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“CUSTOMER AWARENESS AND PREFERENCE TOWARDS E-BANKING SERVICES IN NAGPUR CITY-(A STUDY OF SBI)”

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Abstract

This research paper is a result of original work from the internship project which I have prepared for my MBA degree. Today, the banking sector is one among the most important service sectors in India. The main target of banks has shifted from customer acquisition to customer retention. In today's scenario most of the banks offer services through the electronic medium called E-banking. Though all banking sector are providing E-banking, the main question is whether the customers are aware of all the E-Banking services offered by their banks. The purpose of the study is to create customer awareness and find out what they preferred most in E-Banking services of SBI bank. The study has been done in specific branch from the Nagpur city. The sample size is of 100 customers. For the purpose of the study, the primary data has been collected through questionnaire along with secondary data. After the analysis it has been identified that whether SBI bank provide better service with regard to E-Banking services to customers or not and also identified satisfaction level of customers View about internet banking website of SBI bank. The result of the analysis shows that there is no significant relation between age group of the customer and awareness about E-Banking service among customer. The data analysis shows that age, occupation, income level, of customer are significant factor that decide usage of E-Banking services of SBI bank in the study area.

Keywords

SBI Bank, E-Banking, Awareness, Preference, Customer, Satisfaction level.

Objectives

1. To evaluate the awareness of E-Banking among the customer of SBI.
2. To measure the customer satisfaction in E-Banking service provided by SBI.
3. To know which age group of customer is using different E-Banking facilities.
4. To study the most preferred E-Banking service offered by SBI.
5. To know the cause why customers are not using internet banking

Introduction

The topic of the research paper is “customer awareness and preferences towards E-banking services in Nagpur city”. In today’s life style nobody needs to attend for extended time within the queues of the banks. Everybody needs their work ought to be done on the tip of fingers. As we can see that the technology is moving quicker than it appears. Several banks offer E-Banking services to their customers, however the question arrives whether or not their customer is aware of the E-Banking services of their bank. The aim of this study is to create the awareness and to search out what they most preferred in E-Banking service of banks. These days such a large amount of banks are providing E-Banking services, however the main question is whether or not the customer is being aware of the E-Banking service of the bank. E-Banking is nothing but the service provided by the bank through electronic systems devices like pc, mobile phones, ATMs, etc. Usually more transactions are done through E-Banking like account enquiry, fund transfer, payment of bills, request for statement of accounts, etc. The study has been done in Nagpur town. For the study, primary data is collected through the questionnaire and the secondary data is collected through books, on-line websites, magazines, etc. In recent years, customers of banking companies progressively use technology and direct channels to consume banking services. The term net Banking or E-Banking both are used as supplement. E-banking is the system that gives the ability to the customer to conduct the money and non-financial transactions from his internet banking account. The user will transfer funds from his account to alternative accounts of a similar bank/different bank employing a web site or a web application. The customer uses a resource and a medium to conduct money transactions. For users, E-Banking provides current info, 24-hours-a-day access to banking services. The first services provided by e-banks are transferring cash among one’s own accounts, paying bills, and bank account balances. Share trading, Loans, brokering, and a host of other financial services are being added to these primary services.

Literature Review

- ❖ **Geetha. K. T. & Malarvizhi. V (2011)** investigates the factors which are affecting the acceptance of E-Banking services among the customers and also indicates level of concern regarding security and privacy issues in Indian context. Primary data was collected from 200 respondents through a structured questionnaire.
- ❖ **Gerrard and Cunningham (2003)** also identify other factors of paramount importance in ensuring the success of E-Banking, i.e. the ability of an innovation to meet users' needs using different feature availability on the web site. For instance, the provision of interactive loan calculators, exchange rate converters, and mortgage calculators on the web sites draw the attention of both users and nonusers into the bank's web site.
- ❖ **Boateng and Molla (2006)** indicated that the operational constraints of internet banking is associated with the customer location, the need to maintain customer satisfaction and the capabilities of the Bank's main software to act as an

influential factors in motivating the decision to enter electronic banking services and consequently influencing the usage experience and thus affecting the level of satisfaction.

