

An Analysis of Customers' Preference towards Traditional Banking and E-Banking in Mansa District of Punjab

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Abstract

The present paper is an attempt to study the bank customers' preference towards traditional banking and E-Banking. It also determines those factors influencing them for shifting or not shifting from traditional banking to E-banking and suggests the suitable measures for enhancing E-banking services. Data has been collected through well-structured questionnaire from 96 respondents of Mansa district. Percentage method, total weighted score method are used to analyze the data. The study concludes that traditional banking is more preferred than E-banking by most of the customers of Mansa district. More trust in traditional banking, lack of Knowledge, lack of privacy and security are the major factors due to which customers do not want to shift from traditional banking to E-banking.

Keywords: [Traditional banking, E-banking, Customers' Preference]

Introduction

In Indian economy before liberalization, globalization and privatization (LPG) era, all the financial transactions in Indian banking sector were performed manually with a very little use of computer system. With the introduction of IT Act 2000, information technology had brought an electronic revolution in the Indian banking sector known as E-Banking. The banks are now providing customer centric products like ATM, internet banking, telephone-banking, mobile-banking, debit/credit card facilities and electronic transfer fund (EFT) for providing banking services as per convenience of customers. E-banking has reduced the dependency of customers on the traditional banking system. Now, customers do not have to visit their bank branch and spend much time in queues of the bank premises for conducting their financial transactions. They can perform their banking transactions through E-delivery channels at anywhere anytime. Despite of so many facilities that E-banking offers, Indian bank customer still relies on traditional methods of banking system and reluctant to use E-banking. Due to this reason, customers do not want to shift from traditional banking to E-banking. The present study is concerned with analysis of bank customers' preference towards traditional banking and E-Banking

Review of Literature

Chauhan and Choudhry (2015) noted that adoption of E-Banking by the customers was at the early stage due to various challenges. The challenges such as security risk, privacy risk, trust factor and less awareness among customer about E-banking were acting as hurdle in adoption of E-Banking facility.

Oye et al(2011) found that customers felt hesitation in using new technology. They believed on cash tradition and preferred wait in long queues of bank premises for their transaction rather than on online banking.

Khatri (2013) stated that internet banking was one of the channels of E-banking. It helped customers to perform their financial transactions electronically over the internet. Customers' education level, customers' awareness about internet banking and internet infrastructure were also major challenges for E-banking.

Sylvie and Xiaoyan (2005) explored the market status for adopting the online/mobile banking in China by conducting the customer survey. The study concluded that mainly Chinese males not necessarily young and highly educated were using online and mobile banking services. Lack of computer and technology skill, perception of risk, Chinese traditional cash carrying banking culture were found to be main barriers in the way of not adopting/using online banking. The study also concluded that mobile banking in China was to be least used because of lack of awareness and understanding of its benefit.

Objectives of the Study

- To study and analyze the usage level of bank customers regarding traditional banking and E-Banking.
- To identify the E-banking channel most preferred by E-customers for using E-banking services.
- To determine the factors influencing the customers for shifting or not shifting from traditional banking to E-banking.
- To suggest the suitable measures for enhancing E-Banking.

Research Methodology

The study is concerned with analysis of bank customers' preference towards traditional banking and E-Banking in Mansa district. Data has been collected through well- structured questionnaire from 96 respondents of Mansa district. Data is presented in form of tables. Percentage method and total weighted score method have been used to analyze the data. Total weighed score has been calculated from five point Likert scale. Highest weight is given to first rank and lowest weight is given to lowest rank.

Data Analysis and Interpretation

Table 1: Socio-Economic Profile of Customers

Group	Number	Percentage %
Gender		
1. Male	67	69.79
2. Female	29	30.21
Age (In Years)		
Below 25	13	13.54
25-35	29	30.21
35-50	41	42.71
50 or above 50	13	13.54
Occupation		

1. Business man	41	42.71
2. Service man	35	36.46
3. Professional	20	20.83
Income		
1. Below 1 lakh	20	20.83
2. 1lakh-3 lakh	24	25.00
3. 3 lakh-5 lakh	33	34.38
4. 5 or above 5 lakh	19	19.79
Total	96	100

(Authors'Calculation)

Table1 shows that out of 96 respondents, 69.79 per cent respondents are male and 30.21 per cent are female. While studying the demographic profile, 42.41 per cent respondents belong to age group 35 to50 years, 34.38 per cent respondents earning income from 3 lakh to 5 lakh rupees and 36.46 per cent customers belong to serviceman category show the maximum response in comparison to others.

