A STUDY ON ADOPTION PATTERN OF ALTERANTIVE BANKING CHANNELS BY CUSTOMERS

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Abstract
Traditionally, banking in India has been about branches. Till a decade back, it was hard to imagine that banking could be done from outside a bank branch. In the last decade, the Indian banking system has evolved to provide several types of remote banking channels. The objective of all types of remote banking is to provide extra convenience to customer and save service cost to the bank. The self – service culture is fast catching in the banking space. The late 1980s saw the emergence of an ATM. Culture in India, which saw the migration of 75 – 90% of banking transactions away from bank branches. Over the past decade, customers have overcome their awe of entering a closed – door, air – conditioned ATM outlet to perform personal banking transactions such as cash withdrawal, balance enquiry. The present research is an exploratory investigation into multi – channel banking pattern amongst the Indian customers. Specifically, this study aims to contribute to the industry and literature alike, by identifying the usage pattern of customers with respects to the different banking channels in India. Thus, the aim of the research is to provide an analysis of the usage pattern of Indian customers related to channels of banking.

Introduction
The banking system in India has undergone significant changes in the last decade or so. The Indian financial sector has been rapid development in various aspects related to size, industry, composition, and the variety of consumer products and services beings offered, banks all over the world are implementing multiple – channels strategies. The right combination of banking channels is dependent not only on the characteristics of different channels, but also on the preferences and perceptions of the consumers regarding the alternatives. The challenge for bank executives is to find the right mix of distribution channels so that they can remain profitable with in various market segments. For better utilization of the potential of these alternative channels of banking, banks need to aware of the current usage, pattern of customers with respect to the various channels of banking.

Statement of The Problem
In India, there is a great opportunity available for banks to increased the usage of these alternative channels of banking (Nager and masin, 2013). This requires an in-depth understanding of consumer behaviour and usage related to various banking channels. The comprehension also significant further progress of India's Financial Service Industry and can be exploited at the bank level for potentially gaining a competitive advantage within the banking industry. The present research is an exploratory investigation into multi – channel banking pattern amongst the Indian customers. Specifically, this study aims to contribute to the industry and literature alike, by identifying the usage pattern of customers with respects to the different banking channels in India. Thus, the aim of the research is to provide an analysis of the usage pattern of Indian customers related to channels of banking.

Objectives of The Study
The main objectives of this study are,
1. To know the personal profile of the respondents.
2. To identify the factors considered important by customers in choosing their preferred channel of banking.
3. To understand the preference pattern related to the services availed across the different channels of banking.
4. To study on relationship between demographic profile of the sample respondents and their level of satisfaction towards Alternative banking channels.
5. To study the problem faced by the respondents while using internet banking.
6. To suggest measures that help in improving the adoption of alternative banking channels.

Scope of The Study

The study is concerned with "Adoption Pattern of Alternative Banking Channels By Customer". For this purpose, the data were collected from 120 respondents. The respondents are private employees, government employees, students and house wife's those who are using alternative channels, in Tiruchendur area.

Review of Literature

Milined .S., (1999) In their study entitled "Adoption Internet Banking by Australian consumers: An Empirical Investigation" shows that security concerns and lack of awareness about internet banking and its benefits stand out as being the obstacle to the adoption of internet banking in Australia. Suggested some of the ways to address to these impediments futher suggests that delivery of financial services over the internet should be a part of overall customer service and distribution strategy.

Chou D.C., Chou .A.Y (2000) In their study entitled "A Guide to the Internet Revolution in Banking", shown that banking is an industry that is expected to undergo drastic change because of the E – commerce revolution. This article maps out the direction of the internet revolution in banking by surveying the phenomenon's history, its technological development, and associated managerial and technological issues.

Aladwani A.M. (2001) in this study entitled "Online banking: A filed study of the development challenges, and expectations", the results of a quantitative study of the perceptions of potential customers with regards to the drivers, development challenges, and expectations of online banking. The findings will be useful for both researchers and practitioners who seek to understand the issues relevant to online banking.

Methodology

This section describes the methodology which includes the collection of data, construction of questionnaire and pre – test, the sampling design and the scheme of analysis.

Collection of Data

The researcher has collected data from both primary and secondary sources. The primary data were collected from the respondents with the help of Questionnaire. The secondary data were collected from books, journals and websites.

Construction of Questionnaire And Pre – Test

The researcher herself has structured the interview schedule for this study. The variables thus identified by the researcher have been converted into appropriate questions. The Questionnaire was suitably revised in the light of the experience gained.

Sampling Design

The sample was selected from Tiruchendur area. The size of the sample was 120. They were selected at random by applying convenience sampling method.

Field Work and Data Collection

The researcher herself carried out the field work for this study. It was conducted during the period from December 2018 and February 2019. The researcher have used questionnaire for collecting the data. The data was collected on Sundays and holidays.

