Identification of Factors that Influence the Use of Alternate Delivery Channels (ADCs) by Bank Customers in Pakistan

Usman Ali Warraich[1], Arifa Sami[2] and Faryal Salman[3]

Abstract

Alternate Delivery Channels (ADCs) have emerged as a new platform to offer banking services to its customers all across the globe. The research objective is to identify fundamental demographic factors and service delivery variables that may have significant influence over the use of ADCs by banking customers in Pakistan, with focus mainly on Karachi city; hence its results may only be generalized to urban areas of the country. This confirmatory research adopts deductive approach and employs mixed method to collect primary data from a non-probabilistic sample of 271 respondents (95% Confidence Level) using convenience sampling technique. Findings of the research concluded that customers differ in their preferences to use direct banking channels. Significant association is found between use of ADCs and demographic variables of gender, education level and income, as well as, the service delivery variables of time-savings and convenience. Although, logistic regression revealed that age, factor of cost savings and transaction security are insignificant. This research is of paramount importance for the banking industry to devise their ADCs policies and product offerings in the light of the results of this study.

Keywords: ADCs, Banking Channels, E-Banking.

1. Introduction

The efforts of entire human race have brought tremendous changes to the world. No one can deny of the scientific developments and consequent miracles of technology that have changed each and every dimension of human life, including transaction and banking. The traditional branch model was not enough to meet the changing needs of customers who want services to be available at their door step; hence, all over the globe, banks opened an innovative gateway to offer banking services. ADCs have gradually evolved as a gateway to serve customers with the option to use modern financial channels like Internet banking, ATM debit cards, credit cards, Phone banking, SMS banking, and mobile banking etc, to conduct banking transactions as a means of ADCs. Alternate delivery channels are at the core of entire banking transformation. All the commercial banks of Pakistan have realized the potential for direct banking channels and launched their various ADCs products. The banking sector of Pakistan is governed by the State Bank of Pakistan (SBP) which is directly responsible for supervision of the entire banking industry under the Banking Companies Ordinance, 1962. The contribution of banking sector is 16% of GDP as per the annual report of SBP where the banking sector witnessed a growth of 11.7% in fiscal year 2014. According to annual report published by SBP, until 2014 there were 10,640 online branches in Pakistan although there are a total of 10,437 branches of 41 scheduled banks with 547 specialized bank branches and 1225 Islamic branches. As per the statistics published by SBP, there are a total of 8240 ATM machines installed all over Pakistan and 34,428 Point of Sale (POS) terminals to facilitate 23,600 debit card users all over Pakistan (SBP, 2014, p.72). It has been reported by Payment System Department of SBP that in 2014 the total worth of internet and mobile banking transactions was Rs.761 billion, whereas ATM transactions were worth Rs. 2,648 billion. In the wake of ADCs' proliferation in Pakistan, there are some challenges faced by banking sector. The growth in value of ATM transactions declined from 28% to 14% from 2010 to 2014. (SBP,2014).Owing to the growing scope of alternate delivery channels (ADCs), many researchers have endeavored to identify aspects that influence use of ADCs in their respective countries. Past studies highlighted that in different parts of the world, bank customers have shown different preference for the adoption of alternate banking channels. It is a common observation that cell phone users of the developed countries are far less circumspect towards the embracing of M-banking (Ndumba and Muturi ,2014). Amin et al. (2006) argued that people have different expectations that influence their usage of the banking channel. In the context of India, Kumbhar (2011a) argued that customers are now looking for multiple delivery channels and flexible as well as convenient working hours neither the clock nor the geographical locations are constraints. Limited research has been conducted until yet to identify customer preference for various ADCs offered by Pakistani banks. Keeping in view all the aspects identified by different researchers

[1] Faculty Member, DHA Suffa University Karachi, Pakistan. Email: Warraich.U.A@gmail.com

[2] MBA Student Bahria University Karachi Campus. Email: Arifa.sami@yahoo.com

[3] Assistant Professor, DHA Suffa University Karachi, Pakistan. Email: faryal.salman@dsu.edu.pk

worldwide, we still need to find out, for developing countries like Pakistan, which factors influence their choice of diversified banking channels? The focus of this research revolves around the demographic factors of age, gender, education level, income level; and service delivery variables of convenience, transaction security, cost savings and time savings. This study endeavors to answer following research questions:

1.1 Research Questions

- What are customer preferences for different ADCs that are offered by banks in Pakistan?
- Which demographic factors influence the customer's choice of using ADCs?
- Which service delivery variables have an impact on the adoption and usage of ADCs?

