

# **A STUDY ON CUSTOMER AWARENESS ON E- BANKING SERVICES AT UNION BANK OF INDIA, MANGALORE**

**UNDER THE GUIDANCE OF**

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## **EXECUTIVE SUMMARY**

E-banking is fast becoming a norm in the developed world, and is being implemented by many banks in developing economies around the globe. The main reason behind this success is the numerous benefits it can provide, both to the banks and to customers of financial services. For banks, it can provide a cost effective way of conducting business and enriching relationship with customers by offering superior services, and innovative products which may be customized to individual needs. For customers it can provide a greater choice in terms of the channels they can use to conduct their business, and convenience in terms of when and where they can use e- banking. Over the last decade India has been one of the fastest adopters of information technology, particularly because of its capability to provide software solution to organizations around the world. This capability has provided a tremendous impetus to the domestic banking industry in India to deploy the latest in technology, particularly in the Internet banking and e-commerce areas. Technology is playing a major role in increasing the efficiency, courtesy and speed of customer service. An Online Banking user is expected to perform transactions online such as Checking account balance and transaction history, Paying bills, Transferring funds between accounts, Requesting credit card advances, ordering checks, Managing investments and stocks trading.

From a bank's perspective, using the Internet is more efficient than using other distribution mediums because banks are looking for an increased customer base. Moreover Internet delivery offers customized service to suit the needs and the likes of each user. Mass customization happens effectively through Online Banking. It reduces cost and replaces time spent on routine errands with spending time on business errands. Online Banking means less staff members, smaller infrastructure demands, compared with other banking channels. From the customers' perspective, Online Banking provides a convenient and effective way to manage finances that is easily accessible 24 hours a day, seven days a week. In addition information is up to date. Nevertheless Online Banking has disadvantages for banks like how to work the technology, set- up cost, legal issues, and lack of personal contact with customers. And for customers there are security and privacy issues.

# Chapter I INDUSTRY ANALYSIS

## **1. INDUSTRY ANALYSIS**

### **1.1. INTRODUCTION OF BANKING INDUSTRY**

#### **BANKING:**

The word "BANK" is derived from a Latin word 'Bancus' or 'Banque', which means a bench. In the early days the European moneylenders and moneychangers used to sit on the benches and exhibit coins of different countries in big heaps for the purpose of changing and lending money,;

#### **As per Banking Regulation Act 1949 Section 5(b)**

"Banking means, accepting for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawal by cheque, draft, or otherwise."

The banking industry is and always has been one of the most important aspects of all industries. The reason being, every other industry needs banks to take part in any investments or financial movements as a way to better their position in their industries. The industry analysis will look at how and why the banking industry has been able to hold this position for so long through the Competitive Landscape.

Banking in India has a long and elaborate history of more than 200 years. The beginning of this industry can be traced back to 1786, when the country's first bank, Bank of Bengal, was established. But the industry changed rapidly and drastically, after the nationalization of banks in 1969. As a result, the public sector banks began experiencing numerous positive changes and enormous growth. Then came much-talked-about liberalization and economic reforms that allowed banks to explore new business opportunities and not just remain constrained to generating revenues from mere borrowing and lending. This provided the Indian banking scenario a remarkable facelift that only continues to get better with time. However, even today, despite the foray of foreign banks in the country, nationalized banks continue to be biggest lenders in the country. This is primarily due to the size of the banks and the penetration of the networks.

## **1.2 INDIAN BANKING SCENARIO**

The Banking industry comprises of segments that provide financial assistance and advisory services to its customers by means of varied functions such as commercial banking, wholesale banking, personal banking, internet banking, mobile banking, credit unions, investment banking and the like.

With years, banks are also adding services to their customers. The Indian banking industry is passing through a phase of customers market. The customers have more choices in choosing their banks. A competition has been established within the banks operating in India.

With stiff competition and advancement of technology, the services provided by banks have become more easy and convenient. The past days are witness to an hour wait before withdrawing cash from accounts or a cheque from north of the country being cleared in one month in the south..

Bank of Hindustan, set up in 1870, was the earliest Indian Bank . Banking in India on modern lines started with the establishment of three presidency banks under Presidency Bank's act 1876 i.e. Bank of Calcutta, Bank of Bombay and Bank of Madras.

The commercial banking structure in India consists of: Scheduled Commercial Banks & Unscheduled Banks. Banking Regulation Act of India, 1949 defines Banking as "accepting, for the purpose of lending or investment of deposits of money from the public, repayable on demand and withdrawal by cheques, draft, order or otherwise."

The arrival of foreign and private banks with their superior state-of-the-art technology- based services pushed Indian Banks also to follow suit by going in for the latest technologies so as to meet the threat of competition and retain customer base.

The evolution of IT services outsourcing in the Indian banks has presently moved on to the level of Facilities Management (FM). Banks now looking at business process management (BPM) to increase returns on investment, improve customer relationship management (CRM) and employee productivity. For, these entities sustaining long-term customer relationship management (CRM) has become a challenge with almost everyone in the market with similar products.

### **1.3 CHANGES IN THE STRUCTURE OF BANKS**

The financial sector reforms ushered in the year 1991 have been well calibrated and timed to ensure a smooth transition of the system from a highly regulated regime to a market economy. The first phase of reforms focused on modification in the policy framework, improvement in financial health through introduction of various prudential norms and creation of a competitive environment. The second phase of reforms started in the latter half of 90s, targeted strengthening the foundation of banking system, streamlining procedures, upgrading technology and human resources development and further structural changes. The financial sector reforms carried out so far have made the balance sheets of banks look healthier and helped them move towards achieving global benchmarks in terms of prudential norms and best practices.

Technology is expected to be the main facilitator of change in the financial sector. Implementation of technology solutions involves huge capital outlay. Besides the heavy investment costs, technology applications also have a high degree of obsolescence. Banks will need to look for ways to optimize resources for technology applications. In this regard, global partnerships on technology and skills sharing may help.

The pressure on capital structure is expected to trigger a phase of consolidation in the banking industry. Banks could achieve consolidation through different ways. Mergers between public sector banks or public sector banks and private banks could be the next logical thing / development to happen as market players tend to consolidate their position to remain in competition.

Public Sector Banks had, in the past, relied on Government support for capital augmentation. However, with the Government making a conscious decision to reduce its holding in Banks, most Banks have approached the capital market for raising resources. It is expected that pressures of market forces would be the determining factor for the consolidation in the structure of these banks. If the process of consolidation through mergers and acquisitions momentum, that could see the emergence of a few large Indian banks with international character. There could be some large national banks and several local level banks.

## **1.4      ROLE OF THE RESERVE BANK IN THE BANKING SECTOR**

The Reserve Bank of India, being the central bank of the country, has numerous monetary and financial functions to overlook. Even in a liberalized country such as the United States, the Federal Reserve has similar functions to perform. This implies that the market mechanism should not be given the sole rein to runs the banking industry and setting the market rates. The functions of the Reserve Bank which have a direct bearing on the banking sector are:

### **1.                      Financial Supervision-**

This aspect of the Reserve Bank is under the aegis of a Board for Financial Supervision (BFS). The objective of the BFS is: “to undertake consolidated supervision of the financial sector comprising commercial banks, financial institutions and non-banking finance companies.” The functions that come under the above mentioned objectives are:

- a.                                      *Restructuring of the system of bank inspections.*
- b.                                      *Introduction of off-site surveillance.*
- c.                                      *Strengthening of the role of statutory auditors and*
- d.                                      *Strengthening of the internal defenses of supervised institutions.*

Thus, the BFS does such acts as the supervising financial institutions, consolidated accounting, looking at legal issues in bank frauds, providing assessments of non-performing assets and maintaining a supervisory rating model for banks.

### **2.                      Monetary Authority-**

The Reserve Bank is the monetary authority of the country. This implies that the Reserve Bank formulates implements and monitors the monetary policy of the country. The various monetary policies involves the availability of liquidity in the economy the amount of money supply to the economy), and setting the interest rates in the country. These rates include the Statutory Liquidity Ratio (SLR), the Cash Reserve Ratio (CRR) and the Cash Adequacy Ratio (CAR) among others. By this function, the Reserve Bank maintains price stability in the economy and ensures that cash flow to various (important) sectors is maintained. In relation to the banking industry, the setting of interest rates is of utmost importance. This limit prescribes the conduct of the banks in the economy. It also acts as an entry barrier to the sector.

### **3. Regulator of the Banking System –**

Being the regulator of the banking, the Reserve Bank “prescribes a set of broad parameters from within which the country’s banking and banking and financial system functions”. The specific aims of financial regulation are usually:

- a) *To enforce applicable laws.*
- b) *To prosecute cases of market misconduct, such as insider trading.*
- c) *To license providers of financial services.*
- d) *To protect clients, and investigate complaints.*
- e) *To maintain confidence in the financial system.*

It is evident from these points that the Reserve Bank does have an amount of control over the functioning and the conduct of the banks in the sector. The Reserve Bank and SEBI (Securities and Exchange Bureau of India) thus can even force banks to withdraw from the sector in the case of occurrence of unfair practices.

### **4. Banker to the banks –**

The Reserve Bank acts as the banker to the various banks in the country and maintains banking accounts to all the scheduled banks in the country.



**Table.1.1.BANKS IN INDIA**

Public sector banks	Private sector banks	Foreign banks
Allahabad Bank Andhra Bank	Bank of Punjab Ltd. Centurion	ABN-AMRO Bank N.V
Bank of Baroda Bank of India	Bank Ltd. Development Credit	Abu Dhabi Commercial
Bank of Maharashtra Canara	Bank Ltd.	Bank Ltd
Bank	HDFC Bank Ltd. ICICI Bank	American Express Bank Ltd.
Central Bank of India	Ltd. IndusInd Bank Ltd.	BNP Paribas
Corporation Bank Dena Bank	Kotak Mahindra Bank Ltd. UTI	Citibank N.A DBS Bank Ltd
Indian Bank	Bank Ltd.	HSBC Ltd.
Indian Overseas Bank Oriental	Yes Bank Ltd	Standard Chartered Bank
Bank of Commerce Punjab and	Bank of Rajasthan Ltd.	
Sind Bank Punjab National	Dhanalakshmi Bank Ltd.	
Bank Syndicate Bank	Federal Bank Ltd	
UCO Bank	ING Vysya Bank Ltd. Jammu	
<b>Union Bank of India</b> United	and Kashmir Bank Ltd.	
Bank of India Vijaya Bank	Karnataka Bank Ltd Karur	
IDBI Bank	Vysya Bank Ltd Ratnakar Bank	
	Ltd SBI	
	Commercialand International	
	Bank Ltd	
	South Indian Bank Ltd	
	United Western Bank Ltd	

**Table 1.2. Financial position of different Banks India**

Bank	Last Price	Market Capitalization(Rs.cr)	Net Interest Income	Net Profit	Total Assets
SBI	2,115.15	141,936.05	106,521.45	11,707.29	1,335,519.24
Bank of Baroda	729.85	30,098.09	29,673.72	5,006.96	447,321.46
PNB	754.45	25,589.34	36,428.03	4,884.20	458,194.01
Canara Bank	437.6	19,385.68	30,850.62	3,282.72	374,160.20
Bank of India	272.85	15,675.78	28,480.67	2,677.52	384,535.47
IDBI Bank	102.05	13,046.26	23,369.93	2,031.61	290,837.23
Union Bank	<b>234.05</b>	<b>12,885.60</b>	<b>21,144.28</b>	<b>1,787.13</b>	<b>235,984.44</b>
Oriental Bank	318.7	9,298.43	15,814.88	1,141.56	178,130.17
Indian Bank	182.2	7,830.41	12,231.32	1,746.97	141,419.20
Syndicate Bank	121.1	7,289.61	15,268.35	1,313.39	182,468.06
Allahabad Bank	135.9	6,795.36	15,523.28	1,866.79	182,934.57
Corporation Bank	408.8	6,055.52	13,017.78	1,506.04	163,560.42

Data's are as on 27-Nov-2012

**Table.1.3. Number of Branches and ATM's of different banks in India**

Bank	Number of Branches	Number of ATM
SBI	14119	26445
Bank of Baroda	4043	2506
PNB	4706	6389
Canara Bank	3050	2734
Bank of India	3079	1830
IDBI Bank	821	1786
<b>Union Bank</b>	<b>3206</b>	<b>3897</b>
Oriental Bank	1580	1783
Syndicate Bank	2368	1240
Allahabad Bank	1069	987
Corporation Bank	1073	1765

# Chapter II COMPANY ANALYSIS

## **2.1 COMPANY PROFILE**

The dawn of twentieth century witnesses the birth of a banking enterprise par excellence- UNION BANK OF INDIA- that was flagged off by none other than the Father of the Nation, Mahatma Gandhi. Since that the golden moment, Union Bank of India has this far unflinchingly traveled the arduous road to successful banking a journey that spans 88 years. Union Bank of India, reiterate the objective of our inception to the profound thoughts of the great Mahatma. They have the ability to carry on a big bank, to manage efficiently Crores of rupees in the course of our national activities. Though they have not many banks among them, it does not follow that they are not capable of efficiently managing Crores and tens of Crores of rupees."

