

MOBILE BANKING:“A NEW PARADIGM SHIFT IN BUYING CHANNEL ”

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ABSTRACT

Customer satisfaction has become a fundamental marketing construct in the last three decades. In the past, this concept was not so much popular. An increasingly innovative and aggressive financial services environment as well as deregulation has created more competition and variety of production and services, In fact, these forces of change have made banks to move towards customer oriented strategies. Customer satisfaction is considered as a pre requisite for customer retention, loyalty, convenience which ultimately helps in realizing the goals like profitability, market share, growth & productivity etc. informational technology in the form of mobile banking plays a significant role in providing better services to the customers. The present paper endeavors to study the impact of mobile banking on the service quality of the customer. To evaluate this impact percentage analysis and chi-square analysis, scaling techniques have been used. The result of the study explained that mobile banking has provided sophisticated, convenient, suitable, informative and quick services to customers which are not only required for the customer satisfaction but it also plays role for the growth of banking sector and the economy as a whole.

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MOBILE BANKING: DIGITAL REVOLUTION

Mobile Banking is defined as core banking functionality on a mobile device. It refers to conducting banking transaction via a mobile device. Balance enquiry, credit card alerts etc. are the example of Mobile Banking. Mobile Banking will do far more than protect domestic bliss. At the minimum, it will displace the ubiquitous bank branch from its position as the most preferred distribution channel for loans and deposit. At the very edge of the range of possibilities, the traditional business model can be blown to bits and banks will be forced to reinvent themselves as M-commerce organizations.

A few savvy banks are already busy trying to adopt their strategies to the mobile phones. Their Mobile Banking services already allows customers to do basic stuff like checking account balance or the last three or five transactions. On 27th October, 2003 HDFC Bank and Reliance India Mobile have joined hands to launch an Interactive Mobile Banking service in India. According to HDFC Bank press release, all bank customers who are also Reliance India Mobile subscribers can now view their bank account balance, get mini statement, fixed deposits details and make request for cheque book and account statements, apart from making bill payment by direct contact to the account from their mobile handsets. After registering with HDFC Bank for the Mobile Banking service, a Reliance India Mobile subscriber can access the facility directly from R World on the handset. The customers will be presented with a detailed menu of about ten banking activities that can be done through the mobile phone.

Mr. Naveen Puri, Country Head (Retail Branch Banking) of HDFC Bank, says that "with this alliance we offer our customers the most comprehensive of advanced Mobile Bank Service. We offer our customers unrestricted access to the Bank in India and from across the world."

Idea Telecom, the leading Cellular Service Provider in Punjab, introduces Mobile Banking through which you can carry out your transactions with your bank from anywhere in Punjab, anytime of the day through your Idea Mobile. All you need is to have a Idea Mobile Connection (postpaid or prepaid) and an ICICI/HDFC/Axis Saving/Current/Fixed Deposit A/c. Mobile Banking keeps you informed about significant transactions in your bank. It keeps you updated while you are on the move.

Mobile Banking can be divided into 2 broad categories:-

1. Alert facility
2. Request facility

ALERT FACILITY (Push based data services)

Under the alert facility one will get alert only when the events they have subscribed for gets triggered. Mobile Banking alert facility keeps them informed about the significant transactions in their accounts. It keeps them updated wherever they go. Under M-Banking one can subscribe for SMS alert, when his salary gets credited, an amount over a specified amount gets debit/credit when balance falls below/goes above a specified limit or when a cheque bounces. Mobile alert provide them with the following alerts:

- a) Bank alert
- b) Credit card alert
- c) Demat alert

Bank Alert

Customers receive an alert when:

a) Salary Credit

One's salary is credited to his/her bank account.

b) Account getting Debited

When their bank account is debited by Rs. 5000/- or more as specified by them.

c) Account getting Credited

If the cheque deposited in the account is not honored.

d) Balance above a limit

When the balance goes above a limit specified by him/her.

e) Balance Below a limit

This alert is received when the balance goes below a limit.

Credit Card Alert

- a) **Due Date Reminder:** This alert is received five days prior to due date. This would inform one's total and minimum amount dues and the payment due date.
- b) **Approaching Credit Limit Reminder:** one again receives an alert if the available credit limit on one's credit card falls below 10 percent of their total credit limit of Rs. 2000/- and would inform them the available credit limit and the total amount outstanding on the credit card accounts.