- ❖ **Anita Lifan Zhao et al. (2010)** used empirical evidence to investigate the relationship between perceived risk and trust in adoption of internet banking services in China. The research was conducted on a sample of 432 young Chinese consumers who can be classified as internet banking service early adopters. The study results indicate that there is a significant relationship between trust and perceived risk and that both are crucial in explaining the internet banking usage intention
- ❖ **Abou-Robich, Moutaz (2005)** studied how to analyse comfort levels and attitude of users towards online banking facilities. The findings resulted that there is a correlation between attitude towards E-Banking and feeling of security with regard to their demographic variables.
- ❖ **Isern, Jennifer (2008)** pointed out that a positive relationship between the level of financial infrastructure and the level of competition and a negative relationship between the degree of state ownership in a banking sector and the level of competition.
- ❖ **Reynolds, John (2007)** said that 2006 E-Banking technology services industry customer loyalty survey data results in order to improve marketing resource allocation for corporate e-banking products and services.
- ❖ **Huang, Haibo (2005)** reveals that the successful introduction electronic money and e-banking services depends mainly on people acceptance. The major finding is that although e-banking customers more or less have some common characteristics, they differ across different types of E-Banking services.
- ❖ **Taft, Jeanette (2007)** pointed out that Technology Acceptance Model (TAM) as applied to a specific type of technology: E-Banking. They suggested that E-Banking – prior training, perceived ease of use of E-Banking technology.
- ❖ **Jeon, Kiyong (2014)** have said that consumer prefer larger banks in U.S. Because they has to reduce their transportation cost by way of larger banks have multiple ATM centre's across the country.
- ❖ **Lee, Jihyun (2003)** examined that to identify whether customer intention affecting to use online financial services. The effects of attitude toward behavior, subjective norm were examined. Demographic variables were included as control variables.
- ❖ **Ding, Xin (2007)** reveals that consider for research consumer behaviour on internet in the last years. The findings conclude that customer behaviour from self-service, Service quality and experience design perspectives.
- ❖ **Wamalwa, Tom (2006)** said that whether internet banking strategies were aligned with the bank's core business based or not identified.
- ❖ **Featherman, Mauricio Sanchez (2002)** studied that perceived risk inhibited consumer adoption intentions as well as perception of the usability, usefulness of online payment.

❖ **Bayles, Michelle Esther (2004)** have said that investigating factor contribute their decision to bank online, frequency of banking activities.

❖ **Massad, Nelson (2003)** contributed at a theoretical level by providing deeper understanding of the transactions between customers and service providers.

Research Methodology

1. Types of research

This study is based on descriptive research method.

2. Types of data collection

In this study, we collected both primary and secondary data.

2.1 Primary data- In this study questionnaire is selected for the collection of the primary data. The study of E-Banking provided by bank has been undertaken by considering the key objective of the awareness and preferences level of customers towards E-Banking.

2.2 Secondary data- The secondary data is collected through records, magazines, papers, books, journals, different websites, etc.

3 Sample size

The sample size which refers for the study is the total number of elements of the population to be included in the sample for conducting the research study. The sample size is of 100 respondent i.e. 100 people/respondent fill the questionnaire.

4 Sample Technique

In this study the non-probability sample technique is used. In general, in non probability sample technique, the specific sample units have been chosen from sample size without considering the whole sample size. In this study the sample size is the customers of the state bank of India who uses E-Banking services of the bank.

5 Statistical Data Used For This Research :

In the research, we have used following statistical tools or methods for the research paper including percentage method and chi square method by using Microsoft excel software.

Hypothesis

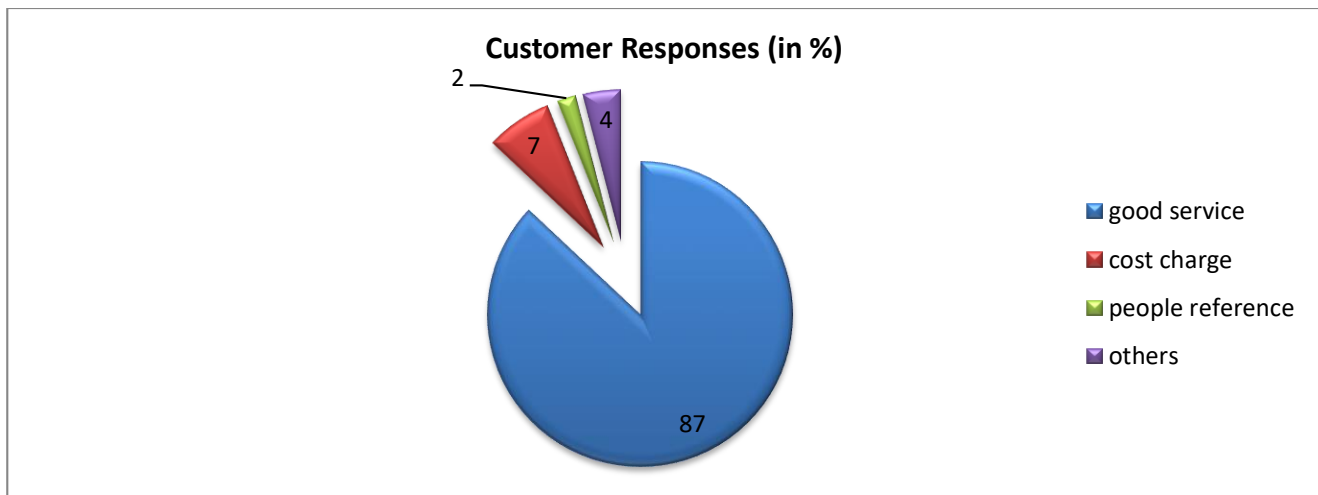
- **Null hypothesis:-** There is no significant relationship between age and awareness about e- banking service among customers.
- **Alternate hypothesis:-** There is significant relationship between age and awareness about E-Banking service among customers.

Data Analysis & Interpretation**Table 1- FREQUENCY ANALYSIS OF DEMOGRAPHIC VARIABLES**

VARIABLES	CATERGORY	FREQUENCY	PERCENTAGE
GENDER	MALE	62	62%
	FEMALE	38	38%
AGE GROUP	BELOW 20	2	2%
	21-30	44	44%
	31-40	33	33%
	41-50	13	13%
	ABOVE 50	8	8%
OCCUPATION	BUSINESSMAN	22	22%
	GOVERNMENT EMPLOYEE	18	18%
	PRIVATE EMPLOYEE	29	29%
	RETIRED	30	30%
	OTHERS	1	1%
INCOME	BELOW 1 LAC	31	31%
	1LAC-3 LAC	28	28%
	3LAC- 5LAC	21	21%
	5LAC-7LAC	11	11%
	ABOVE 7LAC	9	9%

1) What do you prefer while using E-Banking service?

Good service	87
Cost charge	7
People reference	2
others	4

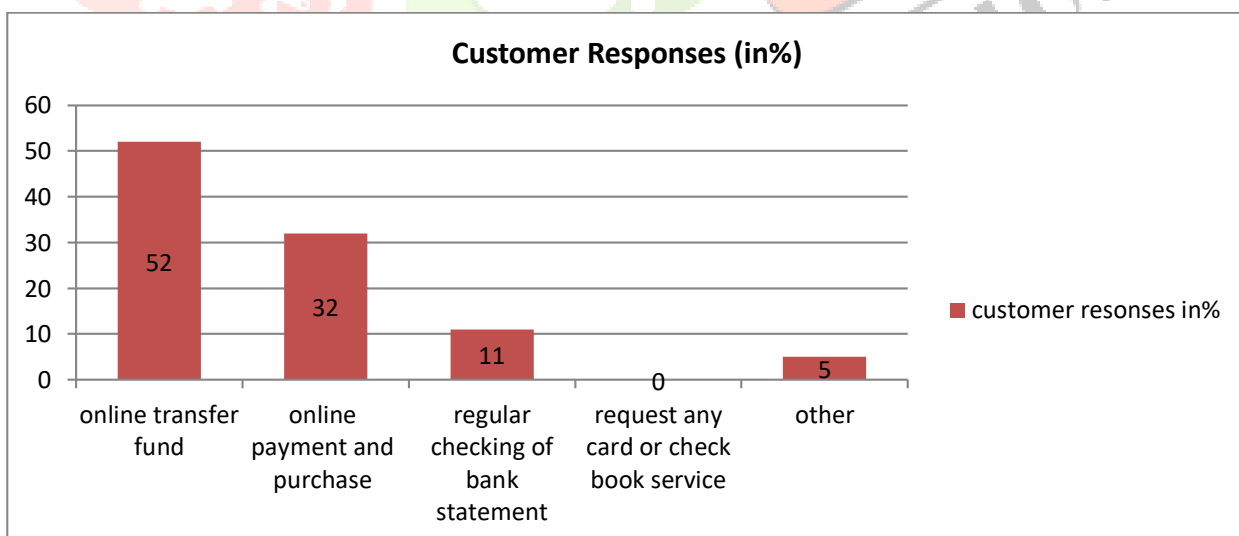


➤ Interpretation

From the above table, it is clearly seen that 87% of the respondent prefer E-Banking of this bank because of the good service .7%, 2%, 4%, of the respondent prefer E-Banking of this bank because of low cost charge, through people reference and through other reasons respectively.

2) Which type of E-Banking service you want to use?

Online transfer fund	52
Online payment and purchase	32
Regular checking of bank statement	11
Request any card or check book service	0
Others	5

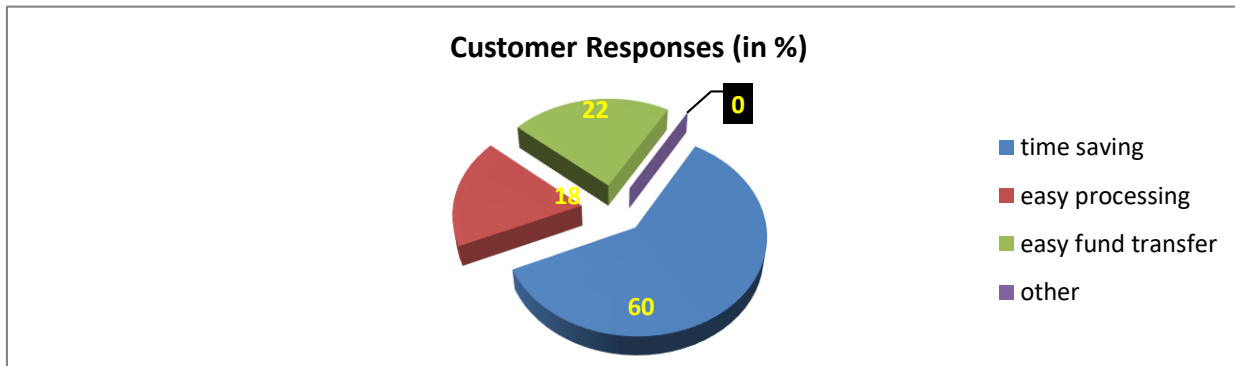


➤ Interpretation

From the above table, it shows the outcome of most preferred E-Banking service of the customer. It clearly resulted that 52% of the respondent are mostly preferred for online transfer fund followed by 32% respondent with online payment and purchase. None of the customer preferred the request any card or check book service.

3) Which of the following benefits to you while using E-Banking service?

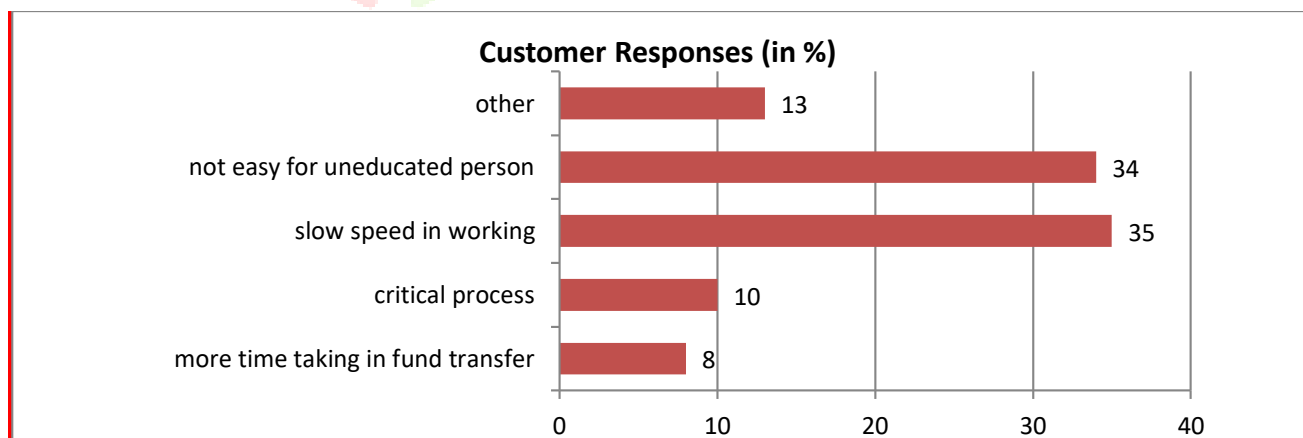
Time saving	60
Easy processing	18
Easy fund transfer	22
Other	0

➤ **Interpretation**

From the above table it shows that 60% of the responses use E-Banking because of the time saving. 22% and 18% of the responses use E-Banking because of easy fund transfer and easy processing respectively.

