Impact of Service Quality Dimensions on Customer Satisfaction in Nepalese Financial Institutions based on SERVPERF Model

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ABSTRACT

The banking sector's expansion leading to client happiness is critical for a country's economic development because it contributes to large amount of capital resource for the country. Thus, this research aims to quantify the impact of service quality dimensions on customer satisfaction in Nepalese financial institutions based on SERVPERF (Cronin &Taylor, 1992) model. In this paper, the explained variable is customer satisfaction and the predictor variables are tangibility, reliability, responsiveness, assurance and empathy. Convenience sampling technique was used to select 350 respondents from different financial institution within Pokhara city. The study incorporated structured questionnaire for collecting the information on service quality dimensions and customer satisfaction. The confirmatory factor analysis and structural equation modeling techniques were used to examine the five elements of service quality in regard to customer satisfaction. The result of CFA with fit indices of GFI=0.943, AGFI=0.922, χ^2 /df =1.434, RMSEA=0.035, CFI=0.881 and TLI=0.854 advocate that the measurement model has a excellent fit. Following CFA, path analysis was performed that resulted with fit indices GFI=0.938, AGFI=0.918, χ^2/df =1.341, RMSEA=0.031,CFI=0.885, TLI=0.862 suggest that the structural model has an excellent fit. Furthermore, path analysis results show that the service quality components of assurance, responsiveness, and reliability are positively and significantly associated with customer satisfaction. This study provides policymakers and senior management in Nepalese financial institutions with practical insights for better understanding all aspects of service quality in order to satisfy their clients and develop their relationships for the organization's long-term sustainability.

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1. INTRODUCTION

Service quality and customer satisfaction are main notion for organizations to comprehend if they want to grow and compete in today's market. Customer satisfaction is the basis of any thriving business. More service quality leads to happier customers, and happier customers lead to more profits; therefore, businesses must provide superior service quality to differentiate themselves from competitors (Ozatac, Saner & Sen, 2016). According to Iranzadeh and Chakherlouy (2012) in their study titled 'Service Quality Dimensions in the Banking Industry,' enterprises nowadays pay special attention to what clients need and anticipate from the bank thus recognizing customer expectations will assist businesses in maintaining a competitive advantage. Financial institutions play a critical role in national economic progress (Koloor, 2015). This company provides financing services to help the economy perform better and healthier (Khan & Fasih, 2014). Banks that aim to provide the greatest level of service should be able to recognize these expectations and do their utmost best to satisfy their customers.

Banking professionals nowadays confront a variety of hurdles in order to thrive in the global economy. To compete with global enterprises, banks must anticipate changing client expectations and build the most modern service infrastructure (Malhotra & Mukherjee, 2004). Client satisfaction levels vary greatly amongst financial organizations, thus evaluating customer happiness is critical. This is why banks pay attention to client questions and concerns. Customers must be satisfied for a firm to be profitable, especially in service-oriented sectors.

This research's scale measuring methodology is based on the SERVQUAL items used in Cronin and Taylor's (1992) study. The SERVQUAL scale (Parasuraman et al., 1988) has five dimensions: tangibles (physical facilities, equipment, and staff appearance), reliability (service provider dependability and accuracy), responsiveness (staff knowledge of and willingness to address customer needs), assurance (staff ability to instill confidence and trust in company), and empathy (staff ability to provide a caring service to customers). Cronin and Taylor (1992) proposed the SERVPERF scale after questioning the conceptual underpinning of the earlier SERVQUAL scale and finding it confusing with service satisfaction (Jain & Gupta, 2004). As a result, they proposed that the expectation (E) component of SERVQUAL be dropped in favor of the performance (P) component. Cronin and Taylor (1992) demonstrate the appropriateness of the 'performance alone' SERVPERF instrument across four service sectors in their research article "Measuring Service Quality" (banks, pest control, dry cleaning and fast food).

