crucial in detecting resistance in switching banks. Similar studies in Brazil (Damke and Pereira, 2004) indicate that developing relationships with customers is strategic for financial institutions as they impact positively quality of services and customers' loyalty in relation to the company. Similarly, these results corroborate with those of Perin et al (2004) who showed that amicable company-client relationship enhances customers' loyalty reach towards the company.

Matos, et al (2007) investigated the different roles of switching costs in determining customer satisfaction and loyalty attitude and behavior. The main results showed that switching cost is an important determinant of loyalty and it plays a mediator role between satisfaction and loyalty. Madill et al (2002) have revealed that for a long time, bank customers had low tendency of switching. This was however not because of they had positive feelings with the banks but rather because they believed that there was not much difference among banking products. However, in the current competitive environment, this behavior has been changing because bank customers have sought other institutions and kept accounts in various banks, depending on the type of products and services offered. Jones et al. (2000) have shown that as the level of customer satisfaction drops below their expectations, they start to consider how much they will be affected by switching costs.

It might be true that some other researchers studied the similar aspect on the customer satisfaction in financial institutions. And through their researches they came up with their findings shown below. The competition in Nigerian banking sector is getting more intense, partly due to regulatory imperatives of universal banking and also due to customer's awareness of their rights. Bank customers have become increasingly demanding as they require high quality, low priced and immediate service delivery. They want additional improvement of value from their chosen banks. Barnes (1997) in his research done in USA New service delivery channel option such as automated teller machine phone banking, mobile banking and recently internet banking have resulted in new and addition ways for

commercial banks to provide/deliver superb service to their customers. The study reveal that relationship between banks and their customers may change through the introduction of new technologies and this will influence the customer retention. The above research conducted in United States of America (USA) has quiet difference with Tanzania environment by considering that Tanzania has the problem of power supply (energy). Al- Hawar et al (2002) in their research paper titled the relationship between service quality and retention with the automated and traditional context of retail banking. Athanassopoulos et al (2001) in a study of Greek banks noted that customer satisfaction is closely associated with value and price, but service quality was not dependant on price, if the customer was generally satisfied. He concluded that way.

The correlation of antecedents of customer satisfaction is well established phenomenon in both theoretical and empirical terms by (Parasuraman et al., 1988). In banking sector, the speed of service delivery convenient location of banking facilities, competent staff and general friendliness were considered to be important determinants of customer satisfaction. The objective of this research paper is to conduct a survey on the commercial banks employees and thereby comparing the responses to a number of dimensions related to service quality delivery among internal service provider.

The evidence and anecdote reviewed in this sub section shows that the propensities to switch vary across customers basing on their perception of satisfaction, switching costs, and difficulty in switching suppliers. High levels of satisfaction is said to be associated with increasing the intention to remain as a client. Alternatively, dissatisfied customers tend to perceive significant benefits in switching suppliers hence they become more prone to desert than satisfied clients. In general terms, regardless of the kind of service being analyzed, high levels of satisfaction with the basic service should reduce the perceived benefits from switching to another service supplier. That's why it is important for banks to strive to develop positive feelings in customers towards their institution.



## 2.4 Review of Previous Work

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

For the study, relevant literature have been reviewed from book, journals, magazines published and unpublished article and so on. Report of previous research and dissertation works also have been reviewed during the study. Relevant literature are also cited from related website. Libraries and online libraries are reviewed during the study. There are not enough article related to service quality and customer satisfaction in Nepalese banking sector.

Gautam (2004) in this research entitled *Customer Satisfaction In Nepalese Commercial Banks* Published in Journal of Management and Development Review with the problems of questions in terms of customer satisfaction in Nepalese commercial bank. Thus specific problem was clearly explained by finding the answer to the question.

- What is the state of “customer orientation” of Nepalese commercial banks?
- What is the comparative situation of customer satisfaction in these 4 banks?
- What are the factors that can lead to customers toward satisfaction?
- What are the factors that lead to customers toward dissatisfaction?

The main objective of the study was to assess the commercial banks' performance in terms of "customer satisfaction". Moreover, the specific objectives of the study are:

- To investigate the level of satisfaction of customers of Nepalese commercial banks.
- To analyze the comparative performance of commercial banks in terms of customer satisfaction.
- To analyze the reasons behind customers' satisfaction or dissatisfaction.

This study clearly showed that customers were more satisfied with the second-generation joint venture banks. To be more specific, customers were found satisfied with those banks

where customers had to spend less time on waiting, and the employees' behavior was good. The study of the cases of NSBI and EVR apparently shows these two banks better in both the categories.

The researcher's main objective of the study was to assess the commercial bank's performance in terms of customer satisfaction. Moreover the specific objectives of the study were to investigate the level of satisfaction and to analyze the reasons behind customer's satisfaction or dissatisfaction. The researcher found out that customers were more satisfied with the second generation joint venture banks. To be more specific, customers were found satisfied with those banks where customer had to spend less time on waiting and the employer's behavior was good. Thus it is concluded that second generation banks are more successful in their customer satisfaction performance than the first generation and non joint venture banks. But however, they have less ability to serve Nepalese peoples and were also found less reliable for future. First generation like Nepal Bank Limited and Rastriya Banijya Bank Limited were found strong on reliability ground and they are also serving the poor Nepalese peoples.

Customer were also found satisfied with HBL but the reason behind it may be quite different. Customers reported that they opened account in this bank because of its facilities like credit card, automatic teller machine etc. NB bank and BOK were also found good in fast-correct functioning. EVR, NB, NGB and BOK were found good in office environment. NSBI, NB, & EVR were found good in terms of customers waiting time. Almost all of these commercial banks except NGB fall under second-generation joint venture category. It is, therefore, safe to conclude that second generation banks are more successful in their customer satisfaction performance than the first generation and non-joint venture banks. However, they have less ability to serve poor Nepalese people and were also found less reliable for future.

Pradhananga (2014) in this research entitled *Impact of Service Quality on Customer Satisfaction in Nepalese Commercial Bank* published in The KIC journal of management and economic review. The Specific propose of this study was analyze the impact of service quality on customer satisfaction in Nepalese Commercial Banks.

