A STUDY ON CUSTOMERS PERCEPTION TOWARDS E-BANKING SERVICES IN SOLAN TOWN

PROJECT REPORT

By

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CERTIFICATE-I

This is to certify that the project "**A study on customers perception towards e-banking services in Solan town"** has been submitted to Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni, Solan (HP) by Manish Sharma (H-2013-MBA-15) in the partial fulfilment of Master of Business Administration programme. This project is done under my guidance and to the best of my knowledge no part of this project has been submitted for any other degree or diploma.

Date: 20/7/15
Place: Nauni, Solan (H.P)

Neena Ghonkrokta 20/7/15
(Mrs. Neena Ghonkrokta)
Project Advisor

CERTIFICATE-II

This is to certify that the project "**A study on customers perception towards e-banking services in Solan town**" has been submitted to Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni, Solan (HP) by Manish Sharma (H-2013-MBA-15) in the partial fulfilment of Master of Business Administration programme. This project has been approved by the examination committee after conducting an oral examination in collaboration with the external examiner.

14/8/15

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CERTIFICATE-III

It is certified that the project "**A study on customers perception towards e-banking services in Solan town"** has been submitted to Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni, Solan (HP) by Manish Sharma (H-2013-MBA-15) in the partial fulfilment of Master of Business Administration programme, is my original work and that no part of the project has been copied from any other source. Information used from other sources has been duly acknowledged by me.

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Manish Sharma
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CERTIFICATE-IV

This is to certify that all the corrections/amendments suggested by the external examiner have been made in the project "**A study on customers perception towards e-banking services in Solan town"** that has been submitted to Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni, Solan, (HP) by Manish Sharma (H-2013-MBA-26) in the partial fulfilment of Master of Business Administration programme.

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Manish

Place: Nauni, Solan **Manish Sharma**

Date: 20/7/15

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INTRODUCTION

1.1 Introduction of Banking:

Finance is the life blood of trade, commerce and industry. Now-a-days, banking sector acts as the backbone of modern business. Development or any country mainly, depends upon me banking system. The term bank is derived from the French word Banco which means a Benchor Money exchange table. In olden days, European money lenders or money changers used to display (show) coins of different countries in big heaps (quantity) on benches or tables for the purpose of lending or exchanging. A bank is a financial institution which deals with deposits and advances and other related services. It receives money from those who want to save in the form of deposits and it lends money to those who need it.

A bank is a financial intermediary and money creator that creates money by lending money to a borrower, thereby creating a corresponding deposit on the bank's balance sheet. Lending activities can be performed directly by loaning or indirectly through capital markets. Due to their importance in the financial system and influence on national economies, banks are highly regulated in most countries. Most nations have institutionalized a system known as fractional reserve banking, central banking, under which banks hold liquid assets equal to only a portion of their current liabilities. In addition to other regulations intended to ensure liquidity, banks are generally subject to minimum capital requirements based on an international set of capital standards, known as the Basel Accords.

Banking in its modern sense evolved in the 14th century in the rich cities of Renaissance Italy but in many ways was a continuation of ideas and concepts of credit and lending that had its roots in the ancient world. In the history of banking, a number of banking dynasties — notably, the Medicis, the Fuggers, the Welsers, the Berenbergs and the Rothschilds — have played a central role over many centuries. The oldest existing retail bank is Monte dei Paschi di Siena, while the oldest existing merchant bank is Berenberg Bank.

Modern commercial banking, in its present form, is of recent origin. Though bank is considered to be an ancient institution just like money. It's evolution can be traced in the functions of money lender, the goldsmiths and the merchants. A bank has been often described as an institution engaged in accepting of deposits and granting loans. It can also be described as an institution which borrows idle resources, makes funds available to. It does not refer only to a place of tending and depositing money, but looks after the financial problems

of its consumers. This era is the age of specialization with the changing situation in the world economy, banking functions have broadened. Financial institutions which are shaped by the general economic structures of the country concerned vary from one country to another. Hence, a rigid classification of banks is bound to the unrealistic.

1.2 Banking in India:

Banking in India in the modern sense originated in the last decades of the 18th century. The among the first banks were Bank of Hindustan, which established in 1770 and liquidated in 1829-32; and General Bank of India, established 1786 but failed in 1791.

The largest bank, and the oldest still in existence, is the State Bank of India. It originated as the Bank of Calcutta in June 1806. In 1809, it was renamed as the Bank of Bengal. This was one of the three banks funded by a presidency government; the other two were the Bank of Bombay and the Bank of Madras. The three banks were merged in 1921 to form the Imperial Bank of India, which upon India's independence, became the State Bank of India in 1955. For many years the presidency banks had acted as quasi-central banks, as did their successors, until the Reserve Bank of India was established in 1935, under the Reserve Bank of India Act, 1934.

In 1960, the State Banks of India was given control of eight state-associated banks under the State Bank of India (Subsidiary Banks) Act, 1959. These are now called its associate banks. In 1969 the Indian government nationalised 14 major private banks. In 1980, 6 more private banks were nationalised. These nationalised banks are the majority of lenders in the Indian economy. They dominate the banking sector because of their large size and widespread networks.

The Indian banking sector is broadly classified into scheduled banks and non-scheduled banks. The scheduled banks are those which are included under the 2nd Schedule of the Reserve Bank of India Act, 1934. The scheduled banks are further classified into: nationalised banks; State Bank of India and its associates; Regional Rural Banks (RRBs); foreign banks; and other Indian private sector banks. The term commercial banks refers to both scheduled and non-scheduled commercial banks which are regulated under the Banking Regulation Act, 1949

Generally banking in India was fairly mature in terms of supply, product range and reach-even though reach in rural India and to the poor still remains a challenge. The government has developed initiatives to address this through the State Bank of India

expanding its branch network and through the National Bank for Agriculture and Rural Development with things like microfinance.

1.3 Computerised Banking:

Information and Communication Technology (ICT) has changed the working of banks and other financial institutions worldwide. The major breakthrough started with the use of Advanced Ledger Posting Machines (ALPM) in 1980s. The massive computerization started at the branch level with the focus on automation of transactions. This reduced errors in calculations and transactions. Customers started getting error free services andwere supplied with printed account statements. In late 1980s, banks focused on Total Branch Automation (TBA) and automation of both the front-end and back-end operations started within the same branch. Total Branch Automation means total automation of a particular branch with its own database. Mechanized cheques processing systems have been established, which uses a Magnetic Ink Character Reader (MICR) technology.

After the entry of new private sector banks and with the advent of internet, banks opted for a different model having a single centralized database instead of having multiple databases for all their branches. Decentralized networks have their own set of problems in terms of cost and management. Internet made it easy to share the databases and maintain a centralized database at a low cost. Internet has provided a paradigm shift in the working of banks. Internet is a network of networks, provides free exchange of information.

Internet facilitated the World Wide Web (WWW), where banks can create their own web pages, and customers can access these web pages through the web browsers by shifting at home. This kicked off online banking way back in 1996, while the usage increased only after 1999 due to lower ISP online charges, increased PC penetration and technology stabilization. Internet has thus ushered the concept of anytime and anywhere banking. Through online banking, customers could get their account information; bills could be paid online through the electronic bill payment service, online requests, i.e. stop payment of cheque, cheque book replenishment, demand draft, opening of fixed deposit account, etc.

Internet is the interconnection of computer communication networks which enable the customer to perform all the banking activities over the internet. It is the latest wave in the information technology. The NET is changing everything, from the way of conduct commerce and the way of distribution of information. Several benefits of strong electronic service have also been identified as including satisfied and retained customers, attraction of

new customers, development of customer relationships, increased sales and market shares, enhanced corporate image, reduced costs and increased profit margins and business performance. These benefits may explain the observed increase in the level of technology adoption in the delivery of banking services.

1.4 E-Banking

E-banking means any user with a personal computer and a browser can get connected to his banks website to perform any of the virtual banking functions. In e-banking system the bank has a centralized database that is web-enabled. All the services that the bank has permitted on the internet are displayed in menu. Any service can be selected and further interaction is dictated by the nature of service. The traditional branch model of bank is now giving place to an alternative delivery channels with ATM network. Once the branch offices of bank are interconnected through terrestrial or satellite links, there would be no physical identity for any branch. It would a borderless entity permitting anytime, anywhere and anyhow banking.The network which connects the various locations and gives connectivity to the central office within the organization is called intranet. These networks are limited to organizations for which they are set up. SWIFT is a live example of intranet application.

E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. E-banking includes the systems that enable financial institution customers, individuals or businesses, to access, accounts, transact business, or obtain information on financial Products and services through a public or private network, including the internet. Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), or touch tone telephone.

According to the internet banking comptroller hand book (1999), internet banking or online banking refers to the systems that enable bank customers to access accounts and general information on bank products and services through their personal computer (PC) or intelligent devices such as mobile phones in other words, " Electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution.

According to Christopher (2006), e- banking has become an important channel to sell the products and services and is perceived to be necessity in order to stay profitable and

successful. There is a growing interest in understanding the users' experience as it is observed as a larger concept than user satisfaction. Banks can make the information of products and services available on their site, which is, an advantageous proposition. Prospective customer can gather all the information from the website and thus if he comes to the branch with queries, it will be very specific and will take less time of employee.

E-banking utilizes technology to allow a bank's customers and other stakeholders to interact and transact with the bank effortlessly through a variety of channels such as the internet, wireless devices, ATMS and physical branches. E-banking has exploded onto the web and the internet is a powerful and cost effective medium for business to interact with and service with customers. The number of online banking services to customers continues to grow and the internet offers enormous opportunities for banks, and other financial services to fundamentally re-shape their organizations. It can be said that finally banks are finding that a comprehensive online banking strategy is essential for success in the increasingly competitive financial services market. E-banking is a term used for new age banking system. E-banking is also called online banking and its outgrowth of PC banking.