Consequently, this research is of prime importance for the retail banks of Pakistan to increase their customer base for alternate delivery services. When the banking sector is challenged with the transition from traditional branch banking to modern branchless banking, this research is of paramount importance for the decision makers to review customer dynamics and revise their ADCs promotion and offerings based on the information of current variables that have significant influence over the usage and adoption of these diversified banking channels.

2. Literature Review

Our world has witnessed rapid spell of technology over each and every facet of life. "Channelize through channels" is the new paradigm for banking today. The entire retail banking sector endeavors to sell their wide spectrum of services making use of different distribution tactics (Adeniran and Junaido, 2014). It is reviewed that e-banking has surfaced as a turbulent means of delivering banking services (Wu et al., 2006). Offering banking services is no more limited to that branch based brick and mortar framework; rather alternate delivery channels have opened newer vistas of serving clients who may be present at a distant place from their branch. Alternate Delivery channels cover a wide range of avenues including ATM debit/Visa cards, credit cards, SMS/mobile banking, phone banking and internet banking (Singh, 2014). All over the globe, each of the alternate delivery channels is studied to evaluate its adoption rate among the bank customers. In the context of Malaysia, a study of demographic variables concluded that young consumers are influenced by pocket-banking approach to a greater extent (Amin et al, 2006). In Sierra Leone, eighty five percent of the customers prefer to use ADCs instead of branch banking whereas among remaining fifteen percent of the respondents, there were nine percent people who were not using ADCs at all (Akinyosoye–Gbonda, O., 2011). Verma (2014) stated that the Indian banking industry has witnessed a shift in trend from cash economy to plastic card economy. It is stated by Kashyap and Sharma (2012) that in the context of urban areas of India, the widely used direct banking channel is ATM. According to Mwatsika (2014) that in the context of Malawi retail banking, the ATM banking is considered to be the second most popular access channel to avail banking services. Some people adopted usage of credit cards because of the factor of utility (Siddiqui and Anjum, 2013). Also, mobile banking enables the customer to have direct link with the bank via mobile anywhere and everywhere (Mazhar et al, 2014). Khraim et al. (2011) states that it is common to find a cell phone in the pockets an eighteen year old. Before the introduction of mobile banking, the phone banking channel was offered to revert a big portion of branch visitors by providing them a facility to enquire about their account balance, transaction history and transaction amount over the telephone. Mazhar et al (2014) emphasizes that the effect of perceived usefulness and security is quite considerable on internet and mobile banking usage. In the context of Kenya, Ndumba and Muturi (2014) found that customers had fear that their money or information could be delivered to inaccurate account number, therefore, security persist as hurdle in the acceptance of mobile banking. Similarly, short-messaging service (SMS) banking is also one of the derivatives of multiple delivery channels namely mobile banking. A large number of banks in Pakistan are providing their customers with SMS alerts for each transaction against some service charges. Greater the perceived security, higher will be the customer's intention to use SMS banking (Amin and Ramayah, 2010).

