

Influence of digital finance service worth on customer satisfaction in Nepal

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Abstract - Customer satisfaction is a major factor to sustain competitive advantage in the present dynamic and competitive environment for the organisations. The present research work is conducted to find how customers of Nepalese banks are happy with online banking system. Primary data is collected through the questionnaire developed from SERVPERF model on 5-point Likert scale. A sample sizes of 335 total respondents taken as for data collection. The research is descriptive, causal comparative in nature. Variables included in the study are tangibles, reliability, assurance, responsiveness, empathy as exogenous variables and customer satisfaction with e-banking service quality as endogenous variable. The data analysis were performed through the techniques:- descriptive statistics, correlation, multiple regression. Results of the study showed influence of independent variables in all categories is positive and significant on dependent with R² value of 0.627 which means 62.7% change in endogenous variable is due to exogenous variables and rest 37.3% is due to the other factors outside the model. Study shows that customers of Nepal are appropriately contended with the digital banking system in Nepalese banks. Assurance have been found as highest determining factor for customer satisfaction in e-banking services in Nepal followed by reliability and empathy.

Keywords: digital banking, customer satisfaction, SERVPERF model, service quality, assurance

1. Introduction

By utilizing technology, the banking sector has been enhancing its operations regularly. Banks have established a number of technologies to carry out banking transactions swiftly and easily thanks to the evolution of this technology. Customers in developing nations like India have a variety of needs and wants, thus it is acceptable for banks also service providers to give premium-quality services quickly and efficiently for fulfilling their needs and desires.

E-banking is a connection established electronically between a bank and a consumer to plan, direct, and monitor financial transactions (Burr, 1996). Computer and phone banking are also referred to as "electronic banking" or "e-banking." It describes how banks use information and communication technologies to manage relations with customers and offer services more promptly and effectively (Charity-Commission, 2003). "Electronic banking" refers to a system through which a customer may make financial transactions digitally instead of visiting a physical location. There are several channels for electronic banking, including computers, phones, televisions, mobile phones, and the internet (Al-Abed, 2003). The banking sector has seen an upsurge in competitiveness over the last few years. Banks are utilizing innovative techniques and technologies to boost client satisfaction and retention in an effort to stay competitive (Lustsik, 2004). It was stated that time and geographic restrictions no longer apply to banking (Karjaluoto et al, 2002).

The customer has a predetermined list of qualities in mind when considering a good or service. As a consumer utilizes the service, he evaluates it in light of pre-existing attributes in his mind. In essence, the service quality is being measured by this comparison. A customer tries to connect the services to pre-existing attributes in his imagination in order to determine what he expects from them. The customer is completely satisfied if the service quality is better than anticipated (Asubonteng et al, 1996).

E-banking is essential for meeting customer expectations. By providing premium quality services, businesses may increase customer satisfaction and customer retention (Gronroos, 2000). Asian customers, like the rest of the globe, are swiftly making the switch to digital banking (Barquin & HV, 2015). And without a question, the digitalization of financial services procedures has given the Nepalese banking sector new opportunities.

This study's objectives are to evaluate the digital banking services offered through significant Nepalese financial institutions and also to look how these services' factors effect customer satisfaction. In commercial banking field many different aspects of customer satisfaction are present. The highest effect on satisfaction comes from the dimension of service quality (Culiberg & Rojsek, 2010).

As far as the researcher is aware, this work is the first to study how caliber of digital banking services effects on customer gratification in Nepal using the SERVPERF measurement scale as opposed to many of the earlier studies' use of the SERVQUAL tool. Many studies believe that the SERVPERF scale is a more reliable indicator for service quality than the SERVQUAL scale (Ishfaq et al, 2015).

1.1. Research Questions

- (1) How does measures of electronic finance service quality are related with customer satisfaction in Nepal?
- (2) What is influence of digital finance service quality on customer gratification in Nepal?

1.2. Purpose of Study

- (1) To examine association among measures of service quality in digital banking and customer satisfaction in Nepal.
- (2) To determine effect of service worth measures in digital banking sector on customer satisfaction in Nepal.

