



“A COMPARATIVE STUDY OF PREFERENCES OF BANKING USER’S TOWARDS TRADITIONAL BANKING AND E- BANKING IN VADODARA”

Belani Vanshita , Bhagat Dhenu , Dr Ganesh Chavan

MBA Student , MBA Student , Associate Professor

Parul Institute of Management and Research

Parul University , Vadodara , India.

Abstract

This research conducts a comparative analysis of user's preferences in the context of Traditional banking and E-Banking. As technology continues to redefine the banking experience, understanding user's preferences becomes important for financial institutions seeking to optimize service offerings. The purpose of this study is to observe and analyse user's preferences, concerns, trust, security measures, cost efficiency and the factors which affect Traditional Banking and E-Banking. We collected data from primary source. For that we conducted a questionnaire by google form. We collected responds from 300 Banking users residing in Vadodara city. For analysis of data, we tested ANOVA, Chi-Square, Percentage analysis and have presented by charts. This study aims to see that do banking user's prefer Traditional Banking or E-Banking in the present scenario. The conclusion of the study is that, There is a significant difference between the preferences of Traditional banking and E-Banking that means most of the respondents choose E-Banking as the world is moving towards digitalization and technology is upgrading.

Key Words : E-Banking , Digital Banking , Internet Banking , Traditional Banking

1. Introduction

What is E-Banking?

E-banking refers to the digitalization of all conventional banking activities, including those conducted through ATMs, debit and credit cards, mobile and online banking, virtual cards, and other ways. With the use of these tools, customers may pay their bills, make withdrawals, transfer payments, and more. They can also access account information whenever they want without having to visit a bank, and they can transfer funds to any other account or location at any time. With the growth of the nation, the banking sector in India grew as well, making a significant contribution to our nation's development. High-level services, such as websites, Google forms, instant transaction services, etc., are all part of digital banking. Indian banks are switching from traditional banking to online banking.

What is Traditional Banking?

Traditional banking is defined by physical sites where people can visit to obtain financial services and have face-to-face interactions with staff person.

Traditional banking has been around for centuries. It is usually characterized by physical branches, regional headquarters, own-branded ATMs, many employees, and personal customer service provided by dedicated account managers.

- E-Banking Services:
 1. Internet Banking
 2. Mobile Banking
 3. ATM(Automated Teller Machine)
 4. Debit Card
 5. Credit Card
 6. EFT(Electronic Fund Transfer)

- Traditional Banking Services
 1. Savings Account Services
 2. Accepting Deposits
 3. Cheques receipt and payments
 4. Current account services
 5. Trade Accounts
 6. Locker facilities

2. Problem statement of the study

In the present state of affairs, the banking sector has been seen a huge progress and the popularity with respect to the E-Banking services. This development has led to the large number of E-banking transactions, which are faster and more convenient mode of transactions, for the bank users. To shift from traditional to E-banking was easy for people but some people faced some problems such as Cybersecurity, fraud, Data privacy, protection, users trust, economic implications, connectivity, socio economic impact.

As of in Traditional banking people faced a lot of problems as it is time consuming as people were visiting for physical branches, inefficiencies, lack of accessibility, high fees, slow transactions, limited hours of operation, and the need for physical presence to perform most banking activities, traditional banks may struggle with outdated technology, complex processes. The problem The challenges with the current manual method include inconsistent data, insecurity, difficulty in implementing numerous information files, difficulty in backing up data, and difficulty in updating and maintaining the system.

3. Objectives of the study

1. To analyze individual's preference towards traditional banking and e-banking.
2. To examine the factors which affects traditional banking and e-banking.
3. To study the cost-efficiency of traditional banking and e-banking services.

4. Hypothesis

H0: There is no significant difference between the preferences of traditional banking and e-banking.

H1: There is a significant difference between the preferences of traditional banking and e-banking.

