

## **INDIA'S MOBILE BANKING SECTOR: A CASE STUDY**

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### **Abstract:**

*Technology is used in almost every industry, including the financial sector. Every sector contributes in some way. The significance of technology is steadily growing. The speed at which things are moving is accelerating on a daily basis, which is beneficial to the financial services sector. The banking industry is one of the most significant financial institutions, and it is always looking for new ways to utilize technology to enhance the quality of service it provides to customers. Banking has evolved throughout the course of history, shifting from the traditional brick-and-mortar business model in which customers waited for services at banks to the more modern one in which banks are available at any time to deliver such services upon request. In the business climate of today, technological advancement has become the single most important indicator of progress and competitiveness. The financial services industry is going through profound shifts at the moment. The most common uses of information systems in banks are split between two categories. The functions of communication and interaction are identical to those of running a business. Customers are now able to pay their bills, plan payments, and even attend a party to build a more personal and intimate connection with their bank. Additionally, customers are able to visit their boardrooms to get information on a variety of marketing initiatives. It is strongly recommended that wireless and mobile technologies be used. This article takes a look at mobile banking, an innovative kind of electronic payment, and how it has caught on in India, as well as the factors, both good and negative, that have contributed to its rising popularity.*

**Keyword:-** Mobile banking, Internet banking, technology adoption

### **Introductions:**

Mobile banking, often known as m-banking, has quickly become one of the most popular methods of banking in both industrialized and developing nations. There are more than 20 million online banking customers in India. By the end of the decade, it is expected that mobile transactions would have surpassed credit card sales. India has more mobile phones than bank accounts, according to some estimates. A combination of two reasons is driving increased mobile banking use a huge unbanked population and extensive availability of mobile phones.

"Mobile banking" is defined as "the provision of financial services to consumers on a self-service basis through mobile devices," with current and deposit or savings accounts being the most common example. Mobile banking is a mobile computing software that provides users

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with the tools they need to bank from anywhere, at any time, using a mobile phone and a mobile service like (SMS). Checking account balances and moving cash across accounts, for example, are no longer restricted by space or time with mobile banking, enabling you to get more done in less time. When we go to the bank to perform specific financial transactions, we may save time. Customers may use internet banking to access their accounts at any time. Customers may check their account balances, access their bank accounts, and conduct activities such as money transfers. They are able to pay their bills and check their accounts without leaving the convenience of their own homes or places of work. However, the most fundamental constraint of online banking is the need of a personal computer that is linked to the internet. This requirement is without a doubt a substantial obstacle in the majority of growing Asian countries, such as India. Mobile banking sidesteps this fundamental constraint imposed by online banking by limiting the customer's demand to a single mobile device, such as a cell phone. The use of mobile phones has exploded in most Asian economies, including India. The main goal of the Internet-based Mobile Banking Score is to raise the number of individuals who utilize mobile banking. Banking has the advantage of allowing you to accomplish things you wouldn't be able to do otherwise. 'Banking is available everywhere, at any time.' Customers may access their bank accounts without using a computer terminal.

### **INDIA WAS THE PLACE WHERE M-BANKING BEGAN**

India's banking industry is among the most advanced and powerful when it comes to digital technologies. According to the survey, India is Asia's fastest-growing mobile platform country. Information and communication technology (ICT) is now being used by India's banking industry as a platform for doing business effectively and efficiently. Exchanges of money In 1987, India's banking sector discovered technology-driven monetary support in the areas of atm machines (ATMs). It was implemented by HSBC bank over 20 years of development of the cash dispenser implementation technology, which was initially introduced to the world by Barclays bank in the United Kingdom in 1967. Since 1991, India has been implementing financial reforms as part of its economic reforms to improve the banking sector. Reforms were implemented in two parts between 1991 and 1997, based on the recommendations of the Narsimahan committee. According to the findings of the second committee, whatever program is necessary for banking sector reforms for India's banking system to become globally competitive should be implemented.

