Customers Perception on Banking Communication in Development Banks of Kathmandu Valley: Evidence from Structural Equation Modelling

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Abstract

Background: Effective communication is vital in banking, influencing customer satisfaction and the overall success of banking operations. While global research on banking communication is extensive, studies specific to Nepalese development banks are limited.

Objective: The study aims to analyze how customers perceive the communication strategies employed by development banks, identifying challenges and providing recommendations for improvement.

Method: An explanatory research design was used, with data collected from 281 customers using KOBO Toolbox and structured questionnaires. The data was analyzed using SPSS, AMOS, and Excel, with Structural Equation Modeling (SEM) applied for inferential analysis.

Result: The study found that both formal and informal communication methods are widely used by development banks. However, major challenges include a lack of proper knowledge in digital communication, inadequate communication technology, and ineffective communication strategies. Despite these challenges, good communication was identified as a key factor in customer satisfaction and loyalty.

Conclusion: The study concludes that while banking communication is generally effective, there are significant areas for improvement, particularly in digital communication and strategy formulation. Banks are recommended to adopt user-friendly communication technologies, train employees in communication skills, and conduct educational campaigns for customers. By addressing these issues, banks can enhance customer satisfaction and build stronger relationships with their clientele.

Paper Types: Research Paper

Key words: Banking Communication, Customer's Perception, Loyalty, Trust, Structural Equation Modeling (SEM), Development Bank, Kathmandu Valley.

JEL classification: D83, G21, O14, C39, G53

Introduction

Communication is the means to meet (Devkota, 2020), address topics dependent on roles and activities with each other. In the efficient management of the central bank's core policy, the contact approach has an important role. Four concerns pertaining to central bank contact have been announced by the central bank. The first problem in contact is economic conditions that accumulate knowledge on existing economic conditions. The second topic of contact is the central bank's policy decision to target its existing activities. The third problem of communication is the overview of the central bank's approach to enforce the general communication policy. The fourth form of communication debate is the prospect of future policies which usually make communication policies more transparent and more stable (Amato et al. 2002). Communication is an evolving mechanism that establishes significant relationships between family members, neighbors, relatives, acquaintances, assistants and employees. The bank organization has established the politeness, decent manner, constructive attitude and appreciation of various barriers devised such as perceptive barriers, language difficulties, emotional obstacles, physical barriers, and cultural differences to avoid compulsory contact barriers (Eemeren & Grootendorst, 2016). Communication thus becomes the abundance of knowledge in the form of facial gestures, language of the body, verbal, email, messages, audio, video call, video conferencing (Austin & Pinkleton, 2015). Planning, organizing, leading, and controlling are fundamental management tasks that cannot be carried out without an efficient communication system (Paudel et al., 2021; Tamrakar et al., 2022).

In the long-term creation, policy, bank must concentrate on contact and revenue, sending and recipient should contextualize its meaning, as well as sender and recipient clarity, response pace and consultancy (Cavollone & Modina, 2013). Growing numbers of service companies are also managing customer retention surveys. The advancement in services in relation to customer loyalty tends to be larger; once workers are well trained within the company, they can better interact with their clients (Gautam & Dhital, 2004). Communication has significantly changed in the world of jobs (Devkota et al., 2020). Connection face to face was renewed with the advent of fixtures, computers, cell phones, the internet and the virtual reality earlier (Akmajian et al., 2017).

When the bank combined communication and marketing teams, and partnered on a single perspective, Moore et al. (2018) disclosed Communications Tactics could be strengthened. This method increases the extent of internal and external banking cooperation. Investors and numerous highly-qualified personnel believe in successful contact. The financial organization has now been merged with IT. The banking industry building digital platforms for its services draw new customers with transition results. In the report by Kirakosyan & Dănăiaă (2014), they indicate that 22% customers worldwide would like to increase their bank rates while 12% customers want to improve the service level and satisfaction of mobile banking. Banks communicate clearly with customers that will help improve customer loyalty and the result of the same information exchanged will be distinct from each customer (Śeitan 2017). E-mail is also one of the most widely used tools for e-communication. The e-mail account was expected to rise to 3.9 billion by the end of 2017 in 2012, exceeding 3.3 billion (Kirakosyan & Dănăiaża, 2014).

It also remains that the communication needs to illustrate how value contributes to the relationship between the bank, customers and shareholders (Guo, 2018). The banking industry also needs to evaluate the product/service which can be shared well with its clients Sasidhar & Aljasser (2016). The key communication areas for banks to ensure customer loyalty are yet to be found (Dharmavaram & Nittala, 2018). The banks also appear to encourage Internet and mobile banking (Pandey & Regmi, 2018). It seems that the communication between the bank and customers remains formal and efficient (Ball et al., 2004). Good collaboration often encourages productive management, which plays a crucial role in making modern business competitive (Shaikh & Karjaluoto, 2015). In Nepalese commercial banks, customer loyalty in terms of communication remains a matter of concern considering the fact

that the firms and their operation are progressing (Gautam & Dhital, 2004). Shrestha (2018) indicated that customer satisfaction and commitment to the bank contribute to a successful updating and listening to clients and those clients also believe that bank workers need contact training.

