

Operational Constrains Faced by Mobile Banking Customers in India

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Abstract

Technology plays an important role in the banking sector. Banking is one of the largest financial institutions constantly explores the opportunity of technology enabled services to provide better customer experience and convenience. The mobile phone is a common technology device that became part of every individual in the information era. Mobile Banking is an emerging alternate channel for providing banking services. The main objective of this study is to analyze the operational constrains in mobile banking among the banking customers in India. Multi stage stratified random sampling method was adopted for the study. The study population comprised of 462 commercial bank branch customers selected for the study. The study was conducted using questionnaires, which were distributed to commercial banks in Tamilnadