

Comparing Customer Preferences Between Traditional and Digital Banking Services at Cuddalore District Central Cooperative Bank Limited

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Abstract:

The study is an outcome of the Project Work titled Customer preferences and satisfaction regarding traditional and digital banking services at the Cuddalore District Central Cooperative Bank. By analysing the comparative strengths and limitations of each service type, the study identifies factors influencing customer choices, including convenience, security, accessibility, and demographic characteristics. Primary data from 151 respondents, gathered through surveys, is analysed using statistical tools such as percentage analysis, chi-square tests, correlation, and ANOVA. The findings aim to provide insights into customer behaviour, satisfaction levels, and the interplay between technological adoption and traditional banking practices. This research highlights the bank's need to adapt its services to meet contemporary demands, ensuring customer loyalty and staying competitive in a rapidly digitalizing financial environment.

About the Bank:

The Cuddalore District Central Cooperative Bank Ltd., established in 1916, plays a pivotal role in rural finance and development. With 35 branches and 167 PACCS under its domain, the bank offers various services such as savings, loans, RTGS/NEFT, mobile banking, and CKYC. Its mission is to uplift rural customers through modern yet inclusive banking solutions.

About the Topic:

The study focuses on comparing customer preferences between traditional and digital banking. In today's digital age, where fintech innovations are growing, understanding what customers prefer and why is critical for banks aiming to stay competitive and relevant.

Problem Statement:

Cuddalore District Central Cooperative Bank aims to enhance its banking services to meet the evolving needs of its customers. However, there is a lack of understanding about customer preferences and satisfaction levels with traditional and digital banking services. This study seeks to investigate the banking habits, satisfaction levels, and preferences of customers regarding traditional and digital banking services. Specifically, it aims to:

1. Identify demographic characteristics and banking habits of customers.
2. Assess customer satisfaction with traditional and digital banking services.
3. Determine the importance of personal interaction, convenience, security, and ease of use in traditional and digital banking.
4. Compare customer preferences for traditional and digital banking services

Objectives of the study:

- To identify the demographic characteristics of customers using traditional and digital banking services.
- To analyse the factor influencing customers preference for traditional and digital banking services.
- To evaluate the level of satisfaction among customers using traditional and digital banking services.
- To analyse the customer perception and preferences between traditional and digital banking services.

Need of the study:

- The banking industry is undergoing a significant transformation with the advent of digital technologies, changing customer preferences and expectations.
- There is a need to improve customer satisfaction and loyalty by understanding their preferences and expectations from traditional and digital banking services.
- The study is necessary for Cuddalore District Central Cooperative Bank to stay competitive in the banking industry by understanding customer preferences and adapting its services accordingly.

Scope of the study:

- Comparative analysis of customer preference between traditional and digital banking services.
- Evaluation of demographic characteristics influencing customer preference.
- Identification of most preferred customer preference, and banking services.

Review of literature:

1) **A study on customer satisfaction on e-banking services by Hiral Patel, Sachu Patel (2022):** This research aims to identify key factors contributing to customer satisfaction with E-banking services. The study found that younger demographics, with higher tech- savviness, prefer E-banking more. Private banks, offering superior, user-friendly E- banking services, tend to have a larger customer base compared to public banks. Public banks should enhance their E-banking services to attract more customers.

2) **Investigating the customer preference between online and offline banking system by Shubham Aggarwal, Ankita Sharma, Rachit Agarwal (2022):** The study indicates a strong preference for online banking among the population. This shift is primarily driven by factors such as time efficiency, 24/7 accessibility, and user- friendliness. Many respondents highlighted the ease of accessing accounts and performing transactions through online banking.

Sampling Design:

- **Sampling Method:** Convenience Sampling
- **Sample Size:** 151 respondents
- **Area of Study:** Semmandalam Branch, Cuddalore District
- **Data Type:** Primary data collected via structured questionnaires
- **Tools Used:** Percentage analysis, Correlation, ANOVA, Chi-square using SPSS

Data Analysis and Interpretation:

Correlations: Correlation is a statistical measure that expresses the extent to which two variables are linearly related. It indicates how closely two variables change together.

ANALYSING THE RELATIONSHIP BETWEEN BRANCH VISIT AND SATISFIED WITH TRADITIONAL BANKING SERVICES

Hypothesis:

- **Null Hypothesis (H_0):** There is no significant correlation between branch visit and satisfaction with traditional banking services
- **Alternative Hypothesis (H_1):** There is a significant correlation between branch visit and satisfaction with traditional banking services

		Branch visit	Satisfied with traditional banking services
Branch visit	Pearson Correlation	1	.650**
	Sig. (2-tailed)		.000
	N	151	151
Satisfied with traditional banking services	Pearson Correlation	.650**	1
	Sig. (2-tailed)	.000	
	N	151	151

INFERENCE:

The SPSS generated value <0.001 is less than the significance value 0.05, the null hypothesis is rejected. There is a significant relationship between branch visit and satisfaction with traditional banking services

Since $r = 0.650$, the two variables are having a **strong positive correlation**.

