

# **An Empirical Study: Understanding The Influence of Responsiveness, Reliability, And Assurance On Customer Satisfaction in Online Banking Services**

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## **Abstract**

This article investigates the influence of responsiveness, reliability, and assurance on customer satisfaction in online banking, utilizing a sample size of 137 participants. The findings, which were obtained through thorough statistical research, show that, in the context of online banking, there is a positive and substantial association between these important parameters and customer satisfaction. According to the research, customer satisfaction is positively impacted by responsiveness, which is defined as the timely and efficient response of customer questions and issues, significantly influenced by reliability, which is a measure of the consistency and dependability of online banking services. Additionally, our study emphasizes how important assurance is in determining how satisfied customers are with online banking services. Establishing trust and confidence among online banking customers is crucial, as seen by the positive correlation between assurance and customer satisfaction.

**Keywords:** assurance, customer satisfaction, online banking services, responsiveness, reliability,

## **1. Introduction**

The last several decades have seen a tremendous development in the banking sector, especially with the introduction of online banking services. Banks have embraced digitization to satisfy the changing demands and preferences of their customers, moving from traditional brick-and-mortar branches to virtual platforms available anytime, anywhere (Gilmore et al., 2007). Online banking services, which provide a practical and effective substitute for traditional banking, have completely changed how people and organizations handle their finances (Lamsal, 2022). On internet-enabled devices, consumers may safely access their accounts and perform a range of financial transactions with the assistance of these services. Users of online banking systems may access a vast array of financial services, including account information, loan applications, investment management, cash transfers, account updates, and more, with only a few clicks.

In commercial banks, service quality is one of the key elements influencing the satisfaction of customers. Service quality factors includes responsiveness, reliability, assurance, tangibility, and empathy. It has been noted that service quality has a significant influence in giving clients a positive experience and turning them into committed customers. Customer loyalty and engagement with both private and public banks are influenced by high service quality (Vinnarasi, Kumar, Ganesh, Agrawal, & Maguluri, 2022). Similarly, if the quality of product or service meets the customer's expectations, it will lead to customer satisfaction. If not, it dissatisfies customer. Unless the service quality is improved on the basis of customers' needs and wants, customers will never be satisfied (Gautam & Sah, 2023). The banking industry expects that banks will be able to improve customer service and forge closer relationships with their customers by integrating new technology (Baten & Kamil, 2010).

The customer's expectations for the service delivery, the actual way in which the customer experience is given, and expectations that are either fulfilled or surpassed are the main topics of discussion when it comes to customer satisfaction. In today's very competitive industry, delivering high-quality service is the key to staying ahead of the competition and winning over happy customers. The notion is that customers are

happy and loyal to those components which have greater and better value as compared to those of rivals, which helps the banking industry to update their service quality (Joshi, 2021). There are numbers of research on the link between customer satisfaction and service quality in Nepal's physical banking services, but there aren't many on online banking services. Research on the connection between service quality factors and customer satisfaction in Nepalese e-banking services is thus required.

## **2. Objectives**

There is an absence of thorough coverage of online banking services in the Nepalese context in the research papers currently available on the effects of responsiveness, reliability, and assurance on customer satisfaction. This research paper will try to fill the research gap in the Nepalese online banking sector by observing the impact and relationship between service quality and customer satisfaction. Since, the study is conducted on online banking service, the study excludes tangibles and empathy factors of service quality factors. For this reason, the main goal of this study is to inquire how responsiveness, reliability, and assurance relate to and affect customer satisfaction. The specific objectives of the study are listed below:

- To examine the association between responsiveness, reliability, and assurance and customer satisfaction with online banking services provided by banks in Banasthali area.
- To inquire into how Kathmandu bank customers' satisfaction with online banking services is affected by responsiveness, reliability, and assurance.