Every client in the banks should be accessed to the correct contact and both clients and banks should make equal efforts to attain and provide the correct and necessary details Maharjan & Shakya (2015). Rijal (2006) saw contact in commercial banks in Nepal increasing steadily. In addition, banks encourage their staff and clients to improve their abilities in different ways of communicating. Quick and continuing access to knowledge and collaboration will make banking transfers simpler for consumers and make them happy (Gurću, 2002). Similarly, Gautam & Dhital (2004) done a consumer satisfaction analysis at the Nepalese commercial bank that showed that awareness and understanding of banks would have greater impact on bank efficiency. The role of ICT in the Nepalese banking industry has which has shown advantages of using ICT in Nepalese banks as well as adverse effects (Sapkota, 2018; Devkota et al., 2021). Moreover, Nepal continues to lag behind in Information and Communication Technology development (Basyal & Seo, 2016).

However, several literatures have been published in banking communication in Nepal, they were unable to address some issues related with the customers of development banks of Nepal. Some of the issues or questions are still to be explored like: what are the current awareness levels of customers of development bank? How development banks are communicating with customers? What factors affect the banking communication of development bank? What are the huddles development banks are facing while communication with customers? What can be the managerial solution to solve the banking communication issues in development banks? Thus, to fulfill these above mentioned issues, this study is essential.

This research aims to assess what consumers know about how banks deal with them. The research would further help to analyze the variables that influence and improve coordination between the bank and its clients. The analysis will also help to show the implications necessary to fulfill the specifications. And the further part of this paper consists of discuses on constructs, methodology used for the study, discussion and conclusion.

Research Method

Theoretical Framework

Various theories dealing with the factors involved of customers' perception towards banking communication for customers' loyalty are discussed.

The X-Y theory is linked to their management activities and the selection of enforcement strategies. Banks who adopt the Theory Y principle are liberal and emerging. They regulate, perform and grow the enterprise continuously through employee empowerment. Similarly, the grounded theory here is focused on corporate banking ties with corporate firms, banks, managers and stakeholders. In addition, the connection between staff, the bank and customers is also concretized. Further, the Shannon & Weaver model explicitly intended to establish efficient communication between the transmitter and the recipient.

Likewise, expectation communication system model explains that the banking system is used to handle communication audit, organization's research and growth, management control system and individual group and group development. Similarly, Lenski communication model attempts to explain the kind of relationship that occurs between knowledge and information. And ECSI model measures customers' satisfaction, providing the possibility of benchmarking with companies, markets, sectors and nations, and predicting the potential earnings of business.

Entire theories mentioned discuss about the influencing factors for customers' satisfaction on banking

communication. Among these theories, the ECSI model more justifies our concerned area of study. ECSI model measures customer satisfaction, enabling firms, markets, industries and countries to benchmark themselves and to forecast the potential profits of business.

Conceptual Framework

The theoretical review allows the conceptual model to be proposed as shown in the below figure. A new structure, brand strength, is included in the model, with the objective of better explained loyalty to the market. Loyalty is a topic that has gotten a lot of attention from academics. However, there is no consensus on how the construct should be conceptualized and operational. Customer loyalty has traditionally been evaluated as a behavioral attitude, with loyal consumers recognized based on their actual purchases. Sarantidou (2017) conducted his study based on the ECSI model where researcher tries to investigate the role of customers' satisfaction on customers' loyalty in retail context. In this section, researcher creates the literature-based conceptual model and assumptions. Figure 1 shows the conceptual framework of the study.

