



INVESTIGATING THE CUSTOMER PREFERENCE BETWEEN ONLINE AND OFFLINE BANKING SYSTEM

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Abstract: The main focus of this paper was to investigate the customer preference between online and offline banking. Banking could be an extremely info-intensive activity that depends heavily on information technology (IT) to amass, method, and deliver info to all or any relevant customers. Banks used net technology as a strategic weapon to revolutionize the method they operate, deliver, and contend against one another. As a result, online Banking was introduced as a channel wherever bank customers may perform their money transactions electronically via their banks' internet sites. Today's world is one with increasing use of online access to services. One part of this that is growing hastily is net Banking. to supply customers with a secure, consistent, sturdy online atmosphere to try online banking the banks ought to implement "best of breed" technologies to certify customers' identities once they log in, to ensure that their knowledge is transmitted firmly and systematically Bank ought to have best backup and contingency ways and may formulate best security plans and practices. This paper tries to explore many of the Technologies and Security Standards the various researchers have suggested to banks for safe net banking and a comparison of a variety of security systems supported by the recommendations given by these authors for secure online banking. During this paper, we have a tendency to conjointly value the impact of mobile banking on client expertise once victimization of mobile banking. This paper reflects the modification within the transaction mode of shoppers through mobile banking. This paper conjointly shares the initiatives taken by customers in their banking usage once change to mobile banking.

Index Terms - Customer Perception, Online Banking, Offline Banking, E- Customer Satisfaction

I. INTRODUCTION

The industry has undergone radical changes and enhancements within the previous few years due to digitalization, however, there's very little proof of the borderline between online and offline banking relating to the shoppers. The habits of shoppers and also the new competitive setting area unit forcing banks to deal with digitalization, if they're to not be left behind in an exceedingly market that finds itself within the full throes of transformation. The shoppers with the banks to know their unexpressed desires still as their likes. More and more, banks provide at the same time offline and online services, however, some customers still appear to like victimization offline services instead of online ones. The survey aims at distinguishing the factors that affect consumer behavior in choosing between online banking and offline banking. The objectives area unit to live the factors that affect the utilization of online banking versus offline banking. This may offer valuable info to banks so may improve online banking services and develop new merchandise and programs. The introduction of online banking plays a significant role in today's money sector because the world revolves around technological innovation. To be viable within the current competitive market, corporations analyze consumers' attitudes and opinions since these affect the long-run demand and gain of the business. Online banking systems became quite fashionable within the last 10 years. It's (an online web and internet) payment system that permits completely different customers to conduct online money transactions on a website. Customers from a web bank will manage their accounts with their own electronic devices as long as a web affiliation is on the market. Online banking is additionally spoken as e-banking, virtual banking, net banking, and alternative terms.

II. LITERATURE REVIEW

In order to achieve the global networking and increased efficiency of the banking system, especially in developing countries, one of the foremost important tasks of management is promoting the adoption and use of e-banking systems for fast and efficient delivery of services which will result in increased sales and a market share at the identical time meet customer satisfaction, attract new customers, and retain existing ones. It has been exposed that objective usability and computer playfulness are the major components that drive behavioral intentions of mobile usage in Botswana. The results on ease of use and self-efficacy suggest that consumers need more education on how to use the various e-payment channels. In order to boost confidence and enhance information quality, commercial banks should do demonstrations via video presentations at bank branches to show the features and user-friendliness of e-payment services as also noted by Teo, Chong, Lin, and Chua (2014) in Malaysia. Commercial banks and other mobile service

