

# **STUDENT FIELD STUDY PROJECT-2018 (JIGNASA)**

**Perception of Customers of State Bank of India  
on the Usefulness of Internet Banking -  
A Case Study of Customers of State Bank of India,  
Kakatiya University Branch, Warangal, Telangana State**



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## **DECLARATION**

This is to certify that the study project entitled “Perception of Customers of State Bank of India on the Usefulness of Internet Banking -A Case Study of Customers of State Bank of India, Kakatiya University Branch, Warangal, Telangana State” is prepared by us under the supervision of Dr.S.Vinodar Rao, Lecturer, Department of Commerce, Kakatiya Govt. College, Hanamkonda, Warangal (U) District. We declare that the Study Project prepared by us is original and is not submitted for any other purposes.

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This is to certify that the Study Project entitled “Perception of Customers of State Bank of India on the Usefulness of Internet Banking - A Case Study of Customers of State Bank of India, Kakatiya University Branch, Warangal, Telangana State” is prepared by B.Mounika, K. Mahendar, S. Sandhya Rani, S. SaiTeja and B. Shailendhar under my supervision. The Study Project is of the standard expected for the presentation in Jignasa Study Projects – 2018. This Study Project has not been submitted for any presentation anywhere. Hence, I recommend that it may be sent for presentation.

(DR.S.VINODAR RAO)

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## **I. INTRODUCTION**

With the remarkable growth of internet and wireless communication in recent years, the structure and nature of banking and financial services have gone for a unforeseen change. Internet banking or e-banking is the latest in this series of technological wonders in the recent past which involves the use of internet for delivery of banking products and services. Internet Banking allows the user to conduct financial transactions via the internet. It is also known as online banking or web banking. An Internet bank will offer customers just about every service that is traditionally available through a local branch. Through Internet Banking, basic banking transactions such as paying bills and transferring funds between accounts can easily be performed at times convenient to consumers. It is available round the clock. Whereas Customer Satisfaction refers to the extent to which customers are happy with the products and/or services provided by a business. However, it varies from person to person depending on psychological and physical issues. The evolution of internet banking started from the use of Automatic Teller Machine (ATM) and Finland is the first country in the world to have taken a lead in internet banking (Mishra.R and Kiranmai:\2009). Today almost all banks are adopting internet banking as a means of enhancing service quality of banking services and to increase customers' satisfaction. But in this study I have chosen SBI Kakatiya University branch because I am a customer of this branch and most of the bank staff members are known to me so that they can provide any information on my request.

## **II. STATEMENT OF THE PROBLEM**

The introduction of internet banking in banking sector is aimed at bringing satisfaction to its customers and thereby to enhance the profitability of the bank. When compared to ordinary banking system, internet banking is providing the competitive and relentless advantage by lowering the cost, and best satisfaction to customer needs. It provides convenience to access account throughout the day i.e. access is not limited to banking operation hours and available round the clock. Despite the efforts of SBI to ensure that customers reap the benefits of internet banking, the bank is receiving with constant complaints from customers as regards network downtime, online theft and fraud, non availability of financial services, payment of hidden cost of SMS, etc. This Study is aimed at finding out the reasons why these problems occur and then make recommendations based on the outcome of the study.

### III. HYPOTHESIS TO BE TESTED

Based on the study problem, this study is aimed to test the following hypotheses:

H0: Internet banking products and services have not significantly improved customers satisfaction over the years.

H1: Internet banking products and services have significantly improved customers satisfaction over the years.

### IV. SIGNIFANCE OF THE STUDY

The introduction of internet banking into the banking industry has affected service delivery in the service sector. Many banks are shifting gradually from the traditional way of banking and are gradually introducing internet and wireless technologies into their service delivery. The outcome of the study will be of immense benefit to the management of State Bank of India to indentify challenges faced by the branches as well as the complaints lodged by the customers. Solutions will then be provided on these identified challenges. This will go a long way to help the bank to achieve its predetermined objectives, and in the long run increase shareholder's wealth. Furthermore, the study would enable bank's executives and indeed the policy makers of the bank and financial institutions to be aware of internet banking system as a product of electronic commerce with a view to making strategic decisions.

### V. OBJECTIVES OF THE STUDY

The following are the objectives of the study:

1. To examine the satisfaction of the customers of SBI on the usefulness of internet banking.
2. To determine the factors limiting the use of internet banking by customers of SBI, Kakatiya University Branch, Hanamkonda, Warangal Urban, Telangana State
3. To identify the benefits to customers for using internet banking.
4. To identify the challenges facing effective implementation of internet banking.
5. To examine that internet banking is a cost effective delivery channel.



