

Factors Affecting Customer Preferences in Online Banking: *A Case of HSBC in Pakistan*

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Abstract

This study examines the key factors that influence customer preferences toward online banking, focusing specifically on HSBC Pakistan. With the rapid advancement of information technology, internet banking has transformed traditional banking by offering greater convenience, accessibility, and efficiency. Despite its widespread adoption, customer acceptance of online banking varies due to concerns related to security, trust, website usability, and demographic differences. Using a mixed-method research approach, this study collected primary data through a structured questionnaire administered to 100 HSBC customers and analyzed the results using descriptive statistics. The findings reveal that convenience, ease of use, product variety, visual appeal of the website, and system functionality significantly influence customer preference for online banking. Security and privacy concerns remain major determinants of customer trust, shaping their willingness to adopt online banking services. The results further indicate that younger customers demonstrate higher acceptance of digital banking channels compared to older users. This research contributes valuable insights to the banking sector by identifying areas where improvements in online banking services can enhance customer satisfaction and loyalty. The study also highlights the need for secure, user-friendly, and accessible digital platforms to strengthen customer confidence and encourage wider adoption of online banking in Pakistan.

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CHAPTER 1: INTRODUCTION

1.1 Background of the Study

Due to modern technology, internet has become an important part of the daily lives. Be it business or academics, internet holds lot of significance for everyone. There are numerous uses of internet in this modern era. Internet plays a key role in today fast-paced world. There are many evidences showing the importance of internet for modern world. Due to internet, two types of business formats are being practiced. Brick and mortar format is one in which the business has not only physical offices but also operate online (Wang, Wang, Lin and Tang, 2003). On the other hand, there is business that work only on the internet only. Many virtual companies are operating through internet only and have been successful until now. Internet has many advantages for businesses. The primary advantages of using internet for business include internet is time saving, cost effective and more efficient.

The internet is widely accessible to consumers not only in developed countries but also in developing countries. This makes internet very useful for society. The internet has been adopted by not only product industries but also has been adopted by service industries. The service industries like banks make use of internet to provide timely service to their consumers. The consumers no longer have to wait in long queues to get their work done (Tan and Teo, 2000). They can check their account status or make request through online accounts due to internet banking. Internet also saves time of making transaction.

Internet banking or online banking is being widely accepted by the consumers throughout the world. Consumers have adopted and accepted internet banking primarily as it saves their monetary and non-monetary cost. There are many others factors in this regard as well due to which rate of internet banking adoption increased. The look and the feel of the website is one of the most important factors that attract consumers towards online banking. Consumers like the websites and services that are not very complex. The consumers throughout the world appreciate user friendly and easy to use services. Internet banking provides hassle free banking to their valued consumers and consumers enjoy the overall experience of banking. In case of service industry, the primary concern of the consumers is the convenience.

With internet banking, the banks are able to meet this primary requirement of their consumers. Another important factor due to which the internet banking is being adopted is the bank reliability and service quality. Internet makes it easier for the banks to respond to the customers queries in timely manner. Internet offers paper free environment and thus it takes less time to respond to the mails and customer queries (Suh and Han, 2003). As mentioned above, the design of the web page is equally important for attracting the customers towards online banking. If the webpage were designed according to the needs of the customers, the rate of adoption of online banking would increase manifold.

There are certain other factors as well which affect the customer preference and adoption of online banking. The age, sex, income, lifestyle and other personal variable also affect the customer preference. The consumer age and lifestyle are the most dominant factors when it comes to adoption of online banking. Young consumers tend to adopt modern technology often as they were born with that. On the other hand, the older consumers show reluctance in adoption of internet banking, as they don't trust online services.

The lifestyle of the consumers also decides the adoption of the internet banking. The consumers aware about the latest technology tend to adopt internet banking quickly as compared to others. Similarly, the level of loyalty with the bank will also have an effect on the adoption of internet banking. Loyal consumers easily switch to internet banking as they have already developed a relation with the consumers. On the other hand, the new consumers will take time to form relation and bond with the bank. Once this bond is formulated, they would easily adopt the online banking (Suh and Han, 2003).

The security and privacy are other important factors that the consumers feel concerned about these days. It is important that the banks must ensure that the consumers must be provided security and privacy in online transaction. When the consumers will be assured that their privacy will not be violated, the rate of adoption of online banking will increase ultimately. Identity theft is a common crime these days. It is very important for consumers that their privacy must not be compromised (Suganthi, 2001). Banks have recently started password encryption in order to protect the privacy of their valued consumers. Consumers fear that someone else might hack their account and create problems for them. The password encryption is a very good solution to protect the consumer's privacy.

It is essential for the banks offering online banking to assure the consumers that their privacy and security is the bank primary concern. Banking should be made very secure to attract the consumers towards online banking. The webpage of the bank shall be developed in such a way that it creates an environment of community for the consumers to interact with each other. The banks must also offer customized services like personal banking option in order to offer ease and comfort to the consumers. The bank page should properly guide the consumers about the usage of online banking. Moreover, it should have detail information about every concern of the consumers.

Apart from the above mentioned there are many other factors affecting the consumer preference for online banking as well. The current study aims to identify the factors affecting consumer's preference for online banking i.e. HSBC Pakistan.

1.2 Rationale of the Study

There is very limited research on factors affecting consumer preference for online banking. Online banking has become the norm of the day. Almost all banks are offering online banking to its valued consumers. Online banking has more benefits as compared to offline banking. Online banking saves time of the consumers. Consumers do not have to wait in long queues for this turn. This saves time of the consumers. In addition to that, online banking services like account status, bill payment and 24/7 accessibility provides convenience to the consumers (Shih and Fang, 2004). The researcher wants to study the factors that lead to consumer adoption of the online banking.

Every product has some pros and cons and online banking services are no different. The researcher has undertaken the current study to study what exactly shapes up the consumers preference for online banking. With the help of online banking, consumers can check their account status, pay their bills, and stay connected to their transaction history and status without compromising their privacy. The primary reason due to which internet banking became successful is the advent of modern technology. Internet evolution completely changed the way businesses were done. The processes, procedure and business practices changed 180 degrees due to internet. Internet is being used as the modern tool for communication. The usage of internet is

not restricted to business only (Rotchanakitumnuai and Speece, 2003). The use of internet is evident in all the industries. Students, teachers, researchers, everyone is using internet to reap its benefits. The common man life has completely transformed due to internet and the benefits associated with it.

The marketers also make use of internet to market their products. The use of internet has given rise to online banking and online shopping. There is very limited research in this context. The researcher aims to study how the online banking emerged and what are the reasons due to which the consumers are adopting internet banking.

The internet is being used all over the world irrespective of the culture and civilization. Many companies have witnessed a great rise in online purchases and their profits are increasing every year due to internet. This increase in online purchasing is due to the fact that customer needs are being addressed more swiftly and the services providers are offering convenience to the consumers. Consumers can easily compare prices and products through internet. They do not need to go to the physical store and browse products (Mattila, Karjaluoto, and Pento, 2003). Online services help consumers to evaluate the products and compare them to any other product of any competitor at any time without incurring any cost. Many companies offer online order system making it easier for the consumer to place order and get their desired product. The internet is a hassle free medium of operation for companies as well as banks.

Internet also helps consumers to acquire the latest information regarding the product and organization. It is very quick and reliable mode of information. Many times consumers want privacy while shopping. Internet provides the much needed privacy to the consumers.

An important reason due to which the research has undertaken this study is that internet has greatly influenced the banking industry globally. Having vast internet accessibility throughout the world, internet has changed the traditional banking practices. Through online banking, the consumers are facilitated to their bills, transfer funds, and check the account balance, deposit cheque from one click.

Another important benefit of online banking is that the customers can purchase goods and services over the internet by paying through their online account. Internet banking is a reliable

medium used by consumers that saves their time. Consumers no longer need to the retail outlet for their banking needs.

Online banking has enabled banked to provide timely and efficient delivery of services to their customers. Customers will no more come to the bank for normal daily operations and bill payments, rather they prefer to do general banking operations from their home and work locations. To further complement customer satisfaction and loyalty can be achieved with help of online banking (Lai and Li, 2005). This is done by offering wide range of services and huge information on a single website, which saves time and effort of the customers. Thus, internet is served as the global channel for distribution of banking products and services in Pakistan and other Asian countries.

In start of this revolution, banks promoted their basic products and services via internet. Later on these banks entered into the ecommerce and e-business. With recent developments in internet, banking sector is now moving towards new roles and strategies such as now they are serving as financial intermediates and have ensured the successful commercial transactions with help of internet. Thus, an initiative of internet based banking was taken as a strategic move has now become an essential part for company's existence.

In today's modernized corporate world, companies as focusing towards customer centric approach to improve their performance and provide quality services to cater the needs of the customers. The case of banking sector is none different from rest of organizations. Keeping in view the demands and needs of customers due to changing business patterns and wide acceptance of internet in corporate world, retail banks have also started operating over internet. Thus giving virtual existence to their businesses, banks have become highly customer oriented organizations and global entities. The above mentioned are few of the reasons due to which the researcher has undertaken the current study (Kim and Prabhakar, 2000).

The case study of HSBC bank in Pakistan has been chosen for this research. HSBC is a Pakistan based bank. HSBC offers internet-banking services to its consumers. There are variety of services offered to the consumers by HSBC. The consumers of HSBC bank can view their account statement for up to 6 years from their online accounts (HSBC, 2014). The consumers can also transfer money to any other account from their online account with just a single click.

The consumers can also make payments for their friends and families and pay their bills. In addition to that, the consumers can also request cash delivery to their homes when needed. The consumers do not need to visit the branch for collecting cash.

The online banking services equip consumers to order cash online and get it delivered wherever they want. Through online banking, the HSBC consumers can also take advice from the online counter about travelling abroad. The consumers can manage their regular payments and create or cancel standing orders through online banking. The consumers can also view or request statement online. As the HSBC offers numerous online banking services to its consumers, the researcher wants to study the factors affecting consumer's preference to adopt the online banking services offered by HSBC.

1.3 HSBC Company Profile

HSBC was founded in 1865. The headquarter is located in London. It has 6600 offices in 80 countries. It is recognized as one of the world's largest banking networks. It is listed in London, Hong Kong, New York, Paris and Bermuda stock exchanges. HSBC is constantly making efforts to contribute to the society. HSBC offers comprehensive services to its valued consumers. HSBC is making efforts to become number 1 bank of the world (HSBC, 2014).

