



## Mobile Banking in India: Prospects and Challenges

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### Abstract:

Banking industry plays a very significant role in today's society, as it is of great importance for the economic as well as overall development of a country. Banks generally keep the assets of the individuals, firms, govt. etc which are repayable on demand, but in today's modern world banking business has been totally transformed. One of the main reason behind this transformation is the infusion of technology in banking. Technology has changed the way we look towards banks, and the way banks provide their services. Technology has given numerous products and services to banks and customers like, Mobile banking, Internet banking, NEFT, RTGS, ATMs etc. as a result of this technology driven revolution there are so many challenges which banking customers are facing. Since mobile banking is the most preferred way of performing banking transactions, so present paper seeks to find out the challenges as well as factors affecting Mobile banking adoption. For the purpose of study primary data was collected from a sample of 200 respondents. The results of the study infer that poor internet connection, technical issues, lack of knowledge, mobile phone compatibility and lack of security are important factors affecting the mobile banking adoption. Out of these several barriers Poor internet connection and lack of security are the most prominent barrier in mobile banking adoption, and most of the customers perform the funds transfer by using mobile banking. This study suggests that banks should ensure a robust security mechanism in order to make their customers more satisfied and to gain competitive advantage.

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Keywords: Banking Industry, Technology, Mobile Banking Adoption, Internet Banking, NEFT,

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### Introduction

The rapid advancement of mobile technology has revolutionized various sectors, with banking being one of the most significantly impacted. Mobile banking has emerged as a transformative force in the financial services industry, offering unprecedented convenience and accessibility. In India, where smartphone penetration is rapidly increasing, mobile banking presents a unique opportunity to enhance financial inclusion, streamline banking operations, and drive economic growth. Despite its promising prospects, the adoption and expansion of mobile banking in India face several challenges, including regulatory hurdles, security concerns, and the digital divide. Mobile banking is a new technology that has changed the way financial services are provided. Traditional methods like ATMs, the phone, and the Internet are useful, but mobile banking has bigger effects on the market, especially in developing and developed nations (Safeena et al., 2012). The popularity of smartphones has increased demand for mobile banking, which has led banks, microfinance institutions, and service providers to offer more services. The goal of this innovation is to reach people who don't have bank accounts, keep customers, improve operational efficiency, grow market share, and create new jobs (Shaikh, 2013).

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### Review of Literature

Elhajar and Ouaida (2019) identified digital literacy, resistance to change, perceived risk, perceived ease of use, and perceived usefulness as key factors affecting mobile banking adoption among Lebanese banking customers. Awareness and compatibility showed no significant impact.

Riquelme and Rios (2010) found that in Singapore, usefulness, social norms, and social risk significantly influenced the intention to adopt mobile banking. Gender moderated these effects, with ease of use more impactful for females and advantage having a stronger influence on males' perception of usefulness. Social norms also had a greater effect on females.

Lu et al. (2014) used the MADM model to examine the influence of user behavior and guidance on mobile banking adoption. Their study suggested that the proposed user behavior framework offers a deeper understanding of the variables influencing mobile banking adoption intentions.

Alkhaldi (2016) studied mobile banking adoption in Saudi Arabia, highlighting that despite its perceived importance, awareness is low, and acceptance is limited. Cooperation among stakeholders is also insufficient.

Al-Ajam and Nor (2015) investigated factors influencing internet banking adoption in Yemen, finding that attitude, subjective norms, and trust significantly impacted behavioral intention.

Samsudeen et al. (2020) employed UTAUT 2 to study Islamic Banking customers in Sri Lanka, identifying performance expectancy, effort expectancy, social influence, facilitating conditions, hedonic motivation, and habit as predictors of mobile banking adoption. Age, gender, and experience moderated these effects, all showing significant impacts as hypothesized.

## Research Methodology

The methodology of the present study is as under: -

### Objectives of the study

- To understand basic concept of Mobile Banking
- To identify the problems hindering the adoption of mobile banking.
- To study about the main transaction performed using mobile banking.
- To analyze the main motivating factor to use mobile banking

### Source of Data:

For the achievement of research objectives data has been collected from primary sources by using a well structured questionnaire. A sample size of 150 respondents was taken for the present study. The required data was collected from the users of mobile banking services. For the selection of sample, Random Sampling technique was used.

