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AN INVESTIGATION INTO THE ROLE OF INTERNET BANKING AS COMPARED TO TRADITIONAL BANKING

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ABSTRACT

Internet banking has played considerable role in the development of banking industry, facilitating customers and adding value to their lives through the utilization of services that fulfil their needs and wants. This study aims to distinguish between traditional banking and internet banking in the modern era and identify the roles, challenges, pros and cons of internet banking and its impacts on consumers from diverse perspectives. This study accomplished through questionnaire method with 40 participants. These concerns have helped the study to identify the changes that are being brought to the internet banking with different methods to build relation with customers. This study specified that internet banking has become the basic necessity and further awareness is required for customers to make the maximum utilization of its services and facilities.

INTRODUCTION

With the passage of time human needs have enhanced with the advent of technology. Banking has played considerable role in the development of societies and fulfilment of individual's needs. The overall role played by banks since their inception is changing due to human requirements, needs and perceived association with banks. Internet banking provides different kinds of benefits that fulfils their requirements and provides ease in different concerns of their lives [1].

From the cost, transaction and delivery of service perspective the overall process requires security and convenience in different ways because internet banking has become vital however both traditional banking and internet banking still holds prominence in unique manner [1]. The benefits associated

with online banking and traditional banking is dependent on the selection of customer due to trade-off between convenience, value and security [2]. Business owners believe in continuation of traditional banking due to diverse reasons out of which personal relationship banking also known as face-to-face banking is anticipated. On the other hand, majority of customers are happy with customer service provided by online banking yet both have pros and cons.

Regular customers and business owners are concerned about their dealings with banks on daily basis and attainment of facilities that can save time, provide ease and create convenience to seek way forward [3]. It has been observed that customers associated with traditional and internet banking opt for services based on convenience, immediate solution to various issues related to the process of banks, safety from fraud, and risk-free dealings [4]. Therefore, the core of this research is to highlight difference between traditional banking and internet banking.

Internet banking delivers financial service through innovative and latest delivery channels in the banking sector. Although it is considered as a self-service that has diverse benefits but not all consumers accept to avail the services offered by internet banking. There could be several reasons for the rejection of innovative services offered by internet banking. Therefore the research will take important points into consideration to understand the role of internet banking as compared to traditional banking while measuring the impact of innovative approaches on consumers, understanding customer needs and value adding elements.

The study aims to investigate the role of internet banking compared to traditional banking and identify the pros and cons of internet banking, challenges and its impacts of internet banking associated with customer needs.

METHODOLOGY

Research Type

Quantitative and qualitative are common methods used in research depending on the nature of research and type of study in order to achieve specific goal and objectives the research selection takes place to collect data and to be analyzed and presented. According to Easterby-Smith et al., (2012) qualitative approach is beneficial for the collection of information which is related to observations, focus groups or case studies and sheds less importance on counting number of people emphasizing on “who” as compared to the “why” factor [5]. More over this type of research is beneficial for the study if research is willing to utilize combination of various tools as well as keeping in mind the amendments at a later stage. On the other hand, the closed end questions used in quantitative approach refers to the selection of participant’s perceptions regarding the selected study. In order to collect information, the objectives can be distributed in different question which cannot be only answered in the form of multiple choice but analyzed swiftly and straightforwardly. This helps the researcher to shed light on analyzed

information from the shared feedback and experience of participants related to the selected objective of the study. The selection of quantitative approach is associated with the type of study, selection of objectives and specifically the process is recommendable because it is tried and tested in terms of reliance for the expected results.

Questionnaire Type

The questionnaire will reflect objectives through enquiring different questions in the form of multiple choices. Instead of physical questionnaires electronic questionnaires will be used because this method is cost effective and helps the researcher to collect data as soon as possible. According to Milana and Marc (2012) this will help the research to speed up the process and eliminate certain challenges such as exclusion of the cost of physical distribution of questionnaires [6]. Therefore approximately 40 to 50 participants will be requested to become part of this study by filling the questionnaire and help the research to reach towards conclusion. The questionnaire will shed light on selected objectives in a way that first part will reflect demographics whereas second part will highlight research objectives in the form of different questions.

Sampling

The participants associated with traditional and internet banking would be contacted to become part of this study. Therefore, 40 participants were selected associated with banking industry and students which both genders.

