

# Opportunities in mobile banking in relation with Bank and its consumers

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## ABSTRACT

The last decade the banks were getting the banks account of individuals to a large number and this has its significance today that these banking account numbers were getting connected into core banking. It was a changing moment in India and the world in terms of banking and economic developments. Trends have been changing after the 1991 and especially banks have been at the fore run for establishing their credentials and customer service. We have seen the new economic reforms, regulations, deregulations that has changed the way banks functions. With the effect of deregulations banks have opened new areas of revenues such as universal banking, bank assurance, mortgage financing, investment banking, securitisation, personal banking, depository services etc. With the changing banking norms across the world the financial sector has been evolving faster, securer and better. The liberalisation, Privatisation and Globalisation has led in Foreign banks to enter Indian economy and also the Indian Banks have moved into the global markets. To cater the competition communication technology has been the best used by banks to convert their business into the hands of the customers through Mobile Banking

**Keywords:** Privatisation , Globalisation, Securitisation.

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## I. INTRODUCTION

To maximize their investments in mobile banking, retail banks should first understand the unique requirements of five key consumer segments – each with their own levels of maturity and comfort – then create a strategic plan that delivers on near-term customer acquisition and retention while driving innovation in today’s rapidly changing digital channels. Mobile devices, including smartphones and tablets, have transformed the world in which we live. As digital channels evolve, the move to mobility continues to provide a faster and more convenient way for consumers to interact with their financial services providers. Retail banking is no exception. Retail banks have universally accepted mobile banking as a mainstream banking channel rather than just an optional “add-on” service. However, to fully realize its potential, banks need to understand consumer preferences regarding desired features and overcome barriers to wider adoption.

Most retail banks have evolved their mobile strategies and, by extension, their customers’ mobile journey through a “one-size-fits-all” approach focusing on features and offerings. Given the rapid evolution of mobile technology and its impact on banking, we conducted a study of mobile banking by surveying customers across a wide array of retail banks, age groups and income categories. The objective was to understand emerging trends, as well as current and future needs, in order to help retail banks increase the adoption of mobile banking services. Not surprisingly, our research reveals that consumer expectations of mobile banking vary across age and income groups.

## II. LITERATURE REVIEW

The e-banking revolution has fundamentally changed the business of banking by scaling borders and bringing about new opportunities. In India also, it has strongly impacted the strategic business considerations for banks( including the PSBs) by significantly cutting down costs of delivery and transactions. It must be noted, however, that while e-banking provides many benefits to customers and banks, it also aggravates traditional banking risks. (RUPA REGE NITSURE-2004)

Mobile payment technology is increasingly being used by micro business enterprises in Kenya. These findings provide evidence to support that the mobile payments users consider the technology to be convenient, well supported and that perceived advantages will influence the behavior to use the technology. This supports previous studies. The findings of this research are useful to the mobile payments providers who may use them to provide greater support and enhance

customers' convenience to use the technology. They concluded that sole proprietors and small businesses in Kenya benefited hugely from the mobile phone revolution as they are able to make savings and gain access to more customers and new services (Arunga and Kahora (2007)

Internet banking has attracted the attention of banks, securities trading firms, brokerage houses, insurance companies, regulators and lawmakers in developing nations since the late 1990s. With the rapid and significant growth in electronic commerce, it is obvious that electronic (Internet) banking and payments are likely to advance. Researches show that impact of Internet banking on cost savings, revenue growth and increased customer satisfaction on Industry is tremendous and can be a potential tool for building a sound strategy. The objective of the paper was to examine the consumer behavior with respect to internet banking as compared to the conventional banking and to explore the possibility of blending these banking systems.

The awareness of the private sector banks is highest followed by the foreign banks. This is mainly due to the reason that private sector banks are relatively newer and have positioned themselves as online banks from the very inception. However the perception would change once the public sector banks starts intensive advertising. New banks posing for the IPO will be simultaneously positioning themselves as the new generation banks. The usage of the internet banking were in the range of 1-5 times a month. The spread of internet would also increase e-banking. Internet banking is mainly used for the day to day transactions. The research says that there is a good scope for the Indian banks to focus on the females as the domination of the present status is on the males. The study conducted by the IAMAI, also states that the males constitute the major chunk of the internet banking. A significant rise in the woman working professionals have a scope or the banks to capitalize on the females, especially when the policy reforms for the education of the female children and spread o internet technology.