Union Bank of India is firmly committed to consolidating and maintaining its identity as a leading, innovative commercial Bank, with a proactive approach to the changing needs of the society. This has resulted in a wide gamut of products and services, made available to its valuable clientele in catering to the smallest of their needs. Today, with its efficient, value-added services, sustained growth, consistent profitability and development of new technologies, Union Bank has ensured complete customer delight, living up to its image of, "GOOD PEOPLE TO BANK WITH". Anticipative banking- the ability to gauge the customer's needs well ahead of real-time the vital ingredient in value-based services to effectively reduce the gap between expectations and deliverables.

The key to the success of any organization lies with its people. No wonder, Union Bank's unique family of about 26,000 qualified / skilled employees is and ever will be dedicated and delighted to serve the discerning customer with professionalism and wholeheartedness. Union Bank is a Public Sector Unit with 55.43% Share Capital held by the Government of India. The Bank came out with its Initial Public Offer (IPO) in August 20, 2002 and Follow on Public Offer in February 2006. Over the years, the Bank has earned the reputation of being a techno-savvy and is a front runner among public sector banks in modern-day banking trends. It is one of the pioneer public sector banks, which launched Core Banking Solution in 2002.

Under this solution umbrella, All Branches of the Bank have been 1135 networked ATMs, with online Tele-banking facility made available to all its Core Banking Customers - individual as well as corporate. In addition to this, the versatile Internet Banking provides extensive information pertaining to accounts and facets of banking. Regular banking services apart, the customer can also avail of a variety of other value-added services like Cash Management Service, Insurance, Mutual Funds and Demat.

The Bank will ever strive in its endeavor to provide services to its customer and enhance its businesses thereby fulfilling its vision of becoming “The Bank Of First Choice In Our Chosen Area By Building Beneficial And Lasting Relationship With Customers Through A Process Of Continuous Improvement”.

Union bank of India, a public sector bank, is the most modern among public sector banks (the first large Public Sector Bank in the country to have achieved 100% core banking solution (CBS) roll out). It is also the sixth largest among public bank with an asset base of Rs. 1,610 billion as on 31st March 2011 and is based in western India. From 2007 to 2011, the bank managed to open an additional 500 branches, far outpacing the 72 branches opened from 1996 to 2006. In FY 11, the Bank began offering anywhere banking services to all of its branches, also known as core banking solutions (CBS).

During FY11, the Bank enhanced its profitability by focusing on high yielding loan portfolio - retail, MSME (Medium, Small and Micro Enterprises) and agriculture credit, and reduced its exposure on low yielding advances.

Union Bank’s total business as on March 31, 2012 stood at Rs 4,03,900 crore, with deposits of Rs 2,22,869 crore and advances of Rs 1,81,031 crore. Bank has strong capital adequacy ratio of 11.85% at the end of March 2012. Union Bank has the Vision of becoming No.1 Retail Bank in Customer Service Excellence. It has opened 10 million Financial Inclusion (FI) accounts for branchless banking customers. Further, Bank has designed customized micro-loan products to suit the various specific needs of the FI customers. Also, financing to MSMEs, especially, Micro & Small Entrepreneurs, is the focus area of the Bank to augment credit flow to this sector.

This ATM enables visually challenged persons to do transactions on voice guidance and hence called 'Talking ATM'. The ATM site is so designed that physically challenged persons even on wheel chair can go inside and does transactions. This Talking ATM of the Bank will support transactions of other Bank ATM Cards also on use by visually challenged customers. Union Bank of India, on the occasion of unveiling of Bank's Talking ATM for visually & physically challenged. Incidentally this is bank's 4000th ATM at Vastrapur, Ahmedabad. Also present on the occasion are Shri O.P. Dua, General Manager, FGMO, Ahmedabad & Shri Lalit Sinha, General Manager.

## **2.2 CORPORATE MISSION & VISION**

### **Vision:**

*“To become the bank of first choice in our chosen areas by building beneficial and lasting relationships with customers through a process of continuous improvement”*

### **Mission:**

- *To be a customer centric organization known for its differentiated customer service.*
- *To offer a comprehensive range of products to meet all financial needs of customers.*
- *To be a top creator of shareholder wealth through focus on profitable growth.*
- *To be a young organization leveraging on technology & an experienced workforce.*
- *To be the most trusted brand, admired by all stakeholders.*
- *To be a leader in the area of Financial Inclusion.*

## **2.3 ORGANISATIONAL STRUCTURE**

List Of Regional Offices Bank has a lean three-tier structure. The delegated powers have been enhanced. The decentralized power structure has accelerated decision making process and thereby Bank quickly responds to changing needs of the customers and has also been able to adjust with the changing environment. Bank has nine General Manager Offices at Ahmedabad, Pune, Lucknow, Delhi, Bangalore, Bhopal, Mumbai, Calcutta and Chennai which function as an extended arm of corporate office. It also has two Zonal Offices at Bhopal and Pune. Tier 3 comprises of 54 Regional Offices at various geographical center of the country.

## **2.4** **E-BANKING**

Electronic banking is one of the truly widespread avatars of E-commerce over the world. Various authors define E-Banking differently but the most definition depicting the meaning and features of E-Banking are as follows:

1. Banking is a combination of two, Electronic technology and Banking.
2. Electronic Banking is a process by which a customer performs banking Transactions electronically without visiting their banks.
3. E-Banking denotes the provision of banking and related service through Extensive use of information technology without direct recourse to the bank by the customer.

## **2.5** **NEED FOR E-BANKING**

One has to approach the branch in person, to withdraw cash or deposit a cheque or request a statement of accounts. In true Internet banking, any inquiry or transaction is processed online without any reference to the branch (anywhere banking) at any time. Providing Internet banking is increasingly becoming a "need to have" than a "nice to have" service. The net banking, thus, now is more of a norm rather than an exception in many developed countries due to the fact that it is the cheapest way of providing banking services. Banks have traditionally been in the forefront of harnessing technology to improve their products, services and efficiency. They have, over a long time, been using electronic and telecommunication networks for delivering a wide range of value added products and services. The delivery channels include direct dial – up connections, private networks, public networks etc and the devices include telephone, Personal Computers including the Automated Teller Machines, etc. With the popularity of PCs, easy access to Internet and World Wide Web (WWW), Internet is increasingly used by banks as a channel for receiving instructions and delivering their products and services to their customers. This form of banking is generally referred to as Internet Banking, although the range of products and services offered by different banks vary widely both in their content and sophistication.

## **2.6      E-BANKING PRODUCTS**

### **Automated Teller Machine (ATM)**

These are cash dispensing machine, which are frequently seen at banks and other locations such as shopping centers and building societies. Their main purpose is to allow customer to draw cash at any time and to provide banking services where it would not have been viable to open another branch e.g. on university campus. An automated teller machine or automatic teller machine (ATM) is a computerized telecommunications device that provides a financial institution's customers a method of financial transactions in a public space without the need for a human clerk or bank teller. On most modern ATMs, the customer identifies him or herself by inserting a plastic ATM card with a magnetic stripe or a plastic smartcard with a chip that contains his or her card number and some security information, such as an expiration date or CVC (CVV). Security is provided by the customer entering a personal identification number (PIN). Using an ATM, customers can access their bank accounts in order to make cash withdrawals (or credit card cash advances) and check their account balances. Many ATMs also allow people to deposit cash or checks, transfer money between their bank accounts, pay bills, or purchase goods and services.

Some of the advantages of ATM to customers are:-

- *Ability to draw cash after normal banking hours*
- *Quicker than normal cashier service*
- *Complete security as only the card holder knows the PIN*
- *Does not just operate as a medium of obtaining cash.*
- *Customer can sometimes use the services of other bank ATM's.*

### **Tele banking or Phone Banking**

Telephone banking is relatively new Electronic Banking Product. However it is fastly becoming one of the most popular products. Customer can perform a number of transactions from the convenience of their own home or office; in fact from any where they have access to phone.



Customers can do following:-

- *Check balances and statement information.*
- *Transfer funds from one account to another.*
- *Pay certain bills.*
- *Order statements or cheque books.*
- *Demand draft request .*

This facility is available with the help of Voice Response System (VRS). This system basically, accepts only TONE dialed input. Like the ATM customer has to follow particular process, initially account number and telephone PIN are fed for the process to start. Also the VRS system provides the users within additional facilities such as changing existing password with the new desired, information about new products, current interest rates etc.

### **Mobile Banking**

Mobile banking comes in as a part of the banks initiative to offer multiple channel banking providing convenience for its customer. A versatile multifunctional, free service that is accessible and viewable on the monitor of mobile phone. Mobile phones are playing great role in Indian banking- both directly and indirectly. They are being used both as banking and other channels.

### **Internet Banking**

The advent of the Internet and the popularity of personal computers presented both an opportunity and a challenge for the banking industry. For years, financial institutions have used powerful computer networks to automate million of daily transactions; today, often the only paper record is the customer's receipt at the point of sale. Now that their customers are connected to the Internet via personal computers, banks envision similar advantages by adopting those same internal electronic processes to home use. Banks view online banking as a powerful "value added" tool to attract and retain new customers while helping to eliminate costly paper handling and teller interactions in an increasingly competitive banking environment.

### **Types of internet banking**

Understanding the various types of Internet banking will help examiners assess the risks involved. Currently, the following three basic kinds of Internet banking are being employed in the marketplace.

- **Informational-**

This is the basic level of Internet banking. Typically, the bank has marketing information about the bank's products and services on a stand-alone server. The risk is relatively low, as informational systems typically have no path between the server and the bank's internal network. This level of Internet banking can be provided by the banks or outsourced. While the risk to a bank is relatively low, the server or web site may be vulnerable to alteration. Appropriate controls therefore must be in place to prevent unauthorized alterations to the bank's server or web site.

- **Communicative-**

Interaction between the bank's system and the customers. The interaction may be limited to electronic mail, account enquiry, loan applications, or static file updates (name and address change). Because these servers may have a path to the bank's internal networks, the risk is higher with this configuration than within informational systems. Appropriate controls need to be in the place to prevent, monitor, and alert management of any unauthorized attempt to access the bank's internal networks and computer systems. Virus controls also become much more critical in this environment.

