

RESEARCH PROJECT REPORT
“USERS PREFERENCE TOWARDS E-BANKING
SERVICES IN INDIA”

FOR THE PARTIAL FULFILMENT OF THE REQUIREMENT OF
MASTERS IN BUSINESS ADMINISTRATION (FM)

UNDER THE GUIDANCE OF:

DR. NUPUR MISHRA

SUBMITTED BY

ETI SRIVASTAVA

18032020075

MBA 2018-2020



SCHOOL OF FINANCE AND COMMERCE

GALGOTIAS UNIVERSITY

ACKNOWLEDGMENT

This study is an important part of our MBA program and to do this project in a short period was a heavy task. Intention, dedication, concentration and hard work are very much essential to complete any task.

I bear to imprint of my people who have given me their precious ideas and times to enable me to complete the research and the project report. I want to thank them for their continuous support at my research and writing efforts.

I thankfully acknowledge the pride of having completed this project under the dynamic benevolent and valuable guidance of my mentor DR. NUPUR MISHRA. Her instructive support and encouragement have helped me to present this project in a better way.

DECLARATION

I, ETI SRIVASTAVA Roll no. 18GSFC2020010 student of School Of Finance and commerce, Galgotias University, hereby declare that the project report on “USERS PREFERENCE TOWARDS E-BANKING SERVICES IN INDIA” is an original and authenticated work done by me.

I further declare that it has not been submitted elsewhere by any other person in any of the institutes for the award of any degree or diploma.

Name and Signature of the student:

ETI SRIVASTAVA

CERTIFICATE

This is to certify that the report titled “USERS PREFERENCE TOWARDS E-BANKING SERVICES IN INDIA” has been prepared by ETI SRIVASTAVA under my supervision and guidance. The project report is submitted towards the partial fulfilment of 2 year, Full time MBA (FM).

Name and Signature of Faculty:

DR.NUPUR MISHRA

TABLE OF CONTENT

S.NO	PARTICULARS	PAGE NO.
1	INTRODUCTION	6-7
2	BACKGROUND	8
3	OBJECTIVE OF THE STUDY	9
4	ONLINE BANKING IN DETAIL	10-17
5	CONCEPTUAL FRAMEWORK	18-20
6	DATA INTERPRETATION	21-39
7	FINDINGS	40
8	LIMITATION AND CONCLUSION	41-42
9	QUESTIONNAIRE	43-47
10	BIBLIOGRAPHY	48

INTRODUCTION

Introduction

Online Banking

Online banking or e- banking means that connection of bank and the customer without personal or human interaction through website of the bank or we can say the online portal of the bank. In internet banking, banks hold centralized web enabled database. Various services that bank wishes to provide are listed in the menu of the website. Any services are often chosen and further interaction is speak out by the character of the services they provided. Talking about the medium of the delivery, it includes direct dialup connections, networks which includes both private and public etc. As we all know within the present scenario everyone has mobile phones and laptops and other gadgets through which they need access to internet and this help them making the use of online banking easier. All it takes is to have knowledge and faith on online banking.

Background of Online Banking

E-banking is often briefly explained as delivery of all the banking services to customers through electronic and interactive channel automatically. Online banking involves those systems which help individuals, businesses, financial institutions to access accounts, helps in online transaction or obtain information about the products and services which are financial in nature and those are provided by the bank. The concept of online banking was first started in 1970s, after that in 1985 some other banks started offering online banking. But due to the less number of internet users and cost attached to it, the growth of online banking slowed down, but in 1990s due to increase in the usage of internet it made people use online banking often and helps them to access it with much ease and with the much lesser cost. In 2001, Bank of America became the first bank to have 3 million online banking users which was approximately 20% of its customers. As the technology evolved, which helps in increasing the number of customers using online banking.

Objective of the study

The major objectives of this study are:-

- To know the idea of internet banking.
- To study the importance, functions, pros and cons of online banking.
- To understand the guidelines, rules and regulations provided by Reserve Bank of India.
- To examine the trend of online banking with the help of primary data.
- To highlight the security problem related to online banking.
- To know the present scenario which is going on the e-banking sectors which are mainly concerned with the activities or services provided by online banking like credit and debit cards, ATM, mobile banking, fund transfer, and other services.

ONLINE BANKING IN DETAIL

Definition

- Online banking refers to the system of payment electronically that allows the customers or users of financial organization to manage the transactions which are financial in nature through the internet sites which are run by the financial institution, like retail bank, virtual bank, credit union etc. Online banking is also referred or known by the other terms such as additionally referred as internet banking, e-banking, virtual banking.
- Online banking or E-banking is generally refers to the term by which shows the method through which a customer or a user can access to the banking transaction electronically without going to the banking institutions.
- It refers to the technique of doing or creating banking transactions or helps in paying the bills for the users online. All this is possible because of the technology, mainly the internet, which enables the users to perform activities like buying, communication or to do their banking activities.

Features of online banking

A bank customer can perform non-transactional tasks through online banking, including:

- They can know their account balances Or helps in knowing their recent transactions
- Helps them in knowing their bank statements, for ex- like in the form of Pdf.
- Shows images of cheques which are already paid.
- It shows their periodic account statements.
- Applications like M-banking, E-banking etc. can be download.

Bank customers can transact banking tasks through online banking, including:

- Fund transfer between the two accounts which are linked with each other.
- Helps in paying money to third parties,which includes bill payments (see, e.g., BPAY) and third party fund transfer (see, e.g., FAST)
- Purchase of investment or sale of loan applications and transactions, like repayments of enrolments.
- Applications related to credit card.
- Doing bill payments and helps in registering the utility billers.
- Transaction approval.

Advantages of Online banking

Some advantages of online banking are-

- **24/7 Account and Service Access**

You can access online banking 24*7 if you have a proper internet connection. Also some online banks take these to one step ahead, which gives you the access 24*7 with the help of your mobile phone that is to a customer or service agent which can be helpful if you don't have access to the network, Or it can be used when you feel like to take a help of a person mind instead of taking a help of the computer language.

- **Speed and Efficiency**

As we know when we go to any bank for work like transferring the money, or wheter to apply for a new credit or debit card or for any banking transactions you have to wait in the line which take a lots of time. Online banking helps in reducing this time by providing you all these services to you through the internet which is often called as e-banking, once you access to your bank account you can perform activities like transferring the money, request for issuing the new debit or credit card, or any other banking transactions which helpsin saving your time and money also.

- **Online Bill Payment**

One of the best advantage of having an online banking is that one can easily pay their bills instead of writing the checks Or filling the forms which usually take time and efforts too. It can be done by just a simple click once you login into your bank account online.

- **Low Overhead Can Mean Low Fees**

As all the activities are done through the medium of internet online there are no such expenses like paying rent of the office, electricity bills, janitorial services etc. which an online bank has to pay and these money which are saved can be added Or can be given as a loan to the customers or can be given to them as the savings. It also shows that the system of online banking charge lesser fees as compared to the traditional banking. For example there are many banks which provides bank account whith zero deposit, and also there are many banks which provides services like free checking and no minimum balance, if you are concerned about applying for an account with bad credit, you would possibly be ready to open a checking account online for free of charge with no credit check required, but there can be ongoing charges.

