

## A comparative study on the impact of service quality on customer satisfaction: Survey of joint venture and government banks in Nepal

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**Abstract** - This study explores the relationship between customer satisfaction and service quality, of the inquiry is the evaluation of client satisfaction regarding the caliber of service rendered by Nepalese commercial banks. The study attempts to determine the effect of focusing on how important it is for service quality to influence customer contentment. The primary focus service quality on customer satisfaction within the Nepalese banking industry is by using descriptive and causal comparative research techniques. A total of 383 samples were taken from six joint venture banks and three public (or Government ownership) banks in Nepal. Using primary data obtained from a survey with a five-point Likert scale, correlation and regression analysis are used in the study to examine the impact of several service quality parameters on customer satisfaction. The results show that, in the Nepalese banking industry, responsiveness, reliability, assurance, and empathy have a positive and significant association with customer satisfaction. However, responsiveness does not significantly affect customer satisfaction.

**Keywords:** assurance; empathy; reliability; responsiveness; customer satisfaction

### 1. INTRODUCTION

Providing great service to lure and keep clients has been seen as a key imperative in a highly competitive corporate climate (Parasuraman, 1985). Thus, in the age of globalization, reaching better levels of customer satisfaction is a difficult undertaking, particularly in the service industry. To address this difficulty, several firms have begun to improve their service quality (Devkota, 2016). Service quality is a critical component in every service industry since it helps to keep a competitive edge in the marketplace. As a result, service quality is a strategic tool for strengthening competitive advantages and increasing profitability in business (Tam, 2004).

Service quality relies around meeting customers' needs and aligning service delivery with their expectations (Daniel, 2010). It is critical in generating competitive advantages and increasing profitability across many service sectors. Service quality is critical to improving both customer happiness and total profitability since it attracts customers, expands the customer base, fosters retention, and nurtures loyalty. This link between service quality and customer satisfaction is particularly crucial in customer-centric sectors like banking, where the emphasis is on delivering uniform quality of service to satisfy changing consumer needs (Surashchandran, 2002).

Service quality represents an overall judgment akin to the attitude towards the service and serves as a significant precursor to overall customer satisfaction (Parasuraman et al., 1985). It serves as a vital tool for firms striving to differentiate themselves amidst stiff competition (Ladhari, 2008). Notably, service quality's multidimensional nature poses challenges in its conceptualization and operationalization (Pantouvakis, 2013). In today's market economy, high-quality goods and services are indispensable for business success, with quality serving as a crucial measure for evaluating outcomes (Aga, 2007). In the banking industry, where population expansion and growing demand for services are prevalent, service quality and customer happiness emerge as major differentiators (Parasuraman, 1985). The SERVQUAL framework, developed by Parasuraman et al. (1988), emphasizes the relevance of tangibles, dependability, responsiveness, assurance, and empathy in determining perceived service quality.

Customer satisfaction, rooted in the assessment of service performance I expectations, is integral to business profitability and sustainability (Shemwell, 1998; Njoku et al, 2023; Negash, 2023; Mazher et al, 2023; Njoku et al, 2023; Cindy et al, 2024). As the cornerstone of any successful enterprise, satisfied customers foster repeat business, brand loyalty, and positive word-of-mouth endorsements (Nabi, 2012). Consequently, banking institutions prioritize delivering high-quality service to meet evolving customer needs and expectations (Karim, 2014).

Strategies aimed at enhancing service quality are imperative for banks seeking to stay ahead of competitors and ensure customer retention (Pradhananga, 2014). Studies in Nepalese commercial banks reveal strong correlations between service quality and customer satisfaction, with reliability emerging as a critical factor (Koirala, 2018). Notably, customer satisfaction and loyalty positively impact bank profitability, underscoring the significance of understanding and addressing customer needs (Eklof, 2020).