Demat Alerts

- a) **Demat Account Getting Credited:** Customers receive an alert when they have any credits in their demat account.
- b) **Demat Account Getting Debited:** One receives an alert when they have any debit in their demat account.

- c) **Pledge Creation and Closure:** Customers receive an alert when they have any pledge creation or closure on the scrip.
- d) **Rejection of Instruction Submitted:** Customer receive an alert when they have any issue with their transfer/pledge instructions.
- e) **Dematerialization/Rematerialization:** Customers again receive an alert when their shares have got dematerialized from their demat account.

Hence, the alerts which are sent to one mobile phone number must be registered by them with the bank and all the customers having saving account, credit card account and demat account can avail this facility. Moreover, in order to get this mobile alert facility, one need not require a special phone as all we require is a normal GSM/CDMA mobile phone. Customers can access the alerts abroad also by simply subscribing the international roaming facility.

REQUEST FACILITY (PULL BASED DATA SERVICES)

Mobile Banking requests facility enables one to make query for his account balance or perform bank transactions. They can request for the last three transactions, order for new cheque book, inquire for a cheque status, issue a stop cheque request, change of primary account and make payment for their bills under this facility.

A. Bank Requests

Customers have to write these capitals words for different types of request.

- **ITRAN** - Last 3 transactions in their account.
- **IBAL** - Account Balance Inquiry.
- **ICSI** - Cheque Status Inquiry
- **ISCR** - Stop Cheque Request
- **ICBR** - Cheque Book Request
- **ICPA** - Change their Primary Account
- **IPAY** - Make payment for their Bills
- **IVIEW** - View their presented bills
- **IRPDC** - Debit cards reward points but only applicable for HPCL debit holders.

B. CREDIT CARD REQUEST

- **IBALCC** - Balance details
- **IRPCC** - Reward points for redemption
- **ILPCC** - Last payment details

- **IPDDCC** - Payment due date
- C. DEMAT REQUESTS:**
 - **IBALD** - Demat balance enquiry
 - **IT RAND** - Transaction status
 - **IBILLD** - Bill details
 - **ISIND** - ISIN for scrip

Interface

Mobile Banking includes the following interfaces:

Business to Business (B2B), Business to Consumers (B2C) and Business to Employee (B2E).

The best way then, to categorize, what enterprise can do through Mobile Banking is to look at it from the point of views of users and their needs. In that respect, it can be classified as follows:

Business to Consumer (B2C)

This, through in infancy, is supposed to be the next big thing. This application can be broadly divided into 2 categories. One, application for existing customers such as customers support, commonly enveloped in the phase of CRM. Two, applications targeted at potential customers.

Business to Business (B2B)

There is another area where lot of action is happening on ground. This, in reality, is extending a company's extranet to be accessed from mobile devices. Common example includes banks providing applications for customers like balance enquiry etc. for insurance agents, bankers and other supply chain applications.

Business to Employee (B2E)

By far the most tangible returns have come from these applications This in simple words is extending the intranet to be accessed from mobile devices. These can be further subdivided into 2 categories:

- One, personal productivity such as mobile organizers, closed group chat, e-mail and internet access.
- Two, business process enablement such as sales force automation, other online updating and retrieval of information.

SUBSCRIPITON:

One can subscribe to Mobile Banking by any of the following way:

- Drop in Branch- Simply by filling up the application form.
- Login to Bank Website- For banking request click on "subscribe to Mobile Banking requests" and for banking alerts click on "subscribe to Mobile Banking alerts." For credit card alerts go the credit card terms and conditions governing the use of mobile banking service provided by various banks.
- Call Up 24-Hour Customer Care Centre- This customer care centre representatives will take them through identification process and subscribe them to Mobile Banking.

CHARGES

Mobile and Banking services are currently free for Saving and Salary Accounts hence, now it is a non chargeable service. But Current Account holders have to pay some nominal charges for availing this facility.

When the customer mobile phone number gets changed then they may simply login to Bank Website or contact their 24 hours customer care centre for banking alerts, credit and Demat alerts to update their records.