E-banking used the internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing, checking and saving account balances, paying mortgages and purchasing financial instrument and certificates of deposits (Hague, 2009). There are many advantages of e-banking. It is convenient, it isn't bound by operational timings, there are no geographical barriers and the services can be offered at a minuscule coat (Internet & Mobile Association of India, 2006). Electronic banking has experienced explosive growth and has transformed practices in banking.

Electronic banking is a high-order construct, which consists of several distribution channels. It should be noted that electronic banking is a bigger platform than just banking via the Internet. The term electronic banking can be described in many ways. In a very simple form, it can mean the provision of information or services by a bank to its customers, via a computer, television, telephone, or mobile phone.

Electronic banking has different types of delivery channels: telephone, PC, mobile and the Internet. Moreover, Personal Computer allow customer to use all e-banking facility at home without go to the bank. It gives consumers a variety of services so they can move money between accounts, pay bills, check balances, and buy and sell mutual funds, securities and also submit electronic loan applications through PC Banking. A mobile banking service

is the newest service in electronic banking Customers can check their balance and make adjustments between accounts, account transactions, payments etc.

The most general type of electronic banking in our times is banking via the Internet, in other words Internet banking. This type of banking allows consumers to check the balances in their accounts, transfer funds and order electronic bill payments. Internet banking systems allowing customers to apply for loans, trade stocks or mutual funds, and even view actual images of their checks or deposit slips. The services available for Internet banking vary from bank to bank. Nowadays the Internet is the main channel for electronic banking. Internet banking offers many benefits to banks and their customers.

1.5 History of E-Banking

The term online banking was first started in 80"s. The term online became popular in the late '80s and referred to the use of a terminal, keyboard and TV (or monitor) to access the banking system using a phone line. Home banking can also refer to the use of a numeric keypad to send tones down a phone line with instructions to the bank. Online services started in New York in 1981 when four of the city's major banks (Citibank, Chase Manhattan, Chemical and Manufacturers Hanover) offered home banking services using the videotext system. Because of the commercial failure of videotext these banking services never became popular except in France where the use of videotext was subsidized by the telecom provider and the UK, where the Prestel system was used.

The UK"s first home online banking services was set up by the Nottingham Building Society (NBS) in 1983 .The system used was based on the UK's Prestel system and used a computer, such as the BBC Micro, or keyboard connected to the telephone system and television set. The system (known as 'Home link') allowed on-line viewing of statements, bank transfers and bill payments. In order to make bank transfers and bill payments, a written instruction giving details of the intended recipient had to be sent to the NBS who set the details up on the Home link system. Typical recipients were gas, electricity and telephone companies and accounts with other banks. Details of payments to be made were input into the NBS system by the account holder via Prestel. A cheque was then sent by NBS to the payee and an advice giving details of the payment was sent to the account holder. BACS was later used to transfer the payment directly.

Stanford Federal Credit Union was the first financial institution to offer online internet banking services to all of its members in Oct, 1994. Later on it was adopted by worldwide banks.

1.6 Entry of E-Banking in Indian Banks

In India e-banking is of fairly recent origin. The traditional model for banking has been through branch banking. Only in the early 1990s there has been start of non-branch banking services. The good old manual systems on which Indian Banking depended upon for centuries seem to have no place today. The credit of launching internet banking in India goes to ICICI Bank. Citibank and HDFC Bank followed with internet banking services in 1999. Several initiatives have been taken by the Government of India as well as the Reserve Bank to facilitate the development of e-banking in India. The Government of India enacted the IT Act, 2000 with effect from October 17, 2000 which provided legal recognition to electronic transactions and other means of electronic commerce. The Reserve Bank is monitoring and reviewing the legal and other requirements of e-banking on a continuous basis to ensure that e-banking would develop on sound lines and e-banking related challenges would not pose a threat to financial stability. A high level Committee under chairmanship of Dr. K.C. Chakrabarty and members from IIT, IIM, IDRBT, Banks and the Reserve Bank prepared the "IT Vision Document- 2011-17", for the Reserve Bank and banks which provides an indicative road map for enhanced usage of IT in the banking sector.

E-banking, both as a medium of delivery of banking services and as a strategic tool for business development, has gained wide acceptance internationally and is fast catching up in India with more and more banks entering the fray. India can be said to be on the threshold of a major banking revolution with net banking having already been unveiled.

At present, the total Internet users in the country are estimated at 35 crore. However, this is expected to grow exponentially to 80 crore by 2020. Only about 1% of Internet users did banking online in 1998. This increased to 16.7% in March 2000. The growth potential is, therefore, immense. Further incentives provided by banks would dissuade customers from visiting physical branches, and thus get 'hooked' to the convenience of arm-chair banking. The facility of accessing their accounts from anywhere in the world by using a home computer with Internet connection, is particularly fascinating to Non-Resident Indians and High Net worth Individuals having multiple bank accounts Costs of banking service through the Internet form a fraction of costs through conventional methods. The cost-conscious banks

in the country have therefore actively considered use of the Internet as a channel for providing services. Fully computerized banks, with better management of their customer base are in a stronger position to cross-sell their products through this channel.

1.7 The Indian Experience

India is still in the early stages of E-banking growth and development. Competition and changes in technology and lifestyle in the last five years have changed the face of banking. The changes that have taken place impose on banks tough standards of competition and compliance. The issue here is – 'Where does India stand in the scheme of E-banking.' E-banking is likely to bring a host of opportunities as well as unprecedented risks to the fundamental nature of banking in India.

The impact of E- Banking in India is not yet apparent. Many global research companies believe that E-banking adoption in India in the near future would be slow compared to other major Asian countries. Indian E-banking is still nascent, although it is fast becoming a strategic necessity for most commercial banks, as competition increases from private banks and non banking financial institutions. Despite the global economic challenges facing the IT software and services sector, the outlook for the Indian industry remains optimistic.

The Reserve Bank of India has also set up a "Working Group on E-banking to examine different aspects of E-banking. The group focused on three major areas of E-banking i.e. (1) Technology and Security issues (2) Legal issues and (3) Regulatory and Supervisory issues. RBI has accepted the guidelines of the group and they provide a good insight into the security requirements of E-banking.

The importance of the impact of technology and information security cannot be doubted. Technological developments have been one of the key drivers of the global economy and represent an instrument that if exploited well can boost the efficiency and competitively of the banking sector. However, the rapid growth of the Internet has introduced a completely new level of security related problems. The problem here is that since the Internet is not a regulated technology and it is readily accessible to millions of people, there will always be people who want to use it to make illicit gains. The security issue can be addressed at three levels. The first is the security of customer information as it is sent from the customer's PC to the Web server. The second is the security of the environment in which the Internet banking server and customer information database reside. Third, security

measures must be in place to prevent unauthorized users from attempting to long into the online banking section of the website.

Regarding the regulatory and supervisory issues, only such banks which are licensed and supervised and have a physical presence in India will be permitted to offer E-banking products to residents of India. With institutions becoming more and more global and complex, the nature of risks in the international financial system has changed. The Regulators themselves who will now be paying much more attention to the qualitative aspects of risk management have recognized this.

Though the Indian Government has announced cyber laws, most corporate are not clear about them, and feel they are insufficient for the growth of E-commerce. Lack of consumer protection laws is another issue that needs to be tackled, if people have to feel more comfortable about transacting online.

Taxation of E-commerce transaction has been one of the most debated issues that are yet to be resolved by India and most other countries. The explosive growth of e-commerce has led many executives to question how their companies can properly administer taxes on Internet sales. Without sales tax, online sellers get a price advantage over brick and mortar companies. While e-commerce has been causing loss of tax revenues to the Government, many politicians continue to insist that the Net must remain tax-free to ensure continued growth, and that collecting sales taxes on Net commerce could restrict its expansion.

1.8 The Future Scenario

Compared to banks abroad, Indian banks offering online services still have a long way to go. For online banking to reach a critical mass, there has to be sufficient number of users and the sufficient infrastructure in place. The 'Infinity' product of ICICI Bank Ltd. gets only about 30,000 hits per month, with around 3,000 transactions taking place on the Net per month through this service. Though various security options like line encryption, branch connection encryption, firewalls, digital certificates, automatic signoffs, random pop-ups and disaster recovery sites are in place or are being looked at, there is as yet no Certification Authority in India offering Public Key Infrastructure which is absolutely necessary for online banking. The customer can only be assured of a secured conduit for its online activities if an authority certifying digital signatures is in place.

For these reasons domestic customers for whom other access points such as ATMs, tele-banking, personal contact, etc. are available are often hesitant to use the Internet banking services offered by Indian banks. Internet Banking, as an additional delivery channel, may, therefore, be attractive / appealing as a value added service to domestic customers. Non-resident Indians for whom it is expensive and time consuming to access their bank accounts maintained in India find net banking very convenient and useful. The Internet is in the public domain whereby geographical boundaries are eliminated. Cyber crimes are therefore difficult to be identified and controlled. In order to promote Internet banking services, it is necessary that the proper legal infrastructure is in place.

