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**TO INVESTIGATE THE IMPACT ON THE TRADITIONAL BANKING FROM THE  
INTERVENTION OF ONLINE BANKING IN THE UK**

[DISSERTATION]

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## ABSTRACT

Online banking refers to digital and online services provided by banks to their customers. Not only in the UK but in almost all parts of the world, internet banking is conducted through a single database that is connected with all other banks and services. With the advancement of technology and demand for ease, consumers have switched towards online banking services because it reduces wastage of time, cost to visit bank branches and the costs of transactions compared to the traditional method of banking. The main of the study was to investigate the impact on traditional banking from the intervention of online banking in the UK.

The study had been carried out by collecting both the primary and secondary data. The primary data had been collected from conducting a questionnaire survey and analysing it through frequency analysis whereas the secondary data had been conducted through content analysis. The findings from the frequency analysis demonstrated that online banking provides accessibility to the banking services 24/7 and at any place. Moreover, many of the customers prefer to open their bank account that has online banking services features.

The content analysis results indicated that around 9,000 banking branches are operating in the UK and the users of online banking in the year 2017 were more than 35 million. Recommendations have only also been provided to the traditional banks for adapting to the online banking system for competing in the highly competitive market. A future area of the study has also been highlighted for bringing further improvements to the research.

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## CHAPTER ONE: INTRODUCTION

### *1.1 Background*

E-banking transactions or internet banking refers to the use of the internet or any digital platform for carrying out banking activities. Not only in the UK but almost all parts of the world, internet banking is conducted through a single database that is connected with all other banks and services (Chong, Lin and Tan, 2010). The services offered by the online banking systems are different from those services offered by the traditional banking system. However, the network operating the traditional banks is via branches whereas, in the internet banking system, the network is developed through satellite links (Lewis, Palmer and Moll, 2010). With the advancement of technology and demand for ease, consumers have switched towards online banking services because it reduces wastage of time, cost to visit bank branches and the costs of transactions.

E-banking or online banking system has several benefits for the consumers because it provides them with ease and convenience. However, many studies had validated that in the advanced era of technology, the traditional banking system is no longer considered a preferable method for carrying out financial transactions. The costs associated with visiting the bank branch and carrying out financial activities is more troublesome for the consumer hence they prefer to use internet banking services. In the light of the study conducted by Luo, Zhang and Shim (2010), it was found that electronic finance has developed with technology because of which the consumers, as well as the bank employees and managers, are benefited.

The development of the banking industry can be traced back to the technological innovation in computers and smartphones which has increased the demand of customers to use

online banking services. According to a study conducted by Martins, Oliveira and Popovic (2014), it was found that internet banking has an impact on traditional services. The reason that was highlighted and emphasized by many researchers was a cheap mode of conducting financial transactions. To achieve a competitive advantage, firms had tried to integrate online banking services as part of their processes to carry out financial activities (Davis et al., 2010). However, traditional banking services will face difficulty in evolving with current approaches because the technology has developed to an extent that consumers have started relying on it completely. In addition to this, it was also found that e-banking services are means of providing ease and convenience to customers in terms of time and flexibility.

### ***1.2 Aims and Objectives***

This study is aimed to investigate the impact on traditional banking from the intervention of online banking in the UK. Following are the set of objectives designed for this study:

- To understand the concept, similarities and differences of online and traditional banks operating in the UK
- To investigate UK's banking industry to find the number of banks and how many of them use electronic banking
- To determine the impact on traditional banks of online banking in the UK and to analyse the decisions taken by a consumer to open a bank account
- To provide a set of recommendations for traditional banks to adopt online banking systems in the UK.

### ***1.3 Research Questions***

Following research questions were used for this study:

- Is the traditional banking system no longer in demand?
- Will E-banking be able to cover the banking sector?
- Due to the substitution effect of online systems, are people no longer feel the need to attend banks?
- Do consumers feel secure making transactions through online banks?
- Will the banks close if they do not adopt advanced banking requirements?

### ***1.4 Rationale***

The research problem identified in this study was associated with the advancement of technology and how readily the banking sector of the UK has started adopting online banking systems. Although the traditional banking system still prevails in many parts of the UK but some of the researchers had critiqued that banks must adopt online banking services. Hence, the purpose of selecting this topic was to determine how traditional banks are affected by the intervention of online banking in the UK.

According to the study conducted by Yousafzai, Foxall and Pallister (2010), it was found that online banking is a means of facilitating the customers by providing them with financial services through the internet but some of the studies have also revealed that online banking services can be provided to the customers who are aware of its benefits and usage. With the help of the existing studies that are conducted in this domain, the research activity was carried out to conduct a detailed research about differences and similarities of traditional and online banking systems and how has the banking sector of the UK is affected by it.



### ***1.5 Significance of the study***

The following study was significant because it provides a comparison between traditional and online banking services used by customers in the banking sector of the UK and the extent to which customers have started using online banking services. Though the traditional banks of the UK had realised that it is important to render banking/financial services through advanced methods but it will take some time to completely shift towards it (Ho and Lin, 2010). However, it was also evident from the existing studies that traditional banking has one profound advantage and that is to communicate directly with the customers to solve their issues and problems hence in this way, the online banking systems must integrate some ways through which the queries of customers can be resolved.

Moreover, the following study was important for the banking sector of the UK and other banking industries because it provides the opinion of customers and what they feel about traditional and online banking. This study was also used for the banking industry to analyse the readiness of customers to adopt online banking in their processes and what further improvements can be made to improve.

### ***1.6 Structure of the study***

The following study comprises five major chapters mainly introduction, literature, methodology, findings and conclusion. The first chapter of the study was introductory which highlighted objectives, background and research questions.

The second chapter was literature which explains different variables of the study from existing studies, the third chapter of the study was methodology which identifies data collection

methods and techniques, the fourth chapter was findings which analyse the information obtained from different sources and the last chapter was the conclusion which provides a summary of findings and recommendations for future improvement.

## CHAPTER TWO: LITERATURE REVIEW

### *2.1 Introduction to the Chapter*

This chapter includes a review of the literature that is relevant to the objective of this research. This chapter contains the concept of e-banking the types of online banking along with an analysis of the contrast between traditional and online banking. The review further explores how online banking has an impact on traditional banking. The banking sector of any country is considered to be one of the crucial industries for an economy. For the economies to be able to function, sustain and grow, it is important that the banking sector performs in the country. The banking sector of the country can also be considered as the backbone of the economy which helps money to be circulated in all the parts of an economy. One of the primary functions of banks includes taking deposits from the customers and lending money to the borrowers (Bicker, 2013). This function of the banks enables them to circulate money where the borrowers of the money also include small businesses and proprietors due to which the businesses can carry out their operations and fill the financial gap that occurs in their transactions.

The current world that people are living in the world today is highly influenced by computer technology and the internet. The people prevailing in the world today are dependent upon the use of technology including different online channels through which consumers can access and share information. This rapid digitalization has spread across the different sectors of an organization where people are reliant on digital technology to carry out multiple tasks in their daily routine (Abubakar and Tasmin, 2012). The reason why people are highly influenced by digital technology today is due to the convenience it provides and the time saved in carrying out different tasks. Apart from the social use of the internet today, using the internet today also

includes activities that are essential for living. The activities may include shopping, grocery communication and financial transactions.

Since the rapid shift towards digitalization, banks today are also opting for providing digital solutions and services to consumers. Due to high competition in the banking industry of the UK, banks prevailing in the UK are facing tough completion in providing services that are different from others. The digital technology and the platform have given the Banking industry of the UK to offer a wide range of new services that can provide convenient financial solutions to the customers. The banking industry of the UK is considered to be one of the strongest sectors of the economy (Ho and Mallick, 2010).

Currently, the economy consists of 150 banks operating in the country which includes both local and foreign banks. The amount of top banking branches operating in the UK is around 7000; however, there has been a gradual decrease in the number of branches fairly due to the reason that the banks are developing new methods to execute transactions that are supported by digital technology and the internet (Statista, 2017). In the UK, nearly all the banks operating in the country has introduced e-banking services that allow the consumers to check their balances and transfer money, however, the most used E-services by the consumer are the online payments through which consumers are able to pay for other goods services with the help of E-commerce.

## ***2.2 Conceptualizing Online and Traditional banking***

Traditional banking was carried out prior to the age of digitalization and the internet. Traditional banking is a term that determines the strategy used by banks in conducting business and providing services to customers. Prior to the age of digitalization, banks in the UK focused on providing the best possible services to customers. One of the primary requirements of

acquiring service from banks was that consumers were required to visit the offices or branches of the banks to fulfil their requirements. As the competition increased, banks focused on the objective of providing better services to their customers focused on spreading their operations through opening branches in different locations. The banks which had most branches opened in different locations had the advantage over its competitors having the maximum reach to the customers. Customers, on the other hand, preferred banks that had branches closest to their homes or they would preferred banks that could be easily reachable (Pikkarainen et al., 2004). Therefore banks had a structure of having a headquarters that managed the operations of all the branches of the bank. As time passed and digitalization was introduced due to the rapid advancement of technology it was evident using branches to reach out to customers can go obsolete, as a result of which e-banking was introduced.

