



MOBILE BANKING- PERCEPTION OF CUSTOMERS AND BANKERS

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1. INTRODUCTION

Mobile Banking comes into the picture to address the basic limitation of Internet Banking. Mobile banking is the process of performing banking transactions through a mobile device, such as a Smartphone, Personal Digital Assistant (PDA) or a tablet. It allows users to access their bank accounts through their mobile devices and conduct normal banking transactions, such as balance checking, account transfer, bill payment, check payment and such transactions could be performed from any remote locations and at any time day, irrespective of the normal working hours of the bank. Although Internet banking allows users to perform banking transactions through bank websites displayed in desktop using internet connectivity, it imposes certain restrictions in the sense that the users must have access to a computer terminal and wired internet connectivity in order to access the bank website. Mobile banking, on the other hand, offers 'Anytime Anywhere Banking', where the users can access bank accounts on-the-go, while travelling in a train, waiting for the bus in a bus terminus or waiting inside an airport.

2. MOBILE BANKING

Mobile Banking (also known as M-Banking, M banking) is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or Personal Digital Assistant (PDA). Mobile Banking involves using mobile devices gain to access financial services. Mobile payments on the other hand may be defined as the use of mobile devices to pay for goods or services either at the point of purchase or remotely. Bill payment is not considered a form of mobile payment because it does not occur in real time. To define what Mobile Banking is all about, one would need to understand the meaning of mobile' and banking.

3. DEFINITIONS FOR THE STUDY

David Porteous : Mobile Banking in his report on the enabling environment for Mobile Banking in Africa', in which he stated Mobile Banking includes a mobile payment process that can be accessed by a mobile device in making payments, which develops the possibility to the broader range of other banking services.

According to Ignacio Mas and Kabir Kumar: Mobile Banking in a customer's view stating Mobile Banking presents a delicate balance between being able to transact anytime, anywhere and the practical challenges for particular menu sequences on small screens and tiny buttons.

4. MOBILE BANKING SERVICES

Mobile banking services are broadly classified in two categories, namely transaction – based services and enquiry-based services. For example, a request for the bank balance statement is an enquiry-based service, whereas a request for fund transfer from one account to another is a transaction-based service.

4.1.Enquiry-Based Services: It includes request for mini statements, account history, card and loan statements, pension plan statement, insurance policy statements, cheque status enquiry, balance enquiry, credit card inform -ation, enquiry for due payment dates, information on returned cheque status, etc. It provides valuable market information, such as foreign exchange rates, bank interest rates, commodity prices, stock market quotes and reports, product information and offers. It also provides information regarding various bank branches and ATMs and emergency helpline and contact number.

4.2 Transaction-Based Services: It includes fund transfer, micro payments, and bill payments. Commercial payments, subscribing to insurance policies, mobile recharge, withdraw/ deposit by banking/retail agents, peer-to-peer payments, etc. It also involves account administrative services,

such as change of PIN, blocking of stolen payment cards, ordering of new cheque books, etc.

4.3 Content-Based Services: It offers location based services, weather updates, news updates and traffic updates.

4.4. Support Services: It includes credit request, insurance coverage request, and mortgage approval, request for ATM cards, submission of complaints, loan request, exchange and responding to customer e-mails, etc.

4.5. Investment Services: It includes real time stock quotes delivery, portfolio management services, selling and purchase of financial instruments or securities, security alerts and unusual price notifications.

5. ADVANTAGES OF MOBILE BANKING

5.1. Anytime Anywhere

The most important benefit of Mobile Banking is the ability to establish connectivity from any point on the earth. With the help of mobile broadband technology, any mobile device can connect to internet wirelessly and users can perform online banking transactions even when they are travelling and outside of their home or office. Thus Mobile Banking eliminates the requirement of computers or internet connectivity altogether, and improved the versatility and reach of online banking manifold. The customs do not have to visit the bank ATMs or bank branches to avail the bank's services, they perform banking transactions from anywhere over a large geographical area. The users can perform time critical financial transfers from anywhere and at any time, and thus avoid late payments and penalties. SMS alert system affords instantaneous transmission of vital information, such as in the case of identity theft or unauthorized use of stolen credit cards. Customers also benefit from learning about the latest interest rate changes or stock information instantly in their mobile devices, instead of waiting for traditional mail or logging into internet.