- **Transactional-**

This level of Internet banking allows customers to execute transactions. Since a path typically exists between the server and the bank or outsourcer's internal network, this is the highest risk architecture and must have the strongest controls. Customer transactions can include accessing accounts, paying bills, transferring funds etc.

## **2.7** **ADVANTAGES OF INTERNET BANKING**

- **Convenience**

- Unlike your corner bank, online banking sites never close, They're available 24 hours a day, seven days a week, and they're only a mouse click away.

- **Ubiquity**

- If you're out of state or even out of the country when a money problem arises, you can log on instantly to your online bank and take care of business, 24\7.

- **Transaction speed**

- Online bank sites generally execute and confirm transactions at or quicker than ATM processing speeds.

- **Efficiency-**

You can access and manage all of your bank accounts, including IRA's, CDs, even securities, from one secure site.

- **Effectiveness-**

Many online banking sites now offer sophisticated tools, including account aggregation, stock quotes, rate alert and portfolio managing program to help you manage all of your assets more effectively. Most are also compatible with money managing programs such as quicken and Microsoft money.

## **2.8** **DISADVANTAGES OF INTERNET BANKING**

- **Start-up may take time-**

In order to register for your bank's online program, you will probably have to provide ID and sign a form at a bank branch. If you and your spouse wish to view and manage their assets together online, one of you may have to sign a durable power of attorney before the bank will display all of your holdings together.

- **Learning curves-**

Banking sites can be difficult to navigate at first. Plan to invest some time and\or read the tutorials in order to become comfortable in your virtual lobby.

- **Bank site changes-**

Even the largest banks periodically upgrade their online programs, adding new features in unfamiliar places. In some cases, you may have to re-enter account information.

## **2.9**

### **INTERNET BANKING VERSUS TRADITIONAL BANKING**

In spite of so many facilities that Internet banking offers us, we still seem to trust our traditional method of banking and is reluctant to use online banking. But here are few cases where Internet banking will turn out to be a better option in terms of saving your money.' Stop payment' done through Internet banking will not cost any extra fees but when done through the branch, the bank may charge you Rs 50 per cheque plus the service tax. Through Internet banking, you can check your transactions at any time of the day, and as many times as you want to. On the other hand, in a traditional method, you get quarterly statements from the bank and if you request for a statement at your required time, it may turn out to be an expensive affair. The branch may charge you Rs 25 per page, which includes only 30 transactions. Moreover, the bank branch would take eight days to deliver it at your doorstep. If the fund transfer has to be made outstation, where the bank does not have a branch, the bank would demand outstation charges. Whereas with the help of online banking, it will be absolutely free for you. As per the Internet and Mobile Association of India's report on online banking 2006,"There are many advantages of online banking. It is convenient, it isn't bound by operational timings, there are no geographical barriers and the services can be offered at a miniscule cost."

# Chapter III PROBLEM IDENTIFICATION

### **3.1 STATEMENT OF THE PROBLEM:**

Union Bank of India offers their customers the facility of Internet Banking service. With Union Banks Internet Banking service we can carry out banking activities from the comfort of our home /office with only our mouse. Using our Internet Banking ID and password, we can view our Union Bank accounts /do transactions online 24x7 without any hassle. We can transfer funds online to accounts maintained with any bank in India. We can also access all our Union Bank accounts from all around the world 24x7.

**“The Internet banking facility offered by Union Bank of India is not widely accessed by the union bank customers”**

Customer does not access Internet banking of various reasons, such as:

- *The information can be leaked or account can be hacked and all confidential information can be leaked.*
- *Bank charges hidden Costs.*
- *Lack of Operational knowledge.*
- *No Access to Internet/Mobile.*
- *Concerned about security.*

### **3.2 OBJECTIVES OF THE STUDY**

- To study about the factors that affects the customer perception towards E-banking service of Union Bank of India.
- To know about the current and future prospects of E-Banking to the customers.
- To find out the major problems faced by the customers while using e-banking services.

### **3.3 NEED OF THE STUDY**

- To determining growth direction of online banking service.
- Promoting E-banking services in banking industry.
- Customer perception will be taken into consideration about the internet banking.

### **3.4 SCOPE OF THE STUDY**

- All the classes of the customers were taken into consideration.
- This study was covered E-Banking service sector.
- This is a realistic source directly collected from the customers of Bank.
- The emergence of E-Banking has enabled the banks to offer real-time transactions and integrate all customers' related functions. Indian Banks are utilizing the new technology to provide better technology and convenient access to its customers and India is thus poised to for a huge growth in the world of electronic banking.

### **3.5 TYPE OF RESEARCH**

This study is EXPLORATORY and DESCRIPTIVE in nature. It helps in breaking vague problem into smaller and precise problem and emphasizes on discovering of new ideas and insights. Exploratory research was conducted during the initial stage of the research process which helped to refine the problem into researchable one. It has progressively narrowed the scope of research topic.

#### **Research design:**

Research design constitutes the blue print for the collection, measurement and analysis of data. The present study seeks to identify the extent of preferences of E-Banking over traditional banking among service class. The research design is exploratory in nature. The research has been conducted with the customers of UBI, Mangalore. For the selection of the sample, convenient sampling method was adopted and an attempt has been made to include all the age groups and gender within the service class.

**Sources of data:** Following are the methods of sources of data:

#### **Secondary data:**

- Articles on E-Banking taken from journals, magazines.
- Through internet.

### **Primary data:**

Questionnaire was used to collect primary data from respondents. The questionnaire was structured type and contained questions relating to different dimensions of e-banking preferences among service class such as level of usage, factors influencing the usage of e-banking services, benefits accruing to the users of e-banking services, problems encountered. An attempt was also made to elicit reasons for its non-usage. The questions included in the questionnaire were open-ended, dichotomous and offering multiple choices.

### **Sampling unit:**

It defines the target population that will be sampled i.e. it answers who is to be surveyed. In this study, the sampling unit is the Customers of UBI, Mangalore.

### **Sampling size:**

It indicates the numbers of people to be surveyed. Though large samples give more reliable results than small samples but due to constraint of time, the sample size was restricted to 40 respondents. The respondents belong to different income group and profession.

### **Method of data collection:**

The survey method is used to collect the data from Union Bank of India, Hampanakatta Branch, Mangalore, visited for the purpose of collection of data.

### **Research instrument:**

The instrument used for gathering data was questionnaire. To get further insight in to the research problem, interview regarding their buying practices too was made. This was done to crosscheck the authenticity of the data provided. To supplement the primary data and to facilitate the process of drawing inference, secondary data was collected from published sources like magazines, journals, newspapers etc.

### **Tools and techniques of analysis:**

The data so collected will be analyzed through the application of statistical techniques, such as bar graphs and pie charts.



# Chapter IV **PROBLEM FORMULATION**

#### 4. PROBLEM FORMULATION

The second step in problem resolution strategy is problem formulation. Problem formulation is very specific. The major sets of variables that compose or constitute the problem are identified. Any problem is composed of two major sets of variables: controllable and uncontrollable. Hence some of the variables which affect the Internet Banking services are show below.

<u>Controllable Variables</u>	<u>Uncontrollable Variables</u>
Service Quality	Competitor Strategies.
Advertisement	Literacy rate.
User Friendly	Industry Norms.
Technology Up gradation	Government Regulations
Security Issues	Customer preference.
Server Error	
Skilled Manpower	

##### 4.1 CONTROLLABLE VARIABLES

Controllable Variables are aspects of a phenomenon or situation that can be directly influenced or controlled.

**Service Quality:** Customer satisfaction is a challenging task in today's competitive world of businesses. Among these e-businesses is banking sector business. These businesses are tremendously trying to deploy customer relationship management and improve the connections between the business and customer for their satisfaction. Online banking offers facilities and services to the customers where as the role of IT is very dominant factor for improving the quality of services to achieve customer satisfaction.

**Advertisement:** Union Bank of India promotes the user-friendly features of their online services. They also have plenty of incentive and opportunity to assure consumers that their mobile services are safe and convenient. Union Bank of India promotes their E-Banking services to their customer by sending SMS related to their E-Banking services to create awareness among the customer.

**User Friendly:** The information in the Union Banks website is easy to read and unambiguous. Bullet points are used to list the information. The bank also has a demo version of software, which describes how conveniently a customer can access various services.

**Security Issues:** Union Bank of India has gone to extraordinary lengths to ensure that your online transactions are secure, by placing its devices in most secured environment as evidenced by the digital certificate issued by "VERISIGN", which helps the customer and bank for banking safely.

**Skilled Manpower:** Manpower is the key factor for the success of any organization. Union Bank has qualified and skilled employees who will and always will be delighted to extend their services to the customers with heartfelt efforts.

**Technology Upgradation:** Technology upgradation aims at modernization of Union Bank of India. Union Bank has assigned priority to the upgradation of technological infrastructure in the financial system. Substantial progress has been made for developing a modern, efficient, integrated and secure payment and settlement system for the financial services sectors.

The Reserve Bank has been playing a pivotal role in the upgradation of technology in the banking sector with the objective of putting in place a safe, secure, robust, efficient and integrated payment and settlement system that will function on-line in a real-time environment. The National Payment Council (NPC) with representation from the industry is an important part of this process. The Reserve Bank has also been making sustained efforts to implement an integrated and efficient payment system.

**Server Error:** Server error on the Internet, and those annoying error messages, occur quite frequently and it is quite frustrating, Many times we may receive an OL or OLSU error (or no error code at all) when we set up an account for online services or attempt to download transactions. This may be caused by:

A problem at the bank (sometimes referred to as our financial institution or FI), The servers may be down, They may have made changes regarding whether they allow either Web Connect or Direct Connect, A problem with our internet connection. Problem with one or more accounts the company file.

## **4.2 UNCONTROLLABLE VARIABLE:**

Uncontrollable Variables are aspects of business to which the retailer must adapt (such as competition, the economy, and laws).

**Competitor strategy:** Any successful approach to achieving top-line growth must take into account what your competitors are, and are not, doing, and balance those insights with a detailed understanding of where promising market opportunities are to be found. Ignoring either of these activities puts top-line growth at risk.

UBI is working on new business strategy to focus on various segments of customers which could help in rationalizing its operating structure and grow aggressively at the same time. Currently, the bank is redefining the business model of its branches which relieved employees from their routine transaction processing tasks thereby enabling them to devote more time in acquiring and managing customer relationships.

**Literacy Rate:** Lack of operational knowledge will affect E-Banking services, so that customer will face problem while accessing E-banking services. While creating awareness and promotion strategies, customer will face problem to understand upon their literacy level.

**Government regulations:** Bank must adopt effective and reliable security controls for electronic banking, that integrate into the bank's overall security program, including system-wide access controls, user authentication, encryption, transaction verification, and virus protection controls. Implement policies and controls according to the sensitivity and importance of data. Growth of the company is highly affected by the various regulations and policies of the Government.

**Customer Preference:** Union Bank provides good service quality to satisfy the varying needs of today's customers, but service quality is not alone sufficient, trust among the customers is another important factor which is a predictor of consumer preference. Customers are changing their behavior and demanding lower fees for higher levels of service or other improvements. If these demands are not met, they are increasingly likely to shop around at other banks for competitive rates for services and products.

### **4.3 E- BANKING SERVICES:**

#### **1. Bill payment service**

Each bank has tie-ups with various utility companies, service providers and insurance companies, across the country. It facilitates the payment of electricity and telephone bills, mobile phone, credit card and insurance premium bills. To pay bills, a simple one-time registration for each biller is to be completed. Standing instructions can be set, online to pay recurring bills, automatically. Most interestingly, the bank does not charge customers for online bill payment.

