MOBILE BANKING: A MODERN BANKING SERVICE ON THE RISE IN INDIA

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ABSTRACT:
Banking today plays an important and active role in the economic development of a country. Banking systems of any country needs to be effective, efficient and disciplined because it brings about a rapid growth in various sectors of the economy. The role of technology is increasing very rapidly day by day, which is also promoting the banking industry to provide better customer services. Banks are focusing on technological innovation. The increased trend in usage of mobile phones provides exciting opportunities for the growth of mobile banking. Mobile banking is a system that helps the customers to conduct financial transactions with the help of their mobile devices. Mobile banking is a revolution that is driven by the world’s one of the fastest growing sector, mobile communication technology. This paper examines the need and importance of mobile banking in India.

Key Words: Mobile Banking Services, Mobile Banking Transactions, Mobile Banking Limit.
Mobile Internet Users

1. INTRODUCTION:
Technology is revolutionising all areas of human endeavour and activity. It has now brought in electronic banking. It is convenient and secure for both customers and bankers to transfer funds electronically. It makes banks in India to put in place a healthy infrastructure to influence the benefits of information technology. Currently, banks have focused on a number of information technological products, especially, Mobile Banking which is comprehensive, flexible and cost effective alternative to cash and paper payments.
Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct a range of financial transactions remotely using a mobile device such as a mobile phone or tablet, and using software, usually called an app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24-hour basis. Some financial institutions have restrictions on which accounts may be accessed through mobile banking, as well as a limit on the amount that can be transacted.

2. SIGNIFICANCE OF THE STUDY:

Information technology has changed the entire banking system in India. Most of the banks have already introduced electronic banking services to its customers in order to increase the productivity and operational efficiency. Number of professionals and business people switched over to electronic banking services to carry out their commercial activities. The increased demands for electronic banking services induce a competition among the banks to render innovative products and services quickly and safely to their customers at lower cost per transaction. Hence, this paper makes an attempt to know how far the customers in India are utilizing mobile banking facilities offered by the banks.

3. REVIEW OF LITERATURE:

Mobile Banking builds a foundation stone for mobile commerce (Tiwari et al., 2006). The concept of mobile banking and mobile payment 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 the industry of its revolution (Sharma Archana, 2011). There are various challenges in the mobile banking and there is a need of awareness among the mobile banking users so that more and more users will be connected (Chauhan, 2012). Mobile banking is one of the alternative channels available to customer for quick and efficient service or anytime and anywhere. It also studies the various incentives and gain by the customers with the usage of mobile banking (Mishra & Sahoo, 2013). The RBI operative guidelines indicate that only those banks which are licensed and supervised in India and have a physical presence in India will be permitted to offer Mobile banking services Chugh (2014). KPMG, a professional service company in India believes that the coming years will see an explosion in the proliferation of highly innovative re-configurations of banking (KPMP, 2015).

4. STATEMENT OF THE PROBLEM:

Government of India is launching many new programmes in the country to meet the development of the banking sector to facilitate the stakeholders such as customers, bankers and corporate people. One such program is launching of mobile banking services. As the mobile banking services have started flourishing in
all places of India in the past few years, the banking organisations have to meet the competition among them. Hence the banks are in a position to tape the advancement in electronic operation by way of mobile banking services to its customers. As it has twin objectives, i.e. green banking activities for bankers and time saving facility for customers, how far this mobile banking facilities are useful to the customers has been considered as the problem of the study.

5. OBJECTIVES OF THE STUDY:

1. To study the theoretical framework of mobile banking.
2. To study the performance of banks using Mobile Banking for five years from the year 2011 to 2015.

6. METHODOLOGY:

Secondary data of Mobile Banking in India in terms of volume of transactions in million and value of transaction in billion for the financial years from 2010-11 to 2014-15 were collected from the Annual Reports of Reserve Bank of India, New Delhi.