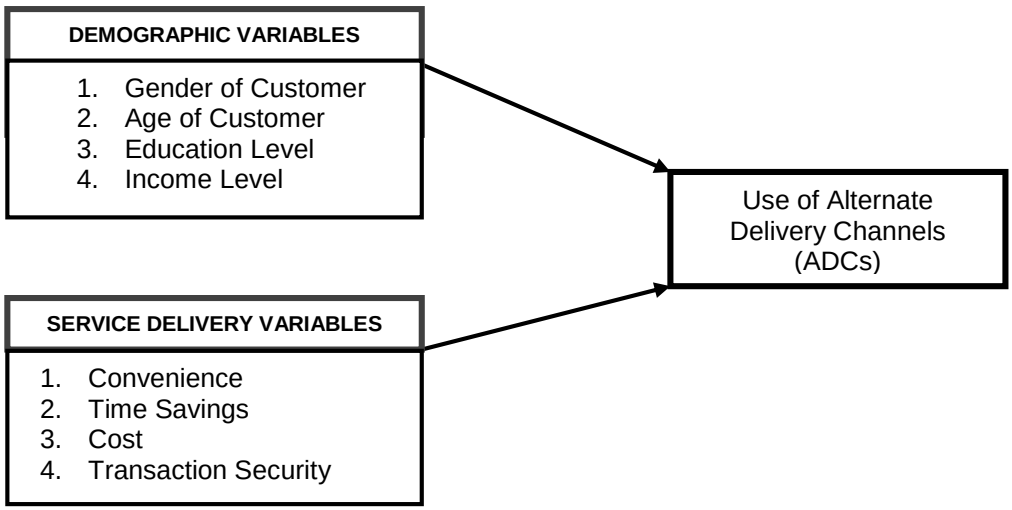
The statistics based on population can reveal a greater insight to the reasons which could facilitate or hamper the way of ADCs proliferation in Pakistan. The age of a consumer can affect his choice of banking channels. For mobile banking adoption, Amin et al. (2006) found slightly significant relationship between the usage and age of consumers by identifying that consumers, especially students between twenty six to thirty one years of age, show greater willingness towards acceptance of this direct banking channel. Similarly, gender of a customer can also be a factor to have an effect on adoption of ADCs

because female and male consumers may vary in their preferences. Akinyosoye–Gbonda, O. (2011) conducted a survey in Sierra Leone and found out that among all bank customers, men uses multiple delivery channels more than women because they have greater responsibilities to save money and support their families. A lot of variance is found in results obtained worldwide. Verma (2014) found out that in India women are using ATM services more than men. Other demographic variables include education and income level of people. It is argued by Kashyap and Sharma (2012) that lack of knowledge is a major hindrance in the way of ADCs adoption because a customer who does not understand how to use technology is implied to shy away from usage of internet banking. On contrary, Sumra et al (2011) argued that literacy is not a major hurdle for provision of e-banking services in the context of Pakistan because the bank employees help them if the customers experience difficulties in using facilities provided to them due to their illiteracy. Sometimes, an educated customer who is well aware of the benefits of an alternate banking channel may avoid its usage because it may not be feasible for him or her to burden his pockets with service charges. In simple words, the amount of take home pay of a customer may also dictate his or her decision in favor of or against to the adoption of ADCs.

Mazhar et al (2014) found that half of the respondents were earning approximately thirty five to forty thousand every month but, on average, they were using internet banking for less than an hour each day. Findings of Siddiqui and Anjum (2013) showed that overall those male consumers who were employed on mid-level management positions or earning higher pay were using credit card as a style icon more than females. A part from demographic variables, literature review also helped to identify a set of service delivery variables that may have their influence over use of ADCs. Banking sector is service oriented in nature and the services provided by the banks in form of ADCs are intangible in nature, for example information services related to balance enquiry, mini-statements, and virtual payments of utilities through short-messaging service (SMS) or mobile phone, online fund transfer etc. All these services are provided through certain channels such as ATM machines, POS terminals, debit cards, credit cards, cellular banking or e-banking over internet. Customers avail these services if they reap some benefits off these channels. The features that are thought to be associated with service delivery are mainly the factor of convenience, secure transaction, cost savings and time savings. These variables form their basis from a number of prior researches of different countries. The Nigerian authors Adeniran and Junaido (2014) found out in their research that cost of using ATM, simplicity in handling the machine and safety of the entered information and monetary value, all play vital role in attracting banking clientage towards this means of service. The factor of convenience was indirectly highlighted in the research conducted at Taiwan and Singapore by Wu et al (2006), which makes an argument that by using alternative channels customers can easily make a transaction anywhere-anytime. Kashyap and Sharma (2012) argued that in this e-era there exist no need to count days to get account balance statement at the end of the month; also with the proliferation of ADCs, a bank customer does not need to wait for his turn to avail service of a bank personnel because now the bank is available at your door step in form of internet banking, mobile banking etc. A lot of time savings benefit is offered by banks to a wide customer base through alternate delivery channels. As per findings of Mazhar et al. (2014), if an individual recognizes alternate delivery channels as being more cost efficient, time saving and user-friendly, then his likelihood of adopting mobile banking or internet banking will increase. On the other hand, It was brought into light that "*the feeling of safety in usage"* of ATM services is one of the factors that has emerged as a source of obstruction in the propagation of this alternative delivery channel (Mwatsika, 2014). The factors identified through literature can be translated into following conceptual model.

