



## Striving for excellence: Mobile banking trends and challenges

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### Abstract

This research paper explores the growing trend of mobile banking and its impact on the financial industry. It highlights the convenience and accessibility that mobile banking offers to users, while also acknowledging the challenges that need to be addressed. The paper argues that by addressing these challenges, financial institutions can develop a sophisticated mobile banking application that meets customer expectations and strengthens their position in the market. Additionally, the paper suggests that as mobile technology continues to advance, mobile banking is set to remain a dominant force in the financial industry, providing value-added services to a broader customer base. Overall, this research paper emphasizes the importance of embracing mobile banking as a strategic move for financial institutions. It highlights the potential for increased customer satisfaction and loyalty that can be achieved through the development of a robust mobile banking app. Furthermore, the paper emphasizes the need for financial institutions to constantly adapt and innovate their mobile banking services to stay ahead of the competition and cater to the ever-changing demands of tech-savvy customers. By doing so, financial institutions can not only secure their position in the market but also tap into new customer segments and drive growth.

**Keywords:** Mobile banking, scheduled commercial banks, financial institutions, technology

### Introduction

Mobile banking, commonly referred to as M-Banking or SMS Banking, encompasses the practice of conducting various financial activities, including balance checks, account transactions, and payments, using a mobile device such as a Mobile Phone. In order to avail this service, individuals are required to create an account and subscribe to Mobile Banking Services provided by a bank that offers this facility.

### A Mobile Banking Conceptual Model

One definition of mobile banking from an academic perspective is as follows: "Mobile Banking refers to the offer and availing of banking-and financial services with the assistance of mobile communications gadgets. Bank and stock exchange services may include the ability to make financial transactions, manage accounts, and have access to individual data.

### Trends in Mobile Banking

The emergence of novel entrants in the financial services sector has fostered the proliferation of digital financial transactions. These contemporary stakeholders encompass virtual banks, brokerage entities, and asset management firms offering distinct and specialized offerings. However, it should be noted that such entities presently comprise a marginal fraction of the overall market share.

The mobile and wireless industry has been one of the markets in the world with one of the fastest growth rates over the past several years, and it continues to expand at a rapid pace today. Between February 2019 and March 2019, SCBs had the most significant growth in mobile banking

transactions, at 43.17 % based on value. This development was reported throughout the fiscal year 2019. During the month of august and September in 2018, the rise in mobile banking volume written by SCBs was the greatest, at 24.66%. Axis Bank Limited, HDFC Bank Limited, Kotak Mahindra Bank Limited, and State Bank of India are some of the significant firms currently participating in the mobile banking sector in India. Users will soon be able to make payments using their mobile banking devices at physical points of sale. By the end of 2025, "Mobile Contactless Payment" will account for 74% of all transactions. Based on the above information, the mobile banking sector in India has witnessed substantial growth in recent years, with several significant banks actively participating in this space. With the upcoming ability to make payments at physical points of sale, the convenience and accessibility of mobile banking will further increase. Mobile contactless payments are projected to dominate the market by 2025, becoming the preferred mode of transaction for most users.

### Mobile Banking Services

Mobile banking can offer services such as the following

#### Account Information

1. Providing updates and statements for mutual funds and equity investments.
2. Sending alerts regarding account activity or when certain thresholds are met.
3. Keeping track of term deposits and providing monitoring services.
4. Allowing access to loan statements for borrowers' convenience.

5. Enabling users to view their card statements easily.
6. Offering mini-statements and the ability to check transaction history in bank accounts.
7. Assisting with managing insurance policies efficiently within the banking platform.

#### **Payments, Deposits, Withdrawals, and Transfers**

1. Exploring the process of transferring funds domestically and internationally.
2. Understanding how Micro-payment handling works.
3. Examining the convenience of mobile recharging options.
4. Investigating commercial payment processing methods,
5. Bill payment processing systems

Mainly catering to customers residing in distant locales, it becomes essential to assist with deposit and withdrawal activities through the aid of banking intermediaries. These intermediaries encompass retail and postal establishments that facilitate the conversion of physical currency into digital funds and vice versa. The feasibility of these financial intermediaries' hinges upon compliance with local regulations that govern the acceptance of deposits within retail outlets. A distinct series of SMS communications will facilitate the validation of the client's fund availability and subsequent endorsement of deposit or withdrawal operations at the intermediary. In cases of deposits, the merchant acquires physical currency, subsequently leading to the crediting of the client's bank account or mobile wallet. Analogously, the client can retrieve funds from the merchant by exchanging SMS-issued authorization codes. Upon furnishing these codes, the merchant provides the client with cash and concurrently debits the client's account.