The researcher found out that. The related dimensional service quality and tangible dimensional service quality have no significant impact on customer satisfaction respectively. But core service quality has a significant impact on customer satisfaction.

## **2.5 Review of Previous Thesis**

(Sharma 2011) in this research entitled *Customer Satisfaction of Commercial Banks In Biratnagar City Nepal* tried to find out what is the satisfaction level of customers for the service they received from the commercial bank in Biratnagar city and what factors were considered mostly by customers in respect of bank service to remain a long term customers of the particular bank. Moreover the specific objectives of study were :

- To investigate the customer satisfaction level of commercial bank of Biratnagar.
- To analyze the comparative commercial banks in terms of major criteria.
- To find the most important factor motivating to remain with the bank.

This research showed that customer was satisfied with the commercial bank in Biratnagar city. To be more specific, customers were found satisfied with those banks which are located feasible location with wide network, having wide and instant ATM service and polite and courteous employee behavior. Customers of Biratnagar city were found sensitive towards the program offered by the banks to satisfy their customers.

Shakya( 2013) in this research entitled *Customer Satisfaction of Everest Bank Limited Pokhara* the main objective of this research was to explained customer service provided by Everest Bank limited and to analyze the level of customer satisfaction. Following were the specific objectives of the study:

- To analyze the different types of service provided by Everest Bank Limited.
- To investigate the level of customer satisfaction of EBL for different services it provides.
- To analyze the behind customer satisfaction or dissatisfaction.

The researcher found out that most of customers were satisfied towards the Pokhara branch of EBL. All of them were satisfied in office location. Some customers were dissatisfied in service speed, service type and employee behavior.

In Siwakoti (2010) Study he conducted study on *Service Quality and Rural Branches Rastriya Baniya Bank* with special reference to resource mobilization. He used both primary and secondary data for the purpose of analysis. The objectives of the study were as follow:

- To show the capital distribution pattern of RBB in Nepal.
- Assess the service quality of the targeted rural branches of RBB.
- Evaluate the causes of the present level of service.

Using the various statistical tools, he came to the following conclusion: Majority of the customers had positive attitude to present banking services and minority are dissatisfied with it. The clients consider the given quality of service as a better because of absence of benchmarking. They have not experienced the difference between the service superiority of the other institutions of the same nature. The theoretical concept such as KRA, MBO and the performances evaluation of the staff is not found in the branches of the RBB. Officers and juniors are not concentrated on service quality. So, the service is not oriented to quality services. RBB has rural policy of creating the quality service The performance evaluation system of the bank is a effective rather it is subjective Therefore, the carrier path of the employees are not decided by the service quality

Lastly, he concludes that, the RBB has not performed and planned to deliver quality service to the clients however the rural clients seem satisfied with the quality of the service delivered by the particular locality where the researcher have chosen the research site.

On Sapkota (2008) Study he had made his research on "*Customer Satisfaction in Nepalese Joint Venture Banks*" and is aimed to assess the performances of Nepalese Joint Venture Banks. This study based on primary data. For this he had developed the questionnaires and collected in the main gate and the exit gate of the banks. His objective of the study was to find:

- Level of Satisfaction of Customer with Nepalese Joint Venture Commercial Banks.
- Analyze Comparative level of services in Nepalese Joint Venture Commercial Banks in term of Customer Satisfaction and Dissatisfaction.
- Also to find the reason for the satisfaction and dissatisfaction.

In this he had taken only the Joint venture banks and done its study separately and made the comparison between these banks only. Respondents had given average weight to all the

aspect as environment, behavior of the employee, information giving, and reliability. But dissatisfaction due to interest, high minimum balance, modern facility and also for queuing in deposit or the payment counter whether the private and public banks.

In his recommendation he had given good types of suggestion in different ground of areas. As such financial services are suggested to provide security. Banks are also suggested to concentrate on convenient locations and to the timely information.

## **2.6 Research Gap**

Article of Gautam (2004), Thaneshwor and Sanjya (2004) and Pradhanga (2014) are focused on service quality and customer satisfaction in Nepalese commercial banks but in this report I have tried to analyze both commercial banks and development banks.

Thesis report of Sharma (2011) and Shakya (2013) are focused only customer satisfaction in commercial bank from Biratnagar and Pokhara city of Nepal. But in this report I have tried to collection of data from Kathmandu valley and out of Kathmandu valley for service quality and customer satisfaction.

I have analyzed many Nepalese article and thesis report it focused only customer satisfaction but in this report equally focused on service quality and customer satisfaction.

## CHAPTER III RESEARCH METHODOLOGY

Research methodology is the systematic way to solve the research problem with the certain objectives. Research method is defined as techniques that are used for conducting research such as in data collection, data analysis and evaluation of the research results.

### 3.1 Research design

Research design is the conceptual structure within which research is conducted. It contributes the blueprint for the collection, measurement and qualities of data (C.R.Kothari). This study based on the descriptive and analytical research design to achieve the objective of the research. Some financial and statistical tools and technique presented to make the data effective.

### 3.2 Population and sample

For the study customers of banks are total population. Among them population, the sample size was 150 respondents. The sample size was determined by using convenience sampling method. Target population is the population which the researcher wants to generalize the results of the study. The target population of the study was customers of the commercial, development and other bank and finance. There are currently 28 commercial banks and 56 development bank in Nepal. Thus, targeted population for this study was individuals who operate current, saving, fixed and other account in the commercial development banks. .

S.N.	Bank Category	Respondents
1	Commercial Bank	83
2	Development Bank	67
<b>Total number of respondents</b>		<b>150</b>

### **3.3 Source of data**

This study based on the primary data from the customers of the banks.

### **3.4 Data collection and processing procedure**

This research collected through questionnaires, gossip interaction with manager and staff of the banks. The questionnaires were divided into two parts. The first part was service quality and service quality was addressed by indicators such as tangibility, reliability, responsiveness, assurance and empathy. Similarly, the second part of questionnaires was customer satisfaction and customer satisfaction addressed by indicators such as internal, social and image. Field visit also be done to get the more extra data. Various data collected from journals articles respective websites etc which are published by bank.

