

EVALUATION OF CUSTOMER SATISFACTION AT NMB BANK LTD, NEPAL.

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Abstract

Banks are financial institutions on which the economy stands. They cater to the needs of the customer from the individual small saver to huge conglomerates providing services of saving, loan, mortgage etc. Banking is the pillar of every economy providing employment, raising the standard of living and helps to raise the overall growth parameters such as GDP, per capita income etc. Banking as a sector of economy is crucial as it helps to support new firms, give financial support to ailing firms, finance government projects etc. Bank also help legalize the economy and helps use utilize ever depleting funds to finance the economy. Basically, we can say that banking is the link the needy with the one who has spare fund. Finally, it helps to validate the economy.

One thing that has remained absolute as a parameter of success of any business irrespective of sector is CUSTOMER SATISFACTION. It represents the sense of gratification a customer feels after utilizing the product or service. Over the years from the beginning of industrial revolution to this digital age the real success of an organization is measured by the level of customer satisfaction and almost all companies from fortune 500 to startups are utilizing customer satisfaction as measure to evaluate success. Once's a company achieves customer satisfaction then other success factors such as profits, revenue and surplus will come by itself. Hence Customer Satisfaction should be the ultimate aim of all the organizations. As the technology is advancing and the spread of technology is at rapid pace, customer is being made aware of new advancements and this is the is aiding in the area of customer satisfaction.

INTRODUCTION

NMB Bank Limited licensed as "A" class financial institution by Nepal Rastra Bank in May 2008 has been operating in the Nepalese Financial market for over twenty years and is one of the leading commercial banks in the banking industry.

The Bank has a Joint Venture Agreement with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), wherein FMO holds 17% of the Bank's shares and is the largest shareholder of the Bank. In September 2016, the Bank signed a Joint Venture Agreement with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO), the Dutch development bank following which FMO became the single largest shareholder of the Bank. The alliance with FMO positions the NMB Bank in becoming the market leader in managing environmental & social risks and the leading player in renewable energy and agribusiness.

NMB Bank was awarded '**Bank of the Year - 2017**' and '**Bank of the Year 2018**' consecutively by The Banker, Financial Times, London for its leading role in the country's financial sector by using new digital technologies.

NMB Bank Nepal is a commercial bank in Nepal with headquarters in Kathmandu. The bank is licensed by central bank of Nepal, the Nepal Rastra Bank and has 110 branches across the nation providing retail and commercial banking services.

It was founded in May 2008 and is licensed as an "A" class financial institution. It was created as a merger with four financial institutions, Bhrikuti Development Bank, Pathibhara Bikas Bank, Prudential Finance Company, Clean Energy Development.

In September 2016, the bank signed a joint venture agreement with the Netherlands Development Finance Company (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, following which FMO became the single largest shareholder of the bank.

OVERVIEW OF CUSTOMER SATISFACTION

Customer Satisfaction is a measure which helps to know how an organization can meet or exceed the need and necessities of their customers to make them happy and satisfied with their products and services.

In any sector either banking or others the main motive of any organization is to meet their customer expectations, so they are working and improving their level of products and services to attract more customers.

As we know well one loyal and happy customer is a treasure for an organization who can steer a Dozen of customer, so the main aim of an organization is to meet with their expectation by improving their quality of services, employee behavior, bench marking the products and services with their competitors. They should focus on reducing the customer turn over it directly affects the reputation and goodwill of any organization which can affects the sales of products and services. So, the organization must focus on whether the need and expectation of customer is fulfilled or not.

RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY

- ❖ To know the level of customer satisfaction and their awareness related the services provided by NMB Bank.
- ❖ To know the problems and issues faced by the NMB Bank customers and the action taken by the NMB bank to solve their grievances.
- ❖ To observe the customer expectations and various attributes that enhance the level of customer satisfaction in NMB Bank.

HYPOTHESES

- ❖ There is no significant difference between gender and loan processing of NMB Bank.
- ❖ There is no significant difference between customer educational qualification and behavior of staff of NMB Bank.
- ❖ There is no significant difference between customer age group and quality of services provided NMB bank to its customer.
- ❖ There is no significant difference customer occupation and performance of solving customer grievances.
- ❖ There is no significant difference between customer income and bank interest rate in term deposit.

METHOD OF DATA COLLECTION

- ❖ In this study Descriptive research design is adopted for the study.

SOURCES OF DATA

- **Primary Data:** - Customers were given structured Questionnaire and their given responses have been collected.
- **Secondary Data:** - From books, journal, websites, annual report of the bank.

SAMPLE FRAMEWORK

A) SAMPLING SIZE: - More than 130 samples were taken randomly from the customers of NMB bank of different 5 branches of Bara and Parsa district, Nepal.

B) SAMPLING TECHNIQUES: - Convenience Sampling technique is used for collect data.

❖ **TOOLS USED FOR ANALYSIS**

- Questionnaire
- Chi square test
- Factor analysis
- Descriptive analysis

DATA ANALYSIS AND RESULTS

Hypothesis testing using Chi-Square Test

H₀: There is no significant difference between Gender and loan processing of the NMB Bank.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.794 ^a	3	.032
Likelihood Ratio	8.645	3	.034
Linear-by-Linear Association	3.392	1	.066
N of Valid Cases	130		

a. 3 cells (37.5%) have expected count less than 5. The minimum expected count is .34.

Source: Represents Chi-Square Tests for There is no significant difference between Gender and loan processing of the NMB Bank, survey carried during 2018-2019. compiled from SPSS statistics Ver. 22.0

Interpretation:

From the chi-square test the p-value is found out that is $0.66 > 0.005$ which means null hypothesis is accepted that there is no significant difference between Gender and loan processing of the NMB Bank.