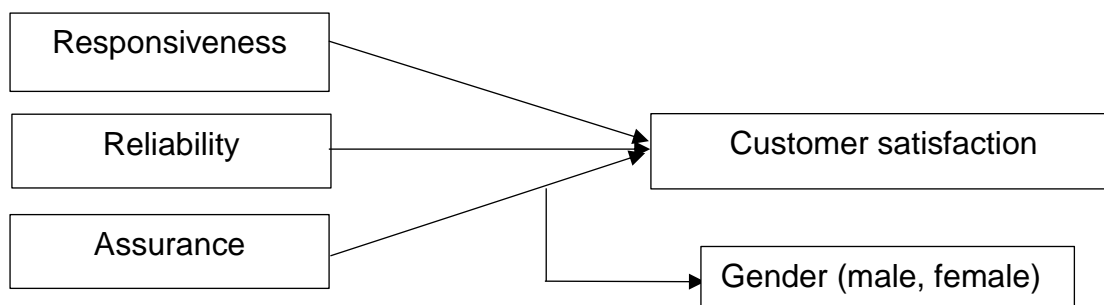
## **3. Statement of the problem**

Customer satisfaction and service quality characteristics have a good correlation and a considerable influence, according to a study done with bank clients in Tamil Nadu (Selvakumar, 2015). A study carried out in Pakistan's banking industry found that customer satisfaction is significantly impacted by the quality of the services provided (Toor, Hunain, Hussain, Ali, & Shahid, 2016). With the exception of tangibility, Joshi's (2021) study of Nepalese commercial bank clients found a positive correlation and a

considerable influence of service quality aspects on customer satisfaction. The study carried out by (Lamsal, 2022) shows that, efficiency, reliability, and simplicity of use have a significant impact on customer satisfaction for commercial banks in Nepal. Customer loyalty and satisfaction with online banking are strongly influenced by aspects of the service's quality. It suggests that raising the standard of online banking services will increase e-customer satisfaction, which will increase e-customer loyalty (Gautam & Sah, 2023).

#### **4. Theoretical framework**

The study's independent variables are responsiveness, reliability, and assurance, whereas the dependent variable is customer satisfaction. Responsiveness is the capacity of financial institutions to react quickly to the demands, questions, and concerns of their clients via digital channels including customer care platforms, mobile applications, and online banking websites. In the context of online banking services, reliability is defined as the capacity of digital banking platforms and systems to consistently meet the demands and expectations of users. It covers a wide range of topics, such as the availability and uptime of mobile applications and websites for online banking, the precision and effectiveness of transaction processing, the performance and functionality of features and services offered by online banking, and the security and integrity of client information and financial transactions. Assurance is defined as the knowledge and good manners of employees. The ability of employees with the help of the knowledge possessed to inspire trust and confidence will strongly strike the level of customer.



## **5. Literature review**

The responsiveness is the capacity to help customers and provide services quickly. Comprehending the needs and desires of consumers is another aspect of responsiveness. Convenient business hours, staff members that provide each customer their full attention, consideration for their difficulties, and the security of their transactions are all included (Selvakumar, 2015). Similarly, in the words of (Parasuraman et al., 2005), and (Shakya, 2016) responsiveness in online banking services refers to the prompt and effective resolution of client queries, transactions, and issues via digital channels. It entails the capacity of the online banking platform and its related support systems to quickly meet client requests and give assistance whenever necessary.

When it comes to online banking services, responsiveness is the speed and efficiency with which a financial institution responds to questions, concerns, and requests from customers via digital channels including websites, mobile applications, and online chat assistance. In order to satisfy customer demands and expectations in a digital world, this entails delivering prompt support, giving prompt answers to client problems, and guaranteeing effective communication (Smith & Johnson, 2020). Furthermore, in the words of (Wang & Tan, 2021) responsiveness goes beyond reactive help to include proactive involvement as well as anticipating client needs and proactively providing pertinent support and direction. In the world of digital banking, financial institutions may improve customer happiness, establish trust, and fortify client relationships by encouraging responsive communication and participation.

Reliability in online banking services refers to the platform's consistency and reliability in delivering promised functions and providing consumers with secure, uninterrupted access. It includes a variety of features that provide consumers trust in the security and functionality of the online banking system (Gautam & Sah, 2023). The capacity to provide clients with the necessary services consistently and precisely as promised is known as reliability. The model of reliability in terms of service quality includes handling any issues that consumers may have with the services, doing the necessary

tasks correctly the first time, providing the services on schedule, and keeping an error-free record (Vinnarasi et al., 2022).