## VI. REVIEW OF LITERATURE

1. Westbrook, Robert A. (1980), "A Rating Scale for Measuring Product/Service Satisfaction," *Journal of Marketing*. Pp. 68-72.
2. Mols, N.P. (1998). The behavioural consequence of PC banking, *International Journal of bank marketing* 16(5), PP. 195-201.
3. Daniel,E. (1999), Provision of Internet banking in the UK and Republic of Ireland, *International Journal of Bank marketing*. 17(2), 72-82.
4. Moutinho, L. And Smith, A, (2000) ,Modeling bank customer satisfaction through mediation of attitudes towards human and automated banking, *International Journal of bank marketing* .Vol.18 No.3, pp.124-134.
5. Mishra R, and J. Kiranmai, (2009), Internet banking: A case of India, Icfai University, *Journal of bank marketing* 16(5), pp.195-201.

## VII. METHODOLOGY OF THE STUDY

Both the primary and secondary data are used in this study. The primary data is collected in the sample area by conducting field surveys. A questionnaire is prepared to elicit information from customers. The questionnaire on the customers is used to collect the data pertaining to the usefulness of internet banking and also to ascertain their satisfaction level. The Secondary data is collected from magazines, periodicals, journals, bank records and RBI reports to present past information and data for analytical purpose. Statistical tools such as percentages, averages, ratios, etc. are used to analyse the data.

### a) SELECTION OF THE SAMPLE UNITS

For the purpose of an in-depth analysis of usefulness of internet banking, twenty five sample units have been selected by using random sampling method. All these twenty five sample units have been selected from the customers of SBI, Kakatiya University Branch. In order to get response from customers, a questionnaire is given to them and in some cases information is sought through mobile.

### b) PERIOD OF THE STUDY

The study covers a period of one week in the first week of November, 2018. It also covers the perception of customers of State Bank of India on the usefulness of internet banking and records their satisfaction level.

## VII. ANALYSIS OF THE DATA

This section of the study provides the field survey results obtained from the respondents in the form of tables mentioned below. The interpretations are made for each and every question applied in the structured schedule meant for the respondents.

**Table 1**  
**Distribution of Sample Respondents**

Sl.No.	Name of the bank	Name of the branch	Location of the branch	Category of respondents	Total
1	State Bank of India	Kakatiya University	Vidyaranyaपुरi, KU X roads	Employees	5
				Businessmen	5
				Students	5
				Professionals	5
				Others	5
				<b>Total</b>	<b>25</b>

From the above table it is found that out of 25 respondents, equal no. of respondents have been selected in this study viz., employees, businessmen, students, professionals and others each comprising five.

**Table 2**  
**Usefulness of Internet Banking of SBI as stated by Respondents**

Sl.No.	Statement of the Respondents	Total	%
1	Useful	24	96
2	Not Useful	Nil	00
3	Can't say anything	01	04
	<b>Total</b>	<b>25</b>	<b>100</b>

It is understood from the above table that out of 25 respondents, 24 respondents have stated that internet banking is useful i.e. 96 per cent. Only one respondent remain neutral. He has not given any statement in respect of the usefulness of internet banking. It is evident from the above table that internet banking is useful.

Table 3  
Gender-wise Classification of Respondents

Sl.No.	Gender	Total	%
1	Male	15	60
2	Female	10	40
	<b>Total</b>	<b>25</b>	<b>100</b>

It is analysed from above the table that out of 25 respondents, male comprising 15 i.e. 60 per cent and female respondents comprising 10 i.e. 40 per cent.

Table 4  
Age-wise Classification of Respondents

Sl.No.	Age range	Total	%
1	Below 25	10	40
2	Above 25 and Below 50	09	36
3	50 and Above 50	06	24
	<b>Total</b>	<b>25</b>	<b>100</b>

It is found from the above table that out of 25 respondents, majority of the respondents belong to the age group of below 25 years whose number comprising 10 i.e. 40 per cent. The second group of respondents whose age is above 25 and below 50 are 9 in number i.e. 36% and the rest are 6 i.e. 24 per cent.

Table 5  
Perception of Respondents while using Internet Banking

Sl.No.	Perception of Respondents	Total	%
1	Benefits reaped	23	92
2	Benefits not reaped	01	04
3	Can't say anything	01	04
	<b>Total</b>	<b>25</b>	<b>100</b>

It is explored from the above table that majority of the respondents feel that they are highly benefitted by using internet banking. Very negligible no. of respondents i.e. 1 out of 25 felt that they have not reaped benefits by internet banking. One and only one respondent said that they can't say anything.