In terms of offering excellent services to its consumers, Nepalese banks try to provide extra services that meet their customers' needs. Customer satisfaction is affected by office infrastructure, location, technology services, human efficiency, and customer handling behavior. The banking industry is improving these features in order to attract and keep consumers (Joshi, 2021). Are banking customers happy with the services they receive? Is there a steady improvement in service quality parameters in the financial institutions? Is there a link between the quality of services provided in financial institutions and customer satisfaction? These are the study's research questions. The objective of this research was to establish the relationship between service quality dimensions and customer satisfaction, as well as to examine the influence of service quality dimensions on customer satisfaction in the Nepalese financial institutions.

2. LITERATURE REVIEW

Service Quality

Customer service has been characterized as an overall evaluation of service quality. Many academics describe customer service as the extent to which services meet consumers' wants or expectations. Furthermore, service quality is defined as the degree of difference between customers' normative service expectations and their ratings of the service's delivery (Parasuraman et al., 1994). According to Saghier and Nathan (2013), service quality is a vital concept in the service industry, and it is especially important for financial service providers who struggle to show their consumers how their products vary from one another.

SERVQUAL scale

The SERVQUAL scale established by Parasuraman et al (1985, 1988) for assessing service quality is the pioneer scale from which various scales have grown. Initially, Parasuraman (1985) identified ten basic components of service quality as reliability, responsiveness, competence, access, courtesy, communication, credibility, security, customer knowledge, and tangibles. Following research (Parasuraman, Zeithaml, & Berry, 1988), the service quality dimensions are classified into five categories: tangibles, reliability, responsiveness, assurance, and empathy. They are defined as follows:

Tangibles

Tangibles are actual buildings, resources, and equipments, as well as communication materials that demonstrate the service company's care and attention to detail. It refers to the look or impression of a service. Physical structures, equipments personnels, and communication materials have all been examined.

Reliability

Resolving customer support issues such as instant delivery and preserving an error-free record is the key to reliability. It is the most important aspect of banking services (Parasuraman et al., 1988). It refers to the reliability and capacity of service providers to fulfill their claims.

Responsiveness

The eagerness to assist clients and offer quick service is characterized as responsiveness (Parasuraman et al., 1988). It is a willingness to help clients and provide prompt service. This dimension emphasizes attentiveness and promptness while dealing with consumer requests, enquiries, complaints, and challenges.

Assurance

Assurance needs pleasant and knowledgeable employees who can instill confidence and trust (Parasuraman et al., 1988). It is expected that the sensation and perception of safe transactions would boost client satisfaction in the banking sector.

Empathy

Empathy, according to Parasuraman et al. (1988), is described as the firm's caring and customized attention to its clients, and it is concerned with employees' comprehension of

consumer demands. It happens when a customer service agent shows that he or she understands and empathizes with the customer's situation.

SERVPERF Scale

Cronin and Taylor (1992) sought to construct a better model, asserting and proposing the SERVPERF, a performance-only notion. Cronin and Taylor (1992) produced empirical data from four industries (financial institutions, pest control, dry cleaning, and fast food) to support their 'performance-only' instrument's superiority over the disconfirmation-based SERVQUAL scale. The 'performance only' scale is a variation of the SERVQUAL scale that only includes the perceived performance component. It has just 22 items. A greater perceived performance indicates a higher level of service quality. In equation form, it can be expressed as:

$$SQ_i = \sum_{j=1}^{k} P_{ij}$$

Where SQi= perceived service quality of individual 'i'.

k= Number of attributes / items

P = Perception of individual 'i' with respect to performance of a service firm on attribute 'j'

The SERVPERF scale outperforms the SERVQUAL scale in terms of methodology. Not only is the scale more efficient in terms of decreasing the number of items to be tested by 50%, but it has also been empirically demonstrated to be superior to the SERVQUAL scale in terms of explaining larger variance in overall service quality measured using a single-item scale. This explains the widespread support for the SERVPERF scale that has grown over time (Babakus & Boller, 1992). Seeing its superiority, Zeithaml remarked in a recent research that the findings are irreconcilable with both the one-dimensional view of expectations and the emergence of service quality gaps. Instead, the study discovered that only perceptions have a direct impact on perceived quality (Boulding et al., 1993). This admission eloquently attests to the excellence of the SERVPERF scale.