Reliability also includes the strength of security protocols put in place to protect financial assets and consumer data from fraud and cyberattacks. Reliable online banking services place a high value on the responsiveness and resilience of digital infrastructure, quickly resolving any problems or disturbances to reduce downtime and guarantee uninterrupted service. In the context of digital banking, financial institutions foster customer satisfaction and loyalty by maintaining high standards of reliability (Harrison et al., 2019)

Assurance plays important role to ensure high quality service in banks. Assurance is defined as the knowledge and good manners of employees. The ability of employees with the help of the knowledge possessed to inspire trust and confidence will strongly strike the level of customer satisfaction (Selvakumar, 2015). The assurance variable is defined by the clarity and adequacy of explanations of the service offered, the friendliness and courtesy of staff and observed knowledge and competence of staff (Hennayake, 2017). It also includes providing customer's financial advices, comfortable environment of the banks and providing customers the information which is easily understandable and accessible. The term assurance describes employees' knowledge, politeness, and ability to exude trust and confidence. It also includes convenience and security in the banks website or apps, a well experienced and professional management team. Assurance-related elements include things like security protocols, platform reliability, communication transparency, and customer service timeliness (Joshi, 2021).

Customer satisfaction refers to how satisfied consumers are with the value, practicality, and efficacy of digital banking channels in terms of their ability to perform transactions, manage their money, and access banking services from a distance. It is affected by things like timeliness, security, dependability, and simplicity of use as well as the availability of specialized and customized banking solutions. Increased client loyalty, retention, and good word-of-mouth referrals are linked to high customer satisfaction levels in online banking services, which supports the long-term viability

and competitiveness of financial institutions in the digital age (Smith & Johnson, 2020). Selvakumar (2015), customer satisfaction and service quality characteristics have a favorable association and a considerable influence, according to a study done with bank clients in Tamil Nadu. Beneficial word-of-mouth advertising is facilitated by happy consumers who are inclined to tell others about their excellent experiences. It is often acknowledged that a consumer's future purchase intentions are significantly influenced by their level of customer satisfaction. Increased recurring business and gains in market share are frequently the outcomes of providing excellent customer service and pleasure (Toor et al., 2016).

The level to which consumers believe their interactions with digital banking systems and services have met or beyond their requirements, preferences, and expectations is known as customer satisfaction. It includes a range of elements related to the online banking experience, such as the ease of use and functionality of mobile applications and websites, the security and privacy of customer data, the availability of customer support and assistance, the effectiveness and dependability of transaction processing, and the general caliber of service delivery (Harrison et al., 2019). Customer expectations are taken into account when evaluating items or services after a purchase, and the quality of the product or service is linked to the acceptance, pleasure, relief, excitement, and joy that consumers experience. This process is known as customer satisfaction which indicates that consumers anticipate a specific level of product performance before using it (Joshi, 2021).

## **6. Research methodology**

### **Research design**

The research design applied in this study is quantitative. The study was undertaken to examine and analyze factors affecting customer satisfaction in online banking services. Considering the objective of the study descriptive, relational and causal research design were adopted to deal with various issues raised in the study. Descriptive research was used to characterize, clarify, and validate findings. The goal of descriptive study is to generate statistical data on the variables that influence how satisfied customers are with the online banking services provided by Kathmandu's

commercial banks. Explanatory study, also referred to as causal research, was also carried out to determine the kind and degree of cause-and-effect relationship between the variables. The study ascertains the relationship between changes to independent factors and dependent variables. Causal studies concentrate on analyzing a scenario to clarify the trends in the interactions between different variables.

### **Population and sample**

The population selected for this study was people using online banking services in Kathmandu. People with age of more than 16 years and having different educational qualifications and occupation were used as population. These are people who have gained knowledge and used online banking services offered by commercial banks in Kathmandu. The samples were provided with self-administered questionnaire as per convenience of researcher. Initially, 145 questionnaires were distributed to the target population using a convenience sampling method. Of these, 85 were disseminated online via Google Forms, while the remaining 60 were distributed physically. Out of 145 questionnaires, 137 were valid for the study. Statistically this sample size is acceptable as it conforms to the widely held rule of thumb that a sample size should not be less than 30. Online distribution of the questionnaire utilized various social media platforms and email channels to reach eligible participants. Respondents were required to provide complete answers before submitting the questionnaire, ensuring data completeness. Only participants willing to engage and with adequate time were included in the study. The questionnaire emphasized prompt return of responses, with a requirement for full completion of all questions by respondents.

