



A Study of Prospects and problem of Mobile Banking in India

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ABSTRACT:

The banking system in India is becoming more and more digital and there are several changes have been taken placed in the Indian banking sector. Indian banking system has the large structure and Powerful base and using this it can be possible to make fully digitalization in the finance sector. There are some factors which influence to the technology and also have some threads to avoid the changes. Therefore it is important to know the present and future aspect of the technological changes in the banking sector and also to know the problems of the technological changes to suggest the measures for overcome the problems. The Mobile banking system is became important to the India therefore the study is concern with the mobile banking and its present and future status and problems and prospects.

Introduction:

Banking is one of the key financial institutions in India. With the increased pace in technology banks also updating with new technology by introducing digital banking in India. Mobile banking is one of the important innovative tools of banks among the available services. Mobile banking is nothing but making banking transactions using mobile phones. It is a bi-product of Green Banking, Mobile banking alone serves the purpose of different banking transactions in convenience to its customers which in turn saves the time and cost of its customers. Easy transaction of money from one bank account to another is possible though mobile banking app. Mobile banking has so many advantages to its customers like Balance enquiry, quick transfer of funds, online bill payments, SMS alert etc. Thus mobile banking is adopting by customers at an increasing pace.

Research Methodology:

Paper discusses about mobile banking applications and basic mobile banking services and their benefits to its customers. The research study is descriptive based study. Here the study is done through secondary data sources, websites, and review of related articles.

Literature Review:

Prerana et al (2011) author studies the issues of mobile banking as a customer point of view and the utility of mobile banking. Study is descriptive based study and ad-hoc quota sampling used. It is concluded that customers are facing the problem of operating banking activities using mobile phone. And also facing the problem of security issues while operating mobile banking.

Parul (2015) the study examines the consumer adoption of new electronic payment of mobile banking in India. It is an exploratory research study. Data collected through a structured questionnaire and also secondary data with newspapers, journals, magazines and web links. So it is concluded that banks still need to create awareness to its customers on how to use mobile banking services.

Suresh (2017) author determines the factors responsible for mobile banking adoption. Study is done based on secondary data and it is a descriptive study. Customers of banks need to adopt mobile banking because it is advantageous to customers to operate banking activities using mobile. Banks need to conduct awareness programs for their customers.

Malusar L. 2019 Mobile Banking is easy to use and can be use any time anywhere due to its mobility. The mobile banking in India is becoming very famous because of the digital payment system. But still some account holders are not aware about the mobile banking and avoid using it. In India people still believe that traditional banking is safe and best to handle. There are young and professional persons have more use of mobile banking.

Services of Mobile Banking:

According to the Reserve Bank of India's (RBI) annual report for 2017-18, mobile banking service witnessed a growth of 92% and 13% in volume and value terms, respectively. The number of registered customers rose by 54% to 251 million at end-march 2018 from 163 million at end-march 2017.

1. Access to account information: Primary service of Mobile banking is accessing banking information. And it is helpful for management of funds. Using this service customers can check the following details: Transaction history, e-statement of account, loan statements, card statements and e passbooks

2. Regular Transactions: Transfer of money from one account to another and online payments is the basic facility of mobile banking. Customers can transfer funds to anyone by adding them as beneficiaries through UPI (Unified Payments Interface) and also it involves Bank to Bank transfers, Transfer of funds to self, payment of money for rent and other bills and NEFT/IMPS/RTGS payments etc.

3. Investment Purpose: Opening Fixed deposit/ recurring deposits, investment in mutual funds and portfolio management services etc.

4. Other services: Services other than Account summary, bill payments, fund transfer and investment are those which a customer requires for smooth running of banking activities. Also there may be other services like grievance redress etc. Mobile banking also helpful for finding solution to your banking complaints or queries. These services include: ATM locators. Branch locators. Lodging complaint/ tracking applications, ordering new cheque book. Cancelling /stopping an issued cheque.

5. SMS Banking:

Most of the banks they are providing services over mobile apps, along with this they also facilitates SMS banking service. This service is useful for those who do not have smartphones and internet facility. Here customers need to register their mobile number with their bank in order to avail SMS banking. Services of SMS banking: Balance enquiry, mini statement, self-transfer of funds, Block ATM card or credit card.