Figure 1: Conceptual Framework
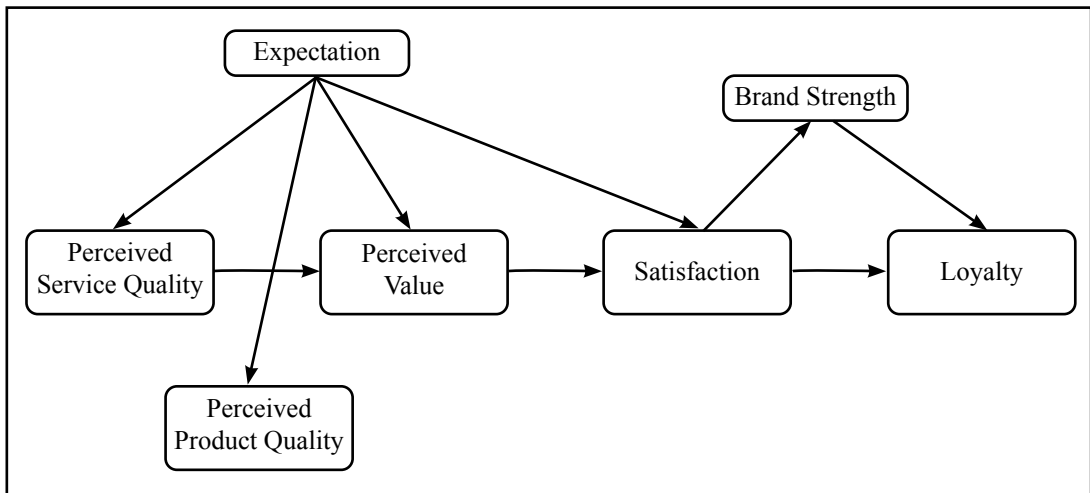
Source: Modified from Sarantidou (2017)

This study is concerned about the customers' perception on banking communication. Thus, here researcher tries to address customers' perception in baking communication perspective using Sarantidou's model. Here in above figure, Loyalty of customers is dependent variable, brand strength is moderating variable and others variables are independent variables.

Variables and Its Definitions

Loyalty: Researchers have been very interested in loyalty. There is no consensus, however, on the design and running of the building. Customer loyalty was generally calculated as a behavior and loyal customer based on real investments. (Magi, 2003, Thakuri et al., 2023).

Customers Satisfaction: Studies have indicated that CS is a loyalty background. It's because CS is a different evaluation result which meets or exceeds the standards of the selected alternative – the store (Bloemer and de Ruyter, 1998). The positive assessment of the consumer, therefore, requires repeated purchases and a key element of loyalty.

H1: CS positively influences loyalty

H2: CS positively influences brand strength.

Expectation: The role of expectations on satisfaction can be modeled, as a result of contrast or as an outcome of forecast, according to Szymanski and Henard (2001).

Satisfaction is the results of comparing expectations and perceived achievement in the conventional model for discrepancy of aspirations (Oliver, 1980).

H3: Expectations positively influence CS.

Brand Strength: Many studies try to find the history of loyalty, and some of the major predictors are CS, confidence, contact, consumer factors and branding (Ball et al., 2004). However, with a shift in marketing philosophy or the climate, some of the emerging ideas presented in marketing thought became more and more interesting and may help forecast loyalty, including brand power, the interaction with the customer brand and the involvement with the brand (Dessart et al., 2016).

H4: Brand strength positively influences retail loyalty

Perceived Value: Perceived value is characterized as the judgments of the customer regarding the total excellence or supremacy of a product (Zeithaml, 1988). Efficiency perceived influences loyalty and CS mediates this interaction (Frank et al., 2014). The definition of retailers' efficiency can be based on tangible and intangible qualities (Maggioni, 2016).

Perceived Product Quality: The consumer's assessment of a product's overall excellence or superiority is known as perceived quality (Zeithaml, 1988). CS influences the connection between perceived quality and loyalty (Das, 2014). (Frank et al., 2014). Retailers' perceptions of quality are influenced by both tangible and intangible factors (Pappu and Quester, 2006; Maggioni, 2016). This construct was assessed by evaluating the quality of items and services (in terms of product variety, customer service, product quality, and shop environment, as well as the overall buying experience) in relation to the prices paid by customers. Because buying for groceries are linked to utilitarian product views.

H5: Perceived product quality positively influences perceived value.

H6: Perceived product quality positively influences CS

Based on the conceptual framework and hypothesis, several variables are prepared. It is presented in table 1.

Table 1: Variables and Its Definitions

Construct	Observed Variables	Notations	Descriptions
Expectation	Variety of product offered	EXP1	Variety of product offered by the respective banks.
	Variety of services offered	EXP2	Variety of services offered by the respective banks.
	Quality of product	EXP3	Quality of product provided by the respective banks.
	Value for money	EXP4	Value of customers' money offered by banks.
	Friendly environment	EXP5	Expectation regarding friendly environment
	Overall experience	EXP6	Overall experience of customers while taking services from respective banks.
Perceived product quality	Quality of product	PPQ1	Quality of product provided by the respective banks.
	Cleanliness of bank	PPQ2	Hygiene and cleanliness measures taken by bank.