Customer Satisfaction

Customer satisfaction is defined as an evaluation of the apparent difference between prior expectations and actual performance. As a result, this indicator, together with a company's goods and services, is considered to be the most crucial element influencing its viability and success (Lesmana et al., 2021). Consumer satisfaction, in instance, is merely an indicator of how a client assesses a company's continuous performance (Wikhamn, 2019). It might also be connected to the customer's response to the condition of happiness and the customer's assessment of the degree of contentment (Afthanorhan et al., 2018).

Furthermore, consumer satisfaction is critical for a multitude of reasons. Customers may use bad word-of-mouth to contact the firm in severe circumstances of discontent. According to Razak and Nayan's (2020) research, dissatisfied consumers may opt not to defect if they do not expect to receive better service elsewhere or if the switching cost is too expensive. Academics believe that customer satisfaction may help organizations build long-term, lucrative connections with their consumers (Bagla and Sancheti, 2018). While developing pleased and loyal consumers is expensive, it will benefit a company in the long term (Al Kurdi et al., 2020). As a result, in

order to wow customers and retain clients, a company should prioritize improving service quality while charging a reasonable, fair price (Afthanorhan et al., 2018).

Theoretical Framework

The theoretical framework of the research relying on the SERVPERF model proposed by Cronin and Taylor (1992) is as follows,

Figure 1

Theoretical Framework of the Study

Independent Variable
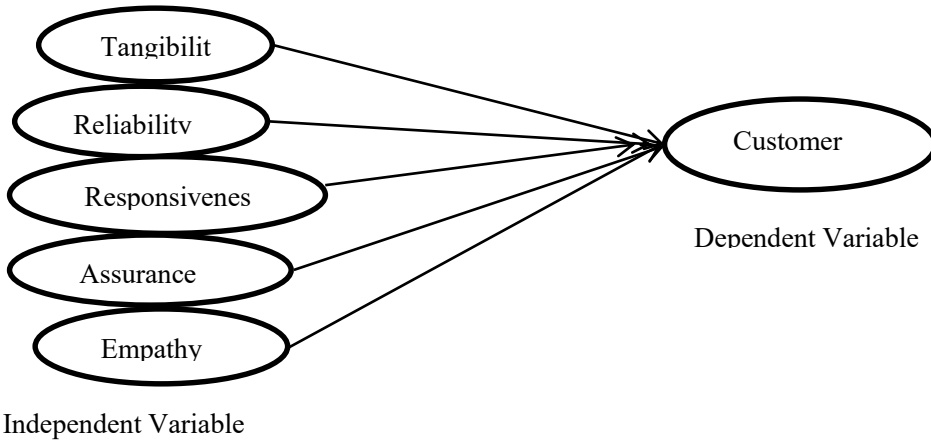
Source: Parasuraman et al., (1988), Cronin & Taylor (1992)

Research Hypotheses

Empirical research on the relationship between service quality and customer pleasure shows that there is a considerable positive relationship between service quality and customer satisfaction (Raza & Hassan, 2015). A similar study found a significant positive relationship between customer satisfaction and service quality measures including compliance, assurance, reliability, evident empathy, and responsiveness (Gyawali & Kunwar, 2014). Relying on these research studies, the current study's research hypotheses are as follows;

H1: Tangibility dimension of service quality has positive impact on customer satisfaction.
H2: Reliability dimension of service quality has positive impact on customer satisfaction.
H3: Responsiveness dimension of service quality has positive impact on customer satisfaction.
H4: Assurance dimension of service quality has positive impact on customer satisfaction.
H5: Empathy dimension of service quality has positive impact on customer satisfaction.

3. METHODOLOGY

This research is based on a quantitative methodology. So the study's research design is social survey research to collect quantitative data. Based on Cronin and Taylor's SERVPERF model, the dependent variable is customer satisfaction, and the independent variables are five service quality dimensions: tangibility, dependability, responsiveness, assurance, and empathy

(1992). The scale used to test the link between service quality dimension and customer satisfaction dimension comprises of overall 22 Likert scale items premised on SERVPERF model and customer satisfaction component comprises of total 3 Likert scale item (See Annex 1). Both scale items include six anchor points: 1 for strongly disagree, 2 for strongly disagree, 3 for somewhat disagree, 4 for somewhat agree, 5 for strongly agree, and 6 for strongly agree. To eliminate the influence of neutral biasness, the scale is a balancing scale with no neutral point. The adoption of the neutral response option allowed those who were unaware of or uninterested in a subject to pick no opinion or neutral rather than being obliged to make a response that did not reflect their genuine opinions (Johns, 2005; Krosnick et al., 2002). Customer satisfaction is also quantified as a one-dimensional concept with three indicator elements. The items utilized to operationalize the research variables are listed in Annex 1.