Tools for Analysis

The present study is an empirical one. The tools for analysis the data include conventional techniques such as simple percentage analysis, total score analysis and likert scale method. Tables and percentages are used in the appropriate places to analyse of data.

Likert scale is used to measure the adoption pattern of Alternative Banking Channels. The likert scale is one of the most widely used attitude scaling techniques.

In this approach the respondents are asked to indicate his degrees of agreement with each of their statement about adoption of Alternative Banking Channels which are related to objectives of the questions

Hypotheses To Be Tested

In order to study the relationship between demographic profile of the respondents and their level of satisfaction towards internet banking the following null hypothesis were framed.
1. There exists no significant relationship between gender of the respondents and their level of satisfaction towards alternative banking channels.
2. There exists no significant relationship between age of the respondents and their level of satisfaction towards alternative banking channels..
3. There exists no significant relationship between marital status of the respondents and their level of satisfaction towards alternative banking channels.
4. There exists no significant relationship between educational qualification of the respondents and their level of satisfaction towards alternative banking channels.
5. There exists no significant relationship between type of family of the respondents and their level of satisfaction towards alternative banking channels.

Limitations of The Study

As the study was conducted for a short duration of 3 months, it was difficult to study in depth about various aspects.
1. Time, cost and other resources were constrains for a fully comprehensive study.
2. Demographic profile factors may influence the attitude of the different set of customers and the finding cannot be generalized for the respondents with personal profiles.
3. The number of respondents is relatively small.

Data Analysis And Interpretation

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Table 1,Channels Provided By Banks

S.No	Channels	No. of Respondents	Percentage
1	ATM	54	45
2	Net banking	34	28
3	Mobile banking	32	27
	Total	120	100

Source: Primary data

Thus, majority of the respondents availed 'ATM' as their banking channels.

Table 2,Facilities Available in Alternative Banking Channels

S.No	Facilities	No. of Respondents	Percentage
1	Loan facilities	40	33
2	O/D facilities	18	15
3	ATM facilities	62	52
	Total	120	100

Source: Primary data

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Thus, majority of the respondents said that ATM facilities available in alternative banking channels.

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Table 3,Factors Influencing To Have An Account

S.No	Factors	No. of Respondents	Percentage
1	Personalized service	10	8
2	Wide branch network	18	15
3	Customer service	66	55
4	Computerized banking	24	20
5	Core banking	2	2
	Total	120	100

Source: Primary data

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Thus, majority of the respondents said that 'customer service' is the main influencing factors to open an account.

Table 4,Satisfied With the Services

S.No	Option	No. of Respondents	Percentage
1	Yes	94	78
2	No	26	22
	Total	120	100

Source: Primary data

Thus, majority of the respondents opined that services provided by the alternative channels are satisfied.

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Table 5, Service Efficiency Reaction

S.No	Reaction	No. of Respondents	Percentage to total
1.	Positive	66	55
2.	Negative	22	18
3.	Can't say	32	27
	Total	120	100

Source: Primary data

Thus majority of the respondents are having the positive reaction,

Application Of Garrett Ranking Technique
The respondents were asked to assign the rank for various factors. The rank given by respondents were converted into percent position using the formula.

$$\text{Percent position} = \frac{100(R_{ij} - 0.5)}{N_j}$$

Where,

R_{ij} – Rank given for the ith variable by the jth respondents.
N_j – Number of variable ranked by the jth respondents.

By referring Garrett ranking table, the percent position estimated was converted into scores. The scores of various respondents were added and the mean score ranked score was calculated. The factors were ranked on corresponding mean score.

Table 5.1, Application of Garrett Ranking Technique

Rank	Application in formula	Calculation Value	Garrett Ranking Conversion Table Value
I	$\dfrac{100(1-0.5)}{6}$	8	77
II	$\dfrac{100(2-0.5)}{6}$	25	63
III	$\dfrac{100(3-0.5)}{6}$	42	54
IV	$\dfrac{100(4-0.5)}{6}$	58	46
V	$\dfrac{100(5-0.5)}{6}$	75	36
VI	$\dfrac{100(6-0.5)}{6}$	92	23

The above calculated Garrett ranking conversion table is multiplied with the respective frequency of each item of services provided by Alternative Banking Channels then mean score of these values are identified and the ranks are given. This is shows in Table 3.13.

Table. 6, Service Provided By Alternative Channels

S.No	Services	Rank						Mean	Rank
		I	II	III	IV	V	VI		
1	Personalized service	14	10	52	12	20	12	48.71	III
2	Wide branch networking	28	24	32	14	10	12	40.28	VI
3	Customer service	44	20	6	12	28	10	41.20	V
4	Core banking	16	34	12	26	12	20	48.35	IV
5	Computerized banking	6	24	16	16	36	22	58.1	II
6	Problem solving	12	8	2	40	**14**	44	58.98	I

It can clear from Table that the services provided by alternative banking channels are ranked by the respondents. The first rank was given to "Problem solving" followed by "Computerized banking", "Personalized service", "Core banking", "Customer service" and "Wide branch networking" are ranked to second, third, fourth, fifth and sixth positions respectively.