This study's main goal was to examine the impact of service quality on customer satisfaction in Nepalese banking. The aims of this study are as follows:

- (1) To examine the relationship of SERVQUAL variables i.e., reliability, responsiveness, assurance, and empathy with customer satisfaction of Nepalese Banking Industry.
- (2) To identify the determinants of service quality those, have significant influence on the customer satisfaction of the Nepalese banking industry.

Based on the review of past studies and the research objectives, the following hypothesis was formulated for the study.

H01: There is no significant relationship between reliability and customer satisfaction.

H02: There is no significant relationship between responsiveness and customer satisfaction.

H03: There is no significant relationship between assurance and customer satisfaction.

H04: There is no significant relationship between empathy and customer satisfaction.

Fueled by liberalization and technological advancement, the financial sector faces fierce competition. Banks emphasize service quality to retain clientele, supported by research indicating

that such investment enhances market share and profitability. In Nepal, banks strive for excellence, acknowledging the pivotal connection between service quality and customer satisfaction, mutually benefiting stakeholders.

The Expectation Theory, introduced by (Oliver, 1980), stands as the foremost theory of customer satisfaction. It posits that satisfaction or dissatisfaction stems from comparing product or service performance against pre-established standards, termed predictive expectations. This comparison results in three potential outcomes: positive disconfirmation (exceeding expectations), zero disconfirmation (meeting expectations), and negative disconfirmation (falling short of expectations), influencing customer delight, satisfaction, or dissatisfaction accordingly.

Assimilation theory, which is based on Leon Festinger's dissonance theory, proposes that consumers compare their expectations to perceived product performance. Introduced by (Anderson, 1973), it explains that consumers seek to avoid dissonance by adjusting perceptions to align with expectations. This can be achieved by distorting expectations to match perceived performance or by minimizing the importance of any discrepancies to increase satisfaction levels.

Munusamy (2010) examined customer satisfaction in Malaysia's banking sector through service quality delivery. Their quantitative research looked at the association between service quality factors and satisfaction. Assurance had a positive relationship with no significant effect, whereas reliability had a negative relationship with no significant impact. Tangibles have a strong beneficial influence on contentment. Empathy and responsiveness demonstrated a good link but no meaningful influence. The report highlights the consequences for banking marketers to improve service quality.

Munhurrin (2010) delved into assessing service quality in the Mauritian public sector, utilizing both front-line employees (FLE) and customer perspectives. Employing SERVQUAL, they measured service quality in a major public-sector department, comparing customer expectations with actual service delivery. Findings revealed a notable gap between expectations and delivery, although FLE demonstrated a good grasp of customer expectations. Recommendations included focusing on areas with low ratings and addressing attributes with high gap scores. This study contributes to public service quality management knowledge, benefiting strategic managers, operational leaders, and researchers exploring service quality assessment tools and their application in the Mauritian public sector.

Mohammad (2011) conducted this study to investigate the level of service quality perceived by customers of commercial banks operating in Jordan and its impact on customer satisfaction. The service quality measure is based on a modified version of SERVQUAL, which includes five dimensions of service quality: reliability, responsiveness, empathy, and assurance. 260 questionnaires were delivered at random to customers of commercial bank branches located in IRBID (a Jordanian city). Multiple regression analysis was used to determine the effect of service quality on customer satisfaction. The findings of this study revealed that service quality is a significant predictor of customer happiness. The current study demonstrates that managers and decision makers in Jordanian commercial banks seek to enhance the areas of service quality that have the greatest impact on customer satisfaction.

Akhtar (2011) examined the amount of customer knowledge of Islamic banks and the relationship between service quality and customer satisfaction with Islamic banks. The survey-based strategy is used to acquire the required data. The study involved the processing of 167 questionnaires. SPSS was used to analyze the data, and the model was validated using AMOS. The study concludes that there is a positive and significant association between customer satisfaction and service quality components such as compliance, assurance, empathy, and representativeness. This study concluded that compliance and representativeness have a greater impact on customer satisfaction in Pakistani Islamic banks.

Muyeed (2012) analyzed retail banking service quality in developing nations, with a particular emphasis on Bangladesh. The study took an analytical approach, collecting data through a painstakingly crafted questionnaire distributed to a sample of 250 people from four banks in Bangladesh's Kushtia district. The results suggested that customers were most satisfied with rapid and precise transactions, while modern equipment and décor service received the

lowest marks. Given the rising competition, banks must prioritize enhancing customer service based on perceived service quality.

Ragavan (2013) investigated how different service quality parameters influence total customer satisfaction. Their study created a service quality measurement tool and investigated the relationship between perceived service quality parameters and overall satisfaction. The findings suggested that responsiveness was the most key component impacting satisfaction, whereas tangibles, reliability, and assurance all had a favorable impact. However, empathy reduced total satisfaction. The study highlights the relevance of service quality in improving total customer happiness, underlining the need for bank managers to emphasize service quality characteristics.

Baker (2013) used Department of Transportation Air Travel Reports to analyze service quality and customer satisfaction among the top fourteen airlines in the United States from 2007 to 2011. The study sought to evaluate satisfaction and quality across airline variables and determine their link. The airline sector faces issues like cost-cutting, shifting demand, and delivering excellent service. The Air Travel Consumer Report collected data on arrivals on time, denied boarding, mishandled baggage, and customer complaints. The study used quantitative methodologies in Microsoft Excel 2010 and discovered that, while traditional carriers are improving, there remain significant discrepancies. Throughout the study period, low-cost airlines outperformed established carriers, with implications for costs, market share, infrastructure, and customer service.

Karim (2014) investigated service quality's impact on customer satisfaction in private sector banks in Bangladesh, considering five dimensions: tangibility, reliability, responsiveness, empathy, and assurance. They used a structured questionnaire with a 5-point Likert scale, surveying 110 participants conveniently chosen. Data analysis was conducted using SPSS software (version: 17), revealing significant positive effects of service quality dimensions on customer satisfaction in the private commercial banking sector in Bangladesh.

Sağlık (2014) investigated service quality perception and its satisfaction impact among university campus refectory users. The study used a survey questionnaire and used factor analysis, ANOVA, t-tests, and multiple regression analyses on 689 valid instances. The findings found that the aspects of service, hygiene, and environment all had a substantial impact on satisfaction, with hygiene having a stronger influence than service.

Shah (2015) examined the influence of service quality on customer satisfaction among banking sector employees in Lahore. This cross-sectional study utilized a questionnaire derived from empirical research. Results indicated a significant positive relationship between service quality and customer satisfaction, with respondents expressing dissatisfaction regarding service quality, impacting overall satisfaction.

Al Azzam (2015) assessed service quality's impact on customer satisfaction among Arab bank customers in Irbid, using Parasuraman et al.'s (1988) model with five dimensions. Results revealed a positive relationship between service quality and satisfaction, with tangibility, responsiveness, reliability, empathy, and security playing crucial roles.

Selvakumar (2015) analyzed the impact of service quality determinants on customer satisfaction in public and private banks in India, focusing on Coimbatore. Using the SERVQUAL model, the study found assurance significantly influenced satisfaction, while responsiveness had the least impact. Assurance aspects like customer importance, secure transactions, knowledge management, and regular interaction exceeded customer expectations.

Otoo (2016) investigated the impact of customer service quality on satisfaction in Ghanaian commercial banks. The study used a descriptive study methodology with 360 randomly selected active consumers to investigate demographic factors, perception levels, and satisfaction. The findings found that clients, primarily from the middle class and private sector, were satisfied with the bank services. Service reliability, assurance, empathy, and tangibles had a substantial impact on customer satisfaction, indicating areas where banks could improve customer perception.

Nguyen et al (2015) constructed and validated a model exploring the relationships



among service quality, customer satisfaction, and loyalty in retail banking. Their survey of 261 retail banking customers confirmed the significant role of service quality and satisfaction as predictors of loyalty. Customer satisfaction was found to mediate the relationship between service quality and loyalty, highlighting the complexity of managing customer loyalty in retail banking.

Devkota (2016) examined factors influencing customer satisfaction and loyalty in Nepalese commercial banks. The study explored relationships between service quality dimensions, satisfaction, and loyalty. Through literature review, a conceptual model with hypotheses was developed. Data from 375 questionnaires were analyzed using SPSS, employing techniques like factor analysis and regression. Results revealed significant positive impacts of service quality dimensions – tangibility, reliability, responsiveness, empathy, and assurance – on both satisfaction and loyalty, corroborating the study's hypotheses.

Upadhyay (2017) assessed customer satisfaction levels in commercial banks using both descriptive and analytical research designs. Data acquired from Nepalese commercial banks via questionnaires used judgmental sampling. Questionnaires created with five scales were analyzed using mean, standard deviation, and coefficient of variation. Cronbach's alpha was used to verify the reliability of the data. The results showed excellent performance across all banks, with private banks outperforming government-owned ones overall. Among government banks, RBB outperformed NBL and ADB.

Felix (2017) conducted a study to explore the relationship between service quality and customer satisfaction in Banque Populaire du Rwanda, Kigali branches, employing descriptive and cross-sectional survey designs. Data were obtained and analyzed using SPSS from a self-administered questionnaire delivered to 498 consumers using easy sampling. The study sought to identify respondents' characteristics, service quality levels, customer satisfaction, and the relationship between service quality and satisfaction. The results showed that many respondents with current accounts were female, lacked professional skills, and had long-term banking relationships. Service quality and satisfaction were good, with a substantial positive link found. To improve service and satisfaction, recommendations included error-free record-keeping, consistent problem resolution, timely issue management, and an awareness of specific client demands.

W.P. (2018) aimed to investigate the impact of commercial banks' service quality on customer satisfaction. Using a simple sample strategy, they questioned 141 customers from both public and private banks in the Gampaha district. Face-to-face interview data were analyzed using Partial Least Squares Structural Equation Modeling (PLSE). The study investigated five links between service quality aspects and customer satisfaction, finding strong positive associations between tangibles and responsiveness in both public and commercial banks. Furthermore, assurance had a low positive association with customer happiness in private banks, whereas empathy and reliability had low positive relationships in public banks, implying higher consumer contentment with public bank service quality.

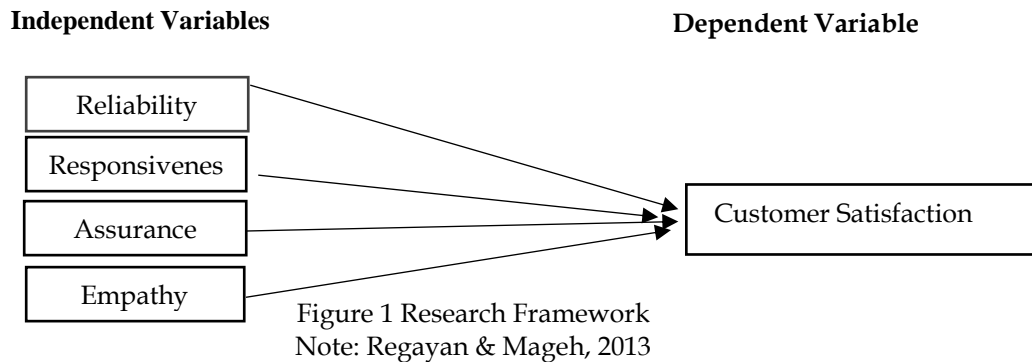
Thapa (2020) conducted a descriptive study to assess the service quality of Nepalese commercial banks using the SERVQUAL model. It has five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. Data from 82 respondents were collected through personally administered questionnaires. Analysis included descriptive statistics and t-tests. Results showed moderate satisfaction across all dimensions, with empathy and assurance scoring higher. Tangibles and reliability were moderately satisfactory, while responsiveness fell below average. The study highlights areas for improvement in bank service quality to enhance overall customer satisfaction, particularly in responsiveness and tangibles.

Joshi, (2021) explored the link between banking service quality dimensions and customer satisfaction in Nepal's banking sector. Surveying 327 depositors from three commercial banks in Kailali district, data were collected via online and field surveys using structured questionnaires. Analysis using SPSS, Pearson's correlation, and multiple regression revealed a positive relationship between service quality and satisfaction, with all dimensions except tangibility significantly impacting satisfaction. This study aids bank managers in prioritizing customer

satisfaction for competitive advantage.

## 2. METHOD

The general goal of this study's research approach is to better understand service quality and its impact on customer satisfaction in Nepal's banking sector. This study employed the SERVQUAL model to explore the effect of service quality parameters on customer satisfaction in Nepal's banking business. The four elements of service quality identified by the SERVQUAL model, namely reliability, responsiveness, assurance, and empathy, were considered independent variables, with customer satisfaction as the dependent variable. Based on the above discussion, Figure 1 proposes this study's research framework.



## 3. RESULTS AND DISCUSSION

### 3.1 The respondent profile

As shown in Table 1, a total of 383 customers were considered from three government owned bank and six joint venture banks of Nepal. Among these 216 (56.40%) were male and 167 (43.60%) were female.

Table 1 Demographic Analysis

Characteristics	Frequency	%	Characteristics	Frequency	%
Gender			Marital status		
Male	216	56.40	Married	225	58.75
Female	167	43.60	Unmarried	158	41.25
Total	383	100	Total	383	100
Age			Education		
18-35	179	46.74	Illiterate	4	1.04
36-55	153	39.95	Primary level	4	1.04
above 55	17	4.44	Secondary Level	37	9.66
Total	383	100	Bachelor	156	40.73
Annual Income			Master and above	182	47.52
Less than 1 Lakh	64	16.71	Total	383	100
1 -10 Lakh	237	62.14			
Above 10 Lakh	42	10.97			
	82	21.41			
Total	383	100			

*Note. Based on researchers' survey, 2024*

### 3.2 Reliability

Reliability tests pertain to the consistency and stability of findings, allowing discoveries to be reproduced (Burns & Burns, 2008). Cronbach's alpha values for the study's variables, responsiveness, reliability, assurance, empathy, and customer satisfaction, were 0.794, 0.776, 0.742, 0.786, and 0.711, respectively, all greater than 0.70. This indicates that the questionnaire items employed were reliable and consistently measured the data. This is given on the table below.

Table 2 Cronbach's Alpha

Variables	N	No. of items	Cronbach's Alpha
Responsiveness	383	5	0.794
Reliability	383	5	0.776
Assurance	383	5	0.742
Empathy	383	5	0.786
Customer satisfaction	383	8	0.711

*Note. Researcher's calculation through SPSS*

### 3.3 Descriptive statistics

Descriptive data analysis was conducted to examine respondents' personal information. Frequency tables were employed to present collected data, focusing on demographic factors such as age, gender, education, etc.

Table 3 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
REL	383	1.0	4.6	2.228	.5718
RES	382	1.0	4.6	2.213	.5535
EMP	383	1.0	4.2	2.383	.5949
AS	383	1.0	4.0	2.191	.5015
CS	383	1.0	5.125	2.32082	.478687
Valid N (listwise)	383				

*Note. Researcher's calculation through SPSS*

### 3.4 Correlation

Correlation gauges the degree of association between variables, reflecting a mutual or reciprocal connection. Integral to regression analysis, it validates relationships rooted in multi-item concepts. Correlation is a crucial tool in understanding the interdependence of variables, essential for analyzing and predicting various phenomena in research fields.

