

Prospects and Challenges of Mobile Banking in India

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Abstract: *Technology plays an important role in banking sector. Banking is one of the largest financial institutions constantly exploring the opportunity of technology-enabled services to provide better customer experience and convenience. Mobile phone is a common technology device that became part of every individual's life in the information era. Mobile Banking is an emerging alternative channel for providing banking services. India is the second largest telecom market in the world, which is having high potential for expanding banking services using mobile. However, mobile banking has not become the choice of millions of people. This technology help us to save our time & provide facilities to get information about our account, transactions and transfer the money from one account to another account from anywhere and anytime but there is problem in customer adaptation, customer distrust on the mobile banking. The main objective of this study is to identify the mind-set and analyse the prospects and issues in Mobile banking among the banking customers in India.*

In India there are 1.012 billion active mobile connections in January 2018 out of 460 million internet users are there... by 2021 there will be more than 635.8 million internet users in India. This is a major increase from previous years. The global report found that mobile banking adopts by new users and largest in emerging countries. It ensures that customer in clearing and settlement of transaction through nationwide and real fund transfer in any bank account and operates of any operator.

The study aimed at examining the knowledge of banking customers on the services offered by banks for mobile banking; finding out challenges faced by mobile banking services in extending their services to many customers ; determining whether customers are extensively using mobile banking.

For this research, primary data was used. This study adopts with descriptive in nature. A sample size of 80 respondents was given this questionnaire. Secondary data was collected using documentary sources such as articles and research reports from internet and media. Analysed data was presented using percentage in tables, charts and graphs.

The findings showed that the majority of respondents knew little about the services offered by banks through mobile banking. The study revealed that many customers fear the use of mobile banking services. They fear insecurity, high charges and unreliability of such services. However, 100% respondents did agree that it is speedy, and saves time than traditional banking. The study concludes that there is a need to educate the banking customers about the diversity of services offered as well as the importance of using mobile banking in their day-to-day chores. From this research, other researchers and policy makers will get an insight about prospects and issues of mobile banking in India.

Keywords: Mobile Banking, Mobile Banking in India, Issues and Prospects, Challenges of Mobile Banking

I. INTRODUCTION

A bank is a financial institution that provides banking and other financial services to their customers. A bank is generally understood as an institution, which provides fundamental banking services such as accepting deposits and providing loans. There are also non-banking institutions that provide certain banking services without meeting the legal definition of a bank. Banks are a subset of the financial services industry. A banking system also referred as a system provided by the bank that offers cash management services for customers, reporting the transactions of their accounts and portfolios, throughout the day. The banking system in India should not only be hassle free but it should be able to

meet the new challenges posed by the technology and any other external and internal factors. For the past three decades, India's banking system has several outstanding achievements to its credit.

The Banks are the main participants of the financial system in India. The Banking sector offers several facilities and opportunities to their customers. All the banks safeguards the money and valuables and provide loans, credit, and payment services, such as checking accounts, money orders, and cashier's cheques. The banks also offer investment and insurance products. As a variety of models for cooperation and integration among finance industries have emerged, some of the traditional distinctions between banks, insurance companies, and securities firms have diminished. In spite of these changes, banks continue to maintain and perform their primary role is accepting deposits and lending funds from these deposits.