- **Low Overhead Can Yield High Rates**

By offering or charging low fees it can be said that the online banking system can also offer you the best interest rate In case

one is looking for the money market instrument like COD's, or a deposit account which gives the high interest or a bank account which gives the high return. As it is known that rates changes time to time, and by having a look at the present best CD rates or by looking at the good rates of free online checking account rates then it can easily be said that online banks are the ones who are paying the best interest rates.

Disadvantages of Online banking

- **Technology Issues**

Online banking purely depends on the internet connection of the users or customers. If there is no proper connection Or when there is the problem of server Or if there is a power cut you might face problem in accessing to your online bank account. There are some banks which provides customer care number service for their customers it would be an overcome when there is a problem of online access to your bank account. In case of traditional method of banking, there will always be someone to give suggestion to your problem.

- **Security Issues**

There are many banks which have good image amongst their customers and which are highly reputed, and in present scenario it becomes hard for the users to feel comfortable with the bank that doesn't have any physical presence, especially when their is much higher amount of money. In case if the

online site of the bank crashes, the money will get stuck and not only this but there are also the higher chances of getting fraud Or theft, because sometimes people with the help of hacks Or by the way of stealing the password can easily access to your bank account online.

- **Inefficient at Complex Transactions**

Sometimes if one has to do the higher amount of transactions in the world which can be more complex if they do it through online but it can be easier with the traditional method of banking. There are some business oriented banks for example like Chase which have the access to do the complex transactions globally, like they can send the payment to 35 different currencies worldwide. There are many services like notary service which can only be possible when you visit the bank personally and moreover this can only be possible with the real world presence.

- **No Relationship with Personal Banker**

If you go in the branch of any bank regularly it helps you in developing the good relationship with a private banker over time. If on one hand you are handling the internet banking and on the other side, you are giving your access to some customer service agent which is not able to understand you. If you don't know much about these and you are having a good relationship with the person who can help you and know about you this can

give you a major advantage as compared to the strict relationship in online banking.

- **Inconvenient to Make Deposits**

It might seem counterintuitive that a bank, whose purpose is to draw in assets, makes it hard for patrons to form deposits, but which will be true within the case of some online banks. Over an online banking, you can't simply drop off cash or a check at a local branch. In fact, some online banks, like Ally Bank, won't accept cash deposits in the least. Using Ally Bank as an example, to make a deposit you'll have to mail a check, transfer money from another bank or another account, or use the bank's e-check deposit service

CONCEPTUAL FRAMEWORK

CONCEPTUAL FRAMEWORK

With the passage of time the internet has played a major role in changing the life style of the people. With the help of internet there has been a lot of changes in the living of people like whatever they need they can find that by just sitting at their place and with making much efforts this is one of the advantage of having an internet. As in today's time from home accessories to lots of products, services, brands, gaming, in case you need any consultant Or for doing business all can be done with the help of internet. This can only be done by just searching out the things you want and you will easily find the results. The same is with the internet banking because in today's time almost all the banks in the world starts providing internet facility which includes lots of activities like from providing the facility of doing day to day transactions to open a new account, or issuing a new debit or credit cards, helps in paying and getting the loans from the banks and it also provides the facilities of doing online shopping. Their are some banks which also provides the facilities of withdrawal of their cash from their bank accounts online so that they can pay their bills online. Now this can be called as the evolution in the banking sector because internet banking is the best method for reducing the time and helps in saving much efforts. By using the online banking, one can feel much more safe and in few time you can easily do your monetary transactions and you don't need to go to the bank again and again. What you have to do all is to just to access to your bank account through their site and you will be able to do your all transactions completely like you can get to

know the many offers which are provided by the banks because in now-a-days bank provides so many offers to their customers who uses their online website as compared to the people who don't use that. Sometimes the problem of transactions failure comes so one has to go the bank to solve that but in online banking the chances of facing this problem is quite low and this can be the best method for them to do their monetary transactions at that time. There are so many international banks currently operating for example like RBS, Barclays, Standard Chartered etc. which provides the access to their customers to login from their offices, homes or even from the other countries as well and they also provides the facility of opening a new account. Once you have a access to your internet banking it will helps you in saving your time to go to the bank everytime and it also helps you in saving your travelling expenses.

CHAPTER-4
DATA COLLECTION, INTERPRETATION AND PRESENTATION

Database and Research methodology

Data collection –

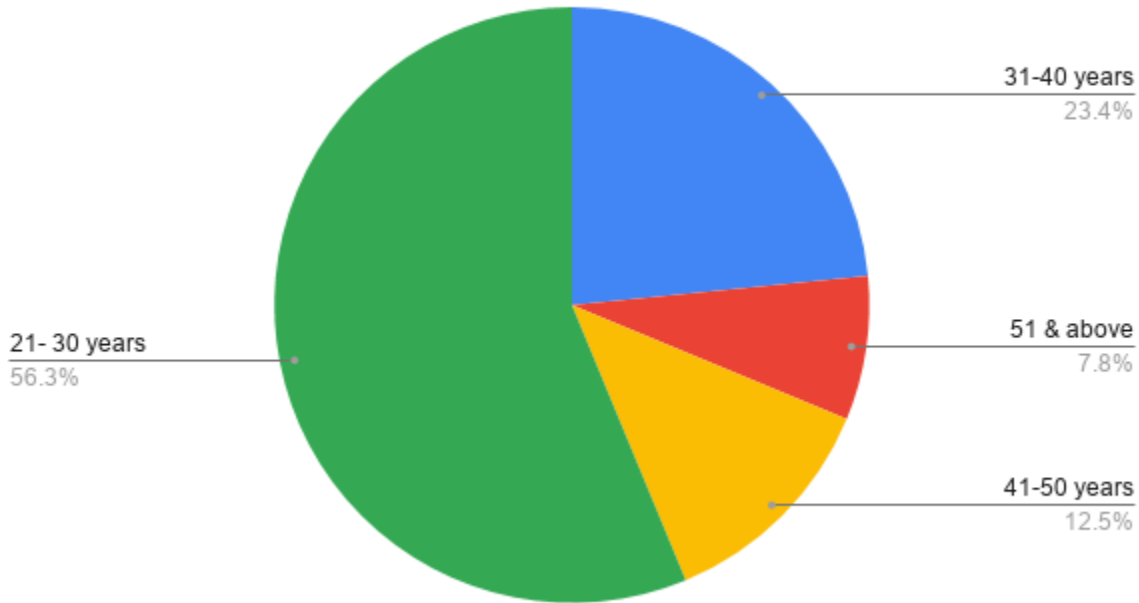
Data that is collected is primary data. The data has been collected through Google forms as we are in the midst of a Pandemic and it was not able to interact personally with the people.

Sampling methodology-

The response has been collected from around 64 people having different perception and choices about internet banking. These include individuals, businesses government employee, private employees, students and self employed people living in Delhi NCR.

