



MOBILE BANKING – AN ALTERNATIVE BANKING CHANNEL FOR CUSTOMERS (WITH REFERENCE TO STATE BANK OF INDIA)

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ABSTRACT :

Technology plays an indispensable role in our daily life. The ever changing scenario of rapid progress is the outcome of technological progress especially the development of smart phones and internet and computers. It has impact in almost all the areas of economy. Banking is one such area which has got manifold changes due to the advent of smart phones, internet and computers. Gone are the days, when one has to visit a brick and mortar office to perform the various banking activities. In the present era, the footfall to physical branch of banking is reduced to the greater extent and replaced by the latest called E-Banking and Mobile banking. One can perform all the major banking transactions virtually. There are many benefits to the major stakeholders, the customers and the banking institution. A smart phone in the hand of customer is just like an entire branch of banking to perform all the major banking transactions without much of hassles and with much ease at the comfort of the customer. By using mobile banking, one can perform the banking transactions 24/7 without the assistance of anyone from the comfort of their houses and many a time on the go as well it you are travelling to some place. The implementation and usage of mobile banking has got a revolutionary change the banking habits of Indian customers and many more to be added as future of banking in India.

Key words: Mobile banking, Internet banking, Virtual banking, online banking.

Introduction :

Mobile banking in simple terms is performing the banking transactions via mobile. The revolutionary change in the field of banking ever witnessed is mobile banking with made the banking on the go dream come true. There are many factors which are directly and indirectly supporting this change. However the change adoption is still under question and demands solutions to questions like penetration and awareness and adoption of mobile banking especially in the Indian context. The biggest advantage of mobile banking is that it removes the limitation of time and space from the banking activities. All the important transactions like, transferring money from one account to another, making payments, checking balances etc were now just on the finger tips of the customer which can be performed round the clock with the assistance of any expert.

Short History of Mobile Banking :

The mobile web services were introduced in the year 1999 before which the banking was limited up to SMS services only. With the development of smartphones with iOS or Android operating system has brought a revolutionary change in the field of mobile banking.

Mobile banking was first introduced in the year 2002 in India. Almost all the services like checking balances, account statements, paying utility bills, fund transfers etc can be easily done through mobile banking.

Literature review :

1. Mobile banking has immense potential of growth in a country like India to bring many changes in the field of banking. However the reach of mobile banking to the common man of India is a concern. All the regulators and stakeholders must need to make efforts for the penetration of mobile banking even to the remotest locations of our country. (Deshwal, 2015)
2. The penetration of mobile banking is very less even though the number of mobile phone users is increasing rapidly in India. Indian banking system has identified the importance of going paperless and use of technology which not only helps in better customer service but also increases the profitability for banks. (Sinha, 2016)
3. Usage of mobile phones for banking is more convenient but still in India it is not being used to its potential. Security issue is one of the key factors to be addressed for its usage to its full potential and making the customer feel more confident in using it in their daily life. (SUDHA, 2016)
4. Mobile banking provides so much of convenience in doing the banking transactions however the most influential factors are Trust and Security. (Singh, 2020)

Importance of Mobile banking in India :

1. **Anywhere anytime access:** One of the important benefit of mobile banking is that, one can do banking transactions anywhere and at anytime based on availability of internet on the phone. Nowadays almost all smart phones are having access to internet via mobile data with decent speed and thus can do transactions any time.
2. **Other important services:** Apart from the basis banking transactions one can also avail the benefits of various other services like financial investments through mobile banking.
3. **Low cost:** Economical for both banks and customers in terms of charges and requirement of staff to service at physical bank branch.
4. **Notifications:** It is one of the best features which gives you an alert regarding each and every transaction and thus prevents from any unauthorized use of your bank account and safeguards your money.
5. **Reduces the need of reaching physical branch:** Unlike before the footfall for every small need of bank related work is reduced. Many of the transactions can be done without reaching the branch and from the comfort of your house.
6. **Safety:** Unlike before when we were carrying physical cash from the bank branch there was always a chance of theft and risk of like also in some cases. However the same can be reduced as everything is happening electronically.
7. **Increasing customer's base:** With the number of increasing mobile users in India the number of bank customers is also increasing. Mobile banking helps finding new customers through online advertising and other important information on phone.
8. **Economic growth:** Due to the introduction of mobile banking especially the young generation is able to get educated about the importance of mobile banking and thus using it. This directly helps in the opening of new accounts and therefore leads to economic growth of the country.

Various types of Mobile Banking Services :

1. **Account information services:** It serves the purpose of giving access to customers regarding account balances, account statements, transaction history, keep a track of deposits and loan payments etc.
2. **Transactions related services:** It enables the customers to transfer funds across the accounts and also helps making purchases in collaboration with other applications.
3. **Investment Services:** It enables the customers to make investments across the various assets classes like Fixed deposits, mutual funds, shares through D-Mat services, Insurance etc.
4. **Support services:** It enables the customer to check the status of applications made like application for credit card, application for loan etc.
5. **News and events:** It enables the customer to know about the various schemes and updates about products of the bank and news events.

Research Methodology :

The study is based on secondary data primarily collected from the official website of Reserve Bank of India www.rbi.org.in. However many other sources like journals, magazines and web links were thoroughly studied and duly acknowledged in the reference section. The research is both qualitative and quantitative.

