

# Banking Channel Perceptions An Indian Youth perspective

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## Abstract

Retail banking has undergone rapid changes with the introduction of new technology based channels and its interesting to note how people have adapted to different ways of deriving their banking needs. This study uses psychographics to study the banking channel adaptation and the trends in the retail banking scenario in Karnataka, India. It has been found that people clearly want convenience and security in their choice of banking channels.

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## Introduction

Technological advances has witnessed the application of technology in increasing the number of banking **channels namely ATM, Internet Banking, Tele Banking and branch banking.**

In retail banking scenario, it is also implicit that many banks are competing for the same customer segment and the combined resources being spent in terms of channel development and other efforts may exceed the profitability of the segment targeted at, by the banks put together. It has been observed that one of the challenges being faced by retail banking sectors have been in the usage of proper segmentation techniques based on the customer psychographics with respect to the banking channels. For e.g. who would be willing to use Telebanking and what may be the underlying reason to do so? In spite of introduction of internet banking why would a youth still visit the nearest branch for his banking needs? The answers to these questions would result in understanding the mindset and lifestyle of banking consumers which would help the bank to effectively target the consumers based on their channel preference, strengthen the weak aspects of channels in demand and augment the service provided by the channels thereby retaining the customer and ultimately enhancement of profits.

Customer segmentation takes place at demographic level and at psychographic level. Psychographics in essence tries to study and profile people based on their attitudes, interests, lifestyles and values.

In India psychographic profiling of consumers is still in its stage of infancy. Many corporates are conducting such studies, but most of results are not available for the academic community. Furthermore, the psychographic variables of consumers are always changing and it becomes even more imperative for a **continuous longitudinal study** to keep track of changes and incorporate them in the art of marketing.

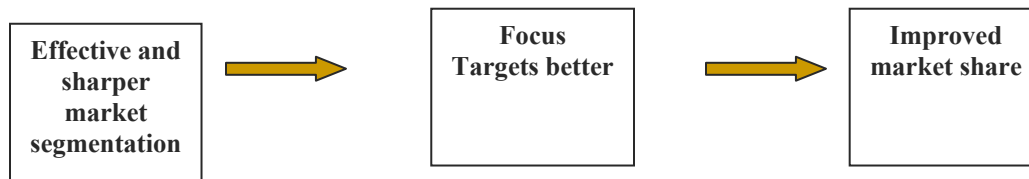
Further, the entry of multinational banks who are armed with techniques to profile the customers based on psychographic attitudes are posing a tough competition for the Indian banks.

Some of the advertisements from a large Nationalised public sector act more or less like reminders to customers about their large and widespread networks, many products in their portfolio that are clearly a pure quantitative translation of banks strength rather than the real competitive advantage that can be derived out of strategic marketing techniques based on effective segmentation.

Hence it is imperative that psychographic study be conducted on banking customers in India for strategic marketing purposes.

The conceptual relationship between effective profiling and Strategic marketing can be best described in the diagram 1.1 (Page 2).

