

MOBILE BANKING: A NEED FOR SUSTAINABLE GROWTH IN INDIA

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ABSTRACT: This paper attempts to examine the genesis of Mobile Banking in respect of its indispensability towards the economic stability and sustainability. Banking is considered to be the backbone of every industry and without any technology no industry can grow. The researcher attempts to trace the growth of Banking particularly Mobile Banking from existing literature review and reports of Internet And Mobile Association of India (IAMAI.) For the purpose the literature from 2009 to 2019 has been explored available on websites and e-journals. Based on the objectives identified are (i) To trace the growth of Mobile Banking in India. (ii) To identify the reasons for sustainability provided by Mobile Banking in the Indian Economy. The findings of the study suggest that the advent and availability of internet has showed the path of growth and development to internet users which indicate more penetration of Mobile Banking in the Indian Economy. Further, financial institutions have motivated wireless and portable technology among their clients for the choice to pay stress-free bills, to clear payments while jammed in important work, to keep them updated related to their day-to-day affairs.

KEYWORDS: Mobile banking, Indian Economy, Sustainability

I. INTRODUCTION

The term Mobile banking may be explained as the process by which banking operations are performed through cellular phones or desktop/laptop using internet technology without visiting banks. The various operations like monitoring account balances, payments etc are performed by click of mouse visiting bank's website or through bank's mobile application. Internet technology has revolutionized the world after agriculture and industrial revolution. Mobile banking is an awe-inspiring way to efficiently perform and manage the task with instant responses with just pressing few buttons on the mobile gadgets. Mobile Banking has given a precious gift of time to the business owners. Mobile Banking works as a revenue generator for producers and service providers while meeting new customers, enhancing sale, to resolve shipping glitches etc. To be in queue of Banks, to deposit cheques is not mobile banking. Mobile banking has appeared as one of the prominent options of smooth digital operations amongst customers. With the changes in technological interfaces it has given an opportunity to the financial industries to satisfy the customers with quick solutions to their queries through the advent of self-service facility. (Carlos Oetal,2016). Now-a-days, a wide range of quality services are being offered by financial industries to the seekers, like one-to-one service for conventional use, self-operated services which includes to operate automated teller machines (ATM), telephone banking, internet banking, and m-banking. By providing services on a secure website, Internet banking allows customers to perform hassle-free monetary transactions, such as payment of dues, transfer of funds and transactions of stock market (Lee and Chung, 2009; Martins et al., 2014),

Mobile banking has proven a luminous opportunity to entice new customers and to tie old customers for the banks. With the changes in technological interfaces, banks are effectively streamlining different processes to meet the ever increased demands of the customers of the current era. Moreover Banks are supervising and fulfilling the requirements of their clients.

Mobile Banking users should take into consideration the chances of theft of identity. Although Banks gives the assurance of secrecy while data transmission, but hackers always keep an eye on the transactions and dealings of

user's bank accounts very closely and constantly. In case of theft or lost of user's physical device, a feel of distrust on modern technology arises.

It is studied by The Global Mobile Banking Report that new users are rapidly adopting the m-banking services and volume of transactions is increasing at large. The most interesting fact from the developing countries is that adoption rates are highest in these countries reaching about 60-70% in India and China. The reason of growing trend in m-banking is that it facilitates the flexibility to the users to perform digital transactions at anytime at any place. Nationwide clearing and settlement transactions are ensured by M-banking along with the fund transfer at anywhere and in any account holder. The convenience provided to the users is that they can avail the banking services 24*7 and wherever they need.

II. LITERATURE REVIEW

Uppal R.K, 2010, "Emerging Issues and Strategies to Enhance M-Banking Services", The study highlights the benefits of M-banking for customers and bankers and also focused that M-banking is the best choice in all aspects in this competitive world. Study suggests many plans of action with their possible solution like providing proper training session to the bankers, transparency towards customers, wider the range of awareness among rural people regarding m-banking services in India, along with semi-urban areas too. Uppal R.K, 2011, "Mobile Banking in India: An empirical Analysis", based on acceptance and handling of m-banking services among Indian banking sector and customers. The study includes various challenges and problems while using m-banking services like high cost, in security and poor data transmission during transaction. These problems faced by customer, force them not to prefer m-banking. Rangan, V. Kasturi and Lee, Katharine L., (2012), "Mobile banking for the Unbanked" studied a case of two Mobile banking operators, M-PESA in Kenya and WIZZIT in South Africa. The market for the unbanked is explored. Questions are raised regarding settings and the convenience of the model to other countries. Deva Devan (2013), "Mobile banking in India – Issues and Challenges" identifies and analyses the security issues faced by Mobile banking customers in India. The findings show that majority of the respondents are using ATM and online banking facility. However around ¼ customers are adopting Mobile banking services and rest ¾ are not adopting it.. The rapid development in Internet facility like broadband speed has become major obstacle for customers and banks. It is revealed in the study that customers also feel uncomfortable to use mobile services as in case lost or theft of mobile handset, chances of misuse in Mobile banking services are there by any other person. Nitin, Vikas and Nancy (2014), "A study of adoption behavior of Mobile banking services by Indian Consumers" emphasized the factors that persuade the behavior of Indian consumers while using Mobile banking services. The above mentioned study suggests that the significant factors determine the influence on the adoption of mobile banking services are namely trust, perceived cost and perceived ease of using mobile banking. The various marketing activities like door to door campaign, advertisements, fares, displays through demos and hoardings create a mass awareness amongst the public. The study reveals that understanding and easiness in operation motivate the customers to adopt Mobile banking. Singh Shamser (2014), "The Impact and Adoption of Mobile banking in Delhi" focuses the adoption pattern of Mobile banking and its impact on customers of different banks in Delhi. ANOVA test and Factor Analysis are used on 200 customers. On the basis of understanding of customer's perception regarding Mobile banking, five different and important factors were identified- Security/Privacy, Reliability, Efficiency, and Responsiveness.. The study concluded that the customers' perceptions are effected by demographic factors as well. Cudjoe, Anim, and Nyanyofio (2015), "Determinants of Mobile banking Adoption in the Ghanaian Banking Industry: A Case of Access Bank Ghana Limited" studies the adoption behavior of Mobile banking, with specific among bank customers in Ghana. It assesses the determinants of Mobile banking, with specific emphasis on Access Bank. The results indicate that there is a significant effect by each factor which is measured in the study, on the intent of customers to take up and use Mobile banking services offered by Access Bank. The study further revealed that the factors responsible for a negative behavioral pattern towards mobile banking are perceived financial cost and perceived credibility of the customers. Anyanwu, Ubi, & Ananwude, (2017), "Trust and Distrust Determinants of Mobile Banking Adoption in the Nigerian Banking Industry: A Study of First Bank Nigeria Limited", analyzed that perceived benefits and ease of use are also important factors for mobile banking. The study highlights that perceived benefit and effortlessness of use of Mobile service extensively influence and decide the behavioral intent of customers to accept mobile banking. The finding of the study is that perceived risk and monetary cost restricts customers from adopting mobile banking. Mbama, & Ezepue, (2018), "Digital banking, customer experience and bank financial performance: UK customers' perceptions", studies that customers' satisfaction has positive relationship with the use of mobile banking. In this regard, it could be inferred that there are numerous factors which influences the customers' approach towards

availing mobile banking services. The study revealed that the major impact is ascertained through available quality of services provided, perception regarding value of services and the risk related to it. Employee employer relationship is another parameter which is an important determinant. Further, all the above mentioned factors relate to customer experience which leads to satisfaction and experience.

III. RESEARCH METHODOLOGY

To achieve the objectives of the study, Secondary data is taken.

