

Mobile banking: An enhancement for development and growth in India

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Abstract

The development of information and communication technology in India leads to render banking functions at digital way. Mobile phone is a common technology that became part of every individual in this era. India is second largest telecom market in the world. Even a person, whose income is less, is afforded to buy Mobile and use internet facility. So mobile has been a necessity to their life. In the light of increased mobile penetration in India to take an opportunity to provide or render various banking services to its customer through mobile device. The trend of mobile device users in India has been increasing so the bank and financial institution must take an opportunity to enhance for development and growth in mobile banking in India. Mobile Banking enhances the quality of services which can be provided from its customer and build long term relationship between debtor (banker) and creditor (accountholder).

Keywords: mobile banking, mobile banking in India, information and communication technology, mobile penetration in India

Introduction

Mobile Banking is a banking service provided by a bank to its accountholder. It enables to build wireless connection between debtors (bank) and creditors (customer). Mobile banking used with help of Smartphone or other cellular device to perform banking function such balance enquiry, transferring funds between accounts, issue of cheque, locating auto mated teller machine, payments of bill, etc. To operate mobile banking, the account holder must have mobile banking application which can be downloaded either through concerned bank websites or play stores which enables the user to connect directly to the bank server for complete banking functionality.

Mobile penetration in India has made quick change in communication system; revolution in mobile technology like 2G, 3G, 4G made rapid change in the usage mode. Mobile is already the largest banking channel for the majority of banks by volume of transactions. In 2015, there are 638.4 Million mobile users are found in India, among this 217.7 using mobile with access of internet facilities that express that more than one of third of mobile users access their device with internet facility so this express for the enhance in development and growth in mobile banking services. By performing banking function at mobile devices will leads to grow country digital.

Objectives

- To suggest growth measure in mobile banking in India
- To understand the significance of mobile banking in India
- To study about the benefits of mobile banking
- To show increases in mobile users

Methodology

i) Nature of study

The study is mainly descriptive in nature. Secondary data are used for the purpose of the study

ii) Secondary Data

Secondary data was collected from websites, various articles and journals

Limitation of the study

- Lack of primary data
- Time consuming
- As the research mainly depends on secondary data, it may not be hundred percent accurate.
- The study is limited to India only

Banks and its functions

As if now, we had 19 Nationalised Banks, 27 Public Sector Banks, more than 25 Private Sector Banks and more than 30 Foreign Banks and many financial institutions were situated in India. These banks functions are mainly depositing, loans and advance, transferring amount between accounts, this all functions can be done with access of internet on mobile devices with help of mobile banking application.

Mobile banking service

Mobile banking service refers to a service rendered by a bank to its accountholder with help of creating a package of service in its application known as Mobile Banking Application. The services included on mobile banking application are

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

Transaction

1. Funds transfers between the customer's linked accounts
2. Paying third parties, including bill payments and third party fund transfers
3. Check Remote Deposit

Investments

1. Portfolio management services
2. Real-time stock quotes
3. Personalized alerts and notifications on security prices

Support

1. Status of requests for credit, including mortgage approval, and insurance coverage
2. Cheque book and card requests
3. Exchange of data messages and email, including complaint submission and tracking
4. ATM Location

Advantages of mobile banking

i) Round the clock 24/7/365

Mobile Banking gives the users the advantage of anytime and anywhere banking. The users do most of the banking transaction after banking hours from anywhere. Mobile Banking is available round the clock 24/7/365 and is easy and convenient mode for many Mobile users in the rural areas.

ii) Secure Banking

Mobile Banking is said to be high secured and risk free than online/internet banking because generally good mobile banking apps have a security guarantee or send you a SMS verification code you need to input to authorise a payment for added security and some banks assure that, by downloading the

app directly from the server, the data won't be stored in your mobile as well as SIM card.

iii) Time and energy saving

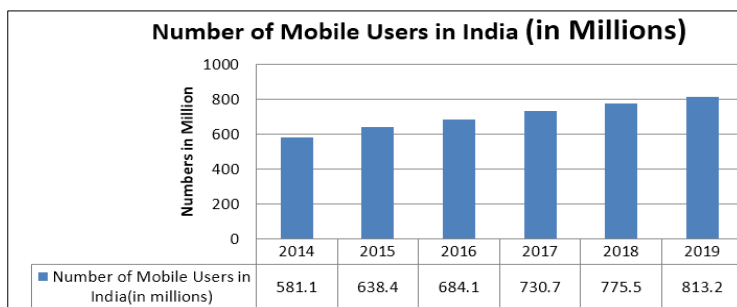
Instead of moving to banks to get information about accounts or transferring amount or issuing cheques or any other financial activities, the accountholder can organise the set of information about his/her account at fingertip by using mobile banking application of concerned banks. This leads to save time and energy.