Table 2: Usage level of customers regarding traditional banking and E-Banking

Group	Traditional Banking		E-Banking	
	No.	%	No.	%
Gender				
1. Male	42	43.75	25	26.04
2. Female	22	22.92	7	7.29
Age (In Years)				
1.Below 25	3	3.13	10	10.41
2.25-35	13	13.54	16	16.67
3.35-50	36	37.50	5	5.21
4.50 or above 50	12	12.50	1	1.04
Occupation				
1. Business man	37	38.54	4	4.17
2. Service man	15	15.63	20	20.83
3. Professional	12	12.50	8	8.33
Income				
1. Below 1 lakh	17	17.71	3	3.12
2. 1lakh-3 lakh	19	19.79	5	5.21
3. 3 lakh-5 lakh	17	17.71	16	16.67
4. 5 or above 5 lakh	11	11.46	8	8.33
Total	64	66.67	32	33.33

(Authors'Calculation)

Table 2 shows that overall 66.67 per cent respondents are using traditional banking services and 33.33 per cent respondents are using E-banking. Gender wise 43.75 per cent male are using traditional banking and 26.04 per cent are using E-banking. Age group wise 37.50 per cent respondents of age group 35 to 50 years are using more traditional banking and 16.67 per cent respondents of age group 25 to 35 years are using more E-banking. Occupation wise traditional banking is mostly used by business men i.e. 38.54 per cent and E-banking is mostly used by service men i.e. 20.83 per cent. Income wise 19.79 per cent respondents earning income from 1 to 3 Lakh rupees are using more traditional banking and 16.67 per cent customers earning income from 3 to 5 lakh rupees are using more E-banking.

Table 3: Period (in years) of using Traditional Banking and E-Banking

Group	Traditional Banking		E-Banking	
	No.	%	No.	%
Less than 1 year	3	3.13	10	10.42
1-3 years	11	11.46	11	11.46
3-5 years	19	19.79	8	8.33
More than 5 years	31	32.29	3	3.12
Total	64	66.67	32	33.33

(Authors' Calculation)

Table 3 shows that most of the customers i.e. 32.29 per cent are using traditional banking more than 5 years. But E-banking is mostly used by customers i.e. 11.46 per cent between 1 to 3 years. Least percentage of customers i.e. 3.12 per cent is using E-banking services more than 5 years.

Table 4: Preference of customers regarding E-Banking Services

E-banking Services	R1	R2	R3	R4	R5	Total Score	Overall rank
ATM	10	9	8	3	2	118	2
Internet banking	13	8	7	2	2	124	1
Mobile banking	12	5	7	3	5	112	3
Telephone banking	0	2	2	7	21	49	5
Credit card	4	9	14	4	1	107	4

(Authors' Calculation)

Table 4 reveals that most of the respondents give the first rank to internet banking because it is useful for them to transfer their fund. Second rank goes to ATM as customers can deposit and withdraw the money anywhere anytime. Third rank goes to mobile banking and fourth rank goes to credit card as it is convenient for shopping without carry any cash. Fifth rank goes to

telephone banking as the customers consider it impractical device for conducting banking transactions.

Table 5: Response of customers regarding shifting from traditional banking to E-banking

Group	Yes		No		Total
	No.	%	No.	%	
Gender					
1. Male	25	26.04	17	17.71	42
2. Female	10	10.42	12	12.50	22
Age (In Years)					
1. Below 25	2	2.08	1	1.04	3
2. 25-35	8	8.33	5	5.21	13
3. 35-50	22	22.92	14	14.58	36
4. 50 or above 50	3	3.13	9	9.38	12
Occupation					
1. Business man	18	18.75	19	19.79	37
2. Service man	9	9.38	6	6.25	15
3. Professional	8	8.33	4	4.17	12
Income					
1. Below 1 lakh	7	7.29	10	10.42	17
2. 1lakh-3 lakh	10	10.42	9	9.37	19
3. 3 lakh-5 lakh	12	12.5	5	5.21	17
4. 5 or above 5 lakh	6	6.25	5	5.21	11
Total	35	36.46	29	30.21	64