1.4 Research Aim and Objectives

The current research is aimed to identify the key factors which affect the customer preferences in online banking. The current study especially investigates these factors of online banking in HSBC Pakistan. The key objectives to be met at the end of this research study are:

1. To comprehend the multiple causes of using online banking as compared to traditional banking.
2. To identify the factors affecting the customer preferences in online banking.
3. To investigate and explore factors which influence customer preferences in HSBC online banking.

1.5 Research Questions

The research questions needed to be answered at end of this study are:

- What are the advantages of online banking to the customers and society at large?
- What are the factors that affect the decision making of a customer in online banking?

1.6 Significance of the Study

There is very limited literature on the factors affecting the consumer's preference for online banking in Pakistan. This research would be useful for the whole banking industry. The results would be applicable to whole banking industry. The results would help the stakeholders to develop the policies. The consumers will benefit from the research, as their concerns would come into limelight. The banking authorities will get to know the weakness in their services and they would be able to work on them. The academicians would also benefit from the research. The research results would benefit the academicians, as new directions for future research would be laid down in the conclusion section. The government would also benefit from the research, as they would understand the consumer adoption pattern regarding online banking.

1.7 Outline

This research is divided into five main sections.

- Each section deals with different aspect. The first section is the introduction section. The introduction section deals with detailed background, rationale, significance, aims, and objective of the research. The first chapter would lay down the foundation of the research. It elaborates the reasons due to which the research is being undertaken.
- The second section is the literature review. The literature review discusses the past literature on consumer preference regarding online banking. The researcher would discuss the relevant theories and concepts in this section.

- The third section is the methodology of the research. This section will lay down the techniques and methods used to conduct the study. It is very important to choose the correct method to conduct the study in order to reach to meaningful results.
- The fourth chapter will discuss the findings of the study. After applying the data analysis techniques on the data collected, the findings chapters would be presented.
- The last chapter or section is the conclusion section. The conclusion section discusses the discussion, conclusion, future research and recommendation. This section would relate the findings to the past literature and will open new doors for future research.

CHAPTER 2: LITERATURE REVIEW

This section discusses the literature review on internet banking. The researcher would briefly discuss the past literature in detail. Consumers invest in banks in order to save for future. Financial institutions and banks run on their customers deposits. Banks help consumers to save for the rainy days. Banks are an intermediary through which the consumers become able to serve the society. There are three main types of banking services utilized by the consumers. These are classified as retail, corporate and financial institutions. There is very limited literature on the factors affecting consumer adoption of retail banking. Numerous factors affect the consumer adoption of internet banking.

2.1 Traditional Retail Banks

As mentioned by Perumal and Shanmugan (2004), the nature and operations of retail banks have completely transformed due to advent of modern technology. The processes and methods of retail banking have become automated and all thanks to modern technology and World Wide Web. The consumers have used the banking services since 17th century. The traditional banks worked on the format of brick and mortar. The banks in the past had only physical offices where the consumers visited personally for banking related services (Abeido, 2004). Many consumers still prefer to utilize traditional banking services. Due to technological advancement, many banks have started to offer new and innovative services. The growth in automated teller machines has also become possible due to modern technology. Recently many banks have started to offer internet banking to its valued consumers in order to provide them with convenience. This literature is based on the internet banking. The next section lays down some of the services provided by the retail banks.

2.2 Services of Retail Banks

There are certain products and services provided by retail banks. These services and products are utilized by both individuals as well as small business. The retail banks act as an intermediary for the individuals and businessperson in order to perform their banking activities. Secondly, the retail banks also provide the payment services (White and Nteli, 2004). According to Basic (2009), are some services performed by every banks in general. These services include providing financial advice to the consumers, credit facilities, security brokerage services, mutual funds, locker services, currency exchanges, insurance policies etc. According to Zhu (2009), recently, the traditional retail banks have acquired the status of financial supermarkets that aim to provide stock and retirement options, insurance policies and brokerage services under one roof. The next section lays down the changes in the banking sector.

2.3 Changes in the Banking Sector

The banking sector is the fastest growing sector of the world. The number of financial markets is increasing due to increase in demand. The banking sector has also grown due to competition and globalization. Banks are using new and innovative strategies in order to attract new customers and become their first preference. Since the products offered by most of the banks are similar in nature, banks need to adopt very innovative strategies in order to attract and retain customers (Tan and Teo, 2000).

For this purpose, many banks have started to switch to electronic banking to retain their consumers. Consumers have so many choices these days and they can easily switch from one bank to another. It is very difficult for the banks to retain the consumers in this fast-paced world.

The competition has become more intense in the banking sector as the technology has eliminated the economic and geographic barriers. In addition to that, the growth in number of automated teller machines has reduced the consumer's visits to banks (Basics, 2003). Mainly, consumers visit bank in order to get cash. The ATMS facilitate the consumers to get cash at any time. Much of the recently introduced banking products have become possible only due to internet. The technology has made world a global village where everything is linked to each other.

According to Walker and Johnson (2005), there are some external and internal forces affecting the banking sector as well. The main external factors that have shaped the banking sector include political, legal, economic, social and ecological. Each of these factors has significantly affected the banking sector. The external factors are affecting the processes of the banks. They are beyond the control of the bank. On the other hand, the internal factors like banks strengths and weaknesses also affect the bank policies and procedures. The advent to internet has created a new channel for banking. Many customers are benefitting due to this recently emerged channel. The next section would briefly discuss the history of internet banking.

2.4 History of Internet Banking

The internet banking is the product of modern technology. The internet banking uses the platform of World Wide Web to provide various services to the consumers to facilitate them. The internet banks operate in a virtual environment and serve as an additional channel for service delivery.

The concept of internet banking emerged 1980s when computers became a norm. It was during 1980s that the consumers started using internet at home (Sullivan, 2000). Initially, the internet banking was termed as home banking where consumers were offered banking services at their home. The Netbank, Atlanta internet bank and Citi banks were the first few internet-banking applications. Later on, this concept was followed and adopted by other banks of the world including UOB, OCBC etc.

2.5 Internet Banking Transaction

According to Chou and Chou (2000), internet banking is very important for modern world. People have become busier than ever. Very few consumers have time to visit the bank personally. With the help of internet banking, the consumers can perform various bank related tasks. Internet bank facilitates the consumers to view their account summary, do funds transfer, pay their bills or involve, request for credit card or cheque book, pay their tax, do investments etc. (Sisodia and David, 2000). In addition to that, through internet banking, the consumers can

also open their account online. The consumers can perform banking activities safely at any place they prefer and that too free of cost.

2.6 Internet Banking from Customer's Perspective

According to Akinci et al. (2004), consumers find internet banking very useful. Consumers believe that the internet banking has relative advantage in terms of service delivery and quality. Consumers believe that online banking is useful as they can manage to access banking services in their busy routine. The internet banking is also considered very secure and safe. An important factor that affects the consumer adoption of online banking include the prior experience with internet. Consumers having positive internet experience tend to adopt internet banking more easily.

There are many other factors that are considered by the consumers while adopting internet banking. Consumers trust is another important factor affecting consumer adoption of online banking. According to Beauchamp and Bowie (2004), the trust is developed over the period. Consumers prefer to use internet banking when they have a good relation with their bank. When the consumers remain satisfied with the branch services, they tend to adopt the internet banking easily. Another important reason for frequent usage of internet banking is consumer busy schedules. The consumers find it difficult to visit bank during their operating hours as their time collides with that of the bank. Through internet bank, they no longer have to worry about the banking hours. They can operate their bank account whenever they want.

According to Cho & Kim (2002), the telephone banking and ATM experience also contribute to consumer adoption of online banks. Consumers satisfied with ATM and telephone banking trust their banks and prefer to use the new services offered by their banks. The size of the bank is also a major factor due to which consumers prefer to use internet banking. If the bank has large customer base, the consumers require waiting in queues at banks. This adds to the consumer frustration. As a result, consumers prefer to use online banking as it has added elements like ease of use, processing speed and accuracy. The bank ownership is also an important factor in this context. The biggest concern of the internet banking users is the safety (Benston, 2004). According to Vrechopoulos and Atherinos (2009), Consumers prefer to use internet banking but they remain worried about the safety. The bank credibility solves this problem. Credible and big

banks are considered reliable and consumers do not fear loss here. The next section lays down the factors affecting customer preference for online banking.

2.7 Factors Affecting Customer Preferences

According to Suh and Han (2002), there are certain factors affecting the customer preference to online banking. The most important factors that positively affect the customer preference include the bank reputation and diversity in the service offered in customers. Online banking has been preferred by the customers because the online banking is very convenient for the consumers and it is user friendly (Bradley and Stewart, 2003). Customer trend has changed due to online banking. Online banking is very low cost. Consumers prefer to use online banking because it is readily available and they do not need to travel.

The overall layout of the bank website is also an important factor that contributes to consumer adoption of online banking (Calent, 2009). Consumers prefer to use online banking when they find the structure of the bank website user friendly and informative. Banking hiding information on their website repels consumers.

A well-developed website gives impression to the consumers that the bank is trustworthy and safe. Consumers prefer to use online banking when the banks encrypt their password. Password encryption is a major tool used by the banks to attract and retain the consumers.

2.8 Features of Internet Banking

There are certain features of internet banking that makes it useful. The banking structure has completely changed. Consumers no longer have to visit the bank in order to operate their accounts. The internet banking has completely transformed the banking sector. The older and new customers are being retained by the banks using the online banking. The online banking is also very useful for the environment as it reduces the paper works. In the past, lot of paper work was done in the banks. As the time changed and technology developed, banks have almost

become a paperless industry (Cartwright, 2000). Everything has become automated. Consumers no longer have to deal with excessive paperwork.

2.9 Characteristics of Internet Banks

There are certain attributes of online banking. There are two types of internet banking discussed in this section. The difference is in terms of bank structure. Some of the banks work on the brick and mortar structure in which banks operate physically as well as online. On the other hand, some banks also operate in virtual environment only too. The virtual banks work from their websites only. According to Devlin and Yeung (2003), the banks following the brick and mortar principle work offer very limited services to its consumers. On the other hand, the virtual banks provide extensive and comprehensive range of online banking related services to its consumers.