Objectives of the study :

1. To understand the meaning and basics of mobile banking.
2. To understand the various challenges in mobile banking in India.
3. To analyze the transactions carried through mobile banking by the major public sector bank, State Bank of India.

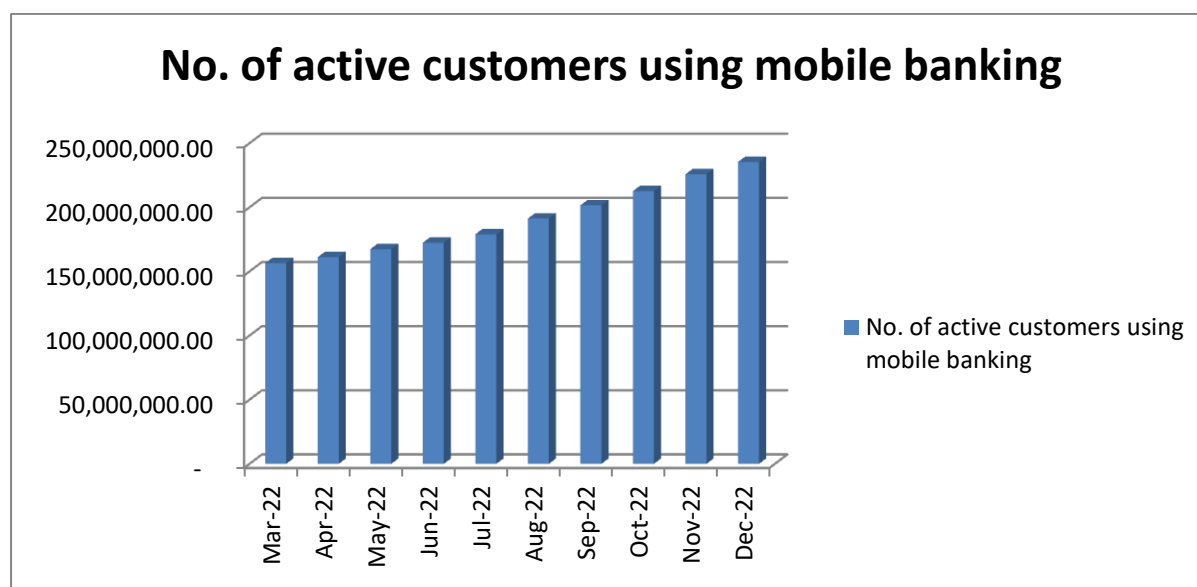
Data Analysis :

Month	Volume (in actuals)	Value (in Rs'000)	No. of active customers using mobile banking
Mar-22	1,35,55,67,328.00	3,62,60,65,159.00	15,64,77,063.00
Apr-22	1,42,43,91,736.00	3,69,70,03,545.00	16,11,95,310.00
May-22	1,51,77,32,522.00	3,84,89,17,637.46	16,73,82,655.00
Jun-22	1,37,54,53,019.00	3,69,58,07,137.44	17,24,57,981.00

Jul-22	1,60,59,43,891.00	3,96,14,12,191.23	17,90,47,008.00
Aug-22	1,82,61,14,303.00	4,32,24,98,054.60	19,12,83,901.00
Sep-22	1,72,06,44,493.00	4,16,79,13,666.00	20,15,93,712.00
Oct-22	1,85,41,19,014.00	4,31,09,29,568.88	21,27,22,698.00
Nov-22	1,84,55,62,273.00	4,26,25,15,112.28	22,58,04,231.00
Dec-22	1,97,84,43,176.00	4,39,47,40,188.00	23,53,97,770.00

Source: www.rbi.org.in

Data Interpretation :



It is clearly evident from the graph above that the numbers of active customers who are using mobile banking are continuously increasing and therefore showing a good opportunity for new numbers to be added to the field.

As per the data from the annual report of TRAI (Telecom Regulatory Authority of India) the total wireless subscriber base as on 31st March 2022 is 1142.09 millions. However the active mobile banking users by the end of December 2022 was 2.5 million approx. This means only 0.22 % of active mobile users are using mobile banking against the number of mobile phone users which clearly indicates a huge potential for untapped customers. (INDIA, 2022)

Findings of the study :

- Mobile banking is the easy way of servicing the customer and as per the convenience of customers.
- **Ubiquity:** Ubiquity means present everywhere at the same time. As now a day's people are carrying their mobile with them almost 24/7. This makes the mobile banking available with them round the clock. One can do transactions as per their convenience.
- Apart from the basic banking services mobile banking is also used for investment purpose like in mutual funds and share market.
- Banks are now going one step ahead by introducing mobile based apps for banking transactions.
- Reducing the need of papers and helps in going paperless transactions.
- **Penetration of smart phones:** One of the biggest challenges being the use of smart phones. Still a large chunk especially in rural India is not using a smart phone which does not enable them to use the services. Another important factor is the network issues and bandwidth which may not be stronger enough to support the mobile banking function.
- **Security concerns:** The number of frauds particularly through online bank accounts is alarming and one of the biggest concerns for developing trust among users.

Conclusion :

Mobile banking is one of the popular modern methods of banking. Mobile banking is the need of the hour. Not only from the point of view of banks but

it is equally important for customers as because it gives more comfort and convenience to both the parties. One of the biggest benefits of mobile banking is that it is helping in achieving Green Banking by reducing the need of the papers and thus going paperless. As far as the number of mobile banking users is concerned it shows that a huge market is still untapped showing huge potential of growth.

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