6. Mobile Banking over USSD:

USSD-Unstructured Supplementary Service Data is a type of communication in which one can access banking services. There is no need for a smartphone or an internet

Connection for this service. It allows services like balance enquiry and transfer of funds, balance enquiry, mini statement, transfer of funds, change of MPIN and Generate OTP. India's Top mobile banking App's in India

In India Mobile Banking started in 2002. And transactions were carried out through SMS. Now a day almost all banking transactions can be performed using a computer, laptop or using smartphone like checking account statements, paying credit bills, utility bills and transfer of funds through online. In 2018 almost all banks have mobile phone application. It helps to transfer funds for this customer is just need to download the mobile banking app into their android or smartphone, then they can start online banking transactions as per their convenience. ICICI bank was the first bank in India to launch mobile banking in the year 2008. Since then almost every bank have followed it.

India Mobile Payments

Mobile Banking Transactions:(Value) Mobile Banking Transactions: Value data was reported at 24,010,749.430 INR mn in Mar 2023. This records an increase from the previous number of 20,680,895.205 INR mn for Feb 2023. Mobile Banking Transactions: Value data is updated monthly, averaging 1,089,748.877 INR mn from Apr 2011 to Mar 2023, with 144 observations. The data reached an all-time high of 24,010,749.430 INR mn in Mar 2023 and a record low of 760.000 INR mn in Apr 2011. Mobile Banking Transactions: Value data remains active status in CEIC and is reported by Reserve Bank of India. The data is categorized under India Premium Database's Monetary – Table IN.KAI019: Mobile Payments.

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India Mobile Banking Transactions: Valuearea chart of Mobile Banking Transactions: Value from April 2022 to March 2023

India Mobile Banking Transactions: Mobile Payments (Mobile App based): Value: Inter-bank Mobile Payments (Mobile App based): Value: Inter-bank data was reported at 19,641,903.624 INR mn in Mar 2023. This records an increase from the previous number of 17,142,743.039 INR mn for Feb 2023. Mobile Payments (Mobile App based): Value: Inter-bank data is updated monthly, averaging 9,347,290.451 INR mn from Nov 2019 to Mar 2023, with 41 observations. The data reached an all-time high of 19,641,903.624 INR mn in Mar 2023 and a record low of 2,916,109.638 INR mn in Apr 2020. Mobile Payments (Mobile App based): Value: Inter-bank data remains active status in CEIC and is reported by Reserve Bank of India. The data is categorized under India Premium Database's Monetary – Table IN.KAI019: Mobile Payments.

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Mobile Payments (Mobile App based): Value: Inter-bankarea chart of Mobile Payments (Mobile App based): Value: Inter-bank from February 2022 to January 2023

Mobile Payments (Mobile App based): Value: Intra-bank Mobile Payments (Mobile App based): Value: Intra-bank data was reported at 4,368,845.806 INR mn in Mar 2023. This records an increase from the previous number of 3,538,152.166 INR mn for Feb 2023. Mobile Payments (Mobile App based):

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Mobile Banking in Different Banks :

1. **HDFC Bank Mobile application :** HDFC Bank is one among the largest private sector banks in India. Its mobile banking app allows its customers to see their account transactions, easy transfer of funds, quick credit card payments. HDFC Bank's mobile banking application has 4-star rating on the Google play store and has 1 million downloads. HDFC bank's mobile banking app is also available in Hindi language and has a "LITE" version, it is compatible with lower internet speed also. While the LITE version does not have all the features of the regular version, it covers the most frequently used services.
2. **ICICI Bank's iMobile Application :**The iMobile app by ICICI Bank is one of the highest rated mobile banking application in India. The app has 4.5 star rating on the Google play store and has over 10 million installs. The app allows customers for transfer funds, to pay credit card bills, to pay utility bills online, also to open fixed deposit and recurring deposit account, and manages Life Insurance Policies. The iMobile app also allows its users to make use of ICICI Bank ATMs, transfer of funds quickly via UPI payments, and transfer of funds to a mobile number. The app will be updated to reflect new services that the bank offers with the app. In addition to this, ICICI Bank has also launched iWear-ICICI Bank's smartwatch app. iWear allows its users to access their Bank account information through their smartwatches, which includes information about their last 3 bank transactions, available balance and credit card accounts.
3. **Axis Bank's Axis Mobile Application :** The Axis Mobile app is one of the most popular app. With over 5 million downloads and 4-star rating on the Google play store, the app allows its customers to make use of different services and functions. In addition to this transfer of funds and checking account statements, the app allows users to make credit. Card payments for a date that suits them better, to convert card payments to Equated Monthly Instalments, to block cards and to replace them and temporarily deactivate debit cards and set limits on debit card purchases. App users can also set standing instructions and auto-play bills for over 200 utility services.
4. **SBI's Anywhere Personal Application:** SBI has a number of banking apps for a variety of services, but anywhere personal is the app that provides the fundamental banking services. The app is called the State Bank Freedom app and it is available in both Hindi and English. The app allows its users access to deposits, withdrawals, and a mini- balance sheet. The app has the mCash feature that allows users to transfer funds to a mobile number or email id. Customers can also make payments for utility bills, instantly open and close fixed and recurring deposits and scheduled transactions. The app also allows its users the ability to make payments to the SBI Life Premium and make ad-hoc payments to billers that are not registered on the app. SBI has also launched a wear app which allows its users to access their account through their smart watches.