2.9.1 Brick-to-Click Banks

As mentioned above, the brick and click banks are some of the banks operating through physical as well as online offices. Most of the brick and click banks are an extension to traditional bank. The brick and click banks offer limited online services. The consumers still require visiting banks in person to perform some of their banking activities (Centeno, 2004). They cannot solely depend on the bank website. The most common example of brick and click bank include Citibank Pakistan. Citibank has numerous consumers having different preference. Citibank initiated its online banking only to cater to changing needs of the consumers.

2.9.2 Virtual banks

Unlike brick and click banks, the virtual banks do not have any physical offices. The virtual banks offer wide range of services to its consumers. The consumers rely on their bank website for all bank related services. There is no personal or tangible contact between bank employees and customers in virtual banks (Chevalier and Mayzlin, 2006). The website of the bank acts as an intermediary between consumers and banks. Unlike physical banks, the virtual banks operate on

their websites only. They have lesser employees unlike traditional banks. The virtual banks have lesser-fixed cost as well. The only problem in virtual banks is the consumer trust. Many times consumers prefer to have on to one contact with the bank authorities to develop trust. This becomes difficult, as there is no physical office of the bank. The consumers have to depend on the website only. This creates doubts about the banks and as a result, the banks credibility becomes a question mark for consumers.

2.10 Real Internet Banking

This section discusses the real internet banking. The real internet banking refers to the mechanism in which the banks have only virtual offices. The consumers interact with the bank only through the bank website. There are two basic models of the internet banking i.e. ebank and ebranches (Devlin and Yeung, 2003). According to Chou and Chou (2000), the ebanks is the virtual bank having its website only. The e branch includes the brick and mortar banks in which the customers are facilitated through physical as well as online offices. The virtual banking system has also been classified into two types. The first one is in which the telephone and internet is being used by the banks whereas the second one includes banks offering completely new services to its customers. The sole difference between both models is the services offered. No matter what, the virtual banks have no physical offices.

2.11 Websites of Banks

In this technology-oriented era, it is very important to have a website. Banks having their own website have better reputation. However, it is not a rule of thumb for banks having a website offering internet banking. According to Eccher, Hunley and Simmons, (2005), there are many banks that do not offer internet banking and have their own website. A website is generally created to earn goodwill and get connected to the stakeholders. A good website is one in which the consumers required information is readily available (East et al, 2005). It has tour site option in order to facilitate the consumers. The consumers like websites having simple outlook. Banks shall ensure that their website is not very complex as too much complexity also bothers the

consumers. Banks must ensure that the website must be well organized and updated to keep the consumers engaged.

It is very important for banks to have a website based on a purpose. There should be a reason behind the creation of the website. The website shall have a motive to achieve else, it would not be relevant. The primary reason why the stakeholders visit the bank website is that they want to acquire information. At the moment, there are three types of internet banking websites used by the banks i.e. transactional websites, communicative websites and informational websites. Each has its own pros and cons.

2.11.1 Transactional Webpage

The first type of the webpage is the transactional webpage. As the name suggest, this type of website is used for transactions only. The cash related transactions takes place in this kind of website. The consumers are facilitated to perform portal, transactional and administrative activities on this page. The transactional websites allows the consumers to pay bills, do transfers, create financial accounts and apply for loans. According to Ekberg, Li and Cod (2007), in addition to that, the consumers can also create and manage saving accounts. Third party payments can also be done through this webpage. There is lot of risk in this webpage. The bank having such webpage shall be very careful. The security measures taken by the bank shall be very strong in order to secure the consumer. Hackers can easily target these websites so strong security is needed. The features that set the online banking apart from the other banks include it helps consumers to manage their finances, help consumer to import data into individual accounting software, read about banking policies and monitor their bank account whenever wherever needed (Furst, et al, 2002).

2.11.2 Communicative Websites

The second type of bank website is the communicative website. The communicative websites helps consumers to acquire information and give feedback. It provides an interactive platform to the consumers to give their feedback and suggestions. As the name suggest, the communicative

website is used for communication purpose. According to Ekin and Polatoğlu (2001), the consumers communicate and interact with the banks through communicative websites. Through communicative websites, the consumers can access their online statements, check their cheque links, browse and chat with bank personnel, stay updated about latest transactions, view images of their cheques, take account summary of up to 6 months. There is lesser risk in this type of websites. There is lesser requirement for strict security measures in this kind of websites. The consumers can even request the required information through email in this kind of page (Gefen and Straub, 2005).

2.11.3 Informational Websites

The third type of website used by the online banking is the informational website. Through this kind of website, the consumers can acquire and access the required information. This kind of page has sufficient information about the bank and its products. The primary purpose of this kind of website is to inform the consumer about the internet banking. In addition to that, the consumers can also obtain the information about the interest rates and deposits in the bank from this website (Gerrard et al, 2006).

2.12 Disadvantages of Internet Banking

Like advantages, there are certain disadvantages of internet banking as well. This section lays down the disadvantages of internet bank from consumer perspective.

According to Furst et al (2002), the first and foremost disadvantage of internet banking is that the banks may take lot of time to start up or adopt the internet banking facility. The registration process for the online banking is very complex. The banks will have to sign a form with the government to ensure that the user privacy would be secured. This is a complex process.

Secondly, when the banks launch new features like online banking, it becomes difficult for the consumers to understand and become familiar with it. The webpage may become slow and consumers may repel due to service quality (Ho and Ko, 2008, 2005).

Thirdly, the security is the main concern of the consumers. On one hand, consumer's benefits from new technology but on other hand, the consumers become apprehensive about their security.

Fourthly, the consumers may find the bank websites very complex. They may believe that they cannot access the bank website. They may require the tutorial to use the bank website. However, with constant trial, this problem can be overcome. The consumers can learn to use the website and gain out of it with time.

According to Grosse (2009), fifth, the trust is the main issue why consumers do not use online banking. Trust is very complex term. Trust is developed over the period. It becomes very difficult for the consumers to trust the bank when they do not have one to one contact like the one in physical banks. Online bank creates many doubts in the consumers mind. It becomes very difficult for the consumers to actually trust the virtual bank. For this reasons, many banks are trying to encourage its consumers to use online banking. Banks are also making efforts in order to strengthen the security network so that the consumers doubts can be eliminated (Ibbotson and Moran, 2003).

Sixth, the consumers may be put off due to low processing speed of internet banking. Consumer prefers to use services that are quick and offer fast response. The complex network of the banks may make it difficult for the consumers to achieve the same. The banks should try to work on their online banking services quality in order to keep the customers engaged.

Finally, last but not least, the complexity of the website is another important disadvantage of online banking. Many times, the consumers find the website too difficult to navigate and thus prefer to use the traditional mode of banking.

2.12 Advantages of Internet Banking

There are many advantages of internet banking as mentioned in the past literature. The most commonly cited advantages of internet banking include cost saving, convenience, ease of use, technology, user friendliness etc. This section discusses the few of the benefits or advantages associated with internet banking (Jenkins, 2006).

According to Gurău (2002), first and foremost, the internet banking takes care of the personal needs of the consumers. The internet banking is ubiquitous. Through internet banking, the consumers can access their account anywhere anytime they want as the service is accessible everywhere.

Secondly, the internet banking services transaction cost is very low. The consumers can conduct transaction anywhere they want. There is less physical and mental cost applicable. The transaction speed is faster unlike traditional banking transaction where the consumers may have to wait for long for their turn (Karjaluoto et al, 2002).

The internet banking is a more efficient medium of banking. The consumers can access and manage their accounts free of cost. In addition to that, the internet banking also allows the consumers to gather the related information from the bank websites.

Internet banks offer the much need convenience to its consumers. The consumers can access their online accounts, 24/7 without any additional cost. The processing speed is very high and within few clicks, the consumers banking needs are fulfilled.

According to Jayawardhena and Foley (2000), the effectiveness is the most important benefits of the online banking. Through online banking, the consumers can easily manage their money and banks accounts at their own place. The consumers do not require visiting the bank personally to get down with their banking needed. The internet banks offer services to the consumers at the home. The internet banking is free service offered to the consumers within the consumers' home (Kotler and Armstrong, 2006).

To be precise, the main advantages of the internet banking include improved market image of the bank, decreased transaction cost, better response to market evolution, increased market penetration, and finally internet can be used to sell new financial products. The individual clients can also benefit from the internet banking. The individual client will also be benefitted from the banking services as he would be able to access free of cost information. The individual clients would be able to save the transaction cost as well. The speed of transaction would be fast and the consumers would be able to manage the accounts in a real time environment.

2.13 Goals of Internet Banking Channel

There are certain goals of internet banking. Banks have launched the internet banking in response to the changing needs of the consumers. The concept of internet banking was alien a decade ago. However, with advent of new technology, it became possible for banks to facilitate the consumers in this context. The primary goal of the internet banking is to ensure banks overall operational cost. Banks offering online banking require lesser personnel for operations unlike traditional banks (Kotler and Armstrong, 2006). Secondly, the online banking medium can serve as the independent revenue generating means. Thirdly, the online banking medium offers same services to the consumers. Banks offering online banking have higher number of retained customers. In addition to that, online banking offers new mechanism and strategies for marketing. The banks brand is developed and nurtured over the time through consistent service quality.

2.13.1 Banks

Banks need to make serious efforts to ensure that the consumers are provided with consistent service quality. Consumers will tend to switch if they see or witness any inconsistency in the service quality. Consumer's adoption of internet banking solely depends on the service quality offered by the internet banking. Banks must be alert to the changing needs of the consumers. According to Jenkins (2006), the ever-changing needs of the consumers must be addressed by the banks. The banks must constantly evaluate the drawbacks in their services and do efforts about it. Different medium for banking must be introduced in order to keep the customers engaged. There are two primary roles played by the consumers i.e. provides access to convenient products over net and help banks to identify the need of new product and develop it.

