THE INFLUENCE OF FACILITATION, LOW TRANSACTION COST AND CONVENIENCE ON CUSTOMER'S TURNOVER INTENTION FROM CONVENTIONAL TO WEB-BASED BANKING

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ABSTRACT:

With the advancement of technology the banking sector has been dramatically changed from conventional way of banking to the internet banking i.e. web based banking. This advancement of technology has been totally changed the whole scenario of banking. *Method.* Research has been done to find out the influence of facilitation, low transaction cost ad convenience on customer's turnover intention from conventional to web based banking. Research has been concluded on the bases of two hundred and fifty respondents. *Results.* The results showed that the influence of facilitation, low transaction cost and Convenience on customer's turnover intention from Conventional to the Web based banking.

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1.   INTRODUCTION AND BACKGROUND:

Through the past few decades innovation within the banking industry has rapidly increased the competition from new entrants, accelerating costs, relative advancement and increased the banking needs to meet the soft customer demands. The most recent innovation that occurs within the banking industry is electronic distribution of channels obviously, the web based banking. This innovation has been revolutionized and modernized the conventional way of banking (Bradley, 2000).

No doubt, that this revolutionary development in the fields of information and communication technology has transformed the banking industry, no matter what is the future of this innovation within the field of web based banking (Bradley, 2000). About two hundred years ago banks were restricted to the branches and perform functions in the form of branch based functions. The advancement of technology has changed the way of performing financial activities for the customers and for the bankers as well. The advancement of technology has replaced the cashier with automated teller machines (ATM's), telephone represented were replaced by call centers, branch based banking has been replaced by web based banking and money has been replaced by e – cash, debit and credit cards (Osman, 2009).

Kelly (2000) identified that, the implementation of new technology has reduced the costs and overcome the uncertainties in the competition. Technology has been used as a symbol of standardization and it also reduces the human intervention. That's why the majority of customers are turning towards the new and advanced technology rather than the conventional and conventional ways. It has been identified from the reports that turnover towards the web based banking in Pakistan is relatively slow. There is very little research that has been going on regarding the factors like facilitation, low transaction cost and convenience in order to find out the key adopting factors. But there is some sort of evidence of web based revolution in Pakistan that is in its growing age. That revolution makes the banking environment in Pakistan a highly competitive one.

The present study was undertaken to analyze the influence of facilitation, low transaction cost and convenience on customer's turnover intention from conventional to the web based banking in Pakistan. Independent variables studied in this regards include Facilitation (Jun Wu, 2005), low transaction costs (Jun Wu, 2005) and Convenience (Jun Wu, 2005). Dependent variable will

be the turnover of the customer from conventional banking to the web based i.e. web based banking.

2. LITERATURE REVIEW:

The conventional way of banking is the old one and past way of banking, in which customer must have to visit the bank before going to open his account in the banks. His money is saved in that typical branch. For the drawings he has to visit the branch for the full fill of his needs by the old check system. By putting the value on the check and wait for his turn to submit his check at the counter and get a token once again wait for the turn. When the cashier calls, he must submit that typical token in order to get his own money for his personal usage (Padachi, 2010).

Web based has replaced the old conventional way of banking to a new fastest; advanced, highly informative, easy, safe and modernized way of banking called Web based banking. Customer can monitor his bank account; can transfer his funds to the other accounts, can pay his utility bills while sitting at his home in front of his personal computer through web based. Simply your bank is just away from you, as you your personal computer that is connected to the web based (Hoover, 2010). There is no time wastage in making lines and collecting tokens and waiting for the turns. Just log on to your bank account on your personal computer and look after your account (Wuller, 2001).

In conventional banking it requires a lot of time in performing bank tasks. With the web based banking there in no need to wait for the bank opening hour, you can perform your banking tasks even in holidays (Trammes, 2003). Web based banking is a little cheaper and all facilities are available at the web based banking as compare to the conventional banking. Web based banking saves the customer from extra charges like travelling cost, stamps and envelops costs and many more extra charges and risk is too low as compare to the conventional banking (Robert, 2001). Factors that distinguish the conventional banking from the web based banking are awkward location of branch, fixed timing schedule and high budgeted products and services (Wu Chen, 2001).