### **3.5 Data analysis tools and techniques**

Mainly statistical tools applied for the purpose of the study. After the questionnaires collected from the concerned banks, data entry had done and the analysis is done with the computer software SPSS. Appropriate other tools will also used where necessary. For analyzing the data following tools were use:

Frequency Table and Percentage

Pie chart

Maximum

Minimum

Mean

Standard Deviation

Correlation

## CHAPTER IV RESULT

### 4.1 Result

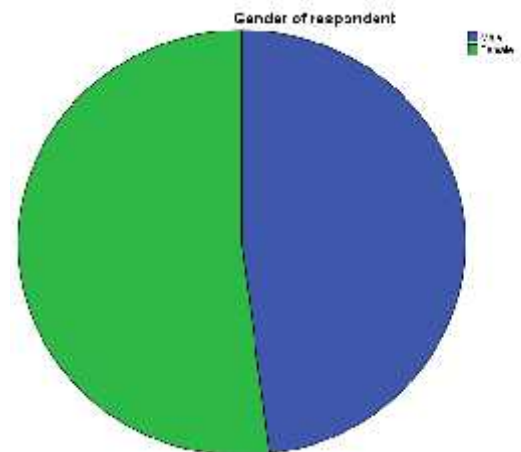
This chapter presents finding of the study which were obtained from the analysis of the data. Data were analyzed by using SPSS software. The total respondents were 150 customers of development and commercial banks in Nepal. In this study, the researcher described respondents profile in terms of gender, marital status, home town, occupation, age, type of account, and experience with the bank. Respondents were asked to state their characteristics for purposes of classifying and comparing them thereafter.

#### 4.1.1 Analysis of respondent's profiles

The study employed a closed ended questionnaire to categorize respondent's profiles and their responses were analyzed using frequencies and percentage distributions as shown in the following Tables and figures.

**Table : 1**  
**Gender of respondent**

	Frequency	Percent
Male	72	48.0
Female	78	52.0
<b>Total</b>	<b>150</b>	<b>100.0</b>



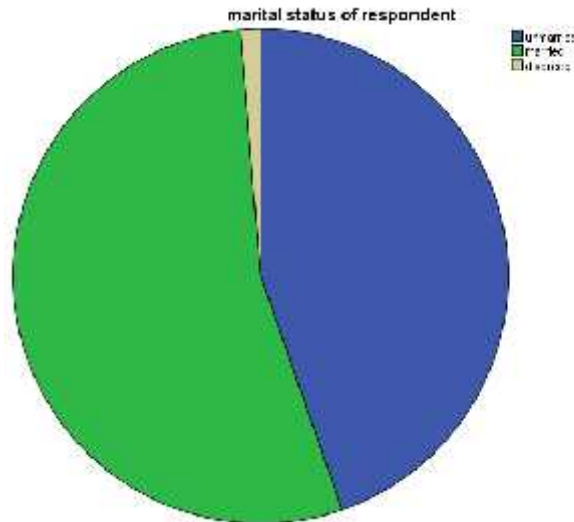
**fig : 1**

The study found it paramount to determine the respondents' gender in order to ascertain whether there was gender parity in the positions indicated by the respondents. The findings of the study are as shown in table 1 and pie chart 1. According to the analysis it was evident that majority of the respondents were female which represented 52.00% while 48.00% were male. It can represent females must use the bank.



**Table : 2**  
**Marital status of respondent**

	<b>Frequency</b>	<b>Percent</b>
Unmarried	67	44.7
Married	81	54.0
Divorced	2	1.3
<b>Total</b>	<b>150</b>	<b>100.0</b>

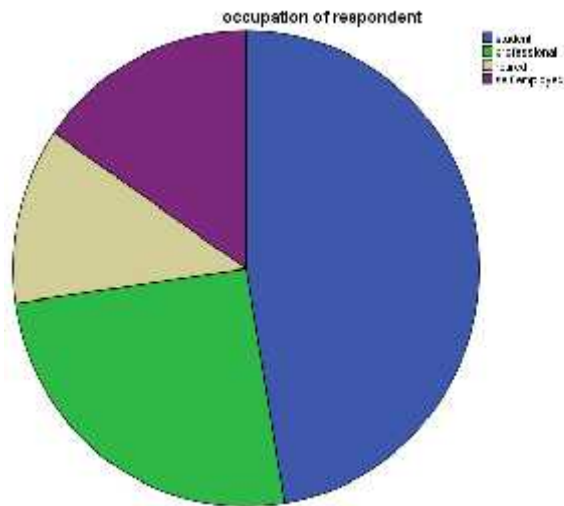


**Fig :2**

The results show that married respondents as represented by 81 or (54.0%), unmarried were 67 (or 44.70%), whereas divorced respondents as represented by only 2 (or 1.30%) 171 (or 44.6%). The findings revealed that there is majority of married respondents in the Bank.

**Table : 3**  
**Occupation of respondent**

	<b>Frequency</b>	<b>Percent</b>
Student	71	47.3
Professional	38	25.3
Retired	18	12.0
self employed	23	15.3
<b>Total</b>	<b>150</b>	<b>100.0</b>



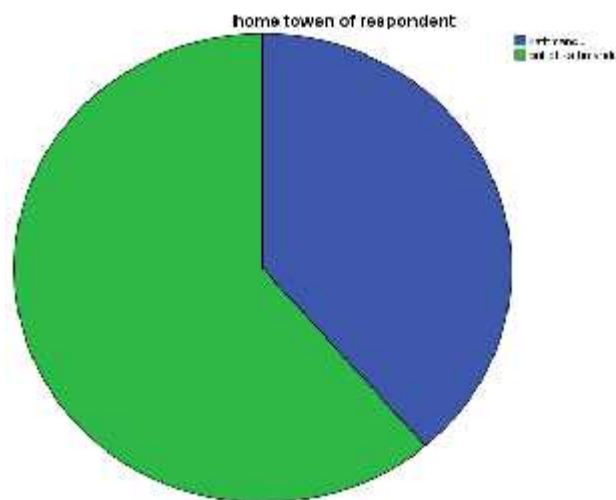
**Fig :3**

The results show that students as represented by 71 or (47.3%), professional were 38 (or 25.30%), similarly retired respondents as represented by only 18 (or 12.00%) whereas self employed as represented by 23 (or 15.30%). The findings revealed that there is minority of retired respondents in the Bank.

