



An empirical study on the adaptability of online banking versus branch banking in Ahmedabad City

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ABSTRACT

The introduction and development of globalization and the advancement of the latest technologies forced the banks to launch new channels for banking operations and to gain competitive advantage over the other banks in the financial market. Banking sector in India is largest financial market and highly competitive after foreign players enter in to the Indian market. Online banking and advancement in technologies used to reduce the costs, improve their financial services and to enlarge their customer database. Innovated technologies also used to enlarge customer database, progress their financial positions and boost customer loyalty. Today banks are providing multi-channel distribution of financial services through the internet. The objective of the research is to examine the satisfaction level of internet banking versus branch banking this is done through survey from questionnaire. The survey was also used to find out the dependency between the different variables and to get the information from the customer about different innovative services offered by the bank.

Keywords : Banking channels, Online banking services, Innovative banking, Customer satisfaction

1. Introduction

The Indian Banking industry has seen a vast amount of change in last few decades in terms of the positive developments in the technology and innovation. In banking sector, traditional banking services are still not outdated while we have seen a rapid growth in terms of the number of internet banking subscribers. There is question arise that How does a retail banking sector can be innovated? One basic way to innovation is that organizations can innovate by getting new and improved products to market. But, in a service, the product is the process. There are several new technology through which banks have introduced new ways of delivering banking to the customer, such as ATMs, telephone banking, mobile banking and Internet Banking. Major reasons behind huge developments in the innovative services are the vast internet penetration and adoption of the technology by the large number of users. Banks started looking at e-banking as a mode to replace some of their traditional branch functions. E-banking services like ATM, Internet banking, card transfer are source of differentiation from traditional banking. By the way of innovation in the banking products, efficiency and effectiveness to deliver banking services will increase. It has been observed that increasing the role of technology in banking industry can helpful to reduce costs and help to improve service reliability. Mobile banking has seen tremendous growth in last few years as smart-phone users in India are increasing and it could become an additional revenue source to both banks and telecom service providers and it is a form of service convergence enabled by innovative technologies.

2. Innovative banking services

Banking Innovation is the development which takes about technological change in organisations and societies. Banks across the world have used computer applications to implement innovative services that would achieve greater and improve service quality. Innovation in product could be defined as "new products or services introduced to meet user or market demand whereas process innovation is new elements set up into the organisation's service procedures to provide a service".

Internet banking is a transaction-oriented system that enables a bank's customers to use and access of online banking activities. Internet Banking enhances a bank's portfolio by providing its customers with all time access to most of its services including any time biometrics lockers facility provided by some banks. The services available through internet banking be different across the banks but typically include informational account access (view balances and account statement) and funds transfers among different account, bill payment, and loan application. A customer can access their accounts from anywhere at any time through the internet banking thus saving the time and effort of going to a branch location. For customers, this added convenience will make internet banking their preferred means of transacting.

3. Advantages and disadvantages of internet banking:

There are so many advantages of using online banking services which are applicable to the banks as well as for customers. Saving time and money are two prime advantages. Electronic banking also removes geographical limitations for banks as well as customers and they can operate from anywhere, thereby international operations without limits can be possible. Other advantages is that customers can perform their transaction throughout the day and night if internet access is available to them by the mode of internet banking or mobile banking. Following and managing the cash position for individuals and banks are possible via internet – banking as they can get data form starting of their account in couple of seconds. Online banking also helps bank to manage services to improve the ability of assessing potential creditors and to measure the creditworthiness of potential borrowers. Taking advantage of integrated online banking services bank and customers compete in new markets, gain advantage of having access to new customers and grow in their market share.

As we have discussed there are so many advantages of the online banking compared to branch banking but still there are so many disadvantages of using Internet banking. One of the risk arise out of using Internet banking is the Identity theft, very frequently we heard news from the cloning of the credit and debit card information to misuse the customers' account.

Across the international borders very few policies available to make transaction secure. In India most of the customers do not aware about the Internet banking or they do not know how to use it. So customers awareness is required to implement the online banking services successfully.

4. Research methods:

Type of research I have used is descriptive study and causal study. I have collected data from the respondents to done statistical analysis and established some meaningful relationship between them. My survey of systematic studies evolves around the difference between the branch banking and innovated banking.

5. Data analysis:

Data analysis for the research has been done through by using the SPSS software and Excel. There are basically two techniques used for the data analysis one is chi-square and another is Analysis of Variance. Sampling method is non random convenience sampling and total number of observations taken for study are 200.

Age and Satisfaction Level for online banking:

H0: Satisfaction level of online banking services and Age group both are independent

H1: Satisfaction level of online banking services and Age group both are dependent

Analysis: By performing Chi-Square test through SPSS, derived p –value is .385 which is greater than .05 so we do not reject the null hypothesis and conclude that there is no relationship between satisfaction level in online banking and age groups.

Age and Satisfaction Level for branch banking:

H0: Satisfaction level of branch banking services and Age group both are independent

H1: Satisfaction level of branch banking services and Age group both are dependent

Analysis: By performing Chi-Square test through SPSS, derived p –value is .282 which is greater than .05 so we do not reject the null hypothesis and conclude that there is no relationship between satisfaction level in branch banking across the different age groups.

Number of Bank Accounts and Income groups:

H0: Number of accounts remain same across different income groups.

H1: Number of accounts across the different income groups are not same.

Analysis: By performing one way ANNOVA between the income level and number of bank accounts it has been observed that p-value comes to .370 which is greater than .05 so we don't reject H0 and conclude that income level does not have any impact over the number of accounts customer have.

Age Group and frequency of visiting bank branches:

H0: Frequency of visiting bank branches is independent on the different Age groups

H1: Frequency of visiting bank branches is dependent on the different Age groups

Analysis: By performing Chi-Square test through SPSS, derived p –value is .957 which is greater than .05 so we do not reject the null hypothesis and conclude that there is no relationship between frequency of visiting bank branches across the different age groups.

Occupation and online banking use:

H0: Frequency of using online banking is independent of the occupation

H1: Frequency of using online banking is dependent on the occupation

Analysis: By performing Chi-Square test through SPSS, derived p –value is .110 which is greater than .05 so we do not reject the null hypothesis and conclude that use of online banking services is independent of the occupation.

6. Conclusion

From the research it has been found that maximum numbers of users having a number of bank accounts between 2 to 3 and it remains same across the different age groups. Maximum number of data we found that is for male with most of the customers prefer branch banking against online banking. Maximum respondents using online banking is from the age group 25 to 30. Number of responses which I analyzed maximum customers using online banking on weekly basis while branch banking on monthly basis. Again when we compare the satisfaction level of branch banking versus online banking we found that the respondents are neutral about the satisfaction level of branch banking while they are satisfied with internet banking. Again when we have analysed the results through different hypothesis it has found that age and frequency of visiting the bank websites or bank branches are independent and there is no difference in the number of account customer hold across the different income groups. As customer awareness is very less and they are reluctant to use the online banking services because of the identity theft issue so I would recommend banks to arrange awareness seminar on the online banking.

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