5.2. Ease of Use

Mobile Banking offers secure and easy to use banking operations to mobile customers. The customers are attracted to numerous user-friendly and innovative financial services that reduce the complexity and time of operation to a great extent. The SMS alerts improve the level of service in a number of ways. The customers are allowed to communicate with the bank via SMS and can take part in an intelligent customer callback service that improves customer. Satisfaction and generates customer loyalty. SMS receipts of mobile transactions improve customer confidence, and they feel assured that their transactions are accurate and safe. Mobile to mobile fund transfers also provide a very convenient way for the consumers for making payments.

5.3. Secure

Mobile Banking offers extra security and reliability of banking transactions performed through mobile handheld devices. All financial data are first encrypted and then sent to the bank branches through mobile networks. Encryption converts the financial transaction data into an unreadable format during transmission, and thus, prevents any fraudulent attempt to intercept the data by unwanted users. The financial data are stored in the mobile device in encrypted format and can be viewed only by authorized user after providing valid password. During a Mobile Banking session, if the user accidentally shuts off the device, the banking session will automatically reset and the transaction will be aborted. Also, if during a banking session, there is no activity for a long time, session time-out takes place and the session is aborted. The mobile handset can be locked by the owner, so that no third party can unlock it and view personal information. The device can be unlocked only by the owner after providing the correct password.

5.4. Reduced Cost

Another important benefit of Mobile Banking is it drastically reduces the operating cost for banks and financial institutes. As more and more customers start performing Mobile Banking transactions from their mobile handsets, the less people come to the actual bank branches, and hence, fewer personnel are required for hand-ling customers and their banking operations. Thus, banks save in personnel resources. For repetitive tasks such as reminders for timely payments, balance enquiry or transaction details, automated SMS alerts are used extensively in mobile platform. It simplifies the tasks and also reduces the chances of errors as the entire system is automated and centrally controlled. It reduces the burden on IT infrastructure and also reduces operating and stationery (paper, postage, etc.) cost to a large extent.

6. CHALLENGES OF MOBILE BANKING

6.1. Economic Challenges: The rural population in India is spread across 600,000 villages, each with a low transaction value. Profitability can only be achieved by large volumes, requiring significant initiative from financial institutions. Unlike the very successful M-PESA of South Africa, whose model has been very successful due to the lack of alternative payments in South Africa, India does possess some infrastructure in the forms of postal payments, reasonable transport and local governments. Therefore, any Mobile Banking must be inexpensive enough to be attractive for the end-customer over existing methods.

6.22. Demographic Challenges: India has 18 official languages which are spoken across the country. The state governments also are dictated to correspond in their regional language for official purposes. Additionally, two-thirds of the population in India is illiterate, creating difficulties in deployment of Mobile Banking solutions. For a pan-Indian Mobile banking solution, this will be cumbersome to overcome.

7. REVIEW OF LITERATURE

Alleman (2011)¹ gives a short overview of the expected benefits of mobile banking; again these benefits are lower costs and higher accessibility. Interestingly, he touches on a few challenges associated with mobile banking as well: security issues, such as hacking and dealing with stolen phones; the threat of usury and how to control it; what laws will apply to mobile banking; and enforcing interoperability from above, as individual companies have little incentive to cooperate in that area. These papers serve to illustrate the complexity and promise of the mobile banking market, but don't directly address issues of measuring impact of mobile banking.

