

Banking Services and Customer Satisfaction of Commercial Banks in Nepal

Submitted To:
Thakur Ram Multiple Campus
Tribhuvan University

By
Rohini Chitrakar
Faculty of Management
Campus Roll no: 31/063
TU Red no.: 7-2-400-46-2001

A Thesis
Submitted to:

**Office of the Dean
Faculty of Management
Tribhuvan University**

In Partial fulfillment of the requirement for the degree of
Master of Business Studies (M.B.S.)

Birgunj, Parsa
January 2010

Date:

RECOMMENDATION

This is to certify that the thesis:

Submitted By:

Rohini Chitrakar

**Entitled "Banking Services and Customer Satisfaction of
Commercial Banks in Nepal"**

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

Dr.Dipak Shakya

Thakur Ram Multiple Campus

(Thesis Supervisor)

Mr. Rajeshwor Acharya

Thakur Ram Multiple Campus

(Head of Research Committee)

.....

Campus Chief

Thakur Ram Multiple Campus

Birgunj

Date.....

VIVA - VOCE SHEET

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

Rohini Chitrakar

**Entitled "Banking Services and Customer Satisfaction of Commercial
Banks in Nepal"**

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

Viva – Voce Committee

Head of Research Committee :

Member (Thesis Supervisor) :

Member (External Expert) :

Date :

DECLARATION

I hereby declare that the work reported in this thesis entitled **Banking Services and Customer Satisfaction of Commercial Banks in Nepal**, submitted to the Faculty Of Management, Thakur Ram Multiple Campus, Tribhuvan University is my original work done in the format of T.U. for the partial fulfillment of the Master's Degree In Business Studies (M.B.S.) under the supervision and guidance of Dr.Dipak Shakya, Reader of Thakur Ram Multiple Campus, Birgunj, Parsa.

Rohini Chitrakar

Researcher

Thakur Ram Multiple Campus

Birgunj

ACKNOWLEDGEMENT

I would like to express my heartfelt thanks and sincere gratitude to my supervisor Mr. Dipak Shakya T.R.M campus, T.U., Birgunj for his guidance, inspiration and constant encouragement throughout the whole study.

I am thankful to all respected teachers and cooperative staff of T.R.M. Campus.

I would like to express my heartfelt thanks towards all my family members whose regular inspirations and continuous contribution are the secrets of my successes. My sincere thanks go to Statistician Mr. Loonibhah Chitrakar for not only helping in statistical analysis but also providing countless help to this study from designing research to the report publication.

Also, thanks are due to my sister Mrs. Rojani Chitrakar, parents and Mr. Sushan Man Shrestha for the kind cooperation to pursue this study.

Last but not the least, I would like to give many thanks to all the respondents for giving their priceless time for filling up the questionnaires without support of whom this study would not be possible.

Lastly, there may be various limitations and shortcomings. I am alone responsible for all those.

Rohini Chitrakar

TABLES AND CHARTS

General Analysis

Table No 1 Cross Tabulation of Age and Gender	49
Table No. 2 Cross Tabulation of Religions and Sex	50
Table No 3 Cross Tabulation of Marital Status and Sex	51

Sample Characteristic Analysis

Table No 4 Cross Tabulation of Bank Type and Account type (Current Saving and Fixed)	52
Table No 5 Cross Tabulation of Bank Type and Account types (Official and Personal)	53
Table No 6 Cross Tabulation of Bank Types and Reason of Opening an Account	54
Table No 7 Queuing time in Deposit Counter (in minutes)	55
Table No 8 Cross Tabulation of queuing in Deposit Counter in the bank	55
Table No 9 Queuing time in Deposit Counter (in minutes)	56
Table No 10 Cross Tabulation of queuing in Payment Counter in the bank	57
Table No 11 Cross Tabulation of Bank Type and their Service	58
Table No 12 Cross Tabulation of Bank Type and their Physical facilities	59
Table No 13 Cross Tabulation of Bank Type and Locker system	60
Table No 14 Cross Tabulation of Bank Type and their Employee Behavior	61
Table No 15 Cross Tabulation of Bank Type and Feeling about the Programme Oriented by the Bank	62
Table No 14 Cross Tabulation of Bank Type and their Interest Rate	63
Customer Level of Satisfaction	
Table No 17 with Good Interest Rate	65
Table No 18 with Fast and Correct Service	65
Table No 19 with Reliability	66
Table No 20 with Employee Good Behaviour	67
Table No 21 with Located Near To my Residence	68

Table No 22 with Timely Information	68
Table No 23 with Targeted For Poor People	69
Table No 24 with Pleasant Office Environment	70
Customer Level of Dissatisfaction	
Table No 25 with Low Interest Rate	71
Table No. 26 with Poor Employee Behaviour	71
Table No 27 with Complicated To Get Other Services	72
Table No 28 with Hesitated to Be Familiar with Modern Banking	73
Table No 29 with High Minimum Balance	73

