

## MOBILE BANKING: AN INNOVATION IN INDIAN BANKING SECTOR

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### ABSTRACT

*Technology plays a significant role in banking sector. India's telecommunication network is the second largest in the world by number of telephone users with 1.183 billion subscribers as on 31 May 2019. Banking is one of the largest financial institutions constantly exploring the opportunities of technology enabled services to provide better customer experience and convenience. Mobile Banking is one of the most widely used services that have become part of every individual in the information era. This is an emerging alternate channel for providing banking services. India is the second largest telecom market in the world, which is having high potential for expanding banking services using mobile. The main objective of this study is to understand the need of mobile banking as the necessity for future India and to identify the mindset of the customers regarding Mobile banking in regard to its innovative services in India.*

**KEYWORDS:** *Digital Marketing, Banking Services, Mobile Banking, Telecommunication Network.*

### Introduction

Using internet on the smart mobile phones for the exchange of goods and services is termed as M-Commerce. Gone are the days of direct selling door to door. Now is the era of selling through mobile phones with a click. With digitalization and digital marketing, sales have increased tremendously over the past few years. This not only increases quality and quantity of delivered goods but also provides ease and convenience to customers. In this busy world, everyone aims at saving time. And when shopping is just a click away, what is the need to go to shopping malls.

Mobile Banking is one of the most widely used services provided by M-commerce industry. No one is interested to go to banks and stand in queues for operating banking services. Now, 80% of the population is using smart phones and with the spread of education and publicity, 85% of these users are availing the mobile banking services provided by banks free of cost or at very nominal charges. Not only in urban sector, but in rural sector also, mobile banking apps are used. Mobile banking apps are now considered as a significant tool for doing banking transactions. From transferring funds from one account to another, depositing money in fixed deposits and also, to liquidate funds whenever required, everything is one click away.

### Objectives of the Study

The objectives of the study are as follows:

- To understand the need of mobile banking as the necessity for future India
- To study the concept of innovation in banking industry
- To establish mobile banking as an innovative next generation banking tool
- To identify ways by which mobile banking can replace banking industry working trends

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### Need For the Study

To reach different level of customers and to expand its business, Banks are constantly adopting technology. Apart from ATM, Internet banking and other technology enabled services, Mobile Banking is one of the services provided by banks to its customers. Astonishing growth in telecommunication sector, its penetration including rural population and technology feasibility are the major factors for the introduction of Mobile banking services. The need of the study is to analyse the factors which attract the customers to use mobile banking instead of standing in queues to get their work done.

### Review of Literature

**Bharti Motwani, Sukhjeet Matharu, Sharda Haryani (2017)** in their study "A comparative Study of Mobile Banking Services in Public and Private Sector Banks" pointed out that the following steps taken by the banks will improve the usage of mobile banking & Training courses to be conducted to the customers without charging any fee to encourage the usage of mobile banking. Every customer can be given manual which gives information about the usage of mobile banking.

**Anayasi and Otubu (2016)** in their study "Mobile Phone Technology in Banking System":- Its Economic Effect" observes effects on economy due to mobile banking and its offering of different services to the customers and found that it helps money management without cash handling, gives greater scope for the extension of mobile banking business to all the remote areas, which contributes towards economic development.

**Shamsher Singh (2014)** in his study" Customer Perception of Mobile Banking: An Empirical Study in National Capital Region Delhi"; finds the following factors are considered as a hindrance for using mobile banking by the customers Safety and security issues Technological difficulties The study also revealed that the banks should try to increase the confidence level of customers which will have the positive impact on the customer's perception

### Research Methodology

In this study, both primary and secondary data is used. The Mobile Banking services provided by all sector of banks were collected from all banking sector using the Questionnaire format for data collection in the city of Jaipur. The questionnaire was designed to include questions related to the services provided through mobile banking to its customers and the level of customer satisfaction derived from using such apps.