II. CLASSIFICATION OF BANKING INDUSTRY IN INDIA

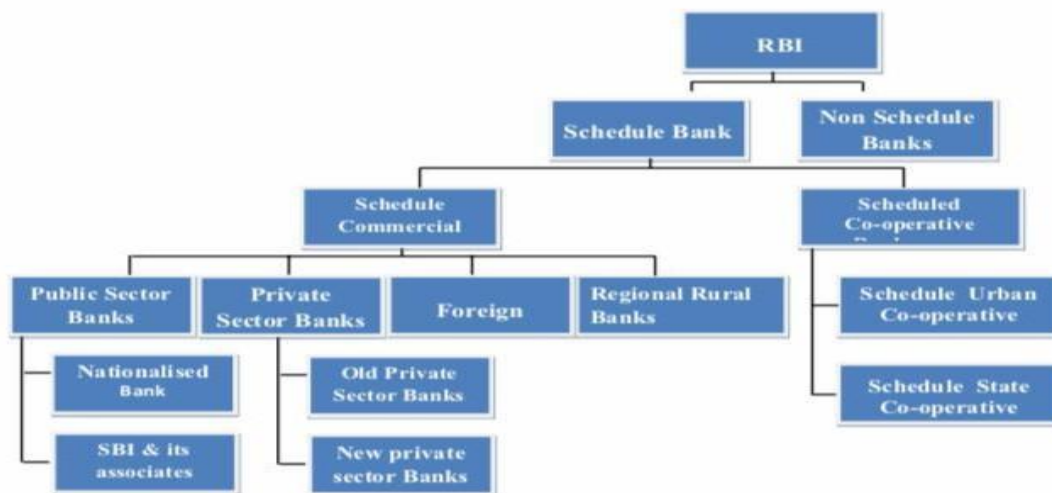


Exhibit : 1
Indian Banking Structure

FIGURE1

BANKING SERVICES

Banking services are regarded as one of the important service. Banks provide financial services to the customers. Due to the rising competition and liberalization, the banking industry has become the buyer's market. Banks need to create and develop the services, which can satisfy the consumer needs. Customer satisfaction is a very important construct in today's market and it is directly influenced by service quality as per earliest studies.

Therefore, the present research work has been carried out to analyze the rural customers' attitude towards public sector banks.

Banking in India is so convenient and hassle free that one (individual, groups or whatever the case may be) can easily process transactions as and when required.

The most common services offered by banks in India are Bank Accounts, Loans, Money Transfer, Credit and Debit Cards, Lockers.



In our country only banking sector is that sector which works as a channel in attracting savings and mobilizing them in required areas. It works as a weapon of capital formation. As, change is the rule of nature. To alter the policies according to environment fluctuation is known as change and to explore or use new technology for making change is known as innovation. Today all sectors are working as innovation acceptor.

Banking sector's profitability depends on better customer relationship. Moreover, nowadays today's consumer banking needs are getting more complex and demands are for more innovative products. Therefore, give them better services banks have introduced a new profitable technology called MOBILE BANKING. In addition, many more like internet banking, ATM, debit card, credit card etc. With mobile banking technology, banks can offer a wide range of services to their customer such as funds transfer while travelling, receiving online updates of stock price or even performing trading while being stuck in traffic.

M banking gives ability to customer to control their cash outflows anytime, anywhere, without having to connect to internet.

The use of a mobile phone to make payment and carryout other banking transaction called m- banking has started taking roots in a number of developing countries, including India.

M banking is a service of banks to make available, the facility of banking wherever the customer is and whenever he needs.

In today's world, every person has personal mobile rather than having computer at home. Even rural person also have mobile. With mobile banking customer can bank from anytime and anywhere.

Over the last few years, the mobile and wireless market has been one of the fastest growing markets in the world and it is still growing at a rapid race. In addition, spread of mobile phones across the developing world is one of the most remarkable technology stories of the past decade.

Mobile banking is enjoying a rapid growth in India. It has successfully crossed the introduction stage. Mobile banking is different from internet banking and ATMs anyways. The internet is not as commonly used as the mobile phones. Further, the internet requires particular devices such as a desktop or a laptop

ICICI bank pioneered in mobile banking service in India. Among public bank, Union bank of India was first to introduce mobile banking.

M –banking may prove to be an important innovation in developing world.

The public sector bank realized that if they have to survive, they will have to adopt modern technology, SBI was first to focus on technology and is constantly at work to innovate in an attempt to lower costs. Technology will not just help them reach out to customer better but also help them cut costs and improve efficiency.

Hence by adopting right mobile banking regulation and mobile security standards the banks can reach whole population which result in economic growth of the country.

Banks have changed from paper-based banking solution provider to the latest of the technology like online banking, Mobile banking.

Mobile banking should reach to the common person at the remotest location in the country. Mobile banking reaches from high-end to low-end users and from metros to middle towns and rural areas. Growth in the M-banking is driven by various facilities like convenience of banking operation, greater reach to consumer .in M-banking there is no place restriction. It is highly penetration coefficient as growth of mobile phones is more than computer. It is fully personalized and private increasing transaction authenticity and is 100% available all the time with the users.

OBJECTIVES OF THE STUDY:

The overall objective of the study was to examine challenges facing mobile banking services in reaching customers in INDIA.

Specifically, the study aimed at:

To examine, if banks customers are aware of the services offered by banks on mobile banking.

To find-out whether the security & privacy issues of mobile banking is becoming a barrier in extending their services to many customers.

To determine whether the customers are using mobile banking services in their day- to-day chores.

To analyse the future prospects of the m-banking services of the Indian Banking Industry.

To study the challenges faced by Indian banks in adoption of technology and make recommendations to tackle these challenges.

To propose suggestion to improve the Mobile Banking Services based on findings.

HYPOTHESIS OF THE STUDY

HYPOTHESIS 1

NULL HYPOTHESIS (H0): Customer awareness and illiteracy is not a significant issue in mobile banking.

