

ABSTRACT

**‘A STUDY OF CUSTOMERS’ PERCEPTION AND AWARENESS
ABOUT E-BANKING IN SOLAPUR DISTRICT’**

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BY

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1.1 INTRODUCTION

With the development of Information Technology (IT), the world has become a global village and it has brought a revolution in the banking industry. The banks appear to be on the fast track for IT based products and services. Deregulation and liberalization in the financial sector has stimulated financial innovations. Breath taking developments in the technology of telecommunications and electronic data processing have further accelerated these changes. Technology has become the fuel for rapid change. Information Technology is no longer considered as mere transaction processing or continued to Management Information System (MIS). In its wider sense it implies the integration of Information System with communication technology. One sector that has undergone fundamental changes as a consequence of the application of IT is banking. The new technology has radically altered the traditional ways of doing banking business. Today, no banking business or corporate strategy is complete without information technology.

Technology in Indian banking has evolved substantially from the days of back office automation to today's online, centralized and integrated solutions. 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. With the expansion of internet usage, e-Banking has become one of the most revolutionized components of today's economic growth. E-Banking is powerful value added tool to attract new customers and retain the existing ones. With the proliferation of internet and computer usage, the electronic delivery of e-Banking service has become ideal for banks to meet customer expectations. Besides it helps in eliminating costly paper handling and teller interaction in the increasingly competitive banking environment. The potential competitive advantage of e-banking lies in the areas of cost reduction and satisfaction of consumer needs.

E-Banking is an offshoot of various innovative developments in the fields of Information Technology. The Indian banking industry has started making progress in E-Banking. Most of the private, nationalized and even co-operative banks have entered in the technology age and providing various types of electronic facilities and services to their customers. But at the same time it is necessary to know how the customers perceive these facilities and to what extent they are aware about the E-Banking facilities. Therefore the present study is undertaken to focus

mainly on the perception and awareness of customers about E-banking facilities and services offered by the banks.

1.2 OBJECTIVE OF STUDY

Keeping in mind the following objectives the study is undertaken:

- 1) To study the development of e-Banking in India.
- 2) To study the present position of e-Banking in Solapur District.
- 3) To study the customer's perception towards e-Banking services provided by the banks in Solapur District.
- 4) To study the awareness and utilization of e-Banking facilities provided by the banks in Solapur District.
- 5) To suggest remedies to increase the awareness of bank customers in handling E-Banking services.

1.3 HYPOTHESIS

This study is proposed to test the following hypothesis.

1. 'There is no significant difference between gender status of respondents and their awareness about e-Banking services.'
2. 'Awareness of e-Banking services is not likely to vary according to marital status of the respondents.'
3. 'There is no association between awareness of e-Banking services of Public Sector and Private Sector bank customers according to their income level.'

1.4 RATIONALE OF STUDY

For research purpose it very necessary to know the rationale behind the study. Banks are the most important service sector in the economy. Advancement in the technology has resulted in innovation of alternative banking channels. These have changed the attitude, awareness of the customers. In the traditional banking, customers have to visit the branches to carry out banking transactions but now they have the choice alternative banking channels i. e. ATMs, Credit Cards,

Debit Cards, Internet Banking, Mobile Banking, etc. It includes the systems that enable customers to access accounts, transact business and obtain information on financial products and services through public, private or cooperative banking network including the internet. However various studies on banks indicate that the use of IT especially after 2003 has focused on various problems relating to banking services. Though no one has been conducted research work which examines the customers' perceptions and awareness about E-Banking. Therefore this research is undertaken to study the customers' perception and awareness about E-Banking.

It is based on the basic research questions mentioned below:

1. What is the present scenario of the banking sector in Solapur district?
2. To what extent the new technology of E-Banking is adopted?
3. What is the exact impact of new technology?
4. How should the banking authorities and customer responds to this fast changing technology of E-Banking?
5. What awareness techniques are to be used to familiar the technology of e-Banking?
6. What are the future challenges before banks to cope with the techniques of e-Banking?

1.5 CHAPTER SCHEME

The study has been structured into the following six chapters:

Chapter 1: Introduction and Research Methodology:

This chapter focuses on introduction of the study and includes the need and significance of the study. The objectives, scope and hypothesis of the study are covered in this chapter. Also data collection, technique of data analysis is explicitly given. Lastly, limitations of the study and definitions of the major terms are outlined in this chapter.

Chapter 2: Review of Literature:

In this chapter I have presented the review of literature of various authors, experts and the research articles related to the subject.

Chapter 3: Theoretical Framework of the study:

This chapter includes historical perspective of Indian Banking, highlighting the emergence of e-Banking services, development of e-Banking in India, recent trends and e-banking products and services.

Chapter 4: Profile of the Study:

This chapter consists of historical background, physical background, demographic background, literacy status and economic background comprising financial and banking scenario of Solapur District.

Chapter 5: Analysis and Interpretation of Data:

The analysis and interpretation is done with the help of information and statistics collected through questionnaires, interviews and surveys conducted. The data is presented with the help of tables, graphs, charts, etc. in this chapter.