5. Research Methodology

- i. **Research Design :** Quantitative Research
- ii. **Sources of Data:** Primary data
- iii. **Data Collection Method:** Questionnaires
- iv. **Population:**
Users of banking services who are bank clients. The demographic factors that are used to subdivide the population and conduct the research are age and income..
- v. **Sampling Method:** Simple Random Sampling
- vi. **Sampling Frame:**
The sampling frame for this research is people who use e-banking services.
- vii. **Sample Size:** The sample size for this research is 300 people.
- viii. **Data Collection Instrument:** Questionnaires

6. Literature Review

- i. **S-Sharma (2016)**
“A detailed comparative study on traditional banking and e-banking” research shows that users can benefit much from banking in terms of transaction cost and convenience. However, it also presents new difficulties for national management in terms of enacting and creating macroeconomic plans as well as overseeing and controlling the financial sector. The features, difficulties, advantages, and disadvantages of online banking in comparison to traditional banking are explained.
- ii. **Hitendra Lachwani(2015)**
“A study on people’s preference towards E-Banking and traditional banking” Finding out people's preferences for digital banking is the goal of the study. It is important to determine the relationship between people's use of digital banking and its use in the modern era. Given that digital banking is the way of the future, research into this area is essential. On the other hand, banks are working tirelessly to create user-friendly, convenient solutions that cater to individual demands. On the other hand, as the world enters a new era, research on the subject is required to examine and comprehend the obstacles that users must overcome in order to progress, and a study was based on these elements.
- iii. **Prema. C (2014)**
“A study on adoption of different banking services” summarized that It made an attempt to encourage more individuals to use online banking. Voluntarism, perceived utility, ease of use, compatibility, visibility, trial ability, security, privacy, risk, and dependability are among the traits that make up these qualities.
- iv. **Krishnamoorthy, Srinivasan(2013)**
“E-banking as a tool for Individuals relationship with banks” concludes that Because traditional banking requires the bank to maintain a physical facility, it is extremely difficult for the bank to keep current clients. In order to survive for a long time, banks must address a few key concerns, such as creating innovative new products that meet client needs and building strong relationships with current clients.
- v. **Singh and Kaur (2012)**
“Users experience in e-banking and traditional banking” studied that Because traditional banking requires the bank to maintain a physical facility, it is extremely difficult for the bank to keep its current clients. In order to survive for a long time, banks must address a few key concerns, such as creating innovative new products that meet user’s demands and building strong relationships with current clients.

vi. Rukmani Devi (2012)

“A study on overview of banking services” made a study that aims to get an overview of the e-banking sector in the Indian economy. The objectives are to study the e-banking facilities offered by the banks to its users, its functions, and its prospects. 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.

vii. Singh (2011)

“Traditional banking vs e-banking” found that E-banking is good and easy to operate than the traditional way of banking as it is hard because it takes to visit physical branch. The service rendered by the banks should be good and appreciated by the users also the service should be quick and the service provider should create value added services to the people in terms of security at the place.

viii. Kadir, (2011)

“A study on different services by E-Banking and traditional banks” summarized that through online media and ATMs on people’s satisfaction. These dimensions consist of ease of navigation, trust or assurance, privacy, responsiveness, reliability, customization, aesthetic design, efficiency, access, flexibility, and price knowledge.

ix. Ashima Tandon (2011)

Mentioned in their research that the level of people’s awareness is greater in banks for e-banking when compared to traditional banks. The services like ‘Ask for cheque book’, ‘transfer funds to third party’, ‘pay credit card dues’ is used by users of private and all other banks. Therefore, banks need to take care their users who have awareness regarding e-banking services, as it makes the life of the people easier.

x. Evans and Lindsay (2011)

Due to intense competition, banks must find ways to satisfy users needs for less money in order to rule the banking industry. Service fees also shouldn't be prohibitively high for individual users, as this will discourage them from using new services or technology.

7. Data Analysis

Gender

Gender	Total Count
Female	135
Male	165
Grand Total	300

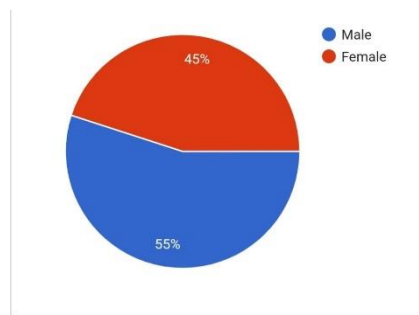
Age

Age	Total Count
18 to 25	206
25 to 40	56
40 above	38
Grand Total	300

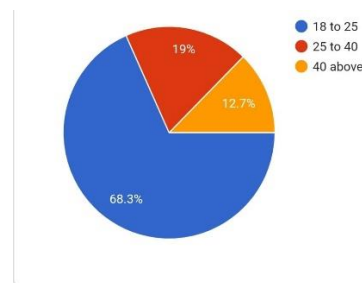
Annual Income

Annual Income	Total Count
1lakh to2.5lakh	55
2.5lakh to5lakh	93
5lakh & above	43
Upto 1lakh	109
Grand Total	300