1. AGE

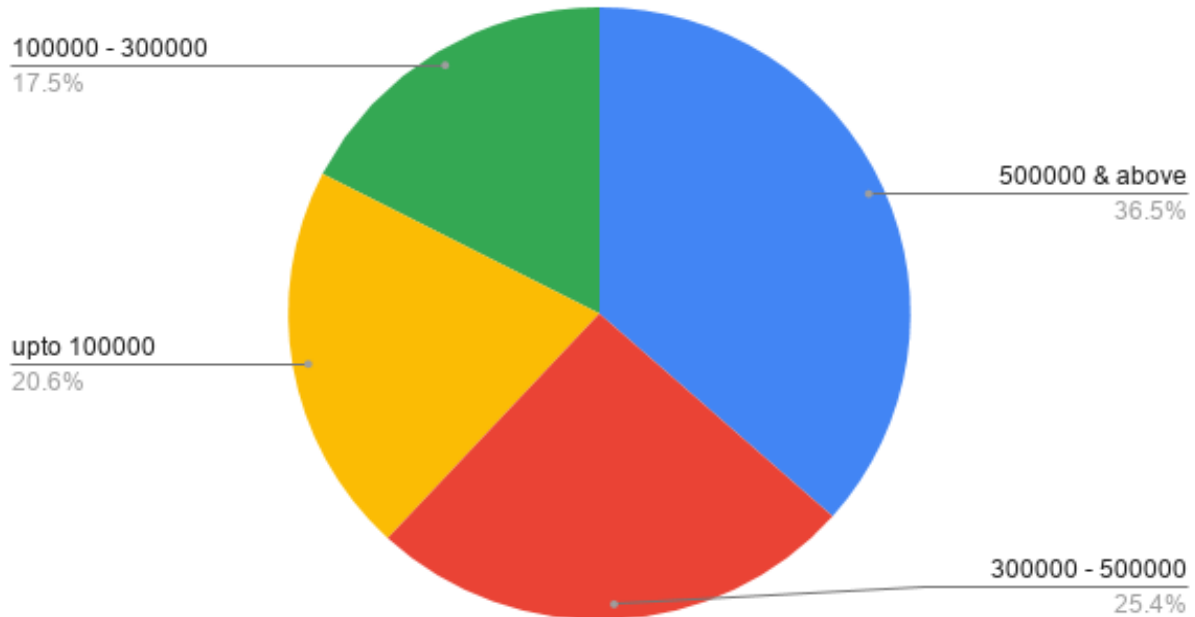
Count of Age



For conducting this study, the distribution of the respondents within different age groups has been shown in the above chart. This chart shows that most of the respondents i.e. 56.3% are between age of 21 to 30 years, 23.4% are between 31 to 40 years, 12.5% are between 41 to 50 years and 7.8% are 51 and above

2. ANNUAL INCOME

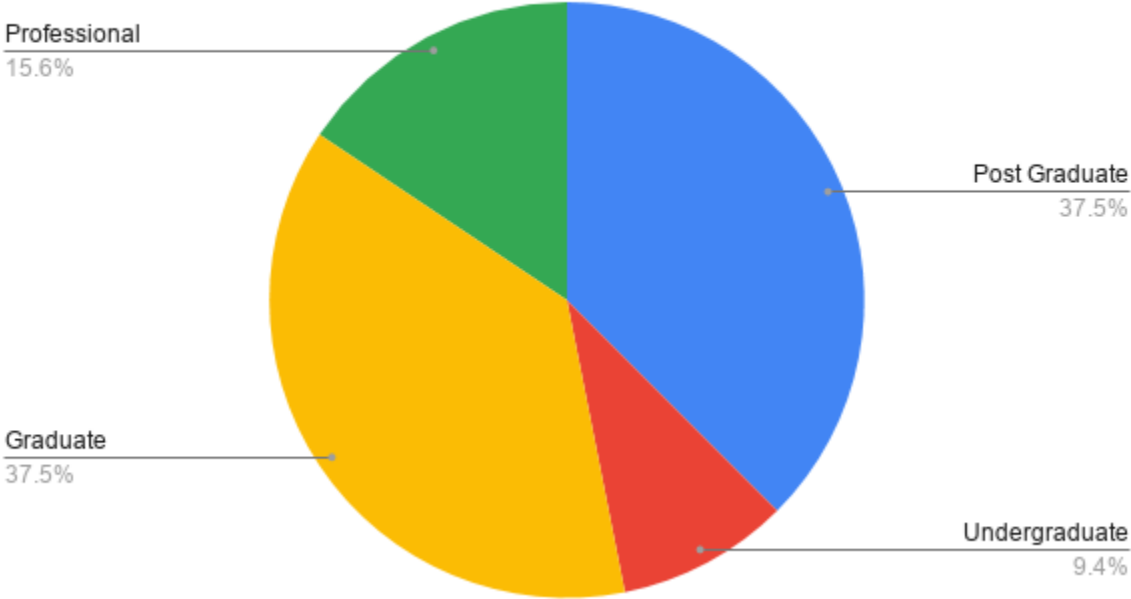
Annual Income



This chart shows that around 36.5% are the people having income above 500000 which is majority and then 25.4% have income between 3 to 5 lacs, 20.6% have income up to 100000 and 17.5% have income between 1 to 3 lacs.

3. QUALIFICATION

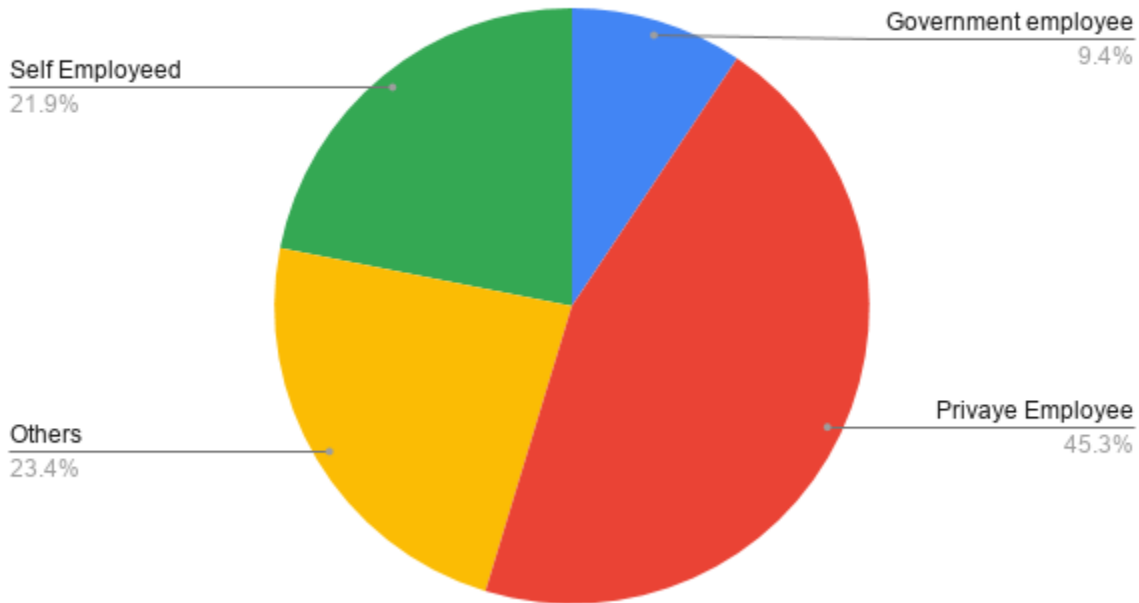
QUALIFICATION



This chart shows that graduate and post graduate respondents are in equal numbers i.e. 37.5%, 15.6% professional respondents are there and 9.4% respondents are undergraduate.

