



Vidhyayana - ISSN 2454-8596

An International Multidisciplinary Peer-Reviewed E-Journal

www.vidhyayanaejournal.org

Indexed in: Crossref, ROAD & Google Scholar

110

A Study on Prospects and Challenges of Mobile Banking in India

Ms. Indu Dhiman

(Research Scholar)

Dr Puneeta Sharma

(Head of Department, Economics), CT University, (Ludhiana)

Abstract

Every industry relies on banking as its backbone, and technology plays an important role in every industry. The role of technology is increasing very rapidly day by day, which is also promoting the banking industry. One of the biggest financial institutions that frequently investigates the potential of technology to deliver superior customer service is banking. Banking has changed over time, moving from the old brick and store model where customers waited in line for services to the current one where banks are always available to provide services. With the advancement of technology and the changing demographics and lifestyles of people, traditional branch banking is being replaced by electronic banking (e-banking) and, more recently, mobile banking (m-banking). More people in wealthy nations use cell phones than bank accounts. It's hardly surprise that mobile banking is currently gaining major traction given the convenience of smartphones and their abundance of applications. The main objective of this paper is to discuss about mobile banking, importance of M-banking, major challenge in adoption.

Keywords: Mobile banking, importance, Major Challenges in adoption in Mobile Banking



Introduction:

Customers can now add value to their banking transactions using mobile banking, which has evolved as a wireless communication channel. It has been a few years since mobile phones were used for banking and financial matters, but in that time, a lot of development has been made in the field of modern banking methods and the supply of banking and financial services through mobile phones. This new approach to banking has a lot of potential. An additional meaning of this service is one that allows users to access information via their mobile device, including their bank account balance. Very strong security is used for this. In addition to standard banking services, mobile banking services are provided via mobile networks. The bank's intense focus on the matter is one factor that could lower the cost of banking services while offering distinctive mobile offerings.

The mobile banking is defined as “the provision of banking services to customers on their mobile devices” (Sharma & Kansal, 2012). Mobile Banking refers to provision and usage of banking and financial services with the help of mobile telecommunication devices. Mobile banking is a system that helps the customers to conduct a number of financial transactions with the help of their mobile devices.

The rising use of smartphones and the internet in India has contributed to the development of mobile banking. As the number of individuals with smartphones and other mobile devices continues to increase tremendously, the demand for mobile banking services has risen. In response to this transition, many Indian Financial institutions have devoted significant resources to developing user friendly mobile banking applications.

In India, Mobile Banking activities have surged over the years, with an increasing number of consumers adopting digital tools to monitor their finances. Mobile banking facilities are provided across the country by ~ 96,068 scheduled commercial banks (SCBs), through wireless application protocol (WAP), Short Messages Systems (SMS) and Unstructured Supplementary Service data (USSD). In recent years, several government initiatives and the launch of payment systems like unified payment interface (UPI) and Bharat interface for money (BHIM) have resulted in increased use of Mobile Banking.



Review of Literature:

Chauhan (2012), this paper explores the various challenges in the mobile banking and finds that there was a need of awareness among the mobile banking users so that more and more users will be connected. **V. Devedevan (2013)** in his paper discuss about security concerns, adoption of mobile banking mind-sets, and compatibility with mobile devices. The study's findings indicate that a significant obstacle to the frequent modifications of mobile banking solutions is the advancement of cutting-edge technology in communication systems and mobile devices. In order to improve service, the researcher recommended to raise awareness among current customers and offering mobile bankers exclusive incentives. **Renju Chandran (2014)** suggested three steps and some suggestions for efficiently managing and enhancing the mobile banking services. The author outlined the advantages, restrictions, and issues that consumers have when using mobile banking and offered recommendations for how to make the service better. **Singh & Sinha (2016)** examined the impact of mobile banking on the customer's perception and also tried to analyze their experience after using mobile banking. Accessibility, Security, Value Added services, App compatibility, Awareness, User Friendly System and Feasibility were the main factors influencing usage of mobile banking. They concluded that customer prefer mobile banking if system is user friendly and provide better services. **Jose and Dr. Varghese (2018)** examined the key factors influenced Indian customers for adoption of mobile banking. They revealed that mobile banking adoption was significantly influenced by perceived usefulness, perceived ease of use, perceived risk and trust. **Kanimozhi and Subathradevi (2019)**, study was to identify the mindset and analyze the security issues in Mobile banking among the banking customers in India. **Chindengwike, J., (2022)** examines the contribution of mobile banking informational service on customer satisfaction in Tanzanian commercial banks. It concludes that mobile banking enhances customer satisfaction and recommends efforts to enhance mobile banking technology. **Yalley A.A. and Mensah R.D., (2023)**, the paper discusses the factors influencing behavioral intention towards mobile banking, including perceived ease of use, perceived usefulness, social influence, perceived behavioral control, perceived trust, attitude,



and perceived risk. It also mentions that behavioral intention influences actual behavior and customer satisfaction.

