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Survey Study of Alternate Delivery Channels for Financial Transactionsand its Reasons

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Abstract

Analyzed data in this research exposed the fear factor in Karachi citizens while doing the financial transactions on ATM or going to the branch directly. The results showed that50% people used ATM as any Alternate Channel for cash withdrawal or financial transaction and 28% used Internet Banking as second mostly used Alternate Channel, and 11% went to the branch for financial transaction and the remaining 6% opted to use SMS and Mobile Banking. On the other hand, 40%> people used ATM for convenience and felt little secure, however, 37% used purely pr convenience rather than standing in long queues and 23%> felt secure in using ATMs. Due to the law and order situation in Karachi, 52%) people sometimes had a fear of getting robbed while going to bank for financial transactions, however, 35% always had a fear in mind of getting robbed when going to bank for financial transactions.

Keywords: *Opinion, Fear, Mental Stress, Alternate Delivery Channels*

1. Introduction & Literature Review

Bowman, Van den Hoff, van den Wijngaert, & van Dijk (2005) states that:

"The convergence of telecommunications and computer technology is generally defined as information communication technology (ICT). The financial industry is increasingly employing ICT in the form of alternate delivery channels (ADCs). Within the banking industry, ADCs are methods other than traditional bank branches that banks use to meet their customers' needs "

Alternate delivery channels such as ATMs, Telephone Interactive Voice Response (IVR) systems, and online banking are grown-up channels, but progress in ICT permit occasions for developments even in these established technologies. The proven achievement of ICT in ATMs, online banking, and IVRs undoubtedly demonstrates the revenue impact of these technologies. Current popular alternate delivery channel technologies comprise service such as the following: short message service (SMS) banking text alerts, bill pay, automated clearing house (ACH) electronic payments, mobile banking, e-mail alerts and notifications, fax banking services, video banking, and online social media banking. These technologies are all relatively recent ICT enabled ADC strategies that banks can employ (Koltveit, J., and Owens J. P., 2000).

Alternate delivery channels are offering more and more convenient ways for customers to fulfill their daily finances needs. However, some methods give rise to security issues and customer safety as well. ATM is one of the largest channels used worldwide for financial transactions.

The State Bank of Pakistan released its Payment Systems Quarterly Review for the 3rd Quarter of fiscal year 2012. The report showed a marked rise in the number of ATM and electronic transactions.

A report revealed a number of interesting trends in Pakistan. Among them:

- The total numbers of ATMs in the country stands at 5,612.
- Year-over-year, the number of ATMs in Pakistan increased by 13 percent, with 203 terminals added in the banking industry overall.
- Year-over-year, total ATM transactions increased 5.6 percent; transaction value increased by 8.6 percent.
- The average value per ATM transaction is Rs9, 828 ($105).
- The share of all e-banking transactions that are ATM transactions: approximately 60 percent by volume; 6 percent by value.
- From Q2 to Q3, the number of plastic cards in circulation increased by 9.47 percent to a total of 16.7 million active cards.

Brazil, in the first half of this year, bank robberies and ATM attacks soared 50 percent, according to a recent study by Brazil's National Confederation of Security Guards and the National Confederation of Workers in the Financial Sector. An AP-reported story in the Montreal Gazette said numbers had increased from 838 incidents reported between January and June of 2011 to 1,261 for the same period in 2012. No theory was offered to explain the increase. However, the study has prompted the two organizations that conducted it to call for increased security measures by banks.

Little illustrate how grounded theory approach can be utilized to find aspects that manipulate existing and future use of ATM which resulted in the production of model for ATM on theoretical basis (Little L., 2003). Mc Andrews surveyed literatures which express the ways ATM systems have influenced features of banking markets (Mc Andrews, J., 2003)

It is observed that street crimes are increasing in Karachi-Pakistan But with the advancement of technology the criminals sometimes now leave stuff behind, which can be used to get to them in future. Similarly over the recent past two robberies at two different ATM were captured by the security cam and became popular on internet. One of the video was also aired via TV channel the link of the video is attached in this document under Video.