4. OCCUPATION

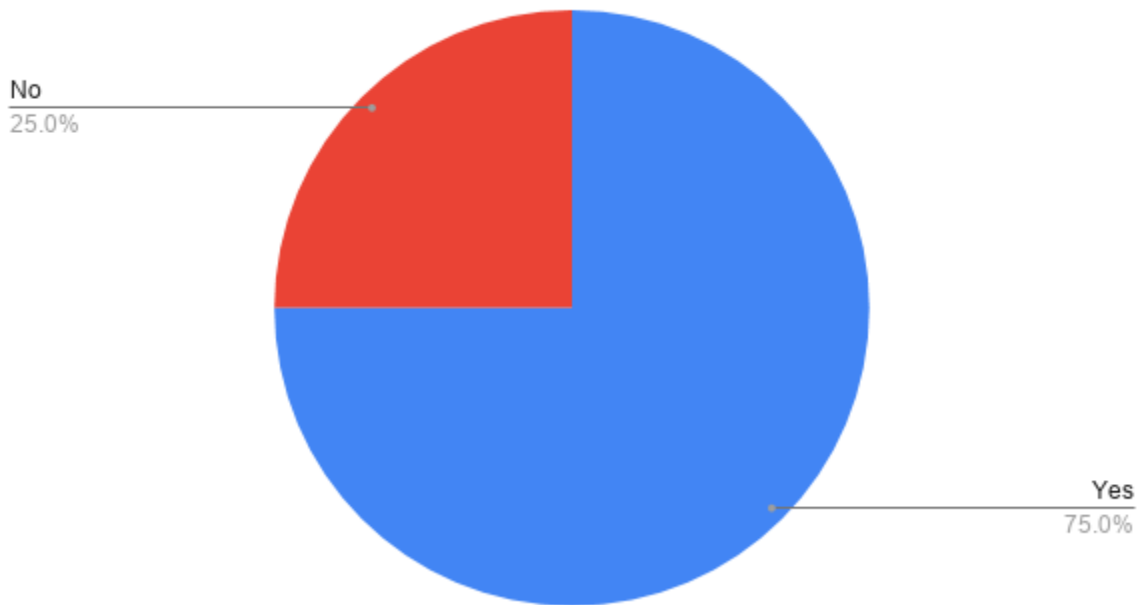
OCCUPATION



This chart shows that 45.3% are private employees which hold majority of the respondents, people with other activities are 23.4%. Self employed hold 21.9% and there are few government employees i.e. 9.4%.

5. USE OF E-BANKING

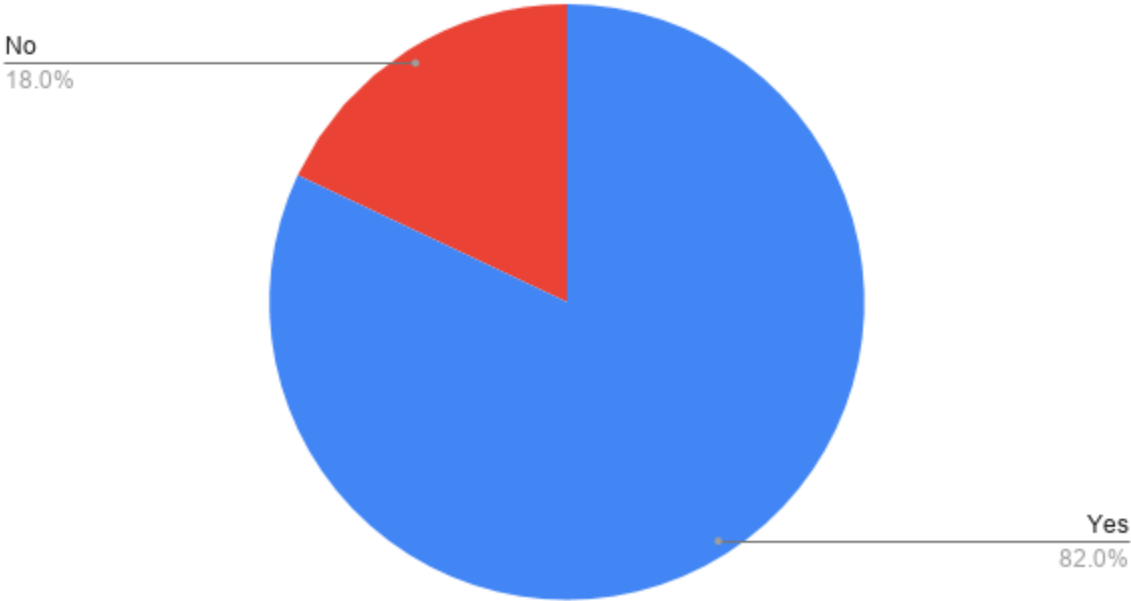
USE OF E-BANKING



When people were asked about whether they use e-banking or not, 25% said “no” and 75% said “yes” which means majority of people prefer online banking.

6. KNOWLEDGE OF E-BANKING

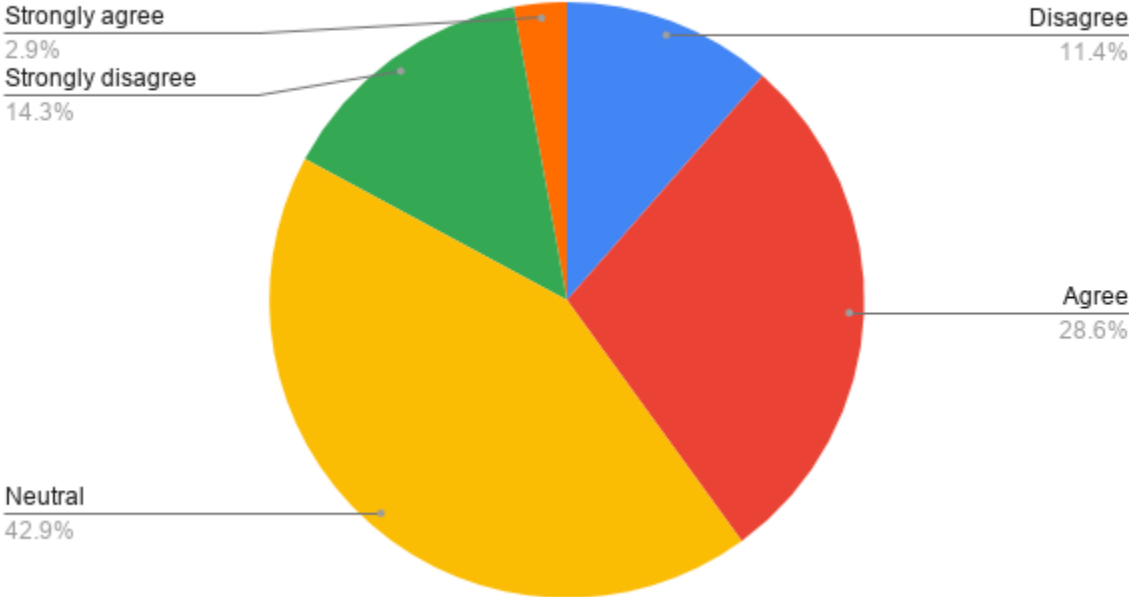
KNOWLEDGE OF E-BANKING



This chart shows that there are 82% of people who knew about e-banking and 18% who didn't while they opened their account but still number of people using it quite less.