Objectives of Mobile Banking:

1. To check the importance of Mobile banking services
2. To find out the challenges faced by the consumers during the usage of Mobile banking.

Research Methodology

To cope with the objectives of the paper, an evaluative and descriptive method has been adopted. The paper relies on select secondary data collected from various reports, websites, journals, relevant books, and research articles in the proposed area of study under consideration.

Importance of Mobile Banking:

The mobile banking allows customers to check their account balances, make transfer, pay bills and even apply for loans without leaving their homes. The proactive measures taken by the Indian government to promote digital transactions and cashless economies have also facilitated the usage of Mobile banking. As per Mobile banking statistics for the month of Dec 2023, Number of active customer using Mobile banking was 248979109.

India Mobile Banking Transactions: Value data was reported at 27,982,499.143 INR mn in Dec 2023. This records an increase from the previous number of 26,410,598.433 INR mn for Nov 2023. India Mobile Banking Transactions: Value data is updated monthly, averaging 1,348,393.690 INR mn from Apr 2011 to Dec 2023, with 153 observations. The data reached an all-time high of 27,982,499.143 INR mn in Dec 2023 and a record low of 760.000 INR mn in Apr 2011.

India Mobile Banking Transactions in terms of Volume, data was reported at 11,582.337 Unit mn in Dec 2023. This records an increase from the previous number of 10,817.437 Unit mn for Nov 2023. India Mobile Banking Transactions: Volume data is updated monthly,

averaging 114.257 Unit mn from Apr 2011 to Dec 2023, with 153 observations. The data reached an all-time high of 11,582.337 Unit mn in Dec 2023 and a record low of 1.080 Unit mn in Apr 2011.

The principal importance of Mobile Banking are as follows:



- 1) **Convenience:** Customers can use mobile banking services to view their accounts, transfer money fast and pay bills. Customers can now transact money whenever they choose, from the comfort of their own homes.
- 2) **Accessibility:** The advantage of mobile banking is that they may be used from any location. The ability to use mobile banking apps from anywhere is a benefit, especially for rural individuals who might need quick access to other financial options. They are free to do their banking whenever and whenever they like.
- 3) **Time-saving:** Mobile banking services help the consumers in saving their time by conducting transactions without physically visiting a bank branch.
- 4) **Increased Security:** According to RBI regulations, In order to protect customers' financial transactions, banks are required to offer two factor authentication to their customers.

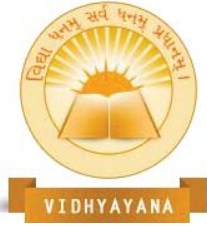


- 5) **Simple Transaction Tracking:** Using Mobile banking, Consumers can conveniently check any activity on their accounts, including deposited and withdrawn funds, account balances, and other details.
- 6) **Cost Effective:** Mobile banking saves clients' money because they do not have to pay for parking to get to the bank.
- 7) **Cashless Economy:** The government's backing for digital transactions and cashless economies has led to the growth of mobile banking in India.
- 8) **Personalised Experience:** mobile banking can provide a personalised banking experience by allowing users to customize various settings according to their preferences.
- 9) **Paperless Banking:** Transactions conducted using mobile banking apps are conducted without paper, hence reducing the environmental effect of banking.

Challenges faced by the consumers during the usage of Mobile banking. :

The list of scholarly publications related to various challenges faced during mobile banking with factors like perceived fear, security threats, transaction cost.

Sr No.	RESEARCH AREA	FOCUS AREA	REFERENCES
1	Transaction cost, security issues	the effect of convenience, cost, privacy, security, and responsiveness of mobile banking	Ghimire Binod and Dhakal Abhishek (2023)
2	Privacy issues	Banks should manage the risks associated with online banking and reassure their customers about the most recent security and protection for mobile banking in order to foster trust in the service.	(K. Madhu Babu, 2020)
3	Confidential issues	Mobile banking poses a number of risks, the most significant being security related. Mobile banking carries several hazards, including the possibility of phishing, hacking, and personal information leaking.	(Ashish kumar, 2020)
4	Perceived Fear	Urban customers acknowledged during the study that using technology-based banking	(Dr. Chandana



		services is linked to perceived fear, high costs, and transaction risk.	Goswami, 2018)
5	Security Threats	According to a study, consumers prefer using ATMs over mobile banking when doing certain activities. The primary cause of the low use of mobile banking is security concerns.	(Bhatt, 2016)
6.	Trust issues	Building customers' trust is essential for banks to enable them to accept and use mobile banking, as it involves a significant degree of risk and uncertainty.	(M, 2016)
7	Perceived Fear	A study examined that if banks use robust service provider techniques and offer protection against fraud and privacy violations, customers will be more likely to trust mobile banking. This will increase adoption of mobile banking, and those customers who are already using it will continue use mobile banking.	(Nitin Nayak , 2014)
8	Perceived Risk	According to the study, perceived risk plays a significant impact on both the perception of service quality and the continuation of mobile banking usage.	(Ravindran, 2012)

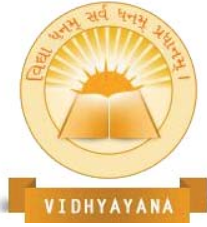
Conclusion:

Mobile banking enable to banking task more fast and easy have a positive effect. So mobile banking transaction via mobile phones anytime, anywhere in India. Mobile banking integration gives the easy – to –use function, fast accessibility, and relevancy and user-friendly surfaces. Mobile banking allows individuals to perform their daily banking tasks in a quick and simple manner. But there is some security related risk and challenges may come to overcome these risk and challenges we have to improve our security system and improve the authentication system for secure services and make trust in customer to use of mobile banking services and can remove barrier in adoption of mobile banking services.



