

Original Paper

Investors' Perception towards Service Quality of Dematerialized (DEMAT) Account in Nepal

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Abstract

Concept: Dematerialization is the process by which physical share certificates of an investor are converted to an equivalent number of securities in electronic format. The converted securities are owned traded and utilized like physical securities.

Purpose: Purpose is to analyze the investors' perception towards service quality of DEMAT account in Nepal.

Methodology Used: Descriptive and analytical research designs have been used for the study. Primary data through the questionnaires has been collected using convenience-sampling technique for the study to know the awareness, opinions, feelings and perceptions on Nepali Depository System. Questionnaires have been developed in five point Likert Scale and Cronbach's alpha test has been conducted to test the reliability of the data.

Findings: Majority of respondents are satisfied with the different features of DEMAT account and responsiveness dimension of service provider is more attractive than other dimension.

Keywords

Dematerialized, Reliability, Responsiveness, Assurance, Empathy and Tangibles

1. Background

Trading of stock through dematerialized (DEMAT) account is a new trading mechanism in Nepalese financial market. It has just been 5 years that the government has made it compulsory to transact securities through DEMAT. DEMAT is the foundation of concurrent changes in the capital market in Nepal.

In Nepal, DEMAT is a new concept for share market investors. The depository system was fully implemented on 17th August 2015 (The Kathmandu Post, 2015). An investor or a person having shares of various companies listed in Nepal Stock Exchange (NEPSE), are required to dematerialized their

physical shares by opening a DEMAT account.

Dematerialization is the process by which physical share certificates of an investor are converted to an equivalent number of securities in electronic format. The converted securities are owned traded and utilized like physical securities. Trading and settlement, that is delivery and payment in dematerialized format, changed the functioning of the stock market. These changes have brought huge impact on the behavior of investors, stock exchanges, depository participants and custodians (Saravanakumar & Ganesan, 2017).

The capital market provides a means for issuers to raise capital from the investors. Capital market is a medium for mobilizing the finance out of the savings of the community and making it available to the users that is to the industry, trade, commerce for meeting their funds requirements.

In Nepal, comparatively lesser number of people were interested in investing into stock market because of complex paper works involved in trading in the market. However, our stock market has evolved over the years with the opening of more brokering offices, entry of mutual funds and credit rating agencies, increase in the number of merchant bankers, entry of production companies and increasing participation of investors in the primary market (Shrestha, 2016).

As the market grew larger, this lead to number of problems such as duplication of shares, fake shares, fake signatures, signature mismatches, difficulty in ownership transformation and as such. Physical certificate of stocks became the major reason for rising arbitration cases and investors disputes. The system of physical delivery of scrip posed many problems for the purchaser as well as the seller in the form of delayed settlements, long settlements process, high level of failed trade, high cost of transaction, bad deliveries and as such (K.C, 2017). Thus, to eliminate paper work and facilitate scrip less trading and electronic book entry of the trading of securities, it became necessary to replace the old system of transfer and settlement with the new and modern system of depositories.

While physical certificate management was a laborious and tedious part of portfolio management services in the past, the development of streamlining and digitization of share market operations into full fledged dematerialized trading, brings efficiency that makes portfolio management services more convenient and efficient (Shrestha, 2016).

The depository services regulation, 2067, eliminated paper based system and investors began to transact using DMAT account. Dematerialization is the process by which physical share certificates of an investor are converted to an equivalent number of securities in electronic format. The converted securities are owned traded and utilized like physical securities. Trading and settlement, that is delivery and payment in dematerialized format, changed the functioning of the stock market. These changes have brought huge impact on the behavior of investors, stock exchanges, depository participants and custodians (Saravanakumar & Ganesan, 2017). A depository is an organization where the securities of the shareholder are held in the form of electronic accounts, similar to the bank holding a depositor's savings. A depository connects with its investors through its agents called Depository Participants (DP). Financial institutions like banks, stock brokers, etc. can become DPs. If an investor wants to utilize the services

offered by depository, s/he has to open an account with DP.

The main objective of a depository is to eliminate settlement risk by minimizing the paperwork involved in trading, settlement and transfer of securities on the market. The securities are transacted by debiting the transferor's depository account and crediting the transferee's depository account. At present, CDS & Clearing Limited is the sole depository in Nepal, which is established under Company Act 2063 with an objective to render service of dematerialization of securities (CDS & Clearing Limited).

Nepal stock exchange market is the sole secondary share market of the Nepal. It has contributed in growth and development of Nepalese stock market. Colossal numbers of stock investors are involved in it. The new face of emerging world economy has made it mandatory for every national economy to make it updated in terms of capital market (Kumar, 2017).

In Nepal, dematerialization is a new concept for share market investors. The depository system was fully implemented on 17th August 2015 (The Kathmandu Post, 2015). An investor or a person having shares of various companies listed in Nepal Stock Exchange (NEPSE), are required to dematerialized their physical shares by opening a DEMAT account.

1.1 Purpose of the Study

The major objective of the study is to analyze the investors' perception towards service quality of DEMAT account in Nepal. However, the specific objectives of the study are:

- a. To assess investor's level of satisfaction towards service rendered by depository units of Nepal
- b. To examine the most important determinants of customer's satisfaction.
- c. To analyze and evaluate the impact of service quality dimensions rendered by Depository Participant's on customer satisfaction.

1.2 Hypothesis of the Study

The following hypothesis can be formulated for the study:

H1: There is no significant difference between investor's satisfaction and reliability.

H2: There is no significant difference between investor's satisfaction and responsiveness.

H3: There is no significant difference between investor's satisfaction and assurance.

H4: There is no significant difference between investor's satisfaction and empathy.

H5: There is no significant difference between investor's satisfaction and tangibles.

1.3 Rationale of the Study

The concept of DEMAT account is very new in Nepalese Stock market. Even subsequent numbers of educated people are unaware about the account. Although government has made it compulsory to transact stocks through the account, people still have not completed the formalities regarding the same. Many who have opened were still processing to dematerialize their shares. This research will help examine the satisfaction of customers of DEMAT account in Nepal. Research and study is needed to know about the current position of the services rendered by the DPs, so that necessary reforms can be made.

The result of this study will help to identify the expectations of the investors regarding the service quality

of DPs and their satisfaction status. This will help the financial institutions of Nepal to improve their qualities and features of DEMAT services.

1.4 Limitations of the Study

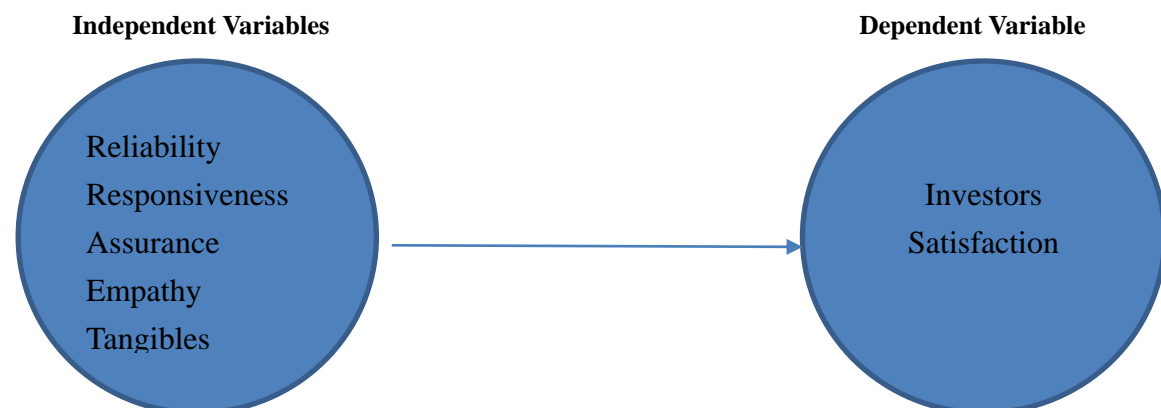
The following are the limitations of the study:

- a. The study examines limited service quality dimensions. It does not examine other service quality dimensions such as communications, understanding, courtesy, etc.
- b. The results may not be universally applicable due to regional constraints as the study covers investors from Nepal, especially Kathmandu valley.
- c. The study is based on the sample of investors. So, it is not free from sampling bias such as limitation of selecting sample size from the total population.
- d. The study doesn't cover institutional investor.

1.5 Theoretical Framework

Five service quality dimensions i.e. Reliability, Responsiveness, Assurance, Empathy and Tangibles have been selected from the SERVEQUAL Model by which service quality can be measured. If those dimensions are positive to customers, the overall service quality can meet the satisfaction level of customers, if not customers will be dissatisfied with their current service. Reliability means that the company delivers on its promises about delivery, service, provision, problem resolutions and pricing. Customers want to do business with companies that keep their promises, particularly about the service outcomes and core service attributes. Responsiveness dimension is concerned with customer's request, questions and complains promptly and attentively. Responsiveness of a firm depends upon time it takes to answer or deal with customer's problems. Assurance means to inspire, trust and confidence, which can be defined as employees' knowledge of courtesy and the ability of the firm and its employees to inspire trust and confidence.

Empathy means to provide caring individualized attention the firm provides its customers. Empathy is an additional plus to win the trust & confidence of the customers and at the same time increase the loyalty. Under tangibles, dimension customers derive their perception of service quality by comparing the tangible associated with these services provided. It is the appearance of the physical facilities, equipment, personnel and communication material.



2. Methodology Used

The descriptive and analytical research design have been used in the study. The dependent variable of the study is Investor's Satisfaction where as independent variable of the study are Reliability, Responsiveness, Assurance, Empathy and Tangibles.

The populations of the study were all those people having DEMAT account in Nepal. A sample of 384 DEMAT account holders in urban and semi urban areas are taken using convenience sampling technique for the study to know the awareness, opinions, feelings and perceptions on Nepali Depository System. Simple close ended questionnaire has been used collect the information from the respondents. Each question is based on some specific scenario relating to stock market investing and equity investment decision making. These scenarios were very much similar to the situations faced by investors while investment decision making in stock market. Five Points Likert Scale has been used for the study, where "1" represent strongly disagree to "5" represent strongly agree. The collected data has been statistically analyzed using different statistical tools like frequency analysis, correlation analysis and regression analysis. Cronbach Alpha test has been used for the study, the result of Cronbach's Alpha test are valid and reliable.

Table 1. Cronbach Alpha Test

Variables	Cronbach's Alpha
Reliability	0.783
Responsiveness	0.673
Assurance	0.743
Empathy	0.733
Tangibles	0.701
Investor Satisfaction	0.71

3. Result and Discussion

3.1 Respondents' Profile Analysis

The respondents' profile analysis covers analysis in terms of gender, age, occupation, investment experience, frequency of trade and dematerialization of the shares owned.

3.2 Gender Profile of Respondents

Table 2 explains that out of 384 respondents, 66.67 percent represent male, 31.51 represent female and the rest 1.82 percent include other group in gender. Therefore, majority of the respondents under the study represents the male implying a male dominated investor trend.

Table 2. Gender Profile of Respondents

Gender	Frequency	Percentage
Male	256	66.67
Female	121	31.51
Others	7	1.82
Total	384	100

Source: Opinion Survey.

3.3 Age Profile of Respondents

Table 3 shows that majority of investors, i.e., 32.29 percent belong to 35 to 50 years, 29.43 percent belong to 20 to 35 years, 19.01 percent belong to 50 to 65 years, 13.28 percent belong to below 20 years and 5.99 percent belong to above 65 years of age.

Table 3. Age Profile of Respondents

Age Group	Frequency	Percentage
Below 20	51	13.28
20 to 35	113	29.43
35 to 50	124	32.29
50 to 65	73	19.01
Above 65	23	5.99
Total	384	100

Source: Opinion Survey.

3.4 Occupation Profile of Respondents

Table 4 explains that majority 39.84 percent of share investors represents service holders, 33.85 percent represent students and remaining 26.31 percent represent business persons.

Table 4. Occupation Profile of Respondents

Occupation	Frequency	Percentage
Business	101	26.31
Student	130	33.85
Service	153	39.84
Total	384	100

Source: Opinion Survey.

3.5 Investment Experience of Respondents

Table 5 exhibits that majority of respondents have just started investing as the number of investors having investment experience below 1 year is 137 representing 35.68 percent of total respondents. Similarly, investors above 5 years is 33.33 percent and investors with 1 to 5 years of experience is 30.99 percent.

Table 5. Investment Experience Profile of Respondents

Investment Experience	Frequency	Percentage
Below 1 year	137	35.68
1 to 5 years	119	30.99
Above 5 Years	128	33.33
Total	384	100

Source: Opinion Survey.

3.6 Frequency of Trading Profile of Respondents

Table 6 shows that out of 384 respondents, 146 representing 38.02 percent of the respondents' trade frequently in the market and 34.5 percent make occasional trades. Similarly, 23.34 percent of the respondent's trade rarely in the market.

Table 6. Frequency of Trading Profile of Respondents

Frequency of Trade	Frequency	Percentage
Frequently	146	38.02
Occasionally	133	34.64
Rarely	105	23.34
Total	384	100

Source: Opinion Survey.

3.7 Dematerialization of Shares Profile of Respondents

Table 7 shows that out of total respondents, 312 representing 81.25 percent of the respondents have dematerialized all the shares owned by them while 72 of them representing 18.75 percent has not dematerialized all the shares owned by them.

Table 7. Dematerialization of Shares Profile of Respondents

Dematerialization of Shares	Frequency	Percentage
Yes	312	81.25
No	72	18.75
Total	384	100

Source: Opinion Survey.

3.8 Descriptive Analysis

The descriptive analysis of data collected through the questionnaires have been analyzed in terms of minimum and maximum value, mean value and standard deviation of each dependent and independent variable. Questions related to each determinant and their descriptive statistics are shown below:

Table 8. Descriptive Analysis of Reliability

Statements	N	Min	Max	Mean	S.D
Services are provided as they promised	384	1	5	3.57	0.82
Customer's problem are solved sincerely	384	1	5	3.80	0.81
Services are performed right the first time	384	1	5	3.78	0.83
The service is not delayed	384	1	5	3.45	1.05
Records are accurately maintained	384	1	5	3.87	0.87
Reliability				3.69	0.88

Source: Opinion Survey.

Table 8 shows the respondents' perceived rating towards reliability. Respondents were asked about reliability dimension of service quality of DEMAT account provided by their depository participants. Mean of all statements are above 3. Among five statements, the statement "Records are accurately maintained" has the highest mean 3.87 with standard deviation 0.87, while the statement, "Service is not delayed" has the lowest mean 3.45 with the standard deviation 1.05. Mean value of all the statements ranges from 3.45 to 3.87, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of Reliability is 3.69 with standard deviation of 0.88. It indicates that the average score is more than three which means reliability is perceived good and satisfactory.

Table 9. Descriptive Analysis of Responsiveness

Statements	N	Min	Max	Mean	S.D
Information are made easily available to the customers	384	1	5	4.12	0.67
Prompt services are given to the customers	384	1	5	3.83	0.81
Employees are always willing to help customers	384	1	5	3.63	0.82
Employees are never too busy to respond customer's requests	384	1	5	3.81	0.83
Responsiveness				3.85	0.78

Source: Opinion Survey.

Table 9 shows the respondents' perceived rating towards responsiveness. Respondents were asked about responsiveness dimension of service quality of DEMAT account provided by their depository

participants. Mean of all statements are above 3. Among four statements, the statement “Information are made easily available to the customers” has the highest mean 4.12 with standard deviation 0.67, while the statement, “The employees are always willing to help customers” has the lowest mean 3.63 with the standard deviation 0.82. Mean value of all the statements ranges from 3.63 to 4.12, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of Responsiveness is 3.85 with standard deviation of 0.78. It indicates that the average score is more than three which means responsiveness is perceived good and satisfactory.

Table 10. Descriptive Analysis of Assurance

Statements	N	Min	Max	Mean	S.D
Behavior of service provider instill confidence in customers	384	1	5	3.81	0.71
Customers feel safe in their transactions with the depository	384	1	5	3.73	0.75
Employees are polite to the customers	384	1	5	3.84	0.73
Employees have knowledge to answer customer’s inquires	384	1	5	3.93	0.82
Assurance				3.83	0.75

Source: Opinion Survey.

Table 10 exhibits the respondents’ perceived rating towards Assurance. Respondents were asked about responsiveness dimension of service quality of DEMAT account provided by their depository participants. Mean of all statements are above 3. Among four statements, the statement “Employees have knowledge to answer customer’s inquires” has the highest mean 3.93 with standard deviation 0.82, while the statement, “The customers feel safe in their transactions with the depository” has the lowest mean 3.73 with the standard deviation 0.75. Mean value of all the statements ranges from 3.73 to 3.93, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of Assurance is 3.83 with standard deviation of 0.75. It indicates that the average score is more than three which means Assurance is perceived good and satisfactory.

Table 11. Descriptive Analysis of Empathy

Statements	N	Min	Max	Mean	S.D
Depository participant’s employees give individualized attention to the customers	384	1	5	3.62	0.86
Operating hours are convenient to the customers	384	1	5	3.89	0.63
It has customer’s best interest at heart	384	1	5	3.67	0.76
Depository understand the specific needs of their customers.	384	1	5	3.92	0.64
Empathy				3.78	0.72

Source: Opinion Survey.

Table 11 exhibits the respondents' perceived rating towards Empathy. Respondents were asked about Empathy dimension of service quality of DEMAT account provided by their depository participants. Mean of all statements are above 3. Among four statements, the statement "the depository understand the specific needs of their customers". has the highest mean 3.92 with standard deviation 0.64, while the statement, "The depository participant's employees give individualized attention to the customers" has the lowest mean 3.62 with the standard deviation 0.86. Mean value of all the statements ranges from 3.62 to 3.92, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of Empathy is 3.78 with standard deviation of 0.72. It indicates that the average score is more than three which means Empathy is perceived good and satisfactory.

Table 12. Descriptive Analysis of Tangibles

Statements	N	Min	Max	Mean	S.D
Physical facilities of the depository are appealing	384	1	5	3.62	0.85
Employees are well dressed and appear neat	384	1	5	3.83	0.83
Depository have updated equipment and services	384	1	5	3.87	0.75
Tangibles				3.77	0.81

Source: Opinion Survey.

Table 12 shows the respondents' perceived rating towards Tangibles. Respondents were asked about Tangible dimension of service quality of DEMAT account provided by their depository participants. Mean of all statements are above 3. Among three statements, the statement "The depository have updated equipment and services". has the highest mean 3.87 with standard deviation 0.75, while the statement, "The physical facilities of the depository are appealing" has the lowest mean 3.62 with the standard deviation 0.85. Mean value of all the statements ranges from 3.62 to 3.87, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of Tangibles is 3.77 with standard deviation of 0.81. It indicates that the average score is more than three which means Tangibles is perceived good and satisfactory.

Table 13. Descriptive Analysis of Investor's Satisfaction

Statements	N	Min	Max	Mean	S.D
Are you satisfied with the trading mechanism settlement?	384	1	5	3.86	0.82
Do you feel safe in the transactions with your depository?	384	1	5	3.91	0.75
Share deposit features provided by your depository is satisfactory.	384	1	5	3.92	0.66
Price charged by your depository is affordable.	384	1	5	3.98	0.65
Periodic statement facility provided by the depository is satisfactory.	384	1	5	3.72	0.61

Investor's Satisfaction**3.88 0.70***Source:* Opinion Survey.

Table 13 exhibits the descriptive statistics regarding the satisfaction of investors taken under study. There are five statements, which relate investor's satisfaction on DEMAT account. Respondents were asked about different dimensions of service quality of DEMAT account provided by their depository participants. Mean of all statements are above 3. Among five statements, the statement, "Price charged by your depository is affordable". has the highest mean 3.98 with standard deviation 0.65, while the statement, "Periodic statement facility provided by the depository is satisfactory". has the lowest mean 3.72 with the standard deviation 0.61. Mean value of all the statements ranges from 3.72 to 3.98, which indicated that there is consistency in responses of the respondents on the specified Likert scale item. The average mean of all statements of "Investor's Satisfaction" is 3.88 with standard deviation of 0.70. It indicates that the average score is more than three which means investor's satisfaction level is perceived good.

3.9 Ranking De-motivating Factors

The following table represents the ranking of demotivating factors to Investors.

Table 14. Ranking De-motivating Factors

	N	Min	Max	Mean	rank
DEMAT charges are too high	384	1	5	3.75	5
Unauthorized debit/credit of shares	384	1	5	3.31	3
Delay in DEMAT of share	384	1	5	2.30	1
Non receipt of interest/bonus/dividend/rights	384	1	5	2.79	2
Wrong credit of shares	384	1	5	3.68	4

Source: Opinion Survey.