Banks provide their services to a number of different customers where the clients of the banks can range from individuals to large corporations. Thus each of the different kinds of clients requires different services from the bank. Online banking and e-services are currently being developed in consumer banking, therefore the new technologies and innovations are focused on a single banking customer (Yee-Loong et al., 2012). Therefore it can be said that the impact of new technologies and digitalization will be significantly high in consumer banking.

### ***2.3 Types of Online Banking***

Online banking refers to digital and online services provided by banks to their customers. E-banking services are provided to the customer through two major channels which are the online website portal of the bank and mobile applications. Banks have now developed their website which provides their customer with a portal where they can log in through their ids and

perform different transactions whereas banking applications in mobile devices help customers to access their accounts immediately and perform transactions according to their requirements (Aladwani, 2001). Online banking has helped banks and consumers in two major issues that which were the accessibility and time. Using online banking customers can acquire banking service at any point in time. On the other hand, it also saves them time for travelling to the branches.

There are three different types of online banking according to Yee-Loong et al (2010), the three different types online banking include informational banking, communicational banking and transactional banking. Banks often provide services to their account holders in terms of providing information to the customers this may include sending emails to the customer having account statements and the latest offers provided by the bank. The second type of online banking is considered as communicational banking in which the consumers are able to view the information by themselves this may include online portals where customers can view their statements, register complaint and request for new cards issuance, However they may not be able to perform any transactions. The third type of online banking is called transactional banking in which customers can perform transactions over the internet where the amount may transfer from one account to another.

#### ***2.4 Difference and Similarities of Traditional and Online Banking***

Digital technology and the internet have been an important part of the banking process for many years. Banks use various software and the internet that helps banks to manage data and execute transactions that can be recorded into the entire system of the bank. Banks either developed their software from other companies or develop their operating system. Although

digital technology and the internet are widely used in traditional banking, digitalization only contributed to the internal process of a bank rather than giving access to the customers. This means that in order to acquire banking services, the customers needed to visit the branch of a bank and carry out their financial transactions. When consumers visit their respective branches the bank officers use their internal system to provide information to the customers or to execute different transactions (Yap et al., 2012).

Therefore, it can be said that customers only had access to their banking activities through different branches. A customer visiting the branch faced different issues and through time and rapid advancement in technology, the issues faced by consumers in traditional banking have increased. The issues faced by consumers in traditional banking include time wasted in executing transactions manually. Further, the security issues have also increased since the threat of being mugged has increased. The increase in the issues and demand for online banking led banks to opt for providing online solutions to the customers for their convenience in resolving the time and security issues faced by the consumers.

Online banking helps consumers to obtain their information from their mobile devices and further execute transactions through their digital devices. Banks have developed their mobile applications and websites using which consumers can access their accounts and carry out transactions conveniently. The applications and website are linked with the internal system of the banks where any transaction executed using the online platform is directly reflected in the internal systems and database of the banks (Yaghoubi, 2010). In the start, the banking applications and website offered selected services that enabled customers to access their financial information. Whereas today consumer can carry out different tasks through online banking

which mostly includes the daily transactional requirements of the consumers (Yee-Loong et al., 2010).

### ***2.5 Factors of Online Banking Affecting Traditional Banking***

Online banking has not only made banking convenient for the consumers but it has also benefited the banks in operating the business. There are several factors of banking identified that have been impacted by online banking. However, there are a few factors that can be considered crucial for banking. The first factor is time management, the second factor is accessibility and the third factor is cost-effectiveness.

#### ***2.5.1 Time management***

The first factor identified is time. In traditional banking, a lot of time of customers was wasted since they were required to travel to their branch where they had to stand in long queues for their turn to acquire the service of the bank. Whereas further time was taken by the banking officer to recover information understand the issue faced by the customer and provide a relevant solution for it (Jalal, Marzooq and Nabi, 2011). Since online banking was introduced, customers no longer have to wait to waste time travelling to their respective branches and wait for the time. E-banking allows customers to execute transactions on their own through their electronic devices without needing to visit the branches resulting in saving time.

#### ***2.5.2 Accessibility***

In traditional banking, services were offered by the banks to the customers were limited to the working hours of the banking officer. This has resulted in people not being able to perform



any transactions after working hours. However, E-banking allows customers to perform their transactions at any point in time 24 hours of the day. Liberating the time restrictions can have helped both customers and employees working in banks (Lee, 2009). The customer can perform their business and financial activities after the working hours and on the other hand, employees working in the branches can leave according to their working times without needing staying for long hours in the office. According to Yeow et al. (2008), online banking has helped customers to manage their financials regardless of their locations. Individuals who travelled to different locations in the world had to face several difficulties in managing their financials since the services of a bank may not be available in different locations of the world. Online banking, however, helps consumers to access their accounts in any part of the world and execute their transactions accordingly.

Due to e-banking, the strategies of providing customer services to the customers have also been changed by banks before digitalization focused on spreading new branches to cater to new clients and customers. Since e-banking was introduced, banks shifted their focus to be physically available for the customer to digitally available to the customers. Banks focused on creating and developing effective and efficient systems that can help customers perform transactions and manage their financials online. This rapid shift is changing the definition of customer service for banks. Banks have developed new departments in an organization such as alternative delivery channels which focuses on innovating new ways to provide better services to the customer through e-banking.

### *2.5.3 Cost-effectiveness*

Cost is a factor that is important for all the businesses prevailing in organizations the reduced need for banking branches has helped banks to significantly reduce their cost (Campbell and Frei, 2010). The cost may include extensive use of paperwork and the high overhead cost of operations in banking. The branches operated by banks require a high amount of cost which includes salaries for the employees' overhead costs and paperwork costs along with maintenance costs. Online banking has helped banks to reduce all these costs where all the service provided branches can be acquired by the customers through their online website and mobile application.

### ***2.6 Impact of Online Banking on Traditional Banking***

The activities conducted by consumers on online banking now includes acquiring information about their balances in accounts, transferring money from one bank to another or transferring money from one account to another of the same bank. The most used transactions in online banking are payments. The digital age today has shifted the preferences of consumers. The customer today prefers doing different activities through the internet which may include shopping, payment of bills and others such as paying for food online. With all the online services mentioned above, banks also provide their consumers with the service of converting their money into investments by allocating funds into different investing avenues.

Online banking enables consumers to conduct different financial activities without the need of visiting branches. The UK is moving towards a cashless economy where the transaction of goods and money will be digitally executed rather than physical transactions (Campbell and Frei, 2010). The new technologies being introduced indicates that the need for branches and physical offices will erode as time will pass and new technologies will be introduced. However,

the need for physical branches and offices is not reliant upon new technologies that are introduced rather it is based on the preferences of the consumer.

Although many have banks previously introduced several facilities to their customers, the facilities provided to the consumer have not necessarily been well received. The reason for many facilities not being welcomed is the preferences of consumers. The consumer of the banking industry is often sceptical about using the online facilities provided by the bank. The perceptions of cashless transactions are not trusted by the consumer today. The banking system often becomes a victim of hacker where the hacker enters the operating system of banks to steal funds from the accounts of the consumers or steal information.

Despite the high internet security and firewalls, banks are exposed to hacking threats. Other than these threats the details of the debit and credit cards are also stolen which results in banks suffering a loss in the company (Martins, Oliveira and Popovič, 2014). This is the reason why consumers are reluctant to use online banking since they fear losing their money which could cause them severe inconvenience. Therefore many consumers today prefer going to the branches and physically performing transactions for the sake of security. Therefore, despite having the technology, banks open new branches to serve their customers. Due to the preference is given to security over convenience, banks are not able to automate their operations.

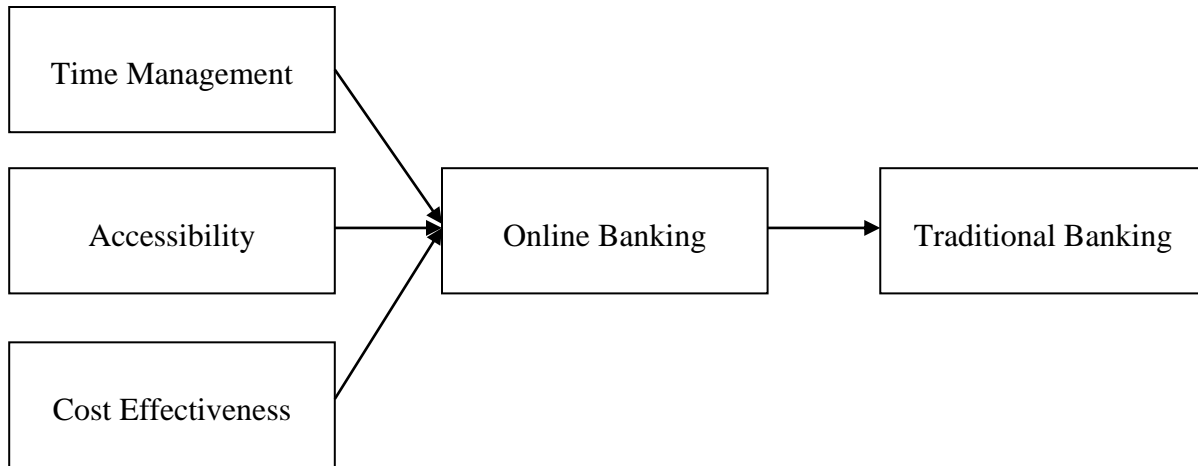
Although the need for physical branches and offices still exists, there is a gradual increase in the number of consumers who are shifting from the traditional banking style to new methods of banking which is mainly online banking. The new applications and websites developed by the banks enable consumers to perform different transactions easily at any point in the day. Therefore, it is probable that in the future consumer banking will be entirely automated.