### **Nature and sources**

The data for the study came from primary sources. The survey questionnaire was used to create the primary data. An online and offline self-administered structured questionnaire was made available to the target audience. The questionnaire was divided into two categories: general background and basic and variable-related information. The basic background part included questions about personal details such age, gender, and educational history. The fundamental and variables-related information contained questions in the form of yes-or-no, multiple-choice, ranking, and



five-point Likert scales from 1: strongly disagree to 5: strongly agree. The Likert scale items for independent and dependent variables were self-developed and also extracted from the scale developed by (Toor, Hunain, Hussain, Ali, & Shahid, 2016).

## 7. Data analysis, results, and discussion

*Table 1*  
*Demographic profile*

Variables	Frequency	Percentage
<i>Age</i>		
16-25	117	85.4
Above 25	20	14.6
Total	137	100.0
<i>Gender</i>		
Male	63	46.0
Female	74	54.0
Total	137	100.0
<i>Education level</i>		
Plus 2	10	7.3
Bachelors	117	85.4
Masters	10	7.3
Total	137	100.0

*Note.* From Field Survey, 2024

There are 137 total respondents in the study: 63 male respondents and 74 female respondents. Of all respondents, 85.4% are between the ages of 16 and 25, with the remaining respondents being older than 25. Based on their demographic profile, 137 responders, 10 of whom have cleared plus two level, 117 of whom are Bachelors and 10 of whom are Master's levels.

*Table 2*  
*Cross tabulation between gender and opinion on security and reliability*

Gender		Did you find your online banking platform secure and reliable?		Total
		No	Yes	
Male	Count	6	57	63
	% within Gender	9.50%	90.50%	100.00%
	Count	11	63	74

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Female	% within Gender	14.90%	85.10%	100.00%
	Count	17	120	137
Total	% within Gender	12.40%	87.60%	100.00%

Note. From Field Survey, 2024

The cross-tabulation shows how people feel about reliability and security while using online banking to make transactions. Of the 63 men who responded, 90.50 percent feel that online banking services are secure and dependable for transactions and the rest of 9.5 percent feel secure and reliable. Out of 74 female respondents, 85.10 percent believe online banking services to be secure and dependable for transactions, while 14.90 percent doesn't feel secure and reliable to perform transactions through online banking system.

*Table 3*  
*Relationship between variables*

Variables		Responsiveness	Reliability	Assurance	Customer satisfaction
Responsiveness	Pearson Correlation	1			
	Sig. (2-tailed)				
Reliability	Pearson Correlation	.430**	1		
	Sig. (2-tailed)	0.001			
Assurance	Pearson Correlation	.315**	.288**	1	
	Sig. (2-tailed)	0.001	0.001		
Customer satisfaction	Pearson Correlation	.431**	.481**	.409**	1
	Sig. (2-tailed)	0.001	0.001	0.001	

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

Note. From Field Survey, 2024

The table 3 characterizes the correlation analysis of the variables under study. As shown in the table, the correlation between customer satisfaction and responsiveness is observed to be positive and significant at 99 percent confidence level with the correlation coefficient of 0.431. This indicates that customers are more likely to express greater levels of satisfaction with their entire service experience if they believe the provider is attentive to their requirements and questions. Similarly, the relationship

between customer satisfaction and reliability is found to be positive and significant at 99 percent confidence level with the correlation coefficient of 0.481. This implies that customers are more likely to be pleased with their whole service experience if they believe the service provider is dependable in providing consistent and dependable services. Also, the relationship between customer satisfaction and assurance is found to be positive and significant at 99 percent confidence level with the correlation coefficient of 0.409. Enhancing assurance aspects like as security standards, communication transparency, and customer service timeliness may help banks increase customer satisfaction. The independent variables responsiveness, reliability, assurance is also positively correlated to each other. The correlation coefficient between responsiveness and reliability of 0.430, responsiveness and assurance 0.315, and reliability and assurance with 0.288.