**Diagram 1.1**



**A Literature Review of Psychographic applications**

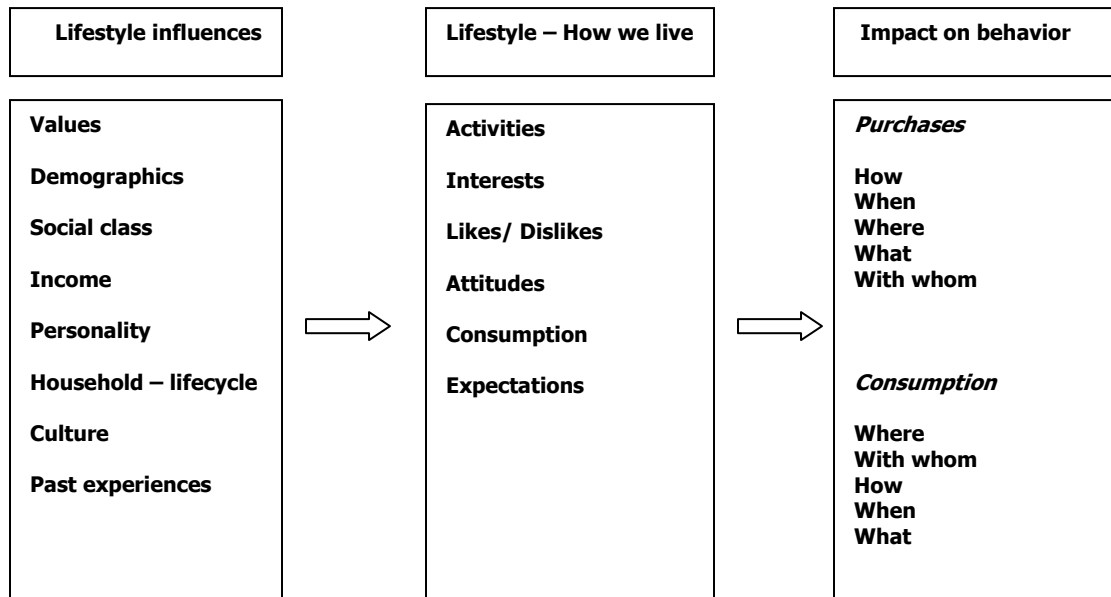
We shall introduce the concept of “Psychographics” with a classical definition by Emanuel Demby (1974) who has coined the term “Psychographics”.

Demby has provided a three level comprehensive definition of psychographics.

1. Generally, psychographics may be viewed as the practical application of behavioral and social sciences to marketing research.
2. More specifically, psychographics is a quantitative procedure that is indicated when demographic, socio-economic and user/non-user analysis are not sufficient to explain and predict consumer behavior
3. Most specifically, psychographics seeks to describe the human characteristics of consumers that may have bearing on their response to products, packaging, advertising and public relations efforts. Such variables may span a spectrum from self –concept and lifestyle to attitudes, interests and opinions, as well as perceptions of products as well-self concept and personality traits are used interchangeably.

People’s activities, interests, opinions and attitudes, vary approximately as do their related values and this pattern fits the value-attitude-behavior hierarchy hypothesized by Homer and Kahle (1998). This is illustrated in diagram 2.1 (Page 2)

**Diagram 2.1**



An overall appraisal of literature reveals research studies done in the field of segmentation using psychographics in the field of general buying behavior, retail, media behavior, buying behavior of financial products, credit card usage, sports marketing, brand behavior and ownership of insurance products. Most of these studies have been conducted in countries like America, Germany, UK, Japan, China, Singapore, New Zealand etc.

The Literature Review for this research study has been classified under two categories. The first category being studies conducted based on general buying behavior. The second category outlines the studies done in channel specific psychographics.

**Category 1. Psychographic studies based on their general buying behavior**

*Tao Sun et al.* (2004) compares US, UK, Chinese and Japanese consumers based on their generic buying behavior which placed more emphasis on psychographic and lifestyle variables like consumption of brands, travel and attitudes like financial optimism, satisfaction levels. *Rob Lawson et al.* (2003) have conducted research on consumers based on their preference of payment methods and profiled them in terms of membership of wider lifestyle groups. *Naveen Donthu et al.* (2002) have studied the single consumers and their lifestyles where they show that singles seek a lifestyle to overcome their loneliness. *Julie Napoli et al.* (2001) have studied the lifestyles of current generation influenced by the usage of internet with so special emphasis on any industry. *Michael T Ewing et al.* (1999) have compared white collared workers across Five Asian cities based on general psychographic variables that do not give insights into a specific industry. *Sarah Todd et al.* (1998) have studied New Zealand consumers that again segments consumers based on general psychographic variables and do not deal with any specific industry in particular. *Jackie Tam et al.* (1998) have segmented the Chinese female consumers based on general psychographic variables.