According to Chiou and Shen, (2012), many elements of banking will be greatly affected by the new methods of online banking.

The major impact of automated or online banking will be on the workforce of the banks. Since more tasks and activities will be automated or have been automated, the number of jobs required to perform these activities are decreasing due to which complex machine and computer systems are replacing the human workforce in banks. It is predicted that the daily transactions of depositing, withdrawing and transferring funds from the banks can be completely automated. With new technologies being introduced there is less requirement for an employee to perform a task; therefore, jobs in the banking sector can decrease over time.

A task that is repetitive is the first activity that will be replaced by a machine, whereas activities such as credit rating and lending money will require the personal judgement of the employees working in the bank. Furthermore, another role performed by the banks includes consultancy services which also require employees to carefully analyse the needs of the consumers and provide them with the best solutions along with maintaining a strong relationship in order to ensure deposits (Everett, 2015). Although the need for human workers will be significantly reduced, it is evident that the physical presence of banks and branches cannot be completely eradicated.

## 2.7 Conceptual Framework



## 2.7 Chapter Summary

Reviewing the literature above is evident that due to a rapid increase in technology and severe competition within the banking sector of the UK. The banks are opting for developing new technological solutions that can help them to provide better services to the consumers. Although there is a little reluctance in using the e-services provided by the bank which is mainly due to security concerns, it is evident that consumer banking will majorly shift from traditional banking to a new method where many routine tasks will become automated. The workforce of the banks will be highly affected by new technologies, which will further result in a decrease in the number of jobs prevailing in the banks today.

According to different surveys conducted, it is evident that there is a significant rise in the use of online services provided in the bank. Consumers today are shifting from traditional banking ways to new methods. Although banking in the future is expected to be highly automated, the requirement of the human person cannot be eradicated rather it will be reduced which will result in fewer jobs in the banking sector. Lastly, it can be concluded that e-banking services have made banking for consumers convenient and time-efficient.

## CHAPTER THREE: METHODOLOGY

### *3.0 Introduction to methodology*

The following chapter was designed in order to outline the tools and techniques that are used to gather relevant data with regard to the study. The methodology section is divided into different sections such as approach, philosophy, data collection method, instruments, sampling method and data analysis technique. Before the findings are analysed, this chapter holds the significance of guiding the researcher to follow a systematic approach. Below are the details of each section:

### *3.1 Research Philosophy*

Research philosophy is defined as the principles or the ideology to be used for assessing the study (Coghlan, 2011). There are three types of research philosophies: interpretivism, positivism and pragmatism. Interpretivism is defined as the philosophy which is used in qualitative studies for analysing the human interest in the study and assumes that reality is connected only through social constructions (Bryman, 2015). On the other hand, positivism is the type of philosophy where quantitative data is evaluated on basis of statistical tests. However, pragmatism is the blend of both methods.

For the following study, since the aim of the study was to investigate the impact on traditional banking from the intervention of online banking in the UK hence the researcher had used pragmatism as the research philosophy because in this study the researcher intends to collect secondary and primary data from different sources. The survey questionnaire was developed to be filled with the public and published journals were used to collect secondary data. Therefore, pragmatic philosophy helped to shed light on a wide variety of material regarding traditional banking and online banking system in the UK.

### ***3.2 Research Approach***

The research approach is described as the way of conducting the study in a detailed manner. Deductive and inductive are two research approaches. The deductive approach is described as the one in which the hypothesis is developed and existing theories are used to accept or reject the null hypothesis (Bernard and Bernard, 2012). The flow is from general information to particular whereas, in an inductive approach, the researcher flows from particular to general. In an inductive approach, the researcher starts analysing the theories and develops a pattern out of the information obtained.

For the following study, the researcher had selected an inductive approach to be used in a mixed method of research design. The purpose of using the inductive approach for the following study is to determine how traditional banks are affected by the online banking system in UK's banking industry by determining the numbers of banks that operate in the UK and to what extent are the number of consumers increasing in the UK that use online banking services.

### ***3.3 Research Strategy***

The research strategy selected for this study was survey and use of secondary information from journals and articles. The researcher has used a LIKERT scale for designing the survey questionnaire and all questions are based on identifying the perspective of 100 respondents regarding how traditional banks are affected by online banking systems in the UK particularly.

### ***3.4 Research Design***

There are two types of research designs: qualitative and quantitative. The qualitative method of research design is described as the one where the researcher collects the data from the available existing sources whereas quantitative data is collected from statistical tests and data.

According to the study conducted by Clark and Charmaz (2014), it was found that both methods are used for carrying out in-depth research but for reliability and validity of the data, the quantitative method is more suitable.

The research design selected for this study was a mixed method of research design because the researcher had intended to use both qualitative and quantitative methods for carrying out the research study. The qualitative data was collected from the internet from the available secondary sources related to the internet and traditional banking systems whereas quantitative data was collected from a survey questionnaire which was distributed through the internet portal (Survey Monkey). Since the aim of the study was to investigate the impact on traditional banking from the intervention of online banking in the UK, hence, the questions asked were related to identifying the similarities and differences in online and traditional banking systems.

### ***3.5 Data collection methods***

Data collection methods are ways of gathering data from different sources for further analysis. Primary and secondary are two methods of data collection. The primary method of data collection is described as the first-hand data or the raw data that is collected particularly for the purpose of a study whereas the secondary data is the one in which existing journals and articles are used for collecting the relevant data that is collected by other researchers. However, it was argued by De Vaus (2013) that though primary data is an effective method for data collection it cannot be compared with any existing study hence, many studies recommend researchers to use a secondary method of data collection.

For the following study, the primary method was collected from survey questionnaires collected by different individuals through online portals such as Survey Monkey. The structured



questionnaire comprised 16 questions related to the difference between the traditional and online banking sector and features that force consumers to switch from traditional to online banking services.

### ***3.6 Research Instrument***

A research instrument is described as a measuring device used by researchers for a particular study. Research instruments are of several different types and they vary in terms of whether a study is a qualitative or quantitative study. However, the research instrument used in this study surveyed a questionnaire. A survey questionnaire consists of different questions related to the variables of the study to gather information and determine public opinion. However, according to the study conducted by Eriksson and Kovalainen (2015), it was found that the questionnaire is effective for gathering information but they are not appropriate for obtaining in-depth data and information.

For the following study, the researcher had developed a survey questionnaire with 16 questions. The questions were partially designed on the Likert scale whereas some questions were designed with the help of different options for each question. The respondents were the general public who received a questionnaire through online platforms as well as university and other internet sources.

### ***3.7 Sampling method and technique***

Sampling methods are described as the method used to select a group from a population. There are two types of sampling methods: probability and non-probability method (Mathews and Ross, 2014). The probability method of sampling is the one where the researcher provides equal

chances of selection to the respondents whereas in the non-probability method, an equal chance of selection is not given and selection is done based on judgement and characteristics.

For the following study, the researcher had selected the non-probability method and convenience sampling technique. The non-probability method was used in this study because the researcher had selected respondents from the general public for distributing the survey questionnaire through social media platforms. However, the convenience sampling technique was used so that the researcher can easily approach the respondents and conduct the survey. Since the aim of the study was to investigate the impact on traditional banking from the intervention of online banking in the UK hence, the researcher had used the convenience technique so that the data can easily be collected from the users of banking services.

### ***3.8 Sample size***

The sample size is defined as the number of respondents that are used for data collection. According to the study conducted by Ritchie et al. (2013), it was found that the sample size of any research study helps to determine the validity and reliability of the data. However, some of the studies have also critiqued that the sample size should be large enough so that the results can be validated. For the following study, the researcher had gathered data from the general public. The appropriate selected were 100 respondents to share their views on traditional and online banking systems in the UK. The participants received the survey questionnaire through online sources such as social media sites. However, the participants were the general public who are well aware of all banking services and know the difference between traditional and online banking services.

### ***3.9 Data analysis technique***

The data analysis technique analyses the findings of the study with the help of different statistical or non-statistical methods. The data analysis techniques depend on the research design used and the research topic (Rubin and Babbie, 2016). Since the aim of the study was to investigate the impact on traditional banking from the intervention of online banking in the UK hence, the researcher had decided to carry out a frequency analysis of the survey questionnaire and content analysis of the secondary data. The questionnaire was developed with the help of a Likert scale and each respondent selected the best option. All questions were analysed through SPSS.