**Table :4**

**Home town of respondent**

	Frequency	Percent
Kathmandu	58	38.7
out of Kathmandu	92	61.3
Total	150	100.0

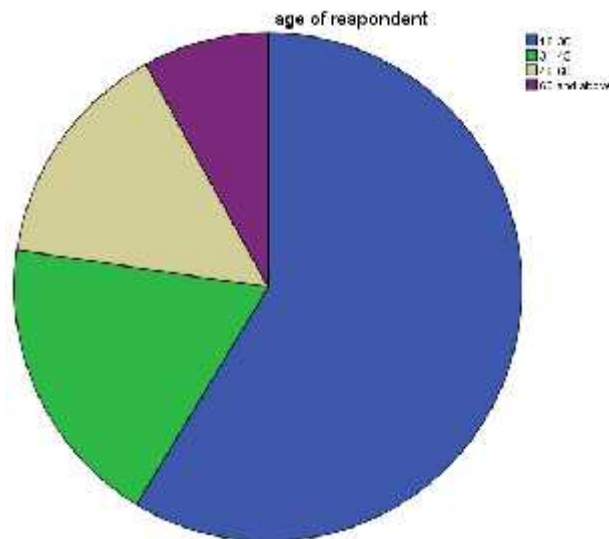


**Fig : 4**

Concerning the home town of respondent, over half of the respondents had living in out of Kathmandu that is 92 (or 61.30%). Whereas remaining respondent had been living Kathmandu that is 58 (or 38.70%). These results indicate that more than respondent living in out of Kathmandu.

**Table : 5**  
**Age of respondent**

	Frequency	Percent
16-30	88	58.7
31-45	28	18.7
46-60	22	14.7
60 and above	12	8.0
Total	150	100.0



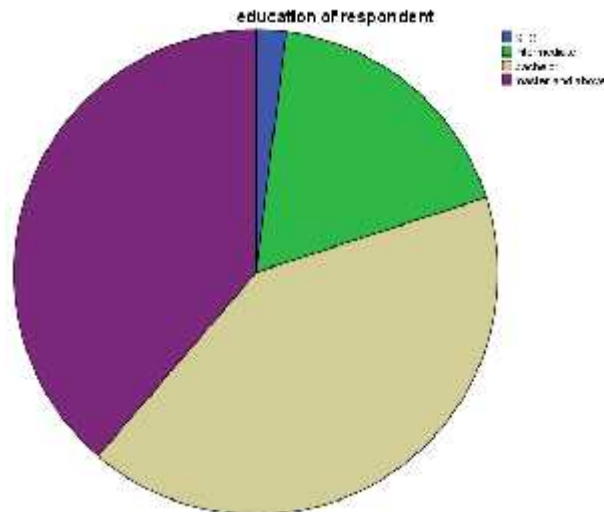
**Fig : 5**

The study sought to determine if the respondents were old enough to provide valuable responses that pertain to the service quality and customer satisfaction in the banking sector in Nepal. The respondents were required to indicate their age where the study findings showed that majority (58.70%) were between 16-30 years. Analysis of findings also indicated that 18.70% of the respondents were between 31-45 years of age. The findings further indicated that 14.70% were 46-60 years. While remaining 8.0% indicates that they were 60 and above years. The finding therefore implies that the respondents were old

enough to provide valuable responses that pertain to the determinants of customer satisfaction in banking sector in Nepal.

**Table :6**  
**Education of respondent**

	Frequency	Percent
SLC	3	2.0
Intermediate	27	18.0
Bachelor	62	41.3
master and above	58	38.7
Total	150	100.0

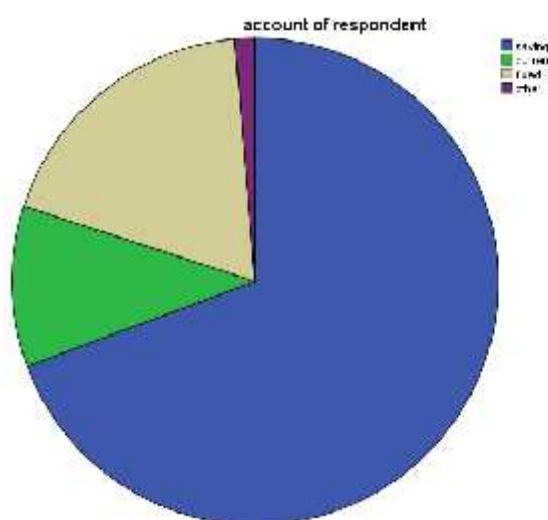


**Fig : 6**

Concerning the education qualification, over half of the respondents had no professional qualification. This revealed by respondents with SLC, Intermediate, Bachelor and Master and above qualifications being 3 (or 2.0%), 27 (or 18.0%), 62 (or 41.30%) and 58 (or 38.7%) customers, respectively. These results indicate that majority of Bank customers are master and above degree holder.