IV. OBJECTIVES

4.1 To trace the growth of Mobile Banking in India.

4.2 To identify the reasons for sustainability provided by Mobile Banking in Indian Economy.

V. ANALYSIS AND DISCUSSION

5.1 Growth of Mobile Banking in India

Stage of Transformation	Structure of Banks	Objectives of the Banks	Mode of Transformation
Pre-Nationalization of banks(Before 1969)	Private Control of Banks	Higher Profitability	Manual Work
Post-Nationalization of banks(1969-90)	Government Control	Social Banking	Limited Computerization
Economic Reforms (1991-2000)	<ul style="list-style-type: none"> • Entry and exit of Foreign and New Private Sector Banks • Social Banking through IT Based Banks 	<ul style="list-style-type: none"> • Higher Profitability • Fierce Competition 	e-Banking
Current Stage(post 2000)	Implementation of various Committees reports	<ul style="list-style-type: none"> • New Products and Services • Entry in Insurance • CRM with IT 	<ul style="list-style-type: none"> • Maximum use of IT • Digital ATMs • Credit/Smart Cards • Internet/Digital/ Tele banking

Mobile banking, generally, means to offer banking services through smart phone. With the advent of digitization Banks aimed to have two products on their platform namely personal or retail banking and other crafted specifically to give impetus to financial inclusion. In personal/retail banking product, every savings/current account holder is covered under this and it facilitates the users anytime anywhere banking. The concept of mobile banking was firstly initiated by foreign and private banks, which is later on embraced by public sector banks. Promotion of financial inclusion is an indispensable need even after 72 years of independence. The empowerment of whole society can only be spelled out in terms of income generation and sectoral development if and only if the inhabitants of India have an access to the banking services. To empower has not and financially weak wing of the society, proper and easy access to finance is very important. The financial services include credit, insurance, savings, remittance facilities and payments. Most of the low earner groups are wary of opening their account in any bank. The reason behind is that in rural areas to open an account in any bank branch means loss of one day wages plus an expenditure on transportation to reach there. Due to illiteracy, low income ,ignorance, age , identity proof documentation, gender , lack of nearest and approachable bank branches etc. ,the has not are not able to avail banking facilities. To rise above these problems, nil or low minimum balances account named **No Frills accounts** and simplified **Know Your Customer (KYC)** norms are permitted by RBI to Banks .

In order to increase the penetration, the banks are providing services at distant places where there were no banking services available to villagers. Banks are executing the facilities through digital phones or point of sale machines. To facilitate the customers telecom companies are entering into MoU or agreements with banking companies so that the later may act as a technology partner to provide an wide and exclusive range of financial products through their retail outlets as well as on through cell phones itself. This will increase the penetration access of the customers and a mobile account will act as a unique identification for doing the transactions through mobile phones..

Indian economy has a large share of an unorganized sector. The bulls eye for majority of telecom and banking institution is this unorganized sector which is primarily dominated by migrant labour .They need to send money in a safe, secured and hassle free manner to their distant natives by instant money transfer or account transfer. The Personal Digital Assistant (PDA) is a recent solution provided by bankers on the digital devices like smart phones. Mobile banking services comprises various enquiries ,making different payments, setting various information like product, paying dues and bills, making fixed deposits, checking accounts, selling and purchasing of financial instruments, money transfer/remittances, foreign exchange, domestic exchange, stock market/commodity prices enquiries and reports, enquiry on ATM branches, balances, sms services, etc. In short sms alerts, account inquiries, fund transfer, bill payment, payment and stock exchange services, loan request and deposit services are called mobile banking services. The following table helps to know various services provided bankers through mobile to customers/users.

