A

PROJECT ON

CUSTOMER PERCEPTION
TOWARDS INTERNET BANKING
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EXECUTIVE SUMMARY

One would think that the main purpose for a bank besides managing one's money would be giving good customer service. Excellence in customer service is the most important tool for sustained business growth. Customer complaints are part of the business life of any corporate entity. This is more so for banks because banks are service organizations. As a service organization, customer service and customer satisfaction should be the prime concern of any bank. Banks believe that by providing prompt and efficient service on to their customers, this is essential not only to attract new customers, but also to retain existing ones because customer dissatisfaction would spoil the bank's name and image. To provide this kind of service more fast and efficient, the major weapon of bank is e-banking.

There are several Research Design techniques that can be used to identify customer perceptions about internet banking and also service problems such as debit card fraud and loan issues. A survey was implemented to find out how well customer perception about e-banking leads to various banker’s function and the studies have found that the exploratory research was used in order to identify all problems associated with customer service specifically internet banking.
INTERNET BANKING

Internet Banking lets you handle many banking transactions via your personal computer. For instance, you may use your computer to view your account balance, request transfers between accounts, and pay bills electronically.

Internet banking system and method in which a personal computer is connected by a network service provider directly to a host computer system of a bank such that customer service requests can be processed automatically without need for intervention by customer service representatives. The system is capable of distinguishing between those customer service requests which are capable of automated fulfilment and those requests which require handling by a customer service representative. The system is integrated with the host computer system of the bank so that the remote banking customer can access other automated services of the bank. The method of the invention includes the steps of inputting a customer banking request from among a menu of banking requests at a remote personnel computer; transmitting the banking requests to a host computer over a network; receiving the request at the host computer; identifying the type of customer banking request received; automatic logging of the service request, comparing the received request to a stored table of request types, each of the request types having an attribute to indicate whether the request type is capable of being fulfilled by a customer service representative or by an automated system; and, depending upon the attribute, directing the request either to a queue for handling by a customer service representative or to a queue for processing by an automated system.
BENEFITS OF E-BANKING

For Banks:

Price- In the long run a bank can save on money by not paying for tellers or for managing branches. Plus, it's cheaper to make transactions over the Internet.

Customer Base- The Internet allows banks to reach a whole new market, and a well off one too, because there are no geographic boundaries with the Internet. The Internet also provides a level playing field for small banks who want to add to their customer base.

Efficiency- Banks can become more efficient than they already are by providing Internet access for their customers. The Internet provides the bank with an almost paper less system.

Customer Service and Satisfaction- Banking on the Internet not only allow the customer to have a full range of services available to them but it also allows them some services not offered at any of the branches. The person does not have to go to a branch where that service may or may not be offer. A person can print of information, forms, and applications via the Internet and be able to search for information efficiently instead of waiting in line and asking a teller. With more better and faster options a bank will surly be able to create better customer relations and satisfaction.
Image- A bank seems more state of the art to a customer if they offer Internet access. A person may not want to use Internet banking but having the service available gives a person the feeling that their bank is on the cutting image.

For Customers:

Bill Pay: Bill Pay is a service offered through Internet banking that allows the customer to set up bill payments to just about anyone. Customer can select the person or company whom he wants to make a payment and Bill Pay will withdraw the money from his account and send the payee a paper check or an electronic payment.

Other Important Facilities: E-banking gives customer the control over nearly every aspect of managing his bank accounts. Besides the Customers can, Buy and Sell Securities, Check Stock Market Information, Check Currency Rates, Check Balances, See which checks are cleared, Transfer Money, View Transaction History and avoid going to an actual bank. The best benefit is that Internet banking is free. At many banks the customer doesn't have to maintain a required minimum balance. The second big benefit is better interest rates for the customer.
CONCERNS WITH E-BANKING

As with any new technology new problems are faced.

Customer support - banks will have to create a whole new customer relations department to help customers. Banks have to make sure that the customers receive assistance quickly if they need help. Any major problems or disastrous can destroy the banks reputation quickly an easily. By showing the customer that the Internet is reliable you are able to get the customer to trust online banking more and more.

Laws - While Internet banking does not have national or state boundaries, the law does. Companies will have to make sure that they have software in place software market, creating a monopoly.

Security: customer always worries about their protection and security or accuracy. There are always questions whether or not something took place.

Other challenges: lack of knowledge from customers end, sit changes by the banks, etc.
THE INDIAN EXPERIENCE

India is still in the middle stage 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 Ebanking". 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 Ebanking 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. 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 log into the online banking section of the website.

From a legal perspective, security procedure adopted by banks for authenticating users needs to be recognized by law as a substitute for signature. In India, the Information Technology Act, 2000, in section 3(2) provides for a particular technology (viz., the asymmetric crypto system and hash function) as a means of authenticating electronic record. Any other method used by banks for authentication should be recognized as a source of legal risk.

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.

Also RBI is about to become the first Government owned digital signature certifying Authority (CA) in India. The move is expected to initiate the electronic transaction process in the banking sector and will have far-reaching results in terms of cost and speed of transactions between government-owned banks.

Thus efficiency, growth and the need to satisfy a growing tech-survey consumer base are three clear rationales for implementing E-banking in India. The four forces-customers, technology, convergence and globalization have the most important effect on the Indian financial sector and these changes are forcing banks to redefine their business models and integrate technology into all aspect of operation.
RESEARCH METHODOLOGY

TITLE

To study the perception of people regarding internet banking

OBJECTIVE

The objective of the research is to determine the perception of people regarding e-banking and how they are using the latest technologies offered by the bank.