Chapter 6: Findings, Suggestions and Conclusion:

This final chapter mentions findings, suggestions, conclusion and avenues for future research.

1.6 RESEARCH DESIGN

The research design is the conceptual framework within which researcher conducts the study. It is simply the blueprint for how data will be collected, how it will be analyzed using statistical tools. This study is explorative in nature, in the sense that it focuses mainly on exploring perception and awareness of customers about e-Banking in Solapur District.

1.6.1. Title of the Study

The title of the study is “**A Study of Customers’ Perception and Awareness about E-Banking in Solapur District.**”

1.6.2. Sampling and Sample Size

Thus, present study covers two public sector banks (SBI and BOI), two private sector banks (Axis bank and ICICI bank) of Solapur District and total 464 bank customers classified as 343 respondents from public sector banks and 121 respondents from private sector banks. The branch wise and area wise break-up of sample size is shown in table No. 1.1

Table No. 1.1 Size of Sample (Branch wise and Area wise)

a) Public Sector Banks (No. of Customers)

Bank Place	State Bank of India	Bank Of India	Total	Sample size (0.20%)	Total Sample size
Solapur	Treasury Br. 20500 Balives Br. 15440 <u>36000</u>	Subhash Ch. Br. 19500 Rly. Lines Br. 13000 <u>32500</u>	68500	137	
Akluj	Main Br. 25000	Mahaveer Peth 30300	55300	110	
Pandharpur	Bhosale Nagar 22000	Nagar Parishad 26000	48000	96	343

b) Private Sector Banks (No. of Customers)

Bank Place	AXIS Bank	ICICI Bank	Total	Sample size (0.20%)	Total Sample size
Solapur	Rly. Lines Br. 7250 Hotgi Rd. Br. 5350 <u>12600</u>	Park Ch. Br. 14200 Mahaveer Ch. 12400 <u>26000</u>	38600	77	
Akluj	Mahavir Peth 4500	Tamhane Arc. 6000	10500	21	
Pandharpur	New Bus St. 5900	Navi Peth Br. 5500	11400	23	121

Total sample size (343+121) 464.

1.6.3 Data Collection

For fulfilling the objectives of the study, for testing the hypothesis, for conducting the investigation and thereby arrive at conclusion, both primary and secondary data have been collected.

Primary Data

The researcher has collected primary data through questionnaire, survey and interviews of bank customers, bank managers, officers and experts in banking field.

Secondary Data

The secondary data has been collected from various magazines, bulletins published by Indian Banks, statistical table relating to banks, trends and progress reports of RBI and annual reports of the bank.

1.6.4 Analysis of Data

In the present study the main focus of analysis is on customer perceptions and awareness regarding e-Banking services. Customer perceptions were calculated for the banks under study. Total sample survey of 464 respondents has been taken into consideration. The hypotheses framed by the researcher are tested with the help of statistical tools and results are interpreted.

1.6.5 Testing of Hypothesis

Following statistical techniques are used to test the hypothesis:

1. Chi-Square Test to study Gender wise Awareness about e-Banking
2. Chi-Square to study marital status and Awareness about e-Banking
3. Coefficient of Co-relation to study Awareness of e-Banking services and Income Level of Public Sector and Private Sector Bank Customers

1.7 ANALYSIS AND INTERPRETATION OF DATA

1.7.1 Individual Information (Demographic Profile) of Respondents

Status	Classification	No. of Respondents	Percentage
Marital Status	Married	316	68.10
	Unmarried	148	31.90
Total		464	100.00
Gender Status	Male	425	91.60
	Female	39	8.40
Total		464	100.00
Caste Status	Open	139	30.00
	OBC	109	23.40
	SC	66	14.30
	NT	45	9.70
	SBC	105	22.60
Total		464	100.00
Age(Years)	Below 18	13	2.80
	18 but below 25	47	10.10
	25 but below 35	89	19.20
	35 but below 45	158	34.00
	45 but below 55	105	22.70
	55 and above	52	11.20
Total		464	100.00
Education	Primary	06	1.30
	Secondary	38	8.20
	Higher Secondary	102	21.90
	Graduate	137	29.50
	Post Graduate	100	21.60
	Professional	81	17.50
Total		464	100.00
Occupation	Businessmen	242	52.60
	Salaried Class	114	24.60
	Farmers	74	15.90
	Others	32	6.90
Total		464	100.00
Annual Income	Below Rs. 2,50,000	71	15.30
	2,50,000 To 3,50,000	62	13.40
	3,50,000 To 4,50,000	34	7.30
	4,50,000 To 5,50,000	84	18.10
	5,50,000 To 6,50,000	95	20.50
	6,50,000 To 8,50,000	61	13.10
	8,50,000 To 10,00,000	32	6.90
	10,00,000 and above	25	5.40
Total		464	100.00

Source: Primary Data

1.7.2 Opinion Regarding Use of E-Banking Services

Frequency of using e-Banking services for mobile recharge, payment of telephone bill, money transfer, railway ticket booking, filing tax return etc. are analyzed and interpreted.