Construct	Observed Variables	Notations	Descriptions
	Variety of products offered	PPQ3	Variety of products offered by the respective banks.
	Promotion of offers	PPQ4	Several promotions like offers offered by the bank.
	Value for money prices	PPQ5	Value of customers' money offered by banks.
	Overall quality of product	PPQ6	Overall quality of products while buying products from banks
	Quality of service	PSQ1	Quality of service provided by the respective banks.
	Friendliness of staff	PSQ2	Staffs friendly behavior with customers.
	Waiting time	PSQ3	Customers' waiting time to take services in respective banks.
Perceived service quality	Convenience location	PSQ4	Convenience location of bank for customers.
	Knowledge and advice	PSQ5	Knowledge and advice provided by the staff of bank.
	Availability of staff	PSQ6	Availability of bank's staff to provide services.
	Overall bank atmosphere	PSQ7	Overall environment of bank while taking services.
	Variety of product offered	PV1	Variety of products offered by the respective banks.
	Quality of service offered	PV2	Quality of service provided by the Perspective banks.
	Quality of product offered	PV3	Quality of product provided by the respective banks.
Perceived Value	Product Freshness	PV4	Freshness of the product offered by the respective banks.
	Concern for Hygiene	PV5	Banks' concern for hygiene and cleanliness in office.
	Overall experienced offered	PV6	Overall experience with bank while taking services.
	Expectation Fulfillment	SAT1	Fulfillment of customers' expectation while taking services.
	Product quality	SAT2	Customers' perceiving good product quality.
	Service quality	SAT3	Customers' perceiving good service quality.
Satisfaction	Reputation	SAT4	Reputation of bank among customers in market.
	Performance of bank	SAT5	Performance of respective bank compare to others ideal bank.
	Overall satisfaction	SAT6	Overall satisfaction with bank while taking services.

Construct	Observed Variables	Notations	Descriptions
Brand Strength	Reputation	BS1	Reputation of respective bank compare to other bank.
	Emotional Attachment	BS1	Customers' feels emotionally attached with bank.
	Trust	BS2	Trust of customers for respective bank more than others.
	Gives pleasure	BS3	Customers get pleasure while taking services from the bank.
	Suits better	BS4	Customers feel respective bank suits well than other banks.
	Overall Reputation	BS5	Overall reputation of banks is good compared to others.
Loyalty	Revisit at bank	LY1	Customers' revisit to bank for services.
	Positive feedback	LY2	Customers' positive feedback for banks.
	Recommendation	LY3	Customers recommend banks to others as well.
	Positive talking	LY4	Customers' talk positive things about bank with others.
	Higher rating	LY5	Customers give higher rating to bank compared to other ideal bank.
	Preference	LY6	Customers give preference to bank compareed to other ideal bank.

Study Area, Population and Sample size

This study is based on explanatory research design which aims to explain the cause and effect of the observed variables and to extend the knowledge on the theory (Magar et al., 2023). We studied in the Kathmandu valley, Province of Bagmati, Nepal with the area of 899 kilometers square while Kathmandu is just 665 km. It is situated at latitudes north and 85° 11'31" and 85° 31'38'" east and 1300 meters above sea level in the region of Kathmandu between 27° 32'13" and the 27° 49'10 "north (Paudel & Devkota, 2020, Maharjan et al., 2022). The valley comprises the whole district of Bhaktapur, 50% of Lalitpur and 85% of Kathmandu (Pant & Dongol, 2009). 280 sample was taken followed by the formula $n = z^2pq/l^2$ (Singh & Masuku, 2014., Karki et al., 2021, Devkota et al., 2021).

Research Instruments, procedure of data collection and analysis

Structured questionnaire are used which comprises Likert scale rating system. It was used to collect data for the study, with responses ranging from 1-Strongly Agree, 2- Agree, 3- Neutral, 4- Disagree, and 5-Strongly Disagree. These are maintained and examined with grade "B' banks' customers with the help of the kobo toolbox. They are the ones who provide some guidance for the response. Data analysis is a way of modelling the data by using the collected information. Inferential Statistics, and descriptive statistics are the used techniques for data analysis for this study. In descriptive analysis, the following sections are analyzed and summarized i.e., Socio demographic characteristics of respondents, Customers' understanding about banking communication, factors affecting banking communication, challenges of banking communication and Managerial solution to address banking communication. For inferential analysis, we used SPSS AMOS to have factor analysis through SEM.

Data Analysis and Results

Personal and Socio- Economic Information

General information on the survey on the banking customers are included under the personal and socio-economic information. Various variables were examined, such as gender, age, level of education, occupation and marital status. Total 280 respondents were observed. Among them 205 were male and 75 were female. Maximum were from age 21-30 i.e., 139 respondent and least from 51 and above i.e., 19 respondents. And most of the respondents were undergraduates. Large no. of interviewees were students, then after health worker and businessman, following industrial worker and teaching. And least were involved in agriculture and government work.

Information about Banking Communication

This section conveys whether or not or how much knowledge the respondents have about banking communication (See table 2). The data reveals that while a large majority of respondents (95%) have personal bank accounts, and more than half (52%) use both formal and informal communication with banks, there are notable challenges in the effectiveness of these interactions. Although 62% of respondents find banking communication either highly effective or effective, a significant portion (32%) experiences moderate to low effectiveness. Moreover, a substantial 84% of respondents have faced conflicts in their communication with banks, with the primary issues being related to communication (40%) and language barriers (31%). These findings suggest that, despite widespread access to banking services, there is a need for improved communication strategies to reduce conflicts and enhance customer satisfaction.

