
Customer Perception On Mobile Banking

Jitendra Kumar Mishra*
Teerath Prasad Vishwkarma**

Abstract

Mobile usage has seen an explosive growth in most of the Asian economies like India, China and Korea. The main reason that Mobile Banking scores over Internet Banking is that it enables 'Anywhere Anytime Banking'. Customers don't need access to a computer terminal to access their bank accounts, now they can do so on-the-go while waiting for the bus to work, traveling or when they are waiting for their orders to come through in a restaurant. Mobile banking in India is set to explode - approximately 43 million urban Indians used their mobile phones to access banking services during quarter ending August, 2009, a reach of 15% among urban Indian mobile phone user. As per a survey made by Bangalore based research firm that tracks current and future mobile trends in India has revealed that the most popular mobile banking services used by consumers are Checking accounts, to view last three transactions, status of checks, payment reminders, to sent a request for new check book. The present study is done to know the awareness of mobile banking among banking customers and their perceptions on mobile banking and the impact of mobile banking on customers. The research was conducted by taking 100 account holders of various banks.

Introduction

Customer anytime can access to internet for Internet Banking if that facility is given by their banks. Customer's could check out their account details, get their bank statements, perform transactions like transferring money to other accounts and pay their bills sitting in the comfort of their homes and offices. However the biggest limitation of Internet banking is the requirement of a PC with an Internet connection, not a big obstacle if we look at the US and the European countries, but definitely a big barrier if we consider most of the developing countries of Asia like China and India. Mobile banking addresses this fundamental limitation of Internet Banking, as it reduces the customer requirement to just a mobile phone. Mobile usage has seen an explosive growth in most of the Asian economies like India, China and Korea. The main reason that Mobile Banking scores over Internet Banking is that it enables 'Anywhere Anytime Banking'. Customers don't need access to a computer terminal to access their bank accounts, now they can do so on-the-go while waiting for the bus to work, traveling or when they are waiting for their orders to come through in a restaurant. The scale at which Mobile banking has the potential to grow can be gauged by looking at the pace users are getting mobile in these big Asian economies. According to the Cellular Operators' Association of India (COAI) the mobile subscriber base in India hit 40.6 million in the

August 2004. In September 2004 it added about 1.85 million more. The explosion as most analysts say, is yet to come as India has about one of the biggest untapped markets. China, which already witnessed the mobile boom, is expected to have about 300 million mobile users by the end of 2004. All of these countries have seen gradual roll-out of mobile banking mobile phones to pay bills in shops eServices, the most aggressive being Korea which is now witnessing the roll-out of some of the most advanced services.

Definition of Mobile Banking

Mobile banking (also known as M-Banking, banking, SMS Banking) is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or Personal Digital Assistant (PDA). The earliest mobile banking services were offered over SMS. With the introduction of the first primitive smart phones with WAP support enabling the use of the mobile web in 1999, the first European banks started to offer mobile banking on this platform to their customers. Mobile banking has until recently (2010) most often been performed via SMS or the Mobile Web. Apple's initial success with phone and the rapid growth of phones based on Google's Android (operating system) have led to increasing use of special client programs, called apps, downloaded to the mobile device. In one academic model mobile banking

*Student, Pioneer Institute of Professional Studies, Indore

**Student, Pioneer Institute of Professional Studies, Indore

is defined as: Mobile Banking refers to provision and a ailment of banking- and financial services with the help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information.” According to this model Mobile Banking can be said to consist of three inter-related concepts:

- Mobile Accounting
- Mobile Brokerage
- Mobile Financial Information Services

Most services in the categories designated Accounting and Brokerage are transaction-based. The non-transaction-based services of an informational nature are however essential for conducting transactions - for instance, balance inquiries might be needed before committing a money remittance. The accounting and brokerage services are therefore offered invariably in combination with information services. Information services, on the other hand, may be offered as an independent module. Mobile phone banking may also be used to help in business situations as well as finance. The advent of the Internet has enabled new ways to conduct banking business, resulting in the creation of new institutions, such as online banks, online brokers and wealth managers. Such institutions still account for a tiny percentage of the industry. Over the last few years, the mobile and wireless market has been one of the fastest growing markets in the world and it is still growing at a rapid pace. According to the GSM Association and Ovum, the number of mobile subscribers exceeded 2 billion in September 2005, and now (2009) exceeds 2.5 billion.