### Technological Advancement of Mobile Banking Services

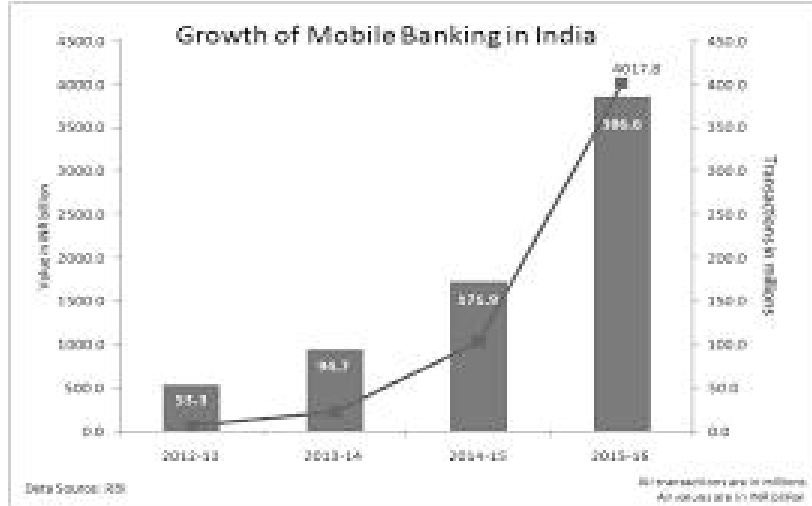
According to the statistics of the Reserve Bank of India's (RBI) annual report for 2017-18, mobile banking services witnessed a growth of 92 per cent and 13 per cent in volume and value terms, respectively. The number of registered customers rose by 54 per cent to 251 million at end-March 2018 from 163 million at end-March 2017. In general, the share of electronic payments in the total volume of retail payments has gone up. The share of electronic transactions in the total volume of retail payments increased to 92.6 per cent in 2017-18, up from 88.9 per cent in the previous year with a corresponding reduction in the share of paper-based clearing instruments from 11.1 per cent in 2016-17 to 7.4 per cent in 2017-18.

The Real Time Gross Settlement (RTGS) system handled 124 million transactions valued at ' 1,167 trillion in 2017-18, up from 108 million transactions valued at ' 982 trillion in the previous year. At the end of March 2018, the RTGS facility was available through 1,37,924 branches of 194 banks. The NEFT system handled 1.9 billion transactions valued at around '172 trillion in 2017-18, up from 1.6 billion transactions valued at '120 trillion in the previous year, registering a growth of 20 per cent in terms of volume and 43.5 per cent in terms of value. At the end of March 2018, the NEFT facility was available through 1,40,339 branches of 192 banks, in addition to a large number of business correspondent (BC) outlets. During 2017-18, the number of transactions carried out through credit cards and debit cards was 1.4 billion and 3.3 billion, respectively. Prepaid payment instruments (PPIs) recorded a volume of about 3.5 billion transactions, valued at ' 1,416 billion.

### Analysis of Data

Mobile Banking is one of the most popular services used by Indians. More than 43.7 million mobile users used Mobile banking services in one form or the other. Among the respondents of bank customers, it was found that the conventional mobile phone users are 23% and smart phone users are 77%. The awareness about the Mobile Banking facility provided by the bank was tested by 84.6%

customers, 6.2% customers mentioned their bank does not provide the facility and 9.2% customers are not aware about the mobile banking facility from their bank. The data also indicates 75.4% of bank customers are using and tested the mobile services of their bank and 24.6% of customers have not tested the facility.



Here is the breakup of various Mobile Banking services used for the quarter ending June 2019:

Nature of Mobile Banking Services	Unique Users (in Million)
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 and Future India**

India’s telecommunication network is the second largest in the world by number of telephone users with 1.183 billion subscribers as on 31 May 2019. With 70% of the population staying in rural areas and a telecom penetration of 58.45% as of July 2018, the rural market would be a key growth driver in the coming years. With 604.21 million internet subscribers, as of December 2018, India ranks as the world’s second largest market in terms of total internet users. Further, India is also the world’s second largest telecommunications market, with total subscriber base of 1,183.51 million at the end of March 2019. Moreover, in 2017, India surpassed USA to become the second largest market in terms of number of app downloads. The country remained as the world’s fastest growing market for Google Play downloads in the second and third quarter of 2018. Over the next five years, rise in mobile-phone penetration and decline in data costs will add 500 million new internet users in India, creating opportunities for new businesses as well. With such high penetration of internet users on mobile phones and with such high pace of growth among mobile banking users, the data is expected to rise by 50% within a span of 5 years.

**Findings & Conclusion**

Based on the survey, it is found that most of the respondents are using mobile banking services provided by their banks. The majority of the users are comfortable with using the mobile banking facility because of convenience, quick accessibility and ease of doing transactions. It is depicted from the study that the evolution of different technology in communication system and mobile device has helped most of the customers in terms of saving time and conveyance costs. Also, the ease in liquidity attracts them to use this facility. The best part which most of the customers like about this facility is quick and easy money transfers all over the world. Earlier it was a major challenge to transfer funds abroad. This innovative technological advancement is not only a boon to banking industry but also to its customers.

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