2.13.1 Customers

Customers, stakeholders participate in Internet banking services, which is one of the main users. Internet banking sector is the customers. These suppliers, retail customers, employees, shareholders, government and local communities, companies, organizations, Beauchamp and

Bowie (2004) may be. Due to the ongoing competitive nature of today's banking industry environment, consumers demand for high values in their banking activities. Cho & Kim (2002) describe the relative benefit or value of high stands as the degree to which an innovative technology seemed to be much better than the common technology and the one that provided stakeholders with something of greater value or their equity. Jenkins (2006) states that consumers are most probably eager to move over to online financial services if the conveniences and effectiveness involved with online services is greater than the personalized branch network service. Mann (2003) in line with Jenkins, proposes that the rise of the person-to-person (P2P) technology such as, PayPal and the daily rise in Internet billing as a medium of replacing paper payment and checks have contributed to customer's value. Online payment of bills is convenient to stakeholders, and stakeholders who used checks for paying their bills in the past saved money on mailing and postage

2.14 Internet Banking and Customer Satisfaction

2.14.1 Customer Satisfaction

Customer satisfaction is the positive feeling held by the consumers after experiencing the internet banking. Customers become satisfied when their expectations about certain product or service are met. According to Kolodinsky et al (2004), it is important to work on service quality in order to meet the customer expectation and make the customer satisfied. Having large number of satisfied customers is very important for any industry. There are many benefits associated with having large number of satisfied customers. The difference between perceived performance and actual performance determine the satisfaction level. The banks must ensure that there is very little difference between the two. The perceived performance is dependent on many factors. The experience with the banks is the most important factor that affects the perceived performance. The banks marketing strategy also lead to some expectation about the banks. However, if the banks fail to meet the expectation, the customers tend to switch to other banks.

According to Kotler and Armstrong (2006), whenever the consumers encounter the banks products, they become either satisfied or dissatisfied. This experience may either make the consumer engaged or repel. Maintaining service quality should be the prime objective of the

banks if they want to retain their consumers over a longer period. The expectancy model suggests that consumers develop certain expectation about the products much before using it (Liao and Cheung, 2002). If their expectations are met on actual contact with the product, they become satisfied and ultimately loyal in the end. On the other hand, if the consumers' expectations are too high and the service quality fails to meet the consumers' expectation, the consumers become dissatisfied and switch.

According to Kotler and Armstrong (2006), satisfied customers are also called the profitable customers. Satisfied customers not only remain loyal themselves but also bring in new customers for the banks. This increases the profits level of the banks. So far, the banks' profits is the sole measure in order to determine the satisfaction of the bank. Banks with higher number of satisfied customers will have more satisfied customers and vice versa. It has also been proved statistically that satisfied customers positively increase the banks' profits. In addition to that, the customer satisfaction has a direct impact on banks' profits. The initial state of the satisfaction is developing trust in bank whereas the final state is the customer loyalty.

2.14.2 Word of Mouth

The biggest challenge faced by the marketers these days to attract and retain the consumers. According to Mandaci and Soydan (2002), marketers constantly evaluate the consumer's behaviour in order to identify the hidden needs. Once the needs are identified, the marketer persuades the consumers to use that product, as it would fulfil their needs. The marketing process is very complex in which the consumers have to be convinced to use particular product (Lichtensten et al, 2006). Different marketing and communication strategies are being used by the marketers in order to attract and retain the consumers. The ultimate goal of the marketers is to increase the sales. The aim of the marketing strategies is to enhance the consumer's base and convince them to use that particular product. The consumer's frequency of purchase is targeted through communication strategy. The consumers are persuaded to use the product more often so that additional revenue can be earned.

According to Mann (2003), there are three main types of strategies used by the markets in order to promote their products i. e. advertising, sales promotion and public relation. Each of these

strategies has proven benefits. In context of banking sector and in particular online banking, the marketers promote online banking through all three-communication strategies. The purpose of these marketing strategies is to develop the demand for the online banking. The consumers are persuaded that the online banking is their need of the day. They can manage their accounts anytime anywhere in the world. Moreover, the consumers are given impression that online banking has no hidden cost and is free for the bank-valued customers.

In case of banking industry, the most commonly used communication strategy is the public relation strategy. The other two strategies i.e. advertising and sales promotion are very costly. The banks use public relation mainly to promote its products. Banking industry is very much different industry in terms of operations and processes. The banks marketing also differ from the other industry marketing strategies. Banks aim to satisfy its customers through its services and depend on its existing customers most of the time to bring in new customers. There are no proper marketing managers in banks. However, banks relationship managers tend to perform the job of the marketing managers (Mescon et al, 2002). Being a service industry, the goal of the banks is to build, develop and foster relation with the customers. For this purpose, relationship managers are hired.

The relationship managers hired to manage the banks prestigious customers. The relationship managers do extra efforts to retain the potential clients of the banks. The relationship managers give one to one attention to the prestigious clients of the banks and ensure that the clients remain intact to the banks. According to Mobarek (2007), when the customers are given individual attention, they become satisfied and loyal. One of the primary advantages of having loyal customer is that the loyal customers bring in additional revenue. The loyal customers share their experience with their friends and families and thus motivate them to use the service (Perumal and Shanmugan, 2004).

In the context of online banking, the satisfied consumers bring in additional customers for the banks. When the consumers' expectations are met, they encourage their peers to use that particular service and hence the banks' profits increase. The primary reason for using only the relationship marketers in banking industry is the availability of the limited budget. Banks cannot spend heavily on advertisement. The money in the banks belongs to the consumers. The banks cannot spend the consumer's money. The advertising strategy and campaign are very costly and

banks cannot afford such. It becomes very difficult for the banks to manage their budget if they opt for the ad campaign. For this reason, the banks stick to relationship marketing and word of mouth advertisement.

According to Nath et al (2001), Word of mouth advertisement has many benefits for the banks. The word of mouth advertisement is form of personal communication, in which a satisfied consumer persuades his peers and social group to use that particular product or service. The satisfied consumers provides free of cost information about his experience to his peers without being compensated for it. The satisfied consumers do this as a gesture of thanks to that particular company. The banks or companies do not force the consumers to market their products. It is solely a volunteer gesture of the consumers (Polatoğlu and Ekin, 2001). The word of mouth advertisement has a very strong impact on the consumer behavior. The social circle can easily be influenced through word of mouth advertisement.

According to Murthy and Venugopal (2008), potential consumers tend to listen more and react more to word of mouth advertisement. This is because they trust the person indulging in the word of mouth advertisement. In case of word of mouth advertisement, there is one to one contact between source and receipt and thus the impact is strong. Secondly, the firm market share increases manifold due to word of mouth advertisement (Sarel and Marmorstein, 2003). The consumers easily become influenced because of word of mouth advertisement in case of service industry where the products are to be experienced instead of consumed. To conclude, word of mouth for service industries is very beneficial. However, word of mouth can only work if the consumers indulging in it are satisfied and motivated.

2.14.3 Security

According to Perumal and Shanmugan, (2004), the security is the primary concern of the consumers. In case of online banking, consumers become doubtful about the service credibility. They fear that they might end up having financial losses. The data privacy is the main concern in the online banking. The banks offering online banking shall ensure that the consumer data is protected. The security measures taken by the bank shall be very strong so that the consumers can trust the online services and use them often (Batchelor, 2010). There are certain regulations

followed by the financial sector. It is important that the regulators in the financial industry shall ensure that the consumer's rights are protected. There shall be proper policies in this context.

According to Rotchanakitumnuai and Speece (2003), like offline banking mode, the online banking mode also have some threats. These threats tend to repel the consumers. It is very important that the banks must ensure that these threats are taken care of so that the consumers can easily access and use online banking without any fear (Saunders, 2008). The employees of the banks shall be equipped with latest knowledge to solve the queries of the consumers. Moreover, the technological development shall be incorporated into the online banking mechanism in order to keep it updated. Different hardware and software tools must be used by the banks in combination in order to combat the internal as well as external threats. The banks usually use the mechanism of encryption, virus controls, firewalls, and intrusion detection to protect the right of the consumers.

CHAPTER 3: RESEARCH METHODOLOGY

The research methodology is the third section of the research. It provides the overview of the techniques used to conduct the study. The questions like how and when are answered by the research methodology. There are many steps involved in the research methodology. There are sequential systematic methods that are to be followed in order to meet the research objectives. The research methodology provides the overview of these methods. The main aspects discussed in the research methodology are the research design, research approach, research strategy, data collection and analysis method, the reliability of the research and finally the required ethical considerations. An action plan is always followed for a particular research. The action plan is nothing but the research guideline. In simple words, the action plan for any research is discussed in the research method section. The objectives of the study are accomplished through the research method. The objectives are the problem of the research, which are solved through research method.

3.1 Research Approach

There are two main types of research approach i.e. Inductive and deductive approach. Both are used in different scenario. The inductive approach is one in which the data is collected from specific sources and the conclusion is applied on the general population. In case of inductive approach, the population is too large usually or infinite. It becomes difficult for the research to analyze the whole population so a sample is selected. The results are then applied on whole population. The inductive approach is used to test a theory. Specific data is used to test an existing theory. In case of inductive approach, no new knowledge is created. The prior knowledge, theory, or law is tested through data (Quinlan, 2011).

On the other hand, the deductive approach uses common data to reach to specific conclusion. The results are very specific too. Deductive approach is used to develop new knowledge or theory. It uses common data to analyze or identify new themes. Deductive approach is also called top down approach while inductive approach is called bottom up. The deductive approach tests the data through hypothesis to create new laws or theories. The deductive approach fills the gaps in the past literature. It opens new doors for future research. As per Law (2004), deductive

approach is a very comprehensive approach in which the relation between construct is tested after detailed examination. There are different tools and procedures applied on the data to come up with new knowledge. The data is tested in relation and in isolation of other constructs to reach to universally accepted data. The ultimate goal of the deductive approach is to develop a theory.

The study under consideration uses deductive approach in research. The reason for using this approach is that research is aimed to get insight of factors, which influence customers for online banking and transactions. This eventually will lead to get a specified view of factors in HSBC Pakistan. Moreover, the factors, which are significant in selection of online store and bank, will also be discussed in this research

3.2 Research Strategy/Design

There are two main types of research strategies i.e. qualitative and quantitative. Both these approaches are used separately or in combination but it depend on the nature of the study. The researcher has the choice to select the strategy separately or in combination. The nature of the qualitative strategy is descriptive. It gives an in depth view of the research problem. The data collected in qualitative research design is open-ended and is used when there are hidden themes in the data. On the other hand, the quantitative research deals with numbers. It collects data through close needed instruments (Creswell (2008). The respondents can only chose the response from the one mentioned to them. The scope of the quantitative research design is very narrow.

When the researcher wants to study the data in detail and analyze the trends, qualitative data is preferred whereas when the researcher wants to confirm some pre-determined facts, the quantitative research strategy is used.