**Table : 7**  
**Account of respondent**

	Frequency	Percent
Saving	104	69.3
Current	16	10.7
Fixed	28	18.7
Other	2	1.3
<b>Total</b>	<b>150</b>	<b>100.0</b>

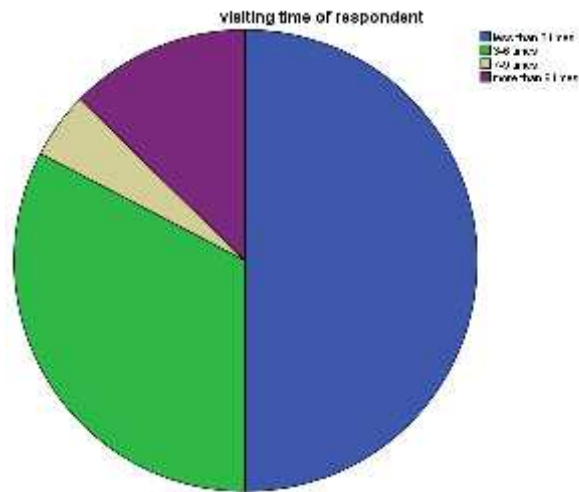


**Fig : 7**

According to table no and pie chart no type of accounts held,104(or 69.30%) respondents had saving accounts 16 (or 10.7%) had current accounts 28 (or 18.70%) had fixed account whereas only 2 (or 1.30%) had other account . The study therefore indicates that majority of the Bank customers prefer saving accounts.

**Table : 8**  
**Visiting time of respondent**

	Frequency	Percent
less than 3 times	75	50.0
3-6 times	49	32.7
7-9 times	7	4.7
more than 9 times	19	12.7
<b>Total</b>	<b>150</b>	<b>100</b>

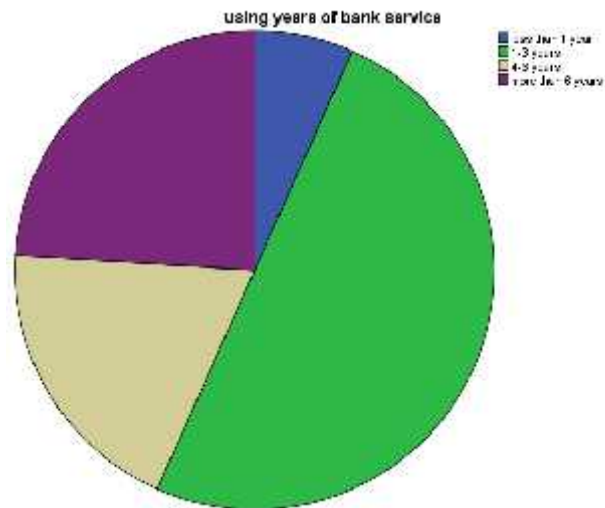


**Fig : 8**

In regard to visiting of the Bank in 1 month 75 (or 50.0%) respondents have been customers for this bank for a visit less 3 times, 49 (or 32.70%) respondents had Banked with visit 3-6 times, 7 (or 4.70%) respondents had banked with visit 7-9 times, and 19 (or 12.70%) have been customer visit more than 9 times. This indicates that majority of the respondents had visit about the bank since they had been customers for relatively visiting less than 3 times.

**Fig :9**

	<b>Frequency</b>	<b>Percent</b>
less than 1 year	10	6.7
1-3 years	75	50.0
4-6 years	29	19.3
more than 6 years	36	24.0
<b>Total</b>	<b>150</b>	<b>100.0</b>



Lastly in regard to experience with the Bank 10 (or 6.70%) respondents have been customers for this bank for a period ranging between less than year, 75 (or 50.00%) respondents had Banked with BPR for a period of 1- 3 years, 29 (or 19.3%) respondents had banked for for 4-6 years, and 36 (or 24.00%) have been customer for a period more than 6 years. This indicates that majority of the respondents had experience about the bank since they had been customers for relatively period of time is 1-3 years.

#### 4.1.2 Level of service quality

Level of service quality the second objective was set to determine the level service quality in banking services. In this study, service quality was measured using 21 quantitative questions in which respondents were required to indicate the extent to which they agree or disagree with each statement by indicating the number that best describe their perceptions. All the twenty two items on service quality were likert scaled using four points ranging between 1=Strongly Disagree, 2=Disagree, 3=Agree and 4=Strongly Agree. Their responses were analyzed and described using Means as summarized in Table 10 below.

**Table :10**  
**Level of Service Quality**

<b>Variable</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Cronbach Alpha</b>
Reliability	150	4.00	15.00	9.060	2.158	0.245
Tangibility	150	5.00	19.00	11.613	2.865	0.343
Responsiveness	150	6.00	22.00	14.580	3.324	0.515
Assurance	150	7.00	19.00	12.426	2.640	0.354
Empathy	150	6.00	21.00	13.593	3.268	0.486

Table 10 shows that reliability of service quality where reliability with 0.245, tangibility with 0.343, responsiveness with 0.515 assurance with 0.354 and empathy with 0.486 Cronbach Alpha. Which all are less than 0.6.

Table 10 reveals service quality in Nepalese bank exists at different levels. For instance the findings portray Responsiveness dimensions with the highest high level of service quality; at maximum 22, minimum 6, average 14, mean 14.58 and standard deviation is 3.324 so most of respondents are agreed with responsiveness factor determine the service quality then empathy at mean 13.593 and standard deviation is 3.268, assurance with means 12.426 and standard deviation is 2.640, tangibility with means 11.613 and standard deviation is 2.865 reliability at means 9.060 and standard deviation is 2.158. which all are high level. Here, most of the people agreed that the banks employees don't deal with customers in a caring fashion, Employees are not courteous in the bank and employees don't understand the need of their customer. Another side most of the people agreed that the bank has convenience business hour, employees have neat and professional appearance, the bank's staffs make customers feel safe in their transaction, employees always instill confidence in customers in this bank, employees are ready to respond to customer's request, employees always instill confidence in customers in this bank, employee of the bank provide prompt service to the customer which all are very high level.



### 4.1.3 Level of customer satisfaction

The third study objective was to determine the level of customer satisfaction in Nepalese banking sector. The level of customer satisfaction in Nepalese banking sector was measured using 10 questions in which respondents were requested to indicate the extent to which they agree or disagree with the statement by writing the number that best describes their perception. Each of the items in the questionnaire was rated with the aid of four likert scaled subjects ranging between one and four; where 1=Strongly Disagree, 2=Disagree, 3=Agree, 4=Strongly Agree. Their responses were described using means as summarized in Table 11.