1.3. Review of Literature

Santos (2003), mentioned digital service value refers to customer's overall valuation and interpretation of e-service delivery fineness and quality. Wang et al (2003), providing consumers with outstanding service and products is important for existence in the cut-throat financial marketplace of today. Berrocal (2009), by guaranteeing client preference and positive relations, digital-finance became vital service in acquiring consumers' loyalty in banking sector. Above all, it is critical for meeting consumers' hopes.

An inspection of anticipated gap amid past expectations and the real functionality of the item might serve as an example of contentment (Aga & Safakli, 2007). Fulfilment and service worth are closely related. Santos (2003), as consumers can easily evaluate benefits of contending services, it is imperative that online banks pay larger care to how their clients perceive worth of their online banking facilities.

Culiberg and Rojsek (2010) customer fulfilment may be attained through offering high-quality services, hence there is a clear connection amid service value and customer gratification (Jayasundara et al, 2009; Kumbhar, 2011). Parasuraman et al (1985) evaluation of service worth can be made along ten dimensions i.e., physicality, morality, receptiveness, rivalry, courtesy, reliability, safety, freedom, communication, and understanding of the customer, from SERVQUAL model. Then after, another scale was created that includes five measures that are: reliability, responsiveness, assurance, empathy, and tangibility (Parasuraman et al, 1988).

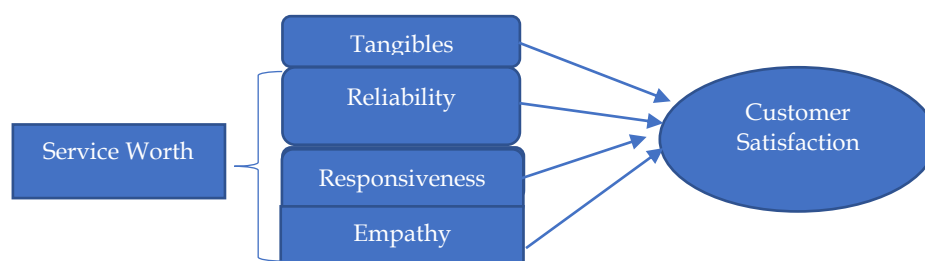
The SERVQUAL scale's goal is to assess the difference amongst customers' expectations for excellence of the service and their insights how well it really performs, with the amount of the incongruity indicating how satisfied customers are with level of service they received (Ismail et al, 2006). But, since its establishment in 1988, SERVQUAL has received a lot of criticism (Asubonteng et al, 1996). The questionnaire's length, difficulty in administering, face and construct validity, working

meaning of expectations construct, and dimensional instability are among the most prominent objections (Ladhari, 2009). Thus, in order to raise the measurement's accuracy, academics have sought to alter and enhance SERVQUAL. As a consequence, SERVPERF was created, and it was found to be a more accurate indicator of service quality. Grounded on service provider's real performance, it measures service excellence. Scale is distinguished by its simplicity and precision in weighing service value (Ladhari, 2009; Mohajerani & Miremadi, 2012).

Therefore, SERVPERF helps to judge together customer happiness and excellence of the digital banking service. The SERVPERF scale's five elements (reliability, assurance, responsiveness, empathy, and tangibility) estimated quality of e-banking services, also each dimension's impact on each aspect of customer contentment is then evaluated (Kheng et al, 2010).

1.4. A Conceptual Framework

Here, a conceptual framework for customer service quality (CSQ) is presented based on a literature review. It has five measures of service worth (SERVPERF Model), tangibility, reliability, assurance, responsiveness, and empathy as exogenous variables, and digital banking service value in Nepalese banks as an endogenous variable. The model is summarized in Figure 1



1.5. Hypothesis Formulation

The following hypothesis are formulated on the basis of conceptual model:

- H1: Tangibles influence significantly customer fulfilment with digital finance service value in Nepal.
- H2: Reliability influence significantly customer fulfilment with digital finance service worth in Nepal.
- H3: Assurance influence significantly customer fulfilment with digital finance service value in Nepal.
- H4: Responsiveness influence significantly customer fulfilment with digital finance service worth in Nepal.
- H5: Empathy influence significantly customer fulfilment with digital finance service value in Nepal.

