

Effect of Awareness Seminar of Modern Banking Practices on the Undergraduate Students: An Empirical Study

Dr. Alice Thomas¹, Dr. Veena Jha²

Principal, St. Paul's Institute of Professional Studies, Indore
, Assistant Professor St. Paul's Institute of Professional Studies, Indore
Corresponding Author: Dr. Alice Thomas

Abstract: With the advent of technology, it has not only changed the way we live but also changed the way we do our banking practices. The purpose of this research paper is to study the effect of awareness seminar on modern banking practices on the graduate students. An empirical study has been done in Indore division, involving 70 respondents to obtain the required data. The questionnaire result was analyzed with SPSS applying Paired Sample t- test, in order to see the effect. After analysis of the data it was found that seminar has its significant effect on learning of modern banking practice among undergraduate students. This research will help the colleges and universities to have such type of seminars that will help in learning the new changes in banking and in other sectors which will provide practical knowledge.

Date of Submission: 10-09-2018

Date of acceptance: 27-09-2018

I. Introduction

Massive transformation is being observed in the current banking system in India. Starting from a basic system of taking loan from "Sahukars" the Indian banking system has grown and transformed to the modern system.

The contemporary system allows the customer to deal with the day to day business to a simple click of mouse button. In India 14 and 6 banks were nationalized in 1969 and 1980 respectively. At present there are 19 nationalized banks. Nationalization led to new developments, which were more towards the making the bank customer savvy and friendly rather than simply a government organization. The changes from being a government control organization to a customer savvy one had been gradual but stable. The Indian banking system reflects for the mental tendency of the Indian market which is more inclined towards saving. Since 1991, the movement towards Liberalization, Privatization and Globalization (LPG) has influenced the banking sector majorly. The Privatization of banks led them to being more customer oriented. Such steps towards being customer friendly require considerable changes in the normal business methodology of banks. Bank plays a vital role in the development of an economy. It accepts deposits from its customers and moves this saving the form of loans required by the people. Besides accepting deposits and granting loans banks provides other services like internet banking ,mobile banking ,fund transfer etc. not only this , So many reforms / amendments are done in banks from time to time like know your customer (KYC), filling forms like 15 G and 15 H etc. To know your account balances, payment of bills, fund transfers etc. can be done through internet and mobile banking within a few minutes.

Jain, Rathi and Sharma (2009) Current Deposits / Accounts: These accounts are used mainly by businessmen and are not generally used for the purpose of investment. There are no limits for number of transactions or the amount of transactions in a day. Most of the current accounts are firm/company accounts. No interest is paid by banks on these accounts.

Saving Deposits / Accounts: A saving Bank account (SB account) is meant to promote the habit of saving among the people. It also facilitates safekeeping of money. Bank also pays you a minimal interest for keeping your money with them.

A saving account can be opened either individually or jointly with another individual .In a joint account the sign of one account holder is needed to write a cheque. But at the time of closing an account, the sign of both the account holders are needed.

Recurring Deposits / Accounts: The recurring deposit in Bank is meant for someone to invest a specific sum money on a monthly basis for a fixed rate of return. At the end, you will get the principal sum as well as interest earned during that period.

Fixed Deposits / Accounts/ Term Deposits: A fixed deposit is meant for those investors who want to deposit lump sum money for a fixed period; say for a minimum period of 15 days to five years and above thereby earning a higher rate of interest in return. Investor gets a lump sum (principal + interest) at the maturity of the deposit. Some of the facilities offered by bank are overdraft (loan) facility on the amount deposited, premature withdrawal before maturity period (which involves a loss of interest) etc.

Sethi and Bhatia (2012) Cheque: Receiving and making payments through cheque provides convenience. A cheque is written on serially numbered, printed leaf which is issued in the form of cheque book by the banker to the customers. A cheque directs the banker to make the payment of sum mentioned there in according to the instructions of the customer who issues it .However, since 2003, now a cheque in the electronic form and the image of a truncated cheque is also included.

