CHAPTER-III
RESEARCH METHODOLOGY

INTRODUCTION

This chapter deals with the research methodology adopted for the study on internet banking. This chapter contains – rationale of the research problem, objectives of the study, research design, tools for data collection and analysis, and limitations of the study. A brief explanation of each of these aspects is given below.

3.1 PROBLEM DEFINITION

The rapidly growing number of banking institutions offering net banking services, in the public sector banks and private sector banks, foreign banks, only those who become attached to their customers, figuratively and literally and who move more aggressively to create new market will survive the competition.

The literature reviewed in the previous chapter, expounds that though a lot work has been done in the field of internet banking, but no specific study has been conducted to study the effective role of customer orientation towards net banking in the field of banking sector. The study has focused on the utility of net banking for customers and bank strategies in enabling the adoption to provide efficient and effective services to their clientele.

As discussed in the Chapter 2 that the banking sector have many customer groups such as student, business class, employed, housewives, etc.. But, this study has focused on both customers groups -users and non users. The study has highlighted the relevance and applications of net banking approaches in a current banking industry environment, where the customer is becoming very demanding and then after the various strategies, which are adopted by the various banking service providers to retain the existing customer, developing new ones and make them loyal to the bank. The impact of these suggestions or strategies on the overall performance of the banking institutions has also been studied to identify the drawbacks and shortcomings so that more result-oriented framework could be designed.

With this intention, the researcher intended to study the role of customer orientation towards net banking, which is undoubtedly one of the core fields of banking industry. The study
of internet banking is also relevant as its effectiveness has a great bearing on the performance and growth of banks.

3.2 OBJECTIVES OF THE STUDY
The research study will be carried out with the following objectives:

1. To assess the reasons and factors related to non-users of the internet banking customers.
2. To examine the users’ expectation with respect to various aspects of Internet banking services.
3. To evaluate the customer’s suggestions for raising customer’s confidence towards net banking.

3.3 RESEARCH DESIGN
The research design constitutes the blueprint for the collection, measurement and analysis of data. The research design of the study is exploratory cum descriptive. The research is exploratory due to the fact that net banking adoption has not been deeply touched by the earlier researcher. Therefore, in this case, extensive preliminary work needs to be done to gain familiarity with the phenomena in the situation to understand what is occurring, before developing a model and setting up a rigorous design for a comprehensive investigation. The study is descriptive because the area of research that has been chosen by the researcher explains the attributes, which are associated with customer’s views towards net banking in banking sector in India. The purpose of this study is to test empirically the factors that influence the adoption of Internet banking by consumers in NCR. We used Internet banking as the targeted technology. All measures were drawn from previous research and adapted to the online context.

3.4 RESEARCH TECHNIQUE
‘Survey’ method was employed to collect the data with the help of a structured questionnaire. According to a survey conducted by IAMAI in March 2011, Delhi is the second largest Internet using city in the country with 5 million active internet users after Mumbai at 6.2 million users. The research study seeks to explore the responses from both the customer base- non-users and users.
3.5 SAMPLING CRITERIA
While targeting the customers, following variables are considered as characteristics of the respondents.

a) Customers of Retail Banks
b) Above the age of 18 years (both males and females) as non-users and Users
c) Hands on experience in internet banking
d) Users of Internet banking service at least once during the previous three months
e) Residents of Delhi, Faridabad

3.6 SAMPLE DESIGN
The research has been carried out in NCR region in the Delhi, Faridabad. Customers of the selected banks shall be studied and compared using formal questionnaire. The leading banks are selected in terms of branches and popularity of public sector and private sector banks. Banks in the study are 4 public sector banks- State Bank of India, Punjab National Bank, Indian Overseas Bank, Oriental Bank of commerce and 4 private sector banks- ICICI, HDFC, Axis Bank, ING Vysya Bank that currently provide net banking services shall be visited and interviewed for more information. The website provided by each bank was also visited and evaluated. For the aggregate analysis of the primary and secondary information which covered 8 banks comprising of four public sector banks and four private sector banks were selected. Thus, all the customers visiting a sample bank branch (on the days of survey) were requested to participate in the survey. These are the following public sector banks and private sector banks which were randomly selected by a network of branches in Table 3.1 and total sample size is presented in table 3.2.

Table 3.1 List of Banks with number of branches & their websites

<table>
<thead>
<tr>
<th>Public Sector Banks</th>
<th>Branches</th>
<th>Internet banking service</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Bank of India</td>
<td>13000+</td>
<td><a href="http://www.sbi.co.in">www.sbi.co.in</a></td>
</tr>
<tr>
<td>Punjab National Bank</td>
<td>6076</td>
<td><a href="http://www.netpnb.com">www.netpnb.com</a></td>
</tr>
<tr>
<td>Indian Overseas Bank</td>
<td>3350</td>
<td><a href="http://www.iobnet.co.in">www.iobnet.co.in</a></td>
</tr>
<tr>
<td>Oriental Bank of Commerce</td>
<td>2020</td>
<td><a href="http://www.obconline.co.in">www.obconline.co.in</a></td>
</tr>
<tr>
<td>Private Sector Banks</td>
<td>Branches</td>
<td>Internet banking service</td>
</tr>
</tbody>
</table>
DATA COLLECTION

In the present study, both types of data collection (primary data as well as secondary data) are used to make findings more scientific and accurate.