Bank strategies are that the new banks are more adaptive to the technology and are more probability in offering internet banking. Banks can reduce the expenses when compared to the fixed assets by adopting the internet banking. In international markets banks with e-banking are more profitable than the non e-banks. The use of internet banking is confined to a fewer consumer segment. The challenges associated with the internet banking are more as and when compared to the traditional banking. The experiences of the other countries suggests that the phenomenon of internet banking cannot avoid internet banking as a facility but have to provide to suit the Indian consumers. (P.K. Gupta 2008) First, is in relation to factors that cause micro businesses to adopt mobile payment services as shown using factor analysis. The results show that perceived convenience had influence on the intention to use the mobile payment services. Secondly, perceived support from the mobile payment services provider influences the intention to use. Thirdly, perceived support from the mobile services provider had an impact on the perceived convenience. (Marion Mbogo 2010)

In the emerging business environment, banks have to be proactive to offer products and services to customers through seamless integration of internal processes and external business at partners. Indian Hope Bank seems to be a forerunner among Indian banks and is leading the way in aligning IT with business strategy, which has shown enormous benefits to the customers and eventually economic development. Furthermore, the emergence of new business models for banks leveraged through IT and the lead role taken by private-sector banks like IHB has brought enormous pressure on the government-owned commercial banks to review their business models and adopt a higher level of technology and alternate delivery channels in order to maintain their leadership for economic development. The increase in the domestic and global competition, economic downturn, rapid changing market trends and volatile financial market trends have all added to the pressure to the organizations to survive and succeed. Until 1990, the companies and banks had a protected economic regime, limited competition and a regulated environment. This has limited focus on process efficiencies, centralized control structures, highly formalized business and lack of professional business practice. The Indian banking industry is no different from that of the other industries which were facing changing trends and also the leveraging the IT for competitive advantage.

It has been an important factor to remain competitive and grow. The objective of the paper was to understand how the banks exploit IT in the globalised and liberalized business environment especially in the B-C and B-B e-commerce. The difference between the developing and developed countries in formulating and implementing IT, specifically e-business is the distinctive dimension of business environment. Global alliance, advance technology and high skilled professional enabled bank to offer competitive prices. The IT has been the backbone for the bank to grow and manage said the Indian Hope Bank. IT was a strategic imperative, necessary for the survival of the bank. Technology has given advantage to be competitive. IHB was the first bank in India to implement the internet banking in 1998. The business volumes had increased by 20% but the online customers increased by 53%. IHB began to work with telecom companies offering mobile services, so as to offer railway tickets, B-B and B-C transactions. (G. Kannabiran P.C. Narayan 2010).

### **III. RESULTS & DISCUSSION**

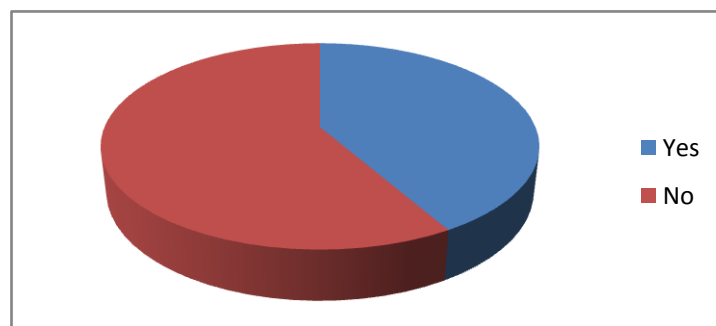
#### **Analysis & Interpretation:**

Numbers of Respondents were 499 , Simple Random Smpling Technique was adopted & IBM SPSS Tool was used . Primary data is data that is collected for the first time and it is also known as unpublished data. It is generally collected from the respondents. In this study the primary data was collected under the following categories:

1. Raw data and fact sheets from the banking magazines and journals database.
  2. By way of questionnaire that the respondents have contributed
- The Data collected has been primarily tabulated & Master table was prepared
  - Sample was tested for reliability using Cronbach's alpha
  - Percentage analysis is the basic tool for analysis
  - Regression analysis a statistical process for estimating the relationships among variables is used

**Table 1: Frequency Table for the question “Has the bank approached you, either to educate or assist/ guide/ regarding the use of mobile banking”**

<b>Yes</b>	<b>208</b>	<b>42%</b>
<b>No</b>	<b>291</b>	<b>58%</b>
<b>Total</b>	<b>499</b>	

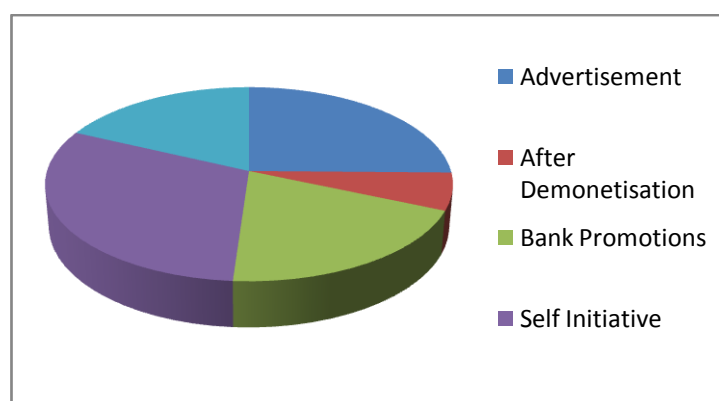


**Figure 1: Pie-Chart for “Has the bank approached you, either to educate or assist/ guide/ regarding the use of mobile banking”**

For the Research question “Has the bank approached you, either to educate or assist/ guide/ regarding the use of mobile banking” ?– 42% of the respondents responded Yes for “Has the bank approached you, either to educate or assist/ guide/ regarding the use of mobile banking” and 58% of respondents responded by saying No for “Has the bank approached you, either to educate or assist/ guide/ regarding the use of mobile banking” .