Data Collection & Presentation

Collected data will be presented through numerical values that will have comparison and contrast of characteristics and variables. According to Jayashree (2014) this will help to show the contemporary figures, trends, patterns and relationships [7]. Therefore, data can be presented in numerous ways such as through tables, figures or texts, and in an effective manner the graphical method will be used where bar graph and other charts are essential.

RESULT AND DISCUSSION

In order to differentiate between traditional banking and internet banking respondents were asked several questions related to their perceptions and assumptions to conclude the study. Out of 50 individuals 40 participants have aggressively shared their opinions among them are male and female from different age groups.

Question 1: Age

Among 40 respondents the age bracket was set to distinguish the results, majority of respondents are in the age group of 18 to 24, about 77.5%. About 15% of the respondents are from age of 25 to 32, only 2.5% within the age of 33 to 40 and 5% above the age of 45 years.

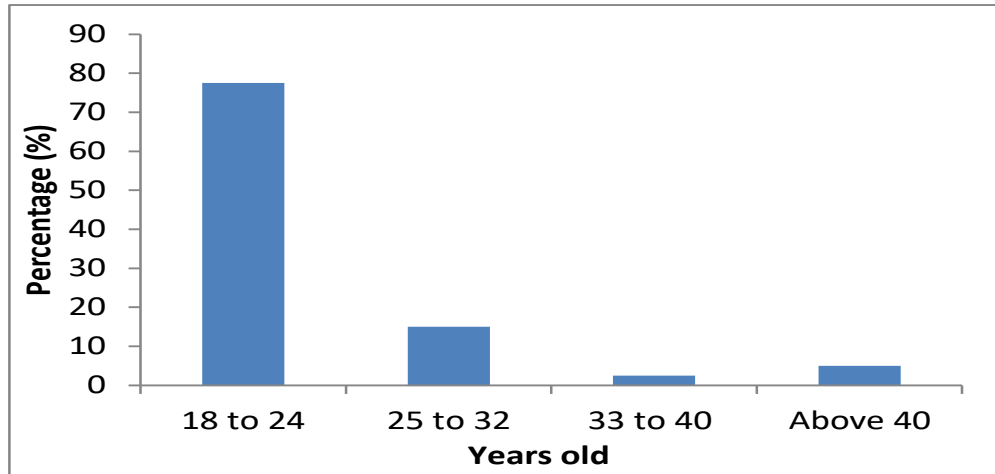


Figure 1. Respondent’s Feedback About Their Age

Question 2: Gender

About 82.5% respondents indicate as female gender whereas only 17.5% are males from overall participants. This may include working and non-working individuals that have contributed to identify the results expected out of this study.

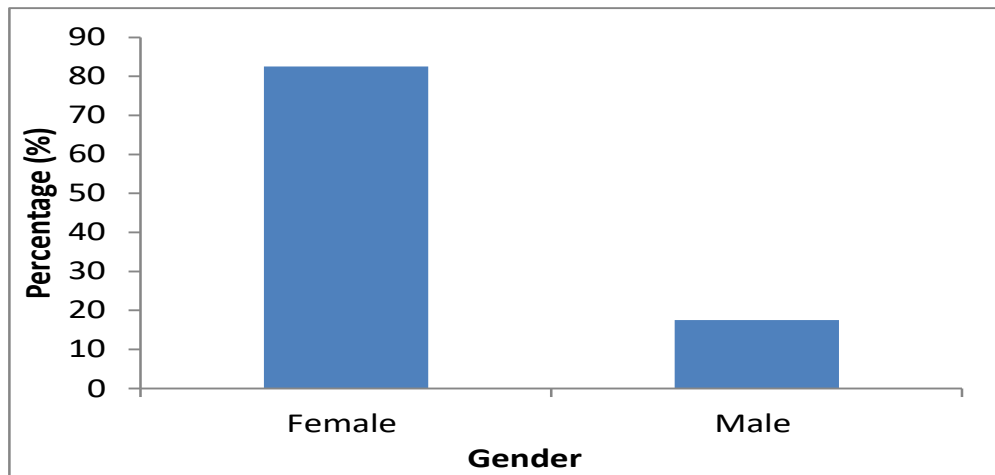


Figure 2. Respondent’s Feedback About Their Gender

Question 3: Education Level

Among 40 participants majority of respondents are under graduate which represents the total percentage of 52.5%. About 32.5% has been represented by graduates whereas only 15% are post graduates.

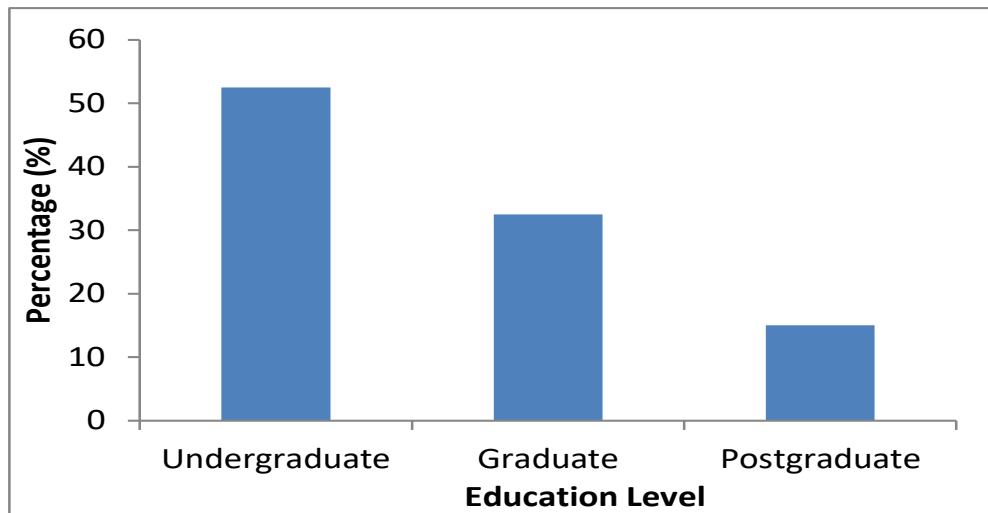


Figure 3. Respondent’s Feedback About Their Education Level

Question 4: E Banking and Awareness

Question 4 was related to awareness of banking facilities that are availed by customers of traditional banking and internet banking. The participant’s response was satisfactory, yet positive to 65% that indicates the awareness of e banking and its usage. On the other hand, 35% of the respondents mentioned that they are unaware of the proper utilization of e banking and its usage.

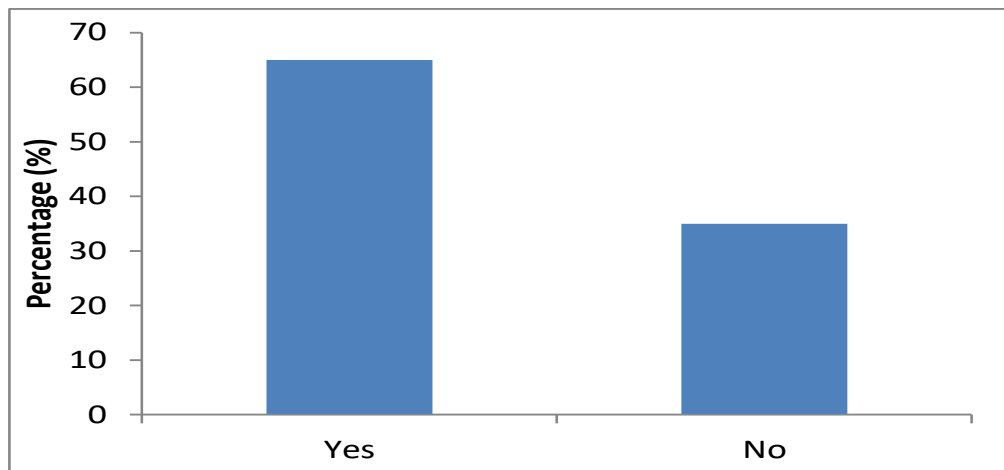


Figure 4. Respondent’s Feedback About Their Awareness Of E-Banking

Question 5: Association With E-Banking

Respondents were inquired about their association with internet banking and achieved results are quite interesting. The given duration to assess the association was from 12 months to more than 4 years. The results indicated that respondent’s association with the bank for 12 months accounted for 45%. On the other hand, respondents that were associated with internet banking for 2 years accounted for 20%. The percentage started to decline when number of

months increased and indicated that only 10% of the overall respondents were associated with internet banking for 36 months where as 25% was showed the longest association with internet banking which is more than three years. Majority of respondents is associated with internet banking more than the period of one year which indicates a positive sign toward the utilization of internet banking and its services.