Government has introduced the Information Technology Bill, which has already been notified in October 2000. Section 72 of the Information Technology Act, 2000 casts an obligation of confidentiality against disclosure of any electronic record, register, correspondence and information, except for certain purposes and violation of this provision is a criminal offence. The Department of Telecommunications (DoT) is moving fast to make available additional bandwidth, with the result that Internet access will become much faster in the future. This is expected to give a fillip to Internet banking in India. The proposed setting up of a Credit Information Bureau for collecting and sharing credit information on borrowers of lending institutions online would give a fillip to electronic banking. In this background, banks are moving in for technological up gradation on a large scale. Internet banking is expected to get a boost from such developments.

Reserve Bank of India has taken the initiative for facilitating real time funds transfer through the Real Time Gross Settlement (RTGS) System. Under the RTGS system, transmission, processing and settlements of the instructions will be done on a continuous basis. Gross settlement in a real time mode eliminates credit and liquidity risks. Any member of the system will be able to access it through only one specified gateway in order to ensure rigorous access control measures at the user level. Generic Architecture both domestic and cross border, aimed at providing interconnectivity across banks has been accepted for implementation by RBI. Following a reference made this year, in the Monetary and Credit Policy statement of the Governor, banks have been advised to develop domestic generic model in their computerization plans to ensure seamless integration. The above mentioned efforts would enable online banking to become more secure and efficient. With the process of Dematerialization of shares having gained considerable ground in recent years, banks have assumed the role of depository participants.

1.9 E-banking Global Perspective

The advent of Internet has initiated an electronic revolution in the global banking sector. The dynamic and flexible nature of this communication channel as well as its ubiquitous reach has helped in leveraging a variety of banking activities. New banking intermediaries offering entirely new types of banking services have emerged as a result of innovative e-business models. The Internet has emerged as one of the major distribution channels of banking products and services, for the banks in US and in the European countries.

Initially, banks promoted their core capabilities i.e., products, services and advice through Internet. Then, they entered the e-commerce market as providers/distributors of their own products and services. More recently, due to advances in Internet security and the advent of relevant protocols, banks have discovered that they can play their primary role as financial intermediators and facilitators of complete commercial transactions via electronic networks especially through the Internet. Some banks have chosen a route of establishing a direct web presence while others have opted for either being an owner of financial services centric electronic marketplace or being participants of a non-financial services centric electronic marketplace.

The trend towards electronic delivery of banking products and services is occurring partly as a result of consumer demand and partly because of the increasing competitive environment in the global banking industry. The Internet has changed the customers' behaviours who are demanding more customized products/services at a lower price. Moreover, new competition from pure online banks has put the profitability of even established brick and mortar banks under pressure. However, very few banks have been successful in developing effective strategies for fully exploiting the opportunities offered by the Internet. For traditional banks to define what niche markets to serve and decide what products/services to offer there is a need for a clear and concise Internet commerce strategy.

Banking transactions had already started taking place through the Internet way back in 1995. The Internet promised an ideal platform for commercial exchange, helping banks to achieve new levels of efficiency in financial transactions by strengthening customer relationship, promoting price discovery and spend aggregation and increasing the reach. Electronic finance offered considerable opportunities for banks to expand their client base

and rationalize their business while the customers received value in the form of savings in time and money.

Global E-banking industry is covered by the following four sections:

1.9.1 Current E-banking Scenario

It discusses the actual state, prospects, and issues related to E-banking in Asia with a focus on India, US and Europe. It also deals with the impact of E-banking on the banking industry structure. The banking industry is expected to be a leading player in E-business. While the banks in developed countries are working primarily via Internet as non- branch banks, banks in the developing countries use the Internet as an information delivery tool to improve relationship with customers

Banks have established an Internet presence with various objectives. Most of them are using the Internet as a new distribution channel. Financial services, with the use of Internet, may be offered in an equivalent quantity with lower costs to the more potential customers. There may be contacts from each corner of the world at any time of day or night. This means that banks may enlarge their market without opening new branches. The banks in US are using the Web to reach opportunities in three different categories i.e., to market information, to deliver banking products and services, and to improve customer relationship.

In 2001, over 50 percent of the banks in the US were offering E-banking services. However, large banks appeared to have a clear advantage over small banks in the range of services they offered. Some banks in US were targeting their Internet strategies towards business customers. Apart from affecting the way customers received banking services; E-banking was expected to influence the banking industry structure. The economics of E-banking was expected to favour large banks because of economies of scale and scope, and the ability to advertise heavily. Moreover, E-banking offered entry and expansion opportunities that small banks traditionally lacked.

In Asia, the major factor restricting growth of E-banking is security, in spite of several countries being well connected via Internet. Access to high-quality E-banking products is an issue as well. Majority of the banks in Asia are just offering basic services compared with those of developed countries. Still, E-banking seems to have a future in Asia. It is considered that E-banking will succeed if the basic features, especially bill payment, are handled well. Bill payment was the most popular feature, cited by 40 percent of respondents

of the survey. However, providing this service would be difficult for banks in Asia because it requires a high level of security and involves arranging transactions with a variety of players.

Though E-banking in Europe is still in the evolutionary stage, it is very clear that it is having a significant impact on traditional banking activities. Unlike in the US, though large banks in the Europe have a competitive edge due to their ability to invest heavily in new technologies, they are still not ready to embrace E-banking. Hence, medium-sized banks and start-ups have an important role to play on the E-banking front if they can take concrete measures quickly and effectively.

This reconfiguration is being further driven by the Internet, due to the combined impact of:

- The emergence of new and more focused business models
- New technological capabilities that reduces the banking relationship and transaction costs.
- High degree of uncertainty over the impact that new entrants will have on current business models.

1.9.2 E-banking Strategies

It reveals the key strategies that banks must implement to derive maximum value through the online channel. It also brings guidance for those banks, which are planning to build online businesses. Though E-banking offers vast opportunities, yet even less than one in three banks have an E-banking strategy in place. According to a study, less than 15 percent of banks with transactional websites will realize profits directly attributable to those sites. Hence, banks must recognize the seriousness of the challenge ahead and develop a strategy that will enable them to leverage the opportunities presented by the Internet.

On the other hand, those banks that are planning to build their online businesses will have to understand several strategic issues like do they have the right business model for E-banking? How should they price their E-banking products and services? Bankers planning to move into E-banking have to explore different options, make investments and have to develop a variety of partnerships. They have to put their time and efforts to identify the best opportunities.

In the case of traditional banks, if they are too aggressive in using price incentives to build their e-business, they risk the profitability of their traditional business. However,

if they do not offer sufficient price incentives for customers to bank online their efforts to build a sound e- banking business may not fructify.

1.9.3 E-banking Transactions:

It discusses how Internet has radically transformed banking transactions. The section focuses on cross border transactions, B2B transactions, electronic bill payment and presentment and mobile payments. In spite of all the type, E-banking has been a non-starter in several countries.

The introduction of new technologies has radically transformed banking transactions. In the past, customers had to come physically into the bank branch to do banking transactions including transfers, deposits and withdrawals. Banks had to employ several tellers to physically make all those transactions. Automatic Teller Machines (ATMs) were then introduced which allowed people to do their banking on their own, practically anytime and anywhere. This helped the banks cut down on the number of tellers and focus on managing money. The Internet then brought another venue with which customers could do banking, reducing the need for ATMs. Online banking allowed customers to do financial transactions from their PCs at home via Internet.

Now, with the emergence of Wireless Application Protocol (WAP) technology, banks can use the infrastructure and applications developed for the Internet and move it to mobile phones. Now people no longer have to be tied to a desktop PC to do their banking. The WAP interface is much faster and convenient than the Internet, allowing customers to see account details, transaction details, make bill payments, and even check credit card balance.

1.9.4 E-banking Trends

It discusses the innovation of new technologies in banks. Internet banking is gaining ground. Banks increasingly operate websites through which customers are able not only to inquire about account balances and interest and exchange rates but also to conduct a range of transactions. Unfortunately, data on Internet banking are scarce, and differences in definitions make cross-country comparisons difficult. Even so, one finds that Internet banking is particularly widespread in Austria, Korea, the Scandinavian countries, Singapore, Spain, and Switzerland, where more than 75 percent of all banks offer such services.

1.10 Types of E-Banking Services

SBI has classified e-banking services into following types:

1.10.1 Retail Banking

The Retail banking application is an integration of several functional areas, and enables customers to:

- **Issue Demand Drafts online:** An online demand draft is a negotiable instrument similar to a bill of exchange. A bank issues a online demand draft to a client (drawer), directing another bank (drawer) or one of its branches to pay a certain sum to the specified party (payee).
- **Transfer funds to own and third party accounts:** Online funds transfer is the electronic transfer of money from one bank account to another, either within a single financial institution or across multiple institutions, through computer-based systems and without the direct intervention of bank staff.
- **Credit beneficiary accounts using the VISA Money Transfer feature**: Card brings to you Visa Credit Card Pay- a facility through which you can now transfer funds to any Visa Credit Card at your own convenience through Bank's E-Banking facility. Making payment using Visa Credit Card Pay is a simple and convenient process.
- **Generate account statements:** With the wider access to the Internet and online banking, bank statements be viewed online, and downloaded or printed by the customer. To reduce the cost of postage and the generation of paper bank statements, some financial institutions encourage their customers to receive bank statements electronically.
- **Setup Standing Instructions:** Standing instructions can be set up to automatically transfer funds from one account to another on a periodic basis. For example a standing instruction can be set up to:

  1. It provides a facility to transfer a loan repayment from a saving account to a loan account on the dates that the loan repayment is due.
  2. It provides a facility to transfer funds from a current account to a saving account on a monthly basis.

3. It provides a facility to transfer funds from an account owned by one client to an account owned by a different client on a weekly basis.

- **Configure profile settings:** The e-banking helps to add or delete the beneficiary name, limit for transfer amount and by which the password for e-banking is changed.

- **Use e-Tax for online tax payment:** Online tax payment allows individuals and businesses to make their tax and estimated tax payments securely online using their bank accounts. Payments can be made only after enrolling in the system and the enrollment process can take about a week. The enrollment process includes information about the bank account from which one's payments will be debited.

- **Use e-Pay for automatic bill payments.** Online Banking payment is a type of payments network, developed by the banking industry in conjunction with technology providers, specifically designed to address the unique requirements of payments made via the Internet.

- **Interface with merchants for railway and airline reservations**. An e-reservations is a computerized system used to store and retrieve information and conduct transactions related to air travel, railways. They also provide access to railway reservations and bus reservations in some markets, although these are not always integrated with the main system.

- **Avail DEMAT and IPO services**. The e-banking provides the DEMAT accounting service for those who want to invest in the Indian stock market and also provides IPO services. Opening of DEMAT account and IPO account is very easy and it just needs to follow some simple rules and regulations provided by the bank authority.

1.10.2 Funds Transfer (E-Cheques)

- **Transfer Funds from one bank to same bank accounts, anywhere in India:** Funds Transfer is a system of transferring money from one bank account directly to same bank accounts without any delay as well as without any paper money changing hands.
- **Transfer Funds from one bank to specified other bank accounts**. An electronic funds transfer is a transaction that takes place over a computerized network to transfer the fund to different accounts at separate financial institutions.

1.10.3 Corporate Banking

The Online corporate banking application provides features to administer and manage corporate accounts online. The corporate module provides roles such as Regulator, Admin, up loader, Transaction Maker, Authorizer, and Auditor. These roles have access to the following functions:

- E-banking facilitates to manage users; define rights and transaction rules on corporate accounts: The E-banking helps to manage the user account and its right for the transactions.
- E-banking helps to access accounts in several branches with a single sign-on mechanism: The user can access the different account in different banks with a single user-id. The different bank accounts link with a single account.
- E-banking helps to upload files to make bulk transactions to third parties, supplier, vendor and tax collection authorities. The e-banking provides to upload files to make bulk transaction and as well as to pay the tax by the corporate sector.
- E-banking provides online transaction features such as fund transfer to own accounts, third party payments, and draft issues.
- It helps the corporate banking to pay the bill payment using the e-banking services.
- E-banking allows the user to authorize, modify, reschedule and cancel transactions, based on rights assigned to the user
- E-banking provides the detailed information about transaction as well as the current balance of account.

1.10.4 Smart Money Order

Banks has recently announced the launch of Smart Money Order, in partnership with India Post (The Department of Posts) Smart Money Order is a unique service that allows people to send a money order anytime and to any destination in India.

The salient features of the facility are as under:

- All retail internet banking customers can use this facility.
- Money is delivered at the receiver's doorstep.
- Easiest way to send money to near and dear ones anywhere in India.
- Receiver need not hold a bank account.
- No need to handle physical cash.

- No need to visit the Post Office to send a money order.
- Service is available 24 X 7 X 365.

1.10.5 Card to Card Funds Transfer:

Card to Card Funds Transfer is a revolutionary service that allows people to transfer money from their banks account to any other Visa Debit or Credit card, anytime, anywhere in India

- E-banking helps in time-consuming for DDs, Cheques and pay orders.
- E-banking helps to send money to any Visa Debit or Credit Card issued in India. Through card the people can transfer money to any debit or credit card of any bank which is issued in India.
- It's one of the easiest ways to transfer money. It doesn't get simpler than this.

1.9.6 Other Online Services

The bank has added some other services to e-banking in addition to the above. They are listed as below:

a. **Online Banking Services:** Internet Banking is the most convenient channel to manage and pay bills anytime, anywhere. Banks have tied up with major organizations across the country to facilitate payment of bills for Utility Companies (Electricity and Telephone) Bills, credit card, Mobile Phone and Insurance Premium bills.

b. **Shopping:** A Customer shop for anything with just a click of the mouse. He/she can select the product he/she wants and pay for it with bank.

c. **Prepaid Mobile Recharge Service:** The customers recharge his Prepaid Mobile from the comfort of his home or office, anytime, anywhere with prepaid mobile recharge facility. All he needs to do is just top-up his prepaid mobile card by losing into internet banking on Bank (What's more, this serve is absolutely free for all ICICI Bank account holders).

d. **Ticket Booking/ Reservation:** With e-banking the user need not visit booking reservation centers any more. Customers can now buy their train tickets online and pay using the banks internet banking facility. Railway ticket booking was never so

easy. One can Book railway ticket through www.irctc.co.in using internet banking. IRCTC will deliver ticket to deliver address mentioned.

e. **ATM:** Bank's 24 Hour ATM network is one of the largest and most widespread ATM Network in India. ATMs are located in commercial areas, residential localities, major petrol pumps, airports, near railway stations and other places which are conveniently accessible to our customers. Bank ATMs features user-friendly graphic screens with easy to follow instructions. Some private bank has introduced ATMs which interact with customers in their local language for increased convince.

f. **Mobile Banking:** Banking is no longer what it used to be. Bank offers Mobile Banking facility to its entire customers.

1.11 Need of the Study

In this modern world all business organizations are trying to be at the top. Therefore they want to gather more & more information about the customer & needs, attitude towards a product or service & also more importantly the factors which make a person replace his old choice with new one. The information technology is chasing very rapidly. For the people involved in his particular business, the face of market is quite uncertain. Banking sector is also full of competition now days. The knowledge about market is necessary for the survival of the company. So the study is taken to get an update about current market scenario which could help to increase its market share. The present study would help to determining growth direction of online banking service and also promoting e-banking services in banking industry.

Though these technologies have been prevalent in the Indian banking sector for over a decade and a half, very few studies have been carried out regarding the Indian bank consumers' usage patterns and their experience in using them. The few published studies done in India seal with only aspects pertaining to any one of the technology enabled banking self-services such (Thamaraiselvan and Raja, 2007) or e-banking (Singh and Malhotra, 2005; Mukherjee and Nath 2003). Therefore there is a need to understand the usage behaviour of the bank consumers using multiple electronic banking channel services as they tend to use various services of the different banking channels in a complimentary manner.

1.12 Objectives of the Study

The purpose of research is to discover answers to question through the application of scientific procedure. The main aim of research is to find out the truth which is hidden and which has not discovered yet. Through each research study has its own specific purpose, the main objective of the study are:

1. To study customers awareness towards e-banking services.
2. To study the benefits of e-banking services for customers.
3. To find out the major problems faced by the customers while using e-banking services.

Chapter-2
REVIEW OF LITERATURE

Chapter-2
REVIEW OF LITERATURE

REVIEW OF LITERATURE

A review of existing knowledge provides an understanding about various concepts in any discipline; such review assists in formulation of problem, selection of appropriate methodology. Following studies have been studied and reviewed on e-banking services:

Lewis (1991) found that users mainly used ATMs for withdrawal of cash and obtaining account balances. The survey findings indicated that negative factors for ATM usage were; concern over personal safety, lack of privacy and operational problems such as machine being regularly out of cash or out of order and cards getting stuck in it.

Egland (1998) analyzed the structure and performance characteristic of banks offering internet banking. He found no evidence of major difference in the performance of the group of banks offering internet banking activities compared to those that do not offer such services.

Khan and Lees (1999) has observed that a credit card based payment is used, the volume and type of product purchased increase. Whether this is due to the credit element or to the cashless or mobile element of the transaction could not be known.

Jayawardhena and Foley (2000) found that the advantages for banks from e-banking are; cost savings, increased customer base, mass customization and marketing & communication opportunities, innovation and development.

Al-Ashban and Burney (2002) after researching tele-banking consumers concluded that tele-banking has resulted in substantial cost savings for the banks and has given rise to increasing convenience for the increasingly sensitive consumers. They also found that customers tend to increase their usage of tele-banking services depending on their past experience.

Polatoglu and Ekin (2005) reported that those who use the internet banking services for the longest time or who use more of its services find internet banking to be very reliable. Internet banking not only reduces operational costs to banks but also increases customer satisfaction and retention.

Jun and Cai (2007) identified reliability as one of the very important service quality dimensions of e-banking service quality is reliability. Further it was noticed that, the online banking environment has .grown tremendously over the past several years and will continue

to grow as financial institutions continue to strive to allow customers to complete money transfers, pay bills, and access critical information online.

Roger (2008) suggested that the credit company has to take into consideration the challenges which are there in the market. Credit card holders have the fear of losing the cards and the card being misused by other person. In this case the credit card is stolen and being misused credit companies have to focus on the security and ethical issues related to credit cards.

Khan and Mahapatra (2009) evaluated that service quality in internet banking. The study attempted to determine the service quality of banks operative in India with regards to banking and identifying with important parameters crucial for service quality from customers perspective. In order to cope with the competition, bankers provide innovative and attractive technology based services and products. The study reported that customers are satisfied with the quality of the services on the five dimensions such as reliability, privacy, security, responsiveness and fulfilment but least satisfied with the user friendliness dimension.

Bradley and Stewart (2011) concluded that the key drivers for bank adopting internet banking were the external factors such as competition and industry adoption, low risk, enhanced ability to deal with customers and the availability of technology.

Chang (2013) has examined behaviour of bank employees and bank customers in the event of a new technology introduction. He found evidence that adoption of internet banking is influenced by sex, age, marital status, degree of exposure to internet banking and the characteristics of the banks.

Whitefield and Yang (2013) observed in their study that the banking industry has been a leader in the e-business world in the recent years. While the large city and urban area banks have been leading the way in the recent application and development of e-banking, many small and local community banks are catching up in this trend and becoming more interesting in the e-banking services to gain competitive edges in the marketplace.

Joseph *et al.* (2014) investigated the influence of internet on the delivery of banking services. They found six underlying dimensions of e-banking service quality such as convenience and accuracy, feedback and complaint management, efficiency, queue management, accessibility and customization.

Kesseven (2014) said that the mostly used E-Banking services are inter account transfer, payment to other personal account, transfer to credit card account, recharge mobile phones among others. Comparing demographic variables of the internet banking users to the non-internet banking users, the analysis reveals that there is no significant difference between the two group of users with respect to age group and the education level of the respondents.

Meuter *et al.* (2014) found that customers distinguish the quality of customer interactions that take place during service delivery and the quality of the outcome the customer receives in the service encounter Customers perceive the quality of services of Internet banking based on the performance of online delivery systems – not on the processes in which the delivered service is developed and produced. Because customers perceive Internet banking service quality based on relatively standardized outcomes determined by online systems.

Black *et al.* (2015) performed a qualitative study on the adoption of internet services and found out that those with the highest income with a greatest use of information technology were most likely to purchase financial services using internet channel. Education and gender were not studied in this study.

Harris and Spencer (2015) found that the development experienced in Internet and other global online networks have thus created new commercial opportunities for e–commerce and creation of completely new sets of global and national trading relationships. This consequently, led to the perception that e-banking and e-commerce are now an inevitable aspect of financial services.

Chapter-3
RESEARCH METHODS

RESEARCH METHODS

Research methodology is a way to systematically solve the research problems. It is a science of studying how a research is done scientifically and identifiably. Research process starts with defining the research problem, formulating hypothesis, design research, collecting data and finally interpreting and analyzing the data to form a report. This section explains and justifies the research strategy chosen. Research design issues, which include the sampling technique, questionnaire, procedure and data analysis techniques, are addressed.

3.1 Population and Research Area

The study was conducted in the Solan town of Himachal Pradesh. The customers availing the e-banking services in all bank constituted the population for the present study.

3.2 Sampling

Sampling is a technique used for a selection of subset of individuals from within a statistical population to estimate characteristics of whole population. In order to select the sample size out of total population convenient sampling is used. Convenient sampling is most commonly used sampling method in behavioural science research because researchers simply select those participants who they are easy to go with. People are selected on the basis of their availability and willingness to respond.

3.3 Sampling size

The sample size for the present study was restricted to 100 respondents.

3.4 Data Collection

Data collection is a process of collecting data for the research purpose using various sources. The study is conducted by using both primary and secondary data. The task of data collection begins after a research problem has been defined and research design/plan chalked out. Keeping in view the nature of requirements of the study both primary and secondary data will be referred.

3.4.1 Primary Data

Questionnaire is used to collect primary data from respondents. The questionnaire was structured type and contained questions relating to different dimensions of e-banking preferences such as level of usage, factors influencing the usage of e-banking services,

benefits accruing to the users of e-banking services and problems encountered. An attempt was made to bring out reasons for its non-usage.

3.4.2 Secondary data

These are sources containing data which was collected and compiled for other purposes too. The secondary data for the present study was collected from institutions' records, other research works, magazines, journals and websites.

3.5 Data Analysis

The term analysis refers to the computation of certain measures along with searching for patterns of relationship that exist among data-groups. Thus, "in the process of analysis, relationships or differences supporting or conflicting with original or new hypotheses should be subjected to statistical tests of significance to determine with what validity data can be said to indicate any conclusions". The data in present study was analysed through appropriate statistical and mathematical tools depending upon the objectives of the study. The analysis of the study was done with the help of tools including percentage method, mean and standard deviation.

3.5.1 Mathematical Tools:

The information collected from the sample respondents has been analysed by applying percentage method.

a) Percentage:

Percentage refers to a special kind of ratio which is used in making comparison between two or more series of data.

The formula used for percentage method is:

$$P = \frac{X}{Y} \times 100$$

Where X= Number of respondents falling in specific category to be measured.

Y= Total Number of Respondents.

3.5.2 Statistical Method:

The following statistical tools have been used to analyse the data collected for the present study.

a) Arithmetic Mean

The arithmetic mean (the mean) is defined as the sum of the values in the data group divided by the number of values. The arithmetic mean is what is commonly called average. The arithmetic mean (the mean) is defined as the sum of the values in the data group divided by the number of values. The arithmetic mean is what is commonly called average. This tool helps researchers to draw appropriate inference from the responses collected from the respondents. The formula used for the Arithmetic Mean is:

$$\bar{X} = \frac{\sum X}{N}$$

Where $\bar{X}$= Arithmetic Mean

$\sum X$=Sum of the values of the variables

N=Number of observation

b) Standard Deviation

The square root of the variance is called the standard deviation, the variance being similar to the average deviation in that it is based on the difference between each value in the data set and the mean of the group. The standard deviation records the extent to which scores deviate from the mean. The formula used for S.D. is:

$$\textbf{Standard Deviation} = \sqrt{\frac{\sum x2}{N}}$$

Where $x = (x - \bar{x})$

N= Number of observation

Chapter 4
RESULTS AND DISCUSSION

RESULTS AND DISCUSSION

In the present chapter, data analysis and interpretation has been done. Mean difference analysis and the interpretations of thee-banking services are done. The findings of the study are discussed as under.

4.1: Sample profile

Sample profile means the process of stating the general information about the respondents classified in terms of gender, age, educational qualification, annual income, occupational status, etc.

Table 4.1.1: Age-wise distribution of respondents

Age	Frequency	Percentage
Below 20	7	7
21-40	67	67
41-60	22	22
Above 60	4	4
Total	**100**	**100**

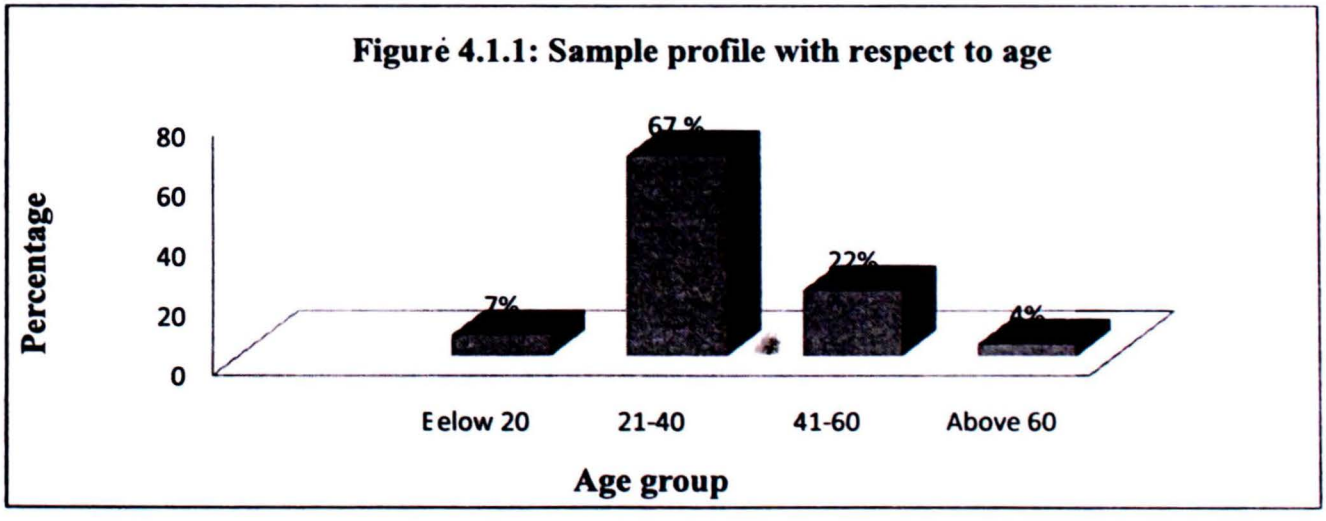
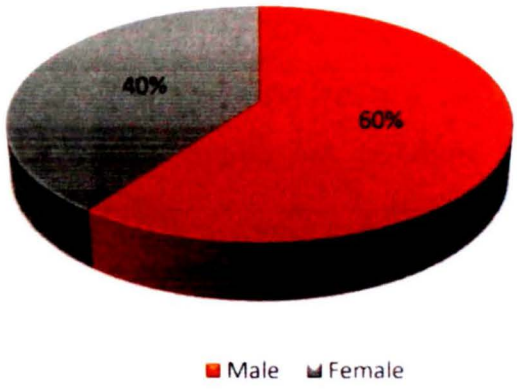


Table and Figure 4.1.1 represents that 67% of the total numbers of respondents are from the age group of 21-40 years followed by 22% in the age group of 41-60 years. A very small percentage of 4% are from the age group of above 60 years. So it can be concluded that e-banking is being availed by the people of all age groups but mostly these are availed by an age group of 21-40 years.

Table 4.1.2: Gender-wise distribution of respondents

Gender	Frequency	Percentage
Male	60	60
Female	40	40
Total	**100**	**100**

Figure 4.1.2: Sample profile with respect to gender



Tabulated and graphical 4.1.2 representation reveals that 60% of the total respondents are males and 40% are females. This can be attributed to the reason that mainly males avail more of the e-banking services as compared to females.