Over the last two decades, this proposal has also aided the rapid spread of technology-oriented financial services given by bankers to their consumers. M-banking technology-enabled financing services are financial-related services supplied utilizing mobile telecommunications technologies. information or services relating to money (Tiwari. Retail). As a result, in 1999, the first mobile banking and payment efforts were introduced. ICICI Bank was the first Indian bank to provide mobile banking in 1999. HDFC Bank and IDBI Bank are the next two banks on the list. Self-service As a consequence of technology improvements, the financial industry's scope and structure have evolved, allowing it to extend beyond its traditional confines. M-banking, m-finance, m-transfers, and m-payments are all terminology for inter-services between consumers and bankers that have emerged as a result of banking sector technology improvements. M-banking is a new kind of electronic banking that has emerged recently. Users are able to access their accounts and pay their bills using their smart phones. In recent years, both bankers and their consumers have become more interested in mobile banking. Two examples are the Short Message Service (SMS) and Mobile Internet. As a consequence of providing services 24 hours a day, seven days a week with the purpose of increasing client satisfaction and loyalty, bankers will profit from lower administrative expenditures, fewer branches, and cheaper handling costs. Customers who bank online get superior service compared to those who bank at a branch. However, mobile phones and a variety of bank-developed IT projects may be utilized to deliver financial services to those who do not have access to traditional banks anywhere on the planet. Banks in the twenty-first century are dealing with high-volume demands from a range of people or clients by providing high-quality replies and m-banking, a mobile technology innovation. The mobile phone network provider, m-banking technology seller, financial institution, and client all play a part in the success of m-banking services. M-banking also includes a broad variety of capabilities for providing companies with value-added services, data transformation, and decision-making services. M-banking is a kind of m-commerce service that enables customers to get the following technologically enabled financial data from banks through their mobile device. As a consequence, the Indian government and the Reserve Bank of India are pressuring banks to give mobile banking services to these people. Banks were given m-banking guidance by the Reserve Bank of India in 2008. As a consequence, mobile network operators are unable to offer their own services.

## **REVIEW OF THE LITERATURE**

Mobile banking is described as "providing customers with financial services through their mobile devices" (Sharma, Prerna, Bamoria and Preeti Singh, 2012). Banking and financial services are available and used in a variety of ways. The practise of making financial transactions through mobile communications devices is known as mobile banking. Mobile banking is a service that permits clients to carry out a variety of financial transactions using on their cell phones. Online shopping is a natural evolution of mobile marketing.

Banking and financial services are available and used in a variety of ways. The practise of making financial transactions through mobile communications devices is known as mobile banking. Mobile banking is a service that permits clients to carry out a variety of financial transactions using their mobile devices. When you utilise a mobile device to initiate, authorise, and finalise a financial value transaction for goods and services. Smartphones, Personal digital assistants, cordless ipads, and any other device that can link to a telecommunication services network and process transactions are examples of mobile devices. The Bank offers mobile banking to its customers and strives to increase the proportion of consumers that use it by eliminating all barriers to adoption. Banking is essential to the conduct of business and the smooth operation of industry. Mobile banking has grown to become the second most advanced banking technology, owing to the fact the fact that online banking is till in its early stages of growth. Among the services supplied might be the ability to conduct financial transactions, keep track of accounts, and get personalised information (**Tiwari and Buss, 2007**). In its widest sense, mobile banking is the provision of financial services by a customer via the use of mobile communication technologies and mobile devices as part of an electronic process (**Postchi and Shurig, 2004**). Today, almost everyone on the globe communicates mainly via a mobile phone. Mobile banking has grown increasingly desired in India, where mobile customers outweigh fixed line subscribers due to stronger mobile infrastructure than fixed line infrastructure. In the banking industry, technology is critical. In the information era, a cell phone is a common technical equipment that has become an integral part of everyone's life. As a way of offering financial services, mobile banking is growing increasingly popular. India is the second-largest telecom market in the world, with plenty of room for mobile banking growth.

## **RESEARCH METHODOLOGY**

The report is based on the study's exploratory research. Exploratory study aims to clarify previously unconsidered notions. Through enquiry, the researcher clarifies ideas, creates priorities, develops definitions, and enhances the overall design of the study. This research integrates qualitative and quantitative methodologies. The research was done with non-users of mobile banking, and data was obtained using "questionnaires."