The conceptual framework in Figure 1 explicitly categorized that age, gender, education and income factor constitutes demographic variables that are to be tested for having any strong association with use of ADCs. Second, set comprises of factor of convenience, time savings, cost savings and transaction security as service delivery variables that are tested in this research to find their relationship with use of different alternate delivery channels. For analyzing the relationship between demographic variables and service delivery variables, as represented by Figure 1, the following hypotheses are being constructed.

Figure 1: Conceptual Framework



2.1 Hypotheses

H_1: There is significant difference in population regarding preference for using ADCs
H_2: There is significant association between gender of customer and use of ADCs
H_3: There is significant impact of age of customer on usage of ADCs
H_4: There is significant impact of education level of customers on their use of ADCs
H_5: There is significant impact of income level of customers on their use of ADCs
H_6: There is significant impact of convenience on the use of ADCs by the customers
H_7: Time savings have significant association with customer's use of ADCs
H_8: Cost savings have significant impact on customer's use of ADCs
H_9: Transaction security has significant impact on customer's use of ADCs

3. Methodology

This research is explanatory in nature, following a deductive approach to test the hypotheses of this research. For this study the independent demographic variables include: age, gender, education level and income level and independent service delivery variables include: convenience, time savings, cost savings and transaction security. All these independent variables are to be tested against usage of ADCs indicated by the number of users of each alternate delivery channel which serves as the dependent variable of the research. Research design includes the collection of primary data from bank account holders of Karachi. It is a metropolis which has a population of over 23 million which is around 12.1% of the entire population of Pakistan. Hence, on a rough estimate, there will be around 4.25 million bank account holders residing in Karachi. The sample type is non-probability and using convenience sampling technique, mixed method is used to collect data from a sample size of a total of 271 respondents is chosen with 95% Confidence Level. Structured questionnaire comprising of 33 closed ended questions with multiple choices was disseminated online. The questionnaire has 3 sections in total: Section A is structured to gather information related to customer's demographic; Section B is structured to collect information from customers about their usage of six different ADCs; Section C is of the questionnaire is designed to obtain information about service delivery variables which includes subsection namely: Convenience, Time Savings, Cost Savings and Transaction Security respectively. Twenty three questions of Section C are devised based on 5-point Likert Scale (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree). All this statistical evaluation is done using SPSS Version 20. Data is analyzed using the statistical technique of Binary Logistic Regression. Other statistical tests performed on the data include Binomial Test of Proportions, Cronbach's alpha reliability test and Principal Component Analysis (PCA).

3.1 Reliability and Validity

The internal consistency of the data is tested using Cronbach's Alpha for each of the quantitative dimension. Table 3 shows that data analyzed for convenience variable is reliable as it has alpha value = 0.8 ≥ 0.6 and a total of 5 items are included in this measure. The measure of Time Saving includes 5 items

and has alpha = 0.854 ≥ 0.6, hence this measure is also reliable. The measure of Cost Saving is also reliable with alpha = 0.6 comprising of 3 items. Similarly, alpha value = 0.812 for transaction security measure is greater than 0.6, which means that data collected for this measure, consisting of 5 items, also lies in the range of reliability test for analysis.

Table No. 1: Cronbach's Reliability Test

Measure	Items	Cronbach's Alpha
Convenience	5	0.8
Time Saving	5	0.854
Cost Saving	3	0.6
Transaction Security	5	0.812

The validity test is performed using statistical method of Principal Component Analysis. The test results are displayed in Table 2. the dimension of Convenience originally included 7 items, but factor loadings of item 3 and item 5 were less than 0.6, hence item 3 and item 5 are eliminated from the dimension of Convenience. Each factor loading for all 5 items of the Time Savings dimension is ≥ 0.6, hence the construct is valid. First three items of Cost Savings dimension has factor loadings ≥ 0.6 so they form a valid construct, whereas item 4 of this dimension is excluded from analysis since component factor analysis showed that item 4 of Cost Savings dimension has factor loading < 0.6. Similarly, the dimension of Transaction Security included 5 valid constructs excluding item 3 and 7. The validity tests of each dimension further strengthen value of Cronbach's alpha, thus increasing reliability of his construct of measure.

