AN ANALYSIS OF CUSTOMER PERCEPTION TOWARDS PUBLIC BANKS IN NEPAL

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ABSTRACT

Customer satisfaction is the key factor for customer retention and thereby the banks success. So identifying and improving the factors that can limit the satisfaction of customer is the crucial step for the bank which wants to be a step forward than its competitors. By keeping a view of this reality, this study tries to analyze the relationship between customer satisfaction and service quality of public banks of Nepal. It is based on primary data of 150 questionnaires administered to the customer of public bank located in Kathmandu valley. Out of 165 questionnaires distributed, 150 were responded. The Results of this study found that most of the customers are satisfied with the responsiveness assurance tangibles and empathy services of the banks.

Keywords: Assurance, Customer satisfaction, Public banks.

Introduction

The banking sector is more liberalized and modernized and systematic managed. There are various types of bank working in modern banking system in Nepal. It includes central, development, public, financial, co-operative and Micro Credit banks. Public bank occupies quite an important place in the framework of every economy. It provides capital for the development of industry, trade & business investing the saving collected as deposit. All the economic

activities of every country are greatly influenced by the public banking business of that country. Customer satisfaction is generally described as the full meeting of one's expectations (Oliver, 1980). Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used. If the customer is fully satisfied then he will be loyal with the bank otherwise he will switch off to that bank which provides the better services. Customer satisfaction can't be limited to short term strategy it's a long term strategy of any firm. It has been increasingly popular due to its helpful attribute towards judgment of the customer preferences and choices. It simplifies the decision maker role and helps to take any major or minor decision to cater customer (Schnaars, 1991). When expectation of customers is matched the resultant feeling is satisfaction and when expectation does not match than the resultant feeling is dissatisfaction. Some of the scholar believes that it can also be called as motivation. (Engel et. al, 1990). Modern management science's philosophy considers customer satisfaction as a baseline standard of performance and a possible standard of excellence for any business organization (Gerson, 1993). To reinforce customer orientation on a day-to-day basis, a growing number of companies choose customer satisfaction as their main performance indicator. It is almost impossible, however, to keep an entire company permanently motivated by a notion as abstract and intangible as customer satisfaction. Therefore, customer satisfaction must be translated into a number of measurable parameters directly linked to people's job -in other words factors that people can understand and influence (Deschamps and Nayak, 1995).

Customer satisfaction is a long-term strategy. It is difficult to radically alter perceptions of product quality over a short time horizon, so it is difficult to quickly cultivate reputation for superior customer service. Consequently customer satisfaction is as competitive advantage that is sustainable over the long term (Schnaars, 1991). In the past few years, subject of satisfaction and dissatisfaction has received a great deal of attention from academic researchers. Engel and Blackwell (1982) defined satisfaction as an evaluation that the chosen alternative is consistent with prior beliefs with respect to that alternative. Satisfaction implies a conscious and deliberate evaluation of outcomes (Engel & Blackwell, 1982. High satisfaction or dissatisfaction also is a motivation for sharing with others (Engel, Blackwell, & Miniard, 1990). Customer satisfaction is an affective state or feeling towards the products or services. Competition in banking industry becomes more and more intense and financial institutions place great importance on customers. Customer satisfaction could lead to stronger customer base which is a competitive advantage to

the institutions. Due to the importance of customer satisfaction, it has become academics' and practitioners' interests in service industry. There is a continuous growth in research of customer satisfaction in retail banking sector (Salifu at. al 2010). Anderson et.al (1994) provided a better explanation by describing the customer satisfaction as a kind of purchase behavior and the experience of using a product. It is much dependent on buyers' expectation which determines the consistency of the product performance. When transacting with banks, customers always judge the level of services and the priority given by bank and finally decide about repurchase behavior. Customer satisfaction level is high when they obtain maximum usage and profit with minimum price (Afsar et.al, 2010). Satisfaction can both be conceptualized from an affective and cognitive prism. Customer satisfaction is found to leave an impact directly on cognitive evaluation of consumers and affective responses. In addition, satisfaction is a kind of cognitive state that solicits feedback from customer after service or product consumption (Ho, 2009). According to some research, behavioral responses like repeat purchase, word-of-mouth, and complaint behavior are the factors used to evaluate customer satisfaction or experiences regarding products or services. Researchers introduced the disconfirmation of expectation model to explain the nature and operation mobilization of customer satisfaction. The mentioned model identified that customer satisfaction is a function of causal relationship between expectation and service performance (Salifu at.al. 2010). In actual fact, confirmation or disconfirmation paradigm is the theoretical model central to majority of satisfaction studies. With reference to discount paradigm, expectancy disconfirmation could be categorized into two processes. The first process is the acknowledgement of expectations towards the products or services while the second is comparison of experienced performance of the products or services with prior expectations (Ho, 2009). Customer satisfaction is classified as an outcome or a process. When customer satisfaction is regarded as an outcome, customer satisfaction refers to cognitive and affective state of responses to current consumption experience (Salifu at.al, 2010). Some of the studies related to customer perception towards banking sectors such as Limbad (2013) and Narasimharao & Suvarchala (2018) for India, Kongis and Vassilis (1997) for Greece and Uddin et. al (2014) for Bangladesh. So it is necessary to analyze the customer perception towards public banks in Neapl. By keeping the view of this reality, this paper is conducted to examine the factor influencing customer satisfaction in public bank of Nepal and is to determine that extend of customer satisfaction.