5.1.1 Focal services offered through m-banking:

Financial services

- Bill payments
- Peer-to-peer payments
- Remittance
- Fund transfers
- Shopping and aid
- Mobile balance recharges

Non-financial services

- Balance enquiry
- PIN change
- Mini-bank statement
- Checkbook request
- Due alerts for payments
- Locate ATMs

Statistics of Number of Smart Phone Users (in million)

Year→ Countries	2018	2019	2020	2021	2022
China	720.1	757.2	788.4	821.5	851.9
India	339.9	373.9	401.7	424.1	442.5
USA	261.34	269.4	275.6	280.5	284.4

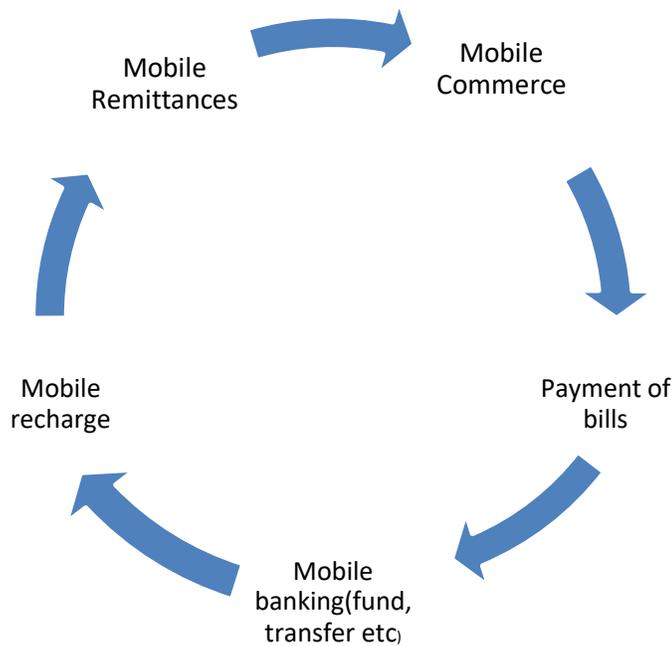
Source : Statista.com

The statistics depicts the number of smart phone users in China, India, and USA from the period 2018 to 2022, has increased year-to-year. It is clearly interpreted that the mobile users are increasing in China from 720.1 million to 851.9 million from 2018 to 2022. In India, it increases from 339.9 to 442.5 million during the period of 5 years. Approximately 100 million rise in smart phone users in India. But in USA, increase in users are 23 million approx. just over the period. Thus, the predominance of users or inclination towards the adoption of digital platform is by ‘Young India’. An interesting fact pointed out is that the mobile internet is largely focused towards social networking or online communication sites rather than financial transactions by the customers. Undoubtedly, the buoyancy is significant across all categories of urban or rural internet users. In the recent survey conducted on the purpose of usage on internet users of Mobile Internet, Entertainment topped the list on the basis of access in Rural and Urban India. The focal attention is required towards the online financial transactions in both Rural and Urban India. If the information and education regarding the availability of services and process of services is disseminated widely this priority sector will witness a tremendous growth. A greater penetration is desired in specifically rural India to achieve the targets of financial inclusion.

According to TRAI, the active mobile users reached 1,026.37 million in India till February 2019.

5.1.2 M-banking Services provided by banks

The impetus of Mobile Banking facilitates the customers to have an access to all the banking services through digital platform. The penetration to all and one will create a significant impact on the growth of Indian Economy. The RBI also sees a predominant growth in this sector and for the sake of facilitation it has removed the hassles and provided certain relaxations. The Banks has been allowed to set their own transaction limits rather than fixing to 50,000 INR. The significant escalation could be seen in mobile wallet transactions according to RBI ,which noted a growth in volume from 384.89 million transactions in March 2019 as compared with 345.03 million in February2019 worth 14,279 crore It is evolving at a rapid pace. In 2017-18, the volume of transactions was 4.13 billion whereas it increased at a very high pace with 1.83 trillion which is 30% year-on-year jump in 2018-19. This shows 37% growth in volume of transactions According to Global Data’s 2019 Banking and Payment survey , In India, Mobile wallet transactions grew from INR 1.7 trillion (US\$24.9bn) in 2018 to INR 2 trillion (US\$28.7bn) in 2019. This Survey reveals that in terms of mobile wallet adoption, globally, India is one amongst the top leading markets.