2.1 AFFECT OF FACILITATION, LOW TRANSACTION COST AND CONVENIENCE ON THE CUSTOMER'S TURNOVER INTENTION FROM CONVENTIONAL BANKING TO THE WEB BASED BANKING

A brief discussion and research has been done in the past on the factor affecting turnover of customer from conventional banking to the web based banking. The factors which affect the customer to turnover of customer from Conventional banking to the Web based banking includes: Facilitation (Jun Wu, 2005), Low transaction cost (Jun Wu, 2005), Convenience (Jun Wu, 2005). Before going to adopt or reject a product or a service the customer must enter to a series of process of knowledge, conviction, decision and affirmation (Rogers and Shoemaker, 1971). Therefore this study identifies how these factors influence on a customer to turn from conventional banking to the web based banking.

2.1.3 Facilitation

Facilities and relative advantages are described in term of perceived benefits of a product, goods or services than the old products and services or an innovation (Rogers, 1983). Gerrard and Cunningham in 2003 identify that the facilities and relative advantages are the one of the important and basic factors that affects a customer to turnover from conventional banking to the web based banking. Web based banking offers a much greater facilities and a wide range of relative advantages to the customers than the conventional banking. According to a research, Web based banking is time saving and convenient since a customer can use his banking services any where at any time together with a non stop holiday without physically visiting a branch, and transactions are executed and confirmed almost immediately (Wang, 2001). So, I want to explore this channel in the form of following hypothesis.

H 1: Availability of facilities is negatively associated with turnover of customer from conventional banking to the web based banking.

2.1.4 Low Transaction Cost

According to a research Perceived cost and benefits also play a vital role for a customer in turnover from conventional banking to the web based banking (Ching and Ellis, 2004). The expenses of a product or a service have many types which are as follows; Evaluation cost, Initial, outlay costs, Operational costs and Utilization costs.

Also price is a main factor to turnover from one innovation to another innovation (Gupta, 1988). If customers are switched to advanced and the latest technology and the technology is at reasonable price as compare to its alternatives, then the customer will not switch back to the previous technology. Otherwise the customer turns towards the previous one. That's why I choose the hypothesis which is as follows:

H 2: Low transaction cost is negatively associated with the turnover of customer from conventional banking to the web based banking.

2.1.5　Convenience

It has been identified by the Cooper in 1997 that convenience is also referred as an "Easy to usage". It is one of the basic factors that affect a customer to turnover from conventional banking to the web based banking. Few researchers in USA and UK like Dover (1998) and Daniel (1999) has founded that convenience is the main factor that affects the web based banking adoption. It has been identified that a customer didn't want to indulge him in a difficult and a complex situation. As it is the psyche of the human beings that they always use the easy way to do a job (H. Osman, 2009). Convenience has been widely recognized as a major factor of customer's turnover from conventional banking to the web based banking, that's why I want to explore this barrier as hypothesis regarding the country like Pakistan:

H 3: Convenience is negatively associated with turnover of customer from conventional banking to the web based banking.

2.2　TURNOVER

From all above discussion it is cleared that customers adopt an innovation in order to make their life ease and before going to adopt they analyze the innovation whether it would be better for them or not. Presently, the customers became more demanding. That's why they expect more from the banks and this has been increased the competition among the banks. Also, the globalization has made a man busy; he wants that all his demands must be fulfilled in any way. The present study was undertaken to analyze the Pakistani frame of reference of these variables.