According to section 6 of the Amendments to the Negotiable Instruments Act,1881-“ A cheque is a bill of exchange drawn on a specified banker and it includes the electronic image of a truncated cheque and a cheque in the electronic form.”

Magnetic Ink Character Reading (MICR): To overcome problems associated with manual processing the Reserve Bank of India has introduced mechanised cheque processing system using Magnetic Ink Character Recognition (MICR) technology. This has standardized and streamlined operations and hence drastically reduced the time taken for operations, clearance and collection of cheques, drafts and other payment instruments are made of special quality paper and printing specifications .There is a code line at the bottom containing information printed in magnetic ink which when placed under.MICR equipment allows for instant readability and identification .The following information is contained in the code line.

- 1) The first six numbers indicate the serial number of the cheque.
- 2) Next three numbers indicate the city code, e.g., for New Delhi the city code is 1100, for Mumbai 2200 for Kolkata 3300 and Chennai 4400.
- 3) The next three numbers indicate the bank code.
- 4) The last three numbers indicate the branch code, e.g. whether the transaction is for saving or current a/c.This number is of 2 digits for all cheques except Government for India cheques- are drawn on the RBI which have 3 digit code.
- 5) This last field represents the amount field and consists of 13 digits.

Crossing of cheques: Crossing is an instruction given to the banker by the customer as to how payment is to be made .Crossing is an instruction to the paying banker not to make the payment across the counter, instead he should credit the amount into the account of the payee. Crossing may be either general or special.

General Crossing: General crossing consists of drawing two traverse parallel lines with or without the words “and company” or “Not Negotiable”. The lines are drawn on the face of the cheque .They are traverse and not drawn in a vertical or horizontal manner.

The effect of such a crossing is that the amount mentioned in the cheque will not be paid in cash across the counter but will be credited into the payee’s a/c.

Special Crossing: In a case of special crossing, the name of the banker is written across the face of the cheque either with or without the words “and company” or “Not Negotiable”. The drawing of two traverse parallel lines is optional and not a pre requisite. Special crossing is a direction to the paying banker to honour the cheque only if it is presented through the bank whose name is mentioned in crossing.

Desai (2009):- a

Bank on the Net: Internet banking has become a necessity in today’s busy life styles. Using this mode to transact saves precious time and effort.

From across the seven seas as long as you have to access to the internet, you have to access your bank. Internet banking allows you to conduct a plethora of banking activities using the net. The best part about internet banking is the convenience offered along with the total confidentiality and safety. The virtual ease with which you can bank today is reassuring. From across the seven seas, as long as you have to access to the Internet, you have access to your bank –and the bank is open 24-7-365.

Fund Transfers: Internet banking or online banking allows you to transfer funds from your account to another, across branches and cities .Some banks go a step ahead by offering you the facility to transfer money from your accounts to another to that any person with an account at the same bank, any time and from anywhere. All you have to do is submit a signed declaration form that you want access to this facility.(p.n0.116)

Pay Utility Bills: You could now even pay your telephone, mobile and electricity bills over the net. However, some banks limit facilities like these and creation of new fixed deposits and demand draft requests to regular banking hours. In case you put in your requests to regular banking hours. In case you put in your request after working hours, the bank promptly executes it on the next working day. Even that is definitely better than standing in queue at utility offices or a bank premises on a working day.

Other Banking Activities: Normally ,you can carry out other mundane banking activities too, such as checking your account balance and downloading a statement ,changing your customer profile,i.e.,update your mailing address,etc.

So don't let a visit to the bank or a utility fill up your leisure's hours on a weekend or be the reason for your absence at work. Conveniently sit down at your computer, visit your bank's website and transact.

KYC stands for "Know Your Customer". Know your customer (KYC) policy is an important step developed globally to prevent identity theft, financial fraud, money laundering and terrorist financing. The objective of KYC is to enable banks to know and understand their customers better and help them manage their risks prudently.