The secondary data was collected from different sources such as articles and journals to find the number of banks in the UK and the number of customers that use internet banking services. Content analysis was carried out to analyse the available information and relate it with the statistical findings of the traditional and online banking system in the UK.

### ***3.10 Ethical considerations***

Ethical considerations are described as the ethical practices and rules that are adopted by the researcher to ensure that the study has successfully been conducted. The ethical practice followed in this study were the consent form that was signed by the respondents. The ethical form clearly provides information about how the study will be conducted; the involvement of participants and no personal opinion or information of participants will be shared with any external sources. Moreover, the researcher had also carried out a content analysis hence, the researcher ensures that only authentic and published journals and articles are used for analysis and no plagiarised content will be included in the study.

### ***3.11 Limitations of the study***

Following are the set of limitations or barriers faced in this study:

- Limited time available
- Difficulty in designing the questionnaire in accordance with the objectives of the study
- Less budget for data collection
- Less information available about traditional and internet banking in the UK

### ***3.12 Chapter summary***

The following chapter has shed light on the methodology of the study. With the help of primary and secondary data, the researcher has gathered existing information about how traditional banks are affected by online banking and survey questionnaires reflected on the opinion of respondents. The sample size selected for this study was 100 and frequency along with content analysis was carried out. SPSS was used for gaining the output of the survey questionnaire. Since the aim of the study was to investigate the impact on traditional banking from the intervention of online banking in the UK therefore, the researcher had designed the questionnaire by including diversified questions on a Likert scale starting from strongly agree to strongly disagree.

## CHAPTER 4: FINDINGS AND ANALYSIS

### *4.1 Introduction*

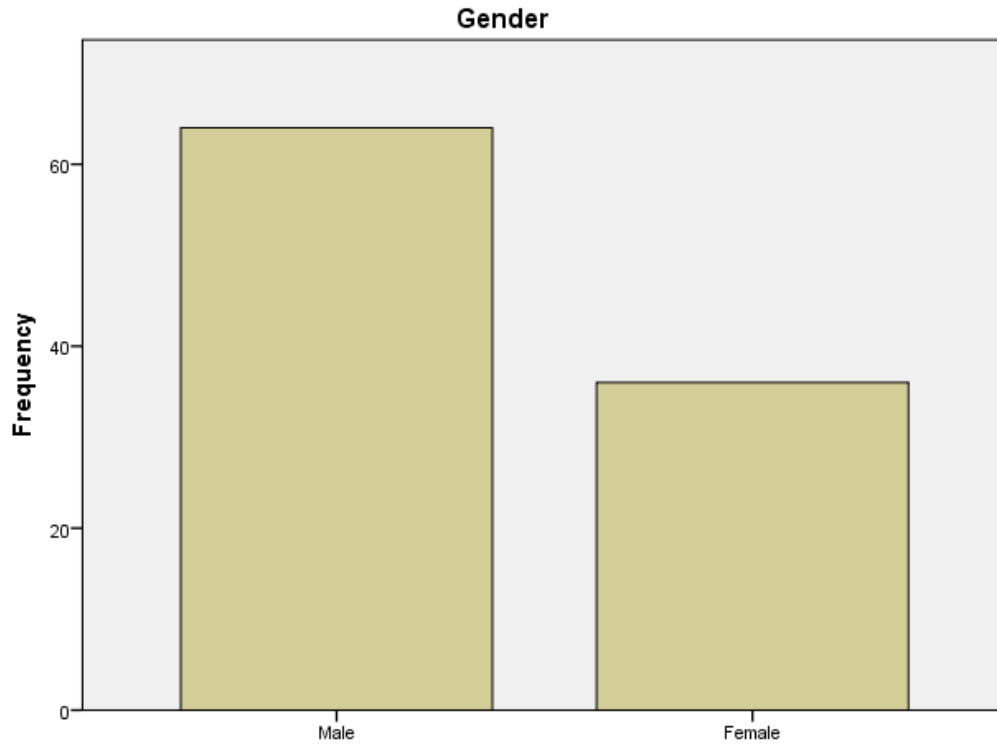
The following chapter focuses on providing the analysis and findings of the study that has supported the researcher in achieving the aims and objectives. The main aim of the study was to determine the impact on traditional banking from the intervention of online banking in the UK. Therefore, the study had been primarily conducted through both methods which are primary and secondary. The data collected from the questionnaire survey had been analysed through the SPSS tool whereas the data of secondary data had been analysed through content which had been discussed later in this chapter. Lastly, the chapter summary has been provided in which the overview of the chapter has been given.

### *4.2 Demographics Analysis*

The demographics analysis had been conducted on the respondents from which the questionnaire survey had been conducted. There were mainly two demographic questions that had been provided in the survey to the respondents.

Table 1: Gender Demographics

		<b>Gender</b>			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	64	64.0	64.0	64.0
	Female	36	36.0	36.0	100.0
Total		100	100.0	100.0	



**Figure 1: Gender Demographics**

The above graph and table represent the demographics of the gender from which the data had been collected in which the questionnaire survey had been distributed to 64% male and 36% were females. The majority of the participants from which the data had been collected were males.

**Table 2: Income Level Analysis**

<b>Income Level Yearly</b>					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	£10k - 20.9k	42	42.0	42.0	42.0
	£21k - 34.9k	36	36.0	36.0	78.0
	£35k+	22	22.0	22.0	100.0
	Total	100	100.0	100.0	

Table 2 represents the income level analysis of the participants in which 42% of the participants had earned between £10k – 20.9k annually, 36% of the participants earned between £21k – 34.9k and 22% of the participants had earned £35k+. The majority of the participants had been earning around £10k – 20.9k annually.

**4.3 Frequency Analysis**

Table 3: Banking service availability 24 hours a day

**Do you need your banking services to be available to you 24 hours a day?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	39	39.0	39.0	39.0
	Agree	33	33.0	33.0	72.0
	Neutral	13	13.0	13.0	85.0
	Disagree	8	8.0	8.0	93.0
	Strongly Disagree	7	7.0	7.0	100.0
	Total	100	100.0	100.0	

Table 3 illustrates the question whether participants require the banking service for 24 hours a day in which 39% of the respondents had strongly agreed, 33% have agreed which the statement, 13% were neutral, 8% have disagreed with the statement and 7% had strongly agreed. Based on the results of the table, it could be said that customers require banking services 24 hours a day. The study of Lee (2009) has also indicated that the benefits of online banks enable the customers to perform their transactions 24 hours a day.

Table 4: Internet banking service time for visiting the bank

**Internet Banking saves your time as there is no need to visit the bank personally**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	26	26.0	26.0	26.0
	Agree	41	41.0	41.0	67.0
	Neutral	16	16.0	16.0	83.0
	Disagree	8	8.0	8.0	91.0
	Strongly Disagree	9	9.0	9.0	100.0
	Total	100	100.0	100.0	

Table 4 demonstrates that internet banking saves the customer time as they are not required to visit the bank personally in which 26% of the respondents had strongly agreed with the statement, 41% have agreed, 16% were neutral, 8 % has disagreed whereas 9% had strongly disagreed. This highlights that internet banking saves the customer’s time in which the study of Jalal, Marzooq and Nabi (2011) also supports the statement.

Table 5: Key features of the bank for having an account

**What are the key features of the bank or building society for you to consider having an account in the particular financial service provider**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Easy to use online banking	25	25.0	25.0	25.0
	Walking distance branch from home	27	27.0	27.0	52.0
	Phone Banking	24	24.0	24.0	76.0
	Mobile App	11	11.0	11.0	87.0
	Your finance security	13	13.0	13.0	100.0
	Total	100	100.0	100.0	

Table 5 illustrates the key features of the bank or building a society that helps in considering opening an account with the particular financial service provider. The results



indicate that 25% of the respondents have highlighted online banking as a key feature, 27% has indicated that the walking distance of the branch from home, 24% have indicated phone banking as the key feature, 11% has indicated mobile application and 13% has indicated the financial security. This highlights that the key feature for opening an account with the financial service provider is the walking distance of the branch from home. The study of Yeow et al. (2008) has also indicated that customers face difficulty in managing the finances in which their banks are far away from home.

Table 6: Accessing account details any time

**I shall be able to access my account details ( statements, financial activity, balances ) at any time, not only in brunch**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	32	32.0	32.0	32.0
Agree	40	40.0	40.0	72.0
Neutral	16	16.0	16.0	88.0
Disagree	7	7.0	7.0	95.0
Strongly Disagree	5	5.0	5.0	100.0
Total	100	100.0	100.0	

Table 6 illustrates the state in which the customers are able to access the account detail easily through online banking in which 32% has strongly agreed with the statement, 40% has agreed with the statement, 16% were neutral, 7% has disagreed with the statement and 5% has strongly disagreed. This indicates that customers are able to easily their account details through online banking. The study of Lee (2009) has supported the statement by arguing that online banking helps customers easily access their accounts.

