

A Study on Mobile Banking as an Innovative Tool for Consumers

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Abstract—*In today's age of new opportunities and emerging technologies, there is a new communications infrastructure to transform the way business is executed. After Internet-banking, Mobile banking has emerged as a wireless communication channel by creating value for customers in banking transactions.*

Technology is moving towards mobiles which has wide spread usage and acceptability. Mobiles provide much better mobility than PCs. In this paper, an approach has been made to analyze the transformations and innovations in the Banking Sector. Besides, the comparative study of Mobile banking with other forms of banking solutions has been done and the consumers' response duly analyzed.

Keywords: *e- banking, mobile banking, consumers, mobile technology.*

1. INTRODUCTION

Mobile Banking

Banks are the integral part of the economy. They serve as a monetary mediator for lending and borrowing money to their customers. The services provided by banks can be broadly referred to as banking. Now a days banks have provided various channels for banking like ATM, Online banking, Telephone banking, Mobile banking, etc.

Mobile banking is one of the easiest ways to do banking transactions and the trend of mobile banking is increasing rapidly owing to its simpler, easier and handy feature. The customers specially the new generation enjoy the latest technology on their mobiles. The customers do not wish to spend their time in bank branches for their financial transactions which can be done at a click on their mobiles. This not only saves their precious time but allows them to know the position of their account, balance, transaction history, transfer of funds and many more.

Mobile banking has emerged as new alternative way of banking which is more convenient and user-friendly than traditional form of banking. It is covering the concept of anytime, anywhere banking into reality (Kaur & Madan, 2013).

The mobile banking may be defined as “the provision of banking services to customers on their mobile devices”.

Mobile banking is a system that helps the customers to conduct a number of financial transactions with the help of their mobile devices. In other words, Mobile commerce is a natural successor to electronic commerce, where a mobile device is used to initiate, authorize and confirm a transaction.

2. RECENT TRENDS IN MOBILE BANKING IN INDIA

Mobile phones have become an essential communication tool for almost every individual worldwide. In India, where mobile subscribers far exceed fixed line subscribers because of better mobile infrastructure in comparison to fixed line infrastructure has made mobile banking much more appealing in India. Technology plays an important role in banking sector. Mobile phone is a common technology device that became part of every individual in the information era. Mobile Banking is an emerging alternate channel for providing banking services. India is the second largest telecom market in the world, which is having high potential for expanding mobile banking services.

3. FEATURES OF MOBILE BANKING

The earliest mobile banking services were offered over SMS, a service known as SMS banking. With the introduction of smart phones with WAP support enabling the use of the mobile web in 1999, the first European banks started to offer mobile banking on this platform to their customers.

Mobile Banking refers to provision and availing of banking- and financial services with the help of mobile telecommunication devices.

Mobile banking users are specially concern with security issues like financial frauds, account misuse and user friendliness issue - difficulty in remembering the different codes for different types of transaction, application software installation & updating due to lack of standardization.

Mobile banking transactions can be broadly classified into two: push type and pull type. Push type is a one-way transaction where our bank sends us information pertaining to

our account via SMS. Pull type is a two-way transaction, where we send a request and the bank replies.

This can be further classified into five types.

1. Inter-bank mobile payment service (IMPS), which is a fund transfer service through National Payment Council of India (NPCI). This service lets you transfer funds from one account to another across banks within the country using your mobile phone. You can use the IMPS via your banks' app, USSD'S dial-in number, encrypted SMS banking or net banking.

2. Bank apps - Here you need to download your bank's application or software on your mobile phone via internet. This works on both GSM and CDMA handsets for Android and iPhone platforms.

3. USSD-based - For this type, all you have to do is dial the bank's service code and you can ask for information on your bank account. You don't need a Smartphone or high end phone to use the USSD platform.

4. SMS-Based -It is the most popular method of mobile banking. You can get your account information via SMS.

5. Internet-based mobile banking - This way of banking is where you use your mobile screen like a computer monitor.

Apart from these there are more options like the mobile wallets, offered by telecom service provider platforms.