Apart from qualitative and quantitative research strategy, there are many other research strategies including explanatory, exploratory and descriptive research. The explanatory research is conducted to explain the cause affect relation (Creswell, 2008). The exploratory research explores the hidden meanings and trends in the data while the descriptive research is used when the researcher wants to confirm the data.

In current research study, both quantitative and qualitative research types are employed in order to ascertain factors determining the customer preference for online shopping and banking needs. The current research study employs descriptive research type because of the aims and objectives set for this research study. The descriptive research will be appropriate in determining the factors that influence the online banking trend in customers.

3.3 Research Paradigm

The research paradigms are the pre set assumption about the different school of thoughts. There are two research paradigms i.e. positivist and interpretivist. The positivist paradigm suggests that the nature of reality is objective. The reality will remain same no matter what the circumstances are. On the other hand, the interpretivist is of opinion that reality depends on its circumstances. Any change in environment will cause a change in the reality. This particular study is based on positivist approach. This means the factors responsible for adoption of online banking would remain same in every bank. There will not be any change in factors and the factors for adopting the online banking would remain same.

3.4 Population

The population means a group of people sharing some similar attribute. The similarity can be based on any attribute, region, occupation, demographics, psychographics or life style. Population refers to the overall group on which the research is being conducted.

The current research study aims at the customers of banking industry and customers who intended to make online purchases. Thus, the population is all the customers of the banking industry of Pakistan. However to narrow down the result and make it more precise, customers of HSBC Pakistan will be selected.

3.5 Sampling Technique and Sample Size

Sampling technique is the science through which a sample is obtained from the population. Sample is nothing but the subset of the population. A good sample is one, which truly reflects the characteristics of the population. The sample must be small enough to be accessible and large enough to represent the population. The sample is obtained from the population including probability sampling and non-probability sampling through many techniques. In the research study under consideration, researcher has employed random sampling technique for sample collection. 100 customers of HSBC will be selected on random basis. Random sampling is one in which each element of the population has equal chances of being selected.

3.6 Data Collection

Data collection is the technique through which the data is collected. There are main techniques of data collection i.e. primary data and secondary data. The primary data is one, which is collected for the first time for the research only. It is not available anywhere. The researcher collects the data for the first time from the population. The secondary data is one, which is already available on internet or in libraries (Creswell, 2008). The researcher just accesses the data from secondary sources and analyzes the data.

There are certain tools used to collect the primary data. The primary data can be collected through questionnaire, interviews, focus groups, surveys or observation. The primary data as already mentioned is first hand data and is the most reliable form of data. On the other hand, the secondary data reliability may be questioned. The reliability of the secondary data depends on the source of the secondary data. If the source of the secondary data were reliable, the data would be considered reliable (Creswell, 2008).

For this research, the researcher would use the survey technique to collect the primary data. The respondents would be given close-ended self-administered questionnaire in order to give their views. The data obtained would be then analyzed through statistical measures. The questionnaire would be devised on five point linkert scale ranging from strongly agree to strongly disagree. The primary data collected for this research would be quantitative in nature.

On the other hand, the literature review would be developed through secondary sources. The researcher would collect data from books, articles and online resources in order to collect the secondary data. Without secondary data, no research can be completed as the secondary data helps researcher to understand the depth of the research problem.

3.7 Data Analysis Methods

The data analysis technique is the method through which the data is analyzed. The researcher would analyze the data using the statistical tools like SPSS 17 and MS excel. The responses from the questionnaire would be entered into the software and the results would be generated after thorough evaluation. The researcher would perform quantitative analysis on the data. The data analysis would be presented in the form of graphs, pie charts and tables. On the other hand, the qualitative data would be analyzed through grounded theory method.

3.8 Data Validity and Reliability

Data validity is very important for reliable results. The reliability refers to internal consistency in the data. Reliable and valid researches serve as the guideline for future researchers. It is very important to have reliable data to reach to reliable conclusions. The researcher determines the data reliability through runs test and chronbach alpha value. For this particular research, the value of chronbach alpha would be .7 i.e. excellent reliability. On the other hand, the reliability of the secondary data depends on the source of the secondary data. When the secondary data source is reliable, the data obtained from secondary data is considered reliable. The most reliable secondary source of data includes books, journals, research papers, and newsfeed.

3.9 Ethical Concerns

Ethical considerations are very important for social science research. The social science research revolves around human objects. It is very important for the researcher to ensure that the respondent's ethical, legal and moral rights are not violated during any step of the research. The

researcher shall ensure that the respondents give free consent to participate in the research. The researcher must brief the volunteer research participants and get informed consent from them. The researcher shall ensure that the original content has been used in the research. The researcher must properly reference the secondary data to avoid any problems related to copyrights. The respondents shall be given pseudo names and the real names should be kept anonymous during the research. The personal and private information of the respondents shall be kept confidential. No respondent shall be forced to tell or disclose any hidden information. Finally, any type of recording and video making will be avoided at time of data collection (Cresswell and Clark, 2007).

CHAPTER 4: RESULTS

4.1 Introduction

This chapter is based on analysis of the result. The analysis results through which the research questions are answered are presented. The results without personal interpretation of the researcher are presented in this section. Statistical analysis is used to answer research questions when quantitative method is used. The chapter ends with a brief summary of the whole analysis.

1. Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	56	56.0	56.0	56.0
	Female	44	44.0	44.0	100.0
	Total	100	100.0	100.0	

The above table shows the distribution of customers participated in survey in terms of gender. As per the results, about 56 percent respondents were found to be male, while the rest of respondents were female. The females in the research accounted for 44 percent of the total sample size.

2. Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 to 24 Years	26	26.0	26.0	26.0
	25 to 31 Years	36	36.0	36.0	62.0
	32 to 38 Years	26	26.0	26.0	88.0

39 to 45 Years	6	6.0	6.0	94.0
46 Years	-			
Above	6	6.0	6.0	100.0
Total	100	100.0	100.0	

The age distribution of the respondents is shown in above table. The result shows that majority of the respondents belonged to the age group of 25 to 31 years. About 26 percent of the respondents belonged to the age group of 18 to 24 years. About 26 percent of the respondents belonged to the age group of 32 to 38 years. And about 6 percent of the respondents belonged to the age group of 39 to 45 years and the remaining 6 percent belonged to the age group of 45 and above. It is a good sign to have younger group to be part of the research as they are more adaptable to latest technologies as far as old people.

3. From how long you are customer of HSBC bank?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 6 months	28	28.0	28.0	28.0
	6 Months to 1 Year	44	44.0	44.0	72.0
	1 to 2 Years	22	22.0	22.0	94.0
	2 to 3 Years	4	4.0	4.0	98.0
	More than 3 Years	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

The above table shows the number of years that respondents are associated with HSBC bank. About 28 percent of the respondents are associated with HSBC bank for less than 6 months. About 44 percent of the respondents are associated with HSBC bank from 6 months to 1 year. About 22 percent of the respondents claimed that they are associated with HSBC bank for 1-2 years. About 4 percent of the respondents are associated with HSBC bank for 2-3 years while the remaining 2 percent are associated with HSBC bank for more than 3 years. The results indicate that most of the customers are associated with the HSBC bank for 6 months to 2 years. The bank may consider them new customers and the reason of them joining HSBC bank could be the exceptional online banking services provided by the bank.

4: Do you use online banking service offered at HSBC?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	72	72.0	72.0	72.0
	No	28	28.0	28.0	100.0
	Total	100	100.0	100.0	

The above table shows whether the respondents use online banking service provided by HSBC. About 72 percent of the respondents agreed that they online banking service provided by HSBC. About 28 percent of the respondents disagreed as they do not online banking service provided by HSBC. The customers that do not use online banking are less which indicates that the trend of internet banking is becoming acceptable and popular. The bank has been able to make people get associated with their online banking services. The reasons of them using online banking could be ease, convenience, stress free solution, or any other. Consumers have adopted and accepted internet banking primarily as it saves their monetary and non-monetary cost.

Q1: Do you often use internet banking service offered at HSBC?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	26	26.0	26.0	26.0
	Agree	48	48.0	48.0	74.0
	Neutral	18	18.0	18.0	92.0
	Disagree	6	6.0	6.0	98.0
	Strongly disagree	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

The above table shows whether respondents use internet banking service provided by HSBC often. About 26 percent of the respondents strongly agreed that they use internet banking service provided by HSBC often. About 48 percent of the respondents agreed that they use internet banking service provided by HSBC often. About 18 percent of the respondents were neutral about the statement that they use internet banking service provided by HSBC often. About 6 percent of the respondents do not use internet banking service provided by HSBC often. The remaining respondents also not use internet banking service provided by HSBC very often. The results indicates that most of the respondents use online banking often which is a good sign for the company to target them while they are online. When customers prefer to transact online, the opportunity of HSBC to market their other product online will increase eventually. Due to the advent of modern technology, online banking has become an important part of the daily lives. The internet is widely accessible to consumers not only in developed countries but also in developing countries. Due to this reason, people are able to use online banking more frequently.

Q2: Do you find it safe to use internet banking service offered at HSBC?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	18	18.0	18.0	18.0
	Agree	32	32.0	32.0	50.0
	Neutral	32	32.0	32.0	82.0
	Disagree	16	16.0	16.0	98.0
	Strongly disagree	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

The above table shows whether the customers find it safe to use internet banking service offered by HSBC. About 18 percent of the respondents strongly agree that they find it safe to use internet banking service offered by HSBC. About 32 percent of the respondents agree that they find it safe to use internet banking service offered by HSBC. About 32 percent of the respondents were neutral about the statement that they find it safe to use internet banking service offered by HSBC. And 16 percent of the respondents disagree as they do not find it safe to use internet banking service offered by HSBC. 2 percent of the respondents strongly disagree as they do not find internet banking service offered by HSBC safe to use. Security is the major concern of any person when it comes to money related concerns. People do not like their personal information to be shared with others without their knowledge. Banks hold customer's cash and investments which is confidential matter that demands safety. The service industries like banks make use of internet to provide timely service to their consumers. However, this doesn't allow them to ignore customer's security concerns in order to provide convenient services. Internet also saves time of making transaction but insecure system also invades customer's security concerns.