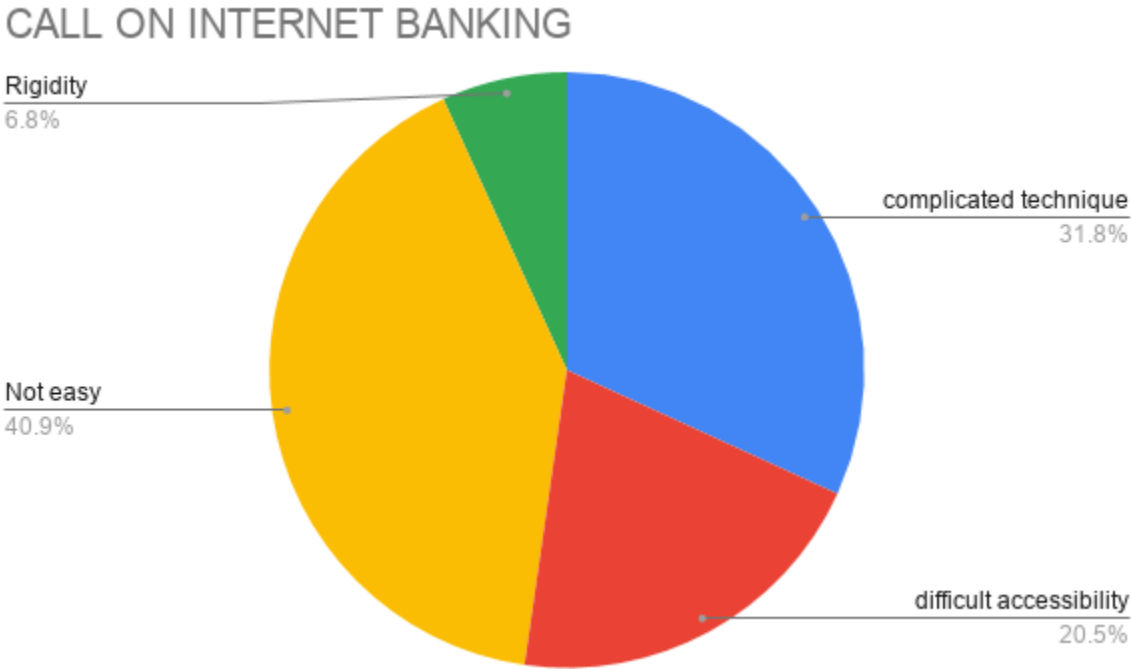
7. MANUAL BANKING IS CONVENIENT

CALL ON MANUAL BANKING



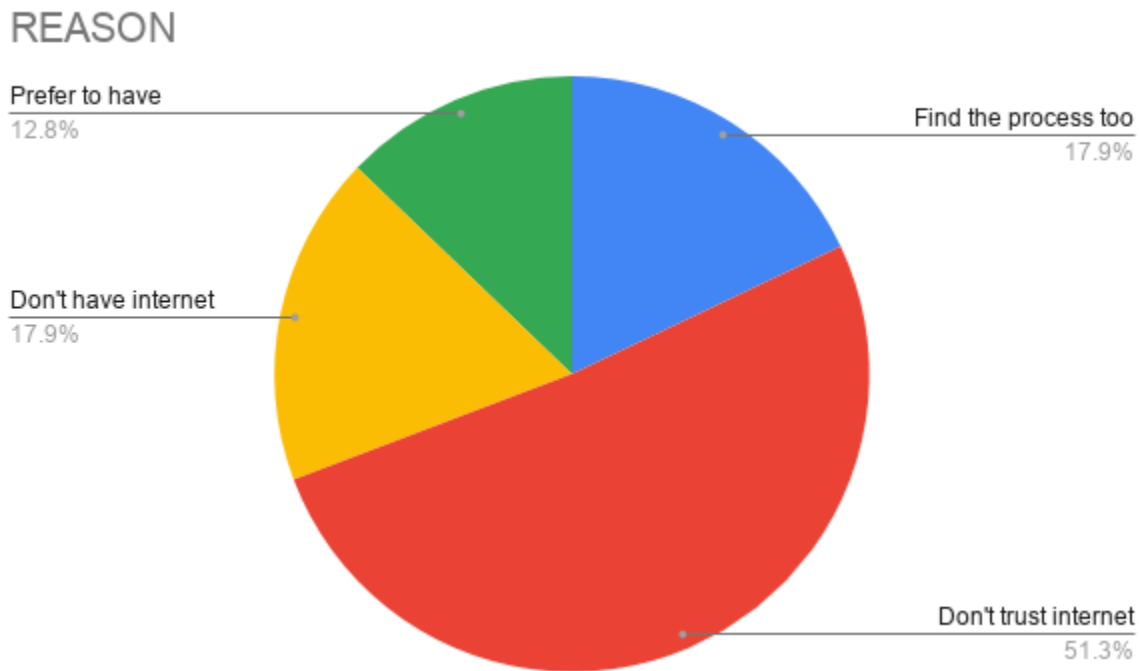
This chart shows that there are different choices of people whether manual banking is convenient or not and from this we come to know that most of the people are neutral about it.

8. PERCEPTION OF PEOPLE ABOUT ONLINE BANKING



This chart shows that 40.9% of people think that using e-banking is not difficult. 31.8% people think that the process of using it is complicated and it is inaccessible for 20.5% of people due to unavoidable reasons such as lack of smart phone or internet connection.

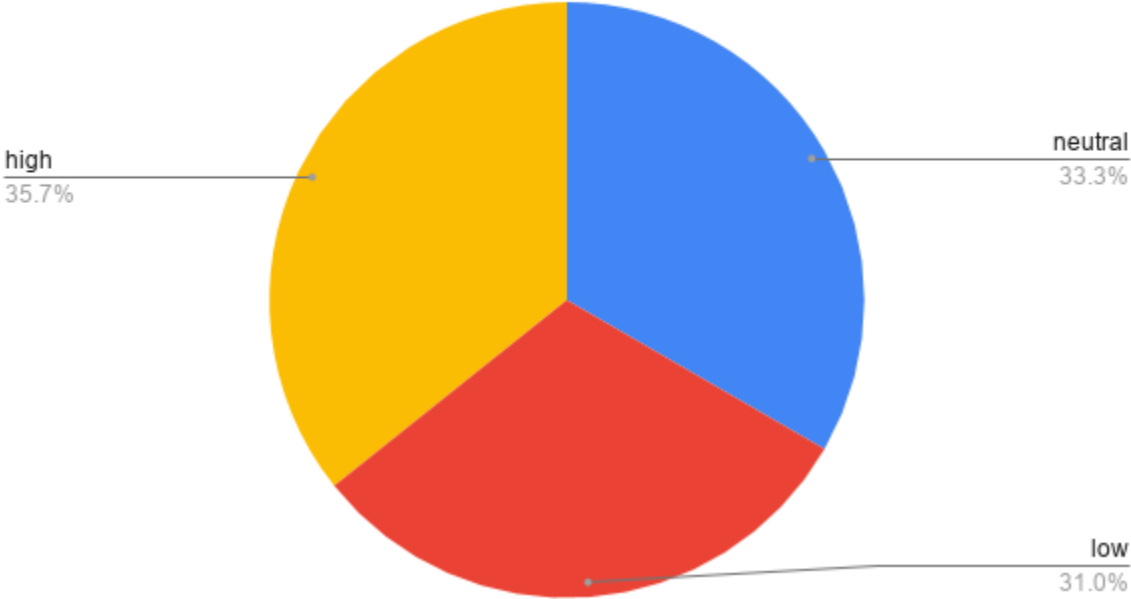
9. REASON FOR NOT USING E-BANKING



This chart shows that the important reason of not using internet banking is the trust issue that they have because we have seen the cases where money is debited from an unknown source or fraudulent people and therefore 51% don't use e-banking while others have different opinions of their own.