iv) Convenient

Mobile banking fitting in well with person's needs, activities and plans because users can access bank accounts, make transfer, payments, cheques book issue, etc. So this services enables users to get convince by accessing the information mobile banking application

Mobile users in India

On 1995 the evolution of mobile phone begins. Initially mobile phone was basic set which were used to communicate. But in the year of 2000, Nokia Company launched mobile phone with Hindi menu (Nokia 3210). On 2002, Nokia Company introduced first camera phone (Nokia 7650). Up gradation in mobile devices improving year to year. This shows an opportunity to grow banking function by rendering its function at users' mobile devices.



Source: www.statista.com

Fig 1: The following data express the mobile phone users in India

Table 1

Year	Number of Mobile Users in India(in millions)	Increase or decrease in mobile users comparing with preceding year (%)
2014	581.1	Base Year
2015	638.4	9.86
2016	684.1	7.16
2017	730.7	6.81
2018	775.5	6.13
2019	813.2	4.86

The above table express that mobile users in India has been increasing at diminishing rate. As a result, this leads to enhance

in development and growth of mobile banking service.

Table 2: Percentage of mobile internet users among mobile users

Year	Number of mobile Users in India (in millions)	Internet users through mobile device (in millions)	Percentage of mobile internet users among existing mobile users in India
2014	581.1	174.9	27.40
2015	638.4	217.7	↑ 31.82
2016	684.1	260.6	↑ 35.66
2017	730.7	299.6	↑ 38.63
2018	775.5	342	↑ 42.06
2019	813.2	385.5	↑ 47.41

Source: www.statista.com

Above table express that, the percentage of mobile internet users among existing mobile users in India is increasing at increasing rate. This significance to enhance in development and growth of mobile banking service

Table 3: Trends in mobile banking

YEAR	No. of Users	Volume	Value
	(Million)	(Million)	(Billion Rs.)
2010-11	5.96	6.85	6.14
2011-12	12.96	25.56	18.21
	-117.45%	-273.14%	-196.58%
2012-13	22.51	53.3	59.9
	-73.69%	-108.53%	-228.94%

Note: figures in brackets indicate the growth over the previous year.

Source: Report of the Technical Committee on Mobile Banking Date 07 Feb 2014

The above table states that M-banking usage in India is showing a positive trend. In terms of number of users it was 12.96 million in 2011-12 and reached at 35.53 million in the year 2013- 14. Volume of transactions also increased during the given period. In case of value of transactions it was only 18.21 billion in 2011-12 and reached at 224.38 in 2013-14 i.e. an increase of 274.59%. So the table reveals the fact that M-banking transactions of the country is growing at a rocket speed and it have more scope in the near future.

Importance of enhance in development and growth in mobile banking service

- Mobile Banking can act as revenue earner through its promotional activities
- Mobile Banking can avail facility from anywhere, hence it increases the saving interest of the accountholder and it leads to more inflow for banks
- Mobile Banking service help in increasing profits
- Mobile Banking enables competitive environment with boundary less network to the banks
- Due to Mobile Banking banks carry on business less with paper money and more with plastic money. To banks, economizing in cost of storage for huge stocks of currency notes and coins by facilitate the user to transfer fund online.

Findings

In India, the users of mobile device has been increasing at diminishing rate year to year but percentage of mobile internet users among existing mobile users in India has been increasing at increasing rate. So every banks and financial institution must take this as opportunity and should enhance in development and growth in mobile banking service by conducting promotion activities and creating users friendly application to access accounts details. Mobile Banking penetration in developed country like South Africa, South Korea, Australia, United States, etc. has more than 50%. As increase in mobile banking user’s leads to increase in saving interest and depositing interest of the people and this leads to liquidity gets increase by increasing in the cash flow at banks.

Conclusion

It is depicted from the study that the evolution of mobile devices leads an opportunity to grow in mobile banking service. Mobile Banking helps in improving the relationship

between debtors (Banker) and Creditor (Customer) by providing banking function at fingertip of customer’s mobile devices. It also enables the bank and financial institution to enhance in their profit. It also provides contribution in green banking services. Mobile banking service also enhance level of service in punctuality, transparency and accountability, quality of customers service, safety and confidentiality of transaction, no queue in branches. Mobile banking service will be cost saving scheme and revenue generation channel too by enhancing the saving interest and depositing interest of the accountholder. So it will profitable to the accountholder and banks or financial institution in term of monetary and non-monetary terms

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