Table No. 2: Principal Component Analysis (PCA) Validity Test

Item	Dimension	Factor Loading
	Convenience	
Q1	Alternate delivery channels such as internet banking, mobile banking, ATMs etc. makes it easier to do banking	0.829
Q2	Using ADCs, I can avail banking services on holidays when branches are closed	0.762
Q4	Banking through alternate delivery channels is a convenient way to manage my finances	0.79
Q6	Transactions are done more quickly using alternate delivery channels	0.744
Q7	It is more comfortable to use debit card or credit card instead of carrying cash	0.6
	Time Savings	
Q1	I can save my time by conducting transaction using ADCs instead of going to my bank branch	0.817
Q2	When I use any of the alternate delivery channels, instant feedback about transaction is provided	0.773
Q3	Using alternate banking channels, I can access my banking account from anywhere	0.809
Q4	I am not worried about branch timing because services through ADCs can be availed 24 hours a day	0.751
Q5	Use of alternate delivery channels enables me to accomplish banking activities more quickly	0.833
	Cost Savings	
Q1	Transaction cost is less when I use alternate delivery channels	0.741
Q2	Bank charges for issuance of debit card are reasonable	0.777
Q3	I can save my travel expenses if I use alternate delivery channels instead of visiting my bank's branch	0.679
	Convenience	
Q1	If I use ADCs such as internet banking, mobile/SMS banking, ATMs etc, information concerning banking transactions will be known to others	0.632

Q2	Banking through alternate delivery channels is risky because my payment may go to some incorrect account	0.781
Q4	Information related to my banking transactions can be hacked or tampered if I use alternate delivery channels	0.781
Q5	Using ADCs, there is a chance of data loss	0.76
Q6	There is chance of fraud while transferring funds through ADCs such as internet banking, mobile banking, ATM etc	0.759

3.2 Descriptive Analysis

Descriptive statistics were run to compute frequency level for each of the demographic variables. Table 3 shows that among 27 respondents, 50.2% respondents were female and 49.8% were male. 64.6% of the respondents were between the ages of 18-24, 23.6% of them were between 25-32 years of age, 5.5% and 6.3% of the respondents were in the age bracket of 33-40 and more than 40 years respectively.52% of the respondents were graduates and 44.3% of them were earning a monthly family income greater than Rs.80,000.

Table No. 3: Respondents' Demographic Profile

Characteristics	Frequency	Percentage
Gender		
Female	136	50.2
Male	135	49.8
Total	271	100.0
Age		
18-24 Years	175	64.6
25-32 Years	64	23.6
33-40 Years	15	5.5
> 40 Years	17	6.3
Total	271	100.0
Education		
Matriculation/ O-levels	9	3.3
Intermediate/ A-levels	35	12.9
Graduate	141	52.0
Post Graduate or more	86	31.7
Total	271	100.0
Income Level		
Less than Rs.25, 000	26	9.6
Rs. 25,001 - 40,000	55	20.3
Rs. 40,001 - 80,000	70	25.8
> Rs. 80,000	120	44.3
Total	271	100.0

Table 4 indicates the descriptive statistics for ADCs users and non-users for the 271 respondents. It shows that majority of the respondents use ATM/ credit cards. 75% respondents use ATM cards, 47% prefer to use internet banking, 42% use SMS banking, 38% use mobile banking and only 31% of the respondents used credit cards.

Table 4: Frequency Distribution for ADCs Usage

ADCs	Yes	No	Total	% Users	% Non-Users	Total %
Use ATM/Debit Card	202	69	271	75	25	100
Use Credit Card	85	186	271	31	69	100
Use Internet Banking	128	143	271	47	53	100
Use Phone Banking	101	170	271	37	63	100
Use Mobile Banking	103	168	271	38	62	100
Use SMS Banking	114	157	271	42	58	100

3.3 Hypothesis Testing

The binomial proportion test is used for two groups with N=271. The categories include group 1 for the proportion of respondents who do not use any of the ADCs, whereas group 2 indicated proportion of respondents who use ADCs. The hypothesis is tested against expected .50 test proportion. The (2-tailed) Sig value is less than 0.05 (**0.000 < 0.05**), that means there exist significant difference in the population regarding their preference for using ADCs; hence alternate hypothesis 1 is accepted that there is significant difference in the population regarding preference for using ADCs. The test results show that 83% of the people use ADCs whereas 17% of the people do not avail banking services through alternate channels.