The population of the study is the entire customer seeking services from the financial institutions within the Pokhara Valley. As we cannot get the sampling frame, so the study uses non probability sampling technique. In non-probability sampling, convenience sampling method was used. 350 respondents was selected from different financial institution within Pokhara considering level of significance and error margin to be 5% and response rate to be 90%. To collect data pertaining to service quality and customer satisfaction, a self-administered structured questionnaire was devised. The questionnaire was divided into three sections: demographic data, service quality dimensions (tangibility, reliability, responsiveness, assurance, and empathy), and customer satisfaction. In order to gather data about the relationship between service quality dimensions and customer satisfaction, a 6-point Likert scale was used to ask participants' views and beliefs about the relationship between service quality dimensions and customer satisfaction of customers visiting financial institutions. During the data gathering procedure, great effort was taken to guarantee that no violations of research ethics occurred. The responder was provided all of the pertinent information about the purpose of the study and was guaranteed that their responses would be kept strictly confidential. To protect anonymity, respondents' names were not requested, and information was kept private. SPSS version 26 and AMOS 22 were used to handle and analyze the gathered data. Descriptive statistics, Cronbach's Alpha, Composite Reliability, Average Variance Extracted, Confirmatory Factor Analysis (CFA), and Structural Equation Modeling were utilized to meet the research objectives (SEM). The use of CFA in this work enables for the evaluation of the fit between observed data and a previously developed, theoretically based SERVPERF model (Cronin & Taylor, 1992) that describes the predicted causal relationships between latent components and their observable indicator variables. Similarly, the path model or structural component demonstrates how the independent and dependent variables of interest are connected to one another.

4. RESULTS AND DISCUSSION

4.1 Results

4.1.1 Demographic Characteristics of Respondents

The demographic characteristics of the customer seeking services in various financial institutions have been categorized as Gender, Age, Marital Status, Education Qualification, Working Experience, Monthly Income and Association with Bank. The demographic characteristics data gathered via the questionnaire were recorded and evaluated in percentiles using SPSS. Table 1 presents an overview of respondents' demographic characteristics.

Table 1

Demographic Profile of Respondents

Profile	Group	Frequency	Percentage
Gender	Male	289	82.6
	Female	61	17.4
Age	Below 20 years	64	18.3
	Between 20 and 30 years	125	35.7
	Between 30 and 40 years	86	24.6
	Between 40 and 50 years	57	16.3
	Above 50 years	18	5.1
Marital status	Married	91	26.0
	Unmarried	259	74.0
Education qualification	SEE	24	6.9
	Plus two	60	17.1
	Bachelor	160	45.7
	Masters	102	29.1
	Others	4	1.1
Working experience	Below 3 years	198	56.6
	Between 3 and 5 years	83	23.7
	Between 5 and 10 years	65	18.6
	Above 10 years	4	1.1
Monthly income	Below Rs 10000	26	7.4
	Between Rs 10000 and 20000	98	28.0
	Between Rs 20000 and 30000	89	25.4
	Between Rs 30000 and 40000	45	12.9
	Between Rs 40000 and 50000	46	13.1
	Above Rs 50000	46	13.1
Association with bank	Below 2 years	81	23.1
	Between 2-5 years	142	40.6
	Between 5-8 years	53	15.1
	Between 8-12 years	58	16.6
	Above 12 years	16	4.6
	Total (N)	350	

Source: Field Survey, 2022 and authors' calculation.