4. LITERATURE REVIEW

The newly emerged mobile banking services represent an innovation where both intangible service and an innovative medium of service delivery employing high technology are present. Thus, concepts of innovation and diffusion of innovation are even more intricate as technology and service aspects have an effect on the characteristics of mobile banking services.

Mobile Banking builds a cornerstone for mobile commerce (Tiwari et al., 2006). This paper studies the concept of mobile banking and mobile payment which helps the country to develop (Donner Jonathan, 2007). In today's business, technology has been the prime indicators of growth and competitiveness. The banking industry today is in the industry of its revolution (Sharma Archana, 2011). The paper explores the various challenges in the mobile banking and finds that there is a need of awareness among the mobile banking users so that more and more users will be connected (Chauhan, 2012).

5. OBJECTIVES OF THE STUDY

- To have an insight in mobile banking and also to study about its benefits and limitations.
- To identify and analyse the problems faced by the customers through mobile banking.

- To have an insight about the future prospects of mobile banking in India.
- To provide suggestions for improvement in mobile banking.

6. RESEARCH METHODOLOGY

The research methodology adopted in the study is analytical, descriptive and comparative. The study was exploratory in nature. Emphasis has been placed on books, journals, and newspapers and online database and on the views of writers. The data has been collected both from primary and secondary sources. Along with it, reviews posted on various sites have been analyzed to examine the impact of Mobile Banking among different consumers.

To study the feedback of mobile banking customers and analyse their priorities in banking and suggestions if any, a questionnaire was designed for them.

Sampling design: Random/ convenient sampling.

Population: males and females of India

Sampling frame: Respondents of Bundelkhand Region.

Sample size: 100

Data Collection: For the purpose of data collection, a self-designed questionnaire was utilized.

7. LIMITATIONS OF THE STUDY

- The study is related to a particular region only, hence the results may not coincide with all the region.
- The research requires plenty of time.
- As the research depends on primary data too, respondents sincere and honest response may be a limiting factor.

8. CONCLUSIONS

This paper explores the importance of mobile banking in the new era of technology which helps the banking industry to grow at higher speed.

With the help of new technology like 3G/4G services, the customers make their banking transactions in the fraction of seconds. Mobile Banking is done by the mobile internet users at a very fast speed as compare to another mode of banking. No doubt, the time consuming activity of standing in a queue at bank branches is completely deleted through mobile banking.

The number of mobile users in India is increasing rapidly which gives the boost to this mode of banking, i.e. mobile banking. The results indicated that M-banking usage in India is showing a positive trend. In terms of number of users it was 12.96 million in 2011-12 and reached at 35.53 million in the year 2013-14. In case of value of transactions it was only

18.21 billion in 2011-12 and reached at 224.38 in 2013-14 i.e. an increase of 274.59% (source: RBI)

Mobile Banking is universally accepted by the banks. The customers operate their bank account from different locations in the country with the usage of mobile internet.

The new generation is more techno-friendly and mobile savvy as compared to the older ones. The hesitations are also for the reasons of security and operating knowledge of the mobile banking.

The findings indicated that adoption of Mobile Banking appears to be influenced by its trialability and compatibility. More than 50% customers rated mobile banking as risky.

For inclusive growth, the benefits of mobile banking should reach to the common man at the remotest locations in the country. There is also need to generate awareness about the mobile banking so that more and more people use it for their benefit.

9. SUGGESTIONS FOR IMPROVEMENT IN MOBILE BANKING.

1. The banks must maintain their credibility by enhancing their service quality in terms of communication, responsiveness, reliability and feedback.
2. There should be effective schemes for interaction with the customer, more accuracy in billing, financial security and privacy in transactions.
3. To enhance the consumers of mobile banking, they should be duly informed and educated with free demonstrations to use the services authentically.

4. The banks should set high standards for on-boarding mobile banking customers.

5. They should adopt measures for handling and resolving customer grievances quickly and timely.

6. The consumers before downloading any app should make sure that it's an authentic application released by their bank. Avoid third party software that asks for any personal information if the source can't be verified.

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