Table No. 5: Binomial Test for Hypothesis 1

		Category	N	Observed Prop.	Test Prop.	Exact Sig. (2-tailed)
Do you Use Any one of the Alternate Delivery Channels	Group 1	No	47	.17	.50	.000
	Group 2	Yes	224	.83		
	Total		271	1.00		

The Logistic regression test is used to test hypothesis 2 to 9. The statistical results of the test including odd ratios are calculated at 95% Confidence level as illustrated in Tab le 6.

Table No.6: Statistics for Binary Logistic Regression Test

	Characteristics	Odd Ratio	Sig Value	95% C.I for Odd Ratio	
H_2	**Gender**				
	Female	0.282	**0.000**	0.139	0.571
	Male	1.000			
H_3	**Age**		**0.064**		
	18-24 Years	0.225	0.155	0.029	1.754
	25-32 Years	0.738	0.788	0.080	6.770
	33-40 Years	0.250	0.254	0.023	2.711
	More than 40 Years	1.000			
H_4	**Education**		**.000**		
	Matriculation/ O-levels	0.110	0.010	0.020	0.591
	Intermediate/ A-levels	0.126	0.000	0.046	0.346
	Graduation	0.419	0.057	0.171	1.027
	Post-Graduation	1.000			
H_5	**Family Monthly Income**		**0.020**		
	Less than Rs. 25000	0.216	0.003	0.079	0.590
	Rs. 25001-40000	0.396	0.034	0.168	0.934
	Rs. 40001-80000	0.501	0.110	0.215	1.170
	Rs 80000+	1.000			
H_6	**Convenience ***	2.387	**0.002**	1.386	4.113
H_7	**Time Savings ***	1.974	**0.002**	1.289	3.023
H_8	**Cost Savings ***	1.271	**0.330**	0.785	2.059
H_9	**Transaction Security ***	1.119	**0.683**	0.653	1.915

Note: Scale Predictor *****

The statistical summary results of Table 6 indicated that for the demographic variable of gender, the Sig value is **0.000 < 0.05**, which means that gender of a customer has significant association with use of ADCs; hence alternate hypothesis 2 of this research is accepted. As illustrated in Table 6, the Sig value for demographic variable of age is 0.064 > 0.05. Thus, the alternate hypothesis 3 is rejected that means there is no significant impact of age of a customer on usage of ADCs. Also, Table 6 shows significant association between education levels of customer on their usage of ADCs. The Sig value for education level is **0.000 < 0.05** that means education level of a customer has significant impact on use of ADCs; hence

alternate hypothesis 4 of this research is accepted. The statistical results of odd ratio suggest that post-graduates will prefer the usage of ADCs 2.38 times more than simple bachelor degree holders. These numbers show that higher the level of education, greater will be the chances for a bank account holder to adopt ADCs. It further proves hypothesis of this research that education level has significant influence over adoption of ADCs. For the demographic variable of monthly family income, the Sig value is **0.020 < 0.05** (Table 6), hence alternate hypothesis is accepted that means income level of customer has significant impact on use of ADCs.

The Sig value is **0.002 < 0.05** (Table 6) for the variable of Convenience, that means convenience has significant impact on the use of ADCs by the customers; alternate hypothesis 6 is accepted in this research. The odd ratio statistics calculated at 95% confidence level for quantitative variable of convenience predicted that for every one unit change in convenience offered by alternate banking channels, the adoption and use of ADCs will increase by a factor of 2.387. For the service delivery variable of Time savings, the Sig value is **0.002 < 0.05**, hence null hypothesis is rejected that means the factor of time savings has significant association with the use of ADCs by the customers. Furthermore, the odd ratio statistics for this hypothesis testing showed results that one unit increase in factor of time savings will increase the use of ADCs by 1.974 times. This establishes strong association of time saving variable on the use of ADCs. The hypothesis testing shows that the Sig value is 0.330 **> 0.05** (Table 6) for the cost savings variable. Since Sig value is greater than 0.05, it means there is no significant impact of cost savings on customer's use of alternate delivery channels; hence alternate hypothesis 8 is rejected by this research. For the variable of transaction security, the results of hypothesis testing shows that the Sig value is 0.683 **> 0.05**, it means that transaction security has no significant impact on use of ADCs by the customer; hence alternate hypothesis 9 of this research is rejected.