7. THEORETICAL FRAMEWORK OF MOBILE BANKING:

7.1 MEANING OF MOBILE BANKING:

Mobile banking is used for using various banking services like balance checks, account transactions, payments, credit applications and the like, via a mobile device such as mobile phones or tablets.

7.2 MOBILE BANKING SERVICES

The most common mobile banking services available today are:

1. Account Information
   - Transactions statement
   - Account history
   - Transaction alerts
   - Monitoring of deposits
   - Loan statements
   - Mutual funds statements
   - Check Status/stopping payment
II. Payments & Transfers
   Micro-payment handling
   Mobile recharging
   Commercial payment
   Bill payment/ other payments

III. Investments Services
   Portfolio management
   Stock quotes and Personalised alerts

IV. Supporting Services
   Request for credit
   Cheque book requests
   Locating ATMs

V. Other Services
   General Information
   Loyalty-related information
   Various promotional and other offers and services

7.3 IMPORTANCE OF MOBILE BANKING

(a) **Easy Accessibility:** Mobile Banking provides the customers to access their account anytime and anywhere with the help of mobile telecommunication services.

(b) **Security:** Mobile Banking is safe and secured with the help of mobile personal identification number (m-pin) which was initially issued by the bank.

(c) **Less Cost:** Mobile Banking is less expensive comparative to other modes of banking.

(d) **Speed:** Mobile Banking is done by the mobile internet users in a very fast speed.

(e) **Increasing Customers:** Mobile Banking helps the banks to increase their customers.

(f) **Always Connected:** Mobile Banking Account holders having large transactions per day can get the update of their account by every minute or second.

(g) **Economic Development:** With the help of mobile banking awareness, especially young account holders will open the bank account and help in economic development.
7.4 TRANSACTION LIMIT:

Banks are permitted to offer mobile banking facility to their customers without any daily limit for transactions involving purchase of goods/services. However, banks may put in place the limit per transaction depending on the bank’s own risk perception, with the approval of its Board. Table-1 shows the transaction limit of mobile banking by State Bank of India to its customers.

Table 1

<table>
<thead>
<tr>
<th>Mobile banking variant by State Bank of India</th>
<th>Maximum limit per day</th>
<th>Maximum limit per month</th>
<th>Type of transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>App/ Wireless Application Protocol (WAP)</td>
<td>INR 50,000</td>
<td>INR 2,50,000</td>
<td>Fund transfer, bill payment and merchant payment</td>
</tr>
<tr>
<td>Unstructured Supplementary Service Data (USSD)/Short Message Service (SMS) Banking</td>
<td>INR 1, 000</td>
<td>INR 5,000</td>
<td>Fund transfer and Mobile Top up</td>
</tr>
<tr>
<td>SMS Banking by One Time Password (OTP)</td>
<td>INR 5,000</td>
<td>INR 25,000</td>
<td>Fund transfer, bill payment and merchant payment</td>
</tr>
</tbody>
</table>

Source: www.sbi.co.in

7.5 THE DOS AND DON'TS OF MOBILE BANKING

7.5.1 DOs

(a) The customer should be cautious while installing a bank’s software for mobile banking to ensure it is authentic and reach out to the bank for confirmation.

(b) The customer should protect his mobile phone with password protect. The password should be a complex password with a minimum of 8 characters using letters, numbers and special symbols. The customer should not use personal details like date of birth, names, and the like, as a password.

(c) The customer should review his account statements frequently to check for fraudulent transactions.

(d) The customer should report a lost or stolen phone immediately to the bank and arrange to deactivate the mobile banking service.

(e) The customer should communicate carefully with the bank through email. The bank will never ask any personal information from the customer through email or SMS.

7.5.2 DON'Ts

(a) The customer should not give PIN or ID information over the phone or Internet or share with anyone.
(b) The customer should avoid automatic login option while using mobile banking transaction.
(c) The customer should not transfer funds without due validation of the recipient, as funds once transferred cannot be reversed.
(d) The customer should not store sensitive information such as credit cards details, mobile banking password and user ID details in a separate folder on his phone.
(e) The customer should not multi-task when he is transacting using mobile banking software installed on his mobile phone.
(f) The customer should not forget to intimate his bank for any change of his mobile number to ensure that SMS notifications are sent to someone else.