Most of the citizens of Karachi have a fear in mind especially when they are using banks or ATM for their financial transactions. This study will depict the ground realities of people attitude while they plan to do cash transactions. Banks are offering more and more convenient ways for customers to fulfill their daily finances needs. However, some methods give rise to security issues and customer safety as well. ATM is one of the largest channels used worldwide for financial transactions and thus people have used it according to their needs.

2. Research Questions

This study addressed the following research questions:

1. What is the preferred method of doing financial transactions?
2. What is the rationale for selecting an alternate method or technology for financial transactions?
3. Does fear of getting robbed influence the decision of going to a branch or making financial transactions?
4. Is there an influence of fear of cash snatching while making financial transactions through ATM terminals?
5. Is the selection of corresponding cash terminal (either branch or ATM) for any financial transaction based on the area(s) where the terminal is located?

3. Objectives of the study

- To identify the commonly used Alternate Delivery Channels for financial transactions and reasons for their selection.
- To understand the variable which influence the consumer's decision of going to bank branches and/or ATM terminals to transact.
- To compare the factors of risk and security while making financial transactions through branches and/or ATM terminals.

S.No.	Response /Question Area	Option	Responses?
1	Preferred method of doing financial transactions	Going to the branch directly	11%
		ATM	50%
		Mobile Banking	5%
		SMS Banking	6%
		Internet Banking	28%
2	Choose the alternate method for financial transactions	Feel Secure	23%
		Convenience	37%
		Both	40%
3	Fear of getting robbed when going to the branch for financial transactions	Always	35%
		Sometime	52%
		not at all	13%
4	Feargoing to branch because of the area where branch is situated	yes	68%
		no fear	32%
5	Prefer branch based on area it is situated	Yes	80%
		No	20%
6	Fear of cash snatching when going to the ATM for financial transactions	Always	38%
		Sometime	45%
		Not at all	17%
7	Fear going to ATM because of the area where it is situated	Yes	80%
		No Fear	20%
8	Prefer ATM usage based on the area it is situated	Yes	78%
		No	22%

Table No 1: Analyses of Areas of Tool

(Evolved by the Authoi)

4. Methodology:

This study is exploratory in nature. ***The rational of the study is to take the opinion from the people belonging to different areas of Karachi City regarding the mostly used Alternate Delivery Channels (ADC) and assessment of security concerns for financial transactions within their banking parameter.***

The sampling was taken from the different areas of Karachi such as Saddar, Gulshan-e-Iqbal, New Karachi, North Nazimabad, Bin Qasim town, Korangi town, Jamshed town, Liaquatabad town, Shah Faisal town and Gulbergtown.

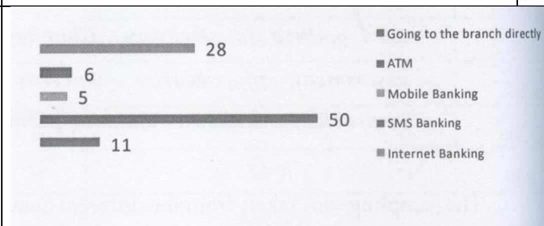
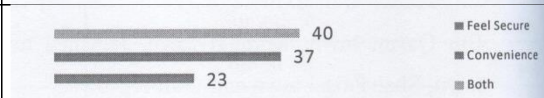
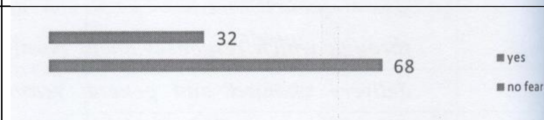
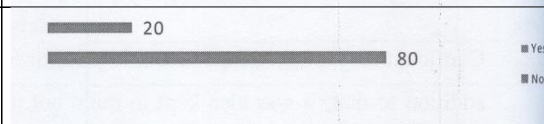
For this purpose sample of 100 individuals was selected with the help of Purposive & Convenience sampling techniques from the different areas of Karachi. Questionnaire was used as a tool of research study through which responses about mostly used alternate delivery channel and general reasons of adapting alternate ways were collected.