The demographic characteristics of the respondents are shown in Table 1. According to the gender distribution of the respondents, 82.6 percent are male, while the remaining 17.4

percent are female. The age distribution of the participants reveals that the majority, 60.3 percent, are between the ages of 20 and 40, with the remainder 39.7 percent being between the ages of 20 and 40. The marital status distributions of the participants are roughly equal, with married people accounting for 26% and unmarried people accounting for 74%. The respondents are highly educated, with the vast majority, 74.8 percent, having attended college or university, 17.1 percent not having completed high school, 6.9 percent attending SEE level, and the remaining 1.1 percent falling into other categories. Further, Table 1 show that the respondents having working experience below 3 years is 56.6 percent and between 3 to 5 years is 23.7 percent indicating that majority of the customer are relatively less experience. The monthly income of the respondents between Rs 10000 to Rs 30000 is 53.4 percent indicating that majority of the customer earns moderate income. Finally, the association of respondent with the banks between 2 to 5 years is 40.6 percent indicating that majority of the customer have moderate association with the financial institutions.

4.1.2 Reliability and Validity

Construct Reliability

The extent to which a research approach provides solid and reliable outcomes is referred to as its reliability. Cronbach's Alpha and Composite Reliability were used to assess the scales' reliability. If the CR is greater than 0.70 and the Alpha is greater than 0.70, the construct is regarded dependable (Simşek & Noyan, 2013). The results of the test (Table 2) reveal that all Cronbach's Alpha values are greater than 0.70, with the lowest being 0.745 for the tangibility dimension of service quality and the greatest being 0.883 for the reliability dimension of service quality. Furthermore, the model's composite reliability is demonstrated to be greater than 0.70, with the lowest being 0.774 for the tangibility dimension of service quality and the greatest being 0.935 for the reliability dimension of service quality. Thus the construct reliability is clearly established.

Table 2
Construct Reliability of scale

Variables	Cronbach's alpha	Composite reliability (CR)
Tangibility	0.745	0.774
Reliability	0.883	0.935
Responsiveness	0.812	0.858
Assurance	0.754	0.791
Empathy	0.837	0.896
Satisfaction	0.842	0.884

Source: Field Survey, 2022 and authors' calculation.

Construct Validity

The amount to which a notion is correctly quantified in a quantitative investigation is characterized as validity. Tables 3 and 4 illustrate the concept validity assessments for its two subcategories, discriminant and convergent validity. The construct reliability table demonstrates that the model meets the suggested criterion of CR>0.70 and AVE>0.50 (Simşek &Noyan, 2013).

Table 3

Convergent and Discriminant Validity

Variables	Average variance extracted (AVE)	Maximum shared variance (MSV)
Tangibility	0.636	0.553
Reliability	0.665	0.624
Responsiveness	0.727	0.662
Assurance	0.734	0.691
Empathy	0.720	0.675

Source: Field Survey, 2022 and authors' calculation

Table 4

Square Root of AVE and Construct Correlation Analysis

Variables	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Tangibility	**0.797**				
Reliability	0.348	**0.815**			
Responsiveness	0.552	0.395	**0.853**		
Assurance	0.489	0.572	0.457	**0.857**	
Empathy	0.412	0.623	0.379	0.419	**0.849**

*Source: Field Survey, 2022 and authors' calculation*

Furthermore, the suggested conditions of MSV less than AVE and Square Root of AVE larger than inter-construct correlation were met, and so discriminant validity was confirmed.

4.1.3 Confirmatory Factor Analysis (CFA)

The first step in data analysis employing the structural equation modeling approach is to do confirmatory factor analysis to evaluate the model's structures (Hair et al, 2010). A confirmatory factor analysis was performed on the data received from respondents using structural equation modeling in AMOS (Version 22) using maximum likelihood (ML) estimate (Byrne, 2010). Based on absolute fit indices (GFI, AGFI, χ^2, and RMSEA), the CFA demonstrates an excellent model fit. The goodness of fit indices (GFI and AGFI) values are 0.943 and 0.922, respectively, with a cut-off value of 0.9 indicating that the hypothesized model fits the sampled data rather well. However, GFI and AGFI values are impacted by sample size and might be higher for poorly defined models, making their usage as fit indices somewhat restricted. As a result, the model fit is checked using extra fit indices. The normal chi-square (χ^2) - (χ^2 to degrees of freedom, χ^2=200.727, d.f. = 140) is 1.434, which is below the acceptable cut-off value of 3.0. However, chi-square value increases with sample size and number of observed variables, introducing bias in the model. Hence, alternative model fit indices have been examined. The root mean square error of approximation (RMSEA) is 0.035, which is less than 0.08 and indicates that the fit is satisfactory. CFI (comparative fit index) and TLI (Tucker Lewis Index) have incremental fit indices of 0.881 and 0.854, respectively. To recapitulate, the results of confirmatory factor analysis with fit indices of GFI=0.943, AGFI=0.922, χ^2/df =1.434, RMSEA=0.035, CFI=0.881, and TLI=0.854 indicate that the measurement model has a excellent fit.