Zohra Saleem and Kashif Rashid (Dec2011)²: They summarized that Mobile Banking" is a relatively new concept, it is emphasized that customers do not understand the technology. It is crucial at this stage to create awareness about the usage of mobile device and familiarize people with its benefits. A key finding of the research is that Mobile Banking is a critical service in banking industry. It is vital for the banking industry that Mobile Banking service is adopted by the account holders. The findings also indicate that Mobile Banking adoption requires technologically efficient as well as cheap, reliable and secure technology development. In order to ensure that customers adopt the technology it must be efficient and quick as well as easy to understand and use. The study supports the hypothesis that strategic factor has the most significant and strong impact on customer satisfaction. Relative advantage of technology and the degree of service expansion significantly contribute to the factors for the variance.. Cost of doing business and market risk being the most important measures of economic factor which affects the customer satisfaction.

¹ Alleman, James, and Paul Rapp port. "Mobile Money: Implications for Emerging Markets." *Communications and Strategies* 79 (2010): 15-28. Social Science Research Network. Web. 7 Nov. 2011. <<http://ssrn.com/abstract=1810585>>.

² Zohra Saleem and Kashif Rashid (Dec2011), *Relationship between customer satisfaction and Mobile Banking adoption in Pakistan: International Journal of Trade, Economics and Finance*, Vol. 2, No. 6, December 2011.

Khumbula Masinge (Nov 2010)³: This research examines the factors influencing the adoption of Mobile Banking in South Africa, with a special focus on trust, perceived cost and perceived risk including the facets of perceived risks: performance risk, security/privacy risk, time risk, social risk and financial risk. The research has found that customers in the BOP will consider adopting Mobile Banking as long as it is perceived to be useful and perceived to be easy to use. But the most critical factor for the customer is cost; the service should be affordable. Furthermore, the Mobile Banking service providers, both the banks and mobile network providers, should be trusted. Trust was found to be significantly negatively correlated to perceived risk. Thus, trust plays a role in risk mitigation and in enhancing customer loyalty.

8. OBJECTIVES OF STUDY

Based on the review of literature and research gap the following objectives are designed for the present study:

1. To know the awareness of mobile banking among banking customers
2. To study the perception of customers on mobile banking
3. To study the impact of mobile banking on customer
4. To make suggestions on the basis of findings
5. To identify the factors of customers 'satisfaction in mobile banking
6. To make comparative analysis of customer satisfaction in public and private banks.
7. To identify the major factors affecting on the customers' satisfaction in mobile banking

9. HYPOTHESES

Based on above objectives, review of literature and discussions with expert's followings hypothesis were formulated to be testing;

9.1. Hypothesis-1

H1 (null) - There is no significant difference in the opinion of Customers and Bankers on Mobile Banking Services.

H1 (alt) - There is significant difference in the opinion of Customers and Bankers on Mobile Banking Services.

9.2. Hypothesis-2

H2 (null) - Overall customers' satisfaction in the Mobile banking services is not different based demographic characteristics.

H2 (alt) - Overall customers satisfaction in the Mobile banking services is differ based demographic characteristics.

10. RESEARCH METHODOLOGY

For the present research, the study is based on Exploratory Research. The major emphasis of Exploratory Research is on the discovery of ideas. Through Exploration, the researcher develops concepts more clearly, establish priorities, develop operational definitions, and improve the final research design. This research is both quantitative and qualitative. This research is based on the data collected through "Questionnaire" with Mobile Banking customers and Bankers.

10.1. Sources of Data

The sources of data have been grouped into two main categories - primary and secondary data is to be used in this study. The primary data is to be collected from selected customers and bankers through structured questionnaire. Separate questionnaire is designed for customers and bankers used 5 point Likert scale. The primary data have been collected through an exploratory research secondary data have been compiled from newspaper, journals, magazines, and web links and also research papers

³ *Khumbula Masinge (Nov 2010): Factors influencing the adoption of Mobile Banking services at the Bottom of the Pyramid in South Africa: Khumbula Masinge masingek@mweb.co.za 083 411 0736.*

10.2. Research Tools & Techniques

As the nature of the data collected for the study will be non – parametric a bivariate analysis is proposed. The following statistical measure will be used.