Table 7: Risks involved in internet banking

**The amount of risk involved in the internet banking is much less than using phone banking or visiting a branch**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	26	26.0	26.0	26.0
Agree	25	25.0	25.0	51.0
Neutral	29	29.0	29.0	80.0
Disagree	12	12.0	12.0	92.0
Strongly Disagree	8	8.0	8.0	100.0
Total	100	100.0	100.0	

Table 7 illustrates the amount of risk involved in internet banking is much less than using phone banking or visiting a branch in which 26% of the participants had strongly agreed with the statement, 25% of the respondents had agreed, 29% were neutral, 12% had agreed whereas 8% had strongly disagreed. The majority of the participants had indicated that the risk involved in internet banking compared to mobile banking is less. Similarly, the study of Martins, Oliveira and Popovič, (2014) has indicated that mobile banking is exposed to high hacking threats.

Table 8: Account details secured and protected in online banking

**I am confident that all my account details are secured and protected by using online banking services at all times**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	28	28.0	28.0	28.0
Agree	36	36.0	36.0	64.0
Neutral	13	13.0	13.0	77.0
Disagree	15	15.0	15.0	92.0
Strongly Disagree	8	8.0	8.0	100.0
Total	100	100.0	100.0	

The results of Table 8 illustrate the state that the account details are secured and protected while using online banking service in which 28% of the respondents had strongly agreed, 36% had agreed with the statement, 13% were neutral, 15% has disagreed whereas 8% of the participants had strongly disagreed. This indicates that the account details are secured and protected through using an online banking service. The majority of the participants had indicated that the account details are secured and protected while using the online banking system. the study of Martins, Oliveira and Popovič, (2014) highlighted that the banks are required to implement firewalls and software for improving the security and reliability of online banking.

Table 9: Financial institution with outstanding online banking and mobile banking app without a physical branch

**Would you consider having a bank account in the financial institution where no physical branch exists, providing the bank or building society have outstanding online banking and mobile banking app**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	28	28.0	28.0	28.0
Agree	29	29.0	29.0	57.0
Neutral	9	9.0	9.0	66.0
Disagree	7	7.0	7.0	73.0
Strongly Disagree	27	27.0	27.0	100.0
Total	100	100.0	100.0	

Table 9 represents the state where customers have a bank account in the financial institution where there are no physical branches; however, has provided outstanding online banking and mobile banking app. The results highlighted that 28% of the respondents had strongly agreed with the statement, 29% of the participants had agreed with the statement, 9% were neutral, 7% of the respondents have disagreed whereas 27% of the participants had strongly disagreed. This indicated that many of the participants are willing to open an account on a

financial institution that has an outstanding online banking system and mobile banking app. The study of Aladwani (2001) has indicated that many of the customers have been highly concerned with online banking as it helps in performing their transactions easily.

Table 10: Times visited the bank in a month

**How many times per months do you visit your banks or buildings society brunch in person?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Once per month or do not visit at all	23	23.0	23.0	23.0
5 times or less	32	32.0	32.0	55.0
6 to 15 times	32	32.0	32.0	87.0
More than 16 times	13	13.0	13.0	100.0
Total	100	100.0	100.0	

Table 10 represents the time in which the customer visits the bank in a month in which 23% of the respondents visits once per month or not at all, 32% visits 5 times or less in a month, 32% of the respondents visit 6 to 15 times a month whereas 13% of the participants visit more than 16 times. This indicated that many of the customers are still even visiting the banks in person for performing the transaction. Everett (2015) has indicated that the consultancy services provided in the banks encourage the customers to visit the bank many times for performing the transactions.

Table 11: Traditional bank services timings are not very convenient

**Traditional bank services has particular timings for customers hence they are not very convenient nowadays and can be substituted by online platforms**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	23	23.0	23.0	23.0
Agree	43	43.0	43.0	66.0
Neutral	18	18.0	18.0	84.0
Disagree	12	12.0	12.0	96.0
Strongly Disagree	4	4.0	4.0	100.0
Total	100	100.0	100.0	

Table 11 represents the statement that the traditional bank services have particular timings for the customer which are not convenient nowadays. The results from the table indicated that 23% has strongly agreed with the statement, 43% has agreed with the statement, 18% were neutral, 12% has disagreed with the statement and 4% has strongly disagreed. Therefore, online banking is a great substitute for traditional bank service due to its 24 hours availability. Similarly, the study of Jalal, Marzooq and Nabi (2011) highlighted that online banking helps in saving time and providing convenience.

Table 12: Time spent in the branch of the bank

**How long do you usually spend in the branch of your bank or building society?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 5 minutes	21	21.0	21.0	21.0
15 minutes or less	29	29.0	29.0	50.0
30 minutes or more	16	16.0	16.0	66.0
One hour or more	17	17.0	17.0	83.0
Strangling to remember due to high level of stress caused because of atmosphere here	17	17.0	17.0	100.0
Total	100	100.0	100.0	

Table 12 represents the results as how much time the customer spends in the branch of their respective bank. Out of 100 of the respondents, 21% of the participants have indicated 5 minutes, 29% spends around 15 minutes or less, 16% of the respondents spend 30 minutes or more, 17% of the participants spend one hour or more and 17% of the participants had difficulty remembering due to high level of stress caused by the atmosphere. This indicates that the customers only visit the bank for less amount time for completing their transactions.

Table 13: No need of physical branch of the bank to complete day to day tasks

**Do you believe that going to the branch of your bank or building society is no longer needed to complete all of your day to day tasks?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	16	16.0	16.0	16.0
	Agree	35	35.0	35.0	51.0
	Neutral	19	19.0	19.0	70.0
	Disagree	30	30.0	30.0	100.0
	Total	100	100.0	100.0	

Table 13 represents the statement that the physical branch of the bank is no longer needed to complete the day to day tasks in which 16% of the participants had strongly agreed with the statement, 35% of the participants had agreed, 19% were neutral and 30% of the participants had disagreed. The majority of the participants had indicated that online banking had eliminated the need of going to the bank for completing day to day tasks. Similarly, the study of Yewo et al. (2008) had outlines that customers can manage their finances through online banking without needing to visit the banks.

Table 14: Reasons for switching to another bank

**What are the reasons you might consider in decision of switching to another bank or building society?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Cheaper transaction costs	27	27.0	27.0	27.0
	Availability to access your multi-currency bank account from mobile phone 24/7	36	36.0	36.0	63.0
	Nearer branch of the bank or building society	26	26.0	26.0	89.0
	No need to authorize any payments in brunch	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

Table 14 illustrates the reasons that are considered while making the decision of switching to another bank or building society in which 27% of the participants had indicated the reason of cheaper transaction costs, 36% has highlighted the availability to access bank account from mobile phone 24/7, 26% of the respondents have indicated that bank or branch near home and 11% has highlighted that banks that do not require authorization in payments. This indicates that the banks that provide mobile phone account are able to attract a large number of customers. As per the study of Campbell and Frei (2010), banks can gain a large number of customers through their mobile app services.

Table 15: Banks without mobile banking app are no longer competitive

**To what extent to you agree that banks without mobile banking app, is no longer competitive?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	46	46.0	46.0	46.0
Agree	30	30.0	30.0	76.0
Neutral	15	15.0	15.0	91.0
Disagree	5	5.0	5.0	96.0
Strongly Disagree	4	4.0	4.0	100.0
Total	100	100.0	100.0	

Table 15 illustrate that the statement that banks are no longer competitive that does not have a mobile competitive app in which 46% of the participants had strongly agreed, 30% of the respondents had agreed with the statement, 15% were neutral, 5% had disagreed with the statement and 4% had strongly disagreed. This indicated that banks are unable to serve in the competitive market without having mobile banking app. The study of Yaghoubi (2010) has indicated that banks are required to develop mobile applications in which the customers are able to access their accounts and perform their transactions.

Table 16: Paying bills and expenses through direct debit or online transfer

**Do you pay all your bills and expenses by direct debit or online transfer, without the need to attend the brunch?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	30	30.0	30.0	30.0
Agree	29	29.0	29.0	59.0
Neutral	21	21.0	21.0	80.0
Disagree	7	7.0	7.0	87.0
Strongly Disagree	13	13.0	13.0	100.0
Total	100	100.0	100.0	



Table 16 illustrates the statement that customers can pay bills and expenses through online transfer or direct debit and without the need of brunch. The results highlighted that 30% of the respondents had strongly agreed with the statement, 29% had agreed with the statement, 21% were neutral with the statement, 7% had disagreed whereas 13% of the respondents had strongly disagreed. This indicates that the respondents can easily pay their bills through the online banking system without the need of visiting the banks. Similarly, the study of Campbell and Frei (2010) has indicated that online banking has a wide range of different activities such as shopping, payment of bills and paying for food.