## **RESEARCH DESIGN**

The two main forms of data are primary and secondary data. Newspapers, articles, publications, online links, and journal articles are used to obtain secondary data. The main data was collected via an exploratory research in which 350 questionnaires were sent to non-users of mobile banking, such as businesses, military personnel, professionals, students, and others.

## THE STUDY'S OBJECTIVES

1. Becoming familiar with the fundamentals of Indian mobile banking
2. Investigate the issues that consumers confront while using mobile banking.
3. Investigate the advantages and disadvantages of mobile banking.
4. Investigate the many applications of mobile banking.

## ADOPTION OF MOBILE BANKING PRESENTS A NUMBER OF CHALLENGES

**1. Economic Issues:** The rural population of India is spread out among 601,210 villages, and each hamlet has a relatively low transaction value. Profitability can only be achieved in large quantities, which makes the cooperation of significant financial institutions a must for achieving profitability. In contrast to the success of M-Pesa in South Africa, which may be attributed to the absence of other payment options, India suffers from a lack of infrastructure in the form of postal, transit, and municipal administrations. As a consequence of this, the cost of any mobile banking service should be reasonable in comparison to the costs of other available alternatives in order to entice clients.

**2. Regulatory Barriers:** While the Reserve Bank of India encourages the use of mobile banking in India, there are a number of restrictions that must be adhered to:

**i. Exclusively financial institutions:** Only existing financial organization's and banks are authorized to provide mobile banking, according to the standards. Even if the concepts apply to micro-finance institutions (MFIs), there are significant fixed costs already in place. For a considerably lower price Allowing non-profit or evangelical groups to design their own response would have been more successful. MFIs may function without relying on larger infrastructure.

**ii. Rupee Transactions:** The Indian rupee, which is the country's official currency, must be used in all financial dealings. Although at first glance this may not seem to be a cause for worry, it does appear to be a barrier to interoperability between mobile payment systems used in India and those used elsewhere in the globe. In addition to this, it inhibits carriers from entering India's lucrative remittance market and limits the income streams available to mobile operators. **iii. Customers who already have an account:** In accordance with the regulations, mobile banking services will be made available to customers who already have an active bank account. Because of this, mobile banking is unable to grow microcredit and give financial services to India's enormous number of people who do not have bank accounts.

**2. Population Issues:** There are 18 national and official language in India, and all of them are extensively spoken. Official communication between state administrations must also be conducted in the regional language. Furthermore, with two-thirds of India's population illiterate, mobile banking solutions are difficult to implement. It will be difficult to remove this from a pan-India mobile banking system.

## 1. THE BENEFITS OF MOBILE BANKING

- **Cost Savings:** For banks, the most significant benefit of mobile banking is that it significantly reduces the cost of delivering service to customers. The next natural stage in the growth of service providers is mobile banking. Countries Mobile banking is supporting service providers in improving revenue from a steadily growing customer base, such as in India, where mobile use is nearing saturation. The sophistication of a service provider's mobile banking offerings is becoming an increasingly important factor in the company's efforts to acquire new customers and maintain relationships with existing clients.
- **Control Fraud:** It's possible that educating customers more thoroughly might be a very effective strategy for improving customer service. Theft of credit cards is one of these areas. If a customer makes a purchase with their credit card that is for more than a certain amount, the cardholder's bank may contact them by mobile technology to let them know about the transaction. In this method, the owner is always notified whenever their card was used, as well as the total amount of money that was charged for each transaction.
- **Reminder Facility:** Customers may also be reminded of approaching loan repayment dates, monthly instalment payment due dates, or simply that a bill has been received by the bank. It has been delivered and is ready to be paid. Customers may then phone in to check their balances and approve the appropriate payment amounts. Customers may also make a request for extra information. They may set up automatic deposits and withdrawals, as well as wait for pre-scheduled payments or checks to be received. Similarly, one may utilise their mobile phone to request services such as a stop check or a check book.
- **Easy to get Mobile Services:** The phone of a customer is nearly constantly with them. As a result, it may be applied in a broad variety of situations. To utilise the bank's services, the user does not need to go to an ATM or a branch. According to studies, the number of clients visiting a bank branch has reduced considerably since ATMs were implemented. People would no longer need to visit bank branches except for a few occasions, hence a bank would need to hire even fewer people, comparable to mobile services. As a result, both banks and their clients benefit from the usage of mobile technologies. Through a process of automation, banks contribute to this human dialogue.