2. Method

2.1. Research design

To achieve predetermined objectives of the research descriptive and analytical research design is followed. The study is built on primary data obtained by self-administered questionnaire.

2.2. Sampling and Data Collection

Respondents are customers of several Nepali banks who use any of the available e-banking services. Because it was unable to generate list of e-banking users hence, non-random sampling i.e., convenience sampling is applied instead of random sampling. A total of 336 questionnaires disseminated, 335 of them were significant for study.

Every scale that was used in this study has already been verified by other research. Nevertheless, even though all of the items (tangibles, reliability, assurance, responsiveness, empathy, and customer satisfaction) were taken from earlier assessments, they were altered to fit the needs of this study. All measurements made using a Likert-type five-point scale (Naik et al, 2010).

2.3. Data Analysis

Link between dependent variable, customer satisfaction, and a set of independent factors developed from the SERVPERF model is investigated in the study using descriptive statistics, multiple regression, correlation and t-test.

3. Results and Discussion

3.1. Results and Analysis

Data collected and analysed is presented here. Data analysis done by SPSS. The outcomes are presented and discussed in the following sections.

Customer Satisfaction from e-banking service quality in Nepal

Mean scores, Standard deviations and Correlations of the sample along all SERVPERF variables

Descriptive statistics and Correlations								
	Mean	S.D.	CSQ	TN	REL	AS	RE	EM
CSQ	4.104	0.601	1					
TN	4.28	0.588	.530**	1				
REL	3.785	0.643	.651**	.500**	1			
AS	3.855	0.674	.621**	.410**	.543**	1		
RE	3.98	0.597	.630**	.479**	.559**	.460**	1	
EM	3.814	0.686	.609**	.275**	.528**	.456**	.727**	1

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

Above table shows the customer pleasure from e-banking services in Nepalese banks. As per the mean scores, it was found customers are moderately satisfied from all of digital banking amenity factors taken as independent variables. In particular, the findings depict that customers in Nepalese banks have greater satisfaction from the tangibles factor of customer gratification with digital finance service worth. The mean value i.e., 4.1043 signify that customers are satisfied from overall digital banking service quality in Nepalese banks.

The correlations of all the independent variables (TN = tangibles, REL = reliability, AS = assurance, RE = responsiveness, EM = empathy) with latent variable (CSQ = customer satisfaction with digital banking service quality) is positive and significant. Hence, it is inferred that all the measures taken from SERVPERF model are significantly and positively related with customer satisfaction level from digital finance service worth in Nepal.

Digital banking service measures influence on Customer Satisfaction level

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.791 ^a	.626	.620	.37049

a. Predictors: (Constant), EM, TN, AS, REL, RE

At the 1% level of significance, the value of $F = 109.885$ is judged to be significant, indicating that a substantial model has formed from the regression analysis. As per table 2, R-square is 0.626 therefore, 62.6% percent of total variance in customer satisfaction is because of independent variables and rest 37.4% percent due to other factors. Therefore, it is inferred that the independent variables from SERVPERF model determine customer satisfaction with digital banking service quality in Nepalese banks.

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.320	.172		1.855	.064
TN	.190	.043	.186	4.427	.000
REL	.208	.044	.223	4.784	.000
AS	.232	.038	.260	6.164	.000

RE	.136	.055	.135	2.462	.014
EM	.196	.046	.224	4.294	.000

a. Dependent Variable: CSQ

Results of t-test reveals, there is positive beta value of TN which represents that TN impact CSQ positively, the effect of tangibles on customer satisfaction is significant. So, ***H1: Tangibles influence significantly customer fulfilment with digital finance service value in Nepal***, is accepted.

Hence, Tangibles are considered as a determining factor for customer satisfaction from e-banking service in Nepal.