(Authors' Calculation)

Table 5 shows that overall 36.46 per cent respondents want to shift from traditional banking to E-banking and 29 per cent respondents are not willing to shift. Gender wise 26.04 per cent male, Age group wise 22.92 per cent respondents of age group 35 to 50 years, Occupation wise 18.75 per cent customers belong to business class and Income wise 10.42 per cent respondents earning from 3 to 5 Lakh rupees are more willing to shift from traditional banking to E-banking.

Table 6: Factors influencing customers for shifting from traditional banking to E-banking services (for those customers who want to shift)

Factors	R1	R2	R3	R4	R5	Total Score	Overall rank
Easy to access/convenient	9	6	10	7	3	116	2
Up to date and accurate information	7	6	9	7	6	106	4
Quick transfer of fund	10	7	8	5	5	117	1
Use of anywhere anytime and no need to wait in long queues of bank	8	7	8	6	6	110	3
More transparency	5	3	9	8	10	90	5

(Authors'Calculation)

Table 6 reveals that quick transfer of funds and easy to access/convenient are the strongest factors influencing the customers for shifting from traditional banking to E-banking services. Up to date and accurate information and transparency are the least motivational factors influencing the customers for shifting from traditional banking to E-banking services.

Table 7: Factors influencing the customers for not shifting from traditional banking to E-banking Services (for those customers who do not want to shift)

Factors	R1	R2	R3	R4	R5	Total Score	Overall rank
Lack of awareness	9	6	5	6	3	99	4
Difficult and complicated	6	8	9	3	3	98	5
Lack of privacy and security	8	7	7	4	3	100	3
Lack of knowledge how to use it	10	8	5	4	2	107	2
More trust in traditional	13	7	4	3	2	113	1

(Authors'Calculation)

Table 7 shows that more trust in traditional banking, lack of Knowledge, lack of privacy and security are the major factors influencing the customers for not shifting from traditional banking to E-banking.

Table 8: Suggestions to enhance E-banking services

Suggestions	R1	R2	R3	R4	R5	Total Weighted Score	Overall rank
Customers training camp , seminar and demo fair regarding E-Banking services should be organized by bank	42	32	7	10	5	384	1

Reading material regarding E-banking services should be provided by bank	28	32	14	10	12	342	3
Help desk and inquiry counter should be set up by bank	40	30	9	11	6	375	2
E-banking should be more secure to build the trust of customers regarding it	31	23	17	15	10	338	4
Rules format and accessing E-banking services should be simplified	20	15	30	16	15	297	5

(Author's calculation)

Table 8 shows that most of the respondents suggested that customer training camps, seminars and demo fairs regarding E- banking services should be organized by banks. Help desk and inquiry counter should be established by banks to provide the solution of customers' problems. Reading material regarding E-banking services should be provided by banks to customers and bank should make efforts for providing E-banking services more safe and secure.

Findings and Conclusion

Overall 66.67 per cent respondents are using traditional banking services and 33.33 per cent respondents are using E-banking. Gender wise male, age wise respondents of age group 25 to 35 years, occupation wise service class, and income wise respondents earning income from 3 lakh to 5 lakh rupees are more using E-banking services in comparison to others. 36.46 per cent respondents want to shift from traditional banking to E-banking. Quick transfer of funds and easy to access/convenient are the strongest factors influencing the customers for shifting from traditional banking to E-banking Services. 29 per cent respondents are not willing to shift from traditional banking to E-banking services. More trust in traditional banking, lack of Knowledge, lack of privacy and security are the major factors influencing the customers for not shifting from traditional banking to E-banking. The study suggested that customer training camps, seminars and demo fairs regarding E- banking services should be organized by banks. Help desk and inquiry counter should be established by banks to provide the solution of customers' problems. Reading material regarding E-Banking services should be provided by banks to customers and bank should make efforts for providing E-banking services more safe and secure to enhance E-banking services in this area.

Limitation of the Study

Data has been collected from limited geographical area. The findings and conclusion of the present study can be varied if further research is to be carried on in near future.

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