



USERS' PREFERENCE TOWARDS TRADITIONAL BANKING VERSUS E-BANKING – AN ANALYSIS

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Abstract:

Banking transactions that takes place in a virtual ambience on the website of a banking company or a financial institution is termed as 'Internet Banking'. The essence of Internet banking lies in on-line access by customers of banking and financial services. This is the right time to discuss about the customer prefer whether traditional banking or online banking. What are reasons are beyond that for their preference has been analysed here. Finally, it is concluded that as people are very close to technology, they prefer online banking.

Key Words: Banking, ATM, Internet, Mobile Banking, Financial Services & PC

Introduction:

Banking is no longer confined in the branches, as customers are being provided with additional delivery channels viz. ATMs, internet banking, mobile banking, etc. Each of these channels has its own specific advantages in terms of improved customer service and reduced transactions cost. Out of various delivery channels, internet banking is taking the lead and has become the most popular and convenient mode of banking amongst the customers.

Internet Banking Vs Traditional Banking:

The basic difference between Internet banking and traditional banking is that in traditional banking the customer has to visit the branch in person for the basic banking needs viz. Withdrawal or deposit of cash, transfer of funds, statement of accounts, etc. In Internet banking, on the other hand, these operations can be performed through the PCs without physically visiting the bank branch. It is a win-win solution both for customer and the bank. The customer is not put to inconvenience of travelling, and the time so saved can be effectively utilized in other productive ways, whereas the bank earns by having lower overheads, establishments, premises and maintenance costs, in turn resulting into reduced per transaction cost. The greatest advantage of Internet banking is that it enables a customer to perform basic banking transactions through PC or Laptop, located anywhere in the world. Through the Internet, customer accesses the bank's websites for viewing the account details or performing the basic banking transactions.

Objectives of the Study:

The following are the objectives focused in the study:

- ✓ To find out the factors determining the preference of banking.
- ✓ To analyse the User's attitude towards both types of banking.
- ✓ To identify the factors influencing to choose the banking mode.
- ✓ To offer suggestions to give better service.

Review of Literature:

Rukmani Devi (2012)¹ made a study that aims to get an overview of the internet banking sector in the Indian economy. The objectives are to study the internet banking facilities offered by the banks to its customers, its functions, and its prospects. The sampling size is 100. The major findings are bank customers can save time through online. There is no need to stand in one more line to perform the most basic transactions when they can be done quickly from the desktop anytime, day or night.

Aashish Shashikant Jani (2012)² examined the customer perception on the use of e-technology in the retail banking sector. The objectives are to identify factors affecting customer preference for the use of technology in retail banking. To compare the customer perception in terms of different technology provided by public and private sector banks. The scope of the study is specific to Bhavnagar, a popular city and district of Gujarat. The study includes the different factors affecting consumer perception and modern technology provided by banks.

Himani Sharma (2011)³ made a study that the outcome of an empirical study conducted with the banker's perspective on e-banking. The objectives of the study are to study bankers' perspectives on e-banking activities of respondents, impact and promotional measures used by banks to promote e-banking. 192 of the respondents are taken to the sample bankers'. The major findings are impact of e-banking are 73.96 percent of the bankers respondent that print media is used by the banks to a large extent for the purpose.

¹ Rukmani Devi(2012), " An Overview of the Internet Banking Sector in the Indian Economy".pp 1-40

² Aashish Shashikant jani (2012) "A Study Of Consumer Perception On The Use Of E- Technology In The Retail Banking Sector: A Comparative Study Of Public Sector And Private Sector Banks " Indian journal of marketing, jan, pp46-58

³ Dr.Himani Sharma (2011) "bankers'perspectives on e- banking" Njrim vol 1,no1,pp71-85

Puja khatri etc.al, (2011)⁴ their research purpose is to compare the public and private sector banks in terms of customer satisfaction and to study the variables of service quality. Hypotheses are framed that is significant difference between respondents' of public and private sector banks as regards different variables of quality. The total number of respondents surveyed was 122 and the sampling technique used in judgmental sampling technique used in Delhi and NCR. Analysis of the information has been done by using the statistical package SPSS. Different tools like Mean, Standard deviation and T-test have been used.

Jajoo Rupa Dwarkadas (2011)⁵ studied that the consumer perspective towards credit card. The demand for credit cards is growing over time. The number was on 31st march 2009 stood at around 11 million while debit cards were at more than 20 million the distribution has increased with local banks becoming more aggressive. The sample size is 200 from Nanded city in Maharashtra. Then the comparative analysis is done in order to determine perceptions of credit card services provided by SBI and ICICI bank. 59 percent were males and 41 percent were females. It shows that majority of credit card users were males.