Table 4 Correlation

		REL	RES	EMP	AS	CS
REL	Pearson Correlation	1	.038	.648**	.602**	.529**
	Sig. (2-tailed)		.456	.000	.000	.000
	N	383	382	383	383	383
RES	Pearson Correlation	.038	1	.036	.054	.087
	Sig. (2-tailed)	.456		.487	.289	.088
	N	382	382	382	382	382
EMP	Pearson Correlation	.648**	.036	1	.622**	.525**
	Sig. (2-tailed)	.000	.487		.000	.000
	N	383	382	383	383	383
AS	Pearson Correlation	.602**	.054	.622**	1	.557**
	Sig. (2-tailed)	.000	.289	.000		.000
	N	383	382	383	383	383
CS	Pearson Correlation	.529**	.087	.525**	.557**	1
	Sig. (2-tailed)	.000	.088	.000	.000	
	N	383	382	383	383	383

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

*Note.* SPSS results based on researcher's survey, 2024

In the above table 5 we can see the correlation between the dependent variable Customer Satisfaction and the independent dent variable being Reliability, Responsiveness, Assurance and Empathy. Here we can see that there is a positive relationship between "Reliability" and "Customer Satisfaction". From this we can conclude that with the increase in reliability, customer satisfaction also increases. Likewise, there is a positive relationship between "Responsiveness" and "Customer Satisfaction". It states that with the increase in responsiveness, customer satisfaction also increases. Similarly, "Empathy" and "Customer Satisfaction" also have positive relation with each other, which also states that increase in empathy increases customer satisfaction. Lastly "Assurance" and "Customer Satisfaction" also have a significant positive relationship. It states that with the increase in assurance, customer satisfaction also increases. Finally, we can infer that all the independent variables Reliability, Responsiveness, Assurance and Empathy have significantly positive relationship with Customer Satisfaction in Nepalese development banks.

### 3.5 Regression analysis

Regression analysis was conducted to examine the relationship between servicequality and customer satisfaction and to test the hypotheses. A multiple regression model was constructed with customer satisfaction as the dependent variable andReliability, Responsiveness, Assurance, and Empathy as the independent variables (Minh, Ha, Anh, & Matsui, 2015).

Table 5 ANOVA<sup>a</sup>

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.200	4	8.550	60.444	.000 <sup>b</sup>
	Residual	53.327	377	.141		
	Total	87.527	381			

a. Dependent Variable: CS

b. Predictors: (Constant), AS, RES, REL, EMP

*Note.* SPSS results based on researcher's survey, 2024

From table 6, it is identified that the value of p value is 0.000 and is significant as the level of significance is less than 0.05. This indicates that the model used by the present-researcher is valid and fulfilled the requirement of the study. Here we can see a statistically significant association between service quality dimension and customer satisfaction.

Table 6 Regression Analysis

#### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	Beta	Std. Error	Beta	t	
1 (Constant)	.801	.118		6.764	.000
REL	.184	.047	.220	3.931	.000
RES	.048	.035	.056	1.383	.167
EMP	.157	.046	.194	3.405	.001
AS	.287	.052	.300	5.515	.000

a. Dependent Variable: CS

b. Predictors: (Constant), AS, RES, REL, EMP



In table 7, Unstandardized coefficients indicate how much the dependent variable varies with an independent variable, when all other independent variables are held constant. The beta coefficients indicated how and to what extent SERVQUAL dimensions such as reliability, responsiveness, assurance, and empathy influence customer's satisfaction of a bank. It has been found that reliability (beta = 0.184, t = -3.931, p < 0.05) has significant impact on customer's satisfaction. Similarly, empathy (beta = 0.157, t = 3.405, p < 0.05) and assurance (beta = 0.287, t = 5.515, p < 0.05), also have significant effect on customers satisfaction of bank. Thus, the regression model is:

$$\text{Overall Customer Satisfaction} = 0.801 + 0.184(\text{REL}) + 0.157(\text{EMP}) + 0.287(\text{AS})$$

We can see the p value that explains the acceptance and rejection of Alternative Hypothesis. Since the p value of H01, H03 and H04 are concerned with variables like reliability, assurance and empathy are less than 0.05 we come to conclusion to accept the alternative hypothesis that explains reliability, assurance and empathy has significant effect on customer satisfaction. On the contrary we can see H02 having a p value 0.167 which is greater than 0.05. So, here we conclude to accept the null hypothesis that states "responsiveness does not have a significant effect on customer satisfaction".