#### **2. Fund transfer**

Any amount can be transferred from one account to another of the same or any another bank. Customers can send money anywhere in India. Payee's account number, his bank and the branch is needed to be mentioned after logging in the account. The transfer will take place in a day or so, whereas in a traditional method, it takes about three working days. ICICI Bank says that online bill payment service and fund transfer facility have been their most popular online services.

#### **3. Credit card customers**

Credit card users have a lot in store. With Internet banking, customers can not only pay their credit card bills online but also get a loan on their cards. Not just this, they can also apply for an additional card, request a credit line increase and God forbid if you lose your credit card, you can report lost card online.

#### **4. Investing through Internet banking**

Opening a fixed deposit account cannot get easier than this. An FD can be opened online through funds transfer. Online banking can also be a great friend for lazy investors. Now investors with interlinked demat account and bank account can easily trade in the stock market and the amount will be automatically debited from their respective bank accounts and the shares will be credited in their demat account. Moreover, some banks even give the facility to purchase mutual funds directly from the online banking system. So it removes the worry about filling those big forms for mutual funds, they will now be just a few clicks away. Nowadays, most leading banks offer both online banking and demat account. However if the customer have there demat account with independent share brokers, then need to sign a special form, which will link your two accounts.

**6. Recharging your prepaid phone**

Now there is no need to rush to the vendor to recharge the prepaid phone, every time the talk time runs out. Just top-up the prepaid mobile cards by logging in to Internet banking. By just selecting the operator's name, entering the mobile number and the amount for recharge, the phone is again back in action within few minutes.

**7. Shopping at your fingertips**

Leading banks have tie ups with various shopping websites. With a range of all kind of products, one can shop online and the payment is also made conveniently through the account. One can also buy railway and air tickets through Internet banking.

# Chapter V PROBLEM SPECIFICATION

## **PROBLEM SPECIFICATION**

The next stage in problem resolution strategy is problem specification. Problem Specification is to explore, examine and understand the relationships (actual and potential) between your controllable variables, between your uncontrollable variables, and between your controllable and uncontrollable variables. One of the fundamental laws in systems thinking is that everything is connected with everything else in a global web or network of relationships. Hence, all the variables, controllable and uncontrollable, are connected, related, and they influence each other. So in this stage, we identify the major connections and influences between variables.

### **Service Quality and Competitors.**

Provide Better service than the Competitors, to overcome intense competition the bank has to concentrate more on service quality.

### **Server error technology and service quality**

By avoiding the server error bank can provide efficient customer services by improving the quality of the services conveniently.

### **Security Issues and Risk associated with technology.**

By providing efficient online banking safety protections bank can avoid risk associated with technology, thus it will help the customers to bank online safely.

### **Advertisement and Literacy rate.**

Better awareness and promotion needs to be created to make the Customer aware of the services, which will make them to access e-Banking services conveniently.

### **Technology Up gradation and Government Regulations.**

Various Government regulations restricts the organization to upgrade the technologies, thus this will affect the growth of the organisation.

### **Government Regulations and Industry Norms.**

Growth of the company is highly affected by the various regulations and policies of the Government, and the Industry norms.



# Chapter VI **PROBLEM RESOLUTION**

## **.PROBLEM RESOLUTION.**

- Familiarizing the customer to new environment by demo version of software on bank's website.
- More customer care service will help to clear the customer queries.
- Strengthen the Promotional strategy, to make aware of the Internet Banking services to each customer.
- Reduce the service charges.
- Make the website more convenient and user friendly.
- Every time you finish using your online banking session then sign out from the site rather than just closing the browser.
- Never share your passwords or login details with anybody.
- View your account daily and check it with your transactions, if there is anything which does not tally with your instructions then inform your bank immediately.

### **6.1. BEST ALTERNATIVE STRATEGY**

Based on my study on E-Banking at Union Bank of India, the best strategy that the bank can employ to increase the customer awareness on E-Banking might be through familiarizing the customer to new environment by demo version of software on bank's website, which should contain procedures and features of E-Banking. It will enable users to give suggestions for improvements, which can be incorporated in later versions wherever feasible. This will also help the bank to strengthen the Promotional strategy, to make aware of the Internet Banking services to each customer.

# Chapter VII

# DATA ANALYSIS AND INTERPRETATION

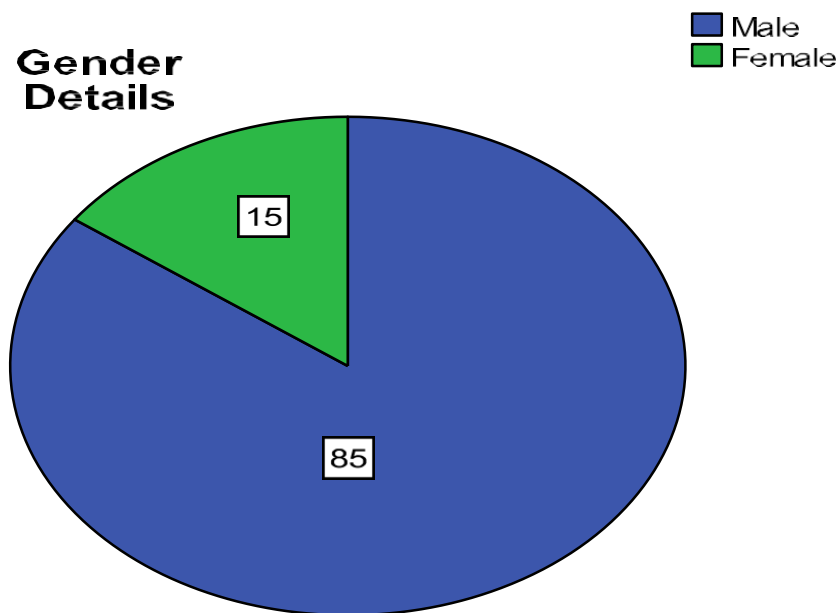
## **7. DATA ANALYSIS AND INTERPRETATION.**

### **Table and Chart Showing the Gender Details**

Table No: 7.1

Particulars	Number of Respondents	Percentage
Male	34	85.0
Female	6	15.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

Chart No:7.1



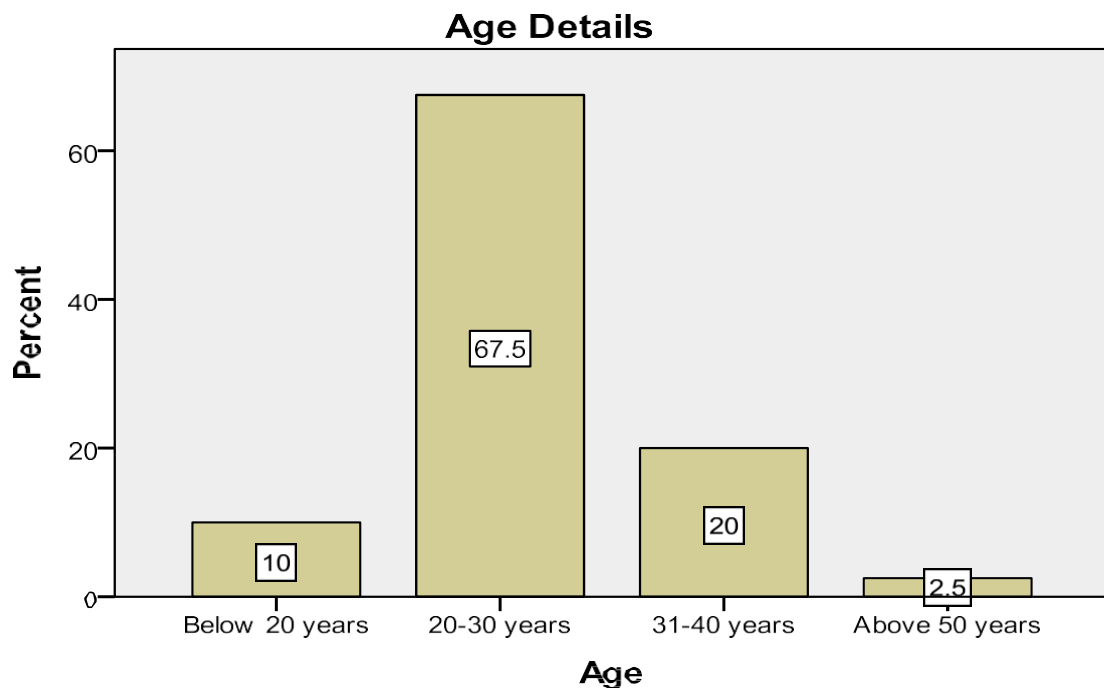
**Interpretation:** The result shows that majority of respondents i.e. 85% are males and the remaining 15% are females.

**Table and Chart showing Age Details**

**Table No: 7.2**

Particulars	Number of Respondents	Percentage
Below 20 years	4	10.0
20-30 years	27	67.5
31-40 years	8	20.0
Above 50 years	1	2.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.2**



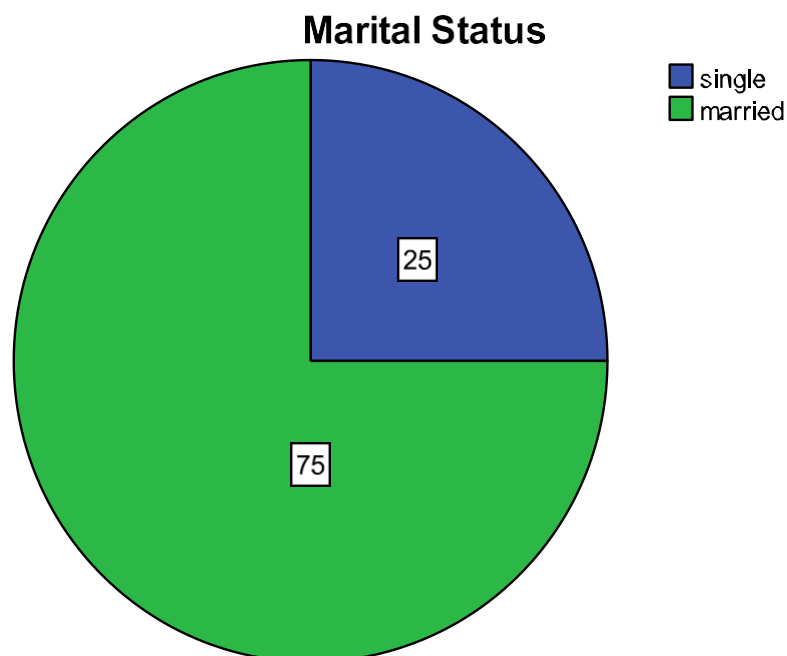
**Interpretation:** From the above data we can analyze that majority of the respondents are aged between 20-30years.