**Table : 11**  
**Level of Customer Satisfaction**

<b>Variable</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Cronbach Alpha</b>
<b>Internal</b>	150	3.00	14.00	7.720	2.095	0.127
<b>Social</b>	150	5.00	19.00	11.266	2.618	0.396
<b>Image</b>	150	6.00	18.00	11.100	2.646	0.435

**Source:** Primary Data, 2017

Table 11 shows that reliability of customer satisfaction where internal with 0.127, social with 0.396 and image with 0.435 Cro- Alpha. Which all are less than 0.6.

Results in Table 11 reveal that there is one level of customer satisfaction in Nepalese banks. The results depict all indicators/predictors of customer satisfaction that is social factor is highest level with max 19, min 5, mean 11.266 which less than average 12 and standard deviation is 2.618 and followed by image with mean 11.100 which less than average 12 and standard deviation is 2.646 and internal with mean 7.720 which less than average 8.5 and standard deviation is 2.095. Regarding the bank new schemes and activities through advertisement, banking customer more satisfied by the bank. Most of the people agreed that the bank has not received numerous awards and honors then they are not satisfied with the service delivered by bank.

#### 4.1.4 Relationship between service quality and customer satisfaction

Basically, a correlation describes a statistical relationship between two variables based on each observation, in other words, correlation is the extent to which two or more things are related to one another (C.Reinard, 2006, Mike Allen & Hunt, 2009). The correlation range is from +1.00 to – 1.00 (both of these values indicate perfectly correlated variables) thus the values between 0 to – 1.00 which has minus sign indicate to a negative correlation, the meaning of that as one value for a variable increases the value of the other variable diminishes. On contrast, the positive correlation presented by the values fall in between 0 to +1.00, the positive correlation indicates that as one value increases, the value for other variable also increases. Likewise the size of the correlation value indicates the accuracy of the prediction in the direction indicated – larger correlations indicate greater accuracy. (C.Reinard, 2006, Mike Allen & Hunt, 2009).

**Table : 12**  
**Correlation between independent and dependent variable**

		CUS SAT	REL	TAN	RES	ASS	EMP
CUS SAT	Pearson Correlation	1					
	Sig. (2-tailed)						
REL	Pearson Correlation	.284**	1				
	Sig. (2-tailed)	0					
TAN	Pearson Correlation	.287**	.337**	1			
	Sig. (2-tailed)	0	0				
RES	Pearson Correlation	.352**	.324**	.321**	1		
	Sig. (2-tailed)	0	0	0			
ASS	Pearson Correlation	.392**	.198*	0.13	.378**	1	
	Sig. (2-tailed)	0	0.015	0.112	0		
EMP	Pearson Correlation	.370**	.222**	.215**	.329**	.268**	1
	Sig. (2-tailed)	0	0.006	0.008	0	0.001	

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

The correlation interpretation guide suggested by Losh (2004) has been used in this study to describe the relationship between the independent variables and the dependent variables, the association measurements are described as:  $r=1.0$  “Perfect” relationship, 0.76 to 0.99 “Very strong” relationship, 0.51 to 0.75 “Strong” relationship, 0.26 to 0.50 “Moderate”

relationship, 0.11 to 0.25 “Weak” relationship, .001 to 0.10 “Very weak” relationship and 0 “No relationship”. Using SPSS analysis tools as presented in table 12 the value of correlation between Reliability and customer satisfaction is 0.284, the significance p- value of correlation between these variable is 0.00 which is less than 0.01. Therefore there is significant relationship between customer satisfaction and reliability. The table 12 showed that the relationship between customer satisfaction as a dependent variable and Tangibility, Responsiveness, Assurance, Empathy as independent variable are 0.287, 0.352, 0.392, 0.370 and all significance p- value of correlation between these variable is 0.00 which is less than 0.01. Therefore there are Moderate significant relationship between dependent and independent variable.

## **4.2 Discussion**

Female account holders are more in numbers than that of male account holders in selected banks.

Home town wise, account holders from out of Kathmandu are found more in numbers than Kathmandu valley.

In this report unmarried respondents are higher than married respondents and only 2% respondents are divorced.

In this report more than respondents are students than professional, self employed and retired respectively.

Highest number of age bar is 16- 30 and then 31-45, 46-60 and 60 and above respectively in selected bank.

All respondents are educated among them majority of bachelor degree then master and above, intermediate and SLC respectively.

In this study more than respondents are from commercial bank where 67 respondents from development bank and 83 respondents from commercial bank.

Types of account held respondent had saving account is highest than fixed current and other account.

Concerning the visiting of the year half of the respondents had less than 3 times than 3-6 times, 7-9 times and more than 9 times respectively.

In this regard to experience with the bank majority of respondents are 1-3 using years and minority of respondent are less than 1 year.

The statistical description of service quality where it has found that banks customers perceived responsiveness (with the highest mean scores, i.e.  $M = 14.580$ ,  $SD = 3.324$ ) to be the most dominant service quality and evident to a considerable extent, followed by empathy ( $M = 13.593$ ,  $SD = 3.268$ ), assurance ( $M = 12.426$ ,  $SD = 2.648$ ) tangibility ( $M = 11.613$ ,  $SD = 2.865$ ) which were rated as moderate practices of their bank. Reliability ( $M = 9.060$ ,  $SD = 2.158$ ) with the lowest mean score was perceived on the overall as least dimension of service quality. All dimension of service quality are high level and overall total of service quality dimension also is high level. The standard deviations were quite high, indicating the dispersion in a widely-spread distribution. This means that the effects of service quality on customer satisfaction are an approximation to a normal distribution. This also indicates that respondents were in favor of customer satisfaction.

This report found the level of customer satisfaction of banks in Nepal. The results depict three major indicators/predictors of customer satisfaction that is internal, social and image all at high level. It has found that banks dimension of customers satisfactions social with the highest mean scores, i.e.  $M = 11.266$ ,  $SD = 2.618$  to be the most dominant customer satisfaction and evident to a considerable extent, followed by image ( $M = 11.100$ ,  $SD = 2.646$ ) and internal ( $M = 7.720$ ,  $SD = 2.095$ ) respectively.