Figure 2

Measurement Model of the Dimension of Service Quality
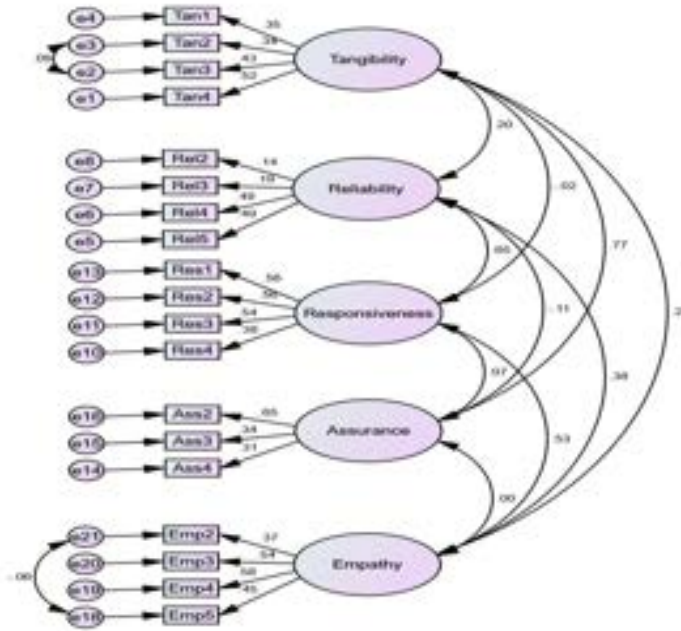
4.1.4 Structural Model or Path Analysis

As the investigation moves from the measurement model to the structural model, the emphasis turns from the links between latent constructs and observable variables to the type and scale of the linkages between the constructs, as shown in the figure below. The structural model is specified using known economic theories. It is postulated that the sub-dimensions of service quality of tangibility, reliability, responsiveness, assurance, and empathy are propositioned to customer satisfaction of chosen financial institutions in Pokhara. The SEM path analysis findings are provided in the table. The research investigates the postulated causal link presented in the theoretical model using structural or path analysis.

Table 5

SEM Path Analysis

Structural Path			Estimate	SRW[a]
Customer satisfaction	←	Tangibility	-0.144	-0.252
			(0.516)	
Customer satisfaction	←	Reliability	0.021**	0.031
			(0.410)	
Customer satisfaction	←	Responsiveness	0.136***	0.144
			(0.631)	
Customer satisfaction	←	Assurance	0.203**	0.196
			(0.861)	
Customer satisfaction	←	Empathy	-0.144***	-0.200
			(0.281)	

Note. **Squared Multiple Correlation:** Customer Satisfaction (γ^2=0.593)