4. Discussion

Alternate delivery channels (ADCs) have been a burgeoning way to deliver banking services to customers in this era. According to this study, there is significant difference in the population regarding preference for using ADCs. As per the statistical analysis of this study, 83% of the people prefer to use ADCs for their banking activities and 17% of them do not prefer to use any of the alternate banking channels. The findings of this study is sustained by the work of Mazhar et al. (2014) and Awamleh and Fernandes (2005) who found significant difference among people in terms of their usage of ADCs. Further, this study is supported by Amin et al. (2005) who concluded that differences were found in the population regarding use of SMS banking. Another finding of this research is that gender of a customer has significant association with use of ADCs. This study reveals that chance of usage of ADCs by men is 3.55 times greater than that of women. It is supported by the findings of Khalid et al. (2013), Kumbhar (2011b), and Verma (2014).This research shows that there is no significant impact of age of a customer on usage of ADCs. In context of India, the research work of Kumbhar (2011a) is opposite to our findings as it found that significant relationship exist between age and satisfaction to avail to bank ADCs. This study concludes that education level of a customer has significant impact on use of ADCs. The chances of adopting ADCs are 7.9 times greater by post-graduates than people who have acquired intermediate level of education. The predicted odds for a postgraduate to opt for ADCs are 9.1 times higher than a customer who has done matriculation. This finding is supported by Amin & Ramayah (2010) who found in their research that 56.5% of the respondents were bachelor degree holders. Similar results were found in South Africa by Brown and Molla (2005) where 80% of the Internet banking user were graduates. This research has brought into light that with respect to demographics of Pakistan, income level of customer has significant impact on use of ADCs. This stands consistent with the work of Xue, Hitt and Harker (2007) which indicated that customers earning high income conduct 28% more online transactions. Another finding of this research is that the factor of convenience has significant impact on the use of ADCs by the customers. This research is supported by findings of Baloch, Zahid and Shehzad (2011); Awamleh and Fernandes (2005), Akinyosoye–Gbonda, O. (2011) and Verma (2014).

This research has revealed that the factor of cost savings does not have any significant impact on customer's adoption of alternate banking channels. Another important conclusion made by this research is that the use of alternate delivery channels offered by banks is not significantly influenced by the factor of transaction security. This result is supported by research work conducted in Kenya which found that 77% of respondents were not concerned about transaction loss and (Moreover, the research outcome of Zimbabwe where ADC of SMS banking is considered as 80% reliable and secure (Ndumba and Muturi, 2014; Thulari et al., 2011). This research shows that the factor of time savings has significant association with customer's use of ADCs which are offered by banks. The same point was put forwarded by the research of Kaleem and Ahmad (2008), Ndumba and Muturi (2014), Akinyosoye–Gbonda, O. (2011) that 19% of the respondents preferred ADCs over branch banking for the sole reason that it saves time of a customer which might have wasted in visiting branch.

5. Conclusion and Recommendation

It is concluded by this research that there exist significant difference in the population regarding their preference for use of ADCs. The number of ADC users is approximately 4.76 times greater than the number of people who do not prefer to use ADCs. This study found out that demographic factor of gender, education and income level of customers and service delivery variables of convenience, time-savings significantly influence the use of ADCs bank customers in Pakistan. It also disclosed that factor of age; cost-savings and transaction security do not impact on the ADCs adoption. Therefore, it is suggested to all banks to upload video tutorials regarding how to use each of the ADCs. These video tutorials should also be played in banks' branches to give awareness about usage of ADCs. Customers should be provided with a free CD at the time of account opening to explain in detail through visual demonstration about how to use each of the ADCs. This enhanced understanding will assist in escalating customers' willingness to adopt ADCs. The proliferation of ADCs can be augmented by providing extraordinary convenience. For example, bill payment through SMS banking can be linked to free talk-time bundles or special SMS bundle. Lastly, this research has indeed filled the gap by conducting a more comprehensive study of the customer demographics and attributes of the services to help the entire banking sector of Pakistan to devise their strategies with a more colossal customer focus to reap monetary benefits in the wake of ADCs adoption.

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