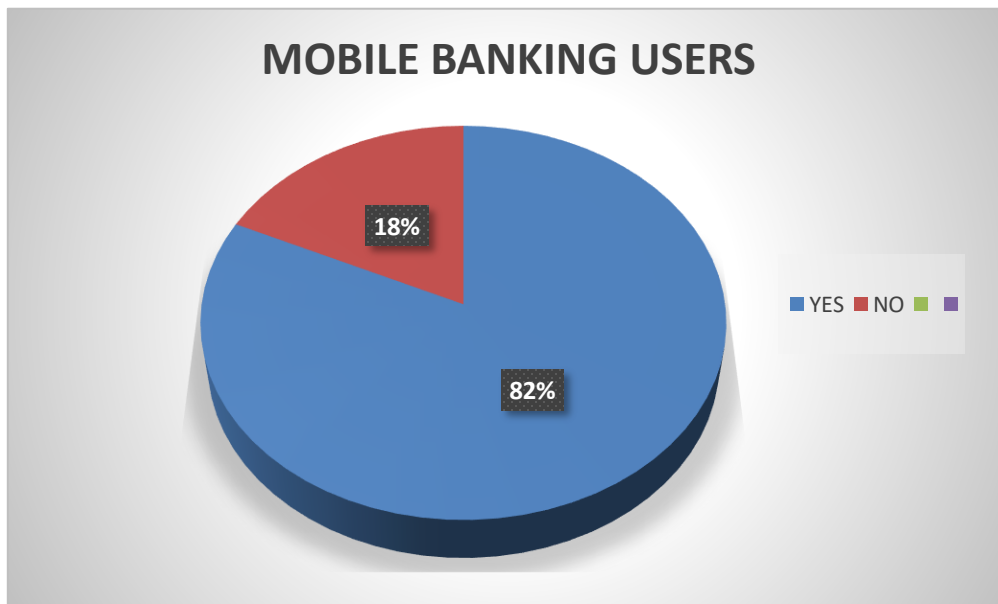
- **Security features:** The warning will only be sent to the cellular phone number that the client has provided and registered with the banking institution. In addition, private account numbers and other information are not distributed in a mass manner. However, the customer will only be able to see the last six digits of the number and the kind of account. Once a request has been received from the user's registered mobile phone number and successfully validated by the four-digit code number that will be provided at the beginning of pull alert services, the user will be able to view the balance on his account as well as any transactions that have been performed using that account. It is going to reach its conclusion. The user's mobile phone number and the code number of the location from where they access the service will function as the user ID and password respectively for the authentication process. As a consequence of this, the number of the code need to be kept a secret.

## **THE ADVERSE EFFECTS OF USING MOBILE BANKING**

❖ **Security:** - The fact that there are a much fewer number of viruses and Trojan horses that target mobile devices is one of the primary reasons why specialists feel mobile banking is a more secure option than conventional banking. This is not to suggest that using mobile banking is fully risk-free; in fact, mobile users are particularly vulnerable to phishing approaches that are referred to as "smashing." This is the result of a hacker acting as a financial institution and sending a bogus text message to a mobile banking user in the form of a request to provide login credentials for a bank account. As a direct result of the capacity of this method to mislead others, a significant number of those individuals have been taken advantage of monetarily. Think about the consequences of not being able to use the mobile banking app on your phone in the case that your phone is stolen or misplaced. When doing online banking, customers are often required to use a secure connection in order to protect information they provide from falling into the hands of thieves. Many users configure their mobile devices to remember their passwords, even though many banking apps require them to type in a password or PIN, and many users also make use of passwords and usernames that aren't very secure. This is despite the fact that many banking apps require users to type in a password or PIN.