KYC is a regulatory and legal requirement and KYC policies are framed by respective banks incorporating the key elements following the Reserve Bank of India's directive in 2004 such as Customer Acceptance Policy, Customer Identification Procedures, Monitoring of Transactions and Risk management

The process of KYC entails identifying the customer and verifying the identity by using reliable and independent documents or information. While opening different accounts, the Bank collects documents to identify and verify the customer as required under the existing laws to demonstrate that it has performed the existing KYC procedures.

Situations When KYC is required?

KYC has to be followed by every financial institute while dealing with customers. KYC procedure needs to be adhered to by a customer during following instances:

- While opening an account in a bank
- While applying for a credit card or loan
- While opening a subsequent account
- Opening a locker facility
- When there are not enough documents with the bank in existing account
- When there are changes in signatories, beneficial owners, etc
- When the bank feels it necessary to obtain additional information from existing customers based on conduct of the account
- While investing in a mutual fund
- Financial institutes may ask for a mandatory KYC process in other instances too

Form 15G and Form 15H are forms you can submit to make sure TDS is not deducted on your income if you meet the conditions mentioned below. Also, you must have a PAN before applying for these forms. Some banks allow these forms to be submitted online through the bank's website.

Form 15H is for senior citizens, those who are 60 years or older; while Form 15G is for everybody else.

Form 15G and Form 15H are valid for one financial year. So you have to submit these forms every year if you are eligible. Submitting them as soon as the financial year starts will ensure the bank does not deduct any TDS on your interest income.

Rationale of the study: Gone are the days when we have to stand in the queue for doing all the transactions in the bank and that too are available 24x7 hours. All transactions can be done with the help of internet and mobile banking with just a click of button. There are some formalities like filling forms like 15 g,15 h KYC,Nomination has become mandatory by banks which saves our time and cost too. To know how much our undergraduate students are aware of modern practices of banking this research was conducted.

Research question: This paper aims to find out the effect of awareness of seminar of modern banking practices on the undergraduate students.

II. Literature Review

Habib Sufyan (2012) in his study highlighted the awareness, use patterns, satisfaction and preferences for internet banking. In his study he found that internet banking is used by few consumer segments because of many

risks involved in internet banking .He suggested that banks can make strategy to focus on particular consumer groups to raise revenues from online banking.

Jain yogesh (2013) stated that customers are not satisfied while accessing mobile banking services as proper guidance is not provided to them by banks and customer found it disheartened by the complicated functions of m-banking. Due to this mobile banking system is not widely accepted by south Rajasthan bank customers.

Aggarwal (2014) defined mobile banking as “the provision of banking services to customers on their mobile devices” (Sharma &Kansal, 2012). Mobile Banking refers to provision and usage of banking and financial services with the help of mobile telecommunication devices. Mobile banking is a system that helps the customers to conduct a number of financial transactions with the help of their mobile devices. Mobile commerce is a natural successor to electronic commerce. Where a mobile device is used to initiate, authorize and confirm an exchange of financial value in return for goods and services. Mobile devices may include mobile phones, PDAs, wireless tablets and any other device that connect to mobile telecommunication network and make it possible for payments to be made. The bank provides mobile banking services to their customers, wishing to increase their customer share by removing all the hurdles in the way of adoption of mobile banking services.

Objectives of the study: The following are the objectives of the study.

- 1) To know the awareness of internet banking practices of the undergraduate students before and after the seminar.
- 2) To know the awareness of mobile banking practices of the undergraduate students before and after the seminar.
- 3) To know the awareness of modern banking practices of the undergraduate students before and after the seminar.

III. Research Methodology

The study: The study undertaken is exploratory in nature and based on survey method.

The sample: The study conducted in Indore city. In the study there are 70 respondents who were the students of B.com and B.B.A.During the survey, 90 questionnaires were distributed to respondents in Indore city. Unfortunately 20 questionnaires were not responded appropriately. So the relevant data is from 70 responded questionnaires based on 5 point likert scale. Convenient technique was used to select the respondents.