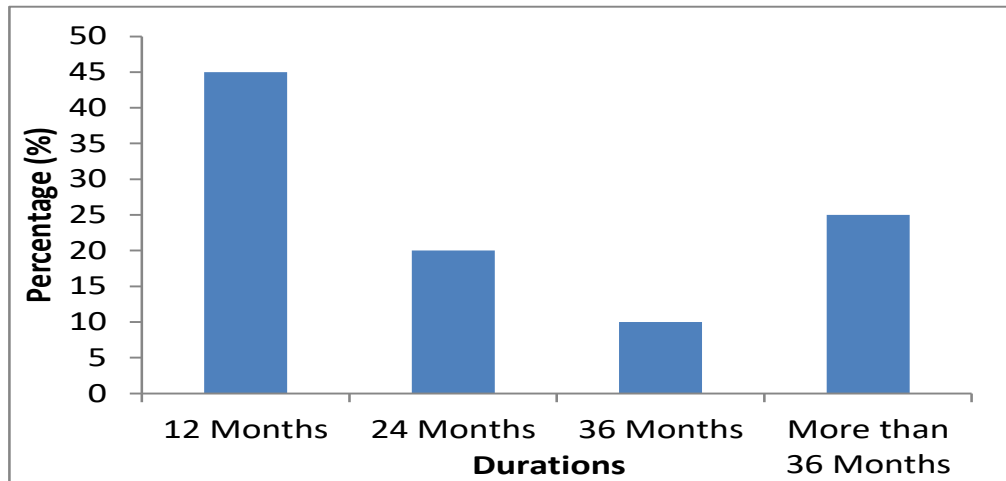


Figure 5. Respondent’s Feedback About Their Duration Of E-Banking Association

Question 6: Prioritization Towards E Banking

Respondents were asked about their prioritization towards internet banking. Number of reasons depicted interesting percentages that helps the study to conclude the reason for the adaptation of internet banking over traditional banking. For example, from accessibility of time saving and online facilitation to numerous other reasons are reasons for the attachment of participant towards internet banking. The highest percentage of 40% represented the reason of time saving. Moreover, 30% indicated the reason of online facilities where as others concluded 20% and 10% towards accessibility.

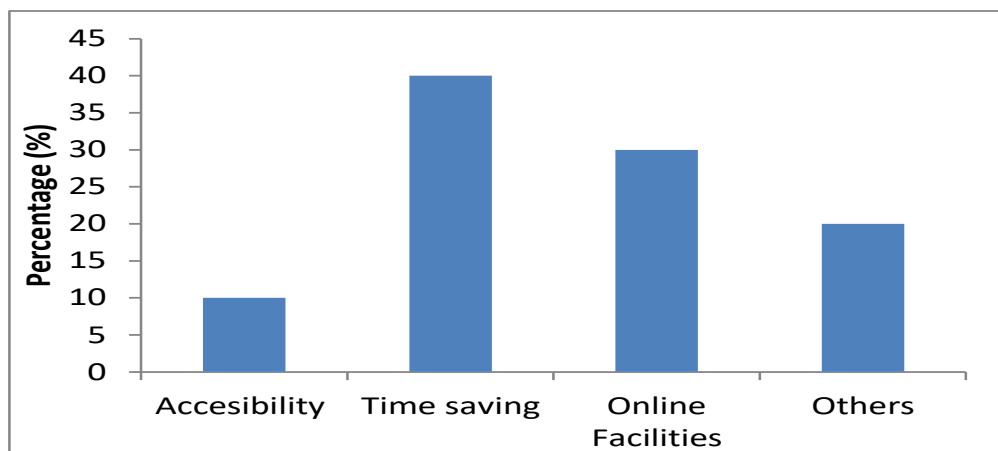


Figure 6. Respondent’s Feedback About Their Prioritization Towards E-Banking

Question 7: E banking Usage Criteria

Respondents have poised their criteria towards banking usage which indicates usage of at least 3 times per week, 7 times per week, 12 times per week and more. Three times per week refers to minimal usage where as 7 times per week refers to e banking usages per day where as 12 times per week indicate usage of e banking twice a day per week. Majority of respondents that accounted 67.5% are the users of internet banking thrice a week. On the other hand, 20% respondents utilize internet banking 7 times a week whereas only 2.5% use internet banking 12 times a week. About 10% use internet banking more than 12 times per week.