2.3   THEORATICAL FRAME WORK
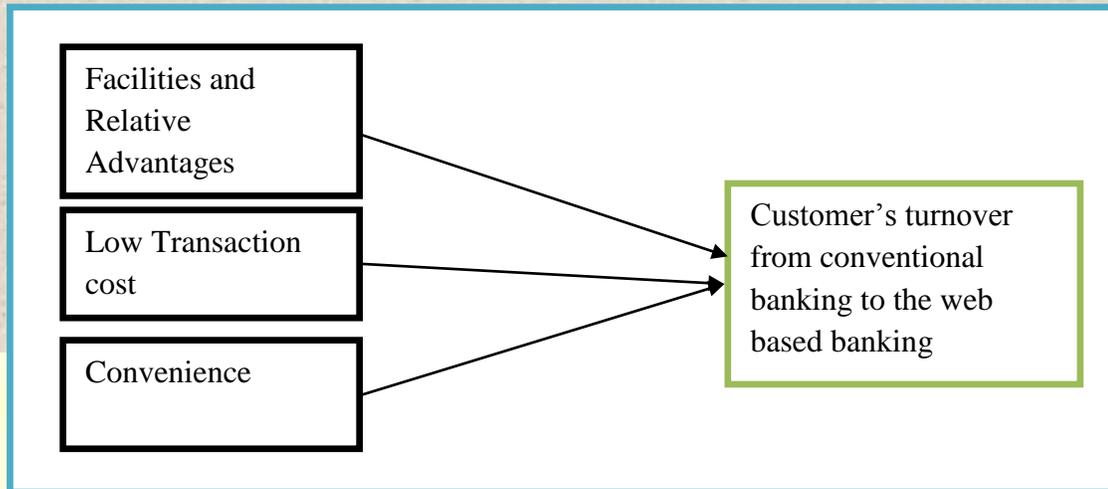
Figure 1:   Model of the study.

3.   RESEARCH METHODOLOGY:

3.1   SAMPLE

Sample is the customers of the main banks of Islamabad, Rawalpindi, Taxila and Wahh Cantt. We have used Stratum random sampling technique in this research. I have distributed total two hundred and sixty questionnaires out of which two hundred and fifty (250) useable and received back.

3.2   MEASURERS

Turnover of customer from Conventional banking to the Web based banking is treated as dependent variable. Where as facilitation, low transaction cost and convenience is considered to be independent variable in this research. We used nineteen questions of Jun Wu (2005) for facilitation with five likert scale using one for strongly disagree to the five strongly agree. The reliability of this variable is 0.947.

Table 1:   Reliability statistics

Variables	Cronbach's Alpha	No. of Items
Facilitation	0.947	19
Low Transaction Cost	0.839	7
Convenience	0.961	5
Turnover of Customer	0.947	3

We have used seven questions of Jun Wu (2005) for low transaction cost with five likert scale using one for strongly disagree to the five strongly agree. The reliability of this variable is 0.839. We used five questions of Chan Siu Cheung (2001) with five likert scale using one for strongly disagree to the five strongly agree. The reliability of this scale is 0.961. We used three questions of Haji Osaman (2001) for turnover of customer from Conventional to the web based banking after modification, five likert scale using one for strongly disagree to the five strongly agree. The reliability of this variable is 0.947.

4   FINDING:

The findings from the survey are as follows:

4.1   DESCRIPTIVE STATISTICS ANALYSIS

As the Web based banking in Pakistan is in its growing age. So, over all the results showed that there is slightly turnover from conventional banking to the web based banking with the mean value of 3.312 in Pakistan.

Table 2:   Descriptive statistic analysis

Variables	N	Mean	Min	Max	SD
Facilitation	250	2.9065	1.53	4.47	0.92822
Low transaction cost	250	2.9314	1.29	4.71	0.94616
Convenience	250	2.8656	1	5	1.31955

Turnover to the web based banking	250	3.1320	1	5	1.47352

Customers from our sample are not satisfied with the facilities and relative advantages that are available on conventional banking with the value 2.9065. Customers are not satisfied with the low transaction cost that is available on conventional banking with the mean value 2.9314. They think that conventional banking is not an easy and understandable as compare to the web based banking with the mean value 2.8656 in Pakistan

4.2   CORRELATION ANALYSIS

Correlation basically describes the degree of relationship between the dependent and independent variables (David, 1971). For our first hypothesis Pearson Correlation matrix concluded that there is a negative relationship exists between the facilitation and the turnover of customer from conventional banking to the web based banking in Pakistan in table 3. The significance of this result is $p < 0.01$ and correlation figure for this relationship was found to be -0.535**.

Table 2:   Pearson Correlation matrix

Variables	Facilitation	Low Transaction Cost	Convenience	Turnover
Facilitation	1			
Low Transaction Cost	0.302**	1		
Convenience	0.442**	0.484**	1	
Turnover	-0.535**	-0.300**	-0.364**	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Hence our first hypothesis that is facilitation is negatively related with the turnover of customer from conventional banking to the web based banking is therefore supported from the Pearson correlation value. Correlation matrix concluded that there is negative relationship exists between the low transaction cost and turnover of customer from conventional banking to the web based banking as the correlation figure for this relationship is found to be -0.300**. Correlation is significant at 0.01 level (2 tailed) in Pakistan.