**Category 2: These studies have investigated the banking channels**

*Wendy Wan et al.* (2005) have studied the customers' adoption of banking channels in Hong Kong. It covers four major banking channels namely ATM, Branch Banking, Telephone Banking and Internet Banking. It segments customers based on demographic variables and psychological beliefs about the positive attributes processed by the channels. The psychological factors are Ease of use, Transaction security, transaction accuracy, speediness, convenience, time utility, provision of different personal services, social desirability, usefulness, economic benefits and user involvement. *Nancy Black et al.* (2004) explore the factors that may influence the selection and use of distribution channels in the financial services. They propose a conceptual model where in the factors are grouped as consumer related, product related, channel related and organization related. The consumer related factors are product category involvement, confidence, socio-economic and lifestyle factors and ethical stance. The product related factors are complexity, perceived risk and price. The channel related factors are personal contact, perceived risk, convenience and costs of using the channel. The organization related factors are image, size, longevity and range of channel provision. But this paper has not been able to test ex post facto that these are the relevant factors. It is only a proposed conceptual model. *Mark Durkin* (2004) uses decision-making styles in the study of Internet banking customers. He has considered the factors like Face to face oriented, information searching oriented, convenience seeking oriented, creativity oriented, brand oriented, technology oriented and speed of decision oriented and has used cluster analysis to discover customer groups based on their decision making styles namely Decisive, Flexible, Hierarchical, Integrative, and systemic. *Serkan et al.* (2004) in their research on adoption of Internet banking among sophisticated consumer segments in an advanced developing country have focused on segmenting the academicians as users and non users based on demographic, attitudinal and behavioral characteristics. *Jane Kolodinsky et al.* (2004) have studied the adoption of electronic banking by US consumers. The customers have been profiled based on E banking characteristics like trialability, relative advantage, complexity/simplicity, compatibility, observability, safety, risk and involvement. *Walfried Lassar et al.* (2004) have

studied the relationship between consumer innovativeness, personal characteristics and online banking adoption. *Simon Ho et al.* (1994) have studied the customers risk perceptions of electronic payment system. They have classified risk as physical risk, performance risk, psychological risk, financial risk and time loss risk. *Norman Marr et al.* (1993) have studied the customer’s adoption of self-service technologies in retail banking. This is to check if the suppliers of technology do have an understanding of variables that affect customer adoption of self-service technologies in retail banking.

**Research Gap**

There has been no comprehensive psychographic based study that encompasses the bank selection criteria, channel selection criteria and product selection criteria together even in countries other than India. In India there are no studies encompassing the above mentioned criteria. India is witnessing rapid changes in technology, lifestyle of consumers, thought process of consumers, savings power etc that would make this study a worthwhile exercise to conduct. This part of the research study is an attempt to understand the psychographic factors that are responsible for the youth for choose a particular banking channel.

**Research Scope and Objectives**

The study has been confined to 4 regions of Karnataka namely Bangalore, Mysore, The twin cities of Hubli and Dharwad and Mangalore (comprising Mangalore Udupi and Surathkal).

Research objectives:

1. To find out the Psychographic attributes that would play a role in the banking channel selection behavior of a customer.

**Research Methodology**

***Type of Research and sampling***

The research is Empirical and Exploratory in nature. Since the research is exploratory in nature the appropriate research strategy has been research survey.

The respondents interviewed are between 18 to 40 years of age. The sampling size and the demographics for each region are given in Table 5.1. Stratified random sampling technique was used to sample the population.

***Region wise Sampling Demographics***

*Important Demographic Descriptives of Bangalore:*

**Table 5.1.1.a**

Age wise Distribution

Age group	Frequency
18-20	20
20-24	28
24-28	48
28-32	48
32-35	38
35-40	67
Total	249

**Table 5.1.1.b**

Salary wise Distribution (L- Lakhs)

Salary Range	Frequency
50 T – 1 Lakh	56
1-2 L	
2-3 L	34
3-4 L	19
4-5 L	10
5-6 L	8
6-7 L	6
7-8 L	6
8-9 L	8
10-15 L	6
above 15 L	10
NA	46
Total	249