Mobile Banking Services:

Account Information

1. Mini-statements and checking of account history
2. Alerts on account activity or passing of set thresholds
3. Monitoring of term deposits
4. Access to loan statements
5. Access to card statements
6. Mutual funds / equity statements
7. Insurance policy management
8. Pension plan management

9. Status on cheque, stop payment on cheque
10. Ordering cheque books
11. Balance checking in the account
12. Recent transactions
13. Due date of payment (functionality for stop, change and deleting of payments)
14. PIN provision, Change of PIN and reminder over the Internet
15. Blocking of (lost, stolen) cards

Payments, Deposits, Withdrawals, and Transfers:

1. Domestic and international fund transfers
2. Micro-payment handling
3. Mobile recharging
4. Commercial payment processing
5. Bill payment processing
6. Peer to Peer payments
7. Withdrawal at banking agent
8. Deposit at banking agent

Challenges for Mobile Banking

Hand Set 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: Security of financial transactions, being executed from some remote location and transmission of 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.

Scalability and Reliability: Another challenge for the CIOs and CTOs of the banks is to scale-up the mobile banking infrastructure to handle exponential growth of the customer base. With mobile banking, the customer may be sitting in any part of the world (true anytime, anywhere banking) and hence banks need to ensure that the systems are up and running in a true 24 x 7 fashion. As customers will find mobile banking more and more useful, their expectations from the solution will increase. Banks unable to meet the performance and reliability expectations may lose customer

confidence. There are systems such as Mobile Transaction Platform which allow quick and secure mobile enabling of various banking services. Recently in India there has been a phenomenal growth in the use of Mobile Banking applications, with leading banks adopting Mobile Transaction Platform and the Central Bank publishing guidelines for mobile banking operations.

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.

Personalization: It would be expected from the mobile application to support personalization such as :

1. Preferred Language
2. Date/Time format
3. Amount format
4. Default transactions
5. Standard Beneficiary list

Review of Literature: The scale at which Mobile banking has the potential to grow can be gauged by looking at the pace users are getting mobile in these big Asian economies. According to the Cellular Operators' Association of India (COAI) the mobile subscriber base in India hit 40.6 million in the August 2004. In September 2004 it added about 1.85 million more. The explosion as most analysts say, is yet to come as India has about one of the biggest untapped markets. China, which already witnessed the mobile boom, is expected to have about 300 million mobile users by the end of 2004. Most Popular Banking Service on Mobile: Checking account balances is the most popular banking service used by urban Indians with almost 40 million users followed by checking last three transactions, 28 million and status of cheques with 21 million users. Usage Unique Users (In millions) Used mobile banking 43.70 Checking account balance 39.97 View last three transactions 28.15 Status of cheques 21.06 Payment reminders 20.92 Request a cheque book 19.11 Mobile banking is popular among

the Rs.1 to 5 lakhs per year income group with almost 60% of mobile banking users falling in the income bracket, an indicator of adoption of this service by younger generation.

Most Popular Bank: ICICI bank maintains its position as country biggest private lender on mobile screen as well with 17.75 million users. HDFC account for second most subscribers with 9.1 million subscribers followed by State Bank of India with 6.13 million subscribers.

Mobile Banking not yet Popular in Rural India: In spite of efforts from different organizations, mobile banking has not succeeded in taking banking to the rural areas the way it is expected to. There are many reasons for this :

1. It is not feasible for all banks as the volume and value of transactions are very low.
2. It is not only enough to have simplified offerings but also educate the prospective customers on the same and this is lacking.
3. The banking agents have to be aware of products and services and also have enough incentives to get more customers.
4. The important aspect here is that the concerned organizations are aware of the challenges and are working towards solutions. Once customers' concerns are addressed through education and they are assured that their money is in safe hands and they get good service, there will be no looking back for mobile banking in India.

Chantal Tode, (2011) and Ms. Jennifer Canfield, financial services senior associate at Web traffic analysis service Compete Inc., Boston said that "Increasing mobile banking fees would certainly slow consumer adoption of mobile banking services". Because mobile banking awareness, adoption, and intent to adopt are all low and because mobile banking has a high ROI, banks should focus on building awareness and encouraging adoption, not putting up more barriers. The current rate of adoption for mobile banking is low and any additional fees might scare away consumers who already are not sure if they need the service. According to Compete, 54 percent of bank account owners have used a mobile device to manage their checking and savings accounts in some way but only 11 percent of bank account owners have used remote check deposit.