Data analysis using SPSS's descriptive statistics showing means revealed that the level of service quality in Nepalese banking sector stands at mean 14.580 (high level). In general the level of service quality range from moderate to high; similarly the study went ahead to reveal through the mean that customer satisfaction was at 11.266 (high level). Concerning the analysis Pearson linear correlation coefficient show a significant relationship between customer satisfaction with reliability at ( $r = 0.284$ ,  $sig = 0.000$ , tangibility with ( $r = 0.287$ ,  $sig = 0.000$ ), responsiveness with ( $r = 0.352$ ,  $sig = 0.000$ , assurance with ( $r = 0.392$ ,  $sig = 0.000$ ) empathy with ( $r = 0.370$ ,  $sig = 0.000$ ). Where customer satisfaction and assurance are strongly correlated because pearson correlation  $r$  is highest than other dimensions.

In previous journal articles and thesis normally concluded that most of the customer were satisfied with bank location, ATM location, second generations service, employees behavior, banking hour and so on but in my study most of the respondents agreed with responsiveness dimension (maintain error free required, employees are ready to respond to customer's request) and then good physical facilities and the office layout, well equipped and so on.

## CHAPTER V CONCLUSION

### 5.1 Summary

Banking Services and Customer Satisfaction is the major yardstick to analyze the performance or activity of any business house. This study entitled "**Services Quality and Customer Satisfaction in Nepalese Banking Sector**" is aimed to find the performance of Nepalese Private and Public Banks in services and satisfaction. The functional objective of the study is:

- ) To analyze the respondents profile.
- ) To determine the level of service quality in the banking sector.
- ) To determine the level of customer satisfaction in the banking sector.
- ) To determine the relationship between service quality and customer satisfaction.

This research tried to cover the commercial, development and other banks. The study is primarily based on Primary data. The secondary data were also taken to analyze the services provided by the banks. For analysis, data are presented in table and chart form.

The recommendation is presented in the last part of this chapter. The recommendations are the milestone for the improvements of the banking field.

The information had been collected from 150 customers among them 67 respondents from development bank and 83 respondents from commercial bank in Kathmandu valley and out of Kathmandu valley.

According to this study level of responsiveness with the highest mean scores, i.e.  $M = 14.580$ ,  $SD = 3.324$ . So responsiveness is most important factor for banking service. Most of the respondent agreed that the bank's staffs make customers feel safe in their transaction then employees always instill confidence in customers in this bank, employees have knowledge to answer customer's questions and employees are always courteous in this bank respectively. The level of service quality dimensions: empathy, assurance, tangibility and reliability, are decreasing order. So service quality point of view banking service is good at the selected banks.

Similarly, the customers were given a chance to give their opinion on what they felt needed to be done to increase the level of satisfaction with bank services and products. In this study social dimension of customer satisfaction with the highest mean scores, i.e.  $M = 11.266$ ,  $SD$

= 2.618. Regarding recommend the bank to other people, patronize the bank even if the service charge is slightly increase, satisfied with the service delivered by bank and the bank new schemes and activities through advertisement social factor is most important feelings of the banks customer then image and internal. So in the satisfaction point of view also the customers are well satisfied by the selected banks.

## **5.2 Conclusion**

This study achieves its main objectives. Customers' perception of service quality clearly shows that it can affect customer satisfaction in banking. However, researchers believe that customers are more interested to receive fair treatment. Nowadays, banks are working in a dynamic business environment as they experience cut-throat competition and changes in customer demand, and a decrease in profit margins. Understanding the changing needs and expectations of customers is an essential prerequisite for the financial sector (Joseph et al., 2005). Thus, it is significant for banking practitioners to focus on service quality improvement (Razak et al., 2007), to satisfy their customers, as customer satisfaction plays an inter-mediator role in the relationship between service quality and financial performance of the banks (Al-Hawari and Ward, 2006). Many researchers found meaningful relationship between perceived service quality and customer satisfaction. They all suggest that banks should focus on service quality as an input to customer satisfaction for long-term benefits and business success. In the world of global economy, banking sector needs has become more diverse and exotic than ever before. So, Banks should focus in service quality to satisfy their customers in every dimension of service quality.

Customer satisfaction is a critical business requirement. Customer value is an asset to the organization. While, quality service is essential in today's competitive market. The objective of this study was to find out customer satisfaction on service quality with respect to service quality dimensions. From the findings, the research objectives were achieved by identifying the determinants of service quality as reliability, accessibility, responsiveness tangibles and empathy. By analyzing the impact of service quality on Customer satisfaction banks in Nepal, it is observed that out of five service quality dimensions, Assurance is having a high Mean score and the bank should concentrate on tangible as it has the least mean score. The study also established that the combination of tangibility, reliability, responsiveness, and empathy together have significant effect on customer satisfaction. Therefore, service quality has positive effect on customer satisfaction. These three variables convenience business

hour, safe in their transaction, respond to customer's request should focused by selected banks.

**Level of service quality in Nepalese banking sector:**

In this subsection, the researcher makes conclusion of the study findings in relation to the study objectives set in chapter one. The second objective was to determine the level of service quality in Nepalese banking sector for which it was hypothesized that service quality at bank was high. They are also happy with their fast and correct services. By which they can make their decisions. They also do have the good physical facilities and the office layout and the environment by which their staff can perform the work easily and give the fruitful result

**Level of customer satisfaction among banking customers:**

The second study objective was to determine the level of customer satisfaction among Nepali bank customers for it was hypothesized that the level of customer satisfaction high. After analyzing the collected data it can be concluded that every bank should adopt convenience business hour, safe in their transaction, respond to customer's request for their customer satisfaction.

**Relationship between service quality and customer satisfaction in Nepalese banking sector:**

The third study objective was to relationship between service quality and customer satisfaction. ;

In this study relationship between Service quality and customer satisfaction is significant relationship each other. So satisfaction of banks customer directly impact by service quality in Nepalese banking sector.