- a) Chi Square test
- b) Factor Analysis

11. FINDINGS FOR THE FOLLOWING STUDY

1. It is found from the analysis that majority of respondents (67.4%) of customers and (80%) of Bankers are strongly agreed Mobile Banking saving time followed by (14%) agreed. “Time” is one factor causing for Mobile Banking.
2. It is found from the analysis that majority of respondents (47.2%) of customers and (74.6%) of Bankers are strongly agreed that Mobile Banking provides services to customers. “Customers benefits” is one factor causing for Mobile Banking.
3. It is found from the analysis that majority of respondents (71.8%) of customers and (77%) of Bankers are strongly agreed that Mobile Banking services is reliable. “Reliability “is one causing factor for Mobile Banking.
4. It is found from the analysis that majority of respondents (40%) of customers and (42.2%) Bankers are strongly agreed that Mobile Banking service is Stability service. “Stability” is one causing factor for Mobile Banking.
5. It is found from the analysis that majority of respondents (77.2%) of customers and (68.8%) of Bankers are strongly agreed that Mobile Banking crossed the defects of Mobile Banking. “Defects of Net Banking” is one causing factor for Mobile Banking.

12. FINDINGS FROM THE FACTORANALYSIS

The following are the findings of factor Analysis of the study, these are as follows.

1. It is found that most affecting factor of Mobile Banking is **Cost**. They can make transaction without wait in queue like as traditional banking or any net centers; they can't absent their jobs and colleges for banking transactions. It decreases cost of the bankers for providing facilities to customers.
2. It is found that most affecting factor of Mobile Banking is **Security**. Mobile Banking sends each every transactional message and it gives feedback, so there is no scope for misuse and fraud.
3. It is found that most affecting factor of Mobile Banking is **Time**. Customers are getting lot of time savings, customers should not spent time for business operations they can operate Mobile Banking operations anywhere.
4. It is found that most affecting factor of Mobile Banking is **Customers Satisfaction**. Customers are very much happy with mobile Banking transactions and advices.

13. SUGGESTIONS AND RECOMMENDATIONS

The following are the suggestion for the study, these are as follow.

1. It is suggested that the awareness creation among the existing customers and providing special benefits for using the mobile banking will increase the mobile banking users. Once the customer becomes confident on technology it will automatically increase the adoption of mobile banking in mass.
2. It is suggested that India is a country where different languages are used in different parts. The mobile banking facilitates to access banking service to the rural community. This requires customer friendly banking software that can be used in their local language.
3. It is suggested that the mobile is a small device, which has the risk of theft. This will be the major challenge on security issues to the customer who are using or willing to use mobile banking. The awareness how to use mobile banking and what are the security mechanisms to be followed by the customer has to be addressed for effective usage of mobile banking.
4. It is suggested that there are evidences that many customers have seen the advert but are still skeptical about its usage. There is a need to change the customers' perception through a well-structured advertisement and staff interaction in order to make them realize that the service is safe to use.

14. CONCLUSION

Conclusion for the following study is as follows

The results of the study suggest that mobile banking has a bright future in India. The Indian government has taken steps to build up policy for the local banks to adopt the technology in the near future. Keeping in mind that “Mobile Banking” is a relatively new concept, it is technology. Therefore, it is crucial at this stage to create awareness about the usage of mobile device and familiarize people with its benefits. A key finding of the research is that mobile banking is a critical service in banking industry. Therefore, it can be concluded that it is vital for the banking industry that mobile banking service is adopted by the account holders. The findings also indicate that mobile banking adoption requires technologically efficient as well as cheap, reliable and secure technology development.

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