Application of Weighted Arithmetic Mean Technique

Table 6.1,Usage of Alternative Channel of Banking Services

S.No	Channels	Always	Often	Sometimes	Rarely	Never	%	Rank
1.	ATM	(60) 300	(22) 96	32 (96)	(4) 8	(2) 2	33%	I
2.	Credit card	(8) 40	(28) 112	(34) 102	(20) 40	(30) 30	22%	VI
3.	Debit card	(38) 190	(22) 88	(26) 78	(22) 44	(12) 12	29%	III
4.	Phone banking	(28) 140	(40) 60	(18) 54	(18) 36	(16) 16	27%	V
5.	Internet banking	(42) 210	(16) 64	(30) 90	(14) 28	(18) 18	28%	IV
6.	Mobile banking	(50) 250	(22) 88	(32) 96	(8) 16	(8) 8	30%	II

the above table cleared that, majority (33 percent) of the respondents are used 'ATM services', so it got first rank. The second, third, fourth, fifth and sixth rank were given to 'Mobile banking', 'Debit Card', 'Internet Banking', 'Phone Banking', 'Credit Card' respectively.

Table 7,Ranking Of Factors Affecting Customer's Choice of Selecting Channel By Customer

Reasons	Mean rank
Convenience	2.03
Accessibility	2.45
Amount of information	2.3
Speed	1.88
Security	1.7

It is observed from Table 3.16 that accessibility emerges to be the most important factor in deciding customer's choice of a channel. Amount of information (2.3) and convenience (2.03) are the next important factors. Factors like Speed (1.88) and Security (1.7) has been pushed to the lowest rank.

Table 9,Level of Satisfaction Towards Alternative Banking Channels

S.No	Level of satisfaction	No. of Respondents	Percentage
1.	High	36	30
2.	Medium	66	55
3.	Low	18	15
	Total	120	100

Source: Primary data

From Table 9 it is visible that out of 120 respondents surveyed, 36 (30 percent) respondents are having high level of satisfaction towards alternative banking channels, 66 (55 percent) respondents are having medium level of satisfaction and 18 (15 percent) respondents are having low level of satisfaction towards alternative banking channels.

Thus, major part of the respondents are having medium level of satisfaction towards alternative banking channels.

Relationship Between Gender And The Level of Satisfaction Towards Alternative Banking Channels

Table 10,Gender And Level of Satisfaction

S. No	Gender	Level of Satisfaction			Total
		High	Medium	Low	
1.	Male	14	26	10	50
2.	Female	22	40	8	70
	Total	36	66	18	120

Source: Primary data

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Out of 66 respondents with medium level of satisfaction, 26 respondents are male and the remaining 40 respondents are female. Out of 18 respondents with low level of satisfaction, 10 respondents are male and the remaining 8 respondents are female.

Chi – square test is applied to findout the relationship between gender of the respondents and their level of satisfaction towards alternative banking channels. The null hypothesis framed for this purpose is "There is no significant relationship between gender of the respondents and their level of satisfaction towards alternative banking channels". The result of the test is given below.

Calculated value   : 1.59
Table value   : 5.99
Level of significance   : 5%
Degrees of freedom   : 2
Result   : Not significant

The calculated value is less than the table value at 5% level of significance. Hence, the null hypothesis is accepted and concluded that, there is no significant relationship between gender of the respondents and their satisfaction towards alternative banking channels.

Relationship Between Age And Level of Satisfaction towards Alternative Banking Channels
The age of the respondents and their level of satisfaction towards alternative banking channels is presented in Table.

Table 4.3,Age And Level of Satisfaction

S. No	Age	Level of Satisfaction			Total
		High	Medium	Low	
1.	Below 30 years	38	54	14	104
2.	Above 30 years	5	6	5	16
	Total	43	60	17	120

Source: Primary data

Chi – square test is applied to findout the relationship between age of the respondents and their level of satisfaction towards alternative banking channels. The null hypothesis framed for this purpose is "There is no significant relationship between age of the respondents and their level of satisfaction towards alternative banking channels". The result of the test is given below.

Calculated value   : 4.34
Table value   : 5.99
Level of significance   : 5%
Degrees of freedom   : 2
Result   : Not significant

The calculated value is less than the table value at 5% level of significance. Hence, the null hypothesis is accepted and concluded that, there is no significant relationship between age of the respondents and their satisfaction towards alternative banking channels.

Relationship Between Marital Status And Level of Satisfaction Towards Alternative Banking Channels
Table 4.4 shows the marital status of the respondents and their level of satisfaction towards alternative banking channels.