8. ANALYSIS AND FINDINGS ABOUT GROWTH OF MOBILE BANKING IN INDIA:

Internet and mobile devices have brought new rules to economy and shaped the way to do business. Banks have evolved according to the new economy and took their places in this new world to add value to their customers. The growth of Mobile Internet Users in India during the period from 2013 to 2017 is shown in Table 2.

<table>
<thead>
<tr>
<th>Year</th>
<th>Users (in million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2013</td>
<td>48</td>
</tr>
<tr>
<td>October 2013</td>
<td>110</td>
</tr>
<tr>
<td>October 2014</td>
<td>159</td>
</tr>
<tr>
<td>October 2015</td>
<td>277</td>
</tr>
<tr>
<td>2016 (Projected up to June)</td>
<td>371</td>
</tr>
<tr>
<td>2017 (Projected)</td>
<td>400</td>
</tr>
</tbody>
</table>

Source: Internet And Mobile Association Of India (IAMAI) - Indian Market Research Bureau (IMRB) Mobile Internet in India 2015 report

As the number of mobile internet users is increasing with each passing year, mobile users in India are becoming more data hungry. The massive adoption of low-price smart phones like Xiaomi, CoolPad, Vivo, and Oppo are allowing the users to carry their digital world with them. The lowing cost of mobile data and free accessibility to the internet via WiFi in many areas is fascinating Smartphone users like never before. This environment changed the minds of both bankers and customers to start the banking transactions over mobile internet. Table-3 shows the year-wise Mobile Banking Transactions in India.
Table 3

Year-wise Mobile Banking Transactions in India

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume (million)</th>
<th>Growth Rate (%)</th>
<th>Value in INR (billion)</th>
<th>Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>6.85</td>
<td>---</td>
<td>6.14</td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>25.60</td>
<td>274</td>
<td>18.20</td>
<td>196</td>
</tr>
<tr>
<td>2012-13</td>
<td>53.00</td>
<td>107</td>
<td>60.00</td>
<td>230</td>
</tr>
<tr>
<td>2013-14</td>
<td>95.00</td>
<td>79</td>
<td>60.00</td>
<td>0</td>
</tr>
<tr>
<td>2014-15</td>
<td>171.00</td>
<td>80</td>
<td>1000.00</td>
<td>1567</td>
</tr>
<tr>
<td>AAGR</td>
<td></td>
<td></td>
<td></td>
<td>135</td>
</tr>
<tr>
<td>CAGR</td>
<td></td>
<td></td>
<td></td>
<td>31</td>
</tr>
</tbody>
</table>


From year 2010-11 to 2014-15, transactions related to Mobile Banking have risen from 6.85 million to 171.00 million. It is glowing that Mobile Banking recorded an increase of around 25 times in volumes with AAGR of 135 per cent and 163 times in value terms with AAGR of 498 per cent during the period. The CAGR shows 31 per cent with volume and 53 per cent with value. It shows the increasing popularity of Mobile Banking in Indian banking system.

9. CONCLUSION:

The role of technology is increasing day by day. The various sectors of India are growing at much faster rate with the help of technology. Mobile banking is also a big mobile telecommunication platform of new technology, which promotes the banking functions in India. Mobile banking also helps the banks to increase their customers. Today, everyone has a mobile phone in his hands. The increasing frequency of mobile internet users gives the boost energy to the mobile banking. This paper explores the importance of mobile banking in the new era of technology which helps the banking industry to grow at higher speed.

10. REFERENCES:


8 Annual Reports on Payment and Settlement Systems and Information Technology from RBI website https://www.rbi.org.in/scripts/AnnualReportPublications.aspx for various years