Importance of Mobile Banking: Mobile Banking allows its consumers to be able to access banking services from anywhere. Business and business owners are now able to save time by making use of mobile applications to process their payments or even receive funds from clients directly to their phone numbers. It is particularly popular among small to medium-sized enterprises (SMEs). With mobile technology, banks are able to cut down on operational costs while still maintaining client satisfaction. The fact that any client of a bank can make use of their app to request a service, such as opening an account or even the ability to schedule debit orders or other payments from an application, allows for larger transactions volumes, eventually driving business growth. Challenges of Mobile Banking

Risk of Mobile Banking: As with any new technology, mobile banking has its disadvantages. Listed below are the major ones.

The major security risk in mobile banking is the non-encrypted servers of cell phone facility providers. This makes it comparatively very easy for an expert hacker to obtain account information or debit and credit card information of the users.

The messages that are received from the banks are not encoded. This means that that information could easily have been opened while being transmitted through a mobile carrier.

If the mobile gets stolen, the information kept in messages can be used easily by another person.

Mobile phones that use Internet browser but do not have an antivirus are at very high risk of getting hacked for sensitive information.

PROBLEMS OF MOBILE BANKING

1. **Handset Operability:** There are a large number of different mobile phone devices and it is a big challenge for banks to offer mobile banking solution on any type of device. Some of these devices support Java ME and others support SIM Application Toolkit, a WAP browser, or only SMS. Security of financial transactions, being executed from some remote location and transmission of bank.
2. **Security :** financial information over the air, are the most complicated challenges that need to be addressed jointly by mobile application developers, wireless network service providers and the banks' IT departments.
3. **Application Distribution:** Due to the nature of the connectivity between bank and its customers, it would be impractical to expect customers to regularly visit banks or connect to a web site for regular upgrade of their mobile banking application. It will be expected that the mobile application itself check the upgrades and updates and download necessary patches (so called "Over the Air" updates). However, there could be many issues to implement this approach such as upgrade / synchronization of other dependent components.
4. **Personalization :** It would be expected from the mobile application to support personalization such as: Preferred Language, Date/Time format , Amount format Default transactions ,Standard Beneficiary list ,Alerts

Findings of the study:

1. Mobile banking is an easy and convenient service for its customer to operate their banking transactions as per their convenience.
2. It is found that Mobile banking is a developing app for all types' online banking transactions.
3. The bank's which adopted mobile banking service has developed it as an app with specialized features
4. Most of the banks are adopting and implementing mobile based apps for mobile banking transactions.
5. Mobile banking is not only meant for banking transactions but also useful for investment in mutual funds and also helpful for portfolio management.

Conclusion:

Mobile Banking is one of the important and convenient service for the banking customers. Mobile banking is one of the bi-product of Green Banking, where it is known for its easy, convenient and key point is mobile banking is meant for paper less transactions.

Many banks in India is developing it in the form of an app in mobile phones. Mobile banking is providing many services with different features. Services of mobile banking are available 24*7 and also help to make any bill payments. Paper discussed about mobile banking status in India and also about importance and challenges of mobile banking. It is showing that mobile banking is helpful for the customers for their easy banking transactions.

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