❖ **Compatibility:** There are several mobile devices that do not enable mobile banking. There are certain banks and other financial organizations that do not provide any kind of mobile banking services at all. When it comes to the rest, you will need to make use of a specific mobile banking program that is only compatible with the devices that are the most popular overall. There is no guarantee that third-party software that is used for mobile banking will always be supported. If you do not have access to a smartphone, your options for mobile banking will likely be more limited. This is especially true if you want to access your accounts on the go. Even though it is feasible to get a text message with the current balance of a bank account, users with "dumb phones" are often unable to do more complex tasks such as moving money between accounts.

- ❖ **Cost:** The price of using a network service may build up rapidly. Even if you currently own a smartphone that is compatible with the service, you will still be required to pay for data and text messaging. You could have to pay a fee to use mobile banking at certain financial institutions, and there's also a chance you'll have to pay for the software. It is possible for these extra costs to quickly build up, particularly if you use mobile banking on a regular basis.

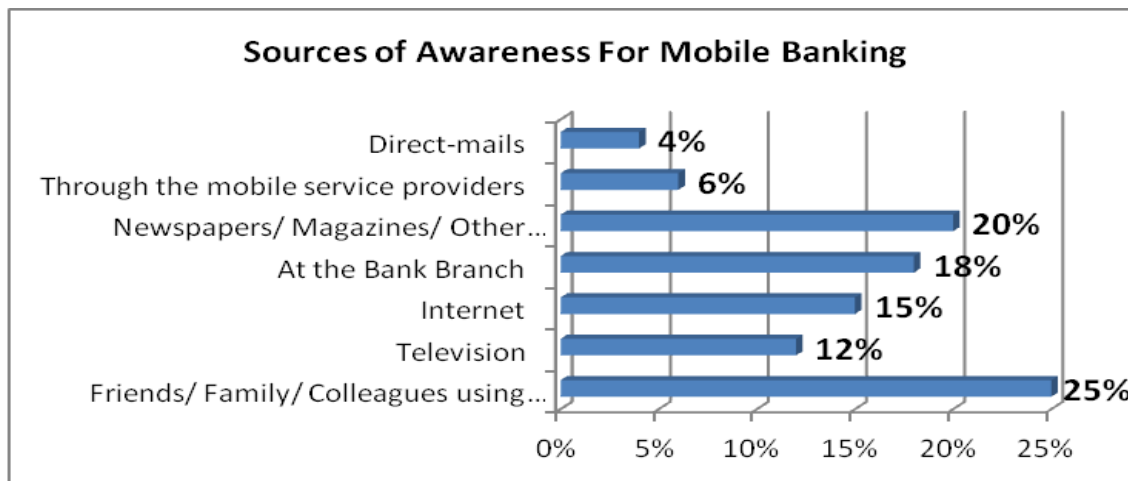


## DATA ANALYSIS AND PRESENTATION

**Fig1. Mobile Banking Users**

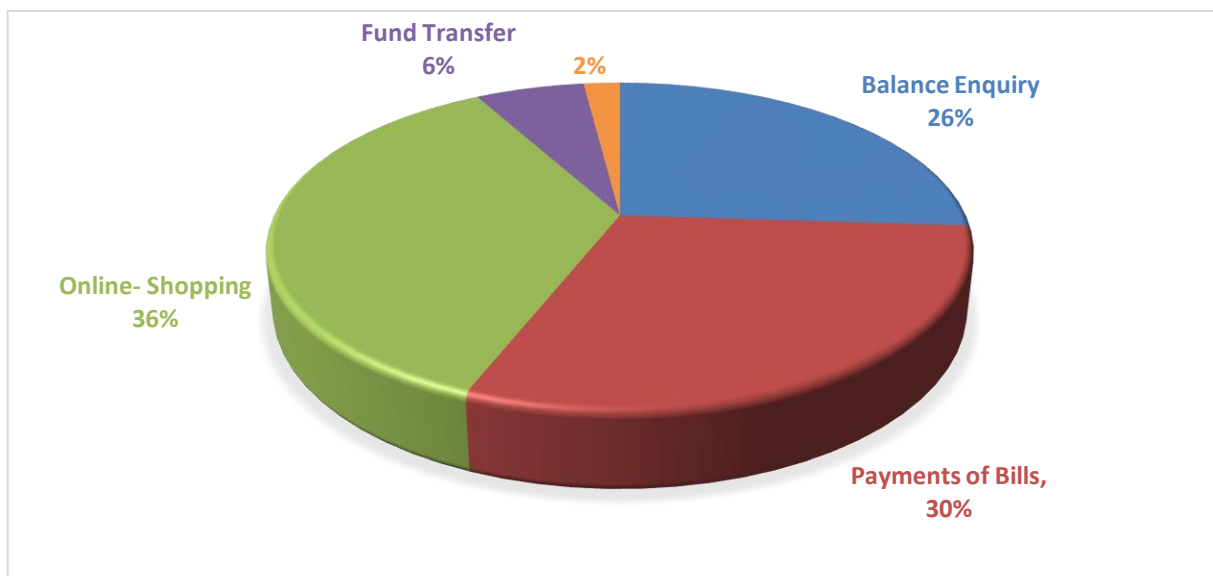
According to the graph above, 78 percent of 350 respondents utilize mobile banking nowadays, while 18 percent do not.