Table 17: Banking with the financial institutions that only provides PayPal with the unlimited amount per transaction

**Will you consider banking with financial service provider, without a physical debit card being issued, using PayPal with unlimited amount per each transaction?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	36	36.0	36.0	36.0
Agree	30	30.0	30.0	66.0
Neutral	6	6.0	6.0	72.0
Disagree	20	20.0	20.0	92.0
Strongly Disagree	8	8.0	8.0	100.0
Total	100	100.0	100.0	

Table 17 illustrates that statement that the customer considers the financial institution that only provides PayPal with the unlimited amount per transaction. Based on the results, 36% of respondents had strongly agreed with the statement, 30% had agreed, 6% were neutral with the statement, 20% had disagreed whereas 8% had strongly disagreed. This highlights that the customers are willing to open an account that has no physical debit card but a PayPal with an unlimited amount per transaction.

Table 18: Using cash during the day rather than debit/credit card

**How often do you use cash during the day, rather than a debit/credit card?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Once a day	32	32.0	32.0	32.0
	5 times or less	25	25.0	25.0	57.0
	20 times or less	19	19.0	19.0	76.0
	More than 20 times	7	7.0	7.0	83.0
	I do not hold any cash with me, as everyone accepts card's nowadays	17	17.0	17.0	100.0
	Total	100	100.0	100.0	

Table 18 represents the question as how many times the customer use cash during the day rather than a debit/credit card in which 32% of the participants have indicated once a day, 25% has indicated 5 times or less, 19% of respondent uses cash 20 times or less, 7% uses cash more than 20 times whereas 17% of the participant does not hold cash as everyone accepts the card. This highlights that customers still prefer to use cash rather than debit or credit cards.

**4.4 Content Analysis**

*4.4.1 Significance of online banking in comparison to traditional banking*

According to the study of Tan et al. (2010), the advancement of technology has significantly affected the banking sector throughout the world that led to the revolution of internet banking. This has greatly impacted the traditional banking system as many of the customers nowadays prefer to use online banking for conducting the day to day transactions. Online banking provides a wide range of banking services to customers that could be performed anywhere and anytime. Moreover, the study had suggested that there are various advantages of

an online bank compared to traditional banking. The advantages are the easiness of use, convenience, security, a wide range of services and user-friendly.

Similarly, the study of Campbell and Frei (2010) has indicated that UK bank transactions are mostly conducted online rather than the traditional method. On the contrary, the study of Martins, Oliveria and Popovič (2014) has indicated that online banking is exposed to a high level of threats such as hacking and scamming in which the banks are required to implement high internet security and firewalls for protecting the information of the customers from the hackers. Moreover, many of the consumers are reluctant to use online banking services due to the high level of threats and stick with the traditional method of banking.

According to the study of Lu (2017), there are around 9,000 bank branches in the UK and 70,000 ATM machines throughout the country. The top banks in the UK in terms of their total assets are HSBC Holdings, Barclays PLC, RBS Group and Lloyds Banking Group.

Rank	Bank	Country	Total Assets (USD billion)
1	Industrial & Commercial Bank of China	China	3,549.88
2	China Construction Bank Corp	China	2,981.85
3	Mitsubishi UFJ Financial Group	Japan	2,901.34
4	Agricultural Bank of China	China	2,818.89
5	Bank of China	China	2,656.07
6	HSBC Holdings	UK	2,608.15
7	JPMorgan Chase & Co	US	2,466.10
8	BNP Paribas	France	2,417.00
9	Bank of America	US	2,186.61
10	Japan Post Bank	Japan	2,022.02
11	Deutsche Bank	Germany	2,006.71
12	Credit Agricole Group	France	1,970.40
13	Mizuho Financial Group	Japan	1,923.72
14	China Development Bank	China	1,904.34
15	Wells Fargo	US	1,889.24
16	Barclays PLC	UK	1,819.61
17	Citigroup Inc	US	1,818.77
18	Sumitomo Mitsui Financial Group	Japan	1,764.69
19	Societe Generale	France	1,624.97
20	Banco Santander	Spain	1,494.39
21	Groupe BPCE	France	1,357.34
22	RBS Group	UK	1,214.11
23	Bank of Communications	China	1,200.63
24	Postal Savings Bank of China	China	1,163.10
25	Lloyds Banking Group	UK	1,142.22

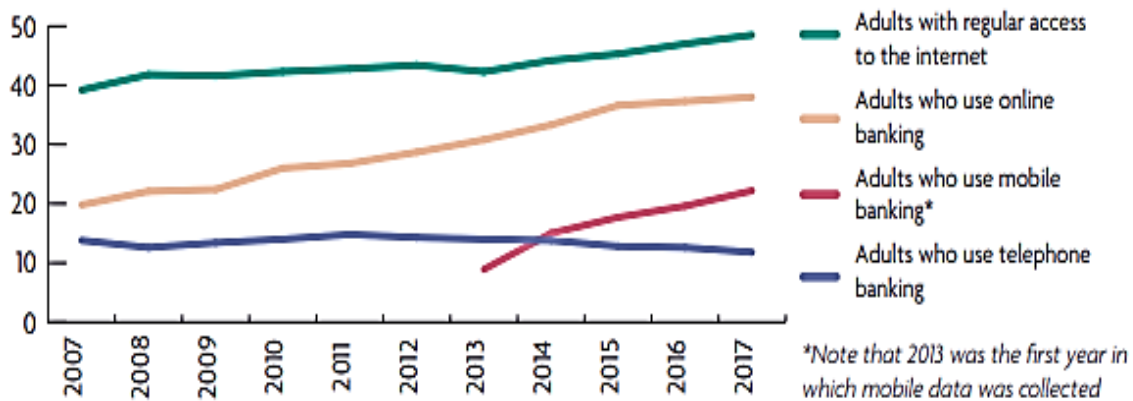
(Source: Lu, 2017)

#### 4.4.2 Factors that influence customer acceptance in terms of online banking

Online banking had become an added feature for the banking sector that allows the customers in conducting their transactions on the website. There are various factors that influence customer acceptance in terms of online banking. One of the major factors that influence the customers in using online banking is time management. In the traditional method of banking, customers are required to visit the bank that consumes a high amount of time as well as standing in long queues, waiting for their turn to acquire the services of the bank (Jalal, Marzooq and Nabi, 2011).

The online banking system enables the customers to execute transactions such as transferring money, paying bills, taking loans and other activities on their electronic devices which enable them to save their time. Another factor according to the study of Lee (2009) is accessibility in which the consumers are able to perform their transaction at any time period. The banks usually operate around 8 -9 hours a day and are open only on weekdays. However, online bank services are accessible 24/7 which also enables the customer to perform their financial transaction anywhere.

The last factor that encourages the customer to accept internet banking is that it helps in reducing their cost in terms of paperwork and overhead costs (Campbell and Frei, 2010). The internet online users in the UK has been significantly accepting and increasing as many of the customers prefers to conduct their financial transactions through the internet.

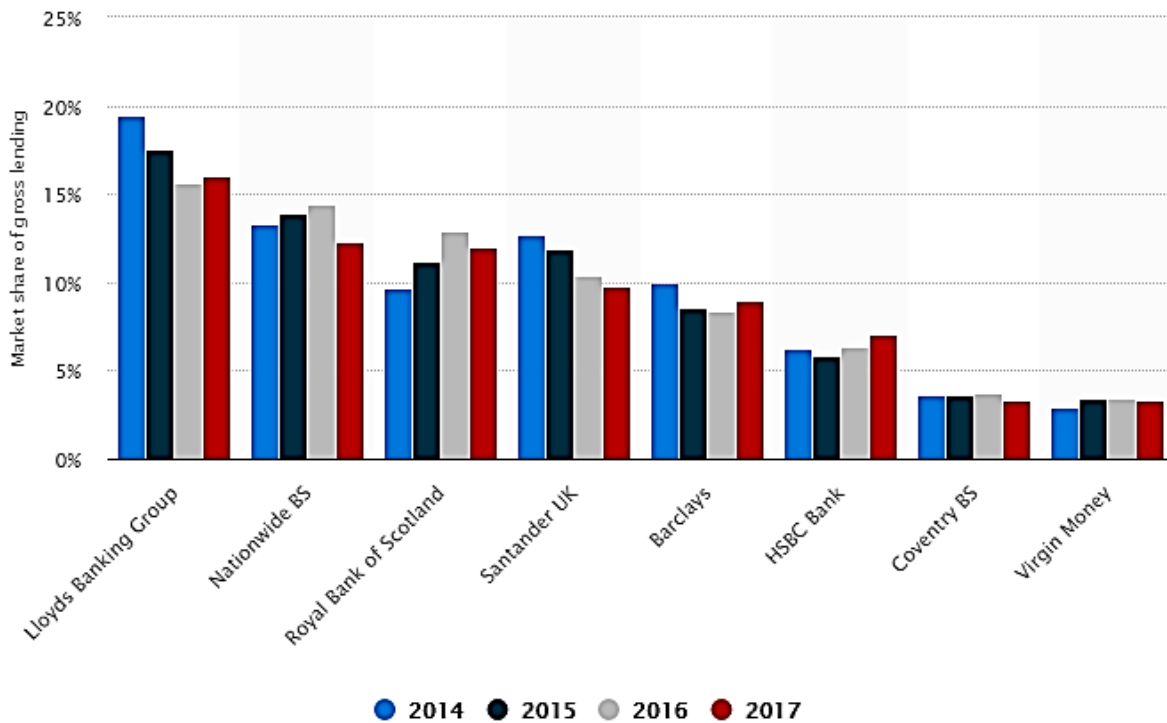


(Source: UK Finance, 2018)

The above chart represents the users of internet banking in the UK, in which the adults who used regular access for online banking were around 35 million and have been significantly increasing each year.

