
CHAPTER-I

**INTRODUCTION AND
RESEARCH
METHODOLOGY**

CHAPTER - I

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1.1. INTRODUCTION:

Initiation of banking sector can be traced out to late 1870s when The Bank of Hindustan the First Indian bank established. Later, three presidency banks under Presidency Banks Act, 1876 viz. Bank of Calcutta, Bank of Bombay and Bank of Madras were set up, which laid foundation for modern banking in India. In 1921, all these three banks were merged to establish The Imperial Bank of India. The Imperial Bank carried out limited number of central banking functions prior to establishment of RBI. It was engaged in all types of commercial banking business except dealing in foreign exchange.

On the recommendation of Hilton- Young Commission, Reserve Bank of India (RBI) was established. Reserve Bank of India Act was passed in 1934 and Reserve Bank of India was instituted as an apex body. Further, Banking Regulations Act, 1949 was passed and the RBI was brought under government control. Under these act, RBI got all ranging powers for control and supervision of banks. From these events till date banking sector in India has undergone drastic changes. Today in Indian Market, banks like Standard Chartered Royal Bank of Scotland, Deutsche Bank and HSBC etc. foreign players along with private players HDFC Bank, ICICI Bank, Yes Bank, Kotak Mahindra Bank, etc are engaged to offer Indian customers more and more services. Bank of India one of the leading nationalized Banks in India is playing vital role in providing financial services and the development of our nation. With the development and adoption of technology, particularly the internet, one needs not to visit the bank personally. One can access the bank account via internet by registering with the bank for online banking. One can deposit, withdraw and even pay the bills by just clicking the mouse; the only thing needed is a computer with an internet connection. By using online banking one can escape from the bank queue and make transactions conveniently from home or office. The cost of online banking is very low. Another advantage is that there is no waste of paper and time.

This is a new concept of a self service in banking. The customers need not to depend on the bank staff. They can control and operate his own bank account from any place and at any time. He can book ticket of rail, bus airlines at his home. He can

shop anything from any place; shop worldwide with online banking service. Thus, all transactions can be carried out with online banking. Almost all the banks provide online services, 24 hours during 7 days a week. These online services give the customer freedom of timings to pay the bills at any point. Nowadays, internet banking can be availed through mobile phones using a Wi-Fi or 3G connection. With the ease of availability of cyber cafes in the cities, internet banking has become quite popular.

Kolhapur district is one of the high per capita income districts in India. Bank of India is playing role of lead bank in Kolhapur district. Bank of India has seven branches in Kolhapur city only. In the process of restructuring of bank's administrative set up, Kolhapur Zone was created in 2001 with 51 branches from Kolhapur District and of erstwhile Sangli Region with 40 branches of erstwhile Kolhapur Region. The agriculture is the main occupation that governs the economy of the zone. The Sugarcane is major crop and Sugar Industry is the major industry in the zone.

The Zonal Branch is located in Laxmipuri Kolhapur on 27th April 1964 and for last 49 years it is providing various banking services to different segments of the society in the command area of the branch. Bank started a Women Branch in Satara in the year 2013. At present (December-2013) BOI has 60000 users of online services in Kolhapur Zone. Out of which Laxmipuri main branch has 5900+ online banking service users.

On-Line Services of Bank of India

The Bank of India is providing following online banking services

1. Mobile banking and Payment
2. Internet Banking
3. Online share trading
4. Pay Bills.
5. Rail Ticket Booking
6. Air Ticket Booking
7. Tax Payment.
8. Star e- Remit.

1.2. DEFINITIONS:

1. **Banking** - According to the Banking Regulation Act, Secession 5B, Banking means accepting, for the purpose of lending or investment deposits of money from

public repayable on demand or otherwise withdrawals by cheque, draft, and order or otherwise (www.indiananoon.org).

2. **Electronic banking-** Electronic banking also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, using of electronic or mobile banking rather than by cheque or cash.

3. **Electronic banking**, also known as e-banking, virtual banking and online banking, is a service that allows customers to access their bank information, conduct financial transactions, make deposits, withdrawals and pay bills through the Internet without having to physically visit their bank. It provides the convenience of accessing banking facilities from the comfort of their home or office (<http://www.ehow.com>).

1. 3. STATEMENT OF THE PROBLEM:

Awareness about on-line services among customer has been increased gradually in the Kolhapur city. As a result, the number of customers using internet banking is increasing rapidly. This underlines the need of a study to understand how the bank customers were reacting with the e-banking services. At the same time it was intended to study how E-banking services were effecting on banking industry. The researcher was more interested to study the Customers Satisfaction about online banking services. In the light of this the title of the study is '**Impact of On-line Services on Customer Satisfaction With Special Reference To Bank of India**'.

1. 4. OBJECTIVES OF THE STUDY:

1. To study the impact of on-line services provided by Bank of India on Customer Satisfaction.
2. To understand which services are popular among the customers of Bank of India.
3. To study the relationship between age, education, income, of the customers and On- Line services provided by Bank of India.
4. To understand factors of online services those gives more satisfaction to customers.

1. 5. HYPOTHESES OF THE STUDY:

1. H1-. Internet banking service is more popular service among all other on-line services provided by Bank of India.
2. H2- Education and Income are having positive co-relation with on-line services provided by Bank of India.

3. H3- Cost of services and user friendliness of On-line banking services give more satisfaction to the customers.

1.6. SCOPE OF THE STUDY:

Geographical Scope- The study covered the Bank of India Laxmipuri Main Branch Kolhapur. Hereafter, the branch is referred as sample branch.

Topical scope - Impact of On-line Services on Customer Satisfaction With Special Reference To Bank of India.

Analytical scope- Identifying, comparing, and accessing e-banking services

Periodical Scope- The study period is of two years 2011- 2012 and 2012-2013.