Table 4.1.3: Educational qualification-wise distribution of respondents

Educational Qualification	Frequency	Percentage
Illiterate	0	0
Under Matriculation	2	2
Matriculation	5	5
Senior Secondary	16	16
Graduate and above	77	77
Total	**100**	**100**

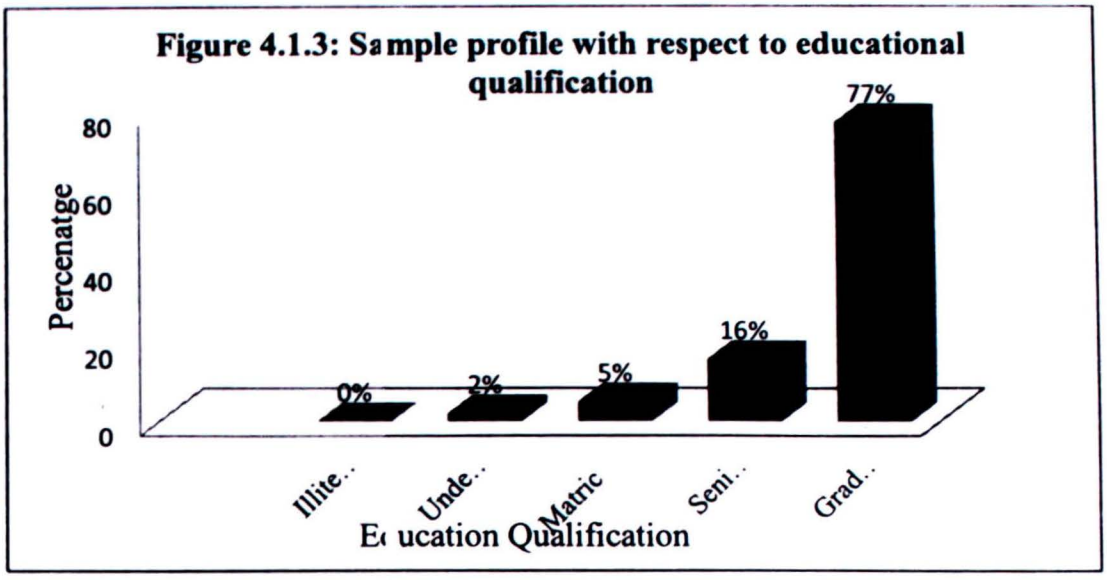


Table and figure 4.1.3 reveals that 77% respondents are graduates followed by 16% whose educational qualification is senior secondary. The e-banking is least used by 5% respondents who are under matric. So we can conclude that people who are availing e-banking services are mostly educated.

Table 4.1.4: Occupational status of respondents

Occupation	Frequency	Percentage
Student	14	14
Govt. employee	35	35
Private employee	38	38
Other	13	13
Total	**100**	**100**

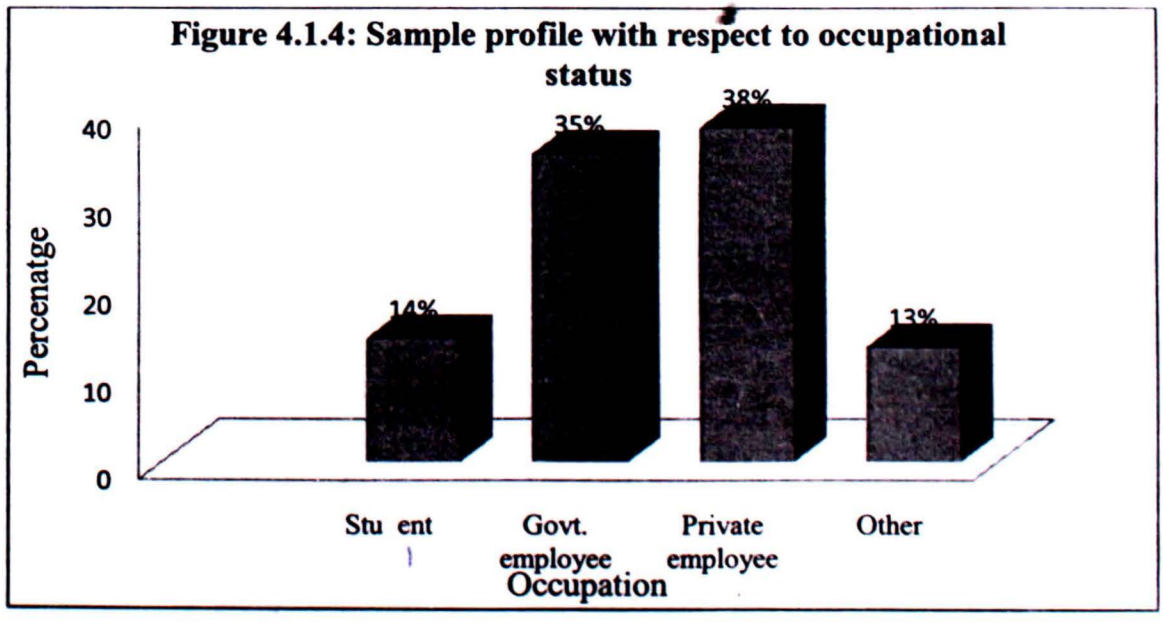


Table and figure 4.1.4 reveals that 38% of the respondents are private employees followed by 35% govt. employees. The e-banking is least availed by 13% who fall in other category. So we may say people who are availing e-banking services regularly are in government and private sector.

Table 4.1.5: Income distribution of respondents

Your salary	Frequency	Percentage
Nil	14	14
0- 15000	29	29
15000-30000	33	33
Above 30000	24	24
Total	**100**	**100**

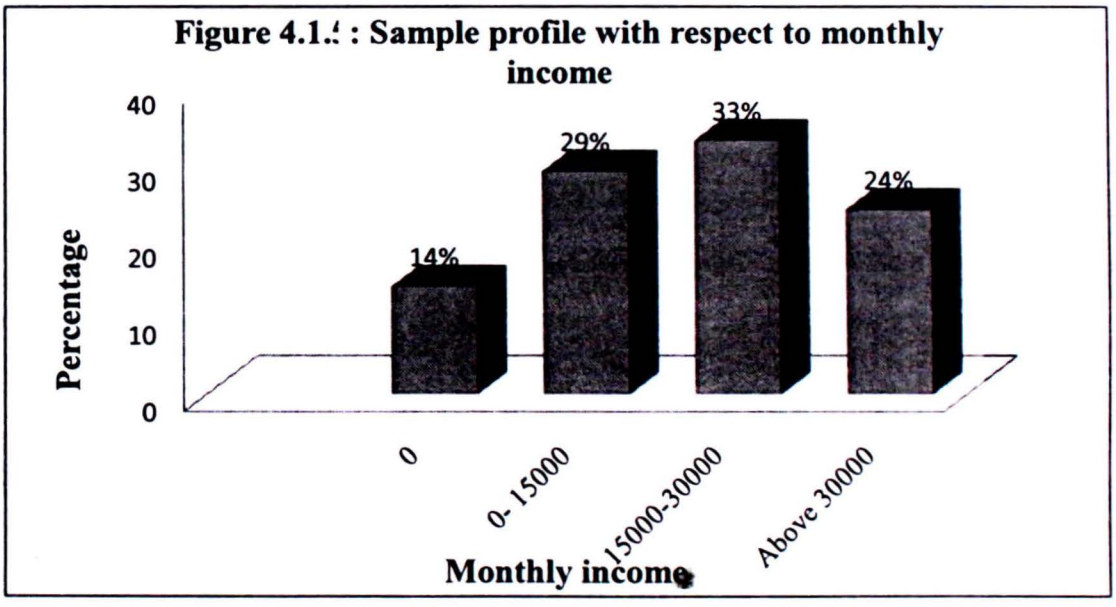


Table and figure 4.1.5 is indicating that 33% of the respondents belongs to the monthly income bracket of Rs.15000/- - Rs.30000/- followed by 29% of Rs.0-Rs.15000/.The least e-banking respondents are 14% in the bracket of nil income. It can be said from above analysis that respondents belonging to all income groups are availing the e-banking services.

4.2 Awareness with respect to e-banking services

This section of the chapter deals with the awareness of respondents in respect to various e-banking services provided by the bank, availed by the customers, and sources of information about e-banking services.

Table 4.2.1 Types of bank account respondents are having

Bank account	Frequency	Percentage
Saving	29	29
Saving + Fixed	15	15
Saving + Recurring	20	20
Saving + Other	14	14
Saving + Fixed + Others	8	8
Saving + Recurring + Fixed	10	10
Saving + Recurring + Others	3	3
Saving + Recurring + Fixed + Others	1	1
Total	**100**	**100**