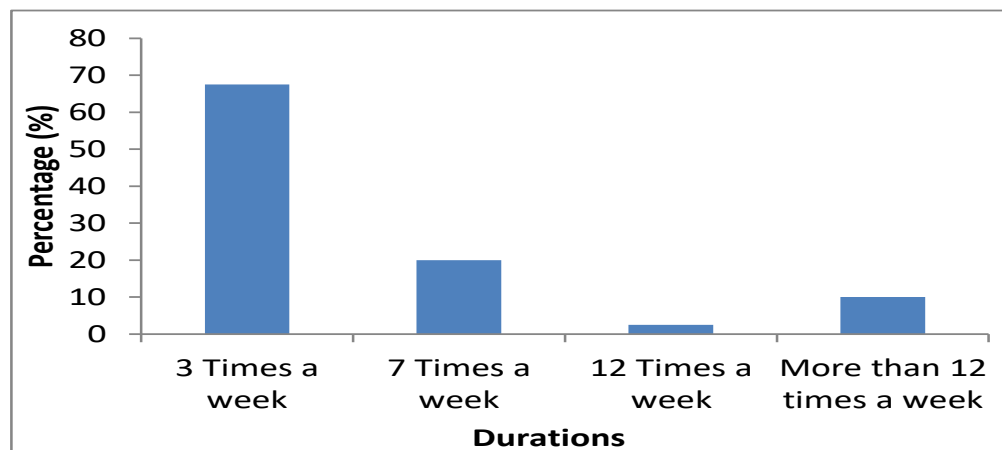


Figure 7. Respondent's Feedback About Their E-Banking Usage Criteria

Question 8: Challenges

Respondents were asked about if there are occurring challenges during the utilization of internet banking. The responses were interesting, majority of respondents such as almost 57.5% indicated uncertainty towards challenges. Only 42.5% of the respondents indicated satisfaction towards no challenges.

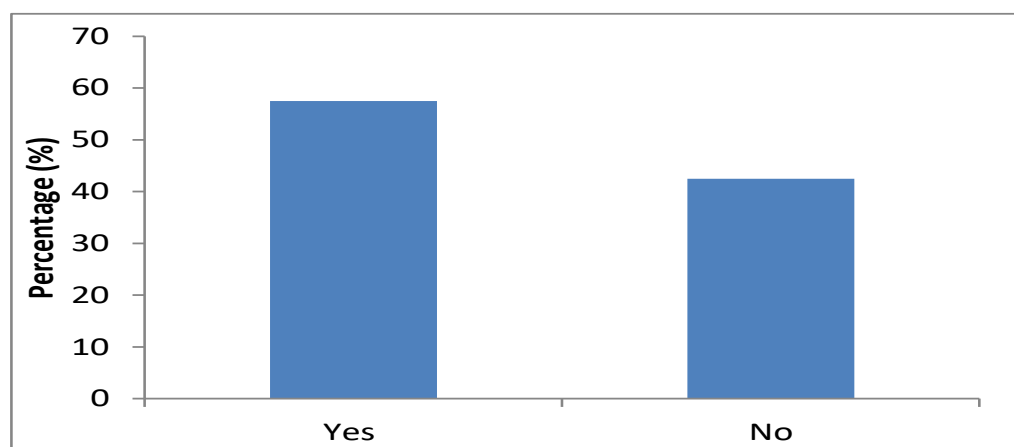


Figure 8. Respondent's Feedback About Challenges of E-Banking

Question 9: Customer Facilitation

Respondents were also asked regarding value adding criteria followed by internet banking. Majority of customer have stated that internet banking has played considerable role in their value facilitation which accounts for 82.5%. On the other hand, 17.5% of the respondents believe that internet banking has not added value toward customer facilitation.