Rajnish Tiwari , Stephan Buse , Cornelius Herstatt , (2006)- Mobile Banking as Source of Revenue to banks-Mobile Banking can also serve as a source of revenue. Mobile services can be offered on a premium basis. The price, in this case, should be reasonable enough so that customers are willing to pay them but at the same time they should be – from a financial point of view – higher than the costs incurred by the bank. Additional revenues can be generated in two ways:

- i) Offering innovative, premium services to existing customers;
- ii) Attracting new customers by offering innovative services, whereby new customers contribute to revenue generation not only by utilizing mobile services but also by using other conventional distribution channels.

Layla. Alsheikh and Jamil. Bojei (2012)- Mental accounting theory proposed by Thaler involves a process of coding, categorizing and evaluating the outcomes of the decisions. It explains the importance of transaction related attributes associated with customer decision making in the presence of risk and uncertainty. Online purchasing decisions and the adoption of other technological applications can be explained using this theory by examining customer behavior towards the value of such technologies. For users of mobile value added services, the value maximization might be their essential principle of decision-making. Mental accounting theory therefore is appropriate for the analysis of mobile banking services usage, as customers tend to make decisions based on multiple attributes. When a customer decides to avail a service such as mobile banking he goes through a mental process that considers the trade-off between what they get and what they give.

“Consumers and Mobile Financial Services”, March 2012, - As of March 2011, nearly one out of every five Americans with both a bank account and a mobile phone has used their phone to view account balances, receive account alerts, and conduct banking with their financial institution in the past 90 days. Although mobile payments have been adopted more slowly by consumers in the U.S. than in many other countries, these services may become more popular over the coming years as the technology evolves and if the services become more widely accepted as a form of payment, an annual global banking survey on “a new era of customer expectation-Rebuild brand perception,

conducted by ERNST & YOUNG by taking more than 20,500 participants has revealed the following things for rebuilding the customer confidence they are:

Brand Enhancement Programs: All elements of the customer experience, at both the national and local level, need to be reassessed with continued investments made in customer charters and innovative approaches to marketing the bank's ethos and service offerings.

Personalizing Banking: Personalization is a vital element of a successful customer relationship and a cohesive approach to the development of tailored products and services will help to improve brand perception.

Create Brand Ambassadors: To ensure that the sales force represents the bank's brand there needs to be a continued focus on transparent and sustainable incentive models and an adequate customer relationship model.

Embrace Online Innovation: Adopting a coherent social media approach will help improve brand perceptions and leverage the benefits of online advocacy.

ARUN PRABHUDESAI (2012)

Mobile Banking has really caught up in India – according to recently conducted survey by ACI(for 4200 respondents in 14 countries) Worldwide, 76% of Indian mobile respondents used their mobiles for banking in last 6 months. This percentage is highest across the world. Comparatively, only 38% respondents from US, and 31% from UK used mobile banking in last 6 months. China, came in after India with 70% users using mobile banking followed by South Africa (61%). The global average for Mobile Banking adoption rate stands at 35%. India comes in 2nd in terms of making payments on mobile. 64% of the survey respondents from India used their mobile phones to make payment at least once in last 6 months, while Chinese led the pack with 66%. Surprisingly, only 30% of US respondents & 23% of UK respondents have made payments on mobile in last 6 months.

Need of The Study: In the current busy life people do not have time to do their money transactions through banks by standing in a queue to deposit, payments, withdraw, transfer money from one account to another account, etc By recognizing the needs of the customers

bank introduced alternative methods for customers to fulfill their needs related to bank transactions some of them are Internet banking and mobile banking .Internet banking requires a computer with internet connection with which from any place in the world with an internet connection by sitting in front of the system customer can complete his bank transactions. But there is a limitation for with Internet banking is that the computers are not mobile or a person cannot carry that with him and people may not have computer with them so to satisfy the needs of those customers' banks have introduced mobile banking. Which is more convenient to handle, easy to hold and moreover these days it is difficult to identify people without holding mobile phone. The present study is taken up to study to what extent people are aware about mobile banking , for what purposes they are using mobile banking and to the perception of the customers on safety of the transactions with mobiles and their satisfaction levels on usage of mobile banking .