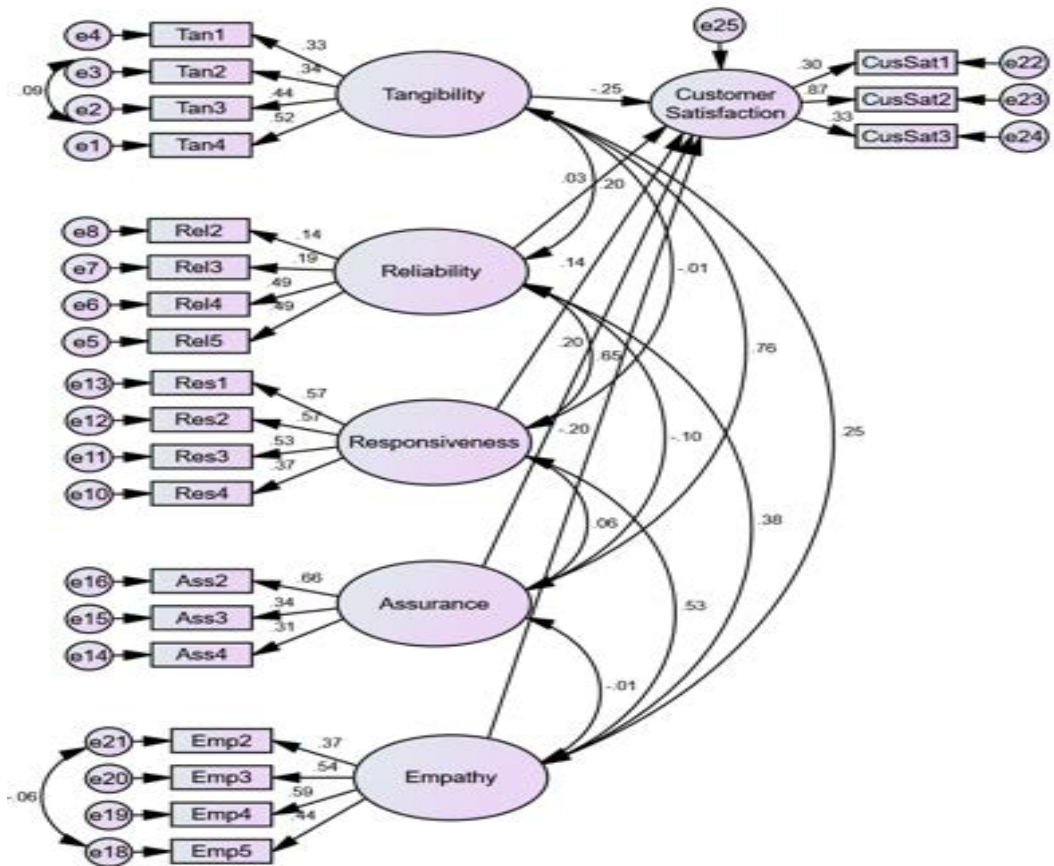**Model Fit Measures:** Chi-square = 257.461 (df=192, prob. = 0.001)

CMIN/DF= 1.341, , PGFI= 0.712, CFI=0.885, RMSEA=0.031, GFI=0.938 ,AGFI=0.918, TLI=0.862

[a]SRW = Standardized regression weights[***] p<0.001,**p<0.01

Source: Field Survey, 2022 and authors' calculation.

Figure 2

SEM Path Analysis Indicating Relationships between Service Quality Dimension and Customer Satisfaction

The path analysis findings display the overall fit measures stated in the previous section, which offer judgment on how well the structural or path model matches the data. The analysis of path model outputs reveals that the chi-square value [($\chi2$ (192) = 257.461, p0.001), GFI=0.938, AGFI=0.918, CFI=0.885, TLI=0.862, RMSEA=0.031] produced a satisfactory fit. The $\chi2$ is significant (p<0.001), indicating a poor match. However, the normal chi-square ($\chi2$ /df) is 1.341, which is less than the cutoff value of 3, indicating that the model fit is adequate. Furthermore, the RMSEA value of 0.031 is lower than the allowed level of 0.08. Similarly, the values of the

incremental fit indices CFI and TLI are frequently stated near the cut-off value of 0.85, indicating a subpar model fit. As a result, the model is considered to be sufficiently suitable to proceed with additional investigation.

The path analysis results allow for testing the hypothesized relationship of the constructs as outlined in Figure 2. In H_1 tangibility has negative insignificant impact on customer satisfaction which indicates that customer does not consider and give priority on physical layout or design of financial institutions while seeking service. In H_2, it was hypothesized that reliability variable has positive significant impact on customer satisfaction which is accepted which indicated that customers in Nepal are satisfied with company delivering its promises, service provision, problem resolution and pricing. As stated by H_3, responsiveness variable has positive impact on customer satisfaction which is in hypothesized direction and it is statistically significant. Thus, it is accepted that customer visiting the financial institutions are happy if they are provided with prompt and desired service by the banks. Similarly, H_4 predicted that increase in assurance variable has positive impact on customer satisfaction which is supported by the model. This indicates that the feeling and sense of safe transactions add to the satisfaction level of customer visiting the banks. Finally, the study shows that H_5 empathy has negative but significant impact on customer satisfaction indicating that customer are not entirely satisfied with caring and individualized attention that the firm provides to them. Among the relationship between the latent constructs, the relationship between assurance and customer satisfaction is the highest and significant. The results are then followed by responsiveness, reliability and empathy variable. The tangibility variable does not have significant impact on customer satisfaction. The values of squared multiple correlations reveal that around 59.3 percent of variation in customer satisfaction is explained by tangibility, reliability, responsiveness, assurance and empathy.