1.7. SIGNIFICANCE OF THE STUDY:

Online banking upholds paperless work, speedy delivery of the services and also helped to management in improving customer relationship. The study found more beneficial to banking industries in particular and to other financial institution in general. Therefore it was more important to understand customer perception towards online banking services.

1.8. RESEARCH METHODOLOGY:

1.8.1 Data Base: the study is based on primary as well as secondary data.

1.8.1.1 Primary Data:

The primary data required for the study was collected from the sample respondent's. A structured questionnaire was used for this purpose. The questionnaire developed for this purpose consisted 21 statements in all. First five points were related to age, gender, occupation, Education and annual Income of the sample respondents. Next sixteen statements were related to the opinion and satisfaction of customers regarding online banking services provided by Bank of India through its Kolhapur –Laxmipuri branch.

1.8.1.2 Secondary data: Secondary data pertaining to the study was collected through various books, journals, magazines, bank manual, reports of ministry of finance,

India. Annual reports of Bank of India and guideline of Reserve Bank of India. The researcher visited Barrister Balasaheb Khardikar Library, Shivaji University, Kolhapur; library of CSCIBER (Shahu Institute), Kolhapur. The researcher also visited websites of Reserve Bank of India-(www.rbi.org.in), Bank of India (www.bankofindia.com), and Banking Association of India.

1.8.2 Sample Design: The researcher adopted convenient sampling method for the selection of sample respondents. The customers using online banking services of Bank of India were the respondents. The universe of the sample as reported by the bank authority was near about 1000 (August-2012).

1.8.2.1 Sample size: It was planned to select 10% of universe (1000) of the sample size. Thus the sample size was fixed at 100 customers. While undertaking the study, number of online banking service users was increasing rapidly. At present the total number of online banking services users has gone up to 5900 (December-2013). Researcher selected 100 respondents for his study.

The criteria for selection of the sample were the customers who were using online banking services such as Internet Banking, Mobile Banking, Bill Payment, Rail Ticket Booking, Online fund Transfer, Prepaid Mobile online Recharge, online shopping and Payment of fees etc. frequently.

1.8.3 Data Collection: The researcher visited first the sample branch to have list of online banking service users who are the respondents of the study. The researcher made the branch manager to know the names and addresses of the sample. It was found that to communicate respondents as per the list was quite tedious. Therefore, respondents after dissection with bank authority decided to contact respondents in the branch itself while they were on visit to branch for their transaction purpose. After introducing the subject and the intention of the study, the researcher requested them for their response. Some of the respondents were found reluctant to disclose their information. Hence, such respondents were not considered for the study. The respondents who were willing to co-operate and give information without any reservation were communicated conveniently to collect authentic and reliable data. Some of the respondents suggested to meet at their address. Accordingly, the researcher visited the respondents at the given address. In all 135 questionnaires were given to the respondents. Out of these 114 respondents returned the questionnaires.

Out of these 14 questionnaires were deleted on account of incomplete response, to keep 100 questionnaires as the number of final respondents.

1.9 TOOLS AND TECHNIQUES OF ANALYSIS:

The data collected was tabulated as per the need of the study so as to analyze it meaningfully in consists with the objectives of the study. The statistical tools such as average, percentage, Correlation, Chi-square Test, Proportion Z test, Man-Whitney test were used for the study. Also the assistance of statistical expert and computer software like MS-Excel and SPSS was taken.

1.10 LIMITATION OF THE STUDY:

Researcher confined to the following limitations.

1. As the study is related to Bank of India Kolhapur - Laxmipuri main Branch, other branches of the bank are not considered for the study.
2. The services other than online banking services provided by the branch are not considered for the study.
3. As the data pertinent to study is collected from sample respondents the reliability of the data could not be checked. There is no alternative to check the reliability of the data collected from the respondents but to rely upon it.
4. Period of study – The data for the study pertains to the accounting years 2011-12 and 2012-13.

1.11. CHAPTER SCHEME:

The proposed chapter scheme as follows:

CHAPTER I: INTRODUCTION AND RESEARCH DESIGN

The chapter covers introduction, definitions of the concepts used in the study, Statement of the Problem, objectives of the study, Hypotheses of the study, and Scope of the study, Significance of the Study, Research Methodology and Limitations of the study.

CHAPTER II: REVIEW OF LITERATURE

The chapter covers a brief review of earlier studies undertaken by various experts, committees and researchers in the area of online banking services. The relevant information was studied from various books, journals and reports in order to get in site in to the study topic.

CHAPTER III: - THEORETICAL FRAMEWORK OF THE ON-LINE SERVICES

The chapter covers detailed theory of online banking services, Meaning and Concept of Online Banking, Definition of Bank, Definition of Online Banking, Meaning and Definition of Online Services, Meaning and concept of Customers Satisfactions, Features or determinants of online banking services, Mobile Banking, Advantages and Disadvantages of Online banking services to the Customers, Advantages and Disadvantages of Online banking services to the Bankers, Risk of Online banking services, Challenges of Online banking, Online Banking Service Quality Dimensions, Customer Relationship Management.

CHAPTER IV: - PROFILE OF THE BANK OF INDIA (LAXMIPURI BRANCH)

The chapter covers the Introduction, History, Vision, Mission, Quality Policy, and Organizational Charts of Bank of India. Awards won by Bank of India, Products and off –line and Online Services offered by Bank of India during The Year 2011-12 and 2012-13, New Initiatives Implemented during The study period.

CHAPTER V:-DATA ANALYSIS AND INTERPRETATIONS

The chapter covers classification, presentation and analysis of data.

CHAPTER VI: -FINDINGS AND SUGGESTION

The chapter covers findings of the study, Suggestions and Conclusion.

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