Table 4.4,Marital Status And Level of Satisfaction

S. No	Marital Status	Level of Satisfaction			Total
		High	Medium	Low	
1.	Single	18	40	16	74
2.	Married	20	20	6	76
	Total	38	60	22	120

Source: Primary data

Chi – square test is applied to findout the relationship between marital status of the respondents and their level of satisfaction towards alternative banking channels. The null hypothesis framed for this purpose is "There is no significant relationship between marital status of the respondents and their level of satisfaction towards alternative banking channels". The result of the test is given below.

Calculated value : 4.13
Table value   : 5.99
Level of significance : 5%
Degrees of freedom : 2
Result   : Not significant

The calculated value is less than the table value at 5% level of significance. Hence, the null hypothesis is accepted and concluded that, there is no significant relationship between marital status of the respondents and their satisfaction towards alternative banking channels.

Major Findings
The major findings of the study are
1. 58 percent of the respondents were female.
2. 73 percent of the respondents were in the age group of below 18 years.
3. 39 percent of the respondents were post graduates.
4. 40 percent of the respondents were private employees.
5. 47 percent of the respondents were in the monthly income level of Rs.5001 –Rs.15000.
6. 62 percent of the respondents were single.
7. 53 percent of the respondents are in the nuclear family system.
8. Majority of the respondents preferred the ATM channels.
9. Majority of the respondents said that 'ATM' facilities is the most important in banking services.
10. 55 percent of the respondents are said that the main reason for opening an account is 'customer service'.
11. 78 percent of the respondents are satisfied with the services provided by the alternative channels.
12. 55 percent of the respondents are having the positive effect about the service efficiency after the computerization of bank.
13. By the Application of Garrett Ranking technique, it was found that most important services of Alternative Banking Channel is 'Problem Solving'.
14. Majority of the respondents used the services of 'ATM'.
15. Accessibility emerges to be the most important factor in deciding customer's choice of selecting channel.

16. With regard to preference pattern related to alternative banking channel service most acceptable and preferred usage of ATM is 'Cash withdrawal', Net banking is 'Cash Transfer', Mobile banking is viewing and enquiring about balance, Personal banking is 'updation of passbook'.

17. The Results of chi – square test proved that there is no significant relationship between gender, age, educational qualification, nature of job, marital status, nature of family and their level of satisfaction towards Alternative Banking Channels.

Suggestions

1. Bank should take necessary step to create Adoption of Alternative banking channels about the advantages of e – banking/Internet banking services available in the bank.

2. The e – banking/Internet banking should be enhanced to make the online enquiry and online payment much more easier to the customer.

3. Most of the customers have not availed of the e – banking and Internet banking services because they are not trust the internet channel presuming it as complicated. So bank may set up a team of personal to train the customers to get acquainted with Internet banking.

4. Personalized banking should be given a thrust as a more and banks are achieving in usual services.

5. Covering up the towns in rural areas with ATMs so that the people in those areas can also avail better services.

6. Prompt dealing with permanent customers and speedy transactions without arising the customers.

Conclusion

Alternative channels of banking are a fruitful way for banks to reach out more customers, increase their customer base, increase customer satisfaction level and there by attain competitive advantage. In order to further increase the awareness of penetration level of these alternative channels of Banking, banks should come out with advertisements promoting the varied service provided by these channels and at the same time emphasize the value obtained by the customers when using these channels. Overall, to increase the customer's perception of the utility of the different channels of banking, some of the factors which banks can focus on include: Less complexity in operations, highlighting of security techniques, free of charge demo of Alternative banking channels without using customer's real account, and understanding and matching the requirement of customers.

Scope For Futher Research

The study is subjected to certain limitations, which itself renders for some additional studies. The study took a sample of 120 respondents; so for a better representation of consumer opinion, the sample size should be increased or a different type and size of sample needs to be taken to reinforce the results. On the basis of this empirical study, the researcher visualized the following areas of further comprehensive research.

1. Technology deployment should be accompanied by process changes to derive enduring benefits.

2. Banks should always look ahead at leveraging the ever expanding tech world.

3. It is expected that future of mobile/net banking have tremendous scope as a facilitator for banking transaction considering high penetration of mobile/net banking among Indian population.

4. The need to target marketing actions on certain segments of the population. In this respect, those most likely to use the Internet are in the upper income group.

5. The relationship between efficiency and perception of customers can also be carried out to best judge the performance of the banks.

6. A large sample of customers and employees may be surveyed to have deep perceptions of e – banking service per transaction cost of the banks working in India.

7. E – services and transaction costs of the banks in the rural and semi – urban areas.

8. A comprehensive study on job satisfaction of employees in electronic working environment will help to better develop the human resources.

9. A research is also required to study the human values in the times of the electronic banking system.

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