**Primary data**

Primary data was collected through a questionnaire, to obtain the views of the customer towards current and prospective practices of net banking in NCR. In this research appropriate questionnaire was designed on the basis of existing literature and personally prepared to know their opinions regarding internet banking services offered by private and public sector banks. It contained both close and open-ended questions and it will be prepared to collect in-depth information for fulfilling the requirements of the study. The sampling size includes 240 customers from 120 non users and 120 users from 8 banks as shown below.

### Table 3.2 Total Sample Size

<table>
<thead>
<tr>
<th>Banks</th>
<th>Number</th>
<th>Non users</th>
<th>Users</th>
<th>Total Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public sector banks</td>
<td>4</td>
<td>60</td>
<td>60</td>
<td>120</td>
</tr>
<tr>
<td>Private sector banks</td>
<td>4</td>
<td>60</td>
<td>60</td>
<td>120</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
<td>120</td>
<td>120</td>
<td>240</td>
</tr>
</tbody>
</table>

**3.7.1 Questionnaire for Non users**

This questionnaire was formulated for collecting the data regarding the various factors affecting towards the non adoption of net banking among consumers of banks. The purpose is to know the reasons and attract non users towards net banking. The questionnaire contains multiple choice questions, open ended and some statements to which the respondents filed their response on a five point scale ranging from 1 (strongly agree) to 5 (strongly disagree).

**3.7.2 Questionnaire for Users**
This questionnaire was formulated for collecting that data regarding the different factors affecting towards the usage of net banking among customers of banks. The questionnaire contains multiple choice questions, open ended and some statements to which the respondents filed their response on a five point scale ranging from 1 (strongly agree) to 5 (strongly disagree).

Secondary data was collected from secondary information through the use of all published information from the websites of the selected public and private sector banks. In addition to websites visited, information published in Journals, Periodicals, Magazines and Newspapers, etc. were also used.

3.8 MEASUREMENT SCALE
A non-disguised and structured questionnaire was used to gather data from the target respondents. Before the survey administration, the pre-test questionnaire was pilot tested on a sample of 20 respondents in the real survey settings, i.e. at select banks’ branches in the NCR and Delhi. During pre-testing, items that appeared to be problematic and ambiguous were reworded and refined. Likert scale is used to measure the intensity of respondents towards selected attributes. Each respondent was asked to indicate his/her evaluation of Internet banking experience with a five-point Likert scale. (From 1= strongly agree to 5= strongly disagree)

3.9 HYPOTHESES FORMULATION
The present study aims at examining the non users and user’s factors related to net banking. The following hypothesis has been developed on the basis of objectives for the purpose of testing through statistical tools. Non-users-hypothesis formulated as follows:

1. **Null Hypothesis**: Demographic factors like gender, age, occupation, education has no association with response to net banking.

   **Alternative Hypothesis**: Demographic factors like gender, age, occupation, education has an association with response to net banking.

2. **Null Hypothesis**: There is no significant difference between non users and users’ preference for the mode of banking.

   **Alternative Hypothesis**: There is a significant difference between non users and users’ preference for the mode of banking.

3. **Null Hypothesis**: All the four public sector banks are equally preferred by non –users.
Alternative Hypothesis: All the four public sector banks are not equally preferred by non-users.

4. Null Hypothesis: All the four private sector banks are equally preferred by non-users.
   Alternative Hypothesis: All the four private sector banks are not equally preferred by non-users.

5. Null Hypothesis: All the four public sector banks are equally preferred by both non-users and users.
   Alternative Hypothesis: All the four public sector banks are not equally preferred by both non-users and users.

6. Null Hypothesis: All the four private sector banks are equally preferred by both non-users and users.
   Alternative Hypothesis: All the four private sector banks are not equally preferred by both non-users and users.

The hypothesis formulated for users are as follows:-

1. Null Hypothesis: All the four Public sector banks are equally preferred by users.
   Alternative Hypothesis: All the four Public sector banks are not equally preferred by users

2. Null Hypothesis: All the four Private sector banks are equally preferred by users.
   Alternative Hypothesis: All the four Private sector banks are not equally preferred by users.

3. Null Hypothesis: Satisfaction for net banking is insignificant for users.
   Alternative Hypothesis: Satisfaction for net banking is significant for users.

4. Null Hypothesis: Risk taking attitude towards net banking is insignificant for users.
   Alternative Hypothesis: Risk taking attitude towards net banking is significant for users.

3.10 STATISTICAL TOOLS

The data collected has been analyzed in connection with the study. Descriptive statistical methods were considered like mean, standard deviation, frequency distribution, charts. Chi square test, Z score, p values and the Mann Whitney test coefficient have been applied keeping in view the purpose of the study. The data have been represented pictorially with the help of bar and pie diagrams.
3.11 LIMITATIONS OF THE STUDY

The following limitations were encountered during the study.

- A sample of 240 respondents was selected, as this sample size cannot be said to be the true representative of the universe. The occurrence of sampling error may also have been acting as a limitation of the study.

- Due to time and cost constraints, limited numbers of banks were selected. Foreign banks are not selected for the study- only public sector and private sector banks are selected.

- Many of the respondents across banks have refused to fill the questionnaire because of fear of revealing their security issues related to net banking.

- Another limitation can be from respondents as there may be biases at the respondent’s level, while collecting their responses through a questionnaire.