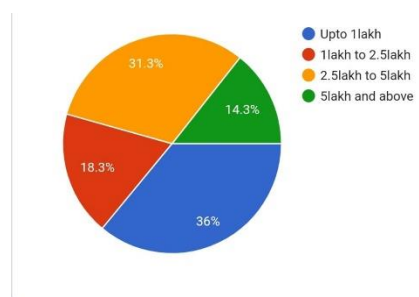
Gender



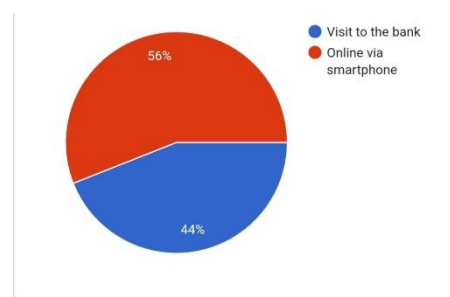
Age



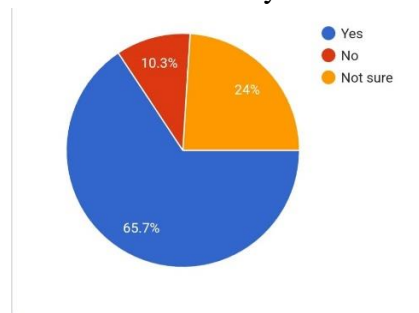
Annual Income



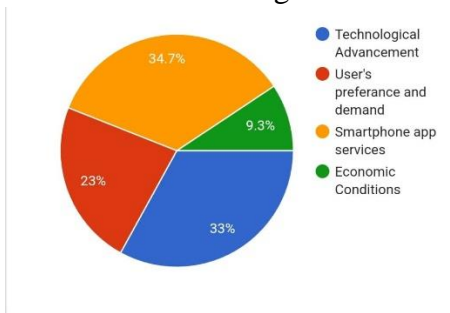
Mode of Communication you prefer



Do you believe E-Banking offers better cost efficiency for banks?

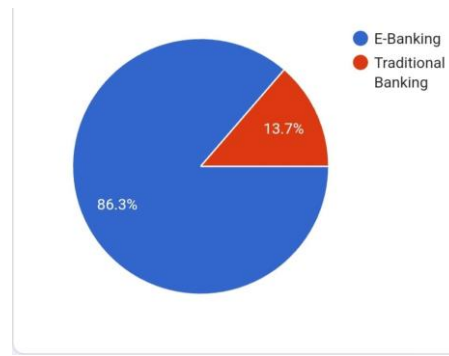
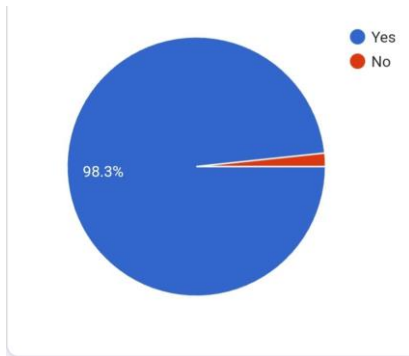


Factors affecting Traditional Banking?



Do you think 24/7 access to your bank accounts and services is necessary?

Which type of banking do you see yourself using more in future?