**Table and Chart describing marital status of respondents**

**Table No: 7.3**

Particulars	Number of Respondents	Percentage
single	10	25.0
married	30	75.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.3**



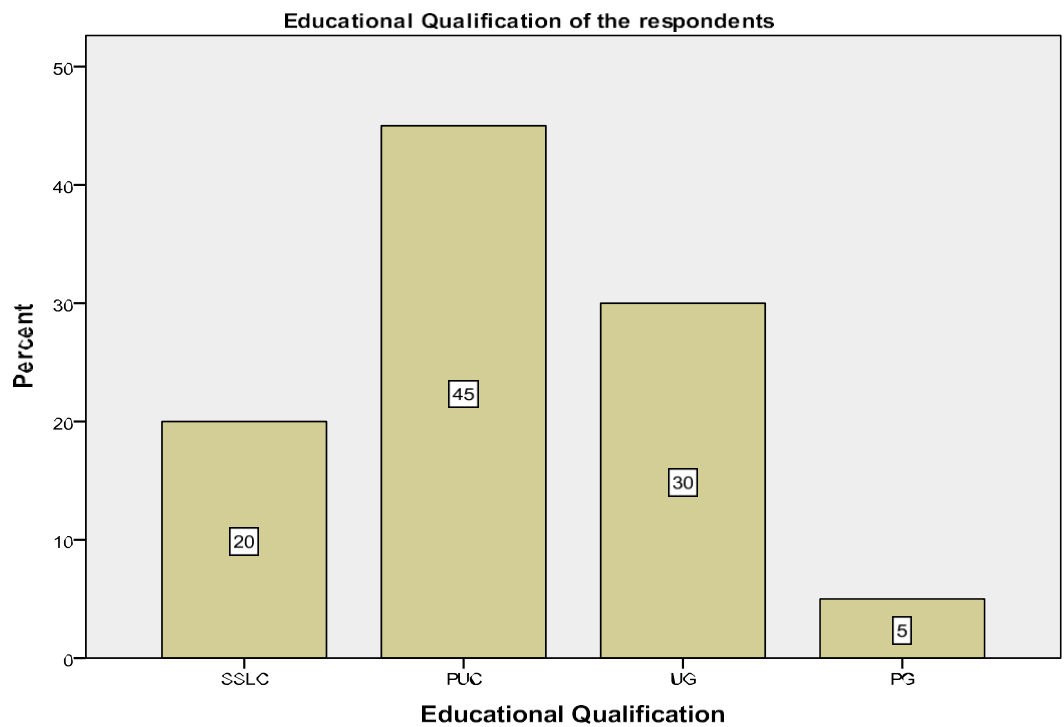
**Interpretation:** From the above data we can analyze that most of the respondents are married.

**Table and chart showing Educational qualification of the respondents.**

**Table No: 7.4**

Particulars	Number of Respondents	Percentage
SSLC	8	20.0
PUC	18	45.0
UG	12	30.0
PG	2	5.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.4**



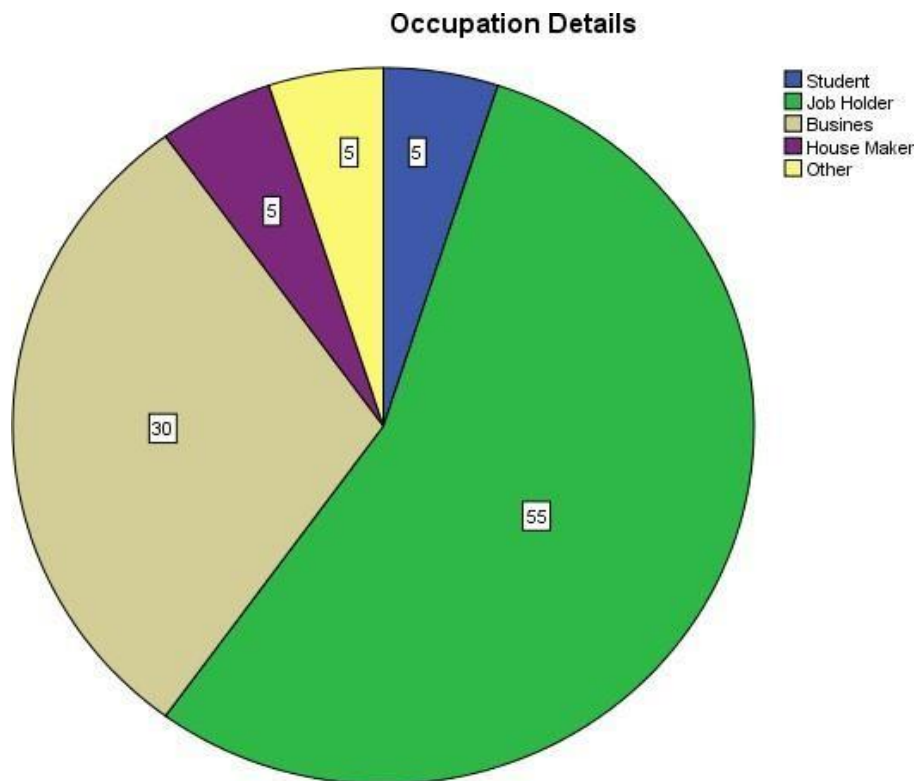
**Interpretation:** The result shows that majority of respondents i.e. 45% fall under PUC , only 5% of the respondents are post graduates.

**Table and chart showing Occupational details of the respondents.**

**Table No: 7.5**

Particulars	Number of Respondents	Percentage
Student	2	5.0
Job Holder	22	55.0
Business	12	30.0
House Maker	2	5.0
Other	2	5.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.5**



**Interpretation:** The result shows that majority of respondents i.e. 55% are Job Holders.

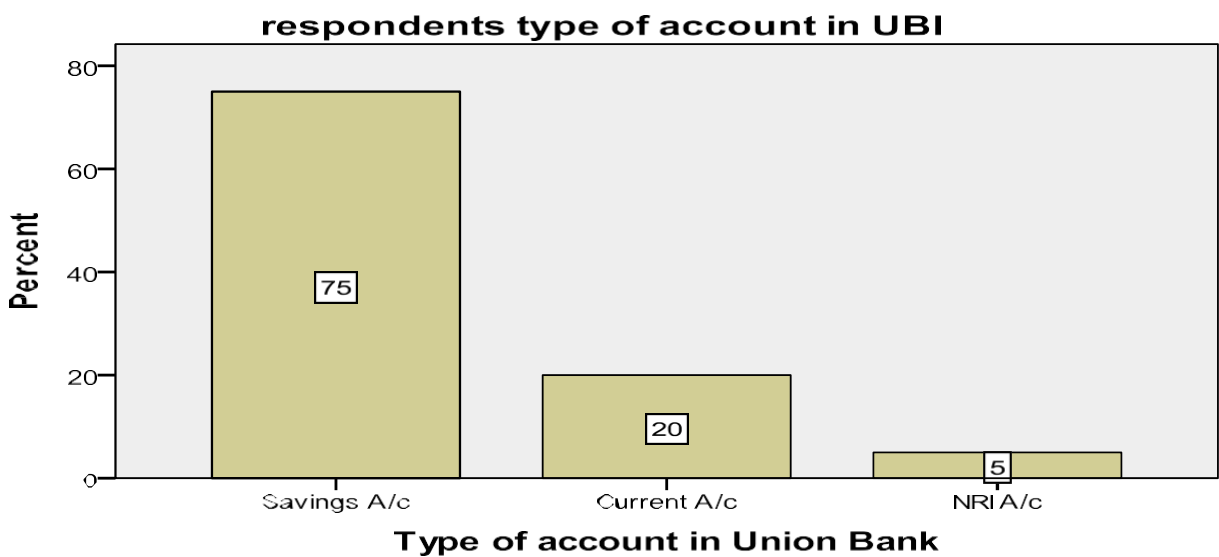


**Table and Chart showing respondents type of account in UBI**

**Table No: 7.6**

Particulars	Number of Respondents	Percentage
Savings A/c	30	75.0
Current A/c	8	20.0
NRI A/c	2	5.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.6**



**Interpretation:** From the above analysis we can analyze that majority of the respondents are having Savings A/c in UBI and only few number of respondents are holding NRI A/c .

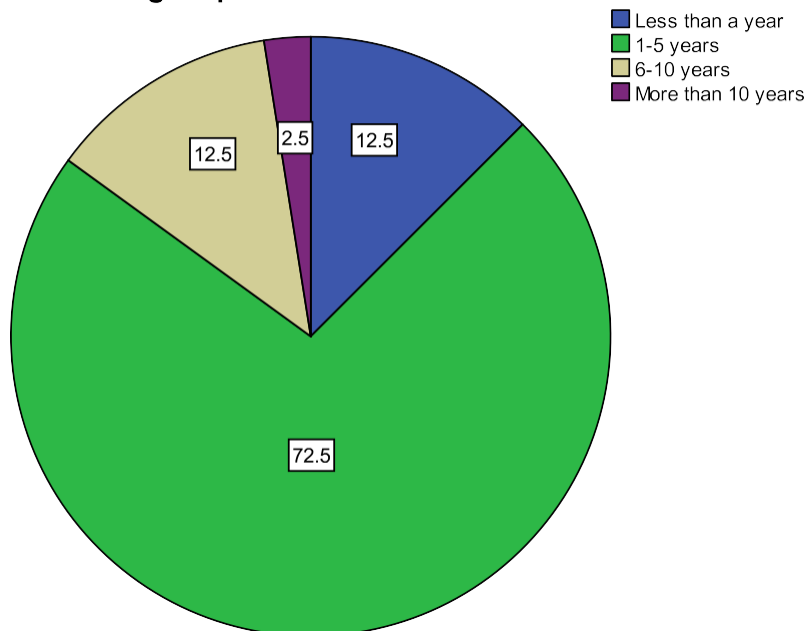
**Table and Chart Showing how long respondents are associated with UBI**

**Table No: 7.7**

Particulars	Number of Respondents	Percentage
Less than a year	5	12.5
1-5 years	29	72.5
6-10 years	5	12.5
More than 10 years	1	2.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.7**

**How Long respondents are associated with Union Bank**



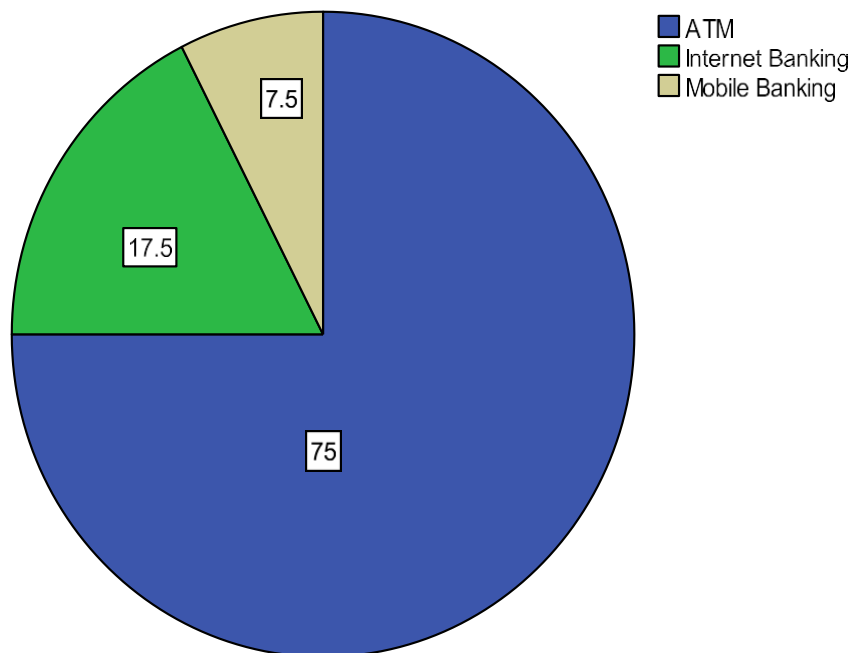
**Interpretation:** The result shows that majority of respondents i.e. 72.5% of the respondents are associated with union bank from 1-5 years.