1. Are people aware of net banking services?
2. What is the reason for using e-banking?
3. In which bank do they have their account and are they satisfied with the e-banking service?
4. The main transactions carried out by the customers.
5. Are they aware of the benefits of e-banking?
6. Are they aware of the methods which can be undertaken to make any kind of fraud?
7. Are they aware to carry secure transaction?
8. Does the bank educate them about net-banking?
9. Do they prefer visiting the bank or using net-banking?
10. Benefits obtained from e-banking?
SCOPE OF THE STUDY

A big boom has been witnessed in Banking Industry in recent times. A large number of players are there in the market and are trying to gain market share in this rapidly improving market. The study then goes on to evaluate and analyze the findings so as to present a clear picture of trends in the Banking sector specifically e-banking.

SIGNIFICANCE TO THE INDUSTRY

This is a limited study which takes into consideration the responses of 110 people. This data can be explored to take in the trends across the industry. The significance for the industry lies in studying these trends that emerge from the study. It is a rapidly changing and evolving sector. People are only beginning to wake up to its vast possibilities. A study like this can attempt to guide the future of the industry based on current trends.

SIGNIFICANCE FOR THE RESEARCHER

To facilitate and provide useful information for the study of the company and the banking industry and also provide recommendations for Union Bank of India.

RESEARCH DESIGN

- NON-PROBABILITY
- EXPLORATORY & DESCRIPTIVE EXPERIMENTAL RESEARCH

The research is primarily both exploratory as well as descriptive in nature. The sources of information are both primary & secondary.
A well-structured questionnaire was prepared and personal interviews were conducted to collect the customer’s perception about internet banking through this questionnaire.

**SAMPLING METHODOLOGY**

**Sampling Technique:**

Initially, a rough draft was prepared keeping in mind the objective of the research. A pilot study was done in order to know the accuracy of the Questionnaire. The final Questionnaire was arrived only after certain important changes were done. Thus my sampling came out to be judgemental and convenient.

**Sampling Unit:**

The respondents who were asked to fill out questionnaires are the sampling units. These comprise of employees of MNCs, Govt. Employees, and Self Employed etc.

**Sample size:**

The sample size was restricted to only 110, which comprised of mainly peoples from different regions of Bhubaneswar due to time constraints.

**Sampling Area:**

The area of the research was Bhubaneswar, India.
LIMITATIONS OF THE RESEARCH

1. The research is confined to certain parts of Bhubaneswar only and does not necessarily shows a pattern applicable to all of Country.

2. Some respondents were reluctant to divulge personal information which can affect the validity of all responses.

3. In a rapidly changing industry, analysis on one day or in one segment can change very quickly. The environmental changes are vital to be considered in order to assimilate the findings.

4. People were mostly unwilling to talk because of their heavy schedule or they get annoyed with the phone calls or even if they are asked about this face to face.
CONCLUSION

My exhaustive research in the field of banking threw up some interesting trends which can be seen in the above analysis. A general impression that I gathered during Data collection was the immense awareness and knowledge among people about various banking institutions and their different services. People are beginning to look beyond SBI for their banking needs and are willing to trust private players as well as other public sectors with their hard earned money.

In this branch the facilities what the bank is providing to the customers are excellent and customers are also happy. But one thing they have to improve their promotional strategy. The tagline they have given “GOOD PEOPLE TO BANK WITH” is appropriate and significant for the customers.

After doing my summer training in this prestigious financial institution I had learnt a lot of things from here. The discipline, time maintenance, dedication of the employees in this branch helped a lot to get its ISO 9001:2000 certification.

From all of this, we have learnt that information technology has empowered customers and businesses with information needed to make better investment decisions. At the same time, technology is allowing banks to offer new products, operate more efficiently, raise productivity, expand geographically and compete globally. A more efficient, productive banking industry is providing services of greater quality and value.

The rise of E-banking is redefining business relationships and the most successful banks will be those that can truly strengthen their relationship with their customers.
QUESTIONNAIRE

Personal Information
Name: __________________________ Address: __________________________
Age: __________________________ Contact No: __________________________
Gender: ( ) Male ( ) Female

Organisational Information
1. Are you aware of net banking services offered by the banks?
   (a) Yes (b) No

2. In which bank do you have your account?
   (a) Axis bank (b) Union Bank Of India
   (c) ICICI Bank (d) Punjab National Bank
   (e) State Bank of India

3. What was the single most important reason that you chose this particular bank as your
   Internet bank? (Please choose one)
   (a) I have a traditional bank account with the same bank
   (b) The brand name of the bank
   (c) The excellent service offered by this bank
     (d) Others

4. Do you feel safe in disclosing your details on internet?
   (a) Yes (b) No

5. Are you satisfied with your bank services?
   (a) Yes (b) No

6. What are your main transactions you would prefer to do by internet?
   (a) Money transfers (b) Checking of your current balance
   (c) Create Fixed Deposits Online (d) Request a Demand Draft
   (e) Pay Bills (f) Order a Cheque Book
   (g) Request Stop Payment on a Cheque
Are you aware of the benefits of net banking which are available?
(a) Yes  (b) No

Are you aware of the methods which can be undertaken to make any kind of fraud?
(a) Yes  (b) No

Are you aware of all the methods which can be taken up to secure your transaction?
(a) Yes  (b) No

Does your bank educate you about the net banking services being offered?
(a) Yes  (b) No

Would you prefer using net banking instead of visiting your bank every now and then?
(a) Yes  (b) No

What benefits do you see in internet banking?
(a) Convenience  (b) Speed
   (c) Transparency  (d) Time

Your query, questions & suggestions are very important for us.

Please feel free to contact us.

Thanks & Regards

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