Methods and Materials

The study has used descriptive and analytical research design to test the research hypothesis. It attempts to cover the variable which affects the customer satisfaction on public bank. The plan of gathering information is observation and structured questionnaire. Two variables has been examined: they are customer satisfaction (dependent variable) and responsiveness, assurance, empathy, tangibles and reliability (independent variables). This Study has been conducted in the city of Kathmandu. The study is based on 150 questionnaires administered to the customer of public bank located in Kathmandu valley. Out of 165 questionnaires distributed, 150 were responded. Therefore, the whole analysis of result is based on 150 questionnaires as per the sample size determined for undertaking the study. For research purpose, the survey method has been used to collect the primary data. The site location has been purposively selected whole judgmental sampling method has been used to select the respondents. This study has covered the respondents as per the judgments of research that means those respondents who are in the access of researcher are taken as a sample of the study along with considering limited time and cost. Sample unit was an account holder of public bank drawn as sample from random sampling method. Questionnaire has been designed in Likert scale format in most of the cases to get the answer of the respondents. After the questionnaires were collected, the relevant` information was drawn. Then, SPSS version 20 software was used for coding, reliability test, analysis and presentation of collected data. The collected information from primary sources of data will be subjected to data analysis and interpretation, content analysis and statistical analysis.

3 **Results and Discussions**

3.1 Correlations between Customer Satisfaction and Identified Variables

Correlation coefficients between customer satisfaction and their variables presented in table 1.

Table 1: Correlation between Variables

Items	Responsiveness	Assurance	Tangibles	Reliability	Empathy
Customer satisfaction	0.774**	0.753**	0.680**	0.585**	0.434**

Table 1 shows the relationship between influencing variables and customer satisfaction. Correlation coefficient between dependent and independent variables reflect the relationship and association among the variables. After the extraction of different variables, it is now to estimate

the association between customer satisfactions of public bank. Here customer satisfaction is considered as dependent variable and responsiveness, assurance, tangibles, reliability and empathy are considered as independent variables.

Table 2: Result of Regression Analysis

Model	Beta	Std. Error	t-value	p-value	VIF
Constant	-0.198	0.117	-1.698	.092	
Responsiveness	0.307	0.043	7.179	0.000	1.875
Assurance	0.385	0.041	9.407	0.000	1.574
Tangibles	0.216	0.040	5.433	0.000	1.726
Reliability	0.048	0.033	1.444	0.151	1.630
Empathy	0.123	0.029	4.303	0.000	1.180
R-square=0.833, DW= 1.941, F= 143.564, p-value<0.01					

Table 2 represents the result of the regression model on factors influencing customers satisfaction on public bank is significant at 1 percent level of significant (p<0.01) with the value of F=143.564. Hence there is sufficient evidence, at the 1 percent level of significance, that there is a linear relationship of responsiveness, assurance, tangibles and empathy (independent variables) with customer satisfaction. Most of the variables have been found significant at I percent level of significance. The value of DW shows that there is no problem of autocorrelation. personalized service. It will also help to implement empathetic approach. It can be concluded that there is no such big differences among the responses of participants belonging to different age group, gender, income level and education level.

3.2 Customer Satisfaction with Gender

The prior hypothesis in this regard was aim is no significance difference between male and female customers with customer satisfaction on public bank. To know the difference in opinion of male and female on customer satisfaction, independent sample t-test was carried out. Following table presents the result of hypothesis testing.

Table 3: Customer Satisfaction between Male and Female

Gender	N	Mean	Std. Deviation
Male	63	2.844	0.61324
Female	87	2.680	0.66154
Value	t	=0.602 and p-value>0.05	

Table 3 shows that the test for equality of independent sample test carried out and depicts that t is insignificant at 5 percent level of significance (p>0.05). It shows that the p-value is greater than 0.05, which indicates that the mean of opinions of both male and female are not seen significantly different. It indicates that there is no significant difference in the opinion towards customer satisfaction between male and female respondents.