Prema. C (2011)⁶ made an attempt that consumers' adoption and perceived characteristics of internet banking. The following characteristics are included voluntariness, perceived usefulness, convenience, compatibility, easy to use, visibility, trial ability, security, privacy, risk, reliability in the perceived attributes.

Scope of the Study:

The scope of the study is confined to factors influence the preference of the mode of banking in Tuticorin District. In Tuticorin District, there are many numbers of public and private sector banks in both urban and rural areas, having high amounts of transactions and services. Tuticorin is known business city in India, especially in Tamilnadu.

Statement of the Problem:

Increased development and advancement has also led the banks to think of much better services given to their customers than previous one. As today we are in the technological world, the technology also plays a vital role in banking sector. With the advancement of technology, now banking sector has very modern and advanced services, i.e. ATM Banking, Mobile Banking, Tele- banking, Mobile Wallet, Online Banking & E-Banking. Technology has both advantages and disadvantages. Advantages in the sense quick process, 24*7 hours services, operated by the user, etc., whereas in the case of disadvantages are equipments needed, cyber fraud, complex process etc., Thus, it is a huge need to know the preference of banking customers towards traditional banking versus e-banking. As today's banking sectors are focusing profit margins, they have to provide better service for each and every customer. Thus, for the purpose of survival, banks have to take much concern and care on better services to their customers.

Methodology:

Both primary and secondary data were collected for the study. The primary data were collected using questionnaire and simple random sampling method was adopted to select the respondents. The secondary data were collected from various websites, books, journals and magazines.

Sample Size:

The sample size is 300 respondents from the study area. As the researcher wants to give equal weightage to both private and public sector bank, 150 respondents were chosen from Public Sector banks and remaining 150 respondents from Private sector banks. In the public sector, SBI was chosen and in private sector TMB was chosen for study based on top banks in the study area for public or private sector.

Hypothesis:

Ho: There is no significant difference in mean score of Traditional banking and E-banking preference.

Limitations:

- ✓ Two banks only were chosen for this study.
- ✓ Sometimes, the results of this study may not applicable for other public or private sector banks.
- ✓ The results and interpretation are based the collected response from respondents.
- ✓ Some respondents did not give clear cut information.

Results and Discussion:

Demographic profile is one of the important variables which decide about the practices and usage of the respondents. The following table clearly depicts the demographic profile of the respondents with preference of traditional banking versus online banking in the study area.

Table 1: Demographic Profile Traditional Banking Versus Online Banking With Of The Sample Respondents

Practices	Traditional Banking					E- Banking			
	Variables	Mean	S.D	F- Value	p-value	Mean	S.D	F- Value	p-value

⁴ puja khatri and yukti ahuja(2011) "Comparative Study Of Customer Satisfaction In Indian Public Sector And Private Sector Banks". International journal of engineering and management sciences, vol 1(1).pp42-51.

⁵ Jajoo Rupa Dwarkadas(2011) "consumer perspective towards credit card" .international referred research journal,

⁶ Prema.C (2011) "a framework for understanding consumer perceived characteristics of internet banking as predictors of its adoption" .Indian journal of marketing ,pp46-52.

Age	Up to 20	43.19	7.065	9.470	0.001**	70.69	8.851	3.328	0.023*
	20-35	46.8	6.902			67.68	9.554		
	35-50	44.03	6.667			66.00	8.608		
	Above 50	50.14	5.958			65.09	7.852		
Occupation	Professional	43.30	7.379	7.719	0.001**	71.38	7.73	6.355	0.001**
	Self - Employers	50.50	4.62			62.60	8.373		
	Private Employees	44.69	6.397			66.83	8.276		
	Govt. Employees	45.56	7.427			69.76	8.352		
	Business People	47.85	6.605			68.68	9.334		
	Others	41.29	6.739			62.57	8.536		
Education	Professional	48.66	7.787	2.753	0.043*	70.83	.060	3.513	0.016*
	Graduates/ Diploma	45.33	7.045			67.13	8.960		
	Post Graduates	45.07	6.617			64.89	8.726		
	Up to +2	43.42	5.143			64.08	5.807		

Source: Computed Data

Since p-value is less than 0.01, the null hypothesis was rejected at 1% level of significance in traditional banking and 5% level of hygiene in case of E- banking. Hence, it is concluded that there is a significant difference between age group with Preference in choosing banking. The younger generation and middle age people that is conscious to choose online banking due to awareness of social media and their social gathering in public places. Hence, the current banking is going digital oriented.