### Scope of the study

In the present study an attempt has been made to get insight into the challenges and prospects of Mobile Banking. The study is only confined to Mandi Distt. of Himachal Pradesh. E-banking is very wide subject, since mobile banking is the most preferred way of performing banking transactions, so present paper seeks to find out the challenges as well as factors affecting Mobile banking adoption.

## Analysis and Discussion:

### Demographic Profile of Respondents:

Demographic profile of the respondents who have participated in the survey has been presented in the study is presented in table 1.1. It is very clear from the table that majority 53.5 percent of the respondents are male while females are 46.5. The sample consisted of 200 respondents, with a balanced gender distribution (53.5% male and 46.5% female). Age distribution showed that the majority were up to 25 years old (63%), followed by 30% aged 25-40 years, indicating a predominantly younger user base. Occupation-wise, students made up the largest group (61.5%), followed by government service employees (19.5%).

Table 1.1  
Demographic Profile of Respondents

Gender	Frequency	Percentage
Male	107	53.5
Female	93	46.5
Age		
Upto 25	126	63.0
25-40	60	30.0
40-55	9	4.5
Above55	5	2.5
Occupation		
Govt. Service	39	19.5
Private Job	29	14.5
Student	123	61.5
Other	9	4.5

Source: Primary Probe

### Mobile Banking Usage:

A significant majority (81%) reported using mobile banking services, indicating a high adoption rate among the respondents. This suggests that mobile banking is more popular among the users.

Table 1.2  
Usage of Mobile Banking

	Frequency	Percent
Yes	162	81.0
No	38	19.0
Total	200	100.0

Source: Primary Probe

### Barriers to Mobile Banking:

From the table 1.3 it is clear that primary barriers identified were poor internet connection (26.5%), technical issues (23.5%), and lack of knowledge (21.5%). Mobile phone compatibility (16%) and lack of security (12.5%) were also noted but to a lesser extent.

Table 1.3

**Most Affecting Barrier in Mobile Banking**

Barriers	Frequency	Percent
Mobile phone compatibility	32	16.0
Lack of Knowledge	43	21.5
Technical Issues	47	23.5
Poor internet Connection	53	26.5
Lack of security	25	12.5
Total	200	100.0

**Source:** Primary Probe

**Main Transactions:**

Table 1.4 shows that the most common transactions performed using mobile banking were funds transfer (39%) and online shopping (30%). Balance enquiries (11.5%), bills payment (17.5%), and online booking (2%) were less common.

**Table 1.4**  
**Main Transaction Performed by Using Mobile Banking**

Transactions	Frequency	Percent
Balance enquiry	23	11.5
Funds Transfer	78	39.0
Bills Payment	35	17.5
Online shopping	60	30.0
Online booking	4	2.0
Total	200	100.0

**Source:** Primary Probe

**Motivating Factors:**

Table 1.5 demonstrate that the leading motivators for using mobile banking were 24x7 availability (47.5%) and timesaving (27%). Other factors included cashless transactions (17%) and convenience (4.5%), with security and cost being the least influential (2% each).

**Table 1.5**  
**Factor Motivating Mobile Banking**

	Frequency	Percent
Cashless Transactions	34	17.0
Convenience	9	4.5
24x7 availability	95	47.5
Time saving	54	27.0
Security	4	2.0
Involves less cost	4	2.0
Total	200	100.0

**Source:** Primary Probe

**Satisfied with the Current Mobile Banking Services**

Table 1.6 shows that 86.5% users' satisfaction rate was higher with current mobile banking services.

**Table 1.6**  
**Satisfied with the Current Mobile Banking Services**

	Frequency	Percent
Yes	173	86.5
No	27	13.5
Total	200	100.0

**Source:** Primary Probe

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## Conclusion

The survey results indicate that mobile banking is widely adopted among the predominantly young and student-based respondents, with 81% using these services. Despite this high usage, several barriers remain, notably poor internet connection (26.5%), technical issues (23.5%), and lack of knowledge (21.5%). The most common transactions are funds transfers (39%) and online shopping (30%), driven primarily by the convenience of 24x7 availability (47.5%) and time-saving benefits (27%). User satisfaction is notably high, with 86.5% of respondents expressing contentment with current mobile banking services. These findings suggest that while mobile banking is popular and well-received, addressing the technological and educational barriers could further enhance user experience and adoption.

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