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Hence, our second hypothesis that is low transaction cost is negatively related with the turnover of customer from conventional banking to the web based banking is therefore supported from correlation value. Correlation matrix concluded that there is negative relationship exists between the convenience and the turnover of customer from conventional banking to the web based banking in Pakistan. The significance of this result is $p < 0.01$ and correlation figure for this relationship was found to be -0.364**. Hence our third hypothesis that is convenience is negatively related with the turnover of customer from conventional banking to the web based banking is therefore supported from the correlation value.

4.3 REGRESSION ANALYSIS

The results that are measured using the regression analysis are mentioned in Table 4. The results of the regression analysis shows that facilitation is significantly associated with the turnover of customer from conventional banking to the web based banking (β= -0.535**, p<0.01) and prove the high significance level. Facilitation was accounted for 28.4% variance ($\Delta R^2 = 0.284$) in the turnover of Customer from conventional to the web based banking. The result of regression for facilitation is strongly supporting the first hypothesis, which is showing that the customer seeks better facilitation in conventional ways of banking then he will not turn to the web based banking and if he get some better facilities instead of conventional banking then he will turnover to the other that is highly facilitative one. From all above it is cleared that Facilitation is negatively associated with the turnover of customer from conventional banking to the web based banking.

Table 3: Regression Analysis

	Beta (β)	R²	ΔR²
Facilitation	-0.535**	0.286	0.284
Low Transaction Cost	-0.300**	0.090	0.087
Convenience	-0.364**	0.132	0.129

The results of regression analysis shows that the low transaction cost is negatively associated with the turnover of customer from conventional banking to the web based banking (β= -0.300**, $P < 0.01$). The significance level was also high in this relation and 8.7% (ΔR^2=

0.087) variance was found in the turnover of customer from conventional banking to the web based banking. The results are supporting the fact that the low transaction cost is negatively associated with the turnover of customer from conventional to the web based banking. If an innovation is cost effective i.e. innovation can save the cost of the customer like travelling stamping, packing and more than the customer will adopt the innovation. Hence if the low transaction cost reduces then the rate of turnover of customer from conventional banking to the web based banking will increase which is a negative relationship.

Negative relationship was found between the convenience and the turnover of customer from conventional to the web based banking in the regression results (β= - 0.364**, P< 0.01) moreover the results found are highly significant. Convenience has incremental 12.9% (ΔR^2= 0.129) variance in the turnover of customer from conventional to the web based banking. The results are in favor of the hypothesis. Higher will be the convenience lesser will be the turnover of customer from conventional banking to the web based banking. If a customer has an easy understanding towards the innovation as compared to the previous one then he will adopt the new innovation. Hence it proves that greater will be the convenience lesser will be the turnover which is definitely an inverse relation.

5   DISCUSSION:

The aim of study is to find the level of relation between the six independent variables and the dependent variable. The independent variables are facilitation, low transaction cost and convenience. The dependent variable is the turnover of customer from conventional banking to the web based banking. The finding of facilitation is consistent with the finding of Poon (2008). The finding of low transaction cost is consistent with the findings of Ho and K.O (2007). The finding of convenience is consistent with the findings of Poon (2008).

6   CONCLUSION:

This research implies an urge to find of the largely unexplained variables of turnover of customer from conventional banking to the web based banking in Pakistan. As in this study's presented model adjusted R square is only 0.307. That means the variable in this study explains

thirty point seven (30.7) percent of the overall factor affecting turnover intention of customer from conventional banking to the web based banking. Therefore there is a need to dig up more deeply to explore the hidden aspects of the turnover of customer from conventional banking to the web based banking in Pakistan.

The main objectives were achieved regarding the factors and their relationship with the turnover of customer from conventional banking to the web based banking were identified and analyzed. A perception of good quality of service will increase the good image of the banks and service providers. Failure of execution will not only cause the customer dissatisfaction but made uncertainty in customer's mind about the web based banking. The research is basically based on a limited sample therefore it can not be generalized.

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