Table 14 illustrates the descriptive analysis of the ranking question. The respondents were asked to rank de-motivating factors that affect Investor's Perception towards Service Quality of DEMAT Account in Nepal. The range varied from 1 to 5, where 1 is most important factor to 5 is least important factor. Here, delay in DEMAT of shares was the most important factor for investor's dissatisfaction with mean of 2.30, followed by "Non receipt of interest/bonus/dividend/rights with mean of 2.79, followed by unauthorized debit/credit of shares with mean of 3.31. Wrong credit of shares and DEMAT charges are too high were ranked important factors of customer dissatisfaction by the respondents with mean of 3.68 and 3.75 respectively.

3.10 Correlation Analysis

Pearson's Correlation analysis has been carried out to analyze the degree and direction of relationship among the variables. The correlation analysis between dependent and independent variables has been presented in the table below.

Table 15. Correlation Analysis of Investor's Satisfaction and Independent Variables

Pearson	Investors' Satisfaction	Reliability	Responsiveness	Assurance	Empathy	Tangibles
Investors' Satisfaction	1					
Reliability	0.452**	1				
Responsiveness	0.471**	0.416**	1			
Assurance	0.533**	0.357**	0.502**	1		
Empathy	0.394**	0.345**	0.346**	0.376**	1	
Tangibles	0.412**	0.317**	0.436**	0.538**	0.212**	1

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

Table 15 shows the result of the Pearson's correlation coefficient between Investor's satisfaction and the independent variables shows that all the independent variables have positive and significant relationship with the dependent variable at 1 percent level of significance.

Assurance has the strongest positive association with investor's satisfaction ($r = 0.533$), followed by Responsiveness of depository unit ($r = 0.471$) and Reliability ($r = 0.452$). Tangibles ($r = 0.412$) and Empathy ($r = 0.394$) also has a positive association with investor's satisfaction toward services provided by depository units in Nepal.

3.11 Multiple Regression Analysis

The multiple regression analysis has been carried out to know the variability and significance of the variables taken under study, which has been presented in the tables below.

Table 16. Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	F
1	0.63	0.44	0.364	41.27

Table 16 represents R Square for this model, which is 0.44. This means that 44 percent of the variation in the dependent variable Investors' Satisfaction can be explained by five independent variables. The fitness of the model is stated significant at F- value of 41.27. The significant F – Statistics value provides the best fit of the model.

Table 17. Regression Coefficients

	Un-standardized Coefficients		T	Significance
	B	Standard Error		
Constant	1.13	0.19	5.53	0.000
Reliability	0.17	0.04	4.20	0.004
Responsiveness	0.13	0.05	2.82	0.001
Assurance	0.23	0.05	4.66	0.000
Empathy	0.13	0.04	2.87	0.002
Tangibles	0.07	0.04	1.72	0.091

The result of the regression analysis show that reliability, responsiveness, assurance and empathy has P value less than alpha at 5 percent significance level. Thus, it can be concluded that the aforementioned variables have a positive and significant relation with the investor's satisfaction. However, tangible factor has P value alpha at more than 5 percent significance level, so it is considered insignificant.

By referring to the table, an equation can be formed to determine the statistical significance of each independent variable on dependent variable, i.e., Investors' Satisfaction= 1.13 + 0.17*Reliability + 0.13*Responsiveness + 0.23*Assurance + 0.13*Empathy + 0.07*Tangibles

According to the liner equation of this study, Assurance has the highest impact on Investor's Satisfaction. Every one unit increase in Assurance will increase 0.23 units of Investor's Satisfaction level, followed by Reliability ($\beta= 0.17$), Empathy ($\beta= 0.13$), Responsiveness ($\beta= 0.13$) and Tangibles ($\beta= 0.07$)

3.12 Hypothesis Testing

H1: Reliability has significant impact on investor's satisfaction. Results of the correlation coefficient and regression analysis shows that null hypothesis is rejected, which means reliability has significant impact on investor satisfaction.

H2: Responsiveness has significant impact on investor's satisfaction. Results of the correlation coefficient and regression analysis shows that null hypothesis is rejected, which means responsiveness has significant impact on investor satisfaction.