Importance of The Study: Mobile banking through cell phone offers many advantages for customers as well as banks. Some of them are as follows:

1. Mobile banking has an edge over internet banking. In case of online banking, an internet connection and a computer is must. This is a problem in developing countries. However, with mobile banking, connectivity is not a problem .Mobile connectivity in the remotest of places also where having an internet connection is a problem.
2. Making transactions or pay bills anytime. It saves a lot of time.
3. Mobile banking thorough cell phone is user friendly and the interface is also very simple. It also saves the record of any transactions made.
4. Cell phone banking is cost effective. Various banks provide this facility at a lower cost as compared to banking by self.
5. Banking through mobile reduces the risk of fraud as it get an SMS whenever there is an activity in customers' account. This includes deposits, cash withdrawals, funds transfer etc. You will get a notice as soon as any amount is deducted or deposited in your account.
6. Banking through cell phone benefits the banks too. It cuts down on the cost of tele- banking and

is more economical. It serves as a guide in order to help the banks improve their customer care services.

7. Banks can be in touch with their clients with mobile banking.
8. Banks can also promote and sell their products and services like credit cards, loans etc. to a specific group of customers.
9. Various banking services like Account Balance Enquiry, Credit/Debit Alerts, Bill Payment Alerts, Transaction History, Fund Transfer Facilities, and Minimum Balance Alerts etc. can be accessed from the mobile.

Statement of Problem: As there are many advantages through mobile banking compared with internet banking but the problem here it is that whether the customers of banks are aware about the mobile banking services provided by their respective banks, if they are aware to what extent the customers are availing those facilities and the type of services they are availing frequently. The customers' perception towards the transaction security and the satisfaction levels of the mobile banking users. The following study concentrates on the above mentioned aspects.

Objectives:

To study briefly about Mobile Banking in India.

To know the awareness of mobile banking among banking customers

To study the perception of customers on mobile banking

To study the impact of mobile banking on customer

ANALYSIS OF THE DATA:

According to Gender :

Gender	No. of respondents	percentage
Male	81%	81%
Female	19%	19%
Total	100%	100%

According to Age :

Age	No. of candidate	percentage
18 to 30	70%	70%
30 to 40	20%	20%
41 to 50	7%	7%
50 to 60	2%	2%
60 to above	1%	1%

Awareness About Mobile Banking: Out of 100 respondents, 66 % respondents are aware about mobile banking. 34 % respondents are not aware about mobile banking.

Suggestions:

1. Before providing the mobile banking awareness among the customers is necessary, today there are millions of people are holding mobiles and are having account in the banks but, among them few are using mobile banking, this is because of lack of awareness about the utilization of mobiles. Therefore the first thing that banks need to do is that they need to aware public about the application of mobile banking then it will be cheaper for customers as well as for banks.
2. Awareness among rural customer who are account holders and using mobile phones is another important aspect on which banks need to concentrate. For that they need to explain advantages usage of mobiles for doing banking transactions.
3. The operating method should be easy and understandable to any one so, that a customer who is new to mobile banking can easily complete the transaction.
4. Mobile banking depends on network, if there is no proper network there is no use of mobile banking. So to develop the mobile banking there should be developing efficient network. Therefore banks need to concentrate on this also.
5. In mobile banking there are certain security problems like hacking of information and password affecting the usage of mobile banking, therefore banks needs to maintain strong security so that customers can believe and use mobile banking for effective transactions.

Conclusion

Mobile banking is poised to become the big killer mobile application arena. However, Banks going mobile the first time need to tread the path cautiously.

The biggest decision that banks need to make is the channel that they will support their services on. Mobile banking through an SMS based service would require the lowest amount of effort, in terms of cost and time, but will not be able to support the full breath of Transaction-based services. However, in markets like India where a bulk of the Mobile population users' phones can only support SMS based services, this might be the only option left. On the other hand a market heavily segmented by the type and complexity of mobile phone usage might be good place to roll of WAP based mobile applications. WAP based service can let go of the need to customize usability to the profile of each mobile phone, the trade-off being that it cannot take advantage of the full breadth of features that a mobile phone might offer. Mobile application standalone clients bring along the burden of supporting multiple Mobile device profiles. According to the Gartner Group, mobile banking services will have to support a minimum of 50 different device profiles in the near future. However, currently the best user experience, depending on the capabilities of a mobile phone, is possible only by using standalone client. Mobile banking has the potential to do to the mobile phone what E-mail did to the Internet. Mobile Application based banking is poised to be a big m-commerce feature, and if South Korea's foray into mass mobile banking is an indication, mobile banking could well be the driving factor to increase sales of high-end mobile phones.

Scope for Further Research: As this study is restricted to 200 respondents of bank account holders which can be increased and the present has concentrated on mobile banking users further the research can be extended by taking banks and their problems in provision of mobile banking services and Their further developments in mobile banking.

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