1.7.3. Preferences in Use of E-Banking Services

E-Banking services used by respondents

E-banking Services	Yes	No
ATM/ Debit Card	389(83.8%)	75(16.2%)
Credit Card	86(18.5%)	378(81.5%)
Mobile Banking	38 (8.2%)	426(91.8%)
Online Banking	294(63.4%)	170(36.6%)
Tele Banking	42(9.0%)	422(91.0%)

Source: Primary Data

1.7.4 Analysis of Various Dimensions of Service Quality

It provides the information on the opinions of the respondents using e-Banking services with regards to the e-Banking service qualities. For this purpose five key service quality dimensions been taken for the analysis. They are: 1) Reliability 2) Security 3) Ease in using 4) Accessibility 5) Efficiency. For this purpose five scale parameters been taken to evaluate the service qualities. Such as SA (Strongly Agree) A (Agree) N (No Opinion) DA (Disagree) SDA (Strongly Disagree).

1.8 HYPOTHESIS TESTING

Following are the results of hypothesis testing:

Hypothesis 1:

H: There is no significant difference between gender status of the respondents and their awareness about e-Banking services.

Since, calculated value (7.64) is more than table value (3.841) at Degree of Freedom of 1% so the hypothesis is rejected and it is concluded that there is significant difference between gender status of the respondents and their awareness about e-Banking services.

Hypothesis 2

H: Awareness of e-Banking services is not likely to vary according to marital status of the respondents.

Since, calculated value (3.25) is less than table value (3.841) at Degree of Freedom of 1% so the hypothesis is accepted and it is concluded that awareness of e-Banking services is not likely to vary according to marital status of the respondents.

Hypothesis 3:

H: There is no association between awareness of e-Banking services of Public Sector and Private Sector Bank customers according to their income level

Since calculated value lies between 0.25 to 0.50, there is low degree of co-relation between e-Banking awareness of Public Sector and Private Sector Bank customers according to their income level.

1.9 FINDINGS RELATED TO OBJECTIVE OF STUDY

The study is aimed to achieve the following objective and findings are given along with each objective:

1. To study the development of e-Banking in India.

FINDING: The five stages in the adoption of Information and Communication Technology (ICT) in Indian banking sector reveals that the development of e-banking is satisfactory.

2. To study the present position of e-Banking in Solapur District.

FINDING: Private sector banks are ahead in practicing e-Banking services as compared to Public sector banks in Solapur District.

3. To study the customer's perception towards e-Banking services provided by the banks in Solapur District.

FINDING: 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.

4. To study the awareness and utilization of e-Banking facilities provided by the banks in Solapur District.

FINDING: Bank customers are more aware and familiar with ATM service of e-Banking as compared to online banking, mobile banking, and credit card & tele-banking.

1.10 SUGGESTIONS

E-Banking is gaining popularity day-by-day and findings of this study allow banks to fine tune their e-banking products. Based on this, the following suggestions could be arrived at:

1. Customers should be imparted education and made aware for the use of e-channels. There should be customer education campaign through communication media such as posters, publications, radio, television, lectures, seminars, training camps and so on.
2. It is also suggested to motivate and train some professionals to educate customers in a customer-preferred language either through seminars or lectures.
3. Banks should organize customer meetings or organize seminars to educate the customers regarding the use of e-channels.
4. Male, educated and well to do persons still dominate the society and make use of e-Banking services. On the other hand, housewives and persons from unorganized sectors like hawkers, peddlers, villagers, etc are still feeling shy and keep themselves away from e-banking services. Hence, there is a need to popularize e-banking services among such people so as to fetch the desired objectives. It is suggested that there is a need to spread the awareness among common people.
5. It is observed, age wise analysis, that majority of the respondents were in age groups 35-45 years. But on the other hand it was found that senior citizens have shown less interest in using e-Banking services. This indicates that the people of above 55 years of age still have more faith in traditional banking system. It is suggested that people

of above years of age should also be brought and make them user of e-banking services.

6. On the basis of the data collected it is come to the notice that majority of the respondents using e-Banking services, fall in the category of business class and service class. The farmers and other class of the respondents were yet unaware about e-Banking services. Therefore, it is suggested that farmers and other class of respondents should also be brought and make them users of e-Banking services.

1.11 CONCLUSION

On the basis of the analysis, it can be concluded that usage of e-Banking services is not up to the mark because the utility of e-banking services is not properly realized. It is found that only educated, well to do persons and male category forms the majority of the users of e-banking services. However, small businessman, farmers and persons from unorganized sectors still keep themselves away from using e-Banking services. This is due to the ignorance of e-banking system or because of the distrust in the computer system. From the above, it can be concluded that there is an urgent need of spreading awareness among the common people by creating confidence in the minds of customers that their money is more safe and secure even though they accept and use e-Banking services.

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Research Guide