At last this study concluded that bank is a service oriented organization, hence providing continuous training to the employees on issues like courtesy, etiquette and communication skills while dealing with customers is of immense importance. Bank is a customer oriented organization, hiring potential human resource is a must important and for this reason, the bank should hire self-motivated, enthusiastic employees who will like to deal with customer and will try to solve customer complaints and other issues in an effective manner. Conventional way of dealing with customers, such as, having customized working hour for every client, delivering and accepting payment as per the convenience of the customer in times of difficulty of the customer, which hardly other competitors provide. This will help the bank to retain the existing customer very well.

All banks should have Continuous maintain error-free transactions, since bank accounts and figures are very sensitive for each and every customer. The management needs to improve quality services so as to satisfy customer's needs. The bank needs to pay much attention on the customer complaints in order satisfy the customer's expectation. Individual attention should be given to customers in order to better understand their needs and better satisfy them. The management of the bank should regularly run research activities in order to keep a regular track of customer satisfaction level. Regular research should also be conducted to find out customer expectations about various service aspects. As customer expectations and satisfaction are not static figures, regular research at sufficient intervals should be conducted.

### **5.3 Implication**

Due to the wide variation of the responses, both commercial and development banks need to consider the weak areas in order to meet customer requirements. Hence, to be successful in banking sector, banks must provide service to their customer that at least meets or better if exceeds their expectations, and this study provides some sort of guidelines to the policy makers (managers) of banks to take appropriate decisions to improve the quality of services in Nepalese banking sector.

This research is useful in the field of service marketing and understanding customer satisfaction and customer loyalty in Nepalese context. It also provides clear insight to commercial banks manager to understand customer needs and wants in changing environments. It is also facilities the higher level employees to take decision that helps to improve their business by managing service quality. Furthermore, findings reveal that service quality dimension is vital to create customer satisfaction and customer loyalty. So in order to exist in a sustainable manner, commercial banks in Nepal need to upgrade their service quality and review their business strategy. Finally, managerial implication of this research will help managers to evaluate their business strategies and upgrade their strategy to face new competition by attracting more customers.

Hence the current research can be as reference for further research in future, especially those researches related to service quality, customer satisfaction, customer loyalty and customer intention to switch.



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## APPENDIX

### Questionnaire

#### Service Quality And Customer Satisfaction In Nepalese Banking Sector

Dear sir/ madam,

I am (MBS) student of Tribhuvan University Nepal. As a requirement, I am carrying a research project on the determinants of service quality and customer satisfaction in Nepalese banking sector. Your co-operation and objective response will go a long way in ensuring that the afore-mentioned research aim is meet. This is to assure that any information given by the individual respondent would not be shared or compromised in any means that will hinder the privacy of the individual.

Yours Faithfully

Trisana Baral

Instructions: (Please read the instructions given and answer the questions as appropriately as possible).

**Respondent Name (Optional)** \_\_\_\_\_

#### Respondent's Background

Gender :	Male	<input type="checkbox"/>	Female	<input type="checkbox"/>				
Age :	16 -30	<input type="checkbox"/>	31 -45	<input type="checkbox"/>	46 -60	<input type="checkbox"/>	60& above	<input type="checkbox"/>
Marital status :	Married	<input type="checkbox"/>	Unmarried	<input type="checkbox"/>	Divorced	<input type="checkbox"/>	Widowed	<input type="checkbox"/>
Education :	SLC	<input type="checkbox"/>	Intermediate	<input type="checkbox"/>	Bachelor	<input type="checkbox"/>	Master or above	<input type="checkbox"/>
Occupation :	Student	<input type="checkbox"/>	Professional	<input type="checkbox"/>	Retired	<input type="checkbox"/>	Self employed	<input type="checkbox"/>

1) In Which bank have you maintained your account? .....

2) Which is your home town?

Kathmandu  Out of Kathmandu

3) Which types of account do you use the most:

Saving  Current  Fixed  Other .....

4) How many times do you visit this bank in a month?

Less than 3 times  3 to 6 times  6 to 9 times  More than 9 times

5) How many years have you been using this bank?

Less than 1 year  1 to 3 years  4 to 6 years  More than 6 years

6) Please tick ( ) 1, 2, 3, 4, 5 against the appropriate box where:

5= strongly agree 4= agree 3= neutral 2=disagree 1= strongly disagree

#### Questions cover different dimension of service quality

	1	2	3	4	5
<b>Reliability</b>					
The bank handles customers service problems immediately					
The bank provides service as promised					
The bank provide service at the promise time					
<b>Tangibility</b>					
The bank is well equipped					
The bank has visually appealing facilities					
Bank has visually appealing materials associated with the service					

Employees have neat and professional appearance					
<b>Responsiveness</b>					
Employees of this bank provide prompt service to customer					
Employees are always willing to help customer is good					
Employees are ready to respond to customer's request					
The bank keeps customer informed when service will be performed					
The bank maintains error free required					
<b>Assurance</b>					
The bank's staffs make customers feel safe in their transactions					
Employees always instill confidence in customers in this bank					
Employees are always courteous in this bank					
Employees have knowledge to answer customer's questions					
<b>Empathy</b>					
The bank employees give individual attention to customer					
The bank staffs have the customer's best interest at heart					
Employees deal with customers in a caring fashion					
The bank has convenience business hour					
Bank employees understand the need of their customers					

7) Please tick (✓) 1, 2, 3, 4, 5 against the appropriate box where;  
5= strongly agree 4= agree 3= neutral 2=disagree 1= strongly disagree

**Question covers different dimension of customer satisfaction**

	1	2	3	4	5
<b>Internal</b>					
I personally feel valued while banking					
Bank's client relationship motivates me to expand my banking					
Service of this bank is customized for my age group					
<b>Social</b>					
I would like to recommend the bank to other people					
I know about the bank new schemes and activities through advertisement					
I am fully satisfied with the service delivered by bank					
I want to patronize the bank even if the service charge is slightly increase					
<b>Image</b>					
I believe that this bank's reputation is high					
I have a good feeling about the bank's social responsibility					
The bank has been delivering a good brand image to its customers					
The bank has received numerous awards and honors					