Q3: Do you agree that the visual appeal of the sites affect your choice for using internet banking service offered at HSBC?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	12.0	12.0	12.0
	Agree	48	48.0	48.0	60.0
	Neutral	32	32.0	32.0	92.0
	Disagree	6	6.0	6.0	98.0
	Strongly disagree	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

The above table shows extent to which the visual appeal of the sites affect customer's choice of using internet banking service provided by HSBC. About 12 percent of the respondents strongly agreed that the visual appeal of the sites affect their choice of using internet banking service provided by HSBC. About 48 percent of the respondents agreed that the visual appeal of the sites affect their choice of using internet banking service provided by HSBC. About 32 percent of the respondents were neutral about the statement that the visual appeal of the sites affect their choice of using internet banking service provided by HSBC. About 6 percent of the respondents disagreed as the visual appeal of the sites do not affect their choice of using internet banking service provided by HSBC. About 2 percent of the respondents strongly disagreed as they also not believe that the visual appeal of the sites affect their choice of using internet banking service provided by HSBC. It is unusual to find that customers are drawn towards online banking due to its appeal on its website. This indicates that banks and other financial institutions require working on their websites and making them as appealing as possible. HSBC can create a combination of informative yet interactive website to draw customers towards online banking.

Q4: Do you agree that the Product variety affect your choice for using internet banking service offered at HSBC?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	14	14.0	14.0	14.0
	Agree	54	54.0	54.0	68.0
	Neutral	28	28.0	28.0	96.0
	Disagree	2	2.0	2.0	98.0
	Strongly disagree	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

The above table shows whether respondents believe that product variety affect customer's choice of using internet banking service provided by HSBC. About 14 percent of the respondents strongly agree that product variety affect their choice of using internet banking service provided by HSBC. About 54 percent of the respondents agree that product variety affect their choice of using internet banking service provided by HSBC. About 28 percent of the respondents were neutral that product variety affects their choice of using internet banking service provided by HSBC. About 2 percent of the respondents either disagree or strongly disagree as they do not believe that product variety has anything to do with their choice of using internet banking service provided by HSBC. Most of the customers tend to use online banking due to the variety of products they get through this medium. Some products provided by banks work best online, and in order to avail every possible option, customers will have to go online. This brings about the opportunity for banks to introduce some other related products and keep the customers engaged.

Q5: Do you agree that the functionality of the sites affect your choice for using internet banking service offered at HSBC?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	20	20.0	20.0	20.0
	Agree	38	38.0	38.0	58.0
	Neutral	12	12.0	12.0	70.0
	Disagree	18	18.0	18.0	88.0
	Strongly disagree	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

The above table shows the opinion of the respondents to decide whether the functionality of the sites affect customer's choice of using internet banking service provided by HSBC. About 20 percent of the respondents strongly agreed that functionality of the sites affect their choice of using internet banking service provided by HSBC. About 38 percent of the respondents agreed that the functionality of the sites affect their choice of using internet banking service provided by HSBC. About 12 percent of the respondents were neutral that functionality of the sites affects their choice of using internet banking service provided by HSBC. About 18 percent of the respondents disagreed as functionality of the sites do not affect their choice of using internet banking service provided by HSBC. About 12 percent of the respondents strongly disagreed as they also not believe that the functionality of the sites has anything to do with their choice of using internet banking service provided by HSBC. Customers expect a bank website to be easy, interactive, and yet functional. Dead features on website do not contribute in providing a smooth customer experience. The functionality of the website decides how long a customer will stay on the website, and if they would continue to use online banking for future transactions.

Q6: Do you agree that ease of access to sites affect your choice for using internet banking service offered at HSBC?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	30	30.0	30.0	30.0
	Agree	38	38.0	38.0	68.0
	Neutral	24	24.0	24.0	92.0
	Disagree	6	6.0	6.0	98.0
	Strongly disagree	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

The above table shows whether ease of access to bank website affect customer's choice of using internet banking service provided by HSBC. About 30 percent of the respondents strongly agreed that ease of access to bank website affect their choice of using internet banking service provided by HSBC. About 38 percent of the respondents agreed that ease of access to bank website affect their choice of using internet banking service provided by HSBC. About 24 percent of the respondents were neutral that ease of access to bank website affect their choice of using internet banking service provided by HSBC. About 6 percent of the respondents disagreed as they do not think ease of access to bank website affect their choice of using internet banking service provided by HSBC. About 2 percent of the respondents strongly disagreed as they also not believe that ease of access to bank website has anything to do with their choice of using internet banking service provided by HSBC. The purpose of a website is to be accessible anytime and anywhere. It is very important for banks to have a website based on a purpose. There should be a reason behind the creation of the website. The website shall have a motive to achieve else, it

would not be relevant. HSBC must ensure that its website is easily accessible to all the customers and can be used easily through any device.

Q7: Do you agree HSBC internet banking is easy to use?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	26	26.0	26.0	26.0
	Agree	48	48.0	48.0	74.0
	Neutral	18	18.0	18.0	92.0
	Disagree	6	6.0	6.0	98.0
	Strongly disagree	2	2.0	2.0	100.0
	Total	100	100.0	100.0	

The above table shows whether the respondents find HSBC internet banking easy to use. About 26 percent of the respondents strongly agreed that they find HSBC internet banking easy to use. About 48 percent of the respondents agreed that they find HSBC internet banking easy to use. About 18 percent of the respondents were neutral that they may or may not find HSBC internet banking easy to use. About 6 percent of the respondents were not sure if they find HSBC internet banking easy to use. The remaining 2 percent strongly disagreed as they have never found HSBC internet banking easy to use. Consumers no longer have to visit the bank in order to operate their accounts. The internet banking has completely transformed the banking sector. The reason of it is that internet banking is easy to use and avoids the hassle to go to bank. The fact that customers can make transactions and use banking features any where they are is a good enough motive to prefer online banking over physical banks.

Q8: Do you agree that HSBC internet banking saves time?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	24	24.0	24.0	24.0
	Agree	40	40.0	40.0	64.0
	Neutral	12	12.0	12.0	76.0
	Disagree	8	8.0	8.0	84.0
	Strongly disagree	16	16.0	16.0	100.0
	Total	100	100.0	100.0	

The above table shows whether the respondents believe that HSBC internet banking saves time. About 24 percent of the respondents strongly agreed that HSBC internet banking saves time. About 40 percent of the respondents agreed that HSBC internet banking saves time. About 12 percent of the respondents were neutral that HSBC internet banking saves time. About 8 percent of the respondents disagreed that HSBC internet banking saves time. About 16 percent of the respondents strongly disagreed that HSBC internet banking saves time. Everything on internet is all about saving time and providing convenience to users. It is important for banks to ensure that they provide great customer experience online as it is considered as an important consideration of adopting online banking. Going to banks for even smallest of things require a lot of time which had been a challenge for many people. Internet banking has solved every time related problem as everything a customer expects from a bank to do is available online.

Q9: Do you agree that internet banking is very useful?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	16	16.0	16.0	16.0
	Agree	20	20.0	20.0	36.0
	Neutral	52	52.0	52.0	88.0
	Disagree	4	4.0	4.0	92.0
	Strongly disagree	8	8.0	8.0	100.0
	Total	100	100.0	100.0	

The above table shows whether the respondents find internet banking very useful. About 16 percent of the respondents strongly agreed that they find internet banking very useful. About 20 percent of the respondents agreed that they find internet banking very useful. About 52 percent of the respondents were neutral that they find internet banking very useful. About 4 percent of the respondents disagreed as they do not find internet banking very useful. About 8 percent of the respondents strongly disagreed as they also not find internet banking very useful. Consumers prefer to use online banking as it has added elements like ease of use, processing speed and accuracy. Internet banking is useful for consumers as banks has large customer base, the consumers require waiting in queues at banks. In speedy transactions, customers cannot afford to wait in the line to make a transaction that can be made quickly online. Online banking has more benefits as compared to offline banking. The use of internet has given rise to online banking and online shopping. The fact that consumers are drawn towards new ways of doing things has made online banking successful.

Q10. Do you agree that internet banking transactions are simple and straightforward?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Strongly agree	36	36.0	36.0	36.0
Agree	28	28.0	28.0	64.0
Neutral	8	8.0	8.0	72.0
Disagree	16	16.0	16.0	88.0
Strongly disagree	12	12.0	12.0	100.0
Total	100	100.0	100.0	

The above table shows whether the respondents consider internet banking transactions simple and straightforward. About 36 percent of the respondents strongly agreed that they consider internet banking transactions simple and straightforward. About 28 percent of the respondents agreed that consider internet banking transactions simple and straightforward. About 8 percent of the respondents were neutral that they consider internet banking transactions simple and straightforward. About 16 percent of the respondents disagreed to this statement as they do not consider internet banking transactions simple and straightforward. About 12 percent of the respondents strongly disagreed as they do not think internet banking transactions are simple and straightforward. The generation existing that is running businesses today are adaptable to all kind of technologies. However, the results indicate that many do not consider online banking as simple procedures. To cater this problem, banks must ensure that customers that are not able to learn the online banking features are educated. This can be done in many ways, and it will help the bank increase its online customer base.

Q11: Do you agree that internet banking has made life easier?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	20	20.0	20.0	20.0
	Agree	20	20.0	20.0	40.0
	Neutral	36	36.0	36.0	76.0
	Disagree	12	12.0	12.0	88.0
	Strongly disagree	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

The above table shows whether the respondents think internet banking has made life easier. About 20 percent of the respondents strongly agreed that the internet banking has made life easier. About 20 percent of the respondents agreed that the internet banking has made life easier. About 36 percent of the respondents were neutral that the internet banking has made life easier. About 12 percent of the respondents disagreed to this statement as internet banking has not made their life easier. About 12 percent of the respondents also strongly disagreed as they also not think internet banking has made their life easier. There are many reasons that customers find to use online banking. Consumer's busy schedule is an important reason for frequent usage of internet banking. The consumers find it difficult to visit bank during their operating hours as their time collides with that of the bank. Through internet bank, they no longer have to worry about the banking hours. The ability to operate their bank account whenever they want has definitely made their life easy.