Table 2: Information about Banking Communication

Component	Category	Percentage
Personal Bank Account	Have	95
	Don't Have	5
Type of Communication	Formal	37
	Informal	11
	Both	52
Effectiveness of Banking Communication	Highly Effective	26
	Effective	36
	Moderately Effective	16
	Less Effective	16
	Very Less Effective	6
Conflict Faced	Yes	84
	No	16
Types of conflict faced	Language	31
	Communication	40
	Others	29

Factors Influencing Banking Communication

The factors influencing banking communication are assessed to understand the underlying reasons behind them. Figure 2 shows the various factors which are considered to effects the banking communication. Majority of the respondents have responded that manner was the most influencing

factor of the banking communication. And the least number of 24 have selected the other categories, which means that the manner of the employees must be corrected in order to avoid the conflict while banking communication. Likewise in the article published by Rahim & Tuli (2013) the barriers for the effective communications are also mentioned as the: Language barriers and so on as in this study.

Figure 2: Factors Influencing Banking Communication
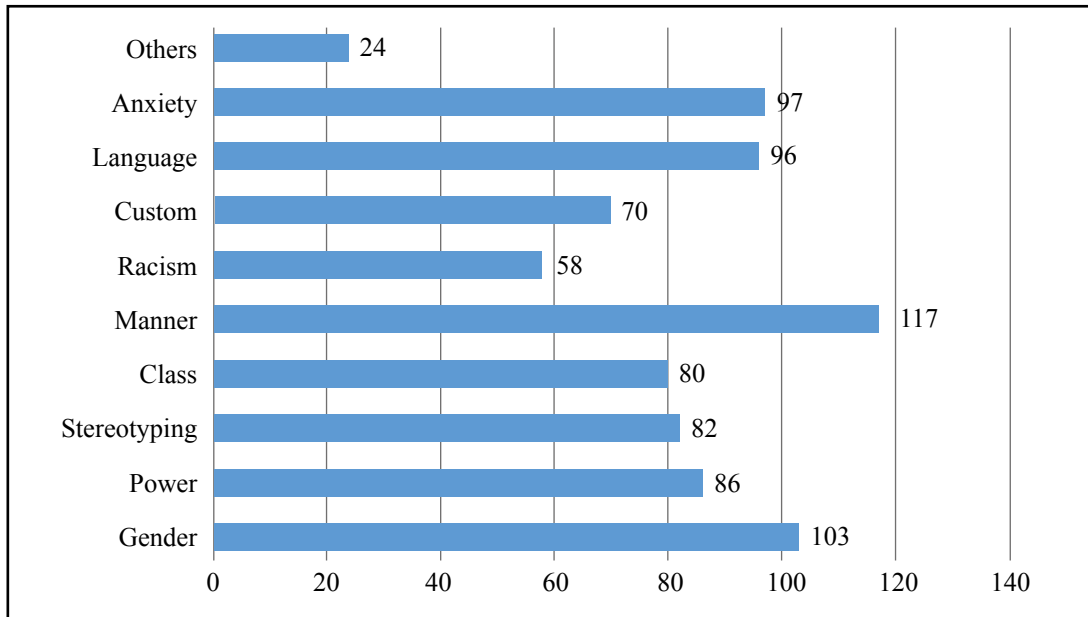
Challenges of Banking Communication

With changing era and the scenario, the new challenges in the banking communication are also arising day by day. The comments made by the respondents on the basis of challenges faced on banking communication were: maximum respondents said poor education about digital communication to the public, not upgrading the new technologies on communication system. And the customers are not properly aware and educated about the necessity and the easiness of the digital banking communication. Other challenges were: personal behavior of the employees, improper organizational better communication strategies, various characteristics of the customers and others.

Managerial Solution for Effective Banking Communication

The better managerial solutions to cope up the challenges are also presented by the respondents. Most of the respondents i.e., 36% of the respondents have mentioned that the improvement on the awareness, advertisement and security of the banking communication system are the best strategies for the better communication of the banking sectors (Table 3). Least respondents' thoughts for effective banking communication are different from using latest technology, improve in language and advertisements and procedures for improved information flow. Further in the study by Shrestha et al. (2019) it was suggested that the proper management of e-banking promotes effective functioning of the organization, smooth running of the organization, proper planning and co- ordination, exchange of information and maintain human relation.