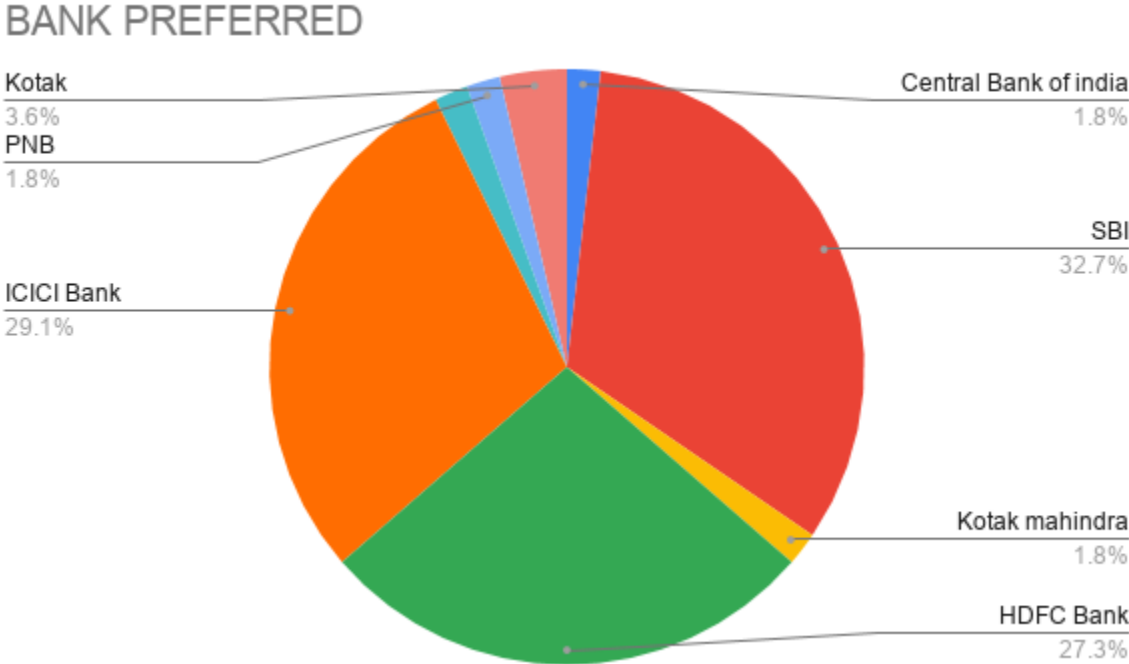
10. DEGREE OF CONFIDENCE IN E-BANKING

CONFIDENCE



This chart shows that 35.7% of people have high degree of confidence in e-banking and 31% people have low confidence in e-banking while 33.3% don't have an exact answer to it.

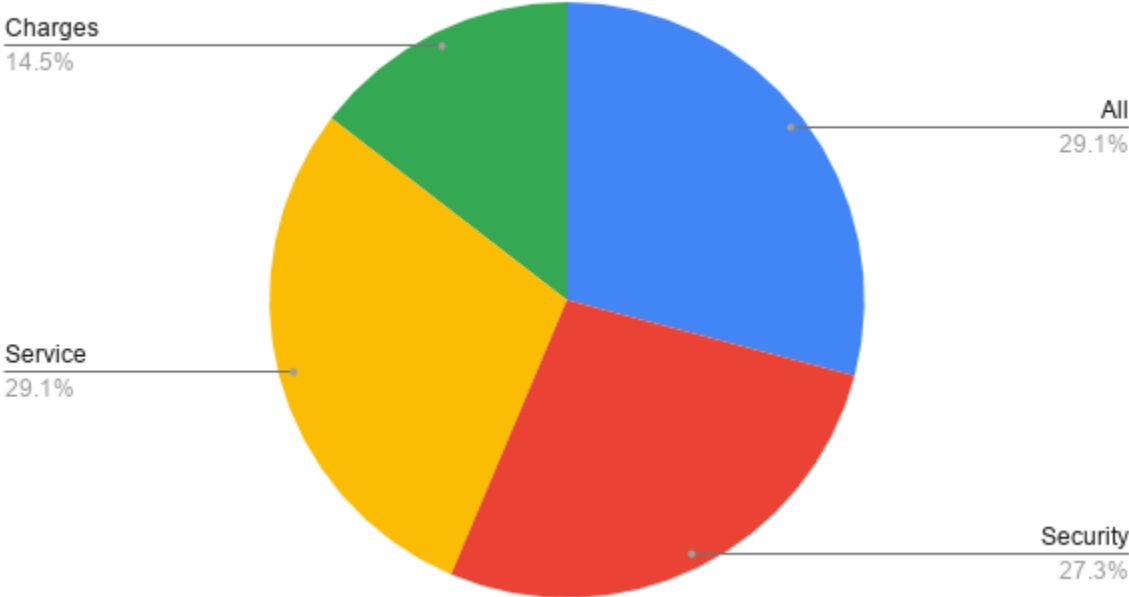
11. IF THEY USE E-BANKING THEN BANKS PREFERRED BY THEM



This chart shows that majority of people have their account in STATE BANK OF INDIA i.e. 32.7% while HDFC & ICICI are preferred by 27.3% and 29.1% people respectively and remaining respondents have other preferences.

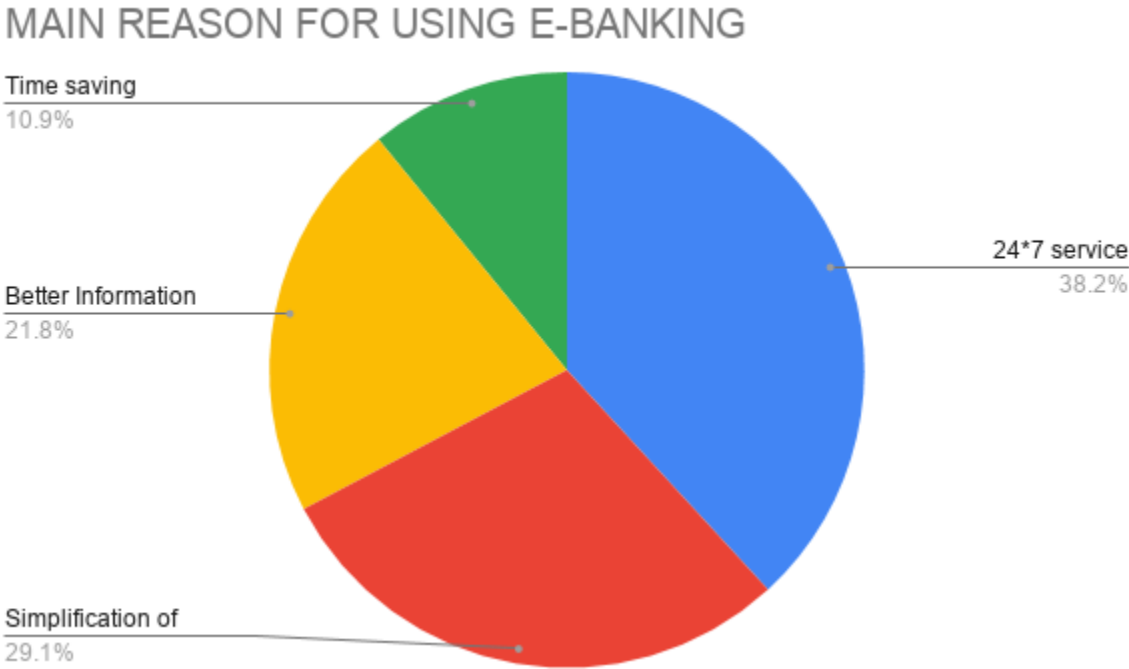
12. WHY THIS BANK?