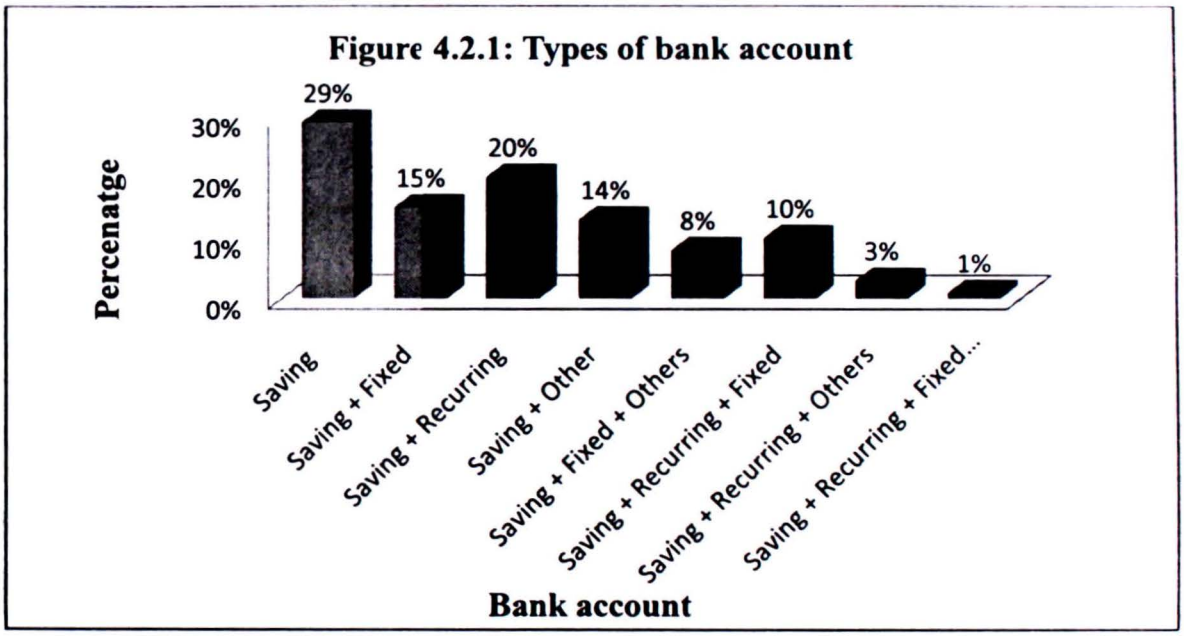


Table and figure 4.2.1 shows that 29% of the respondents have the saving account followed by the 20% saving and recurring accounts whereas only 1% respondents have all type of accounts in bank. It reveals that savings account is the most utilized type of account as it is clubbed with most of the other accounts.

Table 4.2.2: Awareness of respondents about all the services provided by bank

Awareness about services	Frequency	Percentage
Yes	84	84
No	16	16
Total	**100**	**100**

Figure 4.2.2: Awareness of all services provided by bank

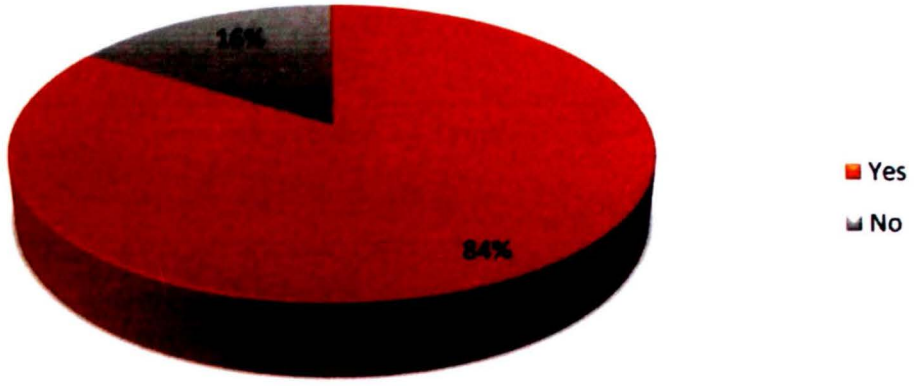


Table and figure 4.2.2 reveals that 84% of the respondents are aware of where as 16% are not aware of all the services provided by the bank. It can be concluded that to some extent it is satisfactory but the bank should strive for making aware of these 14% respondents.

Table 4.2.2.1 Sources of the information regarding the awareness

Sources of information	Frequency	Percentage
Through personal visit to bank	39	22.5
Through text-messaging from bank	35	20.4
Through advertisement in TV/magazine/newspaper	40	23.1
Through friend/relative	36	20.8
Others	23	13.2
Total	**173**	**100**

Figure 4.2.2.1 : Sources of information

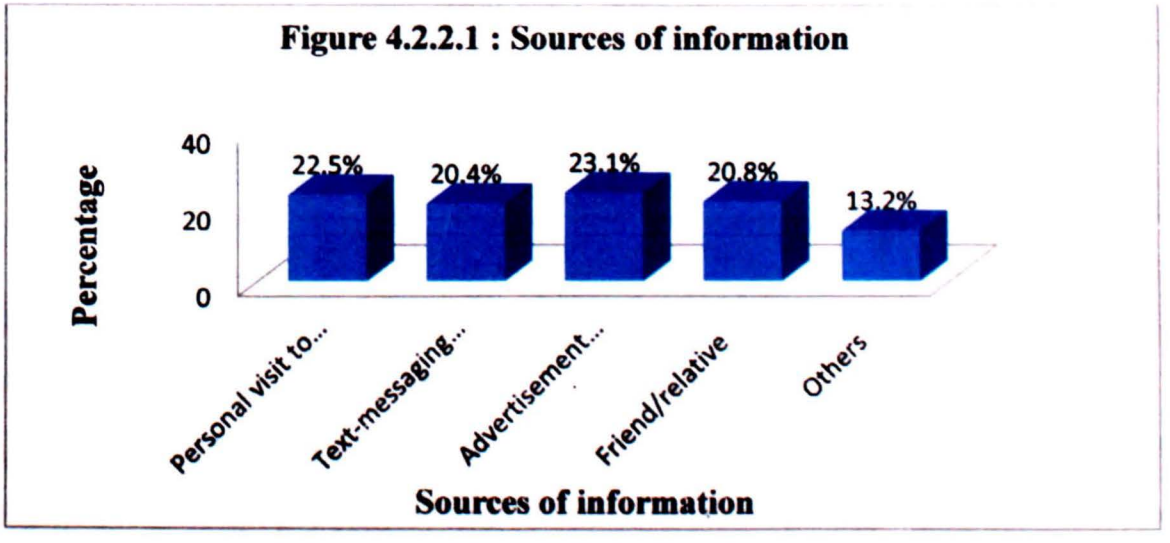


Table and figure 4.2.2.1 depicts that major source of information is advertisement i.e. 23.1% followed by 22.5% through personal visit to banks. A very small percentage i.e. 13.2% is that of information from others sources like a welcome kit provided by banker at the time of opening account etc.

Table 4.2.3: E-banking services are availed by respondents

Services	Frequency	Percentage
Online demand draft	54	10.5
Funds transfer	72	13.9
Online tax payment	49	9.5
Bills payment	59	11.4
Rail/airline/bus reservations	45	8.7
Smart money order	23	4.5
Card to card fund transfer	35	6.7
ATM	90	17.4
Avail DEMAT and IPO services	38	7.6
Generate account statement	51	9.8
Total	**516**	**100**

Figure 4.2.3: Services are currently availed

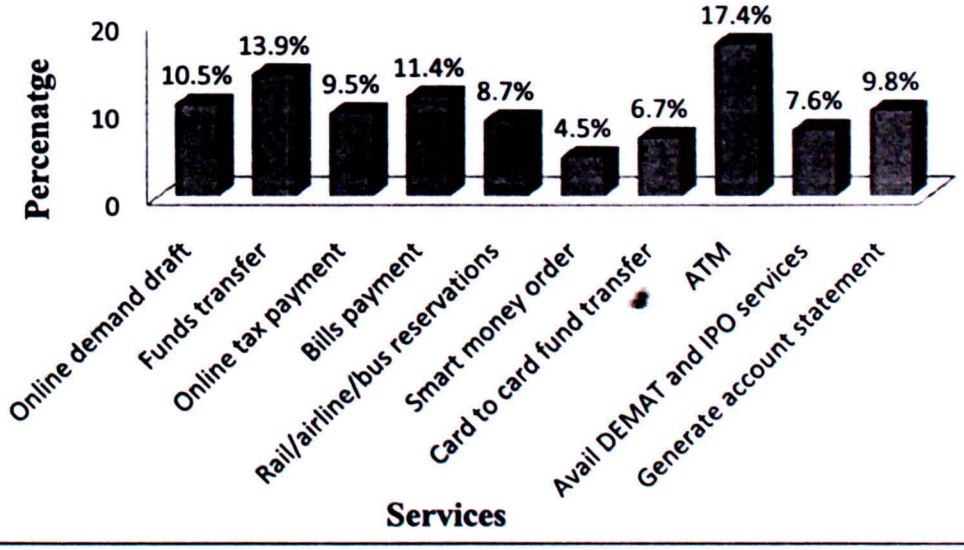


Table and figure 4.2.3 reveals that out of total respondents 17.4% are availing the benefit of ATM service followed by 13.9% funds transfer, 11.4% bill payment, 10.5% online demand draft. The least preferred service is smart money order with 4.5%. Hence, it can be inferred that respondents are availing all the above mentioned services provided by bank.

Table 4.3 Benefits of e-banking services

This section of the chapter deals with the benefits of the e-banking services availed by respondents.

Statement	Mean	S.D.
Payment done by e-banking is generally faster without any delay.	4.25	0.702
E-banking services have no time limit since one use them at any time of the day.	4.29	0.701
There is a high degree of convenience in accessing e-banking services.	3.86	0.865
E-banking services are easier to use than traditional banking.	4.14	0.865
E-banking services are a time saver than traditional banking.	3.93	0.795
E-banking services are generally cheaper.	3.56	0.957
Using e-banking services is more convenient than queuing in bank.	4.03	0.870
Overall mean	**4.01**	**0.822**

Table 4.3 inferred that most preferred benefit of the e-banking is that it has no time limit and it is the most important factor among all factors as it score the highest mean value (M= 4.29, S.D=0.701) followed by e-banking which is generally faster without any delay (M=4.25, S.D=0.702).Time saving (M= 3.93, S.D. =0.765) is normally a benefit for the respondents. E-banking is generally cheaper has score the lowest mean value (M= 3.56, S.D. =0.957).

Overall majority of the respondents are satisfied with the internet banking services with score of (M= 4.01).