3.3 Association Customer Satisfaction across Age Group

This analysis has been focused on examining the situation of customer satisfaction on public bank across different age group. One Way ANOVA has been used to examine the association of customer satisfaction across different age group. Table 4 shows the concrete of result of this test.

Table 4: Customer Satisfaction across Age Group

	Sum of Squares	Mean Square	F	P-value
Between Groups	8.415	2.805	73652	0.000
Within Groups	53.519	0.367		

Table 4 reflects that the association of age group on customer satisfaction is significant. Overall F =1.7.652, p<0.0I.This suggest that significant difference has been found across the different age group on customer satisfaction on public bank. Result of one way ANOVA test suggests that the customer satisfaction on public bank across different age group is significant at 1 percent level of significance(p-value<0.01).The data has the sufficient evidence for evidence for establishing the different opinion across the different age group on customer satisfaction on public bank.

3.4 Association of Customer Satisfaction on Public Bank across Education Level

This part of analysis has focused on examining customer satisfaction on public bank across different education levels of customers. One Way ANOVA has been used to examine the across respondents holding different educational degree. Table 5 shows the concrete result of this test.

Table 5: Customer Satisfaction across Education Level

	Sum of Squares	Mean Square	F	P-value
Between Groups	2.533	0.844	2.075	0.106
Within Groups	59.402	1.407		

Table 5 reflects that the customer satisfaction on public bank across the level of education is insignificant overall F = 2.075 and (p>0.05). This suggests that significant difference has not found across the different education levels on customer satisfaction on public bank Result of One Way ANOVA test suggests that the customer satisfaction on public bank across the different education level is insignificant at 5 percent level of significance (p > 0.05) which suggests that education level does not differentiate on customer satisfaction on public bank. There is no significant difference across education level on customer satisfaction Result of one way ANOVA test suggests that the customer satisfaction across the different education level is insignificant at 5 percent level of significance (p-value>0.05).The data has sufficient evidence for establishing the similar opinion across the customers of different education level.

3.5 Association of Customer Satisfaction across Income Level

This part of analysis has focused on examining customer satisfaction across different income levels of customers. One Way ANOVA has been used to examine the across respondents with different level of income. Table 6 shows the concrete result of this test.

Table 6: Customer Satisfaction across Education Level

	Sum of Squares	Mean Square	F	P-value
Between Groups	3.772	1.257	3.156	0.027
Within Groups	58.163	0.398		

Table 6 reflects that the customer satisfaction across the level of income is significant overall F =3.156 and (p<0.01). This suggests that significant difference has been found across the different income levels on customer satisfaction. Result of one Way ANOVA test suggests that the customer satisfaction across different income level is significant at 1 percent level of significance (p <0.01). The data has the sufficient evidence for establishing the different opinion across the different income level on customer satisfaction.

Conclusion

Results also infer that most of the customers are satisfied with the responsiveness assurance tangibles and empathy services of the bank which is shown by mean value. Correlation analysis reveals that all the independent variables (Responsiveness, Assurance, Tangibles, Reliability and Empathy) are positively correlated with dependent variable (Customer satisfaction) and have significant relationship between them. The findings of regression analysis reflect a positive effect of responsiveness, assurance, tangibles and empathy on customer satisfaction on public bank. The effect of assurance and responsiveness has been found more significant as a higher value of beta coefficient. So, the results of regression analysis reveals that assurance and responsiveness are the most influential factor for the customer satisfaction Independent sample t-tests reveals that significant difference is exist between male and female customers on customer satisfaction. One way ANOVA suggests that significant difference does not exist across age group of customer satisfaction, but significant difference exists in the opinion of customer with age group on all the variables. One way ANOVA also suggests that no significant difference exists among the group of education level on customer satisfaction but significant difference exists in the opinion of customer with the different education level on all the variables. The customer satisfaction on public bank across the level of education is insignificant overall F = 2.075 and (p>0.05). This suggests that significant difference has not found across the different education levels on customer satisfaction on public bank. Result of One Way ANOVA suggests that the customer satisfaction on public bank across the different education level is insignificant at 5 percent level of significance (p > 0.05) which suggests that education level does not differentiate on customer satisfaction on public bank. There is no significant difference across education level on customer satisfaction Result of one way ANOVA test suggests that the customer satisfaction across the different education level is insignificant at 5 percent level of significance (p-value>0.05).The data has sufficient evidence for establishing the similar opinion across the customers of different education level. It will also help to implement empathetic approach. It can be concluded that there is no such big differences among the responses of participants belonging to different age group, gender, income level and education level for consumer perception on public banks in Nepal.

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