Source: IBEF Report, Aug 2018

5.2 Identifying reasons for Sustainability of Mobile Banking in Indian Economy

Three themes are required for the successfully transformation by Senior banking executives of their institutions:

Resilience: The mobile banking services provide a cost effective solution making it resilient because there is radical reductions in operating cost. A solid yet flexible foundation must be established by the Banks for a period of diminished opportunity. Banks must set a broad regulatory strategy. In the emerging market scenario, banks need to reorient themselves with change in asset liability mix. The more penetration to the customer base will provide equity and help them to manage their operations in a more profitable and cost effective manner. The initiatives taken by banks will help them manage them the asset liability mix and keep an eye on growing NPAs. **Reorientation:** action of changing the focus towards the digital environment and the customer. Banks must decide how to race across the diversity of issues which are necessary for regulation, transformation and strategic implementation. Further, the digital platform enables to analyze the data for unique identification of novelty to be introduced. This Knowledge Management will reorient and reconceived the data processes to translate into strategy considering the available resources and sharing for growth and synergy. **Renewal of skills and capabilities:** Change is indispensable if the banks fails to reorient their capacities and capabilities to change as per the market requirements, they will slowly

pave a way for demolishing all the possibilities for sustainability. It has become essentially vital that banks must automate their system, keeping control decentralized and giving autonomy and authority for the jobs to be implemented. The focal attention towards the analytical role is desirable to use the results for the sake of customer and marketable exhibits. But vitiating controls or decentralized operations should be imbued and nurtured with set of ethos, values, collaborations and customer being focal.

VI. RECOMMENDATIONS AND CONCLUSION

6.1 Challenges of Mobile banking

Security is the foremost challenge faced by users while using mobile banking. It must provide an element of safety regarding the personal information of customer bank account. There should be an assurance of secrecy in every way to the users. If lost the tracking of device must be an inbuilt feature of banking app through registered mail so as to keep the security as a prime objective. If any customer, by mistake, performs any wrong transaction, there must be option to rectify it on his grounds. User id /password authentication of customer must be kept under surveillance. **Reliability** is another challenge along with the **scalability** for the growth of m-banking. M-banking becomes more fruitful when users may be sitting in anywhere in the world and the banks ensure them the full financial flexibility according to their needs. Lack of reliability, security and scalability may lose customers' confidence in m-banking.

6.2 RECOMMENDATIONS

It is recommended that RBI should stringently monitor the digital payment processes through the mobile banking platforms. RBI has made amendments in the Act time to time and has given the operators the licenses after taking due one time approvals. Till date 32 banks have been approved by the RBI. The banks which have implemented the core banking solutions is allowed to carry out mobile banking operations. In order to curb the misuse of information RBI need to implement the cyber security guidelines more aggressively so that the customer confidence is entailed. The cross border transaction is strictly prohibited in mobile banking transactions. On the other hand there are many market players in this segment like money gram and unimoni etc. Both RBI and Government should devise methodology to bring this untapped segment into its ambit so that the activities like money laundering could be curbed on one hand and the NRI customers could be facilitated on single click. Thus, Banks offering mobile banking services must act as one stop shop for customers keeping the data security and integrity intact.

VII. CONCLUSION

Mobile banking is working as a bridge between the customers and the banks in this digital world. It plays a crucial role to increase the creditability and profitability of the banks. Moreover increasing customer satisfaction level along with to maintain better customer relationship improves loyalty. Mobile phones provide a path to approach those people who live in remotest areas. Mobile banking is popular among in all customers. To see the growth pattern of mobile banking in recent years, we can predict that mobile banking will spread in every corner of the country and it will become a part and parcel of the customers' life. With the help of this digital technology banks can cover that area where banks are still not approachable. Mobile banking provides a series of benefits to both providers and those who avail the services. It minimizes the transaction cost and other expenses of bankers and customers. Time is very precious now-a-days. By using digital banking, valuable time of both bankers and customers can be saved. Customers enjoy anytime anywhere banking with the help of their mobile phones.

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