Reliability have also come out to be significantly influencing customer satisfaction from e-banking service quality in Nepal with significance value of 0.000. T-test confirm our hypothesis ***H2: Reliability influence significantly customer fulfilment with digital finance service worth in Nepal***.

Like other independent variables of the SERVPERF Model, the value of t-test has depicted significant impact of assurance on customer gratification with e-banking service quality at significance level of 0.05. However, t value (6.173) for assurance is greater than other independent factors, therefore, assurance have greater determining effect for customer satisfaction as compared to other independent factors. Also, it leads us to accept our hypothesis ***H3: Assurance influence significantly customer fulfilment with digital finance service value in Nepal***.

Value of t-test for variable responsiveness is greater than 2 and significant, we thus accept our hypothesis i.e., ***H4: Responsiveness influence significantly customer fulfilment with digital finance service worth in Nepal***.

The t statistic for empathy 4.239 found significant at 0.05 level. So, customers' satisfaction with digital banking service quality in Nepal is significantly influenced by empathy factor. Hence, we accept our hypothesis i.e., ***H5: Empathy influence significantly customer fulfilment with digital finance service value in Nepal***.

3.2. Discussion

Analysis of statistics from present research reveals, customer's contentment with electronic-banking facilities provided by Nepalese banks. The service quality factors as taken from SERVPERF model showed significant relationship with e-banking customer fulfilment. Customers' contentment and service quality are positively correlated, as high-quality services can help the business increase its customers (Culiberg & Rojsek, 2010). All the study variables are found as significant determinants for the customer satisfaction with Nepalese banks e-service quality. Therefore, it shows that if customers in Nepalese banks find e-banking services flexible, understandable, quick, dependable, secure, responsive, respectful etc., they will have greater satisfaction. For achieving high amount of client satisfaction, it becomes essential to receive improved higher-quality services (Jain & Gupta, 2004). In previous studies also the suggestions came out that service worth is a precondition of customer fulfilment and has a substantial positive impact on it, (Bedi, 2010). In fact, another study concluded that connection amid customer contentment and service quality is substantial and enduring (Parasuraman et al, 1988). Another study found employing e-banking services enhances customers' satisfaction in banking sector (Asiyanbi & Ishola, 2018).

The study also indicates effect of empathy, reliability, assurance on customer gratification in digital finance service worth is highest which confirms previous studies that empathy, reliability, assurance are the service value factors having the highest impact on client contentment (Naidoo, 2010/2014; Khan & Fasih, 2014; Kaura, et al, 2012). Hence, we can say that customers in Nepalese e-banking service sector are more inclined towards the trustworthiness, safety and orderliness of the service quality they receive.

As a result, it can be inferred that the online banking industry should maintain a high standard on these factors so as to keep its present customers and raise it further in order to attract new ones. The insights from present research can be helpful for executives of banking sector in Nepal to understand the behaviours of the online banking customers and how to satisfy them to the utmost in order to retain them and motivate them for the use of these online services for the longer time period.

Future research can expand on this work by reproducing it in additional locations. Additionally, in order to highlight other aspects of online banking users' perceptions, other variables may be added to the variables that were already included in the current study.

Customers in Nepal who use e-banking services are the only participants in the study who are studied through variables from SERVPERF model. More variables can be included to analyse the wider dimensions of customer fulfilment. Current research work can also be used to determine customer satisfaction from quality of other banking services too. The study can also be applied to understand the customer satisfaction in other sectors.

4. Conclusion

The present research work is done for studying effect of digital-finance service excellence on customer gratification in Nepal. Study aims to inspect the impact of digital-finance service worth measures taken from SERVPERF model on the customer satisfaction in Nepal. Results of study reveals, all the digital-banking service value measures determine customer fulfilment level in Nepalese banking sector. It was also, found that assurance factor has highest influence on customer fulfilment level with digital-banking facilities followed by other two variables of reliability and empathy. Thus, we conclude that, through the variables tangibles, reliability, assurance, responsiveness, empathy, level of customer fulfilment with digital-finance service value in Nepal can be determined.

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