Internship Report On

Customer satisfaction towards online banking (A study on Dinajpur city).

HAJEE MOHAMMAD DANESH SCIENCE AND TECHNOLOGY UNIVERSITY, DINAJPUR.

SUPERVISED BY:

Md. Jamal Uddin
Assistant Professor
Department of Marketing
Faculty of Business Studies
HSTU, Dinajpur.

PREPARED BY:

Taskina Jahan

Student ID. E-140503033
M.B.A (Evening), 3rd Batch
Department of Marketing
HSTU, Dinajpur.

MASTER OF BUSINESS ADMINISTRATION (MBA)

(This internship report has been prepared for submission into the Department of Marketing, Hajee Mohammad Danesh Science & Technology University, Dinajpur, as a partial requirement for fulfillment of MBA Degree in Marketing).

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Certificate of Supervisor

This is to certify that the thesis report on "**Customer satisfaction towards online banking (A study on Dinajpur city)**", submitted for the award getting degree of Master of Business Administration (EMBA) with specialization in marketing to the Hajee Mohammad Danesh Science & Technology University (HSTU) is a record of bonafide research carried out by Taskina Jahan (ID- E140503033) under my supervision. No part of the project paper has been submitted for any degree, diploma, title or recognition before.

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Md. Jamal Uddin
Assistant Professor
Department of Marketing
Faculty of Business Studies
Hajee Mohammad Danesh Science & Technology University, Dina

Certificate of Co-Supervisor

This is to certify that the thesis report on "**Customer satisfaction towards online banking (A study on Dinajpur city)**", submitted for the award getting degree of Master of Business Administration (EMBA) with specialization in marketing to the Hajee Mohammad Danesh Science & Technology University (HSTU) is a record of bonafide research carried out Taskina Jahan (ID- E140503033) under my supervision. No part of the project paper has been submitted for any degrre, diploma, title or recognition before.

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Abul Kalam
Assistant Professor
Department of Marketing
Faculty of Business Studies
Hajee Mohammad Danesh Science & Technology University, Dinajpur.

Student's Declaration

I, Taskina Jahan student of Master of Business Administration (EMBA) with specialization in Marketing of Hajee Mohammad Danesh Science & Technology University (HSTU) to hereby declare that the thesis report on **"Customer satisfaction towards online banking (A study on Dinajpur city)**", has not been submitted by me for any degree, diploma, title or recognition before.

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Taskina Jahan
ID: E140503033
3rd Batch,MBA (Evening)
Major in Marketing
HSTU, Dinajpur.

Acknowledgment

It is a great opportunity for me to write about subject like **"Customer satisfaction towards online banking (A study on Dinajpur city)**". At the time of preparing this term paper I am gone through different books and websites which help me to get acquainted with new topics. I am actually focusing on those topics which are important for me to understand about this subject easily.

Firstly, I express my gratefulness to Almighty Allah who has enabled me to pursue my study.

I acknowledge with gratitude to my respective teacher and also my supervisor assistant professor Md. Jamal Uddin and my co-supervisor assistant professor Mr. Abul Kalam,who has always been sincere and helpful in making me understanding the different system of legal research and conceptual problems in my thesis paper.

Apart from me this thesis paper will certainly be immense importance for those who are interesting to know about this subject. I hope they will find it comprehensible.

I have tried hard and soul to gather all relevant documents regarding this subject. I don't know how far I am able to do that. Furthermore I don't claim all the information in this thesis paper is included perfectly. There may be shortcoming, factual error, mistaken opinion which are all mine and I alone am responsible for those but I will try to give a better volume in future.

Thank you

Taskina Jahan
ID: E140503033
3rd Batch, MBA (Evening)
Major in Marketing
HSTU, Dinajpur.

Abbreviations

The following abbreviations have been used in the study:

- ATM: Automated Teller Machine
- AVR: Automatic Voice Recorder
- BBL: Brac Bank Limited
- CLV: Customer Lifetime Value
- CSE: Chittagong Stock Exchange
- CSR: Corporate Social Responsibility
- DBBL: Dutch Bangla Bank Limited
- DIGI: Digital Cash
- DSE: Dhaka Stock Exchange
- EFT: Electronic Funds Transfer
- EBP: Electronic Bill Payment

- EPL: Equity Partners Limited

- ESPL: Equity Partners Securities Limited

- GABV: Global Alliance forBanking on Values Sustainable Banking

- IFC: International Finance Corporation

- NEFT: National Electronic Funds Transfer

- PIN: Personal Identification Number

- PGP: Pretty Good Privvacy

- QED: Quality Function Development

- RBI: Reserve Bank of India

Abstract

Now a day's technological advancement makes our life easier. As a part of this advancement banking sector facilities their client involvement by offering most convenient services through ecectronic means. To complete globally banks offer on line banking facilities. Customers are now able to transact different types of banking activities via online. People are now busy enough and consciousness among people has increased than never before. So they expect high quality services with short period of time. Although technological convergent takes place and traditional banking system becomes online. But not all the customers use online banking in Bangladesh. Some banks offer only limited services and confined themselves with SMS and ATM booth.

In the research paper I will try to represent the present senario of online banking in Bangladesh and customers satisfaction towards these services. The main objective of the study is to measure the satisfaction level of customer towards online banking in Banhladesh and to know the factors influences to the satisfaction of custoner on online banking and to find out the major problems in online banking. With this motto the research has been conducted which was both qualitative and quantitative in nature. Population of the study were the user of Online Banking in dinajpur City, customer from DBBL and BRAC Bank in Dinajpur city were purposively selected. So customers (DBBL-33 and BRAC-17) were selected for this study using convenience sampling method. The respondents were randomly selected to complete the questionnaire at the time of their visit in the study area.

Finally I have made some recommendations on the basis of my field work.

Banks should extend their on- line banking facilities by offering all sorts of banking services via electronic means. They should introduce new facilities for their client properly. Banks should concentrate on removing technological problems which creates negative impact in customers mind. So the study on " Customer satisfaction towards Online Banking services: A case Study On Dinajpur city" is therefore very significant for the survival of the organization.

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INTRODUCTION

1.1 Prelude

Many of us lead busy lives. Some of us are up before the crack of dawn, getting ourselves prepared so we can in turn get our families ready for the day. We rush to work, rush to get the kids to school, and at the end of the day we rush home only to brace ourselves for the next day. After a hectic day, the last thing we want to do is spend time waiting in line at the bank, or even the post office. That's why Online Banking comes in.

Online banking also called as internet banking, allows the customers to use all the banking services from a computer which has internet acess.The customer can perform financial transactions on a secure website operated by the bank. Online banking offers features such as bank statements, loan applications, funds transfer, e-bill payments and account aggregation allows customers to monitor all their accounts in one place.There are many online banking advantages. Online Banking allows us to bypass bank lines. We can conduct our banking transactions safely and securely without leaving the comfort of our home. Online Banking also gives us around the clock access to our savings, or checking accounts. Plus, we will have access to Online Statements. We can monitor our transactions and make sure that our balance information is correct. This is great for people who like to use their debit card but don't like to use their check register.

This paper aims to customer satisfaction towards Online banking and to know the factors influences to the satisfaction of customer by using Online banking and to find out the major problems in Online banking. The study also suggest that authority should take initiaves to solve the problems of Online banking.

1.2 Statement of the problem

Online banking provides an easier and more comfortable way to carry out financial transactions. However, there are some problems which have been faced by people who use the Internet for banking. Read on to know about some online banking problems. Online Banking offers a higher level of convenience for managing one's finances even from one's bedroom. However, it continues to present challenges to the financial security and personal privacy. Many people have had their account details compromised, as a result of online banking. Thus, if one is going to use it for financial transactions, he should be aware of the risks involved. Awareness of the risks and problems, enables him to take precautions for a more secured online banking experience. Following are some of the online banking problems which the bankers generally face:

While making online payments or transferring money from one account to another, the online bankers are always concerned about the hackers and anti-social elements. Hacking enables the unethical hackers to penetrate the accounts of online bankers, and spend their money. Availability of confidential information which is just secured by a user name and password, makes it vulnerable to such threats. Most of the banks try to make their sites secured by implementing latest network security software. However, there have been plenty of cases in which web surfers were accidentally exposed to the financial details of online bankers. Internet security had a setback when in 2004, Morgan Stanley admitted a serious security flaw in the system of the latest online banking operation. This flaw allowed customers to access account details of other clients.

For availing the benefits of online banking, one should have access to the Internet. For this purpose, he should own a desktop, laptop or PDA device, and an Internet connection. This reason limits the usage of online banking, as sometimes it's almost impossible to have an Internet connection, to serve the purpose. One might also face problems if the Internet connectivity breaks down during an ongoing transaction, or if someone eavesdrop his user name and password, while accessing it in a cyber cafe.

While carrying out online transactions there are many instances when the banker might need help of a representative, from the bank. The brick and mortar banks have customer care

representatives who are easier to talk to, but in case of online banking, in which the banks provide customer care numbers, the bankers find it difficult to get their problems solved. Sometimes there is a congestion in the network and they have to wait for sometime, in order to talk to the bank's representative at the other end. Once the line is put through, one may either get somebody helpful and knowledgeable or may not, leaving him in a baffled and confused situation.

Although online banking involves risk and imposes certain problems, there are many facilities provided by it. To avail these benefits, it is important for one to educate himself about the risks, and the steps he can take to protect his financial information. It is also necessary to understand the rights and responsibilities as a customer, in order to make a difference to one's own financial well-being.

1.3 Research Questions

- Which factors of online banking affect customer more?
- What are the factors lead to customer satisfaction?
- What are the problems that customer’s have faced by using online banking?

1.4 Research objectives

I have carried out this study to find out some key issues about online banking that helps the customers in developing E-services in Bangladesh. The study mainly aims to indentify the customer satisfaction towards online banking in Bangladesh. The main objectives of the studies are-

1.4.1: General objective

The core objective is the customer satisfaction by using online banking

1.4.2: Specific ofjectives

Some specific objectives of this study are-

1.To know the factors influences to the satisfaction of customer towards online banking.

2.To measure the satisfaction level of customer of online banking.

3.To find out the major problems in online banking.

1.5 Definition of key terms

Online banking

Online banking allows a user to execute financial transactions via the internet. Online banking is also known as "internet banking" or "web banking." An online bank offers customers just about every service traditionally available through a local branch, including deposits, which is done online or through the mail, and online bill payment.

Internet

ThenInternet is the interconnected computer network throughout the world that provides information and other services by appropriate protocol and software to the users. Internet is a network of networks that consists of millions of private, public academic, business, and government networks of local to global scope that are linked by a broad array of electronic and optical networking technologies. Internet connects individuals and organizations across the world with no national boundaries to share, exchange and communicate information to satisfy their needs.

Intranet

An Intranet is a network that is internal within an organization, it is an internal Internet. When an organization establishes a computer network within it to exchange information between its local branches thes it is called an Intranet. An Intranet is bassically consisted of several LANs and WANs but they are seperated from the global Internet within firewalls. Intranet help organizations to perform their own operations within their organizational boundaries. An Intranet is common in online banking system.

Software

For conducting online banking operations several software are now available such as FLEXCUBE, a banking software which enables banks to process and store banking transaction data and making payments through a dedicated client-server network. Different banks use different types of software depending on the cost and other factors.

Electronic Money (E-Money)

Electronic money means money which is exchanged electronically. For example, e-currency, e-money, electronic cash, electronic currency, digital money, diital cash or digital currency, Electronic Funds Transfer(EFT) and direct deposit are done electronically.

Customer

A customer is an individual or business that purchases the goods or services produced by a business. Attracting customers is the primary goal of most public-facing businesses, because it is the customer who creates demand for goods and services. Businesses often compete through advertisements or lowered prices to attract an ever-larger customer base.

Satisfaction

A happy or pleased feeling because of something that you did or something that happened to you. The act of providing what is needed or desired : the act of satisfying a need or desire. A result that deals with a problem or complaint in an acceptable way

Customer satisfaction

Customer satisfaction measures how well the expectations of a customer concerning a product or service provided by your company have been met. Customer satisfaction is an abstract concept and involves such factors as the quality of the product, the quality of the service provided, the atmosphere of the location where the product or service is purchased, and the price of the product or service.

1.6 Importance of the study

This study is related to customer satisfaction twards online banking and the satisfaction of the customer is important for running the online banking services. In todays wrold online banking play a strong role in our daily activities. Online banking can incerease the demand of E-services in Bangladesh. The customers, employees, businesspersons, students both can be benifited by the online banking services. So, online banking can play a important role in todays technological wrolds and by getting the online banking services the customer satisfaction will be increase. Online banking is benificial for both banks and customer's . Online banking has made life much easier and banking much faster for both customers and banks.

1.7 Research Methodology

1.7.1: Nature of the study

The present chapter describes the key methodological components that used to achieve the objectives of the study. A research methodology is a systematically enquiry that permits the researcher to report the findings scientifically. For this reason this chapter starts by identifying the factors that affect the research design, and concentrate on the discussion of the steps involved in the research process by ranging from the formulation of the research problem to the analysis and processing of data. Lastly, issues of validity and reliability, and the limitations faced in this research are discussed. The research is the form of descriptive design. Both qualitative and quantitative approach was used in this study.

1.7.2: Sample Size and Sampling Method

Population of the study were the user of Online Banking in Dinajpur City, customer from DBBL and BRAC Bank in Dinajpur city were purposively selected. So customers (DBBL Bank-33 and BRAC Bank-17) were selected for this study using convenience sampling method.

1.7.3: Sources of Data

Primary data were collected from farmers, Employee, student, consumers. The secondary data had been collected from various newspapers, magazines, internet and Bangladesh Govt. websites etc. Furthermore, different working papers, journals and articles have been studied to enrich the literature of the study.

1.7.4: Tools of Data collection

The primary data for this study were collected through self-administrated questionnaire prepared by researcher. The questionnaire includes both open ended and close ended question.5 point likert scale (where, 1= Strongly Disagree; 2= Disagree; 3=Neutral; 4=Agree; 5= Strongly Agree were used in this study. Besides this secondary data were also used.

1.7.5: Data analysis Techniques

Microsoft office package like Microsoft word, Microsoft Excel, Graphical technique (such as pie chart, bar chart, percentage, etc.) have been used for summarizing and illustrating the collected data systematically.

1.8 Limitations of the study

As this project work is conducted only for academic purpose that is why the main constrain was cost and time. For the in depth analytical purpose,adequate time is required. But inadequate time was a major hindrance to prepare such a in depth study. Such a study is carried out by me for the first time. So, inexperience is one of the main factors that constituted the limitation of the study. This study did not covered respondents beyond Dinajpur district that's why many of the customer

are being unreached. Another vital constrain of the study was insufficiency of information. It is hard to get constomers insight because they are not willing to provide sufficient information. Since the respondents are very busy with their daily life transactions, as a result they failed to co-operate and sometimes were unwilling to provide the actual information. Sample size is too small to figure out the real picture of customer satisfaction.

1.9 Layout of Thesis:

The findings of the study are presented here in the form of a dissertation. The chapter outlines of the thesis are as follows:

Chapter- 1 **Introduction:** Introduction chapter includes: prelude, statement of the problem, research question, research objectives, and definition of key terms, importance of the study, and methodology of the study, scope and limitations of the study.

Chapter- 2 **Literature review:** This chapter includes a brief review of results of some previous studies which are related to the present research work and research gap found on those studies.

Chapter- 3 **An overview on Online Banking:** This chapter focuses on history of online banking, online banking features, types of online banking, key benefits and challenges related to online banking, conceptual framework of online banking, required physical infrastructure of online banking, online banking services, security system, attacks and future of online banking, DBBL and BRAC Bank Online banking system.

Chapter- 4 **Data analysis and interpretation:** This chapter includes analysis of primary data which were collected from the respondents through questionnaire.

Chapter- 6 **Findings, Recommendations and Conclusion:** This chapter includes findings, recommendations, conclusions and scope for further research.

Reference and **Appendix**

Chapter-2

Literature Review

2.1: Literature Review of the study

Siam - Evaluated the effects of electronic banking on the profitability of Jordanian banks(2006) showed - The study investigated the reasons behind providing electronic banking services through internet, their impact on banking services in general, and banks profitability in particular. The results of the study revealed that electronic banking services had a negative impact on the profitability of banks in the short run because of increased capital costs involved in technical and electronic infrastructure, cost of training to employees and also the cost involved in creation of environment where the banks can operate smoothly. However, these services had a positive impact in the long run on the profitability of banks. The researcher recommended that banks need to carry out awareness and promotion campaigns to educate clients and aware them of feasibility through reduced time, cost, effort and also to hold training courses for employees to understand the e-banking business strategies.

Sathye - Explored the factors affecting the adoption of internet banking by Australian customers(1999), showed in his research that internet and other virtual banking had significantly lower the cost structure than traditional delivery channels. So, the banks should encourage customers to use internet for banking transactions. The author also emphasized that for adoption of internet banking, it was necessary that the banks offering this service made the consumers aware about the availability of such a product and explain how it adds value to the other products. The analysis of the study showed that security concerns and lack of awareness stand out as the reasons for non-adoption of internet banking by Australian customers. However, internet should be considered as a part of overall customers' service and distribution strategy. These measures could help in rapid migration of customers to internet banking resulting in considerable saving of operating costs of banks.

Wenninger - Evaluated the emerging role of electronic commerce in banks(2000)- showed in his research- E-commerce had created new form of competition and compelled banks to make choices about the services they offer, the size of their branch network and extent of their support to inter- bank payments network. The main objective of the study was to understand the changes that had taken place with the introduction of electronic commerce. Development of e-banking

products such as electronic billing, establishing internet portals, electronic checks, ATM, etc. had provided additional services to customers'. The author also emphasized upon the strategic and operational risks which arise in banking sector. These could be minimized with a cost efficient electronic process.

Unninthan -described the impact of e-banking adaptation on Australian and Indian banking sectors with the help of qualitative and quantitative analysis(2001)- The researcher found that Australia had a strong platform for e-banking growth with 37.7 percent of population willing to engage in e-banking mostly in urban areas due to literate young working population with discretionary income. However, India by comparison was played by weak infrastructure, low PC penetration and consumer reluctance in rural sector. But the professionals are compelling the government and bureaucracy in the country to support and develop new initiatives at a faster speed of internet banking. However, in both the countries, e-banking was a successful strategic weapon for banks to remain profitable in a volatile and competitive market place

Yakhlef - Evaluated the services provided through internet and website(2001) - The researcher explored the major services of Swedish banks provided via internet. The objective of the study was to see whether internet banking services were compliment or competitive to brick and mortar bank branches. The results of the study indicated that although internet banking provided more safe, convenient and efficient services to the customers, yet as far as personal contact and direct information was concerned, brick and mortar was more preferable than internet. Internet has reduced number of branches of banks, added value to the customers, attracted new customers and developed more customized services but at the same time it also requires huge investment, infrastructure and trained employees of bank. So, internet was not a substitute rather compliment of brick and mortar concept.

Gurau - Analyzed the situation of online banking in USA and Europe(2002) – The author described that there were more than 1500 websites of banks all over the world. Most of banks in USA had internet presence, while in Europe, most of banking websites were from UK, Germany, Spain, Italy and France. The author also found that in 2005, distribution channels used by banks included 10 per cent internet banking, 65 per cent multi-channel,10 per cent telephone banking

and 15 per cent through bank branches, whereas in 1998, it was only 15 per cent direct banking and 85 per cent in branch banking. The author concluded that successful introduction of e-banking services proved to be a complex operation which requires the harmonization of all interacting elements of economic and financial system.

Mattila et al. - evaluated the electronic banking adoption in Finland(2003) – The study showed that the proportion of people in Finland, who have adopted online banking, was higher than anywhere else in the world. All the Finnish banks offered a full range of internet banking services. The researchers also found that different people have different attitude towards new technology. Some were innovators, who were interested in new technology and positive towards it. Some were early adopters and some were late adopters who have negative attitude towards it. Laggards had extremely negative attitude towards it. The study also found that matured customers were late adopters of internet banking. However, expensive start up, security and lack of personal service were main hindrances in the use of electronic banking. The study brought out that most customers found insufficient or non-existent training as the main reasons in the use of new technology, and also found web pages confusing and difficult to understand.

Kautish - Described the paradigm shift of banking sector from traditional banking to online banking(2008) showed in his research - The objective of the paper was to discuss the derivation of value added tool of online banking system which was used to attract new customers and retain the existing ones. It helped the banks to acquire more business from existing customers. People preferred to use online banking because of its availability, better performance, ubiquity, speed and its effectiveness. Further, the author discussed two bank models integrated banking model where the banks provide internet banking services as an extension to their basic services like ATM and phone banking. So, it is a kind of hybrid approach and the other was stand alone internet banking model, where the banks totally rely on the online channel. To improve the services through e-banking, banks should think from the customers' perspective and there should be creativity and innovation in designing and implementation of e-banking processes. The author concluded that as e-banking was a relatively new concept in the global banking scenario so the best of this concept was yet to come.

Suresh - highlighted that recently developed e-banking technology had created unpredicted opportunities for the banks to organize their financial products, profits, service delivery and marketing(2008) showed in his study -. The objectives of the study were to evaluate the difference between traditional and e-banking, and to identify the core capabilities for the best use of e-banking. The author analyzed that e-banking will be an innovation if it preserved both business model and technology knowledge, and disruptive if it destroys both the model and knowledge. He also differentiated e-banking from traditional banking in five ways, namely, value proportion, market scope, cost structure, profit potential and value network. However, in order to exploit technical and business capabilities of ebanking, banks should generate more customers inside and outside India so that more revenues could be generated that lead to better future of Indian economy.

2.2 Research gap:

This paper investigates the main elements that can influence customer satisfaction in online banking services, with specific reference to online banking. The importance of this topic resides in the fact that customer positive experiences of online banking services, products, and other sercices provided by banks can produce customer retention as well as positive word-of-mouth. Indeed, satisfaction with Online banking experiences contributes to destination loyalty. The degree of customer satisfaction to Online banking services can exhance the number of customer in the banks. Thus, Banks should give better services of Online banking for getting loyal customers. Although predominant literature has adopted a demand-side perspective, this paper analyses customer satisfaction towards Online banking according to an overlapping perspective that contemplates both the demand and the offer side where this latter, in the wider meaning, also includes the systemic perspective.

The present study will be an attempt to fill this gap.

Chapter-3

An Overview of Online Banking

3.1 The History of Online Banking

Banking has come a long way since the days of regular visits to tellers. Now a customer can take a picture of a check with his phone to deposit it into a savings account. The evolution of online banking started in the 1980s, when the definition and the practice of internet banking were far different than what exists today.

Figure:3.1,Onlinebanking

Source: Internet

3.1.1:What is 'Online Banking'

Online banking allows a user to execute financial transactions via the internet. Online banking is also known as "internet banking" or "web banking." An online bank offers customers just about every service traditionally available through a local branch, including deposits, which is done online or through the mail, and online bill payment.

How it works (Example):

Most banks offer customers the option of online banking. Customers are able to access to all of their accounts through an internet connection using the banks own website or a commercial software package such as Quicken or Money.

Online banking allows customers to monitor accounts, download transactions, transfer funds between accounts, including checking, saving, and money market/CD accounts, management investments, and handle loan activity, including applications and repayments. Clients can transfer funds to their bank accounts, and pay bills either electronically (with an account transfer) or by having the bank issue paper checks directly to the payee.

Banks have set up security systems to ensure that transactions conducted online are protected from internet security threats. Most banks use an industry-standard Secure Transaction software and protocol to manage the security on their systems.

3.1.2:BREAKING DOWN 'Online Banking'

Online banks do not provide direct ATM access, but they make provisions for consumers to use ATMs at other banks and retail stores, and they may reimburse consumers for some of the ATM fees charged by other financial institutions. Reduced overhead costs associated with not having physical branches typically allow online banks to offer consumers significant savings on banking fees; they also offer higher interest rates on accounts. Online banks handle customer service by phone, email or online chat. Online banking is frequently performed on mobile devices as Wi-Fi and 4G networks have become widely available. In the United States, prominent online banks include Ally Bank, Bank5 Connect, Discover Bank, GE Capital Bank and Synchrony Bank.

3.1.3:Why it Matters:

Online banking has made personal and business banking faster, more efficient and safer.

3.2:Online Banking: The Early Years

The early version of what was considered online banking began in 1981. New York City was the first place in the U.S. to test out the innovative way of doing business by providing remote services as four of its major banks — Citibank, Chase Manhattan, Chemical Bank and Manufacturers Hanover — made home-banking access available to their customers. Throughout online banking history, customers have been slow to adopt this new method of banking. In 1981, customers didn't take to the new initiative, so the online banking system failed to gain momentum until the next wave of innovation in the mid-1990s.

In October 1994, Stanford Federal Credit Union became the first financial institution in the U.S. to offer internet banking to all of its customers. A year later, Presidential Bank became the first bank in the country to offer customers access to their accounts online. Internet banking systems began to catch on as many other banks soon followed Presidential Bank's lead. At the same time, the now-defunct Security First Network Bank became the first dedicated online bank in the U.S. SFNB opened its virtual doors for business with basic offerings for national online banking, including no-fee checking and an ATM card.

The evolution of internet banking continued with the first truly successful internet-only bank: NetBank was founded in 1996 and closed in 2007. The NetBank name and domain were acquired by BofI Federal Bank in 2012. Bank of Internet USA was officially founded as part of the incorporation of BofI Holding, Inc. on July 6, 1999, making it America's oldest internet bank; it opened for business on July 4, 2000.

The conveniences and perks of internet banking became obvious to many customers: online interest rates that were higher than those of regular banks, greater access to accounts, and online banking transfers, to name a few. Still, other customers were hesitant at first to use this new

banking method because they were unsure of how it worked and didn't trust the security features of online banking.

3.2.1:Online Banking in the 2000s

As the evolution of online banking continued, it slowly began to gain popularity in e-commerce. When big-name banks began to offer online products and services, internet banking seemed to gain legitimacy for consumers. By 2000, online banking had become mainstream: An overwhelming 80 percent of banks in the U.S. were offering internet banking services. In 2001, Bank of America made history as the first financial institution to gain more than 3 million online banking customers, about 20 percent of its customer base.

In 2009, Ally Bank joined the ranks of internet-only banks. "The Ally Bank brand was launched to provide customers with a straightforward, customer-centric approach to banking as consumer preferences continue to shift toward online banking," said Diane Morais, Ally Bank deposits and line of business integration executive.

In a 2010 survey on consumer billing and payment trends, Fiserv found that online banking and mobile payments were growing at a faster pace than the internet. Online banking has continued to evolve as more innovations and conveniences have been offered. Bank of Internet USA has introduced a number of new and technologically advanced products and services since its inception, including mobile internet banking apps for the most popular mobile devices, MyDeposit for check deposit by mobile or computer scan, Popmoney for money transfer via text or email.

3.3:Features of Online banking:

Online banking facilities typically have many features and capabilities in common, but also have some that are application specific. The common features fall broadly into several categories:

- A bank customer can perform non-transactional tasks through online banking, including –
    - Viewing account balances
    - Viewing recent transactions
    - Downloading bank statements, for example in PDF format
    - Viewing images of paid cheques
    - Ordering cheque books
    - Download periodic account statements
    - Downloading applications for M-banking, E-banking etc.
- Bank customers can transact banking tasks through online banking, including –
    - Funds transfers between the customer's linked accounts
    - Paying third parties, including bill payments and third party fund transfers Investment purchase or sale
    - Loan applications and transactions, such as repayments of enrollments
    - Credit card applications
    - Register utility billers and make bill payments
- Financial institution administration
- Management of multiple users having varying levels of authority
- Transaction approval process

Some financial institutions offer special internet banking services, for example:

- Personal financial management support, such as importing data into personal accounting software. Some online banking platforms support account aggregation to allow the customers to monitor all of their accounts in one place whether they are with their main bank or with other institutions.

3.4: Online Banking Security: How Accounts Stay Safe

Today, online banking is one of the most popular ways for people to manage their money. Banks ensure internet banking security for customers by using encryption technology — such as secure sockets layer — verifying internet banking account activity, incorporating account safety features, and constantly warning consumers of ways to avoid threats such as identity theft.

Since early 2015, banks around the world, from Ecuador to the Philippines to Qatar, to name a few, have been the victims of security hacks. Society for the Worldwide Interbank Financial Telecommunication — or SWIFT, the messaging network that connects the world's banks — warned its member banks as late as August 2016 to increase their security in the face of ongoing attacks. Banks have been focusing on providing comprehensive security measures. JPMorgan Chase, for example, has begun limiting employees' access to the SWIFT software.

And Bank of America's online banking service, for example, incorporates industry-leading safety features that give customers greater security and peace of mind as they manage their money. The FDIC has also taken measures to ensure that this highly convenient banking method is safe.

3.4.1: Consumer Responsibility for Secure Online Banking

According to a survey by Accenture, most consumers trust their banks over other businesses — such as mobile phone networks and online retailers — to securely manage their personal data. Still, online banking customers should take measures to practice safe internet banking. The FDIC advises consumers to take the following precautions:

- Research a bank prior to opening a paid or free online banking account.
- Be aware of fraudulent websites made to look identical to actual bank sites.
- Always make sure the bank is FDIC-insured.
- Keep personal online banking information secure.
- Know your rights.

3.5:The Pros and Cons of Online Banking

Every tool or service has its pros and cons, even the most convenient technological advancements — such as being able to access bank accounts from any place at any time as long as there's an internet connection. The advantages and disadvantages of a resource should be weighed carefully by customers when their money is concerned. Many features of internet banking are positive, but some negative possibilities also exist in the digital world that could keep more cautious consumers away.

3.5.1:The Advantages of Online Banking

"Bank customers are now accustomed to being able to manage their finances online, 24 hours a day, seven days a week," said Tyler McConvill, a digital marketing manager with Bank of Internet USA, the oldest online bank dedicated to service via internet. This supreme convenience is a major selling point of internet banking. Other advantages of online banking include:

- **Better rates:** Because online-only banks lack the overhead costs associated with brick-and-mortar banks, online banks are able to pass on the savings to customers in the form of better interest rates.
- **Ease of use:** Customers can quickly and easily monitor balances, check on spending and be alerted to low balances.
- **Services and tools:** Resources such as online bill payment and online tax forms, loan calculators, budgeting tools and even investment analysis tools are often available — and usually free of charge.
- **Mobility:** Access to a bank account and up-to-date balance information are available to customers any time they have a device with an internet connection. Customers are able to access their accounts seamlessly from computers, tablets and smartphones.
- **Electronic transfers:** Transferring money between accounts and banks is as easy as signing into an online banking account and clicking through a few steps.
- **Environmental friendliness:** Banking online can go hand in hand with paperless notifications. Customers are given the choice to opt out of paper statements and mail.

Instead, they can be reached via the message center within their online bank account, by email or even by text message.

- **Security alerts:** With 24/7 access to their online banking accounts and balance information, customers can be alerted to unusual activity and security breaches almost immediately.

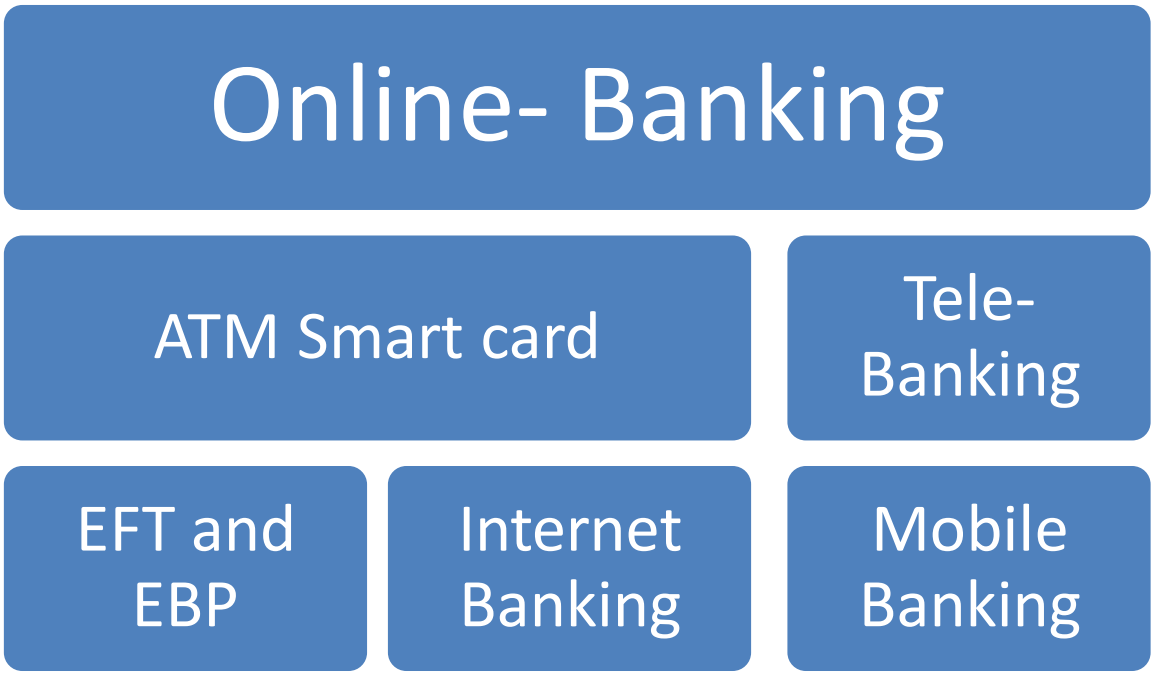
3.5.2:The Disadvantages of Online Banking

Although the advantages of online banking are significant, some critical disadvantages of this modern means of banking do exist:

- **Diminished relationships:** Because banking is conducted mostly and sometimes completely online, there's a lack of face-to-face interaction and little opportunity to develop relationships between customers and bank representatives.
- **Lack of comprehensive or special services:** Brick-and-mortar banks are able to provide services such as notarizing financial documents, which can't be done by an online bank.
- **Transaction issues:** For clients who frequently deposit cash, online-only banks might not be as useful. Additionally, ATMs for some online-only banks can be hard to find.
- **Security issues:** As with any institution in possession of secure data and personal information, online banks are vulnerable to security risks. Hacking, phishing and viruses are some of the associated risks that banks try to provide protection against.

3.6:Conceptual Framework of online banking

Figure:3.6, Conceptual framework of online banking



Source: Own, Microsoft office work

3.6.1:Types of Online Banking

Understanding the various types of Online 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 Online 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**: This type of Internet banking systems consists of the interaction between the bank‘s system and the customer. The interaction maybe 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 with 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.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 a brick-and-mortar institutions.
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.

E-banking is a borderless entity permitting anytime, anywhere and anyhow banking. This facilities us with all the functions and many advantages as compared to traditional banking services. During this step of the process, controls that could mitigate or eliminate the identified risks, as appropriate to the organizations operations, are provided. The goal of the recommended controls is to reduce the level of risk to the IT system and its data to an acceptable level.

3.6.2: Required Physical Infrastructure for Online Banking

- **Internet:** Internet is the interconnected computer network throughout the world that provides information and other services by appropriate protocol and software to the users. Internet is a network of networks that consists of millions of private, public academic, business, and government networks of local to global scope that are linked by a broad array of electronic and optical networking technologies. Internet connects individuals and organizations across the world with no national boundaries to share, exchange and communicate information to satisfy their needs.

- **Intranet:** An Intranet is a network that is internal within an organization, it is an internal Internet. When an organization establishes a computer network within it to exchange information between its local branches this it is called an Intranet. An Intranet is basically consisted of several LANs and WANs but they are separated from the global Internet within firewalls. Intranet help organizations to perform their own operations within their organizational boundaries. An Intranet is common in online banking system.

- **Hardware:** The essential hardware required to build a complete online banking system includes:

    - Personal computers
    - Servers
    - Routers
    - Firewalls
    - Modems
    - Switches

- POS(Point of scale) Terminals

- ATM(Automated Teller Machine) booths

- **Software:** For conducting online banking operations several software are now available such as FLEXCUBE, a banking software which enables banks to process and store banking transaction data and making payments through a dedicated client-server network. Different banks use different types of software depending on the cost and other factors.

- **Electronic Money (E-Money):** Electronic money means money which is exchanged electronically. For example, e-currency, e-money, electronic cash, electronic currency, digital money, diital cash or digital currency, Electronic Funds Transfer(EFT) and direct deposit are done electronically.

3.6.3:Internet Banking Services

Online banking facilities offered by various financial institutions have many features and capabilities in common, but also have some that are application specific.

- **ATM**

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 branching. An automated teller machine orautomatic teller machine (ATM) is 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 bankaccounts, pay bills, or purchase goods and services.

- **Electronic Funds transfer (EFT)**

Between the customers own check in gand savings accounts, or to another customer's account. Without personal visit to bank through internet customer can transfer the money to his or her own account or to the person account. In 1994, RBI appointed a committee to review the mechanization in the banks and also to review the Electronic Clearing Service (ECS) –credit clearing facility should be made available to all corporate bodies for making repetitive low value payment like dividend, interest, refund, salary, pension or commission.

- **NEFT**

NEFT full form is National Electronic Fund Transfer, and it is a system of transfer between two banks on net settlement basis which means that each individual transfer from one account to another account is not settled or processed at that same moment, it is done in batches. A lot of transactions are settled in one go in each batches. Presently, NEFT services are available from 8:00 am to 6:30 pm on weekdays (Mon –Fri) and from 8:00 am –12:30 pm on Saturday.

- **Electronic Bill payment (EBP)**

Banks Bill Pay is the easiest way to manage bills. A/c holder can pay their regular monthlybills i.e. telephone, electricity, mobile phone, insurance etc. at anytime, anywhere forfree. Saves time and effort. Make bill payments at customer‘s convenience form their home oroffice. Lets a/c holders check their hill amount before it is debited form their account. No debits to account without their knowledge. No more missed deadlines, no more loss of interest –a/c holder can schedule their bills in advance, avoid missing the bill deadlines as well as earn extra interest on their money. Track payment history –all payments to a biller are stored automatically for future

reference. No queuing up at collection centers or writing cheque any more! Just a few clicks and customers account will be debited for the exact amount they as EBP attracts the customers because of the fast and efficient bill payment. Most of the Indian banks are trying to adopt the EBP portal. ICICI started a portal called Billjunction.com. Banks tie up with MTNL, Airtel, Orenge, Vodafone, reliance etc.

- **Phone Banking**

Customer can now dial up the bank‘s designed telephone number and by dialing ID number will be able to get connectivity to bank‘s designated computer. The software provided in the machine interactive with the computer asking him to dial the code number of the service required by the customer and suitable answers to the customer. By using automatic voice recorder (AVR) for simple queries and transactions and manned phone terminals for complicated queries and truncations, the customer can actually do entire non-cash relating banking on telephone...anywhere anytime.

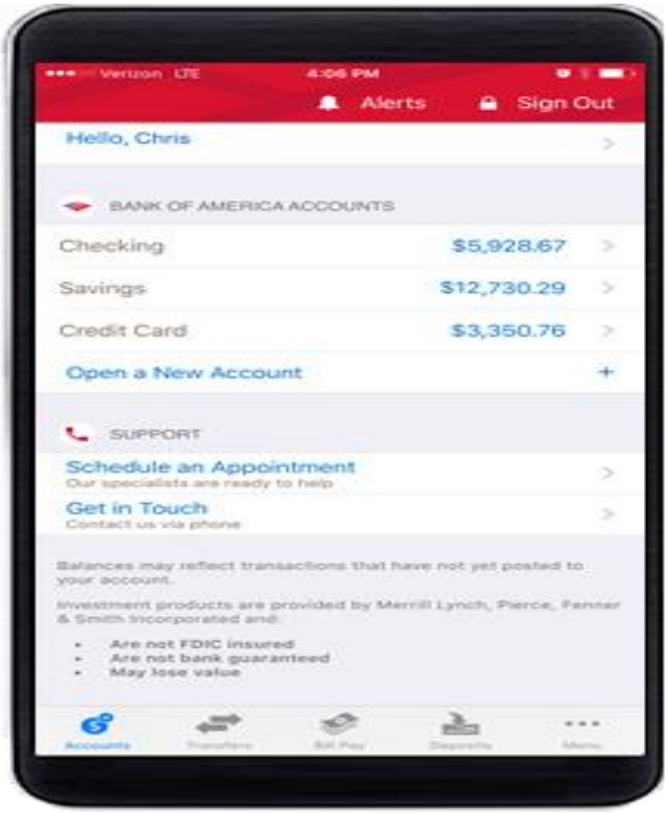
- **Tele-Banking**

Tele banking is another innovation which provided the facility of 24 hour banking to the customer. Tele banking is based on voice processing facility available on bank computers. The caller usually a customer calls the bank anytime and can inquire balance in his account or other transaction history. In this system, the computers at bank are connected to a telephone link with the help of a modem. Voice processing facility is provided in the software. This software identifies the voice of caller and provides him suitable reply. Some banks also use telephonic answering machine but this is limited to some brief functions. This is only telephone answering system and now Tele banking. Tele banking is becoming popular since queries at ATMs are now becoming too long.

- **Mobile Banking**

With the increase in mobile penetration among masses, banking activities can be transacted easily through mobile banking. This is the latest and most innovative platform offered for banking for the customers. A versatile multifunctional, free service that is accessible and viewable on the monitor of mobile phone. According to Reserve bank of India(RBI) data, a total of 3.7 crores mobile transactions took place between February and November 2012, jumping around 1.7 times in volumes over this 10-month period. These transactions saw nearly a three-fold increase in value over the same period. Increasing Smartphone adoption and initiatives such as media promotions and customer education programs for mobile banking have led to this uptrend. For customers, mobile banking is convenient while banks benefit through a low-cost channel.

Figure: 3.6.4, Mobile banking



Source: Internet

- **Net Banking / On-line 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. In India first one to move into this area was ICICI Bank. They started web based banking as early as august 1997.Net banking is a web-based service that enables the banks authorized customers to access their account information. It allows the customers to log on to the banks website with the help of bank‘s issued identification and personal identification number (PIN). The banking system verifies the user and provides access to the requested services, the rage of products and service offered by each bank on the internet differs widely in there content. Most banks offer net banking as a value-added service. Net banking has also led to the emergent of new banks, which operate only through the internet and do not exists physically, Such banks are called ―virtual‖ banks or ―Internet Only‖ banks. A couple of years ago, there was a belief even among bankers that customers opening new accounts wanted the online banking facility, just to ‗feel good‘ and very few of the m actually used that services. Today, bankers believe that the trend from ‗nice to have‘ is changing to ‗need to have‘ .after all it depends on how busy a person is. Services provided through Internet Banking-1) account information2) E-cheques (Online Fund Transfer) 3) Bill Payment Service4) Requests And Intimations5) Demat Account share trading.

- **Credit Card**

Credit cards introduced in America in 1950, a businessman Frank Menomara invited some of his friends for dinner in a hotel. At the time of payment he realizes that the wallet is not in his pocket! He forgot it at home. That day he decided to search a full proof system to avoid such troublesome situation. In India it is introduced in1966 as a branch of ―Dinner Club‖. In 1980 credit card facility provided by central bank first.

Fugure: 3.6.4, Credit Card

Source: Internet

- **Debit Card**

Debit card works same as credit card. Customer can purchase anything by it. Cash widroal is also possible. The only difference is that debit card can use with the customer‘s own account balance. According to account balance the customer can use his own money and purchase the goods. If the sufficient balance is not in the bank account then customer cannot use it. Now almost every bank providing Debit card facility and almost every customer can have credit card but the credit card facility is not provided to every customer or not free of charge. Of course there are number of categories for debit card also like master card, VISA card. At present plastic money and all types of cards are very popular.

Fugure:3.6.4, Debit card

Source: Internet

- **DIGI Cash (Digital Cash)**

Devid Chaum, a mathematician and banking privacy expert found the DIGI cash. This is known as E-cash, which is equivalent as Cash. Customer has to open his account at a Digi-cah licensed bank. Once the account is established, the customer can use E-cash that is stored on the user‘s computer hard drive. By using proprietary software, E-cash can be spending with net merchant or anybody whose computer is set up to deal with E-cash. With public key cryptography, the digital cash made secured. It register and verified while every transaction. Digital cash is the fastest way for on line purchase.

- **Net Cash**

This concept is similar to E-cash or Digital cash, except it does not require any special software to use. Net Cash can transmit across the internet user by using encryption scheme known as PGP (Pretty Good Privacy). To use net cash, a party must send a cheque or money order to the company‘s headquarters. The company returns coupons via e-mail. E-Cheques (Online Fund Transfer) An electronic chequeis an electronic copy (scanned image) of areal cheque, which is then transferred by email. In addition to the cheque's 'real' signature, the transfer must be digitally signed using the sender’s private key to authenticate the transfer. Customer can transfer funds: Transfer funds between accounts, even if they are in different branches‘ cities Customer can also transfer funds to any person having an account with the same bank anytime, anywhere, using third party funds transfer option.

3.7: Other General Features (Non-Transactional) of Online Banking

A bank customer can perform some non-transactional tasks through online banking, including -

- Viewing account balances
- Viewing recent transactions
- Downloading bank statements, for example in PDF format
- Ordering cheque books
- Download periodic account statements

•Download applications for M-banking, E-banking etc.

•Loan applications and transactions, such as repayments of enrollments.

3.8: Security of E-Banking

Security of a customer's financial information is very important, without online banking could not operate. Financial institutions have set up various security processes to reduce the risk of unauthorized online access to a customer's records, but there is no consistency to the various approaches adopted. The use of a secure website has become almost universally adopted. Though single password authentication is still in use, it by itself is not considered secure enough for online banking in some countries. Basically there are two different security methods in use for online banking.

Security methods for online banking:

- The PIN system.
- Signature based online banking

❖ The PIN/TAN system where the PIN represents a password, used for the login and Tans representing one-time passwords to authenticate transactions. TAN scan be distributed in different ways, the most popular one is to send a list of TANs to the online banking user by postal letter. The most secure way of using TANs is to generate them by need using a security token. These token generated TANs depend on the time and a unique secret, stored in the security token (two-factor authentication or 2FA). Usually online banking with PIN/TAN is done via a web browser using SSL secured connections, so that there is no additional encryption needed. Another way to provide TANs to an online banking user is to send the TAN of the current bank transaction to the user's (GSM) mobile phone via SMS. The SMS text usually quotes the transaction amount and detail, the TAN is only valid for a short period of time. Especially in Germany, Austria and The Netherlands, many banks have adopted this "SMS TAN" service as it is considered very secure.

- Signature based online banking where all transactions are signed and encrypted digitally. The Keys for the signature generation and encryption can be stored on smartcards or any memory medium, depending on the concrete implementation.

3.9:Attacks of Online banking

Most of the attacks on online banking used today are based on deceiving the user to steal login data and valid TANs. Two well known examples for those attacks are phishing and pharming. Cross-site script in gand key logger/Trojan horses can also be used to steal login information. A method to attack signature based online banking methods is to manipulate the used software in a way, that correct transactions are shown on the screen and faked transactions are signed in the background. A 2008 U.S.Federal Deposit Insurance Corporation Technology Incident Report, compiled from suspicious activity reports banks file quarterly, lists 536 cases of computer intrusion, with an average loss per incident of $30,000. That adds up to a nearly $16-million loss in the second quarter of 2007. Computer intrusions increased by 150 percent between the first quarter of 2007 and the second. In 80 percent of the cases, the source of the intrusion is unknown but it occurred during online banking, the report states. The most recent kind of attack is the so-called Man in the Browser attack, where a Trojan horse permits a remote attacker to modify the destination account number and also the amount

3.10:The Future of Online Banking

Despite the slow adoption rate in the early part of the history of internet banking, online banking has proven it's here to stay. Features have greatly evolved from the first days of internet banking history — from the need to use a landline to access account balances in the 1980s to having the ability to transfer funds, pay bills and deposit checks with just the click of a mouse or on a mobile device today. As technology continues to advance, banking online will likely become even easier and more ingrained in the average consumer's lifestyle.

“Looking ahead, Bank of Internet USA is no longer serving a niche client base,” said McConvill. “Customers who use the internet to do their banking are now the norm, not the exception. Our goal is to provide the optimal banking experience for all banking customers, not simply the optimal banking experience for online banking customers.”

“This should be the goal of any bank that wishes to remain competitive in a world that is rapidly shifting away from the traditional ways of conducting business,” McConvill said. “Banks that fail to realize that online banking is really just banking in its new conventional form will soon find themselves struggling to survive.” In other words, the best internet banking practices will soon be the best banking practices, period.

3.11:ORGANISATION PART

3.11.1:Dutch-Bangla Bank Brief History

Dutch-Bangla Bank started operation is Bangladesh's first joint venture bank. The bank was an effort by local shareholders spearheaded by M Sahabuddin Ahmed (founder chairman) and the Dutch company FMO.

From the onset, the focus of the bank has been financing high-growth manufacturing industries in Bangladesh. The rationale being that the manufacturing sector exports Bangladeshi products worldwide. Thereby financing and concentrating on this sector allows Bangladesh to achieve the desired growth. Dutch Bangla Bank other focus is Corporate Social Responsibility (CSR). Even though CSR is now a cliche, Dutch Bangla Bank is the pioneer in this sector and termed the contribution simply as 'social responsibility'. Due to its investment in this sector, Dutch Bangla

Bank has become one of the largest donors and the largest bank donor in Bangladesh. The bank has won numerous international awards because of its unique approach as a socially conscious bank.

Dutch Bangla Bank was the first bank in Bangladesh to be fully automated. The Electronic-Banking Division was established in 2002 to undertake rapid automation and bring modern banking services into this field. Full automation was completed in 2003 and hereby introduced plastic money to the Bangladeshi masses. Dutch Bangla Bank also operates the nation's largest ATM fleet and in the process drastically cut consumer costs and fees by 80%. Moreover, Dutch Bangla Bank choosing the low profitability route for this sector has surprised many critics. Dutch Bangla Bank had pursued the mass automation in Banking as a CSR activity and never intended profitability from this sector. As a result it now provides unrivaled banking technology offerings to all its customers. Because of this mindset, most local banks have joined Dutch Bangla Bank banking infrastructure instead of pursuing their own.

Even with a history of hefty technological investments and an even larger donations, consumer and investor confidence has never waned. Dutch-Bangla Bank stock set the record for the highest share price in the Dhaka Stock Exchange in 2008.

Dutch-Bangla Bank Limited

Phone: **9666238, 7115756**

Fax: **+880-2-9561889**

Email: **dbbl@bdmail.net**

- Info
- Loans
- DPS
- Cards
- Accounts
- Services

Head Office
Sena Kalyan Bhaban,195,
Motijheel C/A. Dhaka
Bangladesh

Dinajpur branch

Munshipara, Dinajpur

Known As
DBBL

SWIFT Code
DBBLBDDH

Stock Code
DUTCHBANGL

Category
Commercial

Type
Private

Origin
Local

3.11.2:Description

Dutch-Bangla Bank Limited (DBBL) is a scheduled join venture private commercial bank in Bangladesh. The bank is established jointly by local Bangladeshi parties spearheaded by M Sahabuddin Ahmed (Founder & Chairman) and the Dutch company FMO. **DBBL** was established under the Bank Companies Act 1991 and incorporated as a public limited company under the Companies Act 1994 in Bangladesh with the primary objective to carry on all kinds of banking business in Bangladesh. In June 1996, **DBBL** started its formal operation in banking sector. Since then **DBBL** gained its huge popularity because of its social welfare activities and affordable banking service.

3.11.3: Products and Services of DBBL

DBBL is a customer centric bank and it is really crucial to satisfy customers demand to achieve success in business. DBBL always gives priority to their clients and offer customers wide range of services to satisfy them and make their banking experience more enjoyable. Dutch Bangla bank limited offers different types of services for their clients. Such as:

SME banking

DBBL provides loans to small and medium entrepreneurs like Wholesalers, Manufacturers, Assemblers and Retailers of machinery, Handicrafts, catering, printing industry and so on. The maximum amount of loan they provide is taka 5, 00,000.

Internet banking

DBBL provides internet banking services to their customers for making their banking easy and hassle free. To login into bank account from home, customer needs a PIN number given by the DBBL. Through internet banking customers can access their account details and can view the amount of current, saving & term deposit and loan account with current balance remaining.

Western union money transfer

Western union financial services Inc. is the reliable money transfer company throughout the world. Its head office is situated at U.S.A. Western union has earned worldwide reputation for

transferring money from one country to another country within shortest possible time based on electronic technology. On 14th February 2006, DBBL has set up a representative agreement with western union financial services Inc. for sending money to friends and family worldwide. With the help of western union money transfer service it become easy for Bangladeshi wage earners to receive and send money to more than 2,25,000 western union agents located in over 197 countries globally only by visiting any branch of DBBL. By this way, the Bangladeshi citizens living abroad are sending remittance through Western union agent there and within few minutes his desired nominee in Bangladesh can withdraw it from any DBBL branch.

ATM card services

DBBL is the market leader of ATM card service. They have 1,940 ATM booths and 153 first tracks throughout the country. They offer different types of ATM cards to its customers:

Figure:3.11.3, ATM card services

Debit card	**Credit card**	**Virtual card**
i. Nexus card	i. Master credit card	
ii. Master card debit	ii. Visa credit card	
iii. Visa electron debit		

SMS service

SMS alert service of DBBL is very helpful for the customers. Through this service customers receive messages when their account is debited or credited. So they are always updated with their account balance.

Mobile Banking

In Bangladesh, mobile banking service is first introduced by DBBL on May 31, 2011. Through mobile banking service customers can do banking activities without going to bank. In all over

Bangladesh there are many DBBL mobile banking agent. It is secure way to do transaction because no one can deposit or withdraw money without that particular mobile number with check digit and pin number of the account holder.

Products and services of mobile banking:

- Cash-in
- Cash-out
- Foreign remittance transfer
- Salary disbursement
- Balance inquiry
- Withdrawal from ATM

ATM Networks

With more than 1000 of ATM booths all over the country, **DBBL**'s has the largest ATM networks in Bangladesh. DBBL offering free access to its ATM network for its subscriber. This network helped **DBBL** gaining more popularity and confidence among subscriber and expanding banking opportunity to mass people. This entire network is being maintained by its own IT staff without any 3rd party dependency.

With this vast number of ATMs installed, **Dutch-Bangla Bank** initiated a co-branded ATM initiative in Bangladesh where the bank would provide ATMs and networking free of charge to any bank's branches. Mutual Trust Bank was the first bank to take the advantage and the first co-branded ATM in Bangladesh started operation on 28 May 2008.

Figure: 3.11.3,ATM network/DBBL Nexus participating banks

Source: Internet

Fast Track

In 2010, **Dutch Bangla Bank Limited (DBBL)** introduced "Fast Track" in the country which is the first of its kind in the country that is like a mini branch. Along with the generic ATM withdrawal service, it lets the customer deposit small amounts of money to DBBL account with a limit of 20,000 BDT. Moreover, the Fast Track also provides some account opening service and loan information. By 2010, **DBBL** has installed 50 Fast Tracks in Dhaka, Chittagong and Sylhet cities.

Internet Payment Gateway

Dutch-Bangla Bank Limited (DBBL) introduced Internet Payment Gateway to facilitates E-commerce in Bangladesh. Any Visa/MasterCard card holder (local or overseas) can user their card to pay DBBL authorized e-Merchants against their purchase of goods and service. They can also pay DESCO electricity bills. DBBL is working with airlines, railways, Utility companies, educational institutions and Stock Exchanges for facilitating purchase of ticket, payment of bills/fees and IPO subscription through the Internet Payment Gateway. It is also working to make an interface with the renowned PayPal payment gateway. Once everything in operation, this will change the payment mechanism in Bangladesh and will reduce public suffering. It will also boost

the E-commerce and open the door for freelancer and ICT company to earn more remittance for the country.

Mobile Banking

Dutch-Bangla Bank Limited (DBBL) is the first bank in Bangladesh, who introduced mobile banking service to bring poor people from remote area under smart banking service. Bangladesh Bank has already allowed 10 banks to initiate mobile banking with the aim to connect the deprived section of the society with the modern banking system, DBBL is the first runner among of them.

Internet payment

On 3 June 2010, Dutch Bangla Bank announced internet payments gateway system (Nexus Gateway). Using their Internet Payment Gateway merchants are able to charge their customers' Visa, Masters, DBBL Nexus and Maestro cards online. Presently DBBL has more than 400 e-commerce Merchants.

3.12:ENTERPRISE RESOURCE PLANNING

DBBL is the most technology enrich bank in Bangladesh. DBBL is a technology driveninstitution. It caters to progressive clients who are accustomed to high levels oftechnology use and innovation. The implementation of the software product Flexcubewas beset with serious technical problems and project managements hortcomings between March 2007 and March 2010. By the end of 2009, only 3,000 out of a total of5m customer accounts had been switched over to the new system. In March 2010, workon implementing the Flexcube product stopped and the bank have had to continueusing its existing retail banking system. Briefinformation about DBBL's technology andcomputer given below:

- Currently DBBL use software named "flexcube" in the server
  It is purchased from Bangalore, india.
- It costs over 25 crore taka.

- Dhaka bank,Estern bank also use this software.
- It is medium range, specialize banking software.
- It can save 3 to 4 luck clients information and can frequently access over it.
- DBBL use fiber optic cable in backbone.
- DBBL have largest ATM network in Bangladesh. So the clients enjoy theirbanking facilities in almost everywhere.
- Everyday 100 crore taka transactions occurs in 850 ATM booths.

3.13: OVERVIEW OF THE COMPANY

This chapter emphasizes on the historical background of the company under study, overview of the company, their product and services, customer base and online banking of BRAC Bank Limited.

3.13.1: Historical Background of the Company

BRAC Bank Limited is one of the latest generations of scheduled commercial banks in Bangladesh. It established in Bangladesh under the Banking Companies Act, 1991 and incorporated as private limited company on 20 May 1999 under the Companies Act, 1994. BRAC Bank Limited started its Journey on the 4th of July 2001 with a vision to be the absolute market leader through providing the entire range of banking services suitable to the needs of modern and dynamic banking business as well as to promote broad based participation in the Bangladesh economy through the provision of high quality banking services. BRAC Bank

Limited, with institutional share holdings by BRAC, International Finance Corporation (IFC) and Shore Cap International has been the fastest growing Bank in 2004 and 2005. BRAC Bank Limited is extending full range of banking facilities as per the directives of Bangladesh Bank. It intends to set standards as the absolute market leader in Bangladesh by providing efficient, friendly and modern fully automated on-line service on a profitable basis. Being one of the members of GABV(Global Alliance For Banking On Values Sustainable Banking), BRAC Bank Limited along with thirteen of the world's leading sustainable banks, is engaged in building a viable future for the financial industry. In line with the theme of developing human capital, the bank is also involved in creating an alternative banking and finance system, where social impact is considered as important as financial return. In the last five years of operation, the Bank has disbursed over BDT 1500 cores in loans to nearly 50,000 small and medium entrepreneurs. The management of the Bank believes that this sector of the economy can contribute the most to the rapid generation of employment in Bangladesh.

Since inception in July 2001, the Bank's footprint has grown to 156 Branches , 48 SME/Krishi Branches and 22 SME Service Centers) , 14 Apon Shomoy, 330 ATMs, 31 CDMs, 399 SME unit offices and 7,695(as on 31th March2013)human resources, BRAC Bank's operation now cuts across all segments and services in financial industry. It has disbursed over BDT 14,500 cores of SME loan and has over 1,200,000 individual customers who access online banking facilities. With more than 1.3 Million Customers, the bank has already proved to be the largest SME financier in just 12 years of its operation in Bangladesh and continues to broaden its horizon into

Retail, Corporate, SME, Probashi and other arenas of banking. In the year: 2010, BRAC Bank has been recognized as Asia's most Sustainable Bank in Emerging Markets by the Financial Times and IFC. Recently BRAC Bank has achieved the International award for "Excellence in Retail Financial Services". BRAC Bank Limited has also been recognized as "The Best Managed Bank" in Bangladesh by Asian Banker. The Asian Banker Leadership Achievement Award is Widely Acknowledged by the financial services industry as the highest possible accolade available to professionals in the Industry as recognized in the Asia Pacific and Gulf regions today.

3.13.2: BRAC BANK SUBSIDIARIES

bKash:

bKash is designed to provide financial services via mobile phones to both the unbanked and the banked people of Bangladesh. The overall bKash value proposition is simple: a safe, convenient place to store money; a safe, easy way to make payments and money transfers. The bKash mobile wallet, a VISA technology platform which is fully encryptedto ensure most secure transactions, will be the customer account where money can be deposited and out of which money can be withdrawn or used for various services. It has a special focus to serve the low income people of the country and promote sustainable micro-savings by providing financial services that are convenient, affordable and reliable. In Bangladesh, where 15% of people are not connected to formal financial system, providing financial services using this mean can make the service more accessible and cost effective for the vast population of Bangladesh. BRAC EPLBRAC Equity Partners Ltd (EPL) is a brokerage house and a merchant bank, with 51% of its stake owned by BRAC Bank. BRAC EPL formally commenced operation under a new management team on October 1, 2009. The predecessor of the company, known as Equity Partners Limited (EPL) and its affiliate Equity Partners Securities Ltd (ESPL), was formed in early 2000 as a merchant bank and brokerage company subsequently. Since the acquisition by BRAC Bank, BRAC EPL is providing the stock brokerage and investment services as BRAC EPL Stock Brokerage Ltd & BRAC EPL Investments Ltd. Products and services provided by BRAC EPL Stock Brokerage Ltd. are:

•Open Beneficiary Accounts (BO) for individuals.
•Provide margin lending.
•Trade for institutional investors, both domestic and international.
•Provide stop-gap liquidity support, especially to foreign institutional investors.
•Assist to create and follow an investment strategy.
•Provide corporate finance advisory services.

BRAC Saajan: BRAC Saajan Exchange Limited, an Exchange Company incorporated in England and Wales, is a subsidiary of BRAC Bank Limited, Bangladesh. The Company has been formed through acquisition of the former Saajan Worldwide Money Transfer Limited, United Kingdom. BRAC Bank owns 87.485% share in BRAC Saajan Exchange. The main purpose of introducing BRAC Saajan Exchange, is to have a footprint in UK and elsewhere in Europe to cater to the needs of Non-Resident Bangladeshis (NRBs) community which has a population of over one million. Non-resident Bangladeshis (NRBs) in UK now has a secured, fast, online transfer option available for sending remittance to their loved ones in Bangladesh from UK.

3.13.3: PRODUCTS AND SERVICES OF BRAC BANK LIMITED

BRAC Bank Limited is offering different types of products and services to their retail customers. The services of PFS and Credit Card Services are known as Retail banking or Consumer Banking. Retail banking deals with providing the bank services to individuals on a One-to-one basis. The services under retail banking are as follows:

¬Deposit Products

¬Loan Products

¬Card Products

¬Locker Services

¬Foreign Exchange & Related Services

Financial Services

- SME Banking
- Retails Banking
- Card Service (Credit & Debit)
- Foreign Exchange & Related Services
- Wholesale Banking & Custodial Service
- Probashi Banking

Distribution Network

- Branch : 166 (Dec, 2014)
- SME Unit Office : 458
- Remittance Delivery Point : 1800
- ATM Booth : 350+
- Apon Somoy (Financial Kiosk) : 16

Subsidiaries

The subsidiaries are

- BRAC EPL Investments Limited
- BRAC EPL Stock Brokerage Limited
- bKash (Mobile banking service) Limited
- BRAC Saajan Exchange Limited
- BRAC IT Services Limited

3.14: 2FA(Two Facto Authentication) of BRAC bank limited

2FA Device is a Two Factor Authentication device, which generates a random OTP (One Time Password) that acts as a second level of authentication. After registering for BRAC Bank Internet Banking, customer will require the 2FA Device whenever customers login to their Internet Banking accounts for secured and

Successful transactions. In these particular and other associated documents we are referring 2FA Device as
"Hardware Token" or "Software Token".2FA is an advanced method of security which requires:

- Information that one knows (Your PIN & User ID)
- One Time Password (OTP) from the bank (that is the randomly generated by 2FA Device)

Now, access your BRAC Bank account 24/7 from your PC, laptop, handheld device or cell phone for

Dos

Please use update version of browser

Use POP UP Blockers

Use a secured website while submitting any sensitive financial information

Log off as soon as you finish online banking

Regularly change password and PIN

Regularly check your Bank, Credit Card and Debit Card Statement, Report if suspicious transactions are found

Call you Financial Institutes if you receive any e-mail that request you to enter any security information

Use 2FA(Two Factor Authentication) device

Be suspicious of any of these sorts of e-mail and message

Take a close look at the hyperlink you are clicking

Don'ts:

Do not share your User name and Password with anyone

Do not leave logging on your online banking facility

Do not enter any security information over the Internet

Do not save username and password in the browser

Do not use the links sent via e-mails and messages to get to any web site

Avoid using cyber cafes and other public places for logging on to banking system. If you must then be careful of surroundings, do not store or save username and password in the browser and log out properly

CHAPTER-4

DATA ANALYSIS AND INTERPRETATION

Demographic profile of the respondent

Table 4.1: Gender distribution of the respondent –

Table-4.1

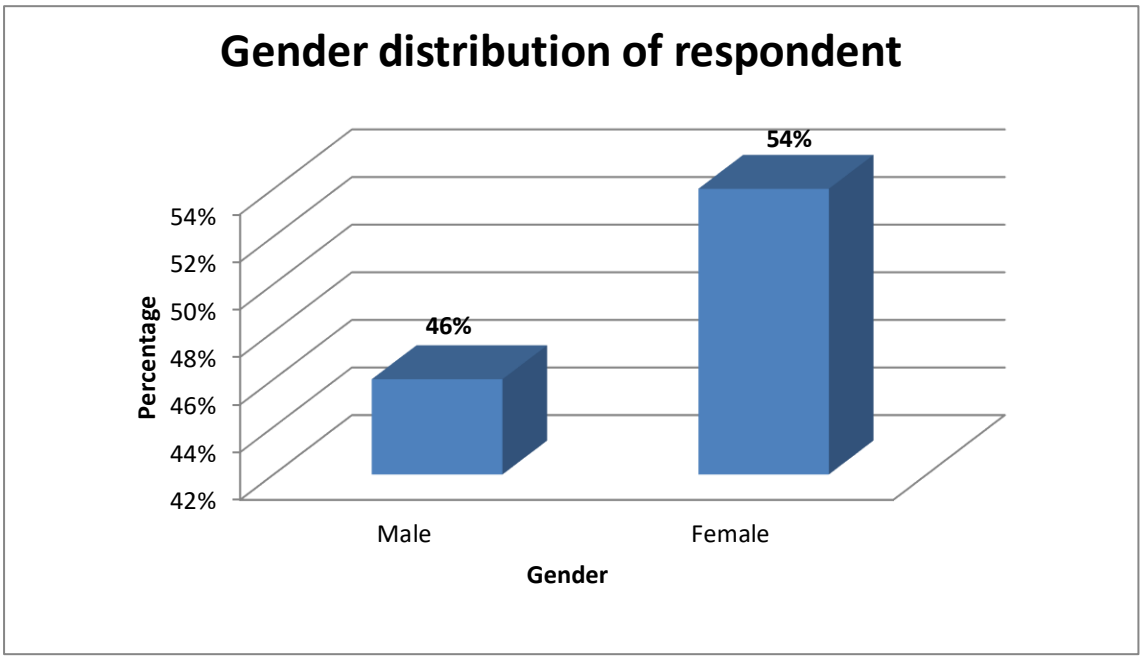
Gender distribution of the respondent

		Frequency	Percent	Valid percent	Cumulative percent
valid	Male	23	46.0	46.0	46.0
	Female	27	54.0	54.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Chart-4.1

Gender distribution of the respondent



Interpretation: From Table-4.1, high percentages of the respondents 27% were female, while male constituted about 23% of the population. This implies that 27% female associated with the profession Farmer, student, employee and consumer of the respondents.

Table-4.2: Age distribution of the respondent

Table-4.2

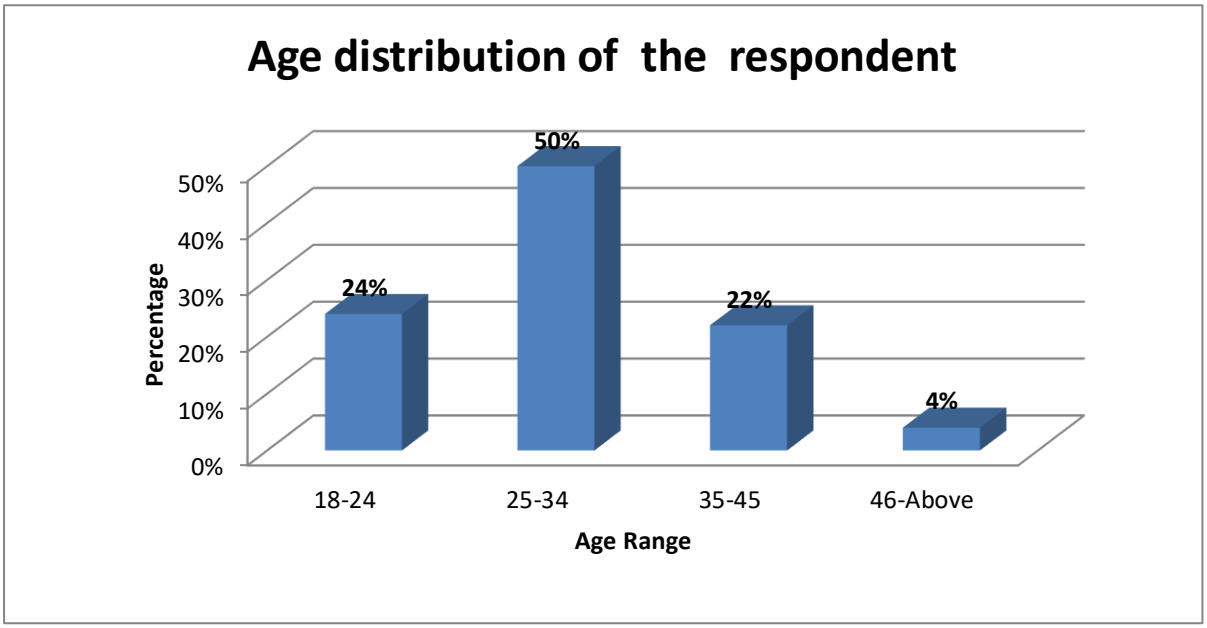
Age distribution of the respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24	12	24.0	24.0	24.0
	25-34	25	50.0	50.0	74.0
	35-45	11	22.0	22.0	96.0
	46-Above	2	4.0	4.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey,2016.

Chart:4.2

Age distribution of the respondent



Interpretation: From Table-4.1, the age distribution of customers in the study area reveals that majority of the respondents 50% fell in the age group of 25-34 years, about 22% were between 35-45years, 24% between 18-24 year while 4.0% above 46 years.

Table-4.3: Profession of the respondent

Table: 4.3

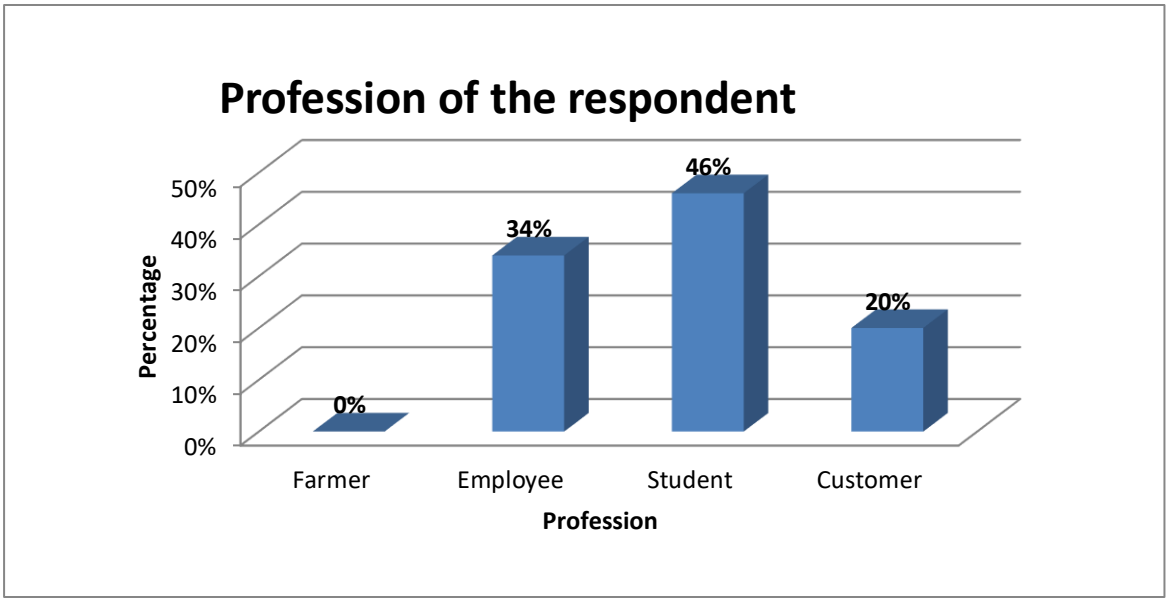
Profession of the respondent

		Frequency	Percent	Valid percent	Cumulative percent
valid	Farmer	0	0	0	
	Employee	17	34.0	34.0	34.0
	Student	23	46.0	46.0	80.0
	Customer	10	20.0	20.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey,2016.

Chart: 4.3

Profession of the respondent



Interpretation: From Table-4.3, 46% of the respondents were Student as their major occupation while 34% of the respondents were Employee and 10% were the profession of customer.

Table-4.4: Education level of respondent

Table: 4.4

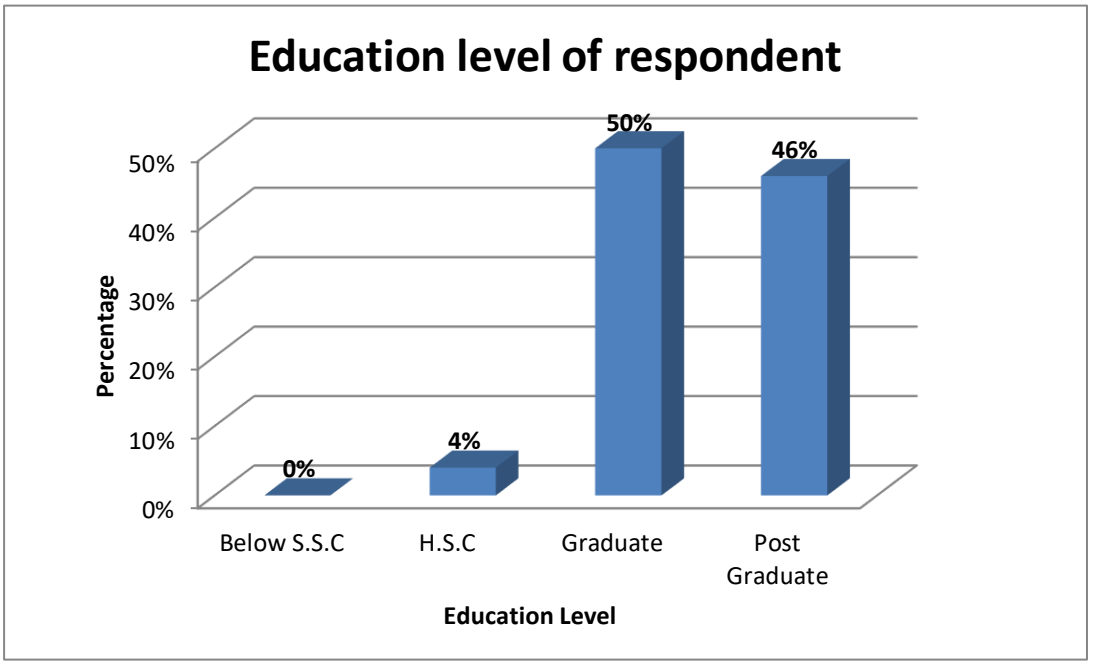
Education level of respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below S.S.C	0	0	0	0
	H.S.C	2	4.0	4.0	4.0
	Graduate	25	50.0	50.0	54.0
	Post Graduate	23	46.0	46.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Chart: 4.4

Education level of respondent



Interpretation:

From Table-4.4, 50% had Graduate education; 46% of respondents had Post Graduate. The respondents that had H.S.C education were 2%, 0% had below SSC education. This indicates that majority of the respondents were Graduate who can easily understand the online banking services.

Table-4.5: Income level of the respondent

Table-4.5

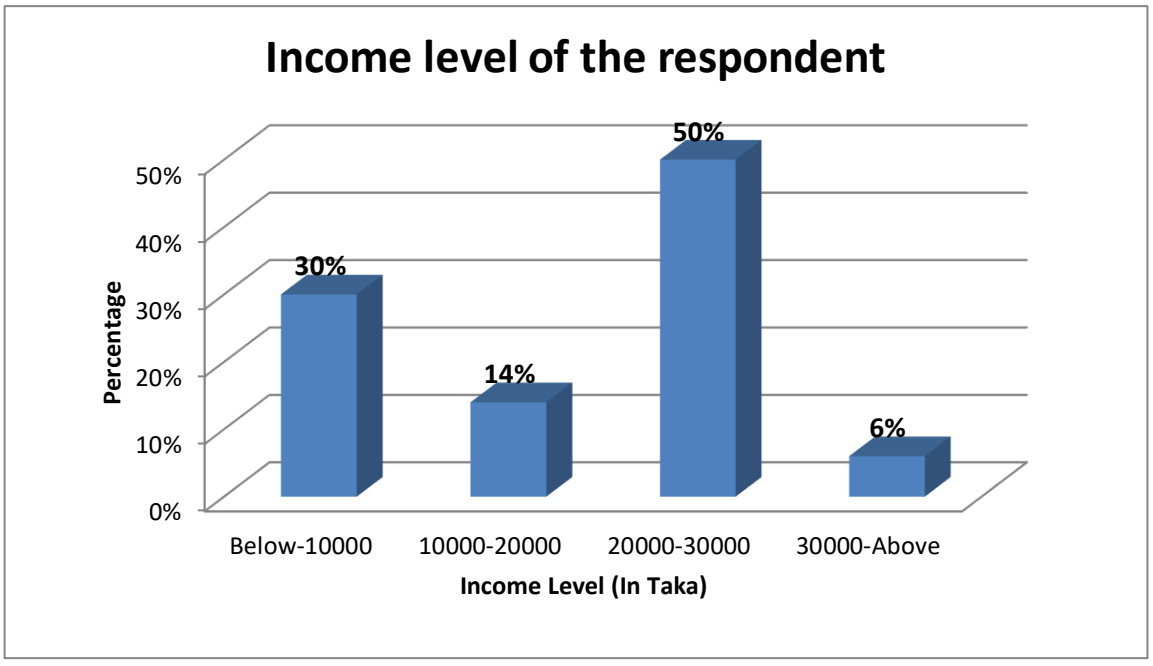
Income level of the respondent

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below-10000	15	30.0	30.0	30.0
	10000-20000	7	14.0	14.0	44.0
	20000-30000	25	50.0	50.0	94.0
	30000-Above	3	6.0	6.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Chart-4.5

Income level of the respondent



Interpretation: From Table-4.5, the Income level of respondents in the study area reveals that majority of the respondents 50% fell in the group of Between 20000-30000, about 30% were less 10000, 14% between 10000-20000while only 6% were 30000-Above.

Information about factors regarding online banking:

Table-4.5: Ease of use

Table-4.5

Ease of use

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
valid	Srongly disagree	-	-		
	Disagree	-	-		
	Neutral	-	-		
	Agree	23	46.0	46.0	46.0
	Strongly agree	27	54.0	54.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: In the factors of customer satisfaction towards online banking the high percentage 54% were strongly agree with ease of use and 46% were agree.

Table-4.7: Keep track on account balance

Table-4.7

Keep track on account balance

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
valid	Srongly disagree	-	-		
	Disagree	-	-		
	Neutral	-	-		
	Agree	18	36.0	36.0	36.0
	Strongly agree	32	64.0	64.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 64% were agree on keep track on balance account and 36% were agree.

Table-4.8: Twenty-four-hour- access

Table-4.8

Twenty-four-hour- access

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
valid	Srongly disagree	-	-	-	-
	Disagree	-	-	-	-
	Neutral	-	-	-	-
	Agree	23	46.0	46.0	46.0
	Strongly agree	27	54.0	54.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 54% were strongly agree on twenty-four-hour-access and 46% were agree.

Table-4.9: Access account from anywhere

Table-4.9

Access account from anywhere

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
valid	Srongly disagree	-	-	-	-
	Disagree	-	-	-	-
	Neutral	-	-	-	-
	Agree	28	56.0	56.0	56.0
	Strongly agree	22	44.0	44.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 56% were agree on access account from any where and 44% were strongly agree.

Table-4.10: Security Issues

Table-4.10

Security Issues

		Frequency	Percent	Valid percent	Cumulative percent
valid	Srongly disagree	-	-	-	-
	Disagree	25	50.0	50.0	50.0
	Neutral	3	6.0	6.0	56.0
	Agree	17	34.0	34.0	90.0
	Strongly agree	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 50% were disagree on security services on online banking, 34% were agree, 10% were strongly agree and 6% were neutral.

Table-4.11: Increase demand of E-service

Table-4.11

Increase demand of E-service

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
valid	Srongly disagree	-	-	-	-
	Disagree	-	-	-	-
	Neutral	4	8.0	8.0	8.0
	Agree	11	22.0	22.0	30.0
	Strongly agree	35	70.0	70.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 70% were strongly agree on increase demand on E- services, 22% were agree, 8% were neutral.

Table-4.12: Mobile banking

Table-4.12

Mobile banking

		Frequency	Percent	Valid percent	Cumulative percent
valid	Srongly disagree	-	-	-	-
	Disagree	4	8.0	8.0	8.0
	Neutral	4	8.0	8.0	16.0
	Agree	11	22.0	22.0	38.0
	Strongly agree	31	62.0	62.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 62% were strongly agree on mobile banking, 22% were agree, 8% were neutral and 8% were disagree.

Table-4.13: Conducting business online

Table-4.13

Conducting business online

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
valid	Srongly disagree	-	-		
	Disagree	-	-	-	-
	Neutral	4	8.0	8.0	8.0
	Agree	11	22.0	22.0	30.0
	Strongly agree	35	70.0	70.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 70% were strongly agree on conducting business on online, 22% were agree and 8% were neutral.

Table-4.14: Lower cost of convenience

Table-4.14

Lower cost of convenience

		Frequency	Percent	Valid percent	Cumulative percent
valid	Srongly disagree	-	-	-	-
	Disagree	6	12.0	12.0	12.0
	Neutral	2	4.0	4.0	16.0
	Agree	27	54.0	54.0	70.0
	Strongly agree	15	30.0	30.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 54% were agree on lower cost of convenience, 30% were strongly agree, 12% were disagree and 4% were neutral.

Table-4.15: Lower online charge

Table-4.15

Lower online charge

		Frequency	**Percent**	**Valid percent**	**Cumulative percent**
valid	Srongly disagree	8	16.0	16.0	16.0
	Disagree	22	44.0	44.0	60.0
	Neutral	4	8.0	8.0	68.0
	Agree	11	22.0	22.0	90.0
	Strongly agree	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 44% were disagree about lower online charge, 22% were agree, 16% were strongly disagree, 10% were strongly agree and 8% were neutral.

Information about satisfaction/dissastifaction regarding online banking:

Table-4.16: Network ablity

Table-4.16

Network ablity

		Frequency	Percent	Valid percent	Cumulative percent
valid	Strongly dissatisfied	-	-	-	-
	Dissatisfied	6	12.0	12.0	12.0
	Neither satisfied nor dissatisfied	4	8.0	8.0	20.0
	Satisfied	27	54.0	54.0	74.0
	Strongly satisfied	13	26.0	26.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: On regarding on satisfaction/dissatisfaction-54% were satisfied on network ability,26% were strongly satisfied, 12% were dissatisfied and 8% were neither satisfied nor dissatisfied.

Table-4.17: Online charge

Table-4.17

Online charge

		Frequency	Percent	Valid percent	Cumulative percent
valid	Strongly dissatisfied	6	12.0	12.0	12.0
	Dissatisfied	21	42.0	42.0	54.0
	Neither satisfied nor dissatisfied	4	8.0	8.0	62.0
	Satisfied	13	26.0	26.0	88.0
	Strongly satisfied	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: On regarding on online charge 42% were dissatisfied, 26% were satisied, 12% were strongly satisfied, 12% were strongly dissatisfied and 8% were neither satisfied nor dissatisfied.

Table-4.18: Bill payment

Table-4.18

Bill payment

		Frequency	Percent	Valid percent	Cumulative percent
valid	Strongly dissatisfied	-	-	-	-
	Dissatisfied	6	12.0	12.0	12.0
	Neither satisfied nor dissatisfied	4	8.0	8.0	20.0
	Satisfied	20	40.0	40.0	60.0
	Strongly satisfied	20	40.0	40.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 40% were strongly satisfied on bill payment on online banking, 40% were satisfied, 12% were dissatisfied, 8% were neither satisfied nor dissatisfied.

Table-4.19: Security Issues

Table-4.19

Security Issues

		Frequency	Percent	Valid percent	Cumulative percent
valid	Strongly dissatisfied	-	-	-	-
	Dissatisfied	25	50.0	50.0	50.0
	Neither satisfied nor dissatisfied	3	6.0	6.0	56.0
	Satisfied	17	34.0	34.0	90.0
	Strongly satisfied	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 50% were dissatisfied on security services on online banking, 34% were satisfied, 10% were strongly satisfied and 6% were neutral.

Table-4.20: Customer services

Table-4.20

Customer services

		Frequency	Percent	Valid percent	Cumulative percent
valid	Strongly dissatisfied	4	8.0	8.0	8.0
	Dissatisfied	14	28.0	28.0	36.0
	Neither satisfied nor dissatisfied	4	8.0	8.0	44.0
	Satisfied	16	32.0	32.0	76.0
	Strongly satisfied	12	24.0	24.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 32% were satisfied on customer services about online banking, 28% were dissatisfied, 24% were strongly satisfied, 8% were strongly dissatisfied, 8% were neither satisfied nor dissatisfied.

Table-4.21: View transaction

Table-4.21

View transaction

		Frequency	Percent	Valid percent	Cumulative percent
valid	Strongly dissatisfied	-	-		
	Dissatisfied	-	-	-	-
	Neither satisfied nor dissatisfied	4	8.0	8.0	8.0
	Satisfied	11	22.0	22.0	30.0
	Strongly satisfied	35	70.0	70.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 70% were strongly satisfied about view transaction on online banking, 22% were satisfied, and 8% were Neither satisfied or dissatisfied.

Table-4.22: Transfer fund between account

Table-4.22

Transfer fund between account

		Frequency	Percent	Valid percent	Cumulative percent
valid	Strongly dissatisfied	-	-		
	Dissatisfied	-	-		
	Neither satisfied nor dissatisfied	-	-		
	Satisfied	23	46.0	46.0	46.0
	Strongly satisfied	27	54.0	54.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 54% were strongly satisfied on transfer fund between account, 46% were satisfied.

Table-4.23: Mobile banking

Table-4.23

Mobile banking

		Frequency	Percent	Valid percent	Cumulative percent
valid	Strongly dissatisfied	-	-		
	Dissatisfied	4	8.0	8.0	8.0
	Neither satisfied nor dissatisfied	4	8.0	8.0	16.0
	Satisfied	11	22.0	22.0	38.0
	Strongly satisfied	31	62.0	62.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 62% were strongly satisfied about mobile banking, 22% were satisfied, 8% were neither satisfied nor dissatisfied, 8% were dissatisfied.

Table-4.24: Direct credit for salaries

Table-4.24

Direct credit for salaries

		Frequency	Percent	Valid percent	Cumulative percent
valid	Strongly dissatisfied	-	-		
	Dissatisfied	3	6.0	6.0	6.0
	Neither satisfied nor dissatisfied	4	8.0	8.0	14.0
	Satisfied	18	36.0	36.0	50.0
	Strongly satisfied	25	50.0	50.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 50% were strongly satisfied on direct credit on salaries, 36% were satisfied, 8% were neither satisfied nor dissatisfied, 6% were dissatisfied.

Table-4.25: Conducting business online

Table-4.25

Conducting business online

		Frequency	Percent	Valid percent	Cumulative percent
valid	Strongly dissatisfied	-	-		
	Dissatisfied	-	-	-	-
	Neither satisfied nor dissatisfied	4	8.0	8.0	8.0
	Satisfied	11	22.0	22.0	30.0
	Strongly satisfied	35	70.0	70.0	100.0
	Total	50	100.0	100.0	

Source: Field Survey, 2016.

Interpretation: 70% were strongly satisfied on conducting business online, 22% were satisfied, 8% were neither satisfied nor dissatisfied.

Table-4.26: Problem faced by costomer

Table-4.26

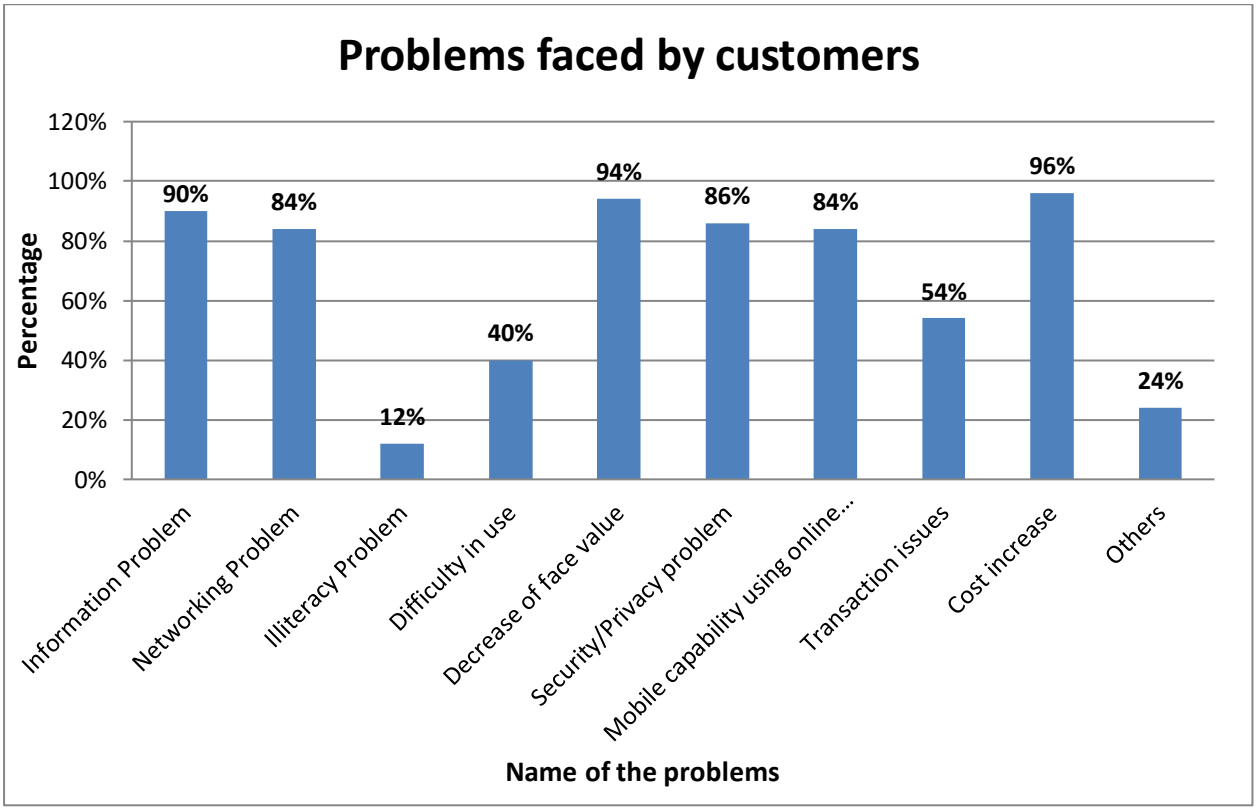
Problem faced by costomer

Sl. No	Name of the problem	Frequency	Percentage
1	Information problem	45	90.00%
2	Netwowk problem	42	84.00%
3	Illiteracy problem	6	12.00%
4	Difficulty in use	20	40.00%
5	Decrease of face value	47	94.00%
6	Security/Privacy problem	43	86.00%
7	Mobile capability using online banking	42	84.00%
8	Transaction issues	27	54.00%
9	Cost increase	48	96.00%
10	Others	12	24.00%

Source: Field Survey, 2016.

Chart- 4.26

Problem faced by customer



Interpretation: From table-4.13, Most of the consumer were faced various types of problem associated with mobile phone. 90% consumer faced information problem, 84% network problem, 12%Illiteracy problem, 40%Difficulty in use, 94%Decrease of face value, 86%Security/privacy problem, 84%Mobile capability using online banking, 54%Transaction issues, 96%cost increase, 24%others.

CHAPTER- 5

FINDINGS, RECOMMENDATIONS AND CONCLUSION

5.1 Findings of the study

Online banking refers to the automated delivery of banking products and services directly to customers through electronic communication channels, most notably the Internet. Online banking is also called E-banking or PC banking. (Pikkarainen, Karjaluoto, and Pahnila 2004) define Internet banking as an 'Internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments'.

This research worked help to find out some of the factors that are mostly inportant in case of Online banking.

- High percentages of the respondents 27% were female, while male constituted about 23% of the population. This implies that 27% female associated with the profession Farmer, student, employee and consumer of the respondents.
- The age distribution of customers in the study area reveals that majority of the respondents 50% fell in the age group of 25-34 years, about 22% were between 35-45years, 24% between 18-24 year while 4% above 46 years.
- Majority of the respondent 46% were Student as their major occupation while 34% of the respondents were Employee and 10% were the profession of customer.
- The educational background of the respondent shows that the majority of the respondent 50% had Graduate education; 46% of respondents had Post Graduate. The respondents that had H.S.C education were 2%, 0% had below SSC education. This indicates that majority of the respondents were Graduate who can easily understand the online banking services.
- the Income level of respondents in the study area reveals that majority of the respondents 50% fell in the group of Between 20000-30000, about 30% were less 10000, 14% between 10000-20000while only 6% were 30000-Above.

- In the factors of customer satisfaction towards online banking the high percentage 54% were strongly agree with ease of use and 46% were agree.

- 64% were agree on keep track on balance account and 36% were agree.

- 54% were strongly agree on twenty-four-hour-access and 46% were agree.

- 56% were agree on access account from any where and 44% were strongly agree.

- 50% were disagree on security services on online banking, 34% were agree, 10% were strongly agree and 6% were neutral.

- 70% were strongly agree on increase demand on E- services, 22% were agree, 8% were neutral.

- 62% were strongly agree on mobile banking, 22% were agree, 8% were neutral and 8% were disagree.

- 70% were strongly agree on conducting business on online, 22% were agree and 8% were neutral.

- 54% were agree on lower cost of convenience, 30% were strongly agree, 12% were disagree and 4% were neutral.

- 44% were disagree about lower online charge, 22% were agree, 16% were strongly disagree, 10% were strongly agree and 8% were neutral.

- On regarding on satisfaction/dissatisfaction-54% were satisfied on network ability, 26% were strongly satisfied, 12% were dissatisfied and 8% were neither satisfied nor dissatisfied.

- On regarding on online charge 42% were dissatisfied, 26% were satisfied, 12% were strongly satisfied, 12% were strongly dissatisfied and 8% were neither satisfied nor dissatisfied.

- 40% were strongly satisfied on bill payment on online banking, 40% were satisfied, 12% were dissatisfied, 8% were neither satisfied nor dissatisfied.

- 50% were dissatisfied on security services on online banking, 34% were satisfied, 10% were strongly satisfied and 6% were neutral.

- 32% were satisfied on customer services about online banking, 28% were dissatisfied, 24% were strongly satisfied, 8% were strongly dissatisfied, 8% were neither satisfied nor dissatisfied.

- 70% were strongly satisfied about view transaction on online banking, 22% were satisfied, and 8% were Neither satisfied or dissatisfied.

- 62% were strongly satisfied about mobile banking, 22% were satisfied, 8% were neither satisfied nor dissatisfied, 8% were dissatisfied.
- 54% were strongly satisfied on transfer fund between account, 46% were satisfied.
- 62% were strongly satisfied about mobile banking, 22% were satisfied, 8% were neither satisfied nor dissatisfied, 8% were dissatisfied.
- 70% were strongly satisfied on conducting business online, 22% were satisfied, 8% were neither satisfied nor dissatisfied.

- Most of the consumer were faced various types of problem associated with mobile phone. 90% consumer faced information problem, 84% network problem, 12%Illiteracy problem, 40%Difficulty in use, 94%Decrease of face value, 86%Security/privacy problem, 84%Mobile capability using online banking, 54%Transaction issues, 96%cost increase, 24%others.

5.2: Recommendations

Now in 21st century we the people are introduce to online banking. Online banking means a service that allows an account holder to obtain account information and manage certain banking transactions through a personal computer via the financial institution's web site on the Internet. This is also known as Internet or electronic banking. It is a convenient and secure way of making many transactions, such as transfers and bill payments. Through it needs lots of investment to create online banking network, it gains more benefits afterwards. Day by day, internet users are growing. So online banking has a very good feature if it is handled and organized well. There is also an internal problem, regarding the operation of online banking. The employee (specially the senior level) that is behind the traditional offline banking is not used to operate computers. They are more familiar with traditional banking system. So if we want to get befitted by online banking system we need to adopt the latest technological systems. Thus the employees, the actual users and also the bank will be befitted. People can purchase their desired product and pay the bills in less amount of time by online banking system. Also they can withdrawn and deposit their money anytime without going to the bank.

To overcome the constraints most of the respondents related their answers with the issues they identified as constraints to growth. The principal recommendation are:

- Increase of ATM booth
- Increase booth cash fund
- Raise credit card acceptance in all places
- Increase customer consciousness about on-line Banking by arranging seminar, workshop etc.
- Resolve technological problem by using latest technology.
- Minimize total cost by proper management.
- Use easy and secure system.
- Authority should take initiatives to solve the problems.
- Should give emphasis on customer satisfaction.
- Should arrange an interest free electronic banking services.

5.3: Conclusion

In banking industry, e-services are revolutionizing the way business is conducted. Electronic based business models are replacing conventional banking system and almost of banks are rethinking business process designs and customer relationship management strategies. It is also known as e-banking, online banking which provides various alternative e-channels to using banking services i.e. ATM, credit card, debit card, internet banking, mobile banking, electronic fund transfer, electronic clearing services etc. however, as per Indian e-banking scenario ATM is most acknowledged than other e-channels.

However, the challenges of banking industry has been to design this new service channel in such a way that its customer will readily learn to use and trust it. After all, banks has spent generations earning customers trust, they are not about to risk that on a website that is frustrating, confusing or less than secure.

Online banking are now beneficial for all the customers and business class people. It can save customers time, money and energy. The users of Online banking are increasing day by day. Through there are some lacking of Online banking but there are also huge advantages. The authority should take necessary steps to solve the problems of online banking so that the customers can securely use the Online banking system.

5.4: Scope for further research

There are very few research were done about this topic – "Customer satisfaction towards online banking in Bangladesh (A study on Dinajpur city)" in Bangladesh. So, it can be latest and worthy topics for research and thesis paper. Research is always a cumulative endeavor. The present study is an initial probe. It is therefore necessary to recognize that further research is required to improve the Online banking system in Bangladesh.

Importance of Online banking system in our country: In Bangladesh, the expansion of e-banking is beset with several infrastructural, institutional, and regulatory constraints such as inadequate availability of reliable and secure telecommunication infrastructure, absence of a backbone network connecting the whole country, poor ICT penetration in the banking sector, lack of skilled manpower and training facilities, absence of supportive policies, guidelines, rules and regulations relating to e-transactions and the like. Despite the constraints, efforts by the Bangladesh Bank in modernizing the country's payment system and commitment by the government in building 'Digital Bangladesh' have brought competition among the scheduled banks to improve banking services and rapidly adopt e-banking on a wider scale. This note provides a critical overview on development of e-banking in Bangladesh and future prospects for better understanding the issue that includes concept of e-banking, present status of scheduled banks in adopting e-banking services, and prospects of e-banking in Bangladesh on the basis of current trend in developing the ICT infrastructure in the country as well as ICT penetration in the banking sector that follows some policy suggestions for BB, Govt. of Bangladesh and scheduled banks so that optimum benefit through e-banking may be obtained.

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Web Sites of DUTCH BANGLA BANK LIMITED and BRAC BANK LIMITED.

Appendices

QUESTIONAAIRE

Dear Respondent

I am going to conduct a study on "**Customer satisfaction towards online banking (A study on Dinajpur city)**". The findings of the study will help me to find out the satisfaction level of customer towards online banking. Your participation is extremely important to assess the general issues related to customer satisfaction on online banking. The answer will only be used for my academic purpose to complete my internship program.

With the Best Regards

Student of MBA

Department of Marketing. HSTU, Dinajpur

Please read the following each statement carefully and encircle the appropriate number that indicate your overall evaluation regarding the factors of your satisfaction towards using online banking. (Notes: 5=Strongly agree, 4=Agree, 3=Neutral, 2=Disagree, SA=Strongly agree, SD= Strongly disagree)

Factors/Attributes	SA				SD
Ease of use	5	4	3	2	1
Keep track on account balance	5	4	3	2	1
Twenty-four-hour-access	5	4	3	2	1
Access account from anywhere	5	4	3	2	1
Security	5	4	3	2	1
Increase demand of E-Service	5	4	3	2	1
Mobile banking	5	4	3	2	1
Conducting business online	5	4	3	2	1
Lower cost of convenience	5	4	3	2	1
Lower online charge	5	4	3	2	1

Please read the following each statement carefully and mention do you satisfied or dissatisfied by using online banking. (Notes: 5=Strongly satisfied, 4=Satisfied, 3=Neither satisfied nor dissatisfied, 2=Dissatisfied, 1=Strongly dissatisfied, SS=Strongly satisfied, SD=Strongly dissatisfied)

Factors/Attributes	SS				SD
Network ability	5	4	3	2	1
Online charge	5	4	3	2	1
Bill payment	5	4	3	2	1
Security	5	4	3	2	1
Customer services	5	4	3	2	1
View transaction	5	4	3	2	1
Transfer fund between account	5	4	3	2	1
Mobile banking	5	4	3	2	1
Direct credit for salaries	5	4	3	2	1
Conducting business online	5	4	3	2	1

Please read the following statement carefully and tick the numbers that you have faced problem by using online banking.

1	Information problem
2	Network problem
3	Illiteracy problem
4	Difficulty in use
5	Decrease of face value
6	Security/Privacy problem
7	Mobile capability using online banking
8	Transaction issues
9	Cost increase
10	Others

❖ **Personal information**(Please tick/Write where it's necessary)

1.. Gender: (1) Male (2) Female

2. Age: (a) 18-24 (b) 25-34 (c) 35-45 (d) 46-above

4. Profession: (1) Farmer (2) Employee (3) Student (4) Customer

5. Education: (1) Below S.S.C (2) H.S.C (3) Graduate (4) Post Graduate

6. Monthly income: (a) Less than Tk. 10,000 (b) 10,000-20,000 (c) 20,000-30,000 (d) More than 30,000

❖ **General information related to online banking services in Bangladesh**

1. Do you have a online bank account? (a) Yes (b) No
2. When do you use your online bank account?

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3. Did you use online banking for any business purpose?

   (a) Yes (b) No

4. Please provide some guidelines so that it can enhance the facilities of online banking.

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Thank you, very much for your cordiale cooperation.

……

Respondent Signature