#### **Investments**

1. Provision of Portfolio Management Solutions
2. Immediate Updates on Stock Quotations
3. Tailored Notification Services

#### **Support**

1. Progress Update on Credit Applications, encompassing Mortgage Endorsements and Insurance Enrollments
2. Processing of Checkbook and Debit/Credit Card Requests
3. Interchange of Data Communications and Electronic Correspondence, encompassing the Lodging and Tracing of Grievances
4. Identification of Automated Teller Machine (ATM) Locations

#### **Content Services**

1. Dissemination of Generalized Data, including Meteorological Insights and Current Affairs
2. Loyalty -related offers
3. Services Based on Geographical Location

According to a study by the researcher, mobile banking is expected to appeal primarily to youth demographic well-versed in technology. Approximately one-third of individuals who use mobile phones express openness to conducting various financial activities using their mobile devices. However, most mobile users have reservations about fully embracing mobile banking for their financial needs.

#### **Challenges for mobile banking solution**

Key challenges in developing a sophisticated mobile application are

#### **Interoperability**

Interoperability with different operating systems and devices, ensuring a seamless user experience across various platforms, and optimizing performance and efficiency. Additionally, security and data privacy are crucial aspects that need to be addressed in the development process. Another challenge lies in keeping up with the ever-evolving technology landscape and staying ahead of competitors by incorporating innovative features and functionalities into the mobile application.

#### **Security**

Security and data privacy are crucial aspects that need to be addressed in the development process. With the increasing number of cyber threats and data breaches, ensuring the security of user information and sensitive data has become a top priority for mobile app developers. This involves implementing robust encryption techniques, secure authentication mechanisms, and regularly updating the app with the latest security patches. Additionally, developers must also comply with privacy regulations and guidelines to protect user privacy and maintain trust in the app. By prioritizing security and data privacy, mobile app developers can provide users with a secure and reliable experience, building a strong reputation for their application.

#### **Scalability and Reliability**

Scalability and reliability are also crucial considerations for mobile app developers. As the number of users and data increases, the app must be able to handle the growing demands without compromising its performance. This requires designing a scalable architecture that can accommodate future growth and implementing reliable backend systems to ensure uninterrupted service. By prioritizing scalability and reliability, developers can create an app that can handle high user traffic and provide a seamless experience to users, enhancing their satisfaction and loyalty.

#### **Application Distribution**

Application distribution is another crucial aspect to consider when designing an app. The app should be easily accessible to users on multiple platforms and devices. This may involve developing versions of the app for different operating systems, such as iOS and Android, as well as optimizing it for various screen sizes and resolutions. Additionally, the app should be available for download through popular app stores, making it convenient for users to find and install. A well-distributed app increases its reach and potential user base, ultimately contributing to its success.

#### **Personalization**

Personalization is another key aspect of a successful app. Users appreciate the ability to customize their experience and tailor the app to their specific needs and preferences. This can be achieved through features such as personalized settings, themes, and notifications. By allowing users to personalize their app experience, it creates a sense of ownership and increases user engagement. Furthermore,

personalization can also enhance the app's functionality by providing users with relevant and targeted content, improving their overall satisfaction and increasing the likelihood of them using the app regularly.

### Conclusion

Mobile banking, also known as M-Banking or SMS Banking, enables users to perform various banking transactions using their mobile devices. The trends in mobile banking show rapid growth, with a shift towards online financial transactions. This has led to the emergence of new players in the financial industry, such as online banks and brokers, offering personalized services. In the coming years, mobile banking is expected to witness significant adoption, particularly in countries with advanced mobile infrastructure. It offers convenience and accessibility, allowing users to conduct transactions anytime and anywhere. Smartphones, being the most promising devices, help financial institutions reach a wider customer base.

Mobile banking services encompass a wide range of offerings, from account information to payments, investments, and content services. For successful implementation, financial institutions need to address key challenges. These include ensuring interoperability across various platforms and devices, prioritizing security and data privacy through robust encryption and authentication mechanisms, and staying ahead of competitors by incorporating innovative features. Scalability and reliability are essential to handle increasing user demands without compromising performance. Effective application distribution, accessible on multiple platforms and devices, enhances user reach and satisfaction. Personalization is crucial to engage users by offering customized experiences and targeted content.

In conclusion, mobile banking is a fast-growing trend, offering convenience and accessibility to users. While challenges exist, addressing them will result in a sophisticated mobile banking application, meeting customer expectations and strengthening the financial institution's position in the market. As mobile technology continues to advance, mobile banking is set to remain a dominant force in the financial industry, providing value-added services to a broader customer base.

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