Q12. Do you agree that internet banking services are secure?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	24	24.0	24.0	24.0
	Agree	40	40.0	40.0	64.0
	Neutral	12	12.0	12.0	76.0
	Disagree	8	8.0	8.0	84.0
	Strongly disagree	16	16.0	16.0	100.0
	Total	100	100.0	100.0	

The above table shows whether the respondents consider internet banking services secure. About 24 percent of the respondents strongly agreed that they consider internet banking services secure. About 40 percent of the respondents agreed that they consider internet banking services secure. About 12 percent of the respondents were neutral that they consider internet banking services secure. About 8 percent of the respondents disagreed to this statement as they believe there is no security in internet banking services provided by HSBC. About 16 percent of the respondents also strongly disagreed as also not consider internet banking services secure. The biggest concern of the internet banking users is the safety. Consumers prefer to use internet banking but they remain worried about the safety. The bank credibility solves this problem. Credible and big banks are considered reliable and consumers do not fear loss here. To resolve this problem, banks need to ensure that their internet security measures are satisfactory and trustworthy. Banking is a sensitive industry, and the business is sustained with the trust built among the customers. The bank cannot afford to lose this trust by not keeping security in priority when it comes to online banking.

Q13: Do you agree that HSBC internet security measures are satisfactory?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	24	24.0	24.0	24.0
	Agree	36	36.0	36.0	60.0
	Neutral	24	24.0	24.0	84.0
	Disagree	4	4.0	4.0	88.0
	Strongly disagree	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

The above table shows whether the respondents believe HSBC internet security measures are satisfactory. About 24 percent of the respondents strongly agreed that they believe that HSBC internet security measures are satisfactory. About 36 percent of the respondents agreed that they believe that HSBC internet security measures are satisfactory. About 24 percent of the respondents were neutral that they believe that HSBC internet security measures are satisfactory. About 4 percent of the respondents disagreed as they do not believe that HSBC internet security measures are satisfactory. About 12 percent of the respondents strongly disagreed as they also not find HSBC internet security measures satisfactory. There are many concerns of customers regarding security out of which data privacy is the main concern. The bank's measures must ensure that consumer data is protected along with consumer's rights is protected. As far as measures are concerned, there are many different hardware and software tools that can be used in combination in order to combat the internal as well as external threats causing insecurity for customers.

Q14. Do you agree that online banking is hassle free?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	36	36.0	36.0	36.0
	Agree	28	28.0	28.0	64.0
	Neutral	8	8.0	8.0	72.0
	Disagree	16	16.0	16.0	88.0
	Strongly disagree	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

The above table shows whether the respondents consider online banking hassle free. About 36 percent of the respondents strongly agreed that they consider online banking hassle free. About 28 percent of the respondents agreed that they consider online banking hassle free. About 8 percent of the respondents were neutral that they consider online banking hassle free. About 16 percent of the respondents disagreed as they do not consider online banking hassle free. About 12 percent of the respondents strongly disagreed as they also do not consider online banking hassle free. As long as a customer has an access to reliable internet, the internet banking can be hassle free. With schedules getting busy, less number of consumers now finds time to visit the bank personally. The consumers now have the opportunity to perform various bank related tasks with the help of online banking. Internet banking offers a lot of features which includes account summary, do funds transfer, pay their bills or involve, request for credit card or cheque book, pay their tax, do investments etc. All activities can be done in less time, with maximum convenience.

Q15: Do you agree online banking is less stressful?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Strongly agree	20	20.0	20.0	20.0
Agree	48	48.0	48.0	68.0
Neutral	8	8.0	8.0	76.0
Disagree	12	12.0	12.0	88.0
Strongly disagree	12	12.0	12.0	100.0
Total	100	100.0	100.0	

The above table shows whether the respondents believe that online banking is less stressful. About 20 percent of the respondents strongly agreed that they believe that online banking is less stressful. About 48 percent of the respondents agreed as they believe that online banking is less stressful. About 8 percent of the respondents were neutral that they believe that online banking less stressful. About 12 percent of the respondents disagreed as they do not believe that online banking is less stressful. About 12 percent of the respondents strongly disagreed as they also not believe that online banking is less stressful. Online banking has become very important for modern world to stay updated financially. Online banking has provided consumers ease to perform banking activities safely at any place they prefer and that too free of cost. It is a completely stress free process in which customers can conduct activities according to their need and time. The results indicates that a good portion of people consider online banking as a stressful process. The reason could be their bad first experience, or inability to adapt to technological changes occurring in bank.

4.2 Summary of the Findings

HSBC is a world's renowned bank that provides the best products and services to its customers. Customers tend to avail the products offered by the bank if they are tailored to their needs. There are times when customer considers switching to other players in the industry. The reason of which could be poor online banking experience. However, some customers stick to the bank for many reasons as well. It could be their exceptional customer services, product options, understanding of requirements and catering to the customer's changing needs, and the way they promote their products and services. Such banks are customer centric organizations that are driven by the customers for the customers. These banks design their product and services after understanding the market and customer's personal requirements.

Customer also tends to attain satisfaction if all the services provided by the bank online are reasonably charged. These banks makes customers satisfied with the credit and sales options through online banking. However, this doesn't end here as the bank website has to be informative and ensures customer receive the most efficient services while doing online banking. Once the bank has created a base line of quality, it must continue to make important improvements in their online presence. The idea is to always keep the customer's perspective in mind. An online website requires improvement time to time as the trend in online presence keep changing. Customers get attracted if they explore something new going on in the website.

There are many strategies that marketers use for product and service promotion out of which three are main types of strategies. These main strategies are advertising, sales promotion and public relation. Each has its own evident benefits for the bank. As far as banking industry and particularly online banking is concerned, the marketers prefer to incorporate all three-communication strategies to promote online banking. The aim of these strategies is to create the online banking demand among the customers. Customers are influenced to use online banking by showing them the benefits that they are going to get. Some persuades by defining the ability to manage the accounts anytime anywhere while others are given impression that online banking has no hidden cost and is free for the bank-valued customers. They also frequently receive promotional offers through different mediums like SMS, email or mail by the bank.

Security aspects are directly linked with online banking as consumers are not sure about the service credibility. They face the fear of having financial losses or threatening their data privacy. The banks offering online banking shall ensure that the consumer data is protected. The security measures formulated by the bank has to be reliable so that the consumers can trust the online banking service and make it part of their daily life.

The bank's website must provide maximum information about the new products and services offered by the bank. A good online banking website display changes that occur in policies or any important information by the bank on time. Customers get extremely satisfied with online banking with the manner bank handle their cash and investments online. As far as promotional tactics are concerned, customers are encouraged to use online banking in order to avail a certain discounts on services that are offered by bank. This provides them a motive to go online and use it more often. The employees at banks are always well informed and ready to help in whatever matter customers are concerned about. Same should be the case with bank website as any information that a customer is looking for must be present online. Banks tends to extent customer relationship by offering different banking facilities like ATM and online banking.

The entire online banking service is designed by banks to ensure great customer experience. The bank website must have this elegant yet stylish layout making the customers feel great during their online banking experience. The physical location of banks matter as well, but in todays fast pace world, online presence is really important. The bank having presence at all major locations makes it convenient for the customers to visit the nearest branch for their queries and bank tasks. However, that requires time and consideration of bank hours. On the other hand, online banking provides them with all the freedom of time constraints.

There are many factors that require to be taken to account that influence customer's decision of using online banking. Online banking is usually done through website or now many banks have introduced their mobile applications. It depends on how easily they get familiar with the website features. The things that might influence customers to use online banking could be layout of the website and its functionality.

Most of the customers tend to use online banking due to the variety of products, convenience, and ease they get through this medium. The purpose of a website is to be accessible anytime and anywhere. Customers usually forget the fact that the experience depends on the speed of internet as well. It is very important for banks to have a website based on a purpose. Customers expect a bank website to be easy, interactive, and yet functional. Dead features on website do not contribute in providing a smooth customer experience. It is important for banks to ensure that they provide great customer experience online as it is considered as an important consideration of adopting online banking.

The generation existing that is running businesses today are adaptable to all kind of technologies. However, the results indicate that many do not consider online banking as simple procedures. It means banks have to work on their online presence and make it simpler for customers of previous generations to understand. In other case, they can be educated about the features of online banking, and taught how the banking activities are done online. Online banking is useful for banks and for environment as it eliminates the need of paper work. It is evident that an extensive amount of paper work is reduced because of online banking.

CHAPTER 5: CONCLUSION

5.1 Introduction

This chapter reflects the conclusion of the whole research, but it generally holds for discussion and summary of the whole study. In this chapter, the results are briefly summarized. The implications drawn from the research objectives are addressed as well in general terms. The conclusion then finally discusses the implications of the results, and how they are relevant to literature findings. Specific guidance for future researches is also part of this chapter.

5.2 Conclusion

Online banking has become an important part of the day. Majority of the banks are proposing online banking to its treasured consumers. Online banking has more advantages as contrasted to offline banking. Online banking saves immense amount of consumer's time. Customers now do not have to delay themselves by waiting in long lines for their turn as online banking serves in saving consumer's time. Moreover, online banking services like bill payment, account status and 24/7 accessibility supplies consumers with an extensive amount of convenience. Online banking has endowed banks to offer effective and timely service delivery to their clients. Customers no longer require arriving to the bank for every day procedures and payments of bill, rather they favor to conduct such activities from their work place, home, or anywhere they want. To further support clientele satisfaction and commitment can be accomplished with help of online banking. By proposing wide range of services and detailed information on a professional website, this can be done. This helps in saving customer's time and effort. Therefore, internet is assisted as the international phenomenon for circulation of banking services and products in Pakistan and other Asian nations.

Internet performs a major function in the fast-paced world of today. For modern world, there are numerous evidences brandishing the significance of internet. Due to internet, two kinds of enterprise formats are being presented. Brick and mortar format is one in which the enterprise has not only physical offices but furthermore function online. In the contrary, there is enterprise that operates only on the internet.

Throughout the world, online banking is being broadly accepted by the customers. Customers have accepted and adopted internet banking mainly as it helps in saving cost, whether it is monetary or non-monetary. There are numerous other factors in this as well because of which of adoption rate of internet banking has expanded. The gaze and appearance of the website is one of the most significant components that attract clients in using online banking. Consumers prefer to use the services and websites that are not very convoluted. All around the world, customers appreciate user-friendly and simple features of online banking. Internet banking presents hassle free banking to their valued customers as they relish the overall banking experience. As far as service industry is concerned, the customer's primary anxiety is the convenience.