**Fig2. Sources of Mobile Banking Information**

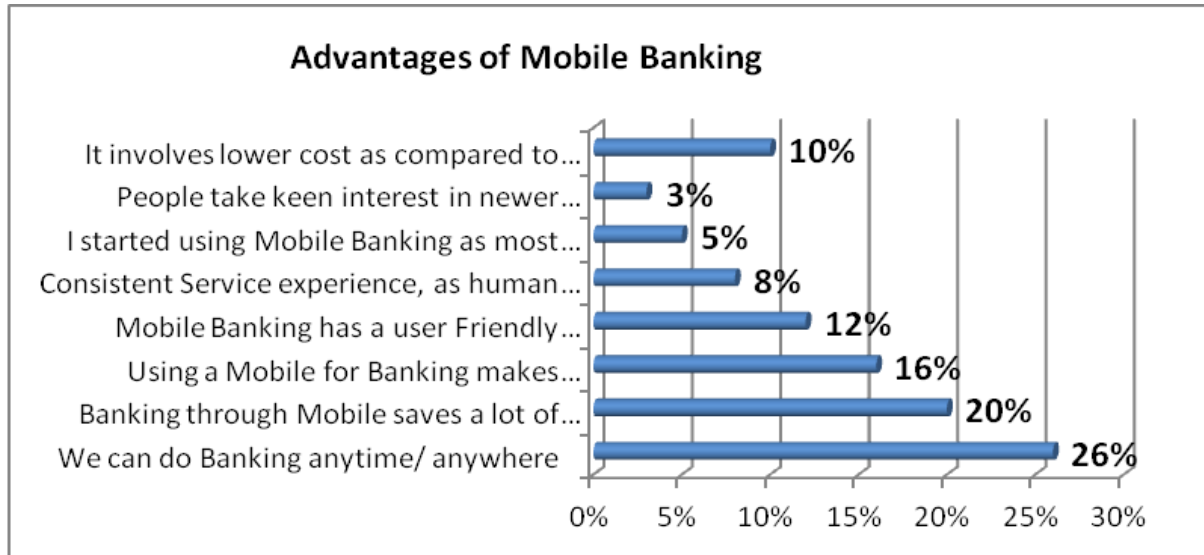
Family/friends/colleagues are the most common source of mobile banking awareness, with 25% of



people using it. The percentage of ads in newspapers, magazines, and other printed publications is 20%. The percentages for the internet, television, and bank branch are 15 percent, 12 percent, and 18 percent, respectively. Direct mail makes up 4% of the total, while mobile service providers make up 6%.