Table 3: Managerial Solution

Managerial Solution	Respondents (%)
Use latest communication friendly technology	30
Improve in language and attitude of staffs	20
Improve advertisement, awareness and security	36
Procedures for improved information flow	9
Others	5

Inferential Analysis

Summary Statistics

Without missing of data, 280 observations are taken from customers of B grade banks. For the interval scaled independent and dependent variables, means and standard deviation were produced and our result for these two analyses are 2.61 to 3.78 and 0.66 to 1.16 respectively. Skewness is defined as a measure of distribution symmetry, while kurtosis is as a measure of a distribution's peak or flatness (DeCarlo, 1997). Our result matched perfectly for skewness and kurtosis which is in between -3 to +3 and -10 to +10 (Kallner, 2018). So, the data is acceptable and there is perfect distribution symmetry and flatness.

Exploratory Factor Analysis (EFA)

EFA is proposed to determine the intensity of the factor analysis approach, the reliability and validity of the decrease gained must be determined (Hadia et al., 2016). We used SPSS for the EFA analysis and examined KMO and Bartlett's Test, Communalities, Total Variance Explained, and Rotated Component Matrix. KMO and Bartlett's sphericity test are used to achieve the sampling adequacy of the dataset with recommended acceptance value which must be larger than 0.5 and smaller than 0.05 respectively (Marsh et al. 2009). As our result for KMO is 0.726, it is acceptable at middling level and correlated as Bartlett's test is 0.00. Hence, the data is correlated and can be processed for further evaluation. Six components are retrieved from SPSS to explain the overall variation and Harman's single factor test was used. As (Harman, 1960) cumulative variance of single factor for our study is 17.414%, which is less than 50%, showed that the data are fairly gathered and implemented. Hence, the dataset has no issue on biasness. An extraction value for the variables is higher than 0.5, suggesting that the full variable is extractive collective-compliant. Our result shows loading factor larger than 0.5 for each of these latent variables and all of the indicators were genuine (Nangoy et al., 2020). There are 24 entries in the rotated component matrix which indicate that factor loads exceeding 0.70 and over 0.55 are considered benchmark (Hutomo et al., 2019). As our study's variables meet the bench mark, the researchers can conclude that these allocated variables best describe the respective cause.

Measurement Model

Factor analysis is performed to determine the reliability and validity of the dataset and the instruments. 24 latent variables are observed to examine the reliability and validity and are examined through AMOS. Deliberated minimum value for CR, AVE, MSV in our result are 0.804, 0.529, 0.015 respectively. Bertsch et al., (2005) For the validation, the data must meet with the condition of convergent validity and discriminate validity; AVE> 0.5, CR>0.70 (Basnet et al., 2024), CR>AVE, AVE>MSV, AVE>ASV, and √AVE > r. Result showed in table 4 and table 5 are legitimate with the validity's condition. So, the dataset was reliable and valid. This means there is no reasonable concern.

Table 4: Reliability and Validity

Construct	Indicator	Factor loading	CR	AVE	MSV
Expectation	EXP1	.823	0.865	0.571	0.052
	EXP2	.860			
	EXP3	.850			
	EXP4	.759			
	EXP5	.722			
Perceived product quality	PPQ1	.840	0.804	0.529	0.015
	PPQ2	.837			
	PPQ4	.790			
	PPQ5	.733			
Perceived Value	PV1	.811	0.823	0.609	0.069
	PV2	.853			
	PV3	.870			
Satisfaction	SAT1	.814	0.851	0.541	0.052
	SAT2	.848			
	SAT3	.767			
	SAT4	.754			
	SAT5	.754			
Brand Strength	BS1	.730	0.847	0.584	0.132
	BS2	.849			
	BS3	.863			
	BS4	.791			
Loyalty	LY1	.879	0.855	0.665	0.132
	LY2	.896			
	LY3	.791			

Table 5: Latent Construct Correlation

SEM Correlation

	BS	EXP	PPQ	PV	SAT	LY
BS	**0.764**					
EXP	0.031	**0.755**				
PPQ	0.055	-0.024	**0.728**			
PV	0.263	0.054	0.004	**0.780**		
SAT	0.132	0.227	-0.123	0.145	**0.735**	
LY	0.364	-0.091	0.034	0.254	0.053	**0.816**

Confirmatory Factor Analysis (CFA)

In CFA, many statistical tests are done to know how well the model fits the data and how well it predicts the future. Indicators: CMINDF, RMR, GFI, CFI, TLI, IFI, RMSEA are observed to see the acceptableness of the data. Relative chi-square (CMINDF in Amos) is needed to be in range from less than 2 to 5 and the root mean square approximation error (RMSEA) should be less than 0.5 in most cases (Basyal & Seo, 2017). The square root of the root mean square residual (RMR) is the average or mean covariance, which should be less than 0.8. (Browne & Cudeck, 1992). Furthermore, 0.90 is minimal threshold for Goodness of fit (GFI), CFI, and Tucker lewis index (TLI). This corresponds to the model acceptability minimal threshold (Campbell & Campbell, 2016). All the model values are matched with the acceptable values (see table 6) which means the model fit perfectly for the dataset.