providers should exhibit to their customers the benefits they are bound to have by subscribing and using mobile banking over traditional banking methods [1]. Pakojwar, S., & Uke, N. J. (2014), From an operational perspective, their studies indicate that Internet banking allows customers to conduct the transaction at any time, and thus it reduces the number of physical visits to a bank and it has reduced the cost per transaction [2]. There is still a lot needed for the banking system to make reforms and train its customers for using the internet for their banking accounts. Going through the survey the main problem lies that still, customer has a fear of hacking accounts and thus do not go on for internet banking. Banks are trying their level best by providing the best security options to the customers but then too, there are a lot of factors that betray a customer from opening an internet bank account [3]. There is an impact of customers' age on the use of mobile banking services. It was found that the occupation of customers also affects customer perception. It means customers prefer a feasible banking system in their work. Indian Banking Industry has identified the importance of paperless banking and the use of technology in their system. This not only helps them to increase customer satisfaction but also impacts their profitability. Customers are concerned about various security issues. We found Punjab National bank customers are more worried about security issues than Bank of India and any other banks. Results also determined that SBI customers get better value-added services than any other bank [4]. Singh, N., & Sinha, N. mentions that the successful implementation and development of online banking are influenced by many interrelated factors and institutions, including the quality and security of the Internet network, the level of Internet knowledge of the population, the government support, as well as the Internet strategy of the bank and the quality/reliability of online banking services [5]. In Guraău, C's research, the main findings reveal that from the original EUCS model, constructs "content", "ease of use", and "accuracy" are valid in measuring end-user computing satisfaction with online banking. Moreover, results indicate a strong relationship between the constructs and overall satisfaction with online banking. However, users were less satisfied with the information and reports available from online banking services. In light of the results, it can be argued that although overall satisfaction with online banking is high, certain areas such as the presentation of information on sites should be developed [6]. Pikkariainen, K.'s the results section, the model was tested with 268 Finnish consumers and revised. With the use of factor analysis, five factors were identified suggesting that PU, PEOU, PE, information on online banking, and security and privacy have an impact on the acceptance of online banking. TAM studies found that PEOU has less impact on technology acceptance than PU. This is explained by the fact that as users learn about PEOU, its impact becomes instrumental. In other words, PEOU impinges on acceptance through PU. The second influential factor indicates that while consumers get more information about online banking the more informative, they become about the benefits it offers [7]. As per the study of Rajput, D. U. S's, only 95% of people are aware of E-banking Services. 89% of people are using the E-Banking services regularly are using in a very irregular manner. 45% of respondents said that E-Banking is a time-saving process. Only 37% of respondents said that E-Banking is easy to use. 46% of respondents said E-Banking Provides safety and security. 43% of respondents said E-Banking provides up-to-date and accurate information. 40% of respondents said that E-banking is 24 hours available and transparency service. 41% of respondents said that E-banking is a cost-effective service. 42% of respondents said that E-banking is very speedy service. Frequently used E-Banking services are ATM, Bill payments & getting the bank statements [8]. We identified as the most significant factors the individual's age, the difficulties of using the Internet, the fear of changes in the banking sector due to technological development, and the lack of information concerning products and services provided to customers through electronic delivery channels. Factors such as the speed of transactions or the cost of using the Internet have little impact on an individual's final decision [9]. The present investigation has shown that 50 percent of the banks offer operational online banking services, while the rest have a system under development. Top management support, lack of Internet specialists, and change in Internet technology are the top issues relevant to online banking site development. IT managers mentioned time and budget constraints, immature Internet technology, and differences between bank and customers' systems as the least important development issues. Future challenges are foreseen by general and IT managers include technical obstacles and the attitudes and behaviors of online banking customers. Potential customers mentioned Internet security, online banking regulations, consumers' privacy, and bank's reputation as the most important future challenges of online banking adoption. In addition, firewall systems, encryption, and authentication are the most widely used security features in the studied banks [10]. This study reveals that the major issues in the IB services are security, safety, and the lack of trust, especially in ATM machines. Fraudulent transactions, robbery, and bad and unreliable ATM services are the reasons which play a vital role in reducing the trust of consumers in IB. Reliability, convenience, speed, safety, and security have the major contribution to retaining and attracting customers [11]. Jindal, M., & Sharma, V. L. It has been found that online banking plays an important role in the Covid-19 period to protect the people. All types of people using online banking feel safe in the online payment from the Covid-19 virus. As per the sampling and response, people feel 89.12% safe in using online banking. People felt completely safe from the COVID 19 virus in the online payment of bills and recharge of prepaid mobiles & dish TV and Transfer of Cash for other works [12].

III. OBJECTIVES OF THE STUDY

- To examine the consumer preference towards the online and traditional banking services
- To explore the driving factors affecting customers' preferences while using different services such as interrelated factors and institutions, including the quality and security of the Internet network, the level of Internet knowledge of the population, as well as the Internet strategy of the bank and the quality/reliability of online banking services.
- To analyze customer reviews for the services offered by Banks.

IV. RESEARCH METHODOLOGY

The simple random sampling method has been used in this study to collect the data. Analysis and calculation were done using MS-Excel. The variables have been extracted from the secondary research using different modes and primary research is used to collect the data from respondents using online google form questionnaire.

The details are as follows;

3.1 Population and Sample

The sample size of the study is 278 from the primary source of data.

3.2 Data and Sources of Data

The data was collected with the help of both Primary and Secondary sources. Primary data was collected with the help of a Google form questionnaire depending on the customer's perceptions. Secondary data was collected with the help of the internet, journals, magazines, etc. The questionnaire was provided using simple random sampling technique and analysed in MS-Excel. The questionnaire was sent through online modes like mail and What-App had been used to deliver the questionnaire.