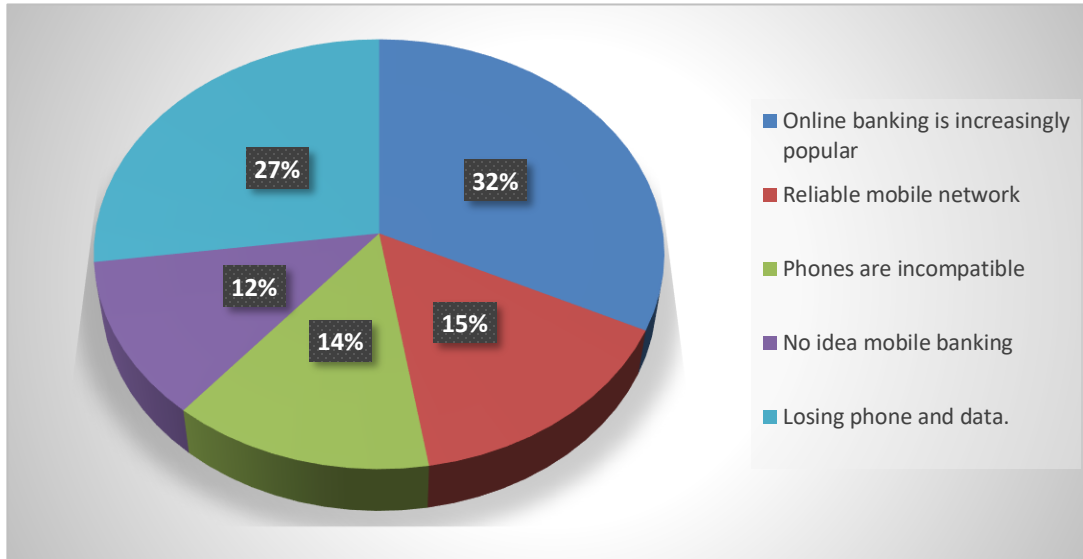
**Fig3. Purpose of using Mobile Banking**

26 percent of respondents use Mobile Banking to check their balance, 30 percent to pay bills, 36 percent to shop online, 6 percent to transfer money, and 2 percent to manage their savings and pension funds.



**Fig4. The Benefits of Mobile Banking**

The graph above shows that the ability to use mobile banking at any time and from any location is the most crucial criteria for adopting it; 26 percent of 350 respondents had done so just for this reason. It has been adopted by 20% of people since it saves time. 16 percent of individuals use mobile banking because it is more simple and straightforward, and 12 percent say it has a user-friendly layout. It is less costly, according to 10%, than conventional or older banking methods. 8 percent say it gives a consistent service experience since there is less human involvement. Your interest is piqued by techniques.



**Fig5. Blockades for Adopting Mobile Banking**

Because online banking is increasingly popular, 32% of the 350 respondents shun mobile banking. Another important cause, according to 15 percent, is the lack of a reliable mobile network. 14 percent of people claim their phones are incompatible. 12 percent have no idea what mobile banking was. 27 percent are concerned about losing their phone and data.

### **THE STUDY'S RESULTS**

1. Banks should educate and interest their customers about mobile banking services via marketing, pamphlets, demo rentals, incentives, and other techniques.
2. Then there's the matter of trust. Customers and service providers must have a high degree of confidence; customers would avoid using mobile for financial transactions if security and privacy were not guaranteed.
3. Ease of use and perceived utility have been proven to impact consumer willingness to adopt mobile banking. As a consequence, management should focus on enhancing the system's usability, establishing trust, and reducing expenses.
4. Estimated costs are also an important consideration; as a result, the findings of this study suggest using creative marketing and pricing strategies, including cost reduction strategies, in order to entice clients who are more concerned with value. Customers would convert to mobile banking only if it is simple to use and comprehend, according to research.

## CONCLUSION

Mobile phones, as is widely acknowledged, have immense potential for performing financial transactions, resulting in financial development at a low cost and with great simplicity. For inclusive prosperity, the benefits of using a mobile banking app should reach the common man in far-flung corners of the nation. To increase the reach of mobile banking from high-end to low-end clients, as well as from metros to central cities and rural areas, all stakeholders, including regulators, the government, Telecom service providers, mobile device makers, and banking all need to collaborate. The incorporation of the non-banking population in the financial mainstream will benefit everyone. There's also a need to expand awareness about mobile banking so that more people can take use of it. So far, the study has shown that the m-payments industry has a wide range of thinking and creativity. Many solutions have been attempted and failed, but the future seems bright with the possibility for new technology improvements.

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