Objective of the study

1. To understand the extent of Mobile Banking as pursued by banks.
2. To test the awareness level of customers regarding Mobile Banking.
3. To study the perception of customers regarding Mobile Banking.
4. To determine the customer satisfaction level in Mobile Banking.

Date Base and Methodology :-

The present study is explorative in nature. The main source of data collection is primary survey. Along with this, secondary sources are also used for data collection. The study is confined to Patiala Distt. and total sample size is of 100 customer identified on the basis of convenience sampling. Primary Data was collected through questionnaire containing different close ended & open ended questions while analyzing the data the sample size has been further stratified into homogenous niches with similarity within the group but differentiation within the sub strata's for the convenience of analysis. The customers were stratified into age, occupation, income. The statistical tools which are used for analysis are percentage, chi-square (χ^2) analysis, and Scaling technique.

EMPIRICAL ANALYSIS AND INTERPRETATION :

(A) GENERAL PROFILE OF THE RESPONDENTS

The general profile of the respondents is given in Table (A). Out of 100 respondents taken for the study 45% belonged to the age group of 18-25 . So it reveals that majority of the users of

mobile banking are from young generation. Mostly salaried class respondents are making use of this service. The survey indicated that average income group earning Rs. 10000 – 30000 from Patiala was using the Mobile banking. This implies that users are young, affluent and highly educated with average Income.

(A)

	Particular	Classification	No.	Percentage
(a)	Age Group	Under 18	10	10
		18-25	45	45
		25-40	22	22
		40-60	18	18
		60 and above	5	5
(b)	Occupation	Salaried	64	64
		Self-employed	9	9
		Business	11	11
		Student	11	11
		Retired	5	5
(c)	Monthly Income	Less than 10000	29	29
		10000-30000	37	37
		30000-50000	17	17
		50000 and above	17	17

Table (A) General profile of the respondents

(B) AWARENESS AMONG CUSTOMERS

(B)

Response	No of Respondents	Percentage
Yes	68	68
No	32	32
	100	100

Table –(B) Awareness among customers

The table (B) reveals that 68 percent of the sample had heard about Mobile Banking services. Although the banks are trying to promote these services and make it a viable channel for conducting transactions and providing some knowledge to the people or updating the people, even then there were around 32 percent people who are still unaware about this service. This

is because of being a new concept and still at its infancy, People haven't heard about it or have heard a word from a friend, media etc. but have no complete knowledge about it.

(C) RESPONDENTS WHO WOULD LIKE TO AVAIL MOBILE BANKING

(C)

Response	No of Respondents	Percentage
Yes	93	93
No	7	7
Total	100	100

Table – (C) Respondents who would like to avail mobile banking

The table (C) shows that 93 percent people are keen to try out Mobile Banking. Given the convenience factor the fact that M-Banking can be accessed from anywhere in the world as long as one can send and receive SMS, most of them were interested.

(D) RESPONDENTS WHO OPTED FOR MOBILE BANKING

(D)

Response	No of Respondents	Percentage
Yes	64	64
No	36	36
Total	100	100

Table – (D) Respondents who opted for mobile banking

The table (D) shows that 64 percent of the respondents opted for Mobile Banking and still 36 percent of the respondents could be convinced for opting Mobile Banking.

(E) REASONS FOR NOT AVAILING MOBILE BANKING

(E)

Reasons	No of Respondents	Percentage
Expensive	1	2.77
Difficult to use	6	16.67
Unaware of M-Banking	9	25
Frauds	2	5.57
Slow data transmission	1	2.77
Other channels	6	16.67
Secrecy is leaked	7	19.44
Impractical device for Banking	4	11.11
Total	36	100

Table – (E) Reasons for not availing mobile banking

The table (E) shows that the major reasons for which the respondents did not opt for Mobile Banking is unawareness which is 25 percent. The next major reason for which Mobile Banking is not opted is the availability of other channels like branch, ATM etc. and secrecy is leaked which amounts to is 19.44 percent. This shows that bank needs to create awareness regarding Mobile Banking and then to divert its customers towards this new concept.