*Table 4*

*Impact of responsiveness on customer satisfaction*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.212	0.261		8.468	0.001
Responsiveness	0.425	0.077	0.431	5.545	0.001

a Dependent Variable: Customer Satisfaction

Note. From Field Survey, 2024

According to the regression coefficient of 0.425, responsiveness has a positive impact on customer satisfaction. This implies the customer satisfaction tends to rise simultaneously with online banking's increased responsiveness. For every unit change in responsiveness, the regression coefficient shows how much customer satisfaction has changed.

*Table 5*

*ANOVA table for responsiveness*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	9.913	1	9.913	30.748	.001b
Residual	43.522	135	0.322		
Total	53.435	136			

a Dependent Variable: Customer Satisfaction

b Predictors: (Constant), Responsiveness

*Note.* From Field Survey, 2024

The ANOVA table's responsiveness and customer satisfaction association has a p-value of 0.001, which suggests that the regression model is statistically significant.

*Table 6*

*Model summary for responsiveness*

R	R Square	Adjusted R Square	Std. Error of the Estimate
.431a	0.186	0.179	0.56779

a Predictors: (Constant), Responsiveness

*Note.* From Field Survey, 2024

The interaction between responsiveness and customer satisfaction has an adjusted R-squared value of 0.179, meaning that variations in responsiveness within the context of online banking services may account for 17.9% of the change in customer satisfaction.

*Table 7*

*Impact of reliability on customer satisfaction*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.779	0.295		6.034	0.001
Reliability	0.509	0.08	0.481	6.383	0.001

*Note.* From Field Survey, 2024

Customer satisfaction levels have a significant association with perceived reliability of online banking services, as indicated by the positive regression value of 0.509. More specifically, this implies that customers are more likely to express greater levels of satisfaction with their overall online banking experience if they believe that online banking services are reliable in terms of consistent service delivery, correctness of transactions, and matching customer expectations.

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Table 8

## ANOVA table for reliability

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	12.387	1	12.387	40.741	.0001b
Residual	41.047	135	0.304		
Total	53.435	136			

a Dependent Variable: Customer satisfaction

b Predictors: (Constant), Reliability

Note. From Field Survey, 2024

Reliability as a predictor in the regression model is statistically significant, as shown by the p-value of 0.001 for the association between reliability and customer satisfaction in the ANOVA table.

Table 9

## Model summary for reliability

R	R Square	Adjusted R Square	Std. Error of the Estimate
.481a	0.232	0.226	0.5514

a Predictors: (Constant), Reliability

Note. From Field Survey, 2024

In the context of the regression model, variations in reliability can account for around 22.6% of the variance in customer happiness, according to an adjusted R-squared value of 0.226 between reliability and customer satisfaction.

Table 10

## Impact of assurance on customer satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.566	0.401		3.907	0.001
Assurance	0.553	0.106	0.409	5.201	0.001

a Dependent Variable: Customer satisfaction

Note. From Field Survey, 2024

The interaction between assurance and customer satisfaction appears to be favorable, as indicated by the positive coefficient of 0.553. In other words, customer satisfaction tends to rise in tandem with the degree of assurance offered by online banking services. A relatively significant positive correlation between assurance and client satisfaction in online banking services is shown by a value of 0.553.

*Table 11*

*ANOVA table for assurance*

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	8.92	1	8.92	27.05	.0001b
Residual	44.515	135	0.33		
Total	53.435	136			

a Dependent Variable: Customer satisfaction

b Predictors: (Constant), Assurance

Note. From Field Survey, 2024

Assurance as a predictor in the regression model is statistically significant, as shown by the p-value of 0.001 for the association between assurance and customer satisfaction in the ANOVA table.

*Table 12*

*Model summary for assurance*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.409a	0.167	0.161	0.5742

a Predictors: (Constant), Assurance

Note. From Field Survey, 2024

With an adjusted R-squared value of 0.161, the regression model's capture of the variance in assurance levels accounts for around 16.1% of the variation in customer satisfaction.