**Table and Chart showing Type of E-Banking services respondents are aware of.**

**Table No: 7.8**

Particulars	Number of Respondents	Percentage
ATM	30	75.0
Internet Banking	7	17.5
Mobile Banking	3	7.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Type of E-Banking services respondents are aware of**



**Chart No: 7.8**

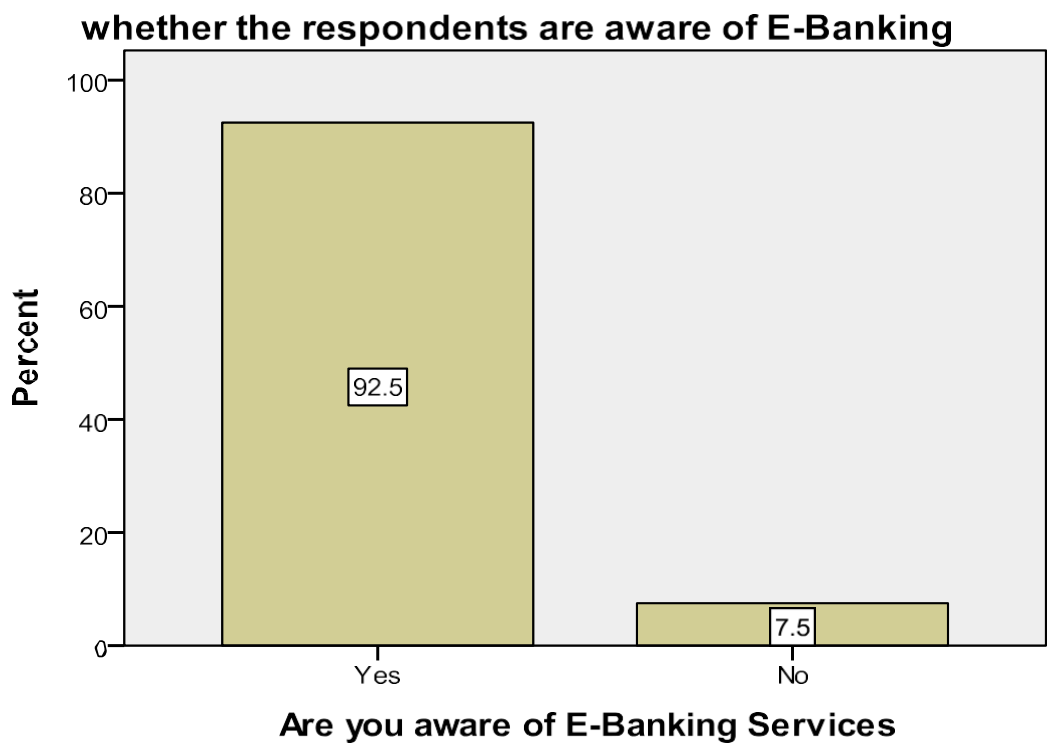
**Interpretation:** The result shows that majority of respondents i.e. 75% of the respondents accesses ATM Services, while remaining 25% of the respondents uses other e-banking services.

**Table and Chart describing Whether the respondents are aware of E-Banking Services.**

**Table No: 7.9**

Particulars	Number of Respondents	Percentage
YES	38	95.0
NO	2	5.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.9**



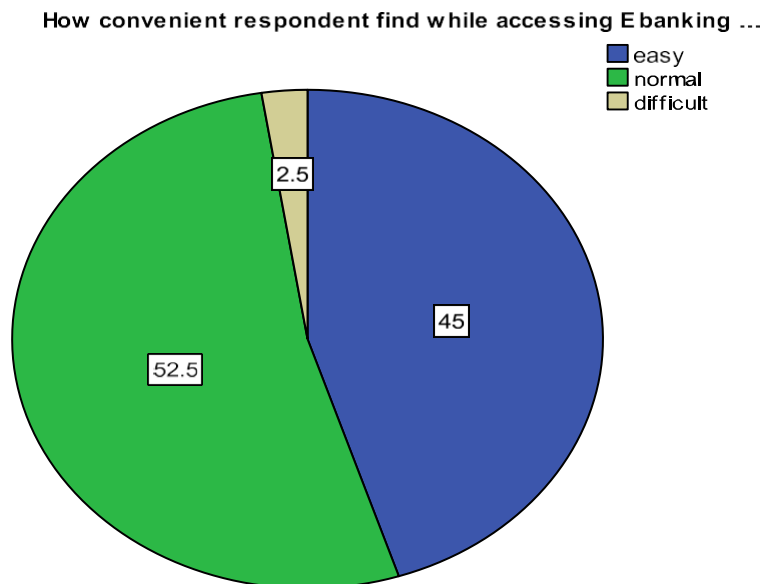
**Interpretation:** The above results say that majority of the respondents are aware of the E- Banking services offered by UBI.

**Table and Chart describing How convenient is accessing E banking services.**

**Table No: 7.10**

Particulars	Number of respondents.	Percentage
Easy	18	45.0
normal	21	52.5
difficult	1	2.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.10**



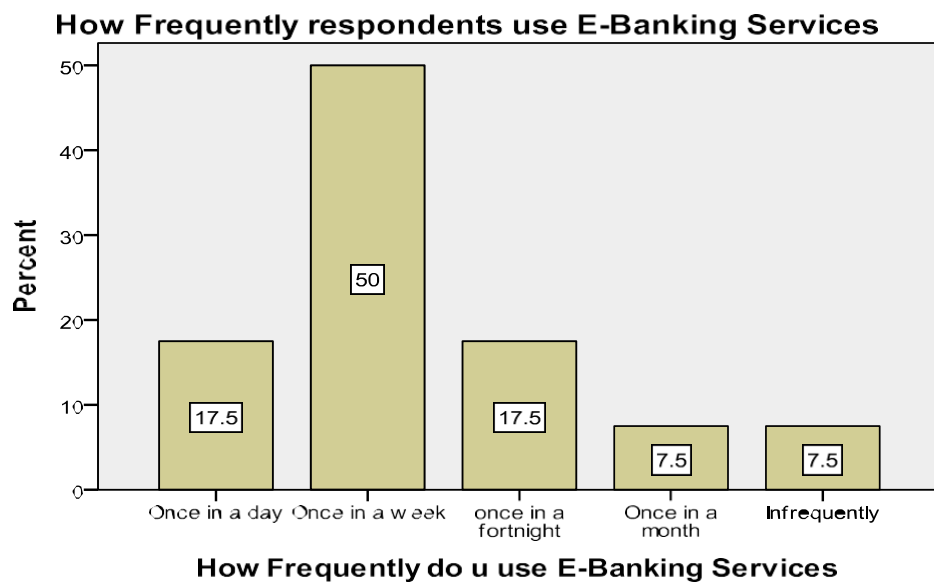
**Interpretation:** The above results says that majority of the respondents find normal while accessing E-Banking services.

**Table and Chart describing How Frequently respondents use E-Banking Services**

**Table No: 7.11**

Particulars	Number of Respondents	Percentage
Once in a day	7	17.5
Once in a week	20	50.0
once in a fortnight	7	17.5
Once in a month	3	7.5
Infrequently	3	7.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No:7.11**



**Interpretation:** The above result shows that majority of the respondents access E- Banking services once in a week.

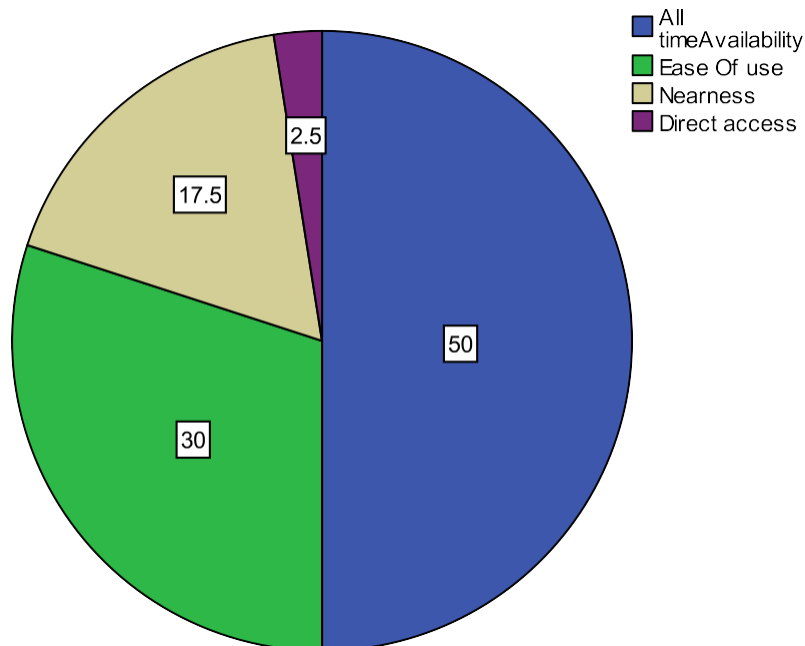
**Table and Chart describing Which Factors Influence Most To use E-banking**

**Table No: 7.12**

Particulars	Number of Respondents	Percentage
All timeAvailability	20	50.0
Ease Of use	12	30.0
Nearness	7	17.5
Direct access	1	2.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.12**

**Which Factors Influence Most To use E-banking**

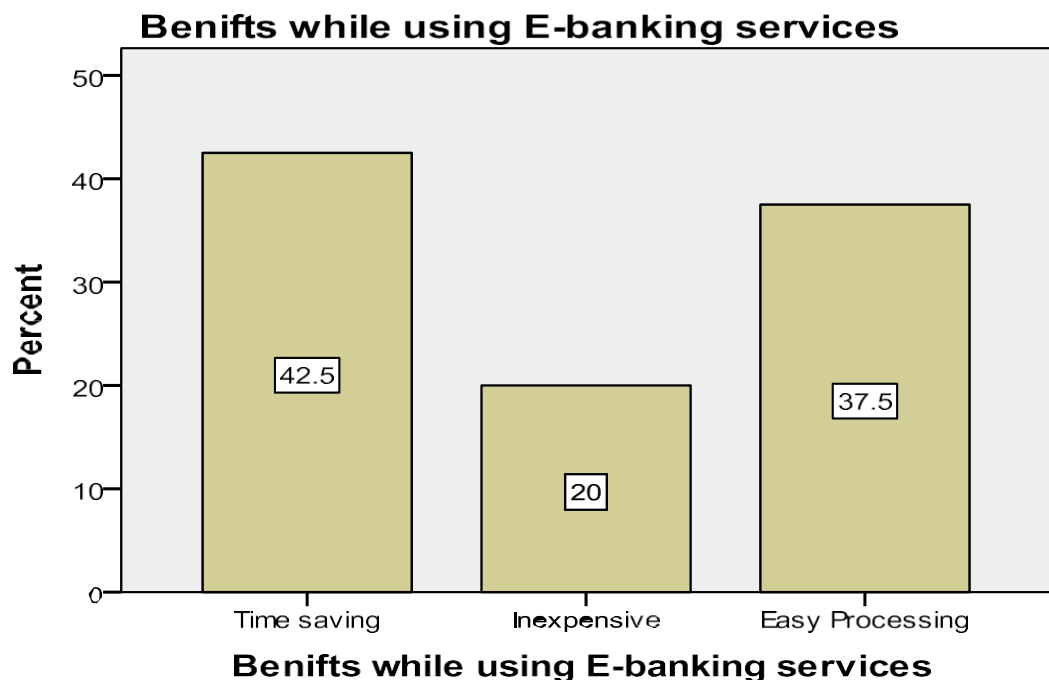


**Interpretation:** From the above data we can observe that half of the respondents, ie , 50% of the respondents uses E-banking Services because of the all time availability of the E-Banking services, 30% of the respondents use uses E-banking services because of ease of use and remaining 20% of the respondents use E-banking services for nearness and direct access.

**Table and Chart describing Benifts while using E-banking services Table No: 7.13**

Particulars	Number of Respondents	Percentage
Time saving	17	42.5
Inexpensive	8	20.0
Easy Processing	15	37.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.13**



**Interpretation:** From the above data we can observe that majority of the respondents, ie , 42.5% of the respondents benefits time saving while accessing E-banking services while the others benefits inexpensive and easy processing in accessing.