**Table 5.1.1.c**

Gender Distribution

Gender	Frequency
Female	76
Male	173
Total	249

*Important Demographic Descriptives of Mysore:***Table 5.1.2.a**

Age wise Distribution

Age groups	Frequency
18-20	10
20-24	23
24-28	25
28-32	12
32-35	10
35-40	16
Total	96

**Table 5.1.2.b**

Salary wise Distribution (L- Lakhs)

Salary Range	Frequency
0	17
50T – 1L	40
1- 2 L	26
2- 3 L	11
3- 4 L	1
4- 5 L	1
Total	96

**Table 5.1.2.c**

Gender Distribution

Gender	Frequency
Female	30
Male	66
Total	96

*Important Demographic Descriptives of Hubli and Dharwad:***Table 5.1.3.a**

Age wise Distribution

Age groups	Frequency
20-24	28
24-28	21
28-32	9
32-35	17
35-40	10
Total	85

**Table 5.1.3.b**

Salary wise Distribution (L- Lakhs)

Range	Frequency
50 T – 1L	30
1-2 L	18
2-3 L	3
3-4 L	3
4-5 L	3
6-7 L	1
NA	27
Total	85

**Table 5.1.3.c**

Gender Distribution

Gender	Frequency
Female	24
Male	61
Total	85

*Important Demographic Descriptives of Mangalore:***Table 5.1.4.a**

Age wise Distribution

Age group	Frequency
18-20	1
20-24	25
24-28	35
28-32	21
32-35	15
35-40	10
Total	107

**Table 5.1.4.b**

Salary wise Distribution

Salary range	Frequency
50 T – 1 L	65
1-2 L	28
2-3 L	6
3-4 L	3
4-5 L	1
NA	4
Total	107

**Table 5.1.4.c****Gender Distribution**

Gender	Frequency
Female	32
Male	75
Total	107

**Variables of Interest**

Channel Financial security	Third party influence on channel choice
Channel Information security	Usage convenience
Tech orientation of customer	Personnel comfort
Technology access	
Innovation	Information availability
	Inertia for change

**The Survey Instrument**

The survey instrument is a questionnaire that tests for the above mentioned variables. The questionnaire also included demographic specific questions and lifestyle questions that could in some way could be related to the banking needs. It contains a total number of 111 questions.

The respondent could be a customer of any bank and he/she was subjected to a personal interview using the questionnaire.

The content validity of the questionnaire was established by discussions with expert practitioners in banking and researchers.

**Administration of the instrument**

Prior to the actual study, the survey instrument being questionnaire was subjected to a pilot study involving a sample size of 32.

Since the questionnaire had 111 items to be answered, the respondents were informed that it would take around 25 minutes for the full personal interview to be conducted and only those who could spare at least 25 minutes and in the age group of 18 to 28 years were interviewed. By this we could keep the rejection rate as low as 2 percent

The survey could be completed in two months.

**Data Analysis**

To check the reliability of the questionnaire items, reliability analysis was conducted for the scales and the full questionnaire Cronbach's alpha is .79. The questionnaire is reliable.

**Univariate analysis** like preference for the banking channel was conducted separately for the respective geographic regions and the reasons attributed were analyzed. This analysis is going to be presented in the Region wise analysis from section 6.3 onwards.

**Exploratory Factor Analysis**

The aim of the study is to discover the underlying factor structure that could explain the channel selection behavior. Hence Exploratory Factor Analysis was conducted on Channel selection criteria and the results are produced in the table below. **Principal component analysis (PCA)** was used as the method of extraction.

**Mangalore Results**

*Results for age group between 18 and 40 years*

Table 6.3.1.a gives the frequency distribution of sample that has ranked "**Branch Banking**" as the most preferred channel.

**Table 6.3.1.a**

<b>Rank of Branch Banking</b>	<b>Frequency</b>	<b>Percent</b>
0	2	1.9
1	56	52.3
2	34	31.8
3	10	9.3
4	5	4.7
Total	107	100.0

The reasons for preferring branch banking have been attributed to convenience, personnel comfort, Channel financial security, Inertia for change.

Table 6.3.1.b gives the frequency distribution of sample that has ranked “**Internet Banking**” as the most preferred channel.

**Table 6.3.1.b**

<b>Rank of Branch Banking</b>	<b>Frequency</b>	<b>Percent</b>
0	7	6.5
1	7	6.5
2	9	8.4
3	59	55.1
4	25	23.4
Total	107	100.0

Internet banking has not been perceived as a channel with security and inconvenient. These are the main reasons for Internet banking not occupying the slot of most preferred channel among banking consumers in our study.

Table 6.3.1.c gives the frequency distribution of sample that has ranked “**ATM Banking**” as the most preferred channel.

**Table 6.3.1.c**

<b>Rank of ATM Banking</b>	<b>Frequency</b>	<b>Percent</b>
1.00	45	42.1
2.00	57	53.3
3.00	4	3.7
4.00	1	.9
Total	107	100.0

Convenience is the factor that makes consumers choose ATM as their most preferred banking channel.

Table 6.3.1.d gives the frequency distribution of sample that has ranked “**Tele-Banking**” as the most preferred channel.

**Table 6.3.1.d**

<b>Rank of Tele Banking</b>	<b>Frequency</b>	<b>Percent</b>
0	11	10.3
1	2	1.9
2	7	6.5
3	24	22.4
4	63	58.9
Total	107	100.0

Tele banking has been perceived as Inconvenient, Insecure, and hence the unpopularity.

*Exploratory Factor Analysis*

7 Factors with Eigen values greater than 1 were recorded. The cumulative variance explained by the nine factors is 65.51 percent which is assumed to be good enough

The 7 factors based on the descending order of percentage variance and their variable components could be named as:

*Internet Innovators, Tele Banking convenience and control seekers, Branch Struck, Security and convenience seekers, Information control seekers, People comfort seekers, ATM believer.*

**Table 6.3.2.b below provides the rotated component matrix**

**Table 6.3.2.b**

	1	2	3	4	5	6	7
Q40	-2.190E-02	.139	8.755E-02	-.156	1.023E-03	.837	5.934E-02
Q41	-9.737E-02	-.208	.108	.180	6.629E-02	.783	1.577E-02
Q42	-.155	.113	.290	.554	-3.910E-02	.279	-9.125E-02
Q43	.328	-8.014E-02	.314	.540	-.466	.132	-.123
Q44	-7.199E-02	-6.177E-02	.887	7.651E-02	-9.598E-02	-2.818E-02	1.797E-02
Q45	-.102	1.396E-03	.784	5.372E-02	5.191E-02	.268	-.164
Q46	.259	-.110	3.778E-02	-.105	9.552E-02	.117	.755
Q47	-5.067E-02	.216	-.285	.216	-.135	-7.225E-02	.692
Q48	-.159	.112	.257	.599	-6.573E-02	-.229	.280
Q49	.160	-7.783E-02	-.411	.558	.252	-4.810E-02	.105
Q50	7.761E-03	-.144	-7.063E-02	2.742E-02	.673	.125	.413
Q51	.643	.180	-.152	.107	.146	4.230E-02	1.715E-02
Q52	.756	.392	-1.500E-02	.151	-9.423E-03	1.314E-03	-2.621E-02
Q53	.690	.412	8.413E-02	5.798E-03	-7.483E-02	-.198	.135
Q54	.544	.509	.149	-.244	-1.701E-02	-.176	.212
Q55	.667	-.178	-.185	-.134	-1.938E-03	-4.027E-02	8.096E-02
Q56	.207	.688	-.114	-2.296E-02	-3.627E-02	-.106	-9.063E-02
Q57	.178	.706	8.700E-02	.258	-5.610E-02	.167	9.009E-02
Q58	.126	.321	-.171	.585	.310	-1.817E-02	-6.828E-02
Q59	8.451E-03	.513	-8.198E-02	.295	.479	-4.102E-02	1.754E-02
Q60	7.690E-02	-2.625E-03	3.190E-02	3.652E-02	.785	1.963E-02	-.207

**Bangalore Results**

**Results for age group between 18 and 40 years**

Table 6.3.1.a gives the frequency distribution of sample that has ranked “**Branch Banking**” as the most preferred channel.