Table 4.4 Problem while using e-banking services

The impression of the respondents regarding e-services is presented in table 4.4. The statement in the table 4.4 will provide us an insight of value of e-banking services.

Facing any Problem	Frequency	Percentage
Yes	25	25
No	75	75
Total	**100**	**100**

Figure 4.4: Facing any Problem

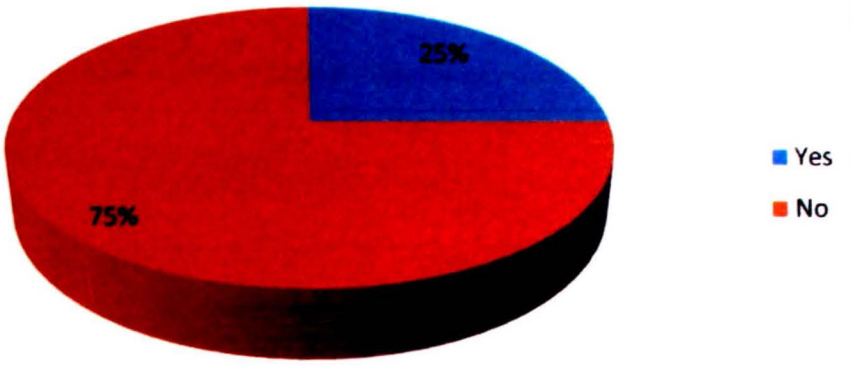


Table and figure 4.4 reveals that 75% respondents do not face any problem while using e-banking services where as 25% said that they face some problems. Hence it can be said majority of respondents do not face any problem in use of e-banking services as most of respondents are educated (Refer Table 4.1.3).

Table 4.4.1: Problems faced by customers while using e-banking services

Statement	**Mean**	**S.D.**
Lack of knowledge regarding the use of computer and internet.	3.79	1.082
Lack of information regarding schemes and services	4.02	1.113
Fear of breach of security	4.06	1.030
Fear of any error while feeding information	3.72	1.057
Complicated to operate.	3.47	0.856
Lack of accessibility of internet at homes or offices.	3.91	1.060
Computer literacy is required.	3.79	0.883
Overall mean	**3.82**	**1.011**

Table 4.4.1 illustrates that most of the respondents face the problem of fear of breach of security (M=4.06, S.D=1.030) followed by lack of information regarding schemes and services with the score of (M=4.02, S.D=1.113).

From the table it is revealed that the average problem faced by respondents is lack of knowledge regarding the use of computer or internet (M=3.79, S.D=1.082) and e-banking is

complicated to operate (M=3.47, S.D=0.856) problem occurs very rarely among respondents while they use e-banking services.

Thus, it can be said that respondents who are not educated are facing problems like fear of breach of security and lack of information regarding schemes & services.

Chapter-5
SUMMARY AND CONCLUSIONS

SUMMARY AND CONCLUSIONS

In the present chapter, on the basis of analysis and interpretation important findings, conclusion and suggestions are discussed below:

5.1 Findings

1. The e-banking is mostly availed by respondents who are highly educated, private employees, monthly income between Rs. 15000-30000 and belonging to the age group of 21-40 years.
2. Saving accounts are more preferred bank account by the customers.
3. It was found that most of the awareness is through personal visit to bank and advertisement.
4. ATM is most popular service among the respondents' which is concluding from the analysis.
5. Overall majority of the respondents are satisfied with the internet banking services with score of (M= 4.01).
6. It was found that about 25% of the respondents do not face any problems in availing services of bank but rest of the respondents' faced due to the lower level of educational qualification.

5.2 Conclusion:

Overall, e-banking is found beneficial and respondents are using it for various purposes. It is concluded that e-banking is very popular in younger age group. Educated and younger people are deriving the most of the benefit of e-banking. Maximum numbers of people are aware of services through various sources of information. ATM and fund transfer services providing the maximum benefits to the customers. Certain problem with some of customers face is due to lack of knowledge of computer and internet.

5.3 Suggestions:

On the basis of above analysis, the following suggestions have been proposed to the banking sector for improving the e-banking services perceptions of customers.

1. The bank should find some reliable and effective sources of information, so that awareness level of e-banking services may be increased.

2. The bank should collaborate with Internet Company to deal with solutions related to problems like breach of security and error in entering information etc.
3. The perception of the customers towards e-banking services can be changed by conducting awareness programme. The bank should be very concern about the requirement of awareness to the customers by organizing seminars etc.
4. The bank should make provision for running information sessions by practically giving demonstration to the customers while extending them the e-banking services.

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ABSTRACT

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Department of Business Management

Title of Project	:	**A Study on Customers Perception towards E- banking Services in Solan Town**
Name of the Student	:	**Manish Sharma**
Admission Number	:	**H-2013-MBA-15**
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Specialialization-II	:	**Marketing**
Degree Awarded	:	**MBA**
Year of Award of Degree	:	**2015**
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ABSTRACT

Now days due to emerging global economy, e-business has increasingly become a necessary component of business strategy and a strong catalyst for economic development. E-banking is changing the banking industry, having the major effects on banking relationships. Banking is now no longer confined to the branches where one has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. The purpose of this project is to determine the customer's perception toward the e-banking services. The study was conducted with the objectives to analyze the customers' awareness towards e-banking services, benefits of e-banking services and problems faced by customers' while using e-banking services. A structured questionnaire was prepared for the present study. The main finding of the study clearly shows that different age group of customer and with different occupation have different perception toward the e-banking services. Saving accounts are more preferred bank account by the customers. Overall majority of the respondents are satisfied with the internet banking services. Finally, it is suggested that perception of the customers towards e-banking services can be changed by conducting awareness programme. The bank should collaborate with Internet Company to deal with the problems related to security measures.

Signature of Advisor
Mrs. Neena Ghonkrokta

Signature of Student

Countersigned

Professor and Head
Department of Business Management
Dr Y.S. Parmar University of Horticulture and Forestry,
Nauni-173230, Solan (H.P.)

APPENDICES

QUESTIONNAIRE

I am student of **MBA** from **UHF Nauni, Solan**. I am conducting a survey for my project titled **"A study on customer perception toward e-banking services in Solan town"** and require your opinion for the same. I assure you that this data is for educational purposes only and will be kept confidential. Hope you will spare your precious time for filling the questionnaire.

Thanking you

Manish Sharma

1) Name: _____

2) Age:

1) Below 20 ☐ 2) 21-40 ☐

3) 41-60 ☐ 4) Above 60 ☐

3) Gender:

1) Male ☐ 2) Female ☐

4) Educational Qualification:

1) Illiterate ☐ 3) Under matric ☐

3) Matric ☐ 4) Senior Secondary ☐

5) Graduate and above ☐

5) Occupation:

1) Student ☐ 2) Govt. employee ☐

3) Private employee ☐ 4) Others ☐

6) Your salary:

1) Nil ☐ 2) Below 15000 ☐

3) 15000-30000 ☐ 4) Above 30000 ☐

Part A

7) Do you have an account in SBI bank?

1) Yes ☐ 2) No ☐

8) Which type of bank account do you have?

1) Recurring ☐ 2) Saving ☐

3) Fixed ☐ 4) Others ☐

9) Are you aware of the services bank is providing?

1) Yes ☐ 2) No ☐

If yes, what is the source of information for these services?

1) Through personal visit to bank ☐

2) Through tele-messaging from bank ☐

3) Through advertisement in TV/magazine/newspaper ☐

4) Through friend/relative ☐

5) Others ☐

10) Which of the e-banking services are you currently availed?

1) Online Demand Draft ☐ 2) Funds transfer ☐

3) Online tax payment ☐ 4) Bills payment ☐

5) Rail/Airline/bus reservation ☐ 5) Smart money order ☐

6) Card to card fund transfer ☐ 6) ATM ☐

7) Avail DEMAT and IPO services ☐ 8) Generate account statement ☐

Part B 12)

Sr. No.	Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Payment done by e-banking is generally faster without any delay					
2	E-banking services have no time limit since one use them at any time of the day					
3	There is a high degree of convenience in accessing e-banking services.					
4	E-banking services are easier to use than traditional banking.					
5	E-banking services is a time saver than traditional banking.					
6	E-banking services are generally cheaper.					
7	Using e-banking services is more convenient than queuing in bank.					

Part C

13. Do you face any problem in utilizing these services?

1) Yes ☐ 2) No ☐

If yes, then to what extent you are agree with your following statement of e-banking services

Sr. No.	Statement	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly disagree
1	Lack of knowledge regarding the use of computer and internet					
2	Lack of regarding information schemes and services.					
3	Fear of breach of security.					
4	Fear of any error while feeding information.					
5	Complicated to operate.					
6	Lack of accessibility of internet at home or offices					
7	Computer literacy is required.					

VITAE

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EDUCATION

- M.B.A (Finance and Marketing) from Dr.Y.S. Parmar University of Horticulture and Forestry, Nauni, Solan in 2015.
- Bachelor of Business Administration (BBA) from SCVB Govt. Degree College Palampur with 64.9%.
- 12th from Gurukul Sr. Sec. School Dharamshala (HPBSE) in 2009 with 77%.
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INTERNSHIP PROJECTS

- Undergone an Internship programme for the period of 4 weeks from June 2014 to July 2014 in The Palampur Co-operative Tea Factory Limited, Palampur, HP.
- Undergone an Internship programme for the period of 4 weeks from May 2012 to June 2012 in ICICI Prudential Life Insurance Palampur, HP.
- Research Project pursued at MBA level: **"A Study on Customer perception toward E-Banking Services in Solan town(H.P.)"**

HOBBIES & INTERESTS

- Reading
- Photography

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