**Table 6**  
**Satisfaction Level of Respondents**

Sl.No.	Satisfaction level	Total	%
1	Excellent	10	40
2	Good	09	36
3	Average	04	16
4	Poor	02	08
5	Can't say anything	Nil	00
	<b>Total</b>	<b>25</b>	<b>100</b>

It is explored from the above table that majority of the respondents feel that they are highly satisfied by using internet banking. Very negligible no. of respondents i.e. 2 out of 25 feel that they are not satisfied by using internet banking. The no. of respondents who are neutral to express their opinion on their satisfaction level is zero.

**Table 7**  
**Comparative Cost of Services as Stated by Respondents**

Sl.No.	Name of the Service	Cost of service by traditional banking	Cost of service by internet banking
1	Transfer from account to account	high	low
2	Online payments	No scope	Possibility and cost is low
3	Balance verification	Specified amount	Free
4	SMS alert	Chargeable	Not required
5	Bank charges for any other service	high	low

It is learnt from the above table that all the respondents who have given their responses in this study expressed their opinion that the service charges for internet banking are low when compared with traditional banking. They also stated that internet banking is time saving activity and can do all the transactions well at home and there is no need to visit the bank or the bank officials for any timely help.

**Table 8**  
**Fraudulent Activities or Threats Faced by Respondents**

Sl.No.	Name of the Fraud	Faced by No. of respondents	%
1	Online cheating	01	04
2	Trojan	01	04
3	Phishing E-mails	02	08
4	Additional income E-mail Scam	01	04
	<b>Total</b>	<b>05</b>	<b>20</b>

The above table depicts that out of 25 respondents 5 have faced different fraudulent activities or threats while doing transactions through internet banking. It is an alert to the respondents to take extra care while doing online business. The respondents have stated that because of such frauds, internet banking may not be discarded.

## IX. LIMITATIONS OF THE STUDY

1. Financial constraint: Insufficient fund tends to peril the efficiency of the researcher in securing the relevant material, literature and information in the process of data collection.
2. Time constraint: The researchers are engaged with other activities related to academic work. Since the researchers are busy with their examinations, they are unable to spend much time in this study.
3. Since the customers of SBI Kakatiya University branch scattered over a wide area, it has become a problem to send questionnaire to them to elicit information. As this sample is not quite representative of the customers, it may suffer from sampling errors and certain drawbacks.

## X. FINDINGS OF THE STUDY

From the study on Perception of Customers of State Bank of India on the Usefulness of Internet Banking - A Case Study of Customers of SBI, Kakatiya University Branch, Hanamkonda, Dist. Warangal (U) the following observations are made.

1. Access to accounts at any time, even outside banking hours. Carrying out the banking activities during evenings, including on weekends. One can use this service round the clock.
2. Internet banking makes it easier to maintain our transactions. We can also arrange alerts on when payments are due
3. Transactional activities like fund transfer, paying off bills, creating new bank accounts viewing account statement, etc. are some of the actions that we can easily conduct with internet banking.
4. The satisfaction levels of internet banking users are high when compared with traditional bank customers.

## XI. CONCLUSIONS AND SUGGESTIONS:

The study proved that most of the employees of Govt. sector and private sector are using internet banking. They have internet facility at their work place as well as at their home. They use internet banking for most of the payments like electricity bill, shopping goods, journey tickets, food items, movie tickets, etc. The usage is increasing rapidly. Particularly the youth are the more users of internet banking. They hesitate to go to bank to do their transactions, whereas old people feel insecure to use internet banking. They go to bank and withdraw their money through counters. They pay receive cash and pay cash for all transactions. People from rural areas are not able to use such service. Illiteracy and lack of knowledge may be the prominent reasons. Anyhow the bank officials need to take extra care for the safety of internet banking users. In the light of the above observations, the Null Hypothesis is rejected and Alternative Hypothesis (H1) is accepted.

## QUESTIONNAIRE TO RESPONDENTS

(The questionnaire is intended to elicit certain information regarding the usefulness of internet banking by the customers of State Bank of India, Kakatiya University Branch. The information will be kept confidentially and used for Academic purpose)

### I. INDIVIDUAL PARTICULARS:

1. Name:

2. Gender:

3. Father/Husband's Name:

4. Address:

5. Community: SC/ST/BC/Others:

6. Education Level:

a) Illiterate	c) Secondary Education:
b) Primary Education:	d) Intermediate Education:
e) Graduation and above:	
f) Technical Education like ITI/Polytechnic/B.Tech	

7. Age

a. Below 25 years	b. Above 25 and below 50 years
c. above 50 years	

8. Source of Income:

a) Agriculture	c) Salary
b) Business	d) Rent from house
e) Other Sources	

9. Marital Status

a. Married	b. Unmarried	e. Widowed
c. Separated	d. Divorced	

10. Present Occupation: a) Businessmen b) Students c) Professionals d) Others

12. Family Members:      Adults            a) Male            b) Female

                                 Children        a) Male            b) Female

                                 Total Members:

## **II. Bank particulars of the Individual:**

1. Type of account:

2. How long are you using internet banking:

3. Account Number:

4. Date of Opening the Account

## **III. Responses of the internet banking users:**

1. Whether internet banking is useful or not: Yes/No

2. Relative cost of internet banking when compared with traditional banking: Low/High

3. Perception regarding the usefulness of internet banking: Useful/Not useful/Can't say anything

4. Fraudulent activities or Threats faced by Respondents. Please tick your choice:

a) Online cheating

c) Phishing E-mails

b) Trojan

d) Additional income E-mail Scam

5. What is your satisfaction level in using internet banking:

a) Excellent

c) Average

b) Good

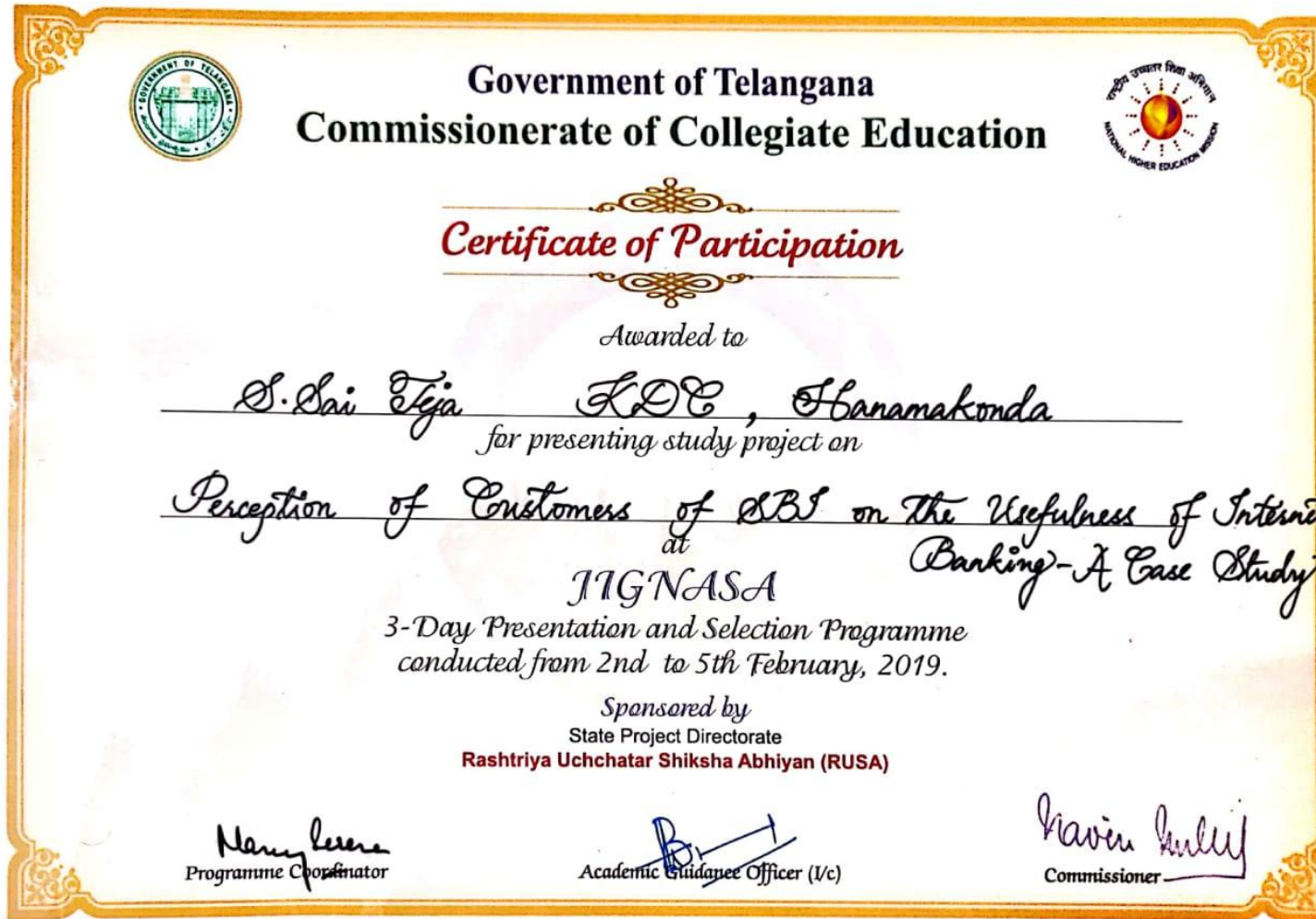
d) Poor

e) Can' say anything











Certification after state level presentation from the jury: Prof . Prshantha Athma, Deaprtment of commerce, Osmaniya Univarsity-Hyderabad.