**Table 6.4.1.a**

Rank of Branch Banking	Frequency	Percent
0	7	2.8
1	91	36.5
2	57	22.9
3	52	20.9
4	42	16.9
Total	249	100.0

The reasons for preferring branch banking have been attributed to convenience, personnel comfort and Channel financial security.

Table 6.4.1.b gives the frequency distribution of sample that has ranked “**Internet Banking**” as the most preferred channel.



**Table 6.4.1.b**

<b>Rank of Internet Banking</b>	<b>Frequency</b>	<b>Percent</b>
0	28	11.2
1	54	21.7
2	82	32.9
3	60	24.1
4	25	10.0
Total	249	100.0

Internet banking has been perceived as a channel with convenience and safety and consumers are comfortable using Internet banking. These are the main reasons for the popularity of Internet banking in Bangalore.

Table 6.4.1.c gives the frequency distribution of sample that has ranked “**ATM Banking**” as the most preferred channel.

**Table 6.4.1.c**

<b>Rank of ATM Banking</b>	<b>Frequency</b>	<b>Percent</b>
0	6	2.4
1	130	52.2
2	82	32.9
3	24	9.6
4	7	2.8
Total	249	100.0

Convenience is the factor that makes consumers choose ATM as their most preferred banking channel.

Table 6.4.1.d gives the frequency distribution of sample that has ranked “**Tele-Banking**” as the most preferred channel.

**Table 6.4.1.d**

<b>Rank of Tele Banking</b>	<b>Frequency</b>	<b>Percent</b>
0	34	13.7
1	10	4.0
2	42	16.9
3	60	24.1
4	103	41.4
Total	249	100.0

Tele banking has been perceived as channel with less information security and inconvenience and hence its unpopularity.

*Exploratory Factor Analysis*

7 Factors with Eigen values greater than 1 were recorded. The cumulative variance explained by the nine factors is 64.88 percent which is assumed to be good enough. The 7 factors based on the descending order of percentage variance and their variable components could be named as:

*Branch convenience seekers, Traditionalists, Internet convenience seekers, control freaks, Tele-banking convenience visitors, ATM all control seekers, ATM convenience seekers.*

**Table 6.4.2.b below provides the rotated component matrix**

	1	2	3	4	5	6	7
Q40	.857	.164	3.897E-02	1.572E-02	5.145E-02	3.630E-02	-.191
Q41	.859	1.576E-02	-.101	.118	2.574E-02	-1.726E-02	-.114
Q42	.308	.717	-.174	.182	3.699E-02	.106	-.125
Q43	.229	.727	-.104	5.856E-02	.136	-3.042E-02	6.128E-02
Q44	.515	.571	-.300	8.721E-02	.106	-4.113E-02	.259
Q45	.757	.303	-.174	2.830E-02	3.189E-02	-3.733E-02	8.477E-02
Q46	7.187E-03	5.490E-03	.258	-1.485E-02	-3.722E-02	.675	.150
Q47	-.138	-.236	-5.873E-03	-7.867E-02	-.166	.370	.614
Q48	-6.237E-02	.151	.109	5.507E-02	.135	9.559E-02	.691
Q49	-7.866E-02	.206	8.482E-02	-4.155E-03	9.029E-02	.754	5.105E-02
Q50	6.450E-02	-.226	-.146	8.998E-02	2.521E-02	.627	2.208E-02
Q51	-.176	-.272	.727	7.747E-02	.122	.148	-.126
Q52	-.139	-.123	.799	-6.451E-02	.143	6.290E-02	.115
Q53	-7.180E-02	-.164	.538	9.423E-02	-6.616E-02	-.174	.436
Q54	7.932E-02	.341	.518	.147	.239	.142	9.670E-02
Q55	6.919E-02	-.492	-2.049E-02	.192	.429	.178	.163
Q56	3.902E-02	.123	.134	-3.320E-02	.812	-7.621E-03	-.118
Q57	4.466E-02	.218	.225	-.202	.694	-4.595E-02	.213
Q58	8.733E-02	.143	.126	.839	-8.074E-02	4.245E-02	2.388E-03
Q59	6.141E-02	2.297E-02	-1.797E-02	.890	5.293E-02	-6.507E-03	4.066E-02
Q60	4.157E-02	-.297	-9.801E-04	.355	.518	.111	-4.367E-02