Reference:

- Dr. Parul Deshwal, (2015) “A Study of Mobile Banking in India”, International Journal of Advanced Research in ISSN: 2278-6244 IT and Engineering Impact Factor: 5.418
- Katanakal Sarada and Dr. K. Nirmalamma, (2021) “Factors Affecting Customers in Adoption of Mobile Banking”, International Conference on Management, Science, Technology, Engineering, Pharmacy and Humanities (ICM STEP) – 2021 | ISSN: 2349-6002
- Dr.K. Kavitha, (2015) “Mobile Banking Supervising System- Issues, Challenges & Suggestions to improve Mobile Banking Services”, ACSIJ Advances in Computer Science: an International Journal, Vol. 4, Issue 4, No.16 , July 2015,ISSN : 2322-5157, www.ACSIJ.org
- Chauhan, D. M. (2012). A Study on Customer Perception towards Mobile Banking: Technology Adoption and Challenges. Indian Streams Research Journal, Vol. 2, No. 10, pp. 1-4.
- Kanimozhi and Subathradevi, (2019) “Mobile Banking in India – Issues & Challenges”, 2019 IJRAR June 2019, Volume 6, Issue 2 www.ijrar.org (E-ISSN 2348-1269, P- ISSN 2349-5138)
- Renju Chandran (2012) “Pros and Cons of Mobile Banking”- International Journal of Scientific Research Publications, Volume 4 Issue 10 October 2014.ISSN 2250-3153
- V.Devadevan (2013) “Mobile Banking in India- Issues & Challenges” – International Journal of Engineering Technology and Advanced Engineering, Volume 3, Issue 6, June 2013. ISSN 2250-2459
- Singh, N., & Sinha, N. (2016). A Study on Mobile Banking and its Impact on Customer's Banking Transactions: A Comparative Analysis of Public and Private Sector Banks in India. FIIB business review, 5(2), 57-70. 23
- Jose & Varghese (2018). Consumer adoption of mobile banking in India: examining the role of usefulness, ease of use, perceived risk and trust. International Journal of Research and Analytical Reviews, 5(4), 97-103



- Chindengwike, (2022) "The Contribution of Mobile Banking Informational Service on Customer Satisfaction in Tanzanian Commercial Banks," Journal of Global Economy, Research Centre for Social Sciences, Mumbai, India, vol. 18(3), pages 189-197, September.
- Yalley A.A. and Mensah R.D., (2023). Mobile banking usage behavior. doi: 10.4337/9781803922652.00018
- <https://www.datavsn.com/the-increasing-popularity-of-mobile-banking-in-India/>
- K. Madhu Babu, M. A. (2020). Customer Points of View about Mobile Banking Reception in Banking Reception in India – A Bunch Investigation. Journal of Engineering Science, 11(6), 1183-1188.
- RBI Bulletin (www.rbi.org.in)
- Ashish kumar, S. D. (2020). A Framework of Mobile Banking Adoption in India. J. Open Innov. Technol. Mark., 6(2), 40-52.
- Dr. Chandana Goswami, K. B. (2018). Technology based Banking Behavior of Urban Customers: An Empirical Study in Kamrup Metro Districts of Assam, India. Asian Journal of Research in Banking and Finance, 8(4), 20-47.
- Bhatt, A. (2016). Factors Affecting Customer's Adoption of Mobile Banking Services. Journal of Internet Banking and Commerce, 2(1), 1-22.
- M, B. (2016). Impact of Dimensions of Mobile Banking on User Satisfaction. Journal of Internet Banking and Commerce, 21(1), 1-22.
- Nitin Nayak, V. N. (2014). A Study of Adoption Behaviour of Mobile Banking Services by Indian Consumers. International Journal of Research in Engineering & Technology, 2(3), 209-222.
- Ravindran, R. K. (2012). An Empirical Study on Service Quality Perceptions and Continuance Intention in Mobile Banking Context in India. Journal of Internet Banking and Commerce, 17(1), 1-21.
- Ghimire Binod and Dhakal Abhishek (2023), Effect of Mobile Banking on Customer Satisfaction in Commercial Banks in Nepal, Nepalese Journal of Management Science and Research (NJMSR), ISSN: 2467-9356, Vol VI, Issue: I.