(F) REASONS FOR AVAILING MOBILE BANKING**(F)**

Reasons	No of Respondents	Percentage
Convenient	22	34.37
Cheaper	11	17.18
Flexible	2	3.13
Ease of use	4	6.25
SMS alert	25	39.07
Any other	-	-
Total	64	100

Table – (F) Reasons for availing mobile banking

It is clear from table (F) that the prominent reason for the customers to avail Mobile Banking is having SMS alert facility. Therefore 39.07 percent of the respondents availed Mobile Banking due to this reason and 34.37 percent of the respondents opted because it is most convenient channel of banking.

(G) THE SERVICES AVAILED THROUGH MOBILE BANKING**(G)**

Reasons	No of Respondents	Percentage
Balance Enquiry	19	29.68
Mini statement	8	12.6
Check status enquiry	10	15.6
Cheque Book request	2	3.12
Statement request	5	7.84
Stop payment request	1	1.56
Bill payment	19	29.68
Total	64	100

Table – (G) The services availed through mobile banking

The table (G) shows that balance enquiry and Bill payment are the most prominent transactions availed through Mobile Banking.

**(H) AGREEMENT LEVEL OF RESPONDENTS TOWARDS MOBILE BANKING
AS A BETTER WAY OF BANKING THAN TRADITIONAL METHOD**

(H)

Particular	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
No. of Respondents	21	32	17	23	7	100
Percentage	21	32	17	23	7	100

Table –(H) Agreement level of respondents towards mobile banking as a better way of banking than traditional method

Out of the total sample base of 100 respondents, there are 53% people who agreed that Mobile Banking is a better method over the others whereas 30% are still disagree with the statement.

(I) SATISFACTION LEVEL OF RESPONDENTS WITH MOBILE BANKING

(I)

Particular	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
No. of Respondents	5	39	7	10	3	64
Percentage	7.83	60.94	10.93	15.62	4.68	100

Table – (I) Satisfaction level of respondents with mobile banking

Out of the total 60.94 percent of the total respondents are satisfied with Mobile Banking and 20.3 percent of respondents are not satisfied. So bank needs to reduce the dissatisfaction level by educating its customers regarding the benefits of Mobile Banking. It is here where the role of the bank needs to be emphasized in promoting the mobile banking.

**(J) ASSOCIATION BETWEEN DEMOGRAPHIC SECTOR AND
SATISFACTION WITH MOBILE BANKING.**

(J)

	Under 18	18-25	25-40	40-60	60 and above	Total
Agree with Mobile Banking	7	30	10	5	1	53

Neutral with Mobile Banking	2	6	4	3	2	17
Disagree with Mobile Banking	1	9	8	10	2	30
Total	10	45	22	18	5	100

Table (J) Association between demographic sector and satisfaction with mobile banking.

Null Hypothesis H.O :- Mobile Banking appeals good to all age group

Expected Frequency(E)

5.3	23.85	11.66	9.54	2.65
1.7	7.65	3.74	3.06	0.85
3	13.5	6.6	5.40	15

$$\text{Chi Square} = \sum(O-E)^2/E$$

.545	1.58	.236	2.16	1.02
0.053	.35	.018	0.001	1.55
1.33	1.5	.296	3.92	11.27

Calculated Chi Square = 25.84

Tabulated Chi Square = (r-1)(c-1); (3-1)(5-1); 8=15.5 @ 5% level of significance.

Calculated value is greater than tabular value so we reject the null hypothesis. Hence from Table 10 we conclude that mobile banking does not appeal equally to all age groups.

CONCLUSION :-

It is evident from the study that majority of respondent fall in the age group of 18-25 which implies that today more and more young people are fulfilling their banking needs through modern age Mobile Banking .Many customers do not know about mobile banking hence banks should promote mobile banking by creating more awareness about its concepts and benefits. SMS alert and convenience are the two major factors considered by the respondent in using Mobile Banking so the banks shoed create awareness on these aspects to the whole society But still the people who are not using Mobile banking they agree that mobile banking is a better way of banking than traditional methods . This implies that customer can be diverted to mobile banking for more high value added services this means that such customers will agree to use mobile banking even by bearing some cost. The major concern of all the customer is security and privacy related to Mobile Banking . Due to this reason Branch itself is still the most favorable channels of banking.

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