ANOVA

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
7. Which service you frequently use in traditional banking?	Between Groups	16.810	2	8.405	10.004	.000
	Within Groups	249.537	297	.840		
	Total	266.347	299			
8. Which E-Banking service do you use the most?	Between Groups	11.097	2	5.549	4.184	.016
	Within Groups	393.890	297	1.326		
	Total	404.987	299			
11. What method of communication do you prefer with your bank?	Between Groups	4.750	2	2.375	10.199	.000
	Within Groups	69.170	297	.233		
	Total	73.920	299			
13. How do you access E-Banking services?	Between Groups	17.531	2	8.766	16.383	.000
	Within Groups	158.905	297	.535		
	Total	176.437	299			
18. For what type of banking	Between Groups	5.625	2	2.813	14.090	.000

- Results of ANOVA, shows that there is a significant difference between groups, which means that H0 is rejected and H1 is accepted. Null hypothesis is rejected and Alternative hypothesis is accepted.

services do you feel more secure?	Within Groups	59.291	297	.200		
	Total	64.917	299			
19. Have you ever experienced security issues or fraud in which type of banking?	Between Groups	7.904	2	3.952	5.210	.006
	Within Groups	225.283	297	.759		
	Total	233.187	299			
20. According to you, which factors affect traditional banking?	Between Groups	6.919	2	3.459	3.475	.032
	Within Groups	295.678	297	.996		
	Total	302.597	299			

Chi-Square

Test Statistics

	12. Do you believe E-Banking offers better cost efficiency for banks compared to traditional banking?	14. How satisfied are you with Traditional banking service?	15. How satisfied are you with E-Banking service?	16. How confident are you in the security of traditional banking service?	17. How confident are you in the security of E-Banking service?	21. Do you think 24/7 access to your bank accounts and services is important and necessary?
Chi-Square	152.060 ^a	71.180 ^a	236.180 ^a	54.620 ^a	103.680 ^a	280.333 ^b
df	2	2	2	2	2	1
Asymp. Sig.	.000	.000	.000	.000	.000	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 100.0.

b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 150.0.

- The results of Chi-Square shows that the p-value is very near to zero (.000), indicating that you would reject the null hypothesis and accept Alternative hypothesis.

8. Findings

- 55% of the respondents are males and 45% of the respondents are females.
- 68.3% of the respondents belong to the age group of 18 to 25.
- 36% of the respondents annual income is upto 1lakh that is most of the respondents have annual income upto 1lakh.
- 56% of the respondents prefer communication online via smartphone that is most of the respondents prefer communication online via smartphone with their bank.
- 65.7% of the respondents believe Yes, E-Banking offers better cost efficiency for banks compared to traditional banking that is most of the respondents believe E-Banking offers better cost efficiency for banks compared to traditional banking.
- 34.7% of the respondents believe that Smartphone app services as a factor that affect traditional banking that is most of the respondents Smartphone app services is the factor that affect traditional banking.
- 86.3% of the respondents prefers E-Banking to use more in future that is most of the respondents see theirselves using E-Banking more in future.

9. Limitations of the study

- The study pertains only to people living in Vadodara.
- The total number of respondents were only restricted to 300 Banking users.
- The data is collected only through Structured questionnaire.

10. Conclusion

In conclusion on Research on “A Comparative Study of Preferences of Banking users towards Traditional Banking And E-Banking, in Vadodara” concludes that To analyse user’s preferences, the study took into account a variety of aspects, including convenience, accessibility, security, user experience, and transaction efficiency. Analysis of the obtained data revealed unique trends in user behaviour and attitudes towards traditional and e-banking. E-banking emerged as the preferred option for a sizable proportion of users, indicating a significant change in preference for E-Banking channels. Factors contributing to this preference include the convenience of 24-hour accessibility, speedier transaction processing, and the availability of a wide range of online services. However, it is important to recognize that a small percentage of users still prefer traditional banking services. Personalized interactions, face-to-face communication, and a sense of confidence connected with physical branches were mentioned as reasons for traditional banking's continued popularity.

E-banking is a more preferable and secure option than traditional banking methods since it provides a higher level of security, reducing the chance of fraud or theft, mitigating the risk similar to a well-controlled fireworks display.

Finally, the study found a significant difference in banking user’s preferences between traditional and e-banking services. The Research on “A Comparative study of Preferences of Banking users towards Traditional Banking and E-Banking in Vadodara” clearly proves by data that as the world is moving towards digitalization and technology is upgrading so E-Banking is more preferred by Banking users as compare to Traditional Banking.

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