4.2 Discussion

The primary goal of this study is to investigate customer satisfaction with the quality of service provided by Nepalese financial institutions, as well as to examine the impact of five service quality dimensions, namely tangibility, responsiveness, reliability, assurance, and empathy, on customer satisfaction. According to the statistical findings of questionnaire and hypothesis testing, the majority of independent factors, such as reliability, responsiveness, and assurance of service quality dimensions, have a significant positive impact on the dependent variable customer satisfaction. This demonstrated that customers perceive trustworthiness and promises of prompt service delivery to be key criteria when obtaining services from financial organizations. Furthermore, the results suggest that tangibles and empathy have a minor influence on customer satisfaction, indicating that customers do not place a high value on the physical layout and attention that the company delivers to them. All of this indicates that customers are pleased with the service quality provided by Nepalese financial institutions. However, in order to foresee future issues, banks must enhance their service quality.

5. CONCLUSION

According to the findings, Nepalese customers want higher-quality services in order to be completely satisfied. Responsiveness, reliability, and assurance are regarded as critical components of service quality in Nepalese financial institutions. Furthermore, this study advised

that banks adapt to their customers' perception policies and be more focused on their desired expectations of service quality characteristics in order to boost customer satisfaction. Furthermore, financial organizations, particularly commercial banks, may consider establishing services based on contributions from customers. Finally, customers are more likely to be happy with financial services that are more convenient, helpful, and tailored to their unique preferences and needs. Furthermore, rather than simply fundamental service quality standards; the study recommends managers to analyze all aspects of their service. The study's findings indicate that the SERVPERF model may be used to predict overall satisfaction. Similarly, if financial institution executives want to retain customers, they need find a balance between personal pleasure and organizational happiness.

The study is based on responses from a limited number of financial institutions in the Pokhara valley; therefore, generalizations for the entire population may be inaccurate. As a result, more research may be undertaken using respondents from a large number of financial institutions located throughout Nepal. Similarly, the study's sample size is only 350 respondents; therefore, bigger sample sizes are recommended in future research to represent greater accuracy and the true influence of service quality dimension on customer satisfaction. The study's practical relevance is that it has identified critical areas for bank executives to work on in order to compete effectively in Nepal's financial system. Bank managers must focus on and communicate service quality in terms of reliability, responsiveness, and assurance in order to meet customer expectations, satisfaction, and retention. This work can be used as a reference for future research in a related field.

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Appendix A

Operationalization of Study Variables

A) Dimension of Service Quality

Tangibility
1. Modern looking equipment
2. Appealing physical facilities
3. Neat appearance of staff
4. Materials associated with services are visually appealing

Reliability
1. Staff keeping promise
2. Sincere interest in solving customers' problems
3. Staff performing service right the first time
4. Provide services at the time they promise to do so
5. Insists on error free records

Responsiveness
1. Staff telling customers exactly when services will be performed
2. Staff providing prompt service
3. Staff willingness to help
4. Staff never too busy to respond to customers' needs

Assurance
1. Behaviors of staff instills confidence in customers
2. Customers feel safe in their transactions
3. Courtesy of staff
4. Staff having knowledge and being competent to answer questions

Empathy

1. Individual attention given by the bank
2. Convenient operating hours
3. Special attention given by the staff
4. Staff giving customer best interest at heart
5. Understanding of specific needs

B) Customer Satisfaction

1. Satisfied when using Nepalese Banking services
2. Satisfied with the overall service quality of Nepalese Banking services
3. Good and positive impression towards Nepalese Banking services