**Table 2: Frequency Table for the question “How did you come to know about mobile banking?”**

<b>Advertisement</b>	<b>126</b>	<b>25%</b>
<b>After Demonetisation</b>	<b>31</b>	<b>6%</b>
<b>Bank Promotions</b>	<b>98</b>	<b>19%</b>
<b>Self Initiative</b>	<b>154</b>	<b>31%</b>
<b>Word of Mouth</b>	<b>90</b>	<b>18%</b>
<b>Total</b>	<b>499</b>	

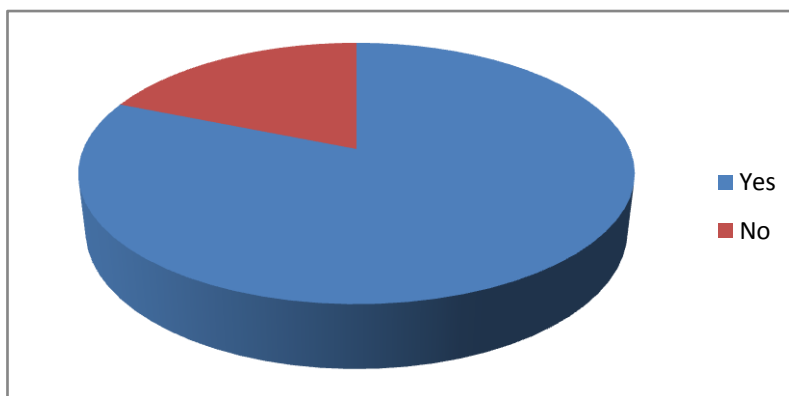


**Figure 2 : Pie-Chart for “How did you come to know about mobile banking?”**

For the Research question “How did you come to know about mobile banking?”– 25% of the respondents responded by saying Advertisement, ”– 6% of the respondents responded by saying After Demonetization, 19% of the respondents responded by saying by Bank Promotions, 31% of the respondents responded by saying by Self Initiative, 18% of the respondents responded by saying by Word by mouth.

**Table 3 : Frequency Table for the question “Did you like the mobile banking features?”**

Yes	405	81%
No	94	19%
Total	499	



**Figure 3: Pie-Chart for “Did you like the mobile banking features?”**

For the Research question “Did you like the mobile banking features?”– 81% of the respondents responded by saying Yes, ”– 19% of the respondents responded by saying No.”

**Statement: Opportunities in mobile banking in relation with bank and its consumers.**

- H<sub>0</sub>. The opportunities in mobile banking are not there as per the bank and its consumers.  
H<sub>1</sub>. The opportunities in mobile banking are there as per the bank and its consumers.

Descriptive Statistics			
	Mean	Std. Deviation	N
Do you use Internet banking frequently	1.40	.490	499
Banks should enforce proper safety of the privacy of the transactions and data	4.17	1.117	499
Would you recommend Mobile Banking to Others?	1.15	.356	499

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.636 <sup>a</sup>	.404	.402	.379	.404	168.368

Considering the F value from the above Model Summary of 168 , it can be easily said there are lot of opportunities in Mobile Banking as per the respondents view point.

## CONCLUSION

Mobile banking is on the cusp of transformation from a niche service for the technologically elite to a mass-market service demanded by all customer segments. As banks develop their strategies for giving customers access to their accounts through cell phones and other mobile devices, they should also regard this emerging platform as a potential catalyst for generating operational efficiencies and as a vehicle for new revenue sources. Moreover, the Dodd-Frank Wall Street Reform and Consumer Protection Act and other regulatory changes are transforming the economics of

banking, creating additional incentives for banks to serve customers in a better, yet more efficient, manner. Additionally, these new and convenient products and services provide banking institutions with a way to reconnect with their customer base and regain some of the trust that was lost as a result of the financial crisis. At the same time, banks must prepare to defend their franchises against threats from not only other financial institutions, but also mobile carriers, credit card processors, and other nonbank competitors that want to help consumers conduct financial transactions wherever they — and their mobile devices — are.

### **Limitation of the Research:**

- It was noted that the respondents has less knowledge of mobile banking services.
- There were not aware of the negative effect of mobile banking
- The respondents were doubtful infilling up the questionnaire when asked for the difference between internet banking, mobile banking and this caused the probing question related to the questionnaire.
- The respondent's answers or responses could have been biased

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