REASON FOR PREFERENCE



This chart shows that 29% people prefer their bank because of its services and 29% for all the reasons while 27.3% people use because they feel secure and 14.5% think as they are charged appropriately.

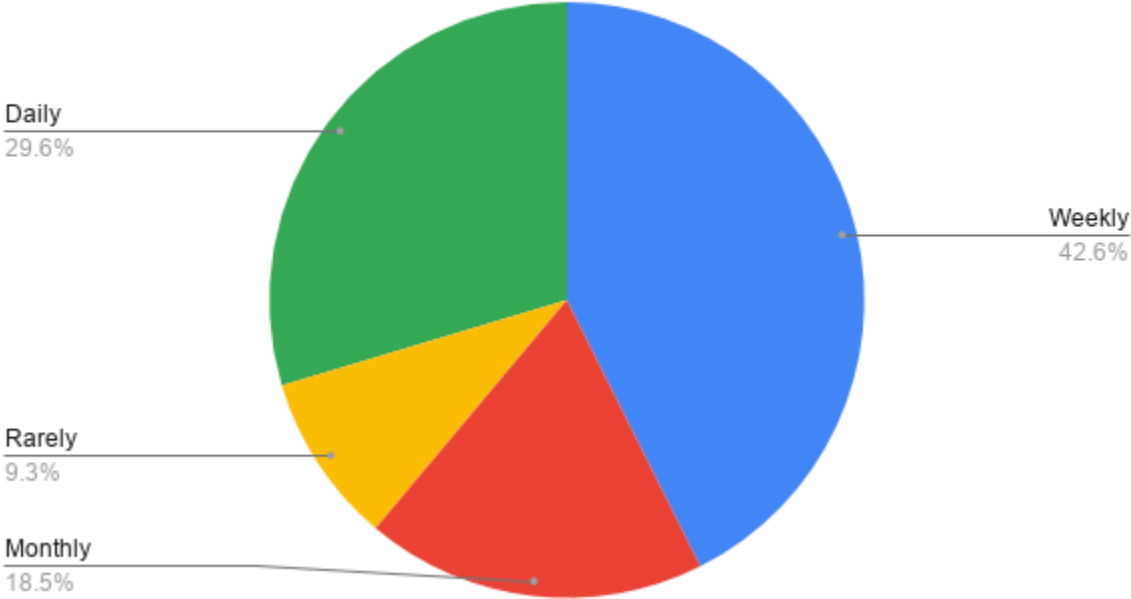
13. MAIN REASON FOR USING E-BANKING



This chart shows that main reason of using e-banking for 38.2% people is that this service is available 24*7, 29.1% people think that process is simple, 21.8% people think that it provides better information anytime required and 10.9% people think of it as time saving.

14. FREQUENCY OF TRANSACTIONS

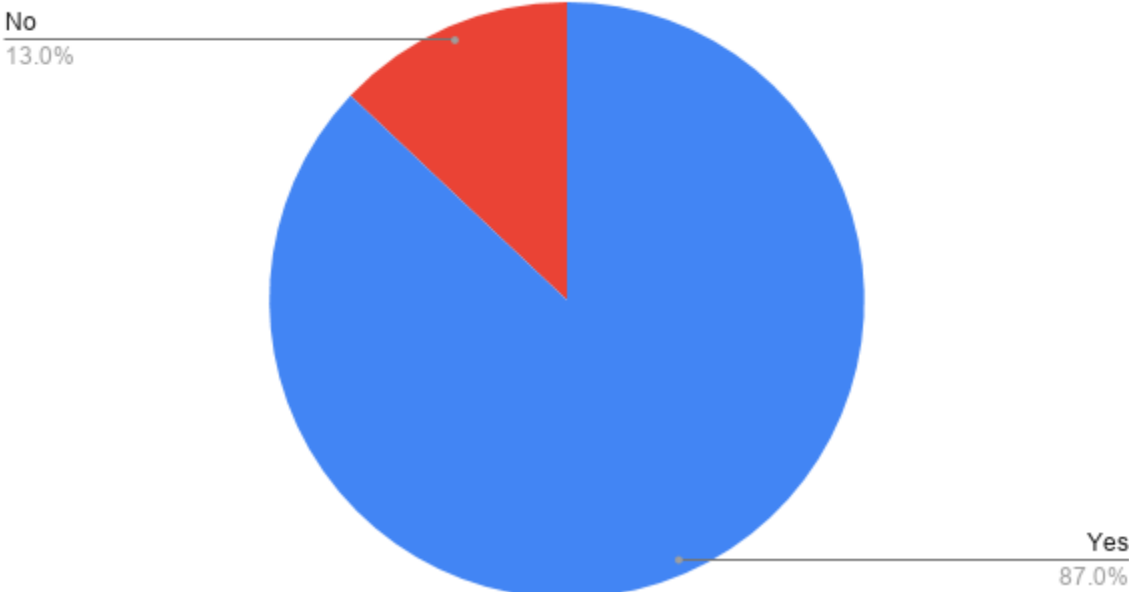
FREQUENCY OF TRANSACTIONS



This chart shows that how frequent users use e-banking and we can see that 42.6% people use it weekly, 29.6% people use it daily, 18.5% monthly and 9.3% use it very less.

15. ARE THEY SATISFIED WITH E-BANKING?

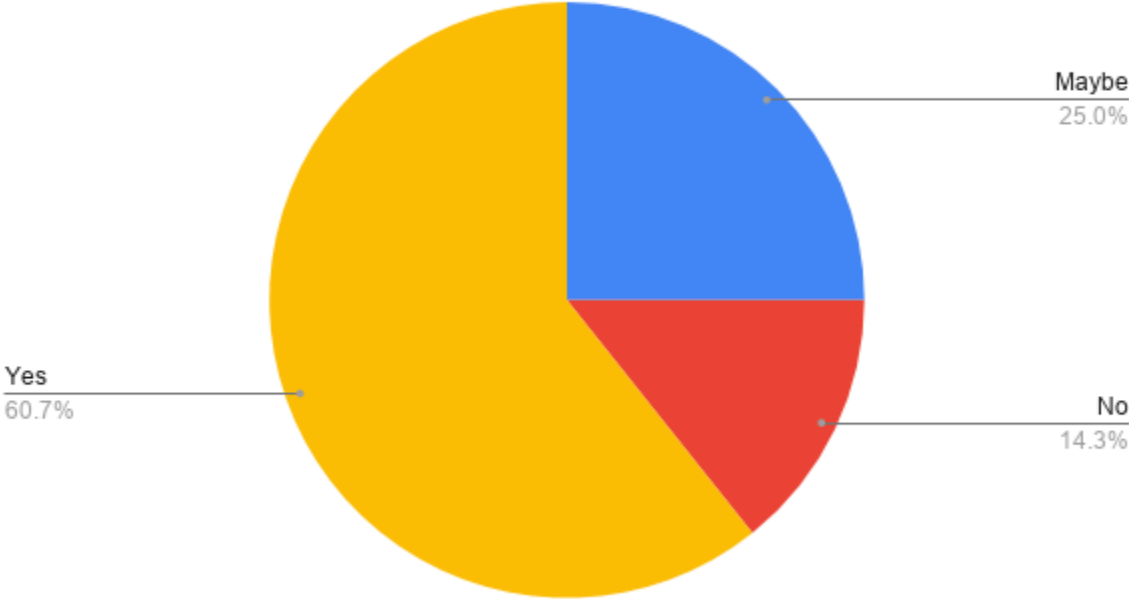
SATISFACTION



This chart shows that 87% people are satisfied with the use of e-banking while 13% people still think that there should be improvement in the process of e-banking.