4.4.3 Evaluation of service quality in internet banking and traditional banking

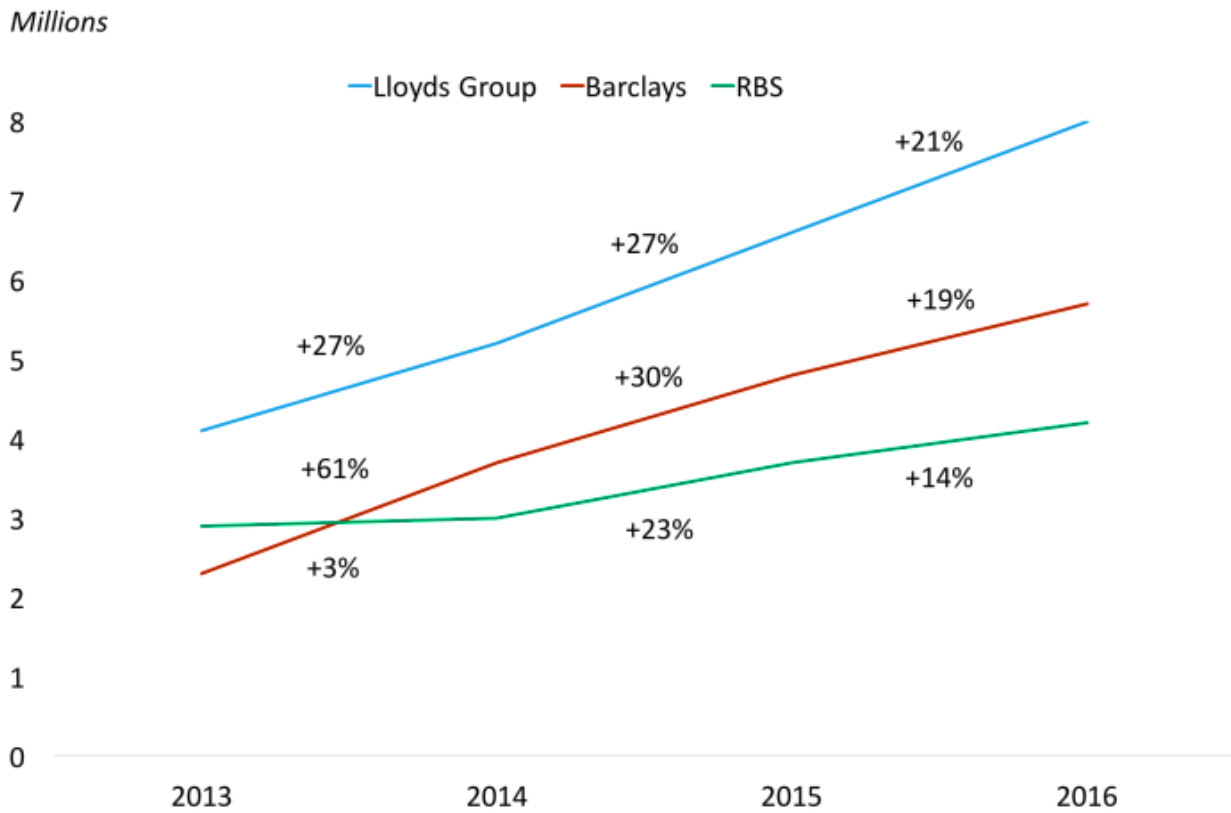
According to the study of Munusamy, Chelliah and Mun (2010), the only factor from which banks are able to differentiate from each other is through having a superior service quality that leads to better sales and building long-term customers. Similarly, the study of Yep et al. (2010) discussed that the service quality of traditional banking is critical for building trust among the customer for using online banking services. The service quality highly influences the reputation and image of the bank. Therefore, it is important to have superior service quality in the traditional method of banking that helps in building trust in online banking.



(Source: Statista, 2018)

The above graph represents the top leading banks of the UK according to the market share in which the top bank of UK is Lloyds Banking Group that had more than 15% market share in 2017. The second-largest market share bank is Nationwide BS which had a market share

of 12% in 2017 and the third largest bank is the royal bank of Scotland that had an 11.8% market share.



(Source: UK Business Insider, Aouad, 2017)

The above graph represents the mobile banking users in the UK in which the graph indicates that the mobile banking users have been significantly increasing each year. The Lloyds Group had the highest mobile users in the UK, followed by Barclays and the third bank to have high mobile users is Royal Bank of Scotland. This highlights that the mobile and online banking system has significantly impacted traditional banks.

#### 4.5 Discussion

The advancement of technology has significantly contributed to the banking sector as many of the traditional banking had been conducting their operations through internet banking.

The main focus of every bank is to provide the best quality service to its customers fulfilling their needs and providing an excellent experience. The E-banking services are mainly provided through two major channels in which one being the online website portal and the other the mobile application. According to the study of Yee-Loong et al. (2010), online banking provides a wide range of services to customers as they are able to transfer money, pay utility bills, recharge mobile and access their financial statements. The consumers are faced with various issues while following the traditional method of conducting the financial transaction as they are required to personally visit the branch as well as wait in a long queue for performing their banking activities.

Moreover, the results from the frequency analyses demonstrated that customers need banking services to be available 24 hours a day. This highlights the importance of online banking as the banks are usually open for 9 hours whereas online banking enables them to perform their transactions 24/7. The online banking service has also enabled the customers in saving their time for conducting their banking transactions without having the need to visit the branch during their working times. The main key features that enable the customer to open their account is due to online banking as it leads to performing a wide range of activities.

Moreover, many of the respondents have strongly agreed that online banking enables them to access their account details at any time period and without the need of visiting the banks. The participants have also recognized that the risk involved in internet banking is lower than using mobile phones or visiting the branch. Similarly, the study of Martins, Oliveira and Popovič, (2014) that mobile banks are highly exposed to hacking threats. Online banking also ensures that the account details are protected and secure at all times which increases the reliability and trust among the customers. Many of the participants were even willing to open their bank account in the financial institution where there was no physical branch but only



outstanding online banking and mobile banking apps. Therefore, the results of the questionnaire analysis demonstrate the high importance of online banking these days which provides convenience, security, reliability and easiness to the customers.

#### ***4.6 Chapter Summary***

As discussed previously, the aim of this chapter was to provide the findings from the data collected for achieving the aims and objectives of the study. The data had been collected from the general public regarding online banking that had been further analysed through the frequency analysis. The results of the frequency analysis highlighted that many of the customers have been using online banking services to save their time and conduct their transactions at any time period. The key features while considering opening an account in the bank is online banking and the walking distance of that branch. Moreover, online banking had also provided the accessibility on accessing the account details such as financial statements, financial activity and balance.

Other than that, the results from the content analysis indicated that the advancement of technology has played a vital role on traditional banks as almost all banks had introduced online banking for competing in the highly competitive market. There are around 9,000 bank branches operating in the UK and had been increasing each year. The customers are regularly accessing online banking are around 35 million in the UK for performing their banking transactions.

## **CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS**

### ***5.1 Introduction***

This chapter is intended to conclude the overall dissertation which was aimed to investigate the impact on traditional banking from the intervention of online banking in the UK. For this purpose, primary research was conducted to achieve the research objective and address research questions. Meanwhile, 100 respondents were selected as a sample size from the general public to determine their views on the traditional and online banking system in the UK. The following chapter concludes the overall research by gathering summarised key findings from the preceding chapter and provides a constructive conclusion based on those findings. Meanwhile, recommendations have also been developed based on the findings of the research, and future research implications have also been discussed to help the future researcher to expand the following study.

### ***5.2 Key summarised findings***

A sample of the study consisted of 100 respondents from the general public, who participated in the survey. It was found that the majority of respondents stated to have 24 hours a day banking services, which signifies the importance of banking services for the customers in the UK. Meanwhile, the majority of respondents strongly agreed online banking saves costs and time. It implies that the general public is well aware of internet banking's benefits, and since a busier lifestyle has also emphasized on to complete casual works in lesser time and for this purpose, internet banking serves as the best option for people to make fund transfers, pay utility bills, shop online, and make an online payment.

It is all about changing customer preferences in the market which has increased the need for internet banking in the UK. When participants were asked about their preferred key features of the bank, the majority of respondent's preferred online banking, bank within walking distance, and phone banking. However, the lower of respondents preferred mobile app and financial security. It shows that a sufficient number of people still prefer to visit a bank physically rather than accessing services online.