ANALYSING THE RELATIONSHIP BETWEEN SATISFACTION WITH DIGITAL BANKING SERVICES AND IMPORTANCE OF CONVENIENCE

Hypothesis:

Null Hypothesis (H_0): There is no significant correlation between satisfaction with digital banking services and importance of convenience

Alternative Hypothesis (H_1): There is a significant correlation between satisfaction with digital banking services and importance of convenience

		Satisfied with Digital Banking Services	Convenience in digital banking
Satisfied with Digital Banking Services	Pearson Correlation	1	.914**
	Sig. (2-tailed)		.000
	N	151	151

Convenience in digital banking	Pearson Correlation	.914**	1
	Sig. (2-tailed)	.000	
	N	151	151

INFERENCE:

The SPSS generated value <0.001 is less than the significance value 0.05, the null hypothesis is rejected. There is a significant relationship between satisfaction with digital banking services and importance of convenience.

Since $r = 0.914$, the two variables are having a **strong positive correlation**.

Interpretation:

- **Demographics:** Most respondents fall within the 45–54 age group. Females slightly outnumber males in engagement. Homemakers and employed individuals form the majority of the respondents.
- **Banking Habits:** Physical bank visits are predominantly monthly (57%), while online banking usage is mostly rare (41.7%). Mobile app usage is more frequent, though 41.1% rarely use it.
- **Satisfaction:** 71.5% were very satisfied with traditional banking, compared to 37.7% for digital banking.
- **Preferences:** A large portion values personal interaction (80.8%), prefers traditional banking for security (76.8%), and ease of use (49%).
- **Issues:** In traditional banking, 43% cited long wait times as a concern, while in digital banking, 47% pointed out technical issues and 40.4% had security concerns.

Findings:

Demographic Findings:

- Respondents aged 45-54 have the highest perception levels (38.4%), while those 18-24 have the lowest (6.6%).
- Females (55%) showed a slightly higher perception level compared to males (45%).
- Employed individuals form the largest segment (41.7%), with homemakers next at 33.8%.
- A significant portion (35.8%) are not earning, and only 11.9% earn above ₹75,000.
- 42.4% of respondents have education at high school or lower, followed by bachelor's degree holders (35.1%).

Banking Habits:

- 57% visit a physical branch monthly, and only 3.3% visit daily.
- 41.7% rarely use online banking, and only 18.5% use it daily.
- Mobile banking is used daily by 18.5% and weekly by 31.1%, while 41.1% rarely use it.
- 57.6% prefer traditional banking, 21.9% prefer digital, and 20.5% use both.
- 47.7% have been banking with Central Cooperative Bank for more than 5 years.

Traditional Banking Services:

- 71.5% are very satisfied with traditional services.

- 80.8% find personal interaction very important.
- 43% dislike long wait times, followed by transaction difficulties (39.7%).
- 92.7% have never experienced issues with traditional banking.

Digital Banking Services:

- 37.7% are very satisfied, but 25.2% remain neutral, and 14.6% are dissatisfied.
- 43% find convenience very important, while 25.2% do not.
- 47% report technical issues, and 40.4% cite security concerns.
- 35.8% have experienced issues with digital banking.

Comparative Preferences:

- For convenience, 57% prefer traditional methods; 30.5%, digital.
- For personal interaction, 84.1% prefer traditional.
- For security, 76.8% trust traditional over digital.
- For ease of use, 49% prefer traditional, 37.1% digital.
- Overall, 56.3% prefer traditional banking methods.

Statistical Findings (from advanced tests):

- Significant correlation between branch visits and satisfaction with traditional banking ($r = 0.650$).
- Strong positive correlation between satisfaction with digital banking and perceived convenience ($r = 0.914$).
- Primary banking method strongly correlates with overall preference ($r = 0.914$).

Suggestions:

- Implement targeted marketing campaigns and innovative digital banking services to attract and retain the 18-24 age group.
- Tailor marketing strategies and product offerings to address the specific needs and preferences of both male and female customers.
- Invest in user-friendly digital platforms, strengthen security measures, and provide comprehensive customer support.
- Promote hybrid banking solutions that seamlessly integrate traditional and digital services.
- Continue to enhance traditional banking services, particularly in terms of customer experience and personalized attention.
- Prioritize technical support, enhance security measures, and improve the user interface.
- Address issues like long wait times and limited operating hours, and continue to provide personalized attention.
- Continue to leverage the strengths of traditional banking, such as personal interaction and security.

- Improve user experience, speed, and accessibility of digital banking services.
- Offer a balanced approach that caters to diverse customer preferences, combining the best of both worlds.

Conclusion:

This study explored customer preferences for traditional and digital banking services at Cuddalore District Central Cooperative Bank. While digital banking is favored for convenience and efficiency, traditional banking remains preferred for personal interaction and trust. Older customers lean towards traditional banking, while younger, tech-savvy customers prefer digital banking. To enhance customer satisfaction, the bank should address issues like long wait times, improve digital interfaces, and offer hybrid solutions. By leveraging these insights, the bank can optimize service delivery and gain a competitive edge.

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