CONTENT

ACKNOWLEDGMENT

LIST OF TABLES

LIST OF ABBREVIATION

CHAPTER I	1
1. INTRODUCTION	1
1.1 Background	1
1.2 Area of Nepal	1
1.3 Banking History	2
1.3.1 Definition of Bank	2
1.3.2 Banking History in Nepal	2-3
1.4 Following are the present Commercial Banks in Nepal	3-4
1.5 History of Commercial Banks	4-9
1.6 Definition of Banking Services and Customer Satisfaction	9-10
1.7 Scope of the Study	10
1.8 Statement of the Problem	10
1.9 Objective of the Study	10-11
1.10 Research Question	11
1.11 Significance of the Study	11-12
1.12 Limitation of the Study	12
1.13 Organization of the Study	12-13
CHAPTER II	14-19
2. LITERATURE REVIEW CHAPTER II	14-19
CHAPTER III	20
3. RESEARCH METHODOLOGY	20
3.1 Methodology	20
3.1.1 Banking Services	20
3.1.2 Consumer Satisfaction	20
3.2 Study Design	20
3.2.1 Sample Design	20-21
3.2.2 Sample	21
3.2.2.1 Sample Formula	21

3.2.2.2 Sample Size	21-22
3.2.2.3 Sampling Area	22
3.3 Population and Sample	22
3.4 Questionnaires	22
3.4.1 Questionnaires Design	22-23
3.4.2 Pre-test of Questionnaires	23
3.5 Data Collection	23
3.5.1 Data Analysis	23
3.5.2 Data Processing Technique	23-24
3.5.3 Method of Data Analysis	33-34
3.6 Statistical Analysis	25
3.6.1 Statistical Tool	25
3.7 Computer Software	25
4. DATA ANALYSIS AND PRESENTATION	26
4.1 Part I	26
4.1.1 Types of Services Provided By the Commercial Banks	26-48
4.2 Part II	49
4.2.1 Customer Satisfaction Analysis	49-64
4.2.1.1 Analysis of Comparative Performance of Commercial Banks in Terms of Customer Satisfaction Level	48-64
4.2.1.2 Analysis of Commercial Banks in Terms of Customer Dissatisfaction Level	71-74
4.2.1.3 Findings	74-75
5. SUMMARY, CONCLUSION AND RECOMMENDATION	76-79
5.1 Summary	76-77
5.2 Conclusion	77-78
5.3 Recommendation	78-79
Questionnaires	80-83
Bibliography	84-85

ACRONYMS

ABBS	-	Anywhere Branch Banking Service
A/C	-	Account
A.D.	-	Annno Domini
ADB/N	-	Agriculture Development Bank/Nepal
APO	-	Asian Productivity Organization
ATM	-	Automated Teller Machine
BOA	-	Bank of Asia
BOK	-	Bank of Kathmandu
B.S.	-	Bikram Sambat
CEO's	-	Chief Executive Officers
CDMA	-	Code Division Multiple Access
DCBL	-	Development Credit Bank Limited
EBL	-	Everest Bank Limited
ETC	-	Etetra
GBP	-	Great Britain Pound
HBL	-	Himalayan Bank Limited
L/C	-	Letter of Credit
Ltd.	-	Limited
MBO	-	Management by Objective
M.B.S.	-	Master in Business Studies
NABIL	-	Nepal Arab Bank Limited
NBBL -	-	Nepal Bangladesh Bank Limited
NCC	-	Nepal Credit and Commerce
NEPSE	-	Nepal Stock Exchange-
NIBL	-	Nepal Indosuez Bank Limited
NIC	-	Nepal Industrial and Commerce
No.	-	Number
NMB	-	National Merchant Bank
NPR	-	Nepali Rupees
NRB	-	Nepal Rastra Bank
NTC	-	Nepal Tele Corporation

PSTN	-	Public Switched Telephone Network
RBB	-	Rastriya Banijya Bank
SBI	-	State Bank of India
SCBNL	-	Standard Chartered Bank Nepal Limited
SCT	-	Smart Card Technology
SMS	-	Short Message Service
SPSS	-	Statistical Package for Social Science
SME	-	Small and Medium Enterprise
SRS	-	Simple Random Sampling
SWIFT	-	Society for World wide Inter Bank Financial Telecommunication
VISA	-	Visitor Intension to Stay Abroad
FDR	-	Fixed Deposit Receipt
i.e.	-	That is
&	-	And
T.U.	-	Tribhuvan University
T.R.M.	-	Thakur Ram Multiple Campus
%	-	Percentage