When the customers were asked about the accessibility of the banking functions online such as account details, financial statements and other activity; in response to these questions around 72% of respondents agreed that they have higher accessibility in online banking rather than being at physical banking. It was also found that the majority of respondents also agreed that internet banking has a much lower risk than using phone banking or visiting a branch physically. It shows that the general public has good trust in online banking, and their preferences have changed from traditional banking systems to online banking due to the key features of online banking which saves time and reduces risks as well.

It is found that superior quality differentiates one bank from another and helps banks to build strong relationships with the customers. It is critical for the traditional banks to build the trust of customers in order to make them loyal to the bank. Whereas, online banking is not uncommon in the UK; almost all banks have online banking services to serve customers. Since branches are open for only 9 working hours for the public and customers; but online banking can serve customers 24/7. It does not only saves time for customers but also saves costs. As it was also found in the survey that many respondents agreed that they prefer to make transactions online rather than going to banks.

Similarly, respondents also have trust and showed their confidence in online banking that their account details are highly secured and protected by banks when they use online banking services. It implies that online banking is a highly trusted segment of the banks in the UK, which should also meet the expectations of the customers. Furthermore, it was also found that around 57% of respondents were agreed that they would be like to have a bank account in a bank that has no physical branches but only offer online and mobile banking app. It shows that branchless banking is preferred by the general public, and they also agreed to have an account in a bank with no physical branch. It implies that in the UK customers' priorities have changed, and they can also use banking services online, through mobile apps, or through branchless banking.

It also highlights a service gap that people also prefer banks with no physical branches but have an only online system and mobile application. It means that an online and virtual banking system can also take place with only ATM machines, POS and other retail services through branchless banking. Meanwhile, it was also found that the majority of respondents agreed that traditional banks are not convenient, and traditional banks can be substituted by online platforms. There are around 150 domestic and foreign banks in the UK with around 7000 total branches throughout the UK, and almost all banks have an e-banking segment that offers all internet banking services which have been discussed in the preceding chapter.

It also shows nearly all banks have an online banking segment to serve customers, and the results of the study also suggest that participants believe visiting branch physically is no longer necessary since they can carry day to day transactions online. Meanwhile, respondents of the survey also stated that they would consider switching to banking if there are cheaper transaction costs, 24/7 services to access banking services for a multi-currency bank account through a mobile phone, and some of the respondents also stated that having near branches and

no need to authorise any payments in the branch will shift their preference. However, the majority of the respondents still prefer to have access to the account through mobile phone means online access account through a mobile application or web application.

Similarly, it was also stated by respondents that banks are no longer competitive if they do not provide online banking services. Based, these findings it is can be stated that customers do not prefer to banks which have no online banking services. Furthermore, it is also found that online banking services are preferred by customers due to some potential reasons; one that it is convenient, accessible 24/7, no paperwork for fund transfer, no need to visit branch physically, saves time and other associated costs including transportation, and transactions.

### ***5.3 Conclusion***

The traditional banking system is referred to as the banking system prior to the emergence of the internet and the digitalization of services. One of the prominent features of traditional banking is that it requires customers to visit the branch physically for each and every transaction. Whereas, e-banking can effectively reduce the need of the customer to visit branches physically; since all day to day transactions can be performed online such as fund transfer, utility bill payments, mobile top-ups, online shopping and online payment.

Since, it is stated by customers that traditional banks are not convenient as compared to online banking, and it was also stated by the respondents that they would be ready to open a bank account in a bank with no physical branches. It indicates how a customer's mindset and preferences have changed in the UK, where online banking feature plays a key role in influencing the decision of the client and attracting customers to open a bank account. Therefore,

it is concluded that the intervention of online banking has a negative impact on traditional banks in the UK.

Meanwhile, customers also stated that they would prefer the traditional banks; if it has cheaper transaction costs, 24/7 services to access banking services for a multi-currency bank account through mobile phone and banks should be within walking distance or near to them. Changing preferences, needs, wants and a busier lifestyle has increased the need for online banking which allows the customer to have access to a bank account 24/7 and make day to day transactions online without visiting the branch physically. Meanwhile, these are undertaken by customers while opening an account in a bank.

There is a significant and negative impact of online banking intervention on the traditional banking system in the UK. Since it was found that customers prefer to access their bank 24/7, and they also prefer to not visit a branch for daily transactions which they are often required to perform. Thus, online banking intervention meets with needs and expectations of customers in the market.

#### ***5.4 Recommendations***

Based on the findings of the research; it is critical to have an online banking system in the UK in order to compete and survive in the highly competitive market. Since, preferences, needs and expectations of the customers have been changing pertaining to technological advancements, and busier lifestyles. Hence, it is imperative for the traditional to follow recommendations provided below

- It is recommended for traditional banks that they should adopt an online banking system since customers today prefer to not waste their time while visiting the branch physically.

Meanwhile, fund transfers, online shopping and online payments are top trends in the UK market which also includes sales through the point of sales (POS) through debit cards and credit cards. Thus, the adoption of the online banking system is necessary for the traditional banks in order to remain competitive and compete with other banks in the market.

- A smartphone is commonly used, and the trend of mobile banking is also emerging which is also an integral part of the online banking system. However, it is a more interactive way for customers to access banking services online through a smartphone app. Hence, it is also imperative for the traditional banks that they should also launch mobile phone app for online banking services to compete with competitors in the market.
- It is also recommended for the traditional bank that it should lower its transaction costs, provide 24/7 banking services to customers to meet their needs, demands and expectations in a competitive marketplace where there are many substitutes in the market.
- Customers preferences have been changing in the market and customers have also become over-demanding; hence it is recommended that traditional banks that it should engage with customers by traditional techniques and contemporary techniques. It will enable the bank to understand and formulate services as per the customers' demands and needs.
- Customers in the UK highly trust the online banking system, and they do not have a concern regarding their accounts details since they believe it is safe and being protected in the bank. Thus, traditional banks should also pay special attention to the protection of account details of the customers to maintain their trust in the online banking system.

### ***5.5 Future research Implications***

The following study was conducted to investigate the impact of traditional banks from the intervention of online banking in the UK, and this study primary study that only compared two banking systems, to investigate how online system has affected traditional banks. But, it does not account for customer satisfaction with online banking and does it affects the profitability of the bank. Therefore, this is a gap in the following research, which needs to be studied empirically to analyse the impact of online banking services on the customer satisfaction and profitability of the bank.



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## Questionnaire

I confirm that I am volunteering to take a part in the questionnaire provided by from LSC University, to investigate the impact on the traditional banking sector, from an intervention of the online banking service providers. YES / NO

I am aware that all the data provided by me will be kept on the special hard drive and will only be used by. YES / NO

### *Questionnaire*

Gender

- Male
- Female

Income Level Yearly

- £10k-20.9k
- £21k-34.9k
- £35k+

First Part: *Contrast between traditional and online banking sectors*

1. Do you need your banking services to be available to you 24 hours a day?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

2. Internet Banking saves your time as there is no need to visit the bank personally

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

3. What are the key features of the bank or building society for you to consider having an account in the particular financial service provider

- Easy to use online banking
- Walking distance branch from home
- Phone banking
- Mobile App
- Your finance security

4. I shall be able to access my account details ( statements, financial activity, balances ) at any time, not only in brunch

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

5. The amount of risk involved in the internet banking is much less than using phone banking or visiting a branch

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

6. I am confident that all my account details are secured and protected by using online banking services at all times

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

7. Would you consider having a bank account in the financial institution where no physical branch exists, providing the bank or building society have outstanding online banking and mobile banking app

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree ( explain why )

8. How many times per months do you visit your banks or buildings society brunch in person?

- Once per month or do not visit at all
- 5 times or less
- 6 to 15 times
- More than 16 times
- Only visited for account opening process

9. Traditional bank services has particular timings for customers hence they are not very convenient nowadays and can be substituted by online platforms

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

10. How long do you usually spend in the branch of your bank or building society?



- 5 minutes
  - 15 minutes or less
  - 30 minutes or more
  - One hour or more
- 
- Strangling to remember due to high level of stress caused because of the atmosphere there

Second part: *What are the features which brings consumers from traditional banking sector to online banking?*

11. Do you believe that going to the branch of your bank or building society is no longer needed to complete all of your day to day tasks?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

12. What are the reasons you might consider in decision of switching to another bank or building society?

- Cheaper transaction costs
- Availability to access your multi-currency bank account from mobile phone 24/7
- Nearer branch of the bank or building society

- No need to authorize any payments in brunch, neither having to withdraw or deposit money in the specific bank or building society's

13. To what extent to you agree that banks without mobile banking app, is no longer competitive?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

14. Do you pay all your bills and expenses by direct debit or online transfer, without the need to attend the brunch?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

15. Will you consider banking with financial service provider, without a physical debit card being issued, using PayPal with unlimited amount per each transaction?

- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree

16. How often do you use cash during the day, rather than a debit/credit card?

- Once a day
- 5 times or less
- 20 times or less
- More than 20 times
- I only use cash, apart from large transactions
- I do not hold any cash with me, as everyone accepts card's nowadays

Thank you for your time