16. IS HUMAN INTERACTION IMPORTANT?

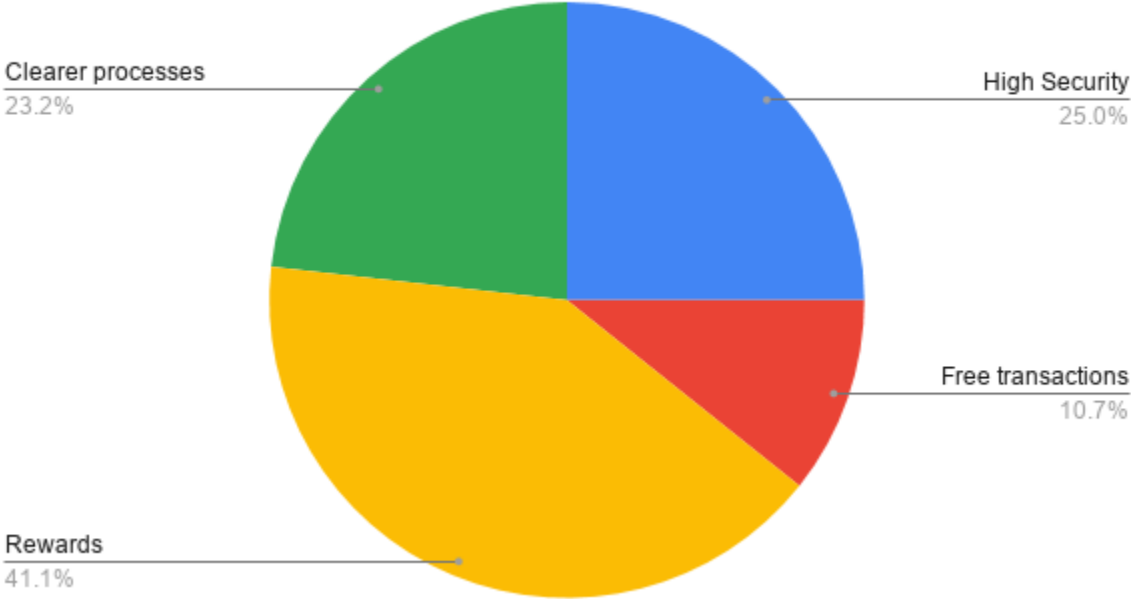
REQUIREMENT OF HUMAN INTERACTION



This chart shows that 60.7% of the respondents think that human interaction with banks is important and 14.3% people think that it is not necessary while 25% people are not sure about this. It shows that despite using e-banking, people would like to connect personally to the bank.

17. FACTORS THAT ENCOURAGE TO US E-BANKING

ENCOURAGING FACTORS



This chart shows that what factors or benefits can encourage people to use online banking. 41.1% people prefer rewards, 25% people prefer high security, 23.3% people want clearer processes and 10.7% people will be encouraged by free transactions.

FINDINGS

- In this study we found that out of 64 respondents, 75% people uses online banking
- Many people avoid using online banking because they have trust issues.
- 18% of the sample population was not aware of e-banking while opening their account.
- Most people using online banking use it because service is available 24*7.
- Some people are of the opinion that human interaction is important in banking.
- Majority of population is satisfied with online banking.
- Online banking can be encouraged in people by giving perks especially rewards.

Limitations of the study

- Proper inferences couldn't be drawn as there were only 60 respondents
- Modern statistical tools have not been used.
- Responses are only from Delhi NCR.
- This study is completely based on the prevailing respondents' satisfaction. But there are some factors like time, fashion, need etc. which change the satisfaction level of the respondents.

CONCLUSION

In a country like India, better and customised services are the basic requirements in case of online banking. Banks must be concerned about the attitudes of customer whether customers are accepting online banking or not. In many of the earlier studies importance of security and privacy for acceptance of internet banking has been noted and it was found that people claim that they have knowledge about security issues but they have no exact idea about how fraudulent act takes place. The present study shows that customers are more reluctant in accepting new technology or trying new things as for obvious reason of risk. Hence, banks should design the website in a way that addresses security and trust issues.

People are still not confident completely whether to rely on online banking. There is hesitation in their minds with regards to preference and due to this reason they use both the online and offline banking.

Due to pandemic, data can't be collected from all types of people and sample population was less.

QUESTIONNAIRE

A questionnaire on the form of Google forms was circulated and 64 responses were recorded. The questionnaire is presented below.

● Name of the customer:-

1. Age-

(a) 21-30 years

(b) 31-40 years

(c) 41-50 years

(d) 51 years & above

2. Annual income-

(a) up to 100000

(b) 100000 to 300000

(c) 300000 to 500000

(d) 500000 & above

3. Education-

(a) Undergraduate

(b) Post Graduate

(c) Graduate

(d) Professional

4. Occupation-

(a) Government employee

(b) Private employee

(c) Self employed

(d) Student

5. Do you use online banking?

(a) Yes

(b) No

6. Were you aware of e-banking while opening of you account?

(a) Yes

(b) No

7. Validate" Manual banking is convenient than e-banking".

(a) Strongly agree

(b) Agree

(c) Neutral

(d) Disagree

(e) Strongly disagree

8. How do you perceive e-banking system?

(a) Complicated Technique

(b) Not Easy

(c) Difficult accessibility

(d) Rigidity

9. Why you never used e-banking?

(a) Do not have Internet at home

(b) Trust issues

(c) Prefer to have personal human relation

(d) Find the process too difficult

10. Degree of confidence on e-banking

(a) High (b) low (c) Neutral

11. Which bank do you prefer?

(a) ICICI

(b) SBI

(c) HDFC

(d) OTHERS

12. Why do you prefer this bank?

- (a) Service
- (b) Security
- (c) Charges
- (d) All

13. Which one is the main reason for you to use e-banking

- (a) Better Information
- (b) Simplification of processes
- (c) 24 Hr. service
- (d) Limited time available

14. Frequency of transactions

- (a) Daily
- (b) Weekly
- (c) Monthly
- (d) Rarely

15. Are you satisfied with the using of E-banking?

- (a) Yes (b) No

16. Do you think that human contact is important for banking relation?

(a)Yes

(b) No

(c)Maybe

17. What would encourage you to use more the online banking services?

(a)Rewards

(b)Simpler/clearer service

(c)Higher security

(d)Free transactions

BIBLIOGRAPHY

- www.google.com
- www.wikipedia.in
- www.slideshare.net
- www.scribd.in
- www.investopedia.com
- www.yahoo.com
- www.sbionline.com