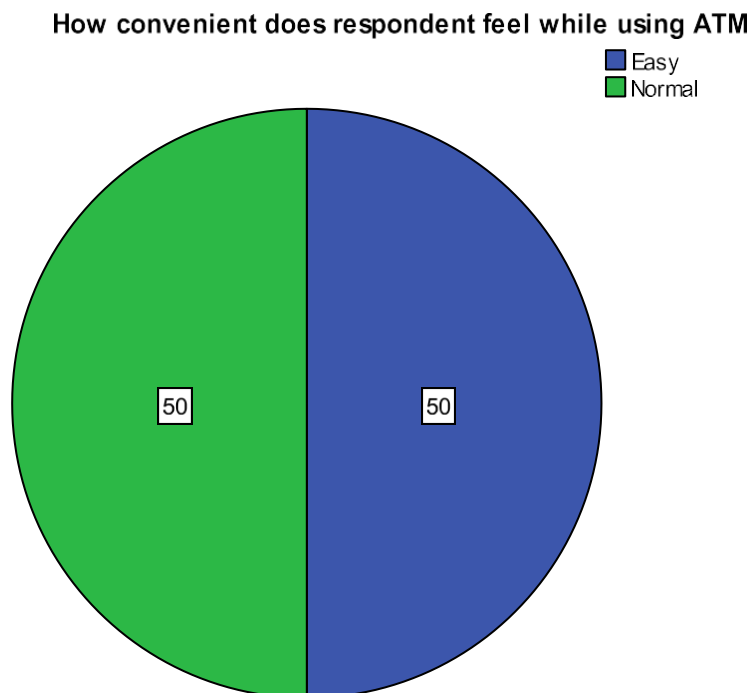


**Table and Chart describing how convenient does respondent feel while using ATM**

**Table No: 7.14**

Particulars	Number of Respondents	Percentage
Easy	20	50.0
Normal	20	50.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.14**



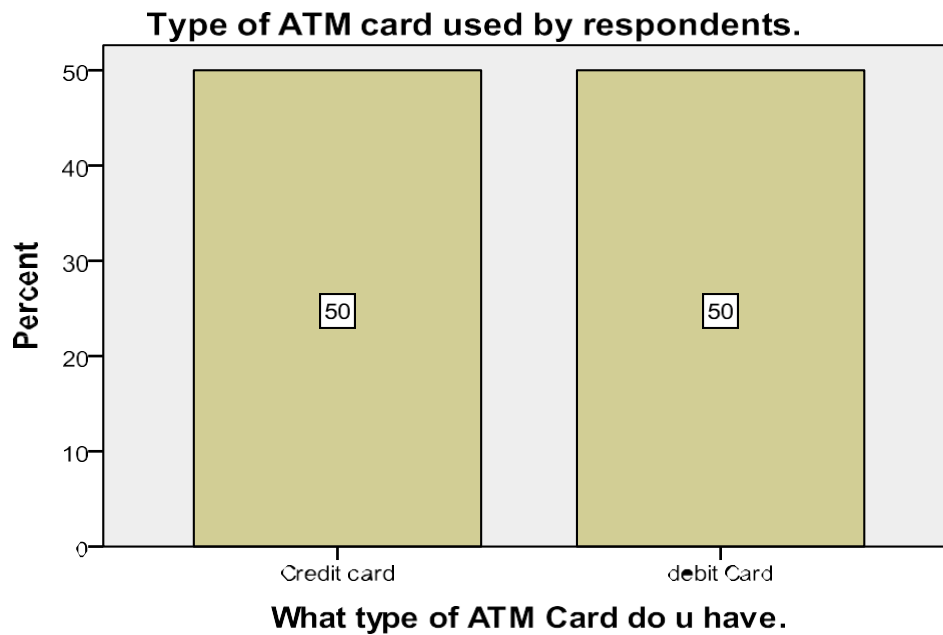
**Interpretation:** From the above data we can analyze that, respondents does not feel any difficulty while using ATM.

**Table and Chart describing Type of ATM card used by respondents.**

**Table No: 7.15**

Particulars	Number of Respondents	Percentage
Credit card	20	50.0
debit Card	20	50.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.15**



**Interpretation:** The above result shows that type of ATM card used by the respondents are equal.

### Table and Chart describing How Good is Union Bank ATM

Table No: 7.16

Particulars	Number of Respondents	Percentage
Much Better than other banks	7	17.5
Good	22	55.0
Excellent	11	27.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

How Good is Union Bank ATM

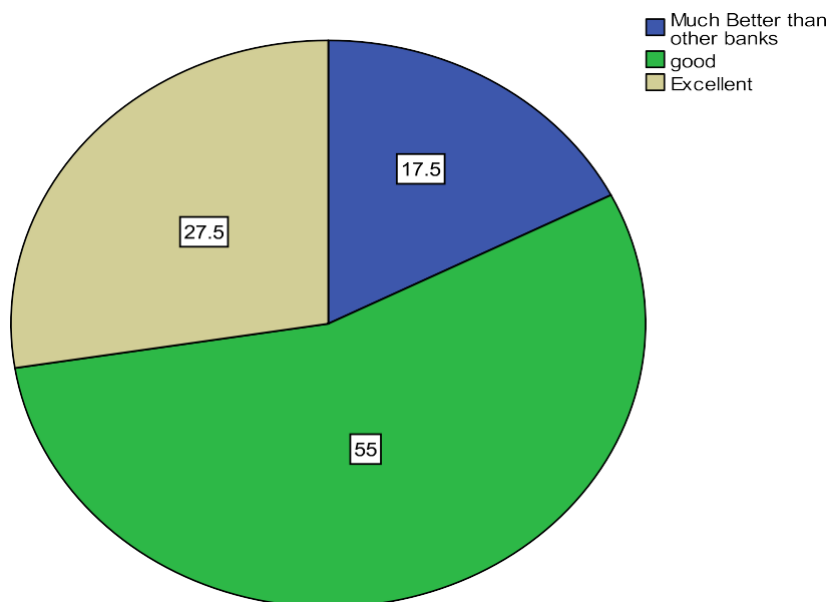


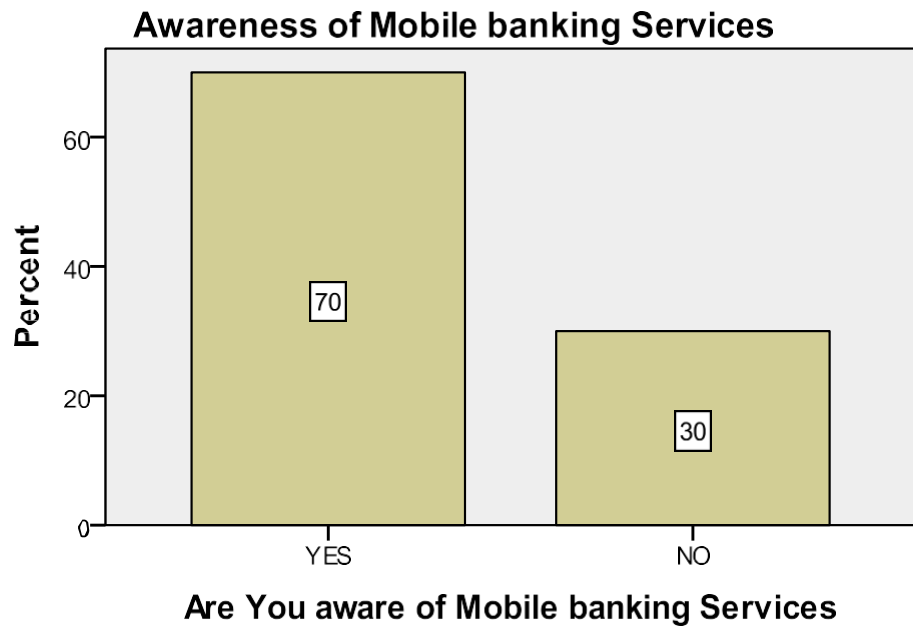
Chart No: 7.16

**Interpretation:** From the above data we can interpret that the ATM facility offered by UBI is Good according to the customers perspective.

**Table and Chart describing Awareness of Mobile banking Services**

**Table No: 7.17**

Particulars	Number of Respondents	Percentage
YES	28	70.0
NO	12	30.0
Total	40	100.0



**Chart No: 7.17**

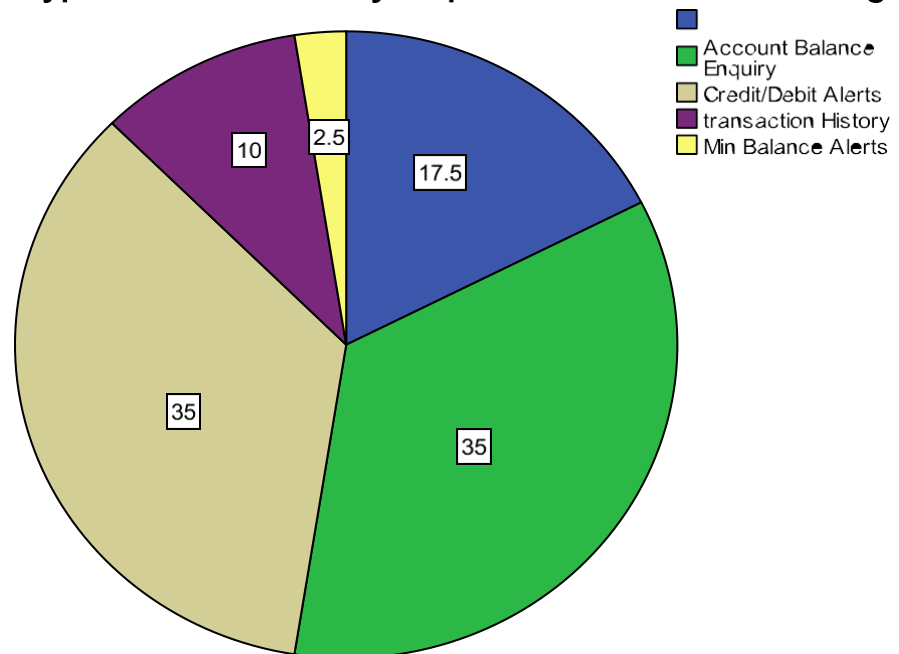
**Interpretation:** From the above result we can obtain that majority of the respondents are aware of the Mobile Banking services offered by UBI.

**Table and Chart describing Type of service liked by respondents in Mobile-Banking**

**Table No: 7.18**

Particulars	Number of Respondents	Percentage
Account Balance Enquiry	7	17.5
Credit/Debit Alerts	14	35.0
Transaction History	14	35.0
Min Balance Alerts	4	10.0
Total	40	100.0

**Type of service liked by respondents in Mobile-Banking**



**Chart No:7.18**

**Interpretation:** The above result shows that majority of the respondents use Mobile banking services for Account Balance enquiry and Credit/ Debit Alerts.

**Table and Chart describing Satisfactory level of Complaints regarding E-Banking services**

**Table No: 7.19**

Particulars	Number of Respondents	Percentage
Highly Satisfactory	10	25.0
Satisfactory	22	55.0
Neutral	8	20.0
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Satisfactory level of Complaints regarding E-Banking services**



Footnote

**Chart No: 7.19**

**Interpretation:** The above results shows that the respondents are satisfied with the complaints regarding E-banking Services.