### 3.2 Discussion

The current study examined the influence of service quality on customer satisfaction in the Nepalese banking sector. More precisely, the study sought to evaluate the effects of service quality on customer satisfaction in Nepal's banking sector. The independent variables included in this study were reliability, responsiveness, assurance, and empathy, all of which are components of service quality. The study found a positive connection coefficient between all service quality indicators (responsiveness, reliability, empathy, and assurance) and customer happiness. It suggests an increase in service quality variables will lead to an increase in customer satisfaction. The regression of service quality variables on customer satisfaction reveals a positive relationship between service quality as measured by reliability, empathy, and assurance and customer satisfaction, implying that the higher the reliability, empathy, and assurance, the higher the customer satisfaction. Thus, service quality will aid in meeting customers' banking needs, and satisfied consumers will assist in retaining customers for a longer period. This means that all the hypotheses (H01, H03, and H04) are accepted.

The study discovered that reliability has a major impact on consumer satisfaction. This finding is congruent with those of (W.P. & H.M.S, 2018). The results indicated a considerable impact on consumer satisfaction. The results demonstrate that assurance has a major impact on customer satisfaction. These results are like those of Selvakumar (2015) and Felix (2017). Similarly, the study discovered that reliability has a considerable impact on consumer satisfaction. This observation is congruent with those of Felix (2017). The results suggest that there is no significant association between responsiveness and customer satisfaction. This conclusion contradicts the findings of Ragavan and Mageh (2013) and Felix (2017).

The study found that overall banking customer satisfaction in Nepalese commercial banks is dependent on four essential elements of service quality: responsiveness, empathy, assurance, and dependability. These characteristics play a significant role in predicting customer happiness, with reliability, responsiveness, assurance, and empathy all showing positive and noticeable connections with satisfaction. Banks should prioritize these areas to improve client experience. Despite having a small influence on satisfaction, responsiveness remains an important consideration. Survey respondents highlighted ATM services and personnel behavior as important difficulties at their banks. Improving service quality has a direct impact on customer happiness, retention, loyalty, and overall banking performance. Thus, emphasizing service quality is critical for meeting and exceeding consumer expectations, resulting in a healthy relationship between banks and their customers.

### 4. CONCLUSION

As previously stated, the study examined the impacts of service quality on customer satisfaction and used service quality as the dependent variable with a sample size of 383 respondents. The

results provide insight into customer satisfaction in the banking sector used by Nepalese customers. The primary goals of this study were to determine customer satisfaction with service quality across many parameters. As a result, research objectives were met by connecting the characteristics of service quality, namely reliability, responsiveness, assurance, and empathy.

A study on the impact of service quality on customer satisfaction in Nepalese banks found that reliability rated the highest, forcing banks to prioritize responsiveness, which scored the lowest. This study used quantitative data using descriptive statistics, regression, and correlation analysis to examine the respondents' gender, age, and level of education. The study highlighted the importance of tangibility, reliability, responsiveness, assurance, and empathy in customer satisfaction, underlining their critical role in bank success. As a result, it emphasizes the importance of service quality in customer satisfaction, pushing banks, as service providers, to prioritize improving all aspects of service quality to efficiently meet customer expectations.

### Research implications

The study emphasizes the importance of service quality in guaranteeing customer happiness in banks. Customer satisfaction is critical for increasing income and acquiring new clients. Banks must prioritize enhancing service quality through employee training and correct transactions to develop long-term partnerships and commercial success. Continuous attempts to exceed customer expectations, resolve concerns, and deliver individualized service are critical. Regular research is required to successfully track developing client needs.

The findings of the literature and study provide useful information for future research projects. Exploring elements like communication and system quality could help us better understand consumer happiness. Future research may benefit from using a variety of approaches, samples, or comparative designs to expand knowledge in this field. Furthermore, expanding research beyond banking into areas such as healthcare or education could provide a better understanding of consumer satisfaction trends across businesses.

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