

IMPACT OF MOBILE BANKING ON CONSUMER BEHAVIOUR

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ABSTRACT

The increased importance of mobile phones provides exciting opportunities for the development of mobile banking in the world. In today's world, this growth can be partly traced back to technological and demographical developments that have been influencing important aspects of the socio cultural behavior. Mobile banking, which has built a cornerstone of Mobile commerce, is the availability of bank related financial services through mobile devices. This paper presents the mobile banking practices in Indian Commercial banks and the strategies, legal and ethical challenges in the country.

Key words : Mobile banking, challenges, customer, commercial banks, E-banking

INTRODUCTION

E-banking has been facilitated by debit and credit card systems, shared banking networks, Automated teller Machines, electronic payment systems and mobile banking. The realization of mobile banking will make new and unsuspected ways of commerce as well as technological innovations. Mobile banking has been a complement to cash, cheques, credit and debit cards. It has been used for bill payments, electronic fund transfer, internet banking, and electronic bill presentment.

PERSPECTIVE

Mobile Banking or Mobile Commerce can be defined as' " any transaction, involving the transfer of ownership or rights to use goods and services, which is initiated and/or completed by using mobile access to computer mediated networks with the help of an electronic device".

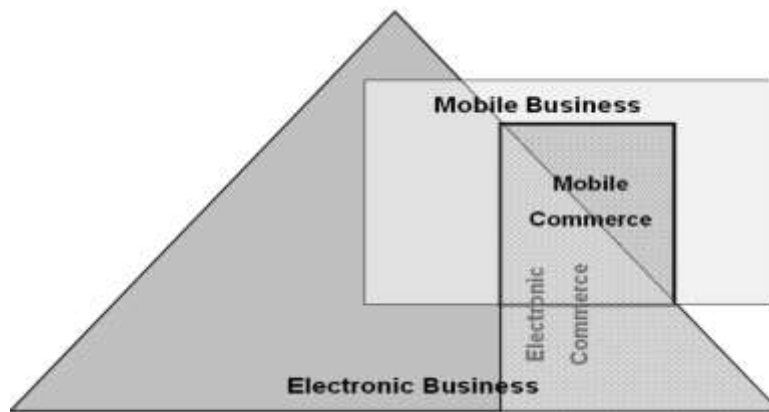


Figure 1- Mobile Banking Perspective

Figure 1 illustrates the following facts:

- i) Electronic Business and Mobile Business offer many similar services in both commercial and non-commercial areas. Respective examples are sale/purchase of goods and services on the one hand and CRM on the other.
- ii) Electronic Business offers additional services, not feasible with Mobile Business, e.g. coordination of Research & Development activities. Mobile Business, too, offers unique services, not feasible with conventional Electronic Business, e.g. context-sensitive CRM.
- iii) Both Electronic- and Mobile Commerce are integral subsets of their respective business fields, i.e. Electronic Business and Mobile Business.
- iv) Electronic Commerce and Mobile Commerce offer many similar services, e.g. booking an entrance ticket for a football match.
- v) Both Electronic- and Mobile Commerce offer services not feasible with the other. For instance, selling of high-quality non-standardised products requires an intensive presentation not feasible on mobile devices. On the other hand, Mobile Commerce offers unique location-based services (LBS) e.g. search for the nearest ATM specific to a location.

MERITS OF MOBILE BANKING

- i- **Simplicity:** The mobile banking application is user friendly where the customer can be able to personalize the application according to their convenience.
- ii- **Universality:** It provides transactions between one customer to another customer, or from a business to a customer or between businesses. It covers the domestic regional as well as global environment.
- iii- **Security:** Customers are able to trust mobile banking application regarding the card information. While the transactions are recorded the customer's credit and spending pattern is not openly available for public scrutiny. It provides passwords, biometrics and key infrastructure security.
- iv- **Cost:** The mobile banking system is not costlier than the other Ebanking mechanisms.
- v- **Immediacy:** It facilitates services that are time-critical and demand a fast reaction.

EMPLOYMENT OF MOBILE TECHNOLOGIES IN THE BANKING SECTOR

As already said, mobile banking has built a cornerstone of Mobile commerce i.e. the availability of bank related financial services via mobile devices. It comprises of services in the field of accounting, brokerage and financial information. Mobile Banking is increasingly being employed by many banks around the world to generate additional revenues, reduce costs or to increase customer satisfaction.

UTILITY OF MOBILE BANKING FROM BANKS' PERSPECTIVE

At this stage it would be relevant to understand the usefulness of Mobile Banking from the banks' perspective. It is therefore imperative to understand the business environment in which banks operate and to identify customer groups that the banks may seek to target via Mobile Banking. Mobile banking enhances the number of existing channels of distribution that a bank employs to offer its services. The efficiency of a distribution channel can be measured by its fulfillment of three major objectives, which are closely related to each other.

MOBILE BANKING AND CUSTOMER SATISFACTION

Mobile Banking may help increase the customer satisfaction by following means:

- i) Streamlining of business processes to increase efficiency;
- ii) More attention and better consulting for customers due to automation of routine processes;
- iii) Innovative "anywhere, anytime" services customized for individual preferences and current geographic location of the customer provide value-added to the customer;
- iv) The collected data can be utilised to create customer profiles.

Increased customer satisfaction can help reduce the customer attrition rate.

CHALLENGES FACED WITH THE ADOPTION OF MOBILE BANKING

Economic Challenges: The profitability can only be achieved by large volumes, requiring significant initiative from the financial institutions. India does possess some infrastructure in the form of postal payments.

Regulatory Challenges: Although the Reserve Bank of India is supporting the mobile banking system in India, there are many restrictions, such as;

- a- **Restricted to Financial Institutions-** The guidelines state that only the existing financial institutions including microfinance institutions and banks are allowed to offer mobile banking.
- b- **Rupee Transactions:** The transactions are done only in India's currency i.e., Rupee, which in future may pose a constraint for interoperations between Indian mobile Banking and the world.
- c- **Existing Account holders:** Only the customers having valid bank account can go for mobile banking which limits the potentiality of M-Banking to extend micro-credit and bring banking to the large number of customers who doesn't have accounts.

Demographic Challenges: It is difficult in the deployment of Mobile banking system for the illiterate population of the country.

CONCLUSION

Mobile Banking has gained non-negligible relevance for banks today. Developments in the banking sector, e.g. increased competition on account of technological developments coupled with the process of globalization have produced new challenges for banks. Mobile Banking presents an opportunity for banks to retain their existing, technology savvy customer base by offering value-added, innovative services.

Mobile Banking seems to possess the potential to become one of the widely spread and accepted application in the field of Mobile Commerce, particularly in the backdrop of its high acceptance across commercially important sections of the society. We may expect to see Mobile Banking go into the footsteps of Online Banking, i.e. to become a standard service offered by every bank worth its name.

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