H3: Assurance has significant impact on investor's satisfaction. Results of the correlation coefficient and regression analysis shows that null hypothesis is rejected, which means assurance has significant impact on investor satisfaction.

H4: Empathy has significant impact on investor's satisfaction. Results of the correlation coefficient and regression analysis shows that null hypothesis is rejected, which means empathy has significant impact on investor satisfaction.

H5: Tangibles has significant impact on investor's satisfaction. Results of the correlation coefficient and regression analysis shows that null hypothesis is accepted, which means tangible doesn't have significant impact on investor satisfaction.

3.13 Major Findings

The major findings of the study are:

- a. Responsiveness dimension of service provider is more attractive than other dimension.
- b. Majority of respondents are satisfied with the different features of DEMAT account.
- c. Most of the respondents ranked “delay in dematerialization of shares” as the most important determinant of dissatisfaction followed by non-receipt of interest/bonus/dividend/rights.

4. Discussion

The findings of this study reveal strong positive and significant relation between the combination of perceived service quality dimensions and investor satisfaction, implying that highly perceived reliability, responsiveness; empathy and assurance lead to higher investor satisfaction. However, tangibles dimension does not have significant impact in investors' satisfaction. The most important predictor of investor satisfaction in this study is assurance dimension.

The findings from this research are consistent with past results. The results are similar to results from various researches conducted by Patel (2012), Kaur (2013) and Singh (2012) and Ramakrishan and Malhotra (2012) regarding investors' satisfaction and perception towards service of depository participants and DEMAT account. They found that majority of investors were satisfied with service of DEMAT account. In comparative study, they are highly satisfied with safety, cost, IPO, rights and bonus, share deposit features of DEMAT account while least satisfied with trading mechanism settlement and periodic statement facility. Kaur and Jain (2012) used SERVQUAL model to determine the factors, which influence the investors' perception and satisfaction. They found that perceived service quality dimensions have significant impact on investor satisfaction. Felix (2017) also used SERVQUAL model to measure service quality and customer satisfaction in selected banks in Rwanda. He proved that reliability, responsiveness, assurance, empathy and tangibles have significant impact in customers' satisfaction. This study shows that all service quality dimensions, except tangibles dimension, have positive impact in investors' satisfaction.

5. Conclusion

This research has been carried out to determine customer's perception towards the service quality of DEMAT account in Nepal, to assess investor's level of satisfaction towards service rendered by Depository units of Nepal, to measure reasons of customer's dissatisfaction in DP's service, to determine the impact of service quality dimensions rendered by DPs on customer satisfaction and to determine most important determinants of customer's satisfaction.

The study has followed descriptive research design, where SERVQUAL model, which includes five, attributes of service quality namely reliability, responsiveness, assurance, empathy and tangibles were examined independently for analyzing their effect in investors' satisfaction.

The findings of the study indicates that investors perceive that service of DEMAT account has quality

and meet their expectations. Responsiveness dimension has of service provider is more attractive than other dimension.

Majority of respondents are satisfied with the different features of DEMAT account. Most of the respondents ranked “delay in dematerialization of shares” as the most important determinant of dissatisfaction.

The results of the estimated model indicate that most important predictor of investor satisfaction in this study is assurance dimension. The result reveal strong positive and significant relationship between service quality dimensions and investor’s satisfaction.

The most important predictor of investor satisfaction in this study is assurance dimension. Thus, the assurance involved politeness of service provider, knowledge and behavior of the service provider have the greatest impact on investor satisfaction.

Finally, from all the findings, we can conclude that investor’s perception towards service quality of DEMAT account meet their expectations, they are satisfied with the different features of DEMAT.

6. Implications

The following practical implications of the study are:

- a. Nepalese universities and management schools should include DEMAT account in their courses and curriculum in order to create awareness and to provide the knowledge regarding new share trading mechanism.
- b. In Nepal, DPs must focus on simplification of online registration and online periodic statement or balance inquiry. Availability of information and promptness in service provision must always be on priority for the DPs. Similarly, DPs should further improve the trading settlement in DEMAT account to increase satisfaction level of the investors.
- c. This study also found that tangibles is not so important to the investors. Thus, as long as DPs are able to provide investor convenient service, physical facilities could be of secondary importance.

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