Tool for Data collection: Primary data collected through self-designed questionnaire .It consisted 18 statements measured on 5 point likert scale.

Tool for Data Analysis: Total population of Indore is considered as finite were used for the study purpose. Statistics used like frequency distributions, graphs, charts and inferential statistics like Paired sample t test was implemented on the collected data. The data entry and analysis was performed by using Microsoft Excel and Statistical Package for Social Science (SPSS) version (21.0) and following test were conducted. In the study Paired sample t test has been used to find out the significant effect of awareness of modern banking practices of the undergraduate students before and after seminar.

Hypotheses: The following hypotheses are formulated to test their validity in the context of above objectives.

H01:- There is no significant difference of awareness towards internet banking among undergraduate students before and after seminar. **Vs H11:** There is significant improvement in awareness among undergraduate students towards internet banking after the awareness seminar.

H02:- There is no significant difference of awareness towards internet banking practices among undergraduate students before and after seminar. **Vs H12:** There is significant improvement in awareness among undergraduate students towards internet banking practices after the awareness seminar.

H03:-There is no significant difference of awareness towards mobile banking among undergraduate students before and after the seminar. **Vs H13:** There is significant improvement in awareness among undergraduate students towards mobile banking after the awareness seminar.

H04:-There is no significant difference of awareness towards mobile banking practices among undergraduate students before and after the seminar. **Vs H14:** There is significant improvement in awareness among undergraduate students towards mobile banking practices after the awareness seminar.

H05:- There is no significant difference of awareness towards different accounts opened in bank among undergraduate students before and after the seminar. **Vs H15:** There is significant improvement in awareness among undergraduate students towards different accounts opened in bank after the awareness seminar.

H06:- There is no significant difference of awareness towards different forms available in bank among undergraduate students before and after the seminar. **Vs H16:** There is significant improvement in awareness among undergraduate students towards different forms available in bank after the awareness seminar.

H07:- There is no significant difference of awareness towards NEFT done in bank among undergraduate students before and after seminar. **Vs H17:** There is significant improvement in awareness among undergraduate students towards NEFT done in bank after the awareness seminar.

H08:- There is no significant difference of awareness towards RTGS done in bank among undergraduate students before and after the seminar. **Vs H18:** There is significant improvement in awareness among undergraduate students towards RTGS done in bank after the awareness seminar.

H09:-There is no significant difference of awareness towards KYC of bank among undergraduate students before and after the seminar. **Vs H19:** There is significant improvement in awareness among undergraduate students towards KYC of bank after the awareness seminar.

H010:- There is no significant difference of awareness towards IFSC of bank among undergraduate students before and after the seminar. **Vs H110:** There is significant improvement in awareness among undergraduate students towards IFSC of bank after the awareness seminar.

H011:-There is no significant difference of awareness towards CTS of bank among undergraduate students before and after the seminar. **Vs H111:** There is significant improvement in awareness among undergraduate students towards CTS of bank after the awareness seminar.

H012:-There is no significant difference of awareness towards drawing cheque of bank among undergraduate students before and after the seminar. **Vs H112:** There is significant improvement in awareness among undergraduate students towards drawing cheque of bank after the awareness seminar.

H013:-There is no significant difference of awareness towards general crossing of cheque of among undergraduate students before and after the seminar. **Vs H113:** There is significant improvement in awareness among undergraduate students towards general crossing of cheque after the awareness seminar.

H014:-There is no significant difference of awareness towards special crossing of cheque among undergraduate students before and after the seminar. **Vs H114:** There is significant improvement in awareness among undergraduate students towards special crossing of cheque after the awareness seminar.

H015:- There is no significant difference of awareness towards nomination among undergraduate students before and after the seminar. **Vs H115:** There is significant improvement in awareness among undergraduate students towards nomination after the awareness seminar.