H₀: - There is no significant difference between Educational Qualification and behavior of staff of NMB Bank.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.373 ^a	20	.693
Likelihood Ratio	16.436	20	.689
Linear-by-Linear Association	3.237	1	.072
N of Valid Cases	130		

a. 20 cells (66.7%) have expected count less than 5. The minimum expected count is .30.

Source: Represents the chi-square test table, survey carried during 2018-2019. compiled from SPSS statistics Ver. 22.0

Interpretation:

From the chi-square test the p-value is found out that is $0.66 > 0.005$ which means null hypothesis is accepted that there is no significant difference between Educational Qualification and behavior of staff of NMB Bank.

H₀ : There is no significant difference between customer income and bank interest rate in term deposit.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.965 ^a	12	.918
Likelihood Ratio	7.313	12	.836
Linear-by-Linear Association	.623	1	.430
N of Valid Cases	130		

a. 16 cells (80.0%) have expected count less than 5. The minimum expected count is .12.

Source: Represents the chi-square test table, survey carried during 2018-2019.compiled from SPSS statistics Ver. 22.0

Interpretation:

By analyzing the data, the chi-square p value is found out that is $0.918 > 0.005$ so we are accepting null hypothesis and it is found that all level of income customers is treated equally.

H₀ : There is no significant difference between Occupation and Performance of solving customer Grievances.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	46.150 ^a	20	.001
Likelihood Ratio	47.761	20	.000
Linear-by-Linear Association	7.204	1	.007
N of Valid Cases	130		

a. 22 cells (73.3%) have expected count less than 5. The minimum expected count is .25.

Source: Represents the chi-square test table, survey carried during 2018-2019.compiled from SPSS statistics Ver. 22.0

Interpretation:

After analyzing the data, all occupation that is business, professional, students, farmers, House workers and others it is found that there is no significant connection between occupation and solving customer grievances of any occupation. From chi-square test the value is found $0.001 < 0.005$ that means null hypothesis is rejected.

H₀ : There is no significant difference between customer age group and quality of services provided by NMB Bank to its customers.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.656 ^a	9	.569
Likelihood Ratio	8.530	9	.482
Linear-by-Linear Association	.713	1	.398
N of Valid Cases	130		

a. 9 cells (56.3%) have expected count less than 5. The minimum expected count is .06.

Source: Represents the chi-square test table, survey carried during 2018-2019.compiled from SPSS statistics Ver. 22.0

Interpretation:

From chi-square test p value is found out $0.569 > 0.005$ so, null hypothesis is accepted in this case which means there is no significant difference between customer age group and quality of services provided by NMB Bank to its customers.

FINDINGS

- ❖ It is learned that 66.2% of the customers are male and 33.8% of the customers are females in a survey carried in NMB Bank.
- ❖ The least accounts holder in NMN Bank are classified as farmers and house workers as per the survey result as 11.5% and 12.3% respectively.
- ❖ 75 % of the customers are of age group 18-40 who are the customers of NMB bank.
- ❖ 53.1% of customers feels interest charged by NMB Bank in term Loans are high in comparison of other banks.
- ❖ 72.3% of customers have Saving account in NMB bank.
- ❖ From the descriptive analysis it has been found that 92% of customers feels account opening practice of NMB Bank is normal and easy.
- ❖ 79% of customers are feeling that interest rate in deposit is average neither it high nor it is too low.
- ❖ 91% of the customers feel that loan procedure of NMB bank is easy and average.
- ❖ 77% of customers said whenever they are visiting their branches, they are getting quick and efficient services.
- ❖ 52.3% of the customers are facing problem of unavailability of ATM, 29% of customer have problems with unnecessary fees charged, 6.2% of customers have problem with expensive debit card charges.
- ❖ 94 % of customers feels that handling customer complaints effectively helps in maximizing customer satisfaction
- ❖ 97% of customers are agree with the statement that fair pricing plans, much clarity in transactions are helping in maximizing the customer satisfaction level.
- ❖ 49% of the customer are agree with the statement that cultural program, two-way communication is helping in building better and effective relationship with customers.
- ❖ 54% of customers agree with the statement that Branch location and bank reputation has no effect on customer satisfaction.

CONCLUSION

There is enormous competition is seen in the banking industry. The banking services and facilities are digitized and became easier and more appropriate in comparison of past two decades.

NMB bank is one of the renowned banks in Nepal. Most of the customers are pleased and satisfied with banking services, products and services offered, easy loan procedure, easy account opening procedure, performance of the staffs, technology used in banking, excellence and prompt services, performance of solving customer grievances, fair pricing plans, much clarity in transactions, rewards and offers. Most of the customers are feeling that interest rate charged on loans are high. Some of the changes are required to improve its banking services like expansion of branches and ATMs, E- banking services, mobile banking facility etc.

SUGGESTION OF THE STUDY

- ❖ 57% of customers have problem unavailability of ATM machines, so NMB Bank should improve its ATM facility.
- ❖ 62% of customers said it must expand its branches in rural areas as there are very few branches available at remote areas so NMB must focus on it.
- ❖ As we can see from above result only 11.5% pf customers are farmers so it must focus on farmers and house workers, it should provide agricultural loan to support the farmers.
- ❖ 47% of female customers said that there should be separate counters for female and waiting room is required so NMB should focus on it.
- ❖ 53% of customers feels NMB loan rate is high so NMB bank should try to reduce the loan interest rate as much as possible.

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