4) Which type of problem you are facing while using E-Banking services?

More time taking in fund transfer	8
Critical process	10
Slow speed in working	35
Not easy for uneducated person	34
other	13

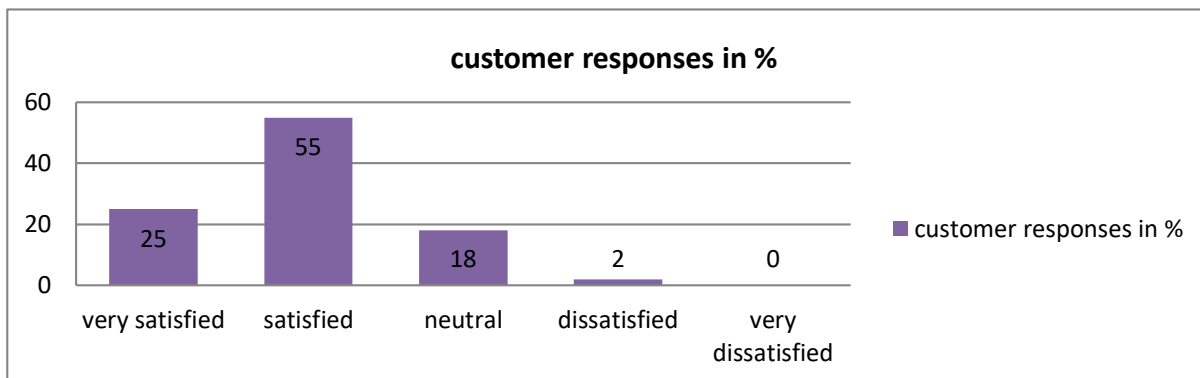
➤ **Interpretation**

From the above table, it shows the outcome of the problem facing by customers while using E-Banking service. It clearly resulted that 35% of the respondent faces slow speed in working problems. The problem faced by uneducated person while

using E-Banking service is 34%. The problems faced by critical process and more time taking in fund are 10% and 13% respectively. 8% of the respondents are facing other problems while using E-Banking service.

5) **To what extend is you satisfied with your bank's E-Banking services?**

Very satisfied	25
Satisfied	55
Neutral	18
Dissatisfied	2
Very dissatisfied	0



➤ **Interpretation**

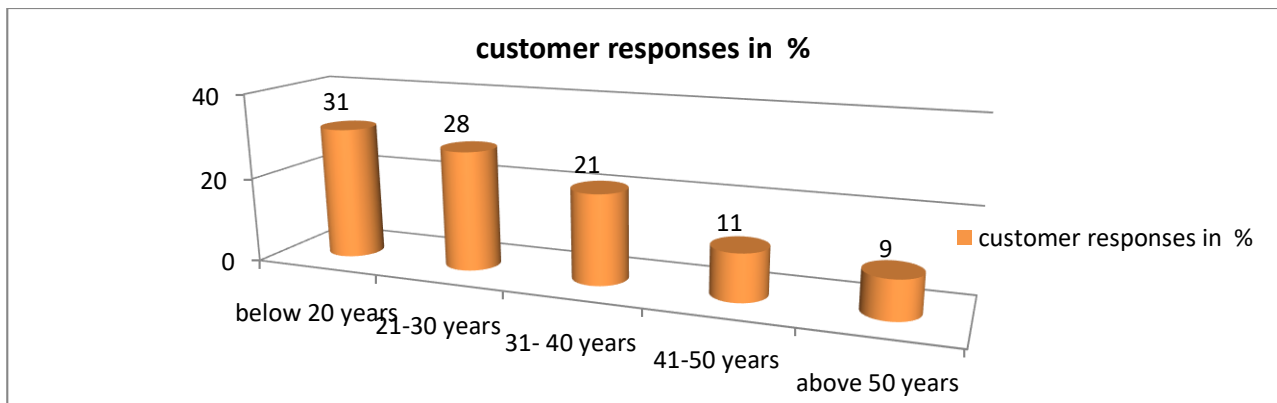
From the above table it show that the outcome of satisfaction level of customer using E-Banking service. It clearly resulted that 55% of the responded are satisfied with the E-Banking service of the bank and the 25% of the responded are very satisfied with the E-Banking service.