H016:-There is no significant difference of awareness towards 15G form of bank among undergraduate students before and after the seminar. **Vs H116:** There is significant improvement in awareness among undergraduate students towards 15G form of bank after the awareness seminar.

H017:- There is no significant difference of awareness towards 15H form of bank among undergraduate students before and after the seminar. **Vs H117:** There is significant improvement in awareness among undergraduate students towards 15H form of bank after the awareness seminar.

H018:- There is no significant difference of awareness towards MICR code in bank among undergraduate students before and after the seminar. **Vs H118:** There is significant improvement in awareness among undergraduate students towards MICR code in bank after the awareness seminar.

H019:- There is no significant difference of awareness towards overall internet banking practices of the Undergraduate Students before and after the seminar. **Vs H119:** There is significant improvement in awareness among undergraduate students towards overall internet banking after the awareness seminar.

H020:- There is no significant difference of awareness towards overall mobile banking practices of the undergraduate student before and after the seminar. **Vs H120:** There is significant improvement in awareness among undergraduate students towards overall mobile banking after the awareness seminar.

H021:- There is no significant difference of awareness towards modern banking practices of the Undergraduate Students before and after the seminar. **Vs H121:** There is significant improvement in awareness among undergraduate students towards modern banking practices after the awareness seminar.

IV. Results and discussions

Hypothesis testing: The above hypotheses are tested using paired t test and Z test and the results are given in Table 1 and Table 2.

Table 1

Hypothesis testing	Mean Before seminar	Mean After Seminar	Standard Deviation	P Value	Decision on Null Hypothesis
H01	2.87	4.04	1.035	0.000	Rejected
H02	2.19	3.79	1.027	0.000	Rejected
H03	2.36	3.86	1.237	0.000	Rejected
H04	1.99	3.73	1.315	0.000	Rejected
H05	3.13	3.89	1.197	0.000	Rejected
H06	2.60	3.66	1.062	0.000	Rejected
H07	1.81	3.67	1.107	0.000	Rejected
H08	1.54	3.63	1.032	0.000	Rejected
H09	2.09	3.86	1.342	0.000	Rejected
H010	1.86	3.54	1.210	0.000	Rejected
H011	1.73	3.67	1.166	0.000	Rejected
H012	3.14	4.14	1.007	0.000	Rejected
H013	2.83	4.01	1.438	0.000	Rejected
H014	2.63	3.94	1.368	0.000	Rejected
H015	2.27	3.86	1.469	0.000	Rejected
H016	1.59	3.63	1.279	0.000	Rejected
H017	1.43	3.59	1.112	0.000	Rejected
H018	1.84	3.41	1.379	0.000	Rejected
H019	39.8857	67.9143	13.20295	0.000	Rejected
H020	5.0571	7.8286	1.84290	0.002	Rejected
H021	4.3429	7.5857	2.28692	0.019	Rejected

Table 2

Hypothesis testing	Mean Before seminar	Mean After Seminar	Standard Deviation	Z value	Table Value	Decision on Null Hypothesis
H01	2.87	4.04	1.035	0.01614907	1.645	Rejected
H02	2.19	3.79	1.027	0.02225622	1.645	Rejected
H03	2.36	3.86	1.237	0.01732302	1.645	Rejected
H04	1.99	3.73	1.315	0.01890277	1.645	Rejected
H05	3.13	3.89	1.197	0.00907029	1.645	Rejected
H06	2.6	3.66	1.062	0.01425881	1.645	Rejected
H07	1.81	3.67	1.107	0.0240031	1.645	Rejected
H08	1.54	3.63	1.032	0.02893134	1.645	Rejected
H09	2.09	3.86	1.342	0.01884181	1.645	Rejected
H010	1.86	3.54	1.21	0.01983471	1.645	Rejected
H011	1.73	3.67	1.166	0.02376868	1.645	Rejected
H012	3.14	4.14	1.007	0.01418641	1.645	Rejected
H013	2.83	4.01	1.438	0.01172263	1.645	Rejected
H014	2.63	3.94	1.368	0.01368003	1.645	Rejected
H015	2.27	3.86	1.469	0.01546241	1.645	Rejected

H016	1.59	3.63	1.279	0.01546241	1.645	Rejected
H017	1.43	3.59	1.112	0.02278566	1.645	Rejected
H018	1.84	3.41	1.379	0.02774923	1.645	Rejected
H019	39.8857	67.9143	13.203	0.01626437	1.645	Rejected
H020	5.0571	7.8286	1.8429	0.03032721	1.645	Rejected
H021	4.3429	7.5857	2.28692	0.02278566	1.645	Rejected

To see the effect of modern banking practices of the undergraduate students before and after seminar paired sample t test and Z test were conducted at level of significance (.05)

From the table 1 it is observed that awareness of modern banking practices of the Undergraduate Students before and after seminar with P value (0.000), internet banking (0.002) and mobile banking is (0.019) which is less than 0.05 which shows that there is significant effect of seminar of modern banking practices on undergraduate students.

From the table 2 it is observed that awareness of modern banking practices of the Undergraduate Students before and after seminar with 5% significance level, internet banking and mobile banking is which is less than table value 1.645 which shows that there is significant effect of seminar of modern banking practices on undergraduate students.

Limitations of the study: Following are the limitations of the study they are as follows:-

- 1) This study was conducted in Indore city only.
- 2) This study was confined to undergraduate students only it could have taken post graduate students also.
- 3) This study was limited to B.com and B.B.A students, students of other streams could have been taken for the study.

Implication: This research implicates that bank officials should frequently conduct seminars on day today proceedings .This would help the youth to get a feel of banking ,besides they would be less apprehensive about visiting a bank. This interaction with youth and their feedback would also help the bank officials to make changes in their routine activities in order to smoothen the procedures.

V. Conclusions

The research concludes that such type of seminars regarding the awareness of banking activities should be conducted time and again .This study has also indicated that such type of seminars do make an impact on the young students which they would be using in future. Such seminars do add to the student's knowledge and information and the colleges /universities should continue with conducting with these types of seminars, more frequently. This would not only help the students learn but would also help the bank officials make banking easy for the masses.

References

- [1]. Aggarwal, Manav (2014) A Study on Importance of Mobile Banking. *Indian Journal of Applied Research Banking* Volume: 4, Issue:5, May 2014, ISSN - 2249-555X.
- [2]. Desai, Vasant (2009) *Bank Management*. Himalaya Publishing House Pvt.Ltd.1st Edition
- [3]. Habib, Sufyan (2012) Internet Banking in India Consumer Concerns and Bank Marketing Strategies *Research Journal of Management Sciences* ISSN 2319-1171 Vol. 1(3), 20-24, October (2012) Res. J. Management Sci
- [4]. Jain, Sonal, Rathi Manish and Sharma Geeta (2014) R.B.D. Publications Jaipur. New Delhi 2011 Edition
- [5]. Jain, Yogesh (2013) Mobile Banking: A Study On Adoption & Challenges In Southern Rajasthan, India Vol 2 Issue 4 ISSN: 2278 - 0211
- [6]. Sethi, Jyotsna and Bhatia Nishwan (2012) *Elements of Banking and Insurance* PHI Learning Pvt.Ltd.New Delhi 2nd Edition.
- [7]. <http://www.itsallaboutmoney.com/did-you-know/what-is-kyc>
- [8]. <https://cleartax.in/guide/form-15G-and-form-15H-to-save-TDS-on-Interest-Income>

IOSR Journal of Business and Management (IOSR-JBM) is UGC approved Journal with Sl. No. 4481, Journal no. 46879.

Dr. Alice Thomas1 "Effect of Awareness Seminar of Modern Banking Practices on the Undergraduate Students: An Empirical Study" *IOSR Journal of Business and Management (IOSR-JBM)* 20.9 (2018): 27-33.