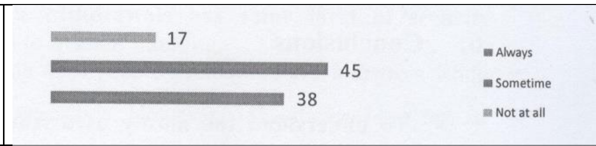
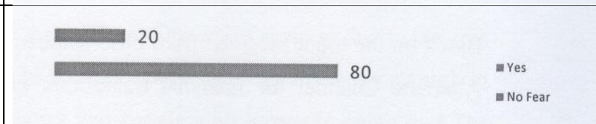
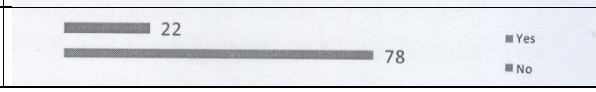
Confidentiality of the respondents is prioritized so as to keep them safe. In addition to that, it was also kept in mind not to emotionally afflict or disturb any of the respondents. The obtained responses were analyzed using percentage method.

5. Findings of the Study: Analyses of Results are as under.

Figure No 1:Graphical Representation of Areas of Tool

(Evolved by the author)

S.No.	Response/Question Area	Option	Responses
1	Preferred method of doing financial transactions		
2	Choose the alternate method for financial transactions		
3	Fear of getting robbed when going to the branch for financial transactions		
4	Fear going to branch because of the area where branch is situated		
5	Prefer branch based on area it is situated		

6	Fear of cash snatching when going to the ATM for financial transactions	
7	Fear going to ATM because of the area where it is situated	
8	Prefer ATM usage based on the area it is situated	

6. Conclusions

• To understand the mostly used Alternate Delivery Channel for financial transactions

Based on the input received from different areas 50% people use ATM as any Alternate Channel for financial transaction (cash withdrawals), 28% people use Internet Banking which is the second mostly used Alternate Channel. 11% people go to the branch for financial transaction. Remaining 6% and 5% opt to use SMS and Mobile Banking.

• People use ATM for convenience and feel secure for doing cash withdrawals.

Survey results shows that 40% people use ATM for convenience and they feel little secure. However, 37% use purely for convenience rather than standing in long queues and 23% feel secure in using ATMs.

• Branch selection is based on Area, due to security concerns

Due to the law and order situation in Karachi, 52% people sometime have a fear of getting robbed while going to bank for financial transactions, however, 35% always have a fear in mind of getting robbed when going to bank for financial transactions. 13% does not have any distress. 68% people reported that they have a distress because of the area branch is situated due to security concerns. 32% have no distress. 80% people have said that they prefer going to bank based on the area it is situated. 20% have opinion otherwise.

- **ATM usage for cash withdrawals has same level of security concerns as compared to branch banking.**

As compared to branch banking 45% people sometime have a distress while using the ATM for financial transaction. However, 38% always have fear in mind of getting robbed at ATMs. 17% does not have distress. 80% people gave a feedback that they have a significant amount of distress due to the area where ATM is placed because of security concerns. 20% are brave enough to think otherwise. 78% results shows that people tend to prefer going to ATM where there is no or less concern of law and order situation 22% have voted that do not prefer for such selection. The above literature review endorses the result of the survey of this paper that ATM is one of the mostly used method people have adopted.

7. Recommendations and Limitation

The above study shows that awareness is growing within the people to use alternate methods for doing and fulfilling their day-to-day finances needs. ATM being the mostly used method currently in practice however, the results shows that personal security is the major concern for people. Based on the above facts we can see that mostly people are in mental stress whenever they tend to go to the branch or ATM. The results also shows that general human psyche for adapting different methods are most based on the convenience of how quickly and easily transactions are process and how safe and secure it is. These results depict that more convenient and secure channels are, more customer's cash flow and trust will be built. Law and order situation within Karachi has significant impact on customer minds. The study was conducted based on limited resources and time constraints. Due to law & order situation few of the towns were not approached for this study.

8. References

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