**Hubli and Dharwad Results**

*Results for age group between 18 and 40 years*

Table 6.3.1.a gives the frequency distribution of sample that has ranked “**Branch Banking**” as the most preferred channel.

**Table 6.5.1.a**

Rank of Branch Banking	Frequency	Percent
0	3	3.5
1	26	30.6
2	37	43.5
3	12	14.1
4	7	8.2
Total	85	100.0

The reasons for preferring branch banking have been attributed to convenience, personnel comfort and Channel financial security.

Table 6.5.1.b gives the frequency distribution of sample that has ranked “**Internet Banking**” as the most preferred channel.

**Table 6.5.1.b**

Rank of Internet Banking	Frequency	Percent
0	17	20.0
1	6	7.1
2	20	23.5
3	29	34.1
4	13	15.3
Total	85	100.0

Internet banking has been not been perceived as a channel with convenience and safety and and hence its not as popular as the other channels.

Table 6.5.1.c gives the frequency distribution of sample that has ranked “**ATM Banking**” as the most preferred channel.

**Table 6.5.1.c**

ATM Banking	Frequency	Percent
0	2	2.4
1	59	69.4
2	20	23.5
3	3	3.5
4	1	1.2
Total	85	100.0

Convenience and channel financial security are the factors that make consumers choose ATM as their most preferred banking channel.

Table 6.5.1.d gives the frequency distribution of sample that has ranked “**Tele-Banking**” as the most preferred channel.

**Table 6.5.1.d**

Rank of Tele- Banking	Frequency	Percent
0	24	28.2
1	4	4.7
2	10	11.8
3	16	18.8
4	31	36.5
Total	85	100.0

Tele banking has been perceived as channel with less information security and inconvenience and hence its unpopularity.

*Exploratory Factor Analysis*

7 Factors with Eigen values greater than 1 were recorded. The cumulative variance explained by the nine factors is 66.37 percent which is assumed to be good enough .

The 7 factors based on the descending order of percentage variance and their variable components could be named as:

*Internet convenience seekers, ATM Loyalists, Well informed security seekers, Branch Struck, Tele banking convenience seekers, convenience seekers, Externally influenced.*

**Table 6.5.2.b below gives the rotated component matrix**

**Table 6.5.2.b**

	1	2	3	4	5	6	7
Q40	-5.261E-02	-6.032E-02	.678	.225	-.270	-.169	.173
Q41	-.184	-7.096E-02	.721	3.845E-02	.293	3.753E-02	-.121
Q42	-.124	.105	.315	.671	-8.115E-02	-.223	-.117
Q43	.266	-.317	-6.684E-02	.706	1.842E-02	.243	.118
Q44	-.122	2.158E-02	.243	.678	-.245	-.161	3.417E-02
Q45	-.198	7.691E-03	.726	.358	-6.946E-02	-5.399E-02	.206
Q46	.211	.311	-1.746E-02	-6.050E-02	.209	.678	7.301E-02
Q47	-7.871E-02	.674	-.187	.118	-.404	8.411E-02	.121
Q48	4.649E-02	.632	-5.995E-04	.327	5.964E-02	-3.740E-03	-.346
Q49	-.170	.726	-4.662E-02	-5.580E-02	.207	.173	.114
Q50	4.842E-02	.726	8.013E-02	-.288	-.134	-8.844E-03	.144
Q51	.752	.165	-.102	-.156	2.123E-02	-.136	-3.273E-02
Q52	.838	-.110	-.145	.129	3.478E-02	8.164E-02	-2.885E-02
Q53	.847	-.183	-3.152E-02	-2.916E-02	8.232E-02	-1.787E-03	6.283E-03
Q54	.148	.342	3.199E-02	.142	.343	-.156	.718
Q55	-4.877E-02	.404	.106	-.298	.248	.303	-5.231E-02
Q56	.131	3.631E-03	-6.937E-02	-5.952E-02	.759	7.068E-02	-.107
Q57	.277	8.840E-02	-.237	8.422E-02	.277	-.343	-.648
Q58	8.639E-03	1.276E-02	2.210E-02	.135	-.749	6.917E-02	-.163
Q59	-.368	-1.924E-02	-.117	-3.592E-02	-.164	.703	-1.323E-02
Q60	.174	.125	.487	-.211	-.173	.399	4.757E-04