Since p-value is less than 0.01, the null hypothesis was rejected at 1 % level of significance in case of both traditional and online banking. It is concluded that there is a significant difference between occupations with preference in choosing banking. Today the most of the transaction is online mode. So, all occupation people are conscious about banking activities.

Since p-value is less than 0.05, the null hypothesis was rejected at 5% level of significance. Hence, it is inferred that there is a significant difference between education qualifications with preference in banking mode. The literate people always use online banking whereas the illiterate is much familiar with traditional banking. Thus, education qualification plays a vital role in preferring banking mode.

Preference Towards Traditional Banking:

The users prefer traditional banking on some aspects. Sometimes traditional banking is good. The following table clearly depicts the Factors Influencing on Users' Preference towards Traditional Banking.

Table 2: Factors Influencing on Users' Preference towards Traditional Banking

Factors	Mean	S.D	Rank
Place of the bank is near by the house	4.32	1.205	I
Illiterate/technical illiterate	4.23	1.012	II
Want to get personal contact	4.14	1.224	III
It is evident and all that getting seal etc. on the slip.	4.10	1.101	IV
Getting Updating	3.98	1.089	V
Not needed of Equipments	3.93	1.318	VI
Poor/unavailability of technology	3.84	1.068	VII
Maintain a cordial and loyal relationship with bankers and manager by visiting the branch	3.65	1.075	VIII
Due to bankers co-operation	2.74	1.345	IX
Feel comfortable	2.72	1.654	X
Easy to do than innovative methods.	2.51	1.524	XI
Feel Safe & Security	2.32	1.477	XII
Huge amount of transaction	2.22	1.554	XIII
Avoid mistakes	1.28	.868	XIV
During the office we can engage and escape from our duty	1.23	.840	XV

Source: Computed Data

Based on the mean score the preference is listed out in the above table. Place of the bank is near by the house (4.32) is in the top list, followed by Illiterate/technical illiterate (4.23), Want to get personal contact

(4.14), It is evident and all that getting seal etc. on the slip (4.10), Getting Updation (3.96), Not needed of Equipments (3.98), Poor/unavailability of technology (3.84), Maintain a cordial and loyal relationship with bankers and manager by visiting the branch (3.65), Due to bankers co-operation (2.74), Feel comfortable (2.72), Easy to do than invocative methods (2.51), Feel Safe & Security (2.32), Huge amount of transaction (2.22), Avoid mistakes (1.28) & During the office we can engage and escape from our duty (1.23). It is found that physical presence places a vital role in preferring traditional banking.

Preference Towards E- Banking:

The users prefer E- banking on some aspects. Due to advancement of technology, now E- banking plays a vital role in banking sector. There are so many reasons that the users prefer online banking. The following table clearly depicts the Factors Influencing on Users' Preference towards E- Banking.

Table 3: Factors Influencing on Users' Preference Towards E- Banking

Factors	Mean	S.D	Rank
24*7 Hours Service	4.37	0.876	I
Quick transactions	4.21	1.143	II
Low charges	4.19	.786	III
Not needed to wait in a queue	4.17	1.034	IV
Not needed to visit the branch	4.11	1.005	V
Feel Comfortable	4.09	1.199	VI
Very Safe	4.02	1.387	VII
Anywhere we can operate	3.89	1.453	VIII
Easy to operate	3.73	1.094	IX
Operated by ourselves	3.68	1.099	X
Unlimited transactions	3.53	1.054	XI
Free time also used	3.42	1.474	XII
Getting evident by soft copy	3.38	1.212	XIII
On the time of necessary, we can do it	3.16	1.686	XIV
Pin protection	3.06	0.980	XV
Visit as many as possible	2.96	1.075	XVI
Easy to check the previous accounts	2.88	1.151	XVII
Knowing about reaching the money	2.81	1.464	XVIII
Maintain Privacy	1.45	0.900	XIX
Wait for nothing	1.15	0.136	XX

Source: Computed Data

As per the mean score, the following factors are influencing on the preference of E- banking. They are, 24*7 Hours Service (4.37) is in the top list, followed by Quick transactions (4.21), Low charges (4.19), Not needed to wait in a queue (4.17), Not needed to visit the branch (4.11), Feel Comfortable (4.09), Very Safe (4.02), Anywhere we can operate (3.89), Easy to operate (3.73), Operated by ourselves (3.68), Unlimited transactions (3.53), Free time also used (3.42), Getting evident by soft copy (3.38), On the time of necessary, we can do it (3.16), Pin protection (3.06), Visit as many as possible (2.96), Easy to check the previous accounts (2.88), Knowing about reaching the money (2.81), Maintain Privacy (1.45) & Wait for nothing (1.15). Thus, the flexibility plays very vital role in selection of online banking.