IV. RESULTS AND DISCUSSION

4.1 Results of Descriptive Statics of Study Variables

Table 4.1: Demographic Details

Category	Sub-categories	Number of respondents	Percentage (%)
Age	15-25	50	18
	26-35	161	58
	36-45	67	24
Gender	Male	114	41
	Female	164	59
Place of the respondents	Rural Area	61	22
	Urban Area	217	78
Education	Upto Intermediate	20	7
	Graduate	103	37
	Post-Graduate	128	46
	Doctoral/Above PG	27	10
Occupation	Self-Employed	8	13
	Service (Private/Govt.)	170	61
	Business	42	15
	Student/Unemployed/Housewife	31	11

Table 4.1 shows that on the basis of age 18% of the respondents were between the age of 15-25, whereas 58% from 26-35 and 24% from the age of 36-45. Among them 41% were Male and 59% were Female. Maximum no. of respondents was from Urban area i.e., 78% whereas 22% from Rural Areas. In terms of education 7% were Intermediate, 37% were graduates, 46% were post graduates, and 10% were Doctoral/Above PG. In terms of occupation 13% were Self-Employed, 61% were in Service (Private/Govt.), 15% were business person and 11% were Student/Unemployed/Housewife.

Table 4.2: Preference of Online Banking

	Frequency	Percentage
Yes	246	89
No	15	5
Sometimes	17	6

Above table 4.2 shows that 89% of the respondent prefers online banking while 5% respondents don't prefer the online banking system. There are 6% respondents they sometimes use online banking.

Table 4.3: Access to a smartphone for online banking

	Frequency	Percentage
Yes	253	91
No	25	9
	278	100

Table 4.3 shows that 91% respondents have access to smart phones for online banking while 9% respondents don't have access to online banking applications.

Table 4.4: Preference of online payment application

Categories	Frequency	Percentage
Google Pay	75	27
Paytm	125	45
Phone Pay	50	18
Banking Application	28	10

Table 4.4 shows that 27% respondents prefer Google pay, 45% of respondents have preferred Paytm, 18% prefer phone pay, and 10% of the respondents are only using their banking application.

Table 4.5: Frequency of using online banking services monthly

Categories	Frequency	Percentage
1 to 2 times	102	37
3 to 8 times	114	41
9 to 15 times	16	6
Often most of the times or more than 15 times	46	17

Table 4.5 shows that 37% of the respondents rarely use online banking services in a month. Whereas, 41% respondents are using online banking services 3-8 times a month, and 17% of respondent says that they are usually using the online services. While remaining 6% respondent says that they are using it 9-15 times a month.

Table 4.6: Main reason to visit bank branch

Categories	Frequency	Percentage
For General enquiry/ Update (passbook, bank statement etc.,)	58	20.86
Any Technical issues	89	32.01
To get advice for investment /loan	9	3.23
To make a deposit/ withdraw cash	122	43.88

The above Table 4.6 shows that 20.4% of the respondents visit their bank branch only for getting advice on investment options while 13.6% of the respondents visit to withdraw cash. 48.5% only visits to make a deposit and the remaining 9.7% of respondent only visit to inquire about the balance.

Table 4.7: Agree with the following statements

Statements	Frequency	Percentage
Online banking makes banking Cheaper	67	24.10
Online banking gives account access 24*7	118	42.44
Online Banking saves time	93	33.45

Table 7

- The above data shows that 24.10% respondents are strongly agree that online banking makes banking cheaper.
- The next interpretation from the above data shows that 42% respondents are strongly agree that online banking gives access 24*7
- 33% respondents said they are strongly agreeing that online banking saves time.

Table 4.8: Challenges in Online Banking?

Challenges	Frequency	Percent
Security and Fraud instances	76	27.33
Traditional Banking habits	48	17.26
Cross-border Transactions	8	2.8
Technical issues	117	42.08
Multi-currency and payment methods	23	8.27
Other	6	2.15

The above study shows the challenges that most of the people have faced in online banking are-

- Out of 278 respondents, 27.33 % faced challenges in security and fraud instances.
- 17.26 % respondents faced issues due to the traditional banking habits
- 2.8 % of the respondents have faced cross border transaction issues in internet banking
- Majority of the respondents i.e., 42.08 % have faced technical issues
- 8.27% of respondents are having the multi-currency and payment method issues due to which they are unable to make the payment and 2.15% respondents faced other challenges.

V. CONCLUSION

From the above study on customer preference between online banking and offline banking it could be concluded that majority of the population is shifting towards online banking because not only it is less time consuming but it is 24*7 available and user friendly. Most of the respondents agreed to the fact that now with online banking it is easy for them to access their account and do all the transactions easily.

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