

MOBILE BANKING: PROSPECTS AND CHALLENGES

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ABSTRACT

Mobile banking is a technology that enables customers of a bank to perform financial transactions and banking operations remotely from their mobile (cell phone or tablet). They can view account balance, transfer funds, pay bills and do online purchases from the comfort of their homes and offices. While it has proven to be of great value to the customers, banks have also been able to utilize this opportunity to increase their overall business while increasing customer satisfaction simultaneously. There are many ways through which banking services could be accessible on mobile, like use of smartphone applications, text messages and USSD, ensuring the widespread use of this service. Even though mobile banking has emerged out to be a very successful and scalable disruptive technology, there are a lot of challenges like interoperability and security of transactions, which still need attention and immediate resolution.

KEYWORDS: *Mobile Banking, Banking Operations, Cell Phone or Tablet, USSD.*

Introduction

Mobile banking increases ease of use, flexibility, speed and enables secure transactions providing user a rich and safe banking experience. Apart from doing banking transactions and enquiries, users can get real time updates for products and services and can take bank's help for any emergency services like reporting fraudulent transactions or blocking of credit/ATM cards. Users can utilize their time more efficiently as they don't need to do banking operations in office hours only like previous times, they can use this service 24X7, as and when they feel comfortable. No need to stand in long queues in banks for getting their basic queries addressed, they can do almost everything through their mobile on a real time basis. For example, IndusInd Bank has gone to the next level and has introduced Video Banking, where the customers can interact with the relationship officers through video calling and get their queries/issues resolved in real time.

Mobile Banking has proven to be revolutionary for the banking sector. It has reduced the number of customers visiting the branches for various reasons, reducing the workload on its employees and the cost of handling transactions. Almost all non-cash transactions can be done through mobile banking. This service is available 24X7, and has a limit on the amount and number of transactions to avoid frauds and suspicious transactions. It gives banks an opportunity to tap the customer beyond the geographical boundaries for upselling and cross-selling their products and services. Banks can now collect user specific data which can help them understand the customer behaviour and use this information to modify their products and services for the benefit of the user. They can group similar users and conduct various targeted marketing campaigns customized for individual segment in order to save on the cost of product differentiation and appeal better to the customers.

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There are three types of mobile banking which are explained below:

- Via mobile phones which is accessed through smart phone applications
 - Mobile banking through SMS text message
 - Unstructured Supplementary Service Data (USSD)
- Services available for mobile banking offered via smartphone applications are as follows:
- **Account Information**
 - Transaction History
 - Statement
 - Account Balance
 - Credit card statements
 - Passbooks
 - **Transactions**
 - Transfer of funds to self-account or different accounts
 - Bill payment to service providers
 - NEFT/IMPS
 - Setting up automatic recurring payments
 - P2P payments
 - **Investments**
 - Fixed deposit and recurring deposits
 - Portfolio management services
 - Mutual fund investments
 - **Other Services**
 - ATM Locators
 - Complaints logging and feedback
 - Cancellation of issued cheque
 - Ordering cheque books
 - Branch locators

Mobile Banking through SMS: Users who don't have access to smartphones can transact through text message which are provided by the telecom service provider. The users need to register their mobile numbers to avail this facility. These services are usually authenticated by OTP (One Time Password) and via push pull message banks can communicate with the users and can offer them services as described above. Various service offered by mobile banking through SMS are as follows:

- Get mini statement
- Balance enquiry
- Enquiring forex rates
- Block ATM /credit card
- Funds transfer

Third type of mobile banking is mobile banking using USSD. It is a type of service which can be availed without having a smart phone or internet connection. *99# is launched by NPCI which supports 51 major banks in India. Services offered as listed as below:

- Mini statement
- Balance enquiry
- Generate OTP
- Transfer of funds via
 - A/c no
 - Aadhaar
 - MMID

- Change MPIN
- Know MMID (Mobile Money Identifier – a 7-digit unique no. given by the respective bank)

Although mobile banking has been a game changer for BFSI sector, there are a lot of challenges which needs to be addressed. First of all, there are a variety of mobile handsets available with different technology, hardware and software and it becomes very difficult and non-viable for the banks to provide support for each and every type of handset. Another major concern is regarding the safety and security of transactions. Fraudulent transactions and mobile banking frauds have seen a huge surge lately, mainly because the lack of awareness and precautions that one needs to take while doing transactions. It becomes the responsibility of the bank to spread the word of awareness amongst its customers and explain them all the potentials threats and cybercrimes before giving them access to this facility. Majority of these crimes are related to authentication, for example sharing OTP, giving away card details to fraudsters on call where they pose to be banking officials, accessing banking website/application through unauthorized links and many more.

Unlike internet banking, which needs PC and internet connection, mobile banking is much more accessible to people, because it can be used 'on the go'. Almost all banks have provided this facility to its customers for being competitive in the market. Further, if we consider developing countries like India, where people have lesser access to PC, mobile banking has come to the rescue. In recent years, mobile users have grown exponentially across the globe and there is a lot of focus to tap these users on this new platform. It is a win-win situation for both the customers and the banks. Hence, it is the need of the hour to make mobile banking more accessible and safer.

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