**Mysore Results**

*Results for age group between 18 and 40 years*

Table 6.6.1.a gives the frequency distribution of sample that has ranked “**Branch Banking**” as the most preferred channel.

**Table 6.6.1.a**

Rank of Branch Banking	Frequency	Percent
0	3	3.1
1	39	40.6
2	35	36.5
3	11	11.5
4	8	8.3
Total	96	100.0

The reasons for preferring branch banking have been attributed to convenience, personnel comfort and Channel financial security.

Table 6.6.1.b gives the frequency distribution of sample that has ranked “**Internet Banking**” as the most preferred channel.

**Table 6.6.1.b**

Rank of Internet Banking	Frequency	Percent
0	16	16.7
1	9	9.4
2	16	16.7
3	45	46.9
4	10	10.4
Total	96	100.0

Internet banking has been not been perceived as a channel with safety and hence its not as popular as the other channels.

Table 6.6.1.c gives the frequency distribution of sample that has ranked “**ATM Banking**” as the most preferred channel.

**Table 6.6.1.c**

Rank of ATM Banking	Frequency	Percent
0	1	1.0
1	52	54.2
2	36	37.5
3	6	6.3
4	1	1.0
Total	96	100.0

Convenience and channel financial security are the factors that make consumers choose ATM as their most preferred banking channel.

Table 6.6.1.d gives the frequency distribution of sample that has ranked “**Tele-Banking**” as the most preferred channel.

**Table 6.6.1.d**

Rank of Tele Banking	Frequency	Percent
0	24	25.0
1	1	1.0
2	12	12.5
3	12	12.5
4	47	49.0
Total	96	100.0

Tele banking has been perceived as channel with less channel information security and inconvenience and hence its unpopularity.

#### *Exploratory Factor Analysis*

7 Factors with Eigen values greater than 1 were recorded. The cumulative variance explained by the seven factors is 68.52 percent which is assumed to be good enough to explain the bank selection behavior of the customers.

The 7 factors based on the descending order of percentage variance and their variable components could be named as:

*Absolute branch bankers, Internet bankers, Externally influenced, Tele Banking convenience seekers, Control and innovation seekers, ATM all control seekers, ATM convenience seekers.*

#### **Conclusion**

According to the results of this study, across the specified regions in the State of Karnataka, channel convenience, channel control and channel security plays an important role in the selection of channels. Some regions still see people who are stuck to branch banking and are not ready for a change in mindset.

Across all the four regions, telebanking was not popular since it was not perceived as a safe and convenient channel

#### **Implications and directions for future research.**

The results provide understanding of the underlying factors that are important for customers to choose a bank in their respective geographic regions. By using these results the respective banks operating in the regions can modify their service offerings based on customer's expectations.

Some of criteria are common to all the regions but their percentage variance is different. This indicates the order of preference of criteria for choosing a channel based on which the banks can build or further strengthen their offerings.

We further intend to profile the banking customers based on the demographic and psychographic criteria. The research is already under progress.

In fact a good longitudinal study would be extremely useful for banks to understand their ever-changing needs of their customers both in terms of psychographic attributes and their lifestyle and this research would definitely help them in targeting their customers with effective service and product offerings.

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