The banking sector is absolutely transformed by the internet banking. The new and old customers are being retained by the banks utilizing the online banking. The online banking is furthermore very useful as it reduces the paper works and helps environment to be safe from paper pollution. Earlier, paper work was considered important in the banks due to sensitivity of business nature. As the technology evolved and time changed the consumer's preferences, banks have nearly become a paperless industry. Every function done in banks has now become automated, and as a result consumers also no longer have to deal with extensive paperwork.

With numerous advantages, online banking has some disadvantages as well. The first drawback of internet banking is that it requires time to make consumers adopt it. Secondly, it is at times difficult for the consumers to understand and familiarize themselves with the new features provided by the banks. Thirdly, the security is the main concern of the consumers. Consumers are drawn towards online banking because their safety concerns are properly addressed by banks. It is important that they find it safe to avail internet banking service offered by banks. Lastly, the consumers may find the bank websites very complex so the layout and functionality of the website should be given importance.

Word of mouth has a lot to do with usage of online banking. Belonging to the techno savvy group, using online banking will make them more recognized and admired by other people. There are some loyal customers of the bank that would not leave it even if its website crashes. They would use online banking even if the accessibility decrease, the site doesn't function for a while, or the bank start charging for the service. Such loyalty is built after developing trust and ownership among customers. On the other hand, some customers will use online banking just to

show off to their friends and family that they can afford them. There comes a time when online banking become part of their life and satisfies their own needs as they get beyond considering it a symbol of social status. Mostly when customers consider using online banking, they prefer the bank which is recognized by most people. Again, the word of mouth and popularity takes away the credit for the customer base.

Online banking has become successful due to number of satisfied customer base that banks have. Perception and expectations of the customer are linked with customer satisfaction with online banking. It depends how uncomplicated the customers perceive online banking to be and if it really is the way they expected. A bank has to be customer centric and must be able to create services that cater customer's personal needs. Customer satisfaction is the positive feeling held by the consumers after experiencing the internet banking. The experience with the banks is the most important factor that affects the perceived performance. Having large number of satisfied customers is very important for any industry. There are many benefits associated with having large number of satisfied customers.

The customer base in banks increases majorly because of positive word of mouth. When deciding to use online banking, it is important for customers to consult with their reference group. They consider their family, friends, colleagues and other reference group members to get advice and opinion from. Besides that, some marketing strategies are also used to promote the products or features in online banking. Throughout the marketing phase, the banks must provide consistent level of service to the customers.

Online banking plays an important role in achieving the desired satisfaction level of the customers. Due to its availability and access at any time of the day, there are chances to increase the satisfaction level of the customers. A great online banking service provided to customers by the bank contributes in developing a base of satisfied yet loyal customers. With the arrival of foreign banks along with existing local banks, the competition is getting tougher which shows that every player faces the challenges of maintaining their existing business performance. In such intense competition, banks are looking to reach as many customers as possible. Their problem is somehow solved with the advent of online banking as it has not only provided convenience to customers, but also provided banks an opportunity to explore new ways of marketing.

This study used both quantitative and qualitative research types or it can be said that mixed method research was used. These were employed in order to ascertain factors determining the customer preference for online shopping and banking needs. Because of the aims and objectives set for this research study, this study employed descriptive research type. The research was aimed to get insight of factors, which influence customers for online banking and transactions and for that deductive approach was undertaken. Since the factors responsible for adoption of online banking were expected to remain same in every bank, positivist approach was employed. Random sampling technique was used for data collection purpose. Out of the decided population, 100 customers of HSBC were decided to be selected on random basis. The primary data collected for this research was quantitative in nature as the researcher used the survey technique to collect the primary data. On the other hand, the literature review was developed through secondary sources.

5.3 Implications

1. The first research aim of this study was to comprehend the multiple causes of using online banking as compared to traditional banking. The findings of this study support the idea that there are many features that online banking offers to its consumers. First of all, internet banking is made easy to use. About 48 percent of the respondents agreed that they find HSBC internet banking easy to use. The layout of bank websites is usually kept as simple as possible to be understood by most of their customers. The more complex website layout would be, the more time it would take for customer to make transaction. Too much complexity may become a problem in finding what the customer want, and it leads to frustrated. Frustration leads to dissatisfaction, which is not good for banks and their business.

Internet banking saves a lot of customer's time which could be wasted standing in the queue waiting for their turn. About 24 percent of the respondents strongly agreed and about 40 percent of the respondents agreed that HSBC internet banking saves time. With the advent of technology, people have become busier than ever. In their busy schedule, online banking comes handy as they do not have to worry about bank hours and hassle of going there personally. There is no doubt about the fact that internet banking is very useful in many cases. The most commonly cited

advantages of internet banking include cost saving, convenience, ease of use, technology, user friendliness etc. The transactions made through internet banking are simple and straightforward. About 36 percent of the respondents strongly agreed and about 28 percent of the respondents agreed that they consider internet banking transactions simple and straightforward. The uncomplicated ways of doing banking activities makes customer enjoy the whole process. With extensive amount of convenience, internet banking has made consumer's life way easier and better. There are numerous uses of internet in this modern era. Internet plays a key role in today fast-paced world. Majority of the respondents agreed that the internet banking has made life easier. Online banking is another creation of internet that has extensively benefited consumers in making their life easy.

2. The second research aim of this study was to identify the factors affecting the customer preferences in online banking. The results obtained from this study indicate that there are many things that affect consumer's decision to opt for online banking service. The visual appeal of the websites is considered to have significant affect on whether a customer would choose to use internet banking service offered by bank. About 48 percent of the respondents agreed that the visual appeal of the sites affect their choice of using internet banking service provided by HSBC. Another reason could be product variety as it has the tendency to affect customer's choice of using online banking to conduct financial activities. About 54 percent of the respondents agree that product variety affect their choice of using internet banking service provided by HSBC

It all comes down to the functionality of the sites as it decides the level of experience that customers are going to achieve as a result of banking online. Website functionality affects the customer's decision of banking online to a significant extent. Moreover, the website has to be accessible in every device that customer uses. There are many devices introduced today that aims to provide accessibility to the whole internet. About 20 percent of the respondents strongly agreed and about 38 percent of the respondents agreed that functionality of the sites affect their choice of using internet banking service provided by HSBC.

The website of the bank must be flexible enough to provide consistent experience in every device that customer uses. About 68 percent of the respondents agreed that ease of access to bank website affect their choice of using internet banking service provided by HSBC. It is evident from the result that ease of access of sites affects the choice of using internet banking. E-

commerce websites have made people aligned with all the possible features that an online banking website can offer. The alignment is somewhat similar hence it makes easier for customers to find the possible options available.

3. The third research aim of this study was to investigate and explore factors which influence customer preferences in HSBC online banking. The findings of this study support the idea that security is without a doubt one of the major requirement of the customer when it comes to internet banking. They will be willing to share their personal and sensitive information online only if they attain satisfaction from the provided security level. Internet banking services that are offered by many banks today are claimed to be secure. It entirely depends how satisfactory the bank's internet security measures are. About 24 percent of the respondents strongly agreed and about 40 percent of the respondents agreed that they consider internet banking services secure.

Certain security measures need to be taken by the bank in order to gain customer's trust. About 24 percent of the respondents strongly agreed and about 36 percent of the respondents agreed that they believe that HSBC internet security measures are satisfactory. There have been many cases observed regarding rights invasion and information sharing without consent. Consumers trust their bank for a reason, and banks cannot afford to lose that trust in any cost. Banking is a sensitive industry, and the business is sustained with the trust built among the customers. There are many concerns of customers regarding security out of which data privacy is the main concern. If such concerns can be addressed properly, consumers might make online banking their primary mean of conducting banking activities.

Online banking is hassle free and less stressful as compared to physical banks. About 36 percent of the respondents strongly agreed that they consider online banking hassle free. And about 48 percent of the respondents agreed as they believe that online banking is less stressful. The consumers throughout the world appreciate user friendly and easy to use services. Internet banking provides hassle free banking to their valued consumers and consumers enjoy the overall experience of banking. There is no stress associated with online banking unless the internet connection is working fine in crucial times. It also depends on the functionality of the websites as at times it crashes down and leads to customer dissatisfaction. Consumers now expect online banking services to be available to them all the time. When some problem occurs in accessing the website, it leads to frustration and may cause some serious loss in crucial times.

5.4 Considerations for Future Research

- It is suggested for future research to take into consideration other bank and compare the online banking services. There are various banks competing in the market to get the majority of online customer base. The comparison of online banking in one bank can be compared with that of other bank.
- Since this study was based on the Pakistan market, it is also suggested that future research on this topic may cater larger geographical area. The consumer preference in terms of online banking might be different in other geographical areas.
- The effects of online banking on certain age group can also be researched in future. For future research, it is suggested to include a greater number of participants to find the result in broader perspective.

References

Questionnaire

Name:

Age:

- 18 to 24 Years
- 25 to 31 Years
- 32 to 38 Years
- 39 to 45 Years
- 46 Years and Above

Gender:

- Male
- Female

From how long you are customer of HSBC bank?

- Less than 6 months
- 6 Months to 1 Year
- 1 to 2 Years
- 2 to 3 Years
- More than 3 Years

Do you use online banking service offered at HSBC?

- Yes
- No

1. Do you often use internet banking service offered at HSBC?

- Strongly agree
- Agree
- Neutral

- Disagree
- Strongly disagree

2. Do you find it safe to internet banking service offered at HSBC?

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

3. Do you agree that the visual appeal of the sites affect your choice for using internet banking service offered at HSBC?

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

4. Do you agree that the Product variety affect your choice for using internet banking service offered at HSBC?

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

5. Do you agree that the functionality of the sites affect your choice for using internet banking service offered at HSBC?

- Strongly agree
- Agree

- Neutral
- Disagree
- Strongly disagree

6. Do you agree that ease of access of sites affect your choice for using internet banking service offered at HSBC?

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

7. Do you agree HSBC internet banking is easy to use?

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

8. Do you agree that HSBC internet banking saves time?

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

9. Do you agree that internet banking is very useful?

- Strongly agree
- Agree
- Neutral

- Disagree
- Strongly disagree

10. Do you agree that internet banking transactions are simple and straightforward?

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

11. Do you agree that internet banking has made life easier?

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

12. Do you agree that internet banking services are secure?

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

13. Do you agree that HSBC internet security measures are satisfactory?

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

14. Do you agree that online banking is hassle free?

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

15. Do you agree online banking is less stressful?

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