TESTING FOR HYPOTHESIS

❖ **Chi Square Testing**

➤ **Age of the customer**

Age group	Respondent
Below 20 year	31
21-30 year	28
31-40 year	21
41-50 year	11
Above 50 year	9



Null hypothesis:- There is no significant relationship between age and awareness about E-Banking service of the customer.

➤ **Observed frequency**

Age group	awareness	unawareness	Total
below 20 years	31	0	31
21 -30 years	27	1	28
31-40 years	21	0	21
41-50 years	10	1	11
above 50 years	9	0	9
Total	98	2	100

➤ **Expected frequency**

Age group	awareness	unawareness	Total
below 20 years	30.38	0.62	31
21-30 years	27.44	0.56	28
31-40 years	20.58	0.42	21
41-50 years	10.78	0.22	11
above 50 years	8.82	0.18	9
Total	98	2	100

➤ **Chi square testing**

observed frequency	expected frequency	O-E	(O-E) ²	(O-E) ² /E
31	30.38	0.62	0.3844	0.012653
27	27.44	-0.44	0.1936	0.007055
21	20.58	0.42	0.1764	0.008571
10	10.78	-0.78	0.6084	0.056438
9	8.82	0.18	0.0324	0.003673
0	0.62	-0.62	0.3844	0.62
1	0.56	0.44	0.1936	0.345714
0	0.42	-0.42	0.1764	0.42
1	0.22	0.78	0.6084	2.765455

0	0.18	-0.18	0.0324	0.18
			TOTAL	4.41956

Therefore calculated value of the hypothesis is 4.41956

Degree of freedom= (column-1) (row-1)

= (2-1) (5-1)

=4

Significance level of the test= 0.05= 9.48

Calculated value of chi square test is **4.41956**

So the calculation value is less than significance value i.e. **4.41956**

So here **null hypothesis** is **accepted** and alternate hypothesis is rejected.

➤ Conclusion

Hence, it is concluded that there is no significant relationship between age group and awareness about E-Banking service of the customers.

Findings

1. Bank customers are more aware and familiar E-Banking service as a compare to other E-Banking service.
2. The five dimensional qualities of E-Banking i.e. Reliability, Security, Easy use, Accessibility and Efficiency are evaluated and it is found that the customers have positive perception about E-Banking services.
3. It is found from this study that younger generation were using electronic banking services are more as compared to older generation because of new innovation in information technology and their adoption level is high in E-Banking.
4. Above 60 age group category were using E-Banking services are less than others.
5. Risk is one of the factor customer were consider while opening an internet bank account. They didn't feel secure in the internet banking.
6. The respondents preferred ATM, Online banking, Mobile banking, SMS banking for their financial transactions.
7. From customer point of view that SBI bank provides better services as compared to other banks.
8. For secured transaction SBI banks will be preferred by most of the respondents.

Suggestions

- To increase awareness about E-Banking service, bank should advertise and conduct special awareness programs to make E-Banking service more popular among their customer.
- As all the customers are not aware about the E-Banking service, bank should make their customer aware and educate them regarding the various E-Banking services.
- Bank should conduct the seminar to aware about the E-Banking service and their risks and privacy to the customers.
- Bank should realize that they should provide customer friendly E-Banking service to gain advantage through different banking service.
- Bank should conduct survey to know the problem faced by consumer while using E-Banking service.
- Bank should provide experts to train common public for using E-Banking system.
- It is seen that age group above 50, they hesitate to use E-Banking service, in such case the bank should brought and make them users of the E-Banking service through proper guidance.

Conclusion

- The research paper is based on primary data. According to the study, it concludes that the most of the bank customers are aware about all the banking services in SBI Branch, CA road, Nagpur.
- The banks further have to take necessary steps to educate the customers regarding the new technology and other services offered by the banks.
- Banks may extend customer meeting time with bank officials and also friendly approach is necessary.
- Definitely it will help to retain the existing customers and to attract new customers. It will automatically improve the banking service and development of banks in India and also abroad.
- This research is useful to know the customer awareness of E-Banking system and what types of risk involved in E-Banking system.

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