Table 6: Measures of Model fit

Fit indicates	Model values	Acceptable values	Judgment of model fit
CMINDF	2.904	<5	Good
RMR	0.047	<0.08	Good
GFI	0.843	> 0.90	Acceptable
CFI	0.867	>0.90	Acceptable
TLI	0.845	<0.80	Acceptable
IFI	0.868	>0.90	Acceptable
RMSEA	0.08	≤.08	Good

Test of Hypothesis

The path analysis is based on 280 responses collected from development bank's customers to know the perception about the banking communication (See Figure 3). For this study, six constructs were prepared where six constructs include 24 variables. The AMOS software is used to conduct the path analysis. According to the below figure, there are six latent variables, and each latent variable has many observable variables. As each latent variable's model fit for each observed variable was evaluated, the final variables were allocated to each. As each observable variable was assessed, the latent variables' impacts or effects were assessed.

The hypothesis of the research is tested to have the conclusion on to reject or accept the hypothesis. It is tested on p-value which must be <0.05 to be significant (Amatya et al., 2023 & Lieber & L. 1990). Our study conveys that the p-value for hypothese; H_1, H_2, H_3, H_4, H_5, H_6 are 0.00 each which reveals there is significant and positive relationship between the variables (see table 7). Hence, the hypotheses are rejected.

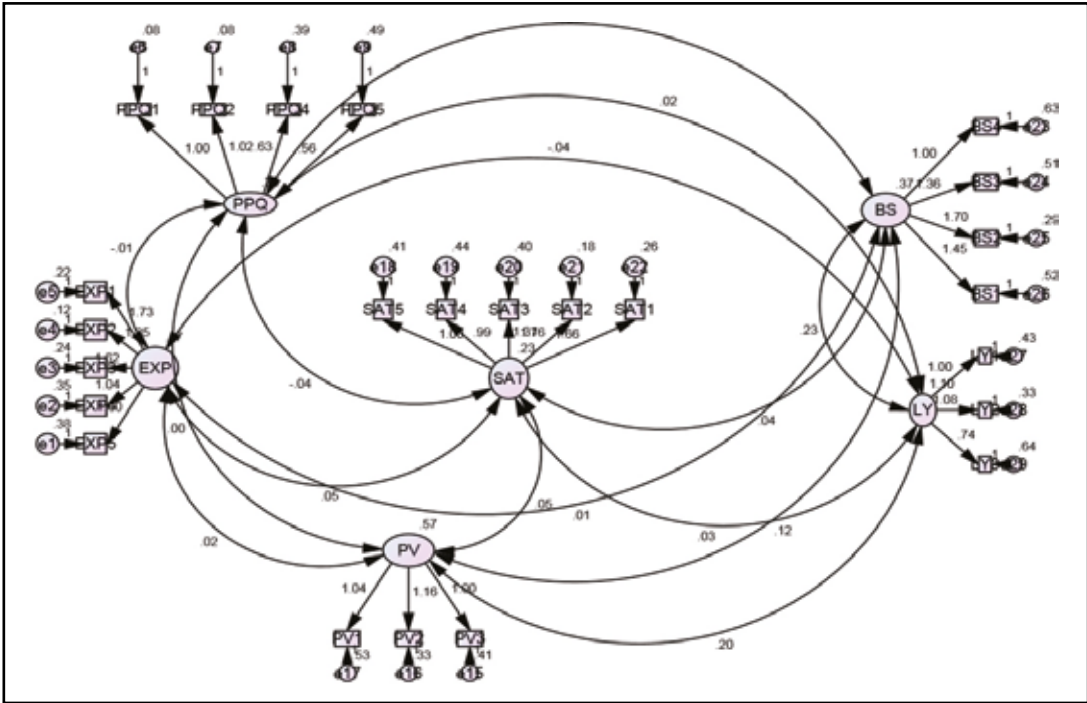**Figure 3: Structural model of Path Analysis**

Table 7: Hypothesis Testing

Hypothesis	Structural Path	P-value	Remarks
H_1	Customer Satisfaction → Loyalty	0.00	Significant
H_2	Customer Satisfaction → Brand strength	0.00	Significant
H_3	Expectation → Customer Satisfaction	0.00	Significant
H_4	Brand Strength → Loyalty	0.00	Significant
H_5	Perceived Product Quality → Perceived Value	0.00	Significant
H_6	Perceived Product Quality → Customer Satisfaction	0.00	Significant

Mediation Analysis

Mediation analysis is examined to identify whether or not there are mediators in the relationship between variables (YAY, 2017). SOBEL test is applied and p-value was checked for analyzing effect on dependent variable i.e., Loyalty (LY), independent variable i.e., Satisfaction (SAT) by meditating variable i.e., Brand Strengths (BS). Table 8 showed mediating effect on relationship (SAT → BS → LY) as p-value=0.01 which is less than 0.05 and a= 0.246, b= 0.287. Hence, the variables have indirect relationship.