ALTERNATIVE HYPOTHESIS (H1): Customer awareness and illiteracy is a significant issue in mobile banking.

HYPOTHESIS 2

NULL HYPOTHESIS (H0): Security and privacy is not a significant issue in extending mobile banking services.

ALTERNATIVE HYPOTHESIS (H1): Security and privacy is a significant issue in extending mobile banking services.

HYPOTHESIS 3

NULL HYPOTHESIS (H0): Banking customers are not using mobile banking in their routine life.

ALTERNATIVE HYPOTHESIS (H1): Banking customers are using mobile banking in their routine life.

HYPOTHESIS 4

NULL HYPOTHESIS (H0): There is negative prospect for mobile banking in India.

ALTERNATE HYPOTHESIS (H1): There is positive prospect for mobile banking in India.

NEED OF THE STUDY

The need of this study was to find out what exactly causing the problem in adoption and extension of mobile banking services provided by banks in India. There are various reasons that are being barriers, such as:

Customer awareness:

Due to lack of knowledge and awareness about mobile banking, it is also a reason for distrust in mobile banking services and it is also another reason for risk and security issue in mobile banking, because this is new technology in banking and financial system so all banking customer are not aware about it and feel risk to adopt it. Therefore, it is also a big challenge in front of mobile banking services in India.

Security issues & privacy:

There is security of mobile banking services is big issue and challenge. In mobile banking for the security purpose PIN or PASSWORD is used which may be steal by the attacker or unauthorized user if mobile device has loss or steal so user have to aware about it. Customers use sensitive data and information in mobile so here risk with pass of a legitimate application because third party it may steal our information and send it to another third party provides application services. Therefore, we have to be aware about application used for WAP mobile banking services and download a legitimate and authorize application for transaction with mobile banking services. Virus & malware attack:

There is also risk with virus and malware attack. It may get access to your account information such as username, password and other information. Like in computer system, there is also risk of virus and malware attack on mobile banking services. Some malicious code are written to defect mobile banking like Zeus has used for attack on SMS banking and Zeus used for steal mobile transaction authentication such as password and pin number. So it is also big security issue and challenge in mobile banking services.

LIMITATIONS OF THE STUDY:

Errors while making calculation are likely to creep in

The biggest limitation is the time

The respondents can be biased in supporting a particular Bank.

III. RESEARCH METHODOLOGY:

MEANING OF RESEARCH

Methodology is system of broad principle or rule from which specific methods or procedures maybe derived to interpret or solve different problems within the scope of particular discipline. Methodology is not a formula but a set of practices.

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The study was conducted to identify the issues and prospects of mobile banking in India. Necessary data was collected from different ages of people and analyzed in terms of the objectives of the study.

There are several ways to collect this basic information. The data for this study was collected by the survey method. Survey is a research technique in which information is gathered from a sample of people by use of a questionnaire or interview. It is a method of data collection based on communication with a representative sample of individuals. The researcher developed a questionnaire and circulated it among her friends & family to provide details about their mobile banking services usage, knowledge & issues faced. The survey was designed in a manner to gain a better understanding of the perspective of customers at both financial and personal level. This research is based on present study and the findings are supported by the responses and insights from the sample surveyed.

RESEARCH DESIGN

Mobile banking is a new technology for people in India. Bank customers normally use traditional banking system as they trust this system and they are used to it. People are afraid of using mobile banking because they cannot feel it trust worthy.

In our country, most of the customers are influenced through advertisements. In recent times, customers have become more conscious about their savings. Different banks advertise about mobile banking services to give information about it to all people in the country. This research study has researched the customer perception on mobile banking based on the above dimensions. The respondents were approached through questionnaire that was sent to them on their social media handles. It was felt that the survey will give the correct result. The research is descriptive in nature, using primary data

PRIMARY DATA:

This study used primary data that was obtained directly from the field. Data was collected from the sample population through questionnaire as attached in annexure.

The open and close-ended questions were used in questionnaire for bank customers.

SECONDARY DATA

Secondary data were used for providing the theoretical background to the research problem. The secondary data sources were-journal, books, internet etc.

DATA ANALYSIS

The collected data will be analysed by using statistical tool and techniques. In this project I used the Ms. Word, Ms. Excel, Ms. Powerpoint, Charts and diagram, etc.

SAMPLE SIZE:

Sample is defined as a subset of the universal population. Sample is small group of respondents drawn from a population in which the researcher is interested in gaining information and drawing conclusions. A sample of 80 respondents was selected for study.