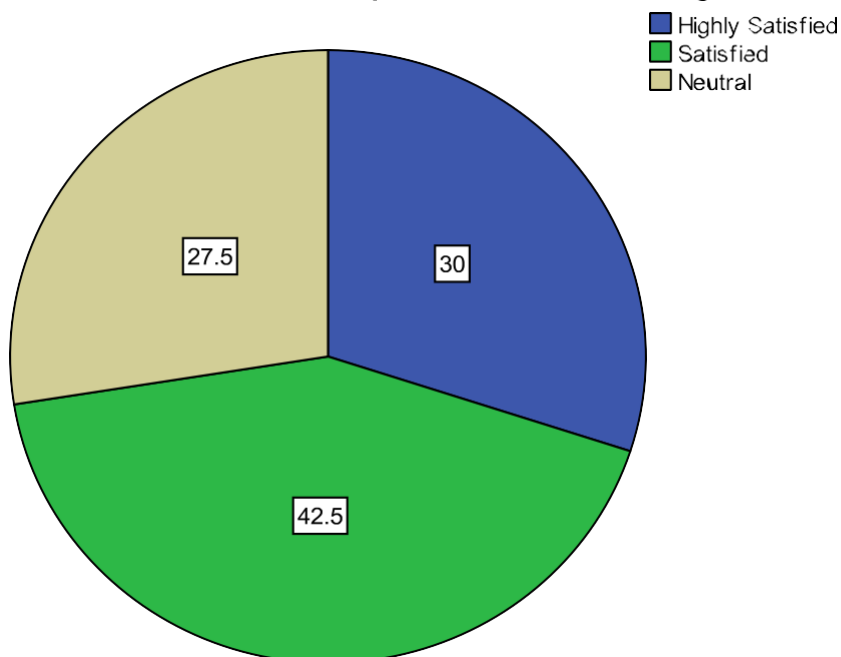
**Table and Chart describing How satisfied are the respondents with e-Banking services**

**Table No: 7.20**

Particulars	Number of Respondents	Percentage
Highly Satisfied	12	30.0
Satisfied	17	42.5
Neutral	11	27.5
<b>Total</b>	<b>40</b>	<b>100.0</b>

**Chart No: 7.20**

**How satisfied are the respondents with e-Banking services**



**Interpretation:** The above results shows that, majority of the respondents are satisfied with the E-banking Services offered by UBI.

# Chapter VIII FINDINGS , SUGGESTIONS & LIMITATIONS



### **8.1. FINDINGS OF THE STUDY**

. From this study we can observe that majority of the respondents, ie, 42.5% of the respondents benefits time saving while accessing E-banking services.

➤ E-banking constitutes services provided in terms of ATMs, Debit Card, Credit Card, Phone Banking, Mobile Banking, Internet Banking etc, of which the first six have been covered. Amongst these ATM scores the largest used service status (75%), while mobile banking lags behind by scoring the least ie.,7.5%, and Internet Banking with17.5%.

➤ To find out the level of usage amongst the service class, percentage has been calculated from the total completely filled in questionnaires and the incomplete questionnaires were discarded. The frequency of usage of ATM is highest followed by debit card.

➤ A study of the factors, influencing the usage was made by listing out various factors such as all time availability, ease of use, nearness etc., and amongst the various factors all time availability is ranked as the major motivating factor, followed by ease of use, direct access, nearness in decreasing order of importance.

➤ When asked to list various benefits accruing from the usage of e-banking, timesaving received highest percentage score at 42.5% among different benefits such as , inexpensive (20%), easy processing (37.5%), easy processing feature scored more than the inexpensiveness of the e- banking services. The other benefit securing to the people include ready availability of funds, removal of middle men and no rude customer relation executives.

➤ Among the users, various problems that are encountered while using e-banking services. Card misuse and its misplace are major reasons that create hurdles in its usage, while time consumption, accounting mistakes such as amount debited but not withdrawn and change of mobile number seem to be the least bothering problems.

➤ From the non users, an attempt was made to elicit the reasons for its non usage. Satisfaction with traditional banking was considered as prime de-motivating factor, followed closely by the fear of insecurity, then „hidden cost“ factor, which suggested their resistance to change, which to some extent can be countered by aggressive advertisement and utilizing other modes of awareness dissemination as well.

## **8.2 SUGGESTIONS**

- Aligning roles and value propositions with the customer segments.
- Acquiring new capabilities through strategic alliances. The above can be implemented in four steps.
- Familiarizing the customer to new environment by demo version of software on bank's web site. This should contain tour through the features which are to be included. It will enable users to give suggestions for improvements, which can be incorporated in later versions wherever feasible.
- To provide services such as account information and balances, statement of account, transaction tracking, mailbox, check book issue, stop payment, financial and customized information.
- To include additional services such as fund transfers, standing instructions, opening fixed deposits, intimation of loss of ATM cards.
- We can see the time is changing and with the passage of time people are accepting technology there is still a lot of perceptual blocking which hampers the growth it's the normal tendency of a human not to have changes work on the old track, that's also one of the reason for the slow acceptance of internet banking accounts.
- Give proper training to customers for using E-banking
- Create a trust in mind of customers towards security of their accounts
- Provide a platform from where the customers can access different accounts at single time without extra charge.
- Make the sites more users friendly.
- Customers should be motivated to use E- banking facilities more.

### **8.3 LIMITATIONS OF THE STUDY**

Every research is conducted under some constraints and this research is not an exception. Limitations of this study are as follows:-

1. There were several time constraints.
2. The study is limited to areas of Mangalore only.
3. The sample size of only 40 was taken from the large population for the purpose of study, so there can be difference between results of sample from total population.
4. The study is related customers only.
5. People were reluctant to go in to details because of their busy schedules
6. Merely asking questions and recording answers may not always elicit the actual information sought.
7. Due to continuous change in environment, what is relevant today may be irrelevant tomorrow.

## **CONCLUSION**

The usage of E-banking is all set to increase among the service class. The service class at the moment is not using the services thoroughly due to various hurdling factors like in security and fear of hidden costs etc. So banks should come forward with measures to reduce the apprehensions of their customers through awareness campaigns and more meaningful advertisements to make E-banking popular among all the age and income groups. Further, with increasing consumer demands, banks have to constantly think of innovative customized services to remain competitive. E-Banking is an innovative tool that is fast becoming a necessity. It is a successful strategic weapon for banks to remain profitable in a volatile and competitive marketplace of today. In future, the availability of technology to ensure safety and privacy of e- transactions and the RBI guidelines on various aspects of internet banking will definitely help in rapid growth of internet banking in India.

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## **ANNEXURE-1**

### **Questionnaire on E-Banking**

Dear Respondent,

I am Mr.Abhishek Kumar pursuing 2<sup>nd</sup> year MBA. I am doing a Master Thesis on the topic “**Coustomer awareness**” in **Union Bank of India**. I will be thankful to the respondents, if you will spare 2-5 minutes from your valuable time to answer this questionnaire, which will help me to finish my project and also towards the partial fulfillment of MBA Degree. I assure you that the information provided by you will be kept confidential and will be used for academic purpose only.

#### **A) PERSONAL DETAILS**

Please put a tick (✓) in appropriate brackets.

**Name:** \_\_\_\_\_.

**Gender:** a)Male ☐ b)Female ☐

**Age:** a)Below 20years ☐ b)20-30years ☐ c)31-40years ☐  
d)41-50 years ☐ e)Above 50 years ☐

**Educational Qualification:**

a)SSLC ☐ b)PUC ☐ c)UG ☐  
d) PG ☐ e)Professional ☐ f)Others ☐

**Occupation:**

a) Student ☐ b)Job holder ☐ c)Business ☐  
d)Pensioner ☐ e)House Maker ☐ f)Others ☐

**Income Level (monthly):**

a) Below Rs 10,000 ☐ b)Rs. 10,000- Rs 20,000 ☐  
c) Rs. 20,000- Rs. 30,000 ☐ d) Above Rs. 30,000 ☐

**B) RESEARCH RELATED DATA**

1) Which Type of Account do have in Union Bank of India (UBI)?

- a) Savings A/c ☐ b) Current A/c ☐ c) NRI account ☐ d) Demat account ☐

2) For how long are you associated with the Union Bank?

- a) Less than a year ☐ b) 1 – 5 Years ☐ c) 6 – 10 Years ☐ d) More than 10 years ☐

3) Are you aware of Technology-banking services provided by the bank?

- a) Yes ☐ b) No ☐ (If No, answer question no. 19 directly)

4) If YES, which of the following Technology-banking services are you aware of?

- a) ATM ☐ b) Internet Banking ☐ c) Mobile Banking ☐  
d) Credit Card ☐ e) ATM cum Debit Card ☐

5) Are you availing Technology-banking services?

- a) Yes ☐ b) No ☐

6) If YES, how convenient you find accessing Technology-banking?

- a) Easy ☐ b) Normal ☐ c) Difficult ☐

7) How long you had been using the following Technology-banking services?

	ATM	Internet Banking	Mobile Banking	Credit Cards
a) Less than 6 months				
b) 6 months to 1 year				
c) 1 year to 2 year				
d) 2 years to 3 years				
e) More than 3 years				

8) How frequently do you use each of the following Technology-banking services?

	Factors	Once in day.	Once in a week.	Once in a fortnight.	Once in a month.	Infrequently
A	Internet Banking					
B	Mobile Banking					
C	ATM					
D	Credit Card					

9) **Which of the following factors influence you the most to use Technology-bankingservices?**

	Factors	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
A	All time Availability					
B	Ease of Use					
C	Nearness					
D	Security					
E	Direct Access					
F	Status Symbol					

10) **Which of the following benefits accrue to you, while using Technology-bankingservices?**

- a) Time Saving ☐ b) Inexpensive ☐  
c) Easy Processing ☐ d) Easy Fund Transfer ☐ e) Others ☐

11) **How convenient you find while accessing transaction in ATM?**

- a) Easy ☐ b) Normal ☐ c) Difficult ☐

12) **What type of ATM Card do you have ?**

- a) Credit Card ☐ b) Debit Card ☐ c) Others ☐

13) **How good is the ATM facility provided by the Union Bank ?**

- a) Much better than other banks. ☐ b) Good ☐  
c) Excellent ☐ c) Poor Service. ☐

14) **Are you aware of the Mobile Banking Services Provided by Union Bank of India?**

- a) Yes ☐ b) No ☐

15) **If Yes, which of the following services do you like in Mobile- Banking?**

- a) Account Balance Enquiry ☐ b) Credit/Debit Alerts ☐ c) Bill Payment.  
☐ d) Transaction History ☐ e) Cheque Book Requests ☐ d) Min Balance Alerts

☐

16) **At what level, have your problems been often resolved in the bank, with regard to following Technology-banking services?**

Options	Head Office Level	Regional Level	Office	Branch Level	Customer Care Level	Problem Solved
ATM						
Internet Banking						
Mobile Banking						
Credit Cards						



17) **How satisfactory is the complaint/grievances settlement system of your bank with regard to following Technology-banking services?**

Options	Highly Satisfactory	Satisfactory	Neutral	Unsatisfactory	Highly Unsatisfactory
ATM					
Internet Banking					
Mobile Banking					
Credit Cards					

18) **To what extent are you satisfied with your bank's Technology-banking services?**

- a) Highly Satisfied ☐ b) Satisfied ☐ c) Neutral ☐  
d) Dissatisfied ☐ e) Highly Dissatisfied ☐

19) **Kindly rate the following reasons enlisted for not using the Technology-banking services?**

	Factors	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
A	No need( Satisfied with Traditional Banking)					
B	Don't have time.					
C	No Access to Internet/Mobile					
D	Concerned about security.					
E	Lack of Operational knowledge					
F	Charge hidden Costs					

Any other, please specify \_\_\_\_\_

20) **Rate the following statements with regards to potential problems identified in Technology-Banking services?**

	Factors	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
A	Time Consuming					
B	Security Issue					
C	ATM out of order					
D	Amount debited but not withdrawn					
E	Internet Connectivity Issue					
F	Password forgotten					
G	Card misplaced / Misused					

**-Thank You-**