*Table 13*

*Independent sample t test for equality of means across gender*

Variables	Equal variance	Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
Responsiveness	Equal variances assumed	0.855	0.357	-1.212	135.00	0.228	-0.132
	Equal variances not assumed			-1.22	134.33	0.224	-0.132
Reliability	Equal variances assumed	4.336	0.039	-0.01	135.00	0.992	-0.001
	Equal variances not assumed			-0.01	134.82	0.992	-0.001
Assurance	Equal variances assumed	0.12	0.729	-0.21	135.00	0.834	-0.017
	Equal variances not assumed			-0.209	128.68	0.835	-0.017
Customer satisfaction	Equal variances assumed	1.659	0.2	0.067	135.00	0.947	0.007
	Equal variances not assumed			0.069	133.92	0.945	0.007

*Note.* From Field Survey, 2024

This table compares the means of many factors (Responsiveness, Reliability, Assurance, and Customer Satisfaction) between two groups using independent samples t-tests. In addition to taking into account situations in which equal variances were not assumed, the tests were carried out under these assumptions. Levene's test determines if the two groups' variances are equal. The assumption of equal variances is fulfilled if the result is non-significant ( $p > 0.05$ ), but it is broken if the result is significant ( $p < 0.05$ ). The p-values for Levene's test in this table are larger than 0.05 for every variable, meaning that there isn't any evidence to argue against the assumption of equal variances. The direction and size of the difference between the means of the two groups are indicated by the mean difference. The p-values for the t-tests are given for each variable under the assumptions of equal and unequal variances.

The null hypothesis is supported by evidence if the p-value is less than the selected significance threshold, which is often 0.05. This suggests that there is a statistically significant difference between the means of the two groups for that variable. The non-significant p-values in this table show that, for all variables, none of the t-tests produced statistically significant group differences. Under the assumption of equal variances, the table presents an overall summary of the t-test findings and indicates the significance of mean differences between the two groups for each variable.

## **8. Discussions and conclusions**

According to the purpose of the study, research adopted SERVQUAL model to identify factors affecting customer satisfaction on online banking services. In this respect, the variables responsiveness, assurance, and reliability were identified as factors affecting customer satisfaction. The results obtained from the data analysis for responsiveness has shown positive and statistically significant relationship with customer satisfaction. Further, responsiveness also has positive effect on customer satisfaction. If the banks provide prompt and fast service and response to the customers, they are satisfied and are encouraged to use online banking services for transactions. The result is consistent with Joshi (2021) which also observed positive and significant relationship between responsiveness and customer satisfaction. The results also confirm with Gautam and Sah (2023) and Toor, Hunain, Hussain, Ali, and Shahid (2016) that shows the positive and significant effect of responsiveness on customer satisfaction. The analysis of the data in the study has shown positive and significant relationship between independent variable, reliability and dependent variable, customer satisfaction. The result confirms with the study carried out by Joshi (2021), Selvakumar (2015), and Toor, Hunain, Hussain, Ali, and Shahid (2016) that showed significant and positive relationship between reliability and customer satisfaction. Reliability has highest correlation coefficients so this shows it is the most influencing variable among independent variables. The result obtained from the study carried out by Joshi (2021) and Lamsal (2022) also shows the positive relationship between assurance and customer satisfaction, which conforms with this study results. The clarity in services offered, security in the banks website, knowledge and of employees has positive relationship and also impacts the customer satisfaction.



## **9. Implications**

Maintaining satisfied customers and cultivating client loyalty through services need a lot of attention. Business success may become unattainable without offering high-quality services. Additionally, a growing number of consumers are becoming aware of the alternatives available in regard to the rising standards of service, which has created fresh opportunities for the company in terms of service quality, customer satisfaction, and customer loyalty. The study's findings have a wide range of practical implications for financial institutions that provides online services to their customers. The banks should evaluate all the variables that directly and indirectly effects customer satisfaction on the use of online banking services. The finding of the study will guide financial institutions in the field in improving and promoting online banking services by revealing customer's priorities regarding the use of online banking services in Banasthali area. Owing to the fact that online banking is still in its infancy and that there are problems with customer satisfaction in Nepal's commercial banks, it is thought that there should be a large number of research done on the topic. Therefore, there is a lot of room for research and future investigations in order to reach a larger critical mass. Similarly, it is possible to compare the degree of customer satisfaction at commercial and development banks through research.

## **Limitations**

The following are the limitations of this study:

- The sample of this study is only from Banasthali area of Kathmandu. Thus, the findings cannot be generalized to other areas.
- The validity of the study depends upon the accuracy of the information provided by the respondents covered by the study.
- The study was conducted under limited time and sample size.
- Only three independent variables: responsiveness, assurance, and reliability have been considered in this study.

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