Table 8: Mediating Relationship

			Mediating Effect		Test Statistic	p-value
			b	**s_b**		
Satisfaction	**a**	0.246	0.287	0.070	2.541	0.01
	s_a	0.076				

Discussion

Our study depicts that most of the respondents use both formal and informal communication followed by formal. The communication style of employees develops the good relation with customer who maintain the trust and loyalty. The readiness of banks to share information about different financial services, facilities, and notifications is also proven to contribute to client loyalty. The researcher of the study found that the huge number of the customers finds the banking communication effective and useful. Whereas study by Rijal, (2006) is also consistent with our findings which showed 96.2 percent of staff at Nepalese commercial banks reported a cooperative work environment, while consumers reported a cooperative banking environment where they conducted their banking activities. Rahim & Tuli (2013) the barriers for the effective communications are language. Likewise, from this study the researcher found manner, gender, anxiety, language, power, stereotyping as the main the factors which influence in the banking communication. According to the majority of respondents, the banking communication was influenced by the way in which it was conducted. Kardan et al. (2016) said that financial institutions have come to believe that offering a high- quality service requires an improvement in the level of communication with customers.

Hypothesis 1, 2 and 4 is rejected as the customer satisfaction has significant relationship with loyalty and brand strength, and brand strength is related directly with loyalty. Finding from the study of Laukkanen et al. (2009) concluded that the majority of internet banking non-users consider that there is enough information available about the innovation and that, if needed, they will get enough guidance from the bank related to the innovation which means that the customers were satisfied by the services provided by their respective banks and same for this study as well. The customers were satisfied with overall performance of the bank and the services and quality provided by the bank. The view of satisfaction leads to the loyalty and for the smooth flow of operations. Koloor (2015) argued that customer loyalty directly linked with the customer satisfaction and our finding also presented same response. Respondents are more loyal to the bank with the corresponding brand of the respective bank. Most of the respondents are agreed on brand strength which shows the trust towards the bank. Factors for brand strength are: reputation of respective bank compare to other bank is good, trust their bank more than others. With the brand loyalty, the trust will surely be increased.

The expectation of the banking customers was also asked in the questionnaire and it was found that the responses from the respondents are in the neutral side and agree side for the level of the expectation satisfied by the banks which is followed by the factors; expectation about the product offered, service offered, money offered, friendly environment and buying experience. It shows the relationship of the expectation and customer satisfaction (hypothesis 3). The responses of the study show respondents are agreed that their bank have provided the quality products and services and it satisfies the customers. And the products and services provided by the banks have added value to the ultimate need of the customers. It represents the hypotheses 5 and 6.

Conclusion and Recommendations

This study found that both (informal and formal) communication is used by most of the respondents. Having the good communication is one of the major satisfaction factors for customer as well as one which generates the benefits for the banks. The banking communication is effective on the view of respondents but communication conflict is faced by major respondents. As the loyalty and customer satisfaction shows strong linkage, the bank should focus on the customer preferences and understand their needs and wants. It seems that the banks were communicating well with the customers, however, customers seem to have problems on: lack of sufficient education in digital communication, inadequate communication technology, and a better communication strategy by banks. Based on the study and results, the recommendations made by the researchers for the solvency of the problems are:

Formulate Appropriate Communication Strategy: A good strategy may not be enough but an appropriate strategy based on ground situation will definitely contribute in great extent to implement banking communication. Thus, more concern about ground reality is needed to be done and formulate strategy accordingly.

Conduct Campaigns to Educate Customers: Customers with different attitude, different behavior as well as different background have direct communication with banks. Thus, similar strategy or method of communication may not be effective for everyone. Also, every one may not be able to understand what banks want to communicate. To reduce such communication barriers, concerned parties should focus on educating customers about the banking communication knowledge.

Train Employees on Communication Skills: Along with customers, employees also need to be trained in communication skills. To manage versatile customers and communicate with them vitally require a good communication skill.

Adopt Users Friendly Latest Communication Technology: As different customers have different background, communication technology adopted by banks may not be effective or be less effective for communication. Thus, it is important that the communication technology must be user friendly. Therefore, banks must use latest user-friendly technology to communicate with customers more effectively and efficiently.

Properly Manage Feedbacks from Stakeholders: Several stakeholders like customers, employees, Medias, government authorities etc. gives different feedback while communicating with banks. Banks should manage those feedbacks and analyze properly so that they could formulate their communication strategy accordingly.

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