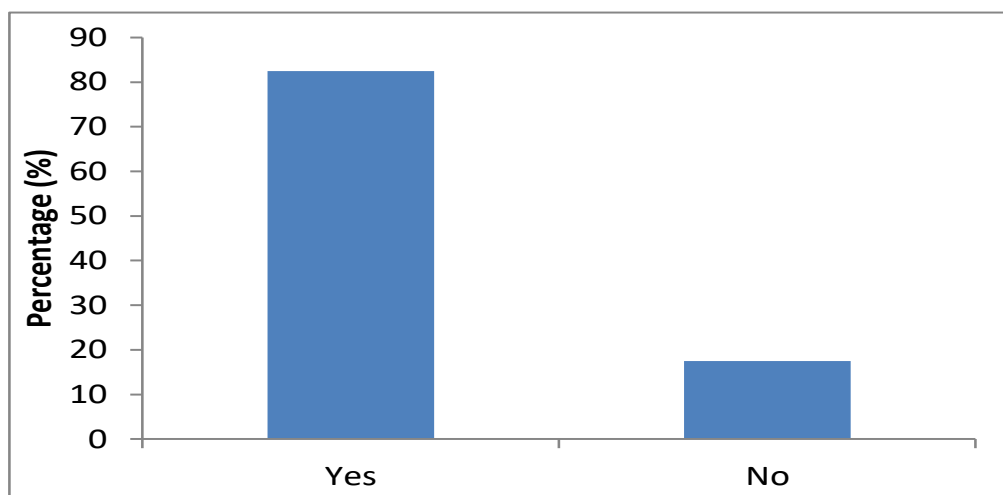


Figure 9. Respondent's Feedback About Customer Facilitation

Since majority of respondents are in the age group of 18 to 24, it indicates that individuals of young age have participate which represents the response rate from genuine audience in terms of utilization of internet banking and traditional banking. The number analyzed from the educational level of participants indicates that half of the respondents are at undergraduate level where as the remaining can be split between graduate and post graduate. This indicates the expectancy level for internet banking depending on their incomes, life routines, busy schedules and time that is required to either visit banks or avail particular facility through internet banking services.

It can be concluded that majority of respondents are under the influence that they are well aware of the usage of e banking, and it should be noted that 35% of the respondents still needs consciousness to acknowledge the proper utilization of e banking services. That can contribute to the transformation of traditional banking to internet banking as it can eliminate the gap in consumer mind, help to make proper utilization of internet banking services that can save their time, money and efforts.

Interesting figures have been brought to the researcher's consideration regarding association with internet banking and its utilization. It should be noted that more than half of the respondents are associated with internet banking for more than the period of 12 months which indicates that the utilization is picking up. However, it should be brought into consideration that more than 30% of the respondents have claimed to be unaware of the proper utilization of internet banking. This could indicate number of reasons, such as

ignorance towards available facilities, security reasons, lack of interest in innovation etc.

It has been observed that majority of individuals are include towards different facilities offered by internet banking. For example, the most recognized and appreciated reason for the attachment with internet banking is the accessibility towards online services that help them to save their time. On the other hand, participants have also vouched for online facilitation that accounted for 30%. Moreover, accessibility and numerous other reasons have been acknowledged by the respondents for the reasons towards their attachment with internet banking.

It can be concluded that majority of respondents are satisfied with the facilities provided by internet banking considering their nature of work to be completed in no time. This indicates that the facilitation level that helps them to save their time assist to achieve their aims rapidly while using internet banking. Respondents that are using online banking between 7 to 12 times or more in a week seem more comfortable due to services that are far better as compared to traditional banking.

Despite of the reasons indicated towards the utilization of internet banking by different participants, the gratification towards the utilization of internet banking services is less as compared to challenges. This indicates that users are happy to utilize internet banking but there are few gaps that need to be filled in order to educate the users towards right direction in order to make internet banking more effective and efficient.

CONCLUSION

This study concluded that majority of respondent are happy to utilize internet banking services however there are few points that should be considered in terms of creating more awareness and facilitating users in diverse manner. Two topics raised concerns regarding challenges faced by respondents and value addition to their utilization of internet banking services. However, facilities are acknowledged by respondents but there is still a need to remove challenges through further awareness, facilitate customers and add value.

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