Ho: There is no significant difference in mean score of Traditional banking and E-banking preference.

Table 4: Users' Preference on Traditional Banking and E- Banking

Banking	Mean	S.D	t-value	p-value
Traditional Banking	45.69	7.08	43.067	<0.001**
E- Banking	67.09	8.95		

Note: ** denotes significant at 1 % level

Since, p value is less than 0.001; the null hypothesis is rejected at 1 per cent level of significance. Hence it is concluded that there is a significant difference between users' preference on traditional banking and E- banking. Based on the mean score, the opinion on preference of banking shows that E- banking (67.07) is higher than traditional banking (45.69). From this, it is clear that people are giving more importance to E-banking than traditional banking.

It is understood that people are very close to technology. And also they do not want to work anything in the manually. Time and cost are also major cause for preferring online banking. Hence for E- banking is given more priority in the study area than traditional banking.

Findings:

- ✓ There is a significant difference between age group with Preference in choosing banking. The younger generation and middle age people that is conscious to choose online banking due to awareness of social media and their social gathering in public places. Hence, the current banking is going digital oriented.

- ✓ There is a significant difference between occupations with preference in choosing banking. Today the most of the transaction is online mode. So, all occupation people are conscious about banking activities.
- ✓ There is a significant difference between education qualifications with preference in banking mode. The literate people always use online banking whereas the illiterate is much familiar with traditional banking. Thus, education qualification plays a vital role in preferring banking mode.
- ✓ The preference of users towards traditional banking is listed out as follows. Place of the bank is near by the house (4.32) is in the top list, followed by Illiterate/technical illiterate (4.23), Want to get personal contact (4.14), It is evident and all that getting seal etc. on the slip (4.10), Getting Updation (3.96), Not needed of Equipments (3.98), Poor/unavailability of technology (3.84), Maintain a cordial and loyal relationship with bankers and manager by visiting the branch (3.65), Due to bankers co-operation (2.74), Feel comfortable (2.72), Easy to do than invocative methods (2.51), Feel Safe & Security (2.32), Huge amount of transaction (2.22), Avoid mistakes (1.28) & During the office we can engage and escape from our duty (1.23). It is found that physical presence places a vital role in preferring traditional banking.
- ✓ The following factors are influencing on the preference of E- banking. They are, 24*7 Hours Service (4.37) is in the top list, followed by Quick transactions (4.21), Low charges (4.19), Not needed to wait in a queue (4.17), Not needed to visit the branch (4.11), Feel Comfortable (4.09), Very Safe (4.02), Anywhere we can operate (3.89), Easy to operate (3.73), Operated by ourselves (3.68), Unlimited transactions (3.53), Free time also used (3.42), Getting evident by soft copy (3.38), On the time of necessary, we can do it (3.16), Pin protection (3.06), Visit as many as possible (2.96), Easy to check the previous accounts (2.88), Knowing about reaching the money (2.81), Maintain Privacy (1.45) & Wait for nothing (1.15). Thus, the flexibility plays very vital role in selection of online banking.
- ✓ It is clear that people give more importance to E- banking than traditional banking. It is understood that people are very close to technology. And also they do not want to work anything in the manually. Time and cost are also major cause for preferring online banking. Hence for E- banking is given more priority in the study area than traditional banking.

SUGGESTIONS:

- ✓ It is better to reduce the e-banking process.
- ✓ The e-banking process can be given in regional language also.
- ✓ The banker can update the new information via SMS and so on.
- ✓ As time and cost are major cause for preferring online banking, the cost ATM process can be reduced.
- ✓ In the banking sector also, customer care service can be used for clarifying the doubts and helping the customers.

CONCLUSION:

Today, all the banks are using information technology as a strategic vehicle to competitive with other bakers and try to provide better service than their competitors. The banking industry has to implement lot of technology up gradations to overcome competition and keeping up with the changing times. Banks are slow but are going to offer in further more E-banking services to keep pace with the evolving pattern of customers' demand. As E-banking provides enormous benefits to consumers in terms of the ease and cost of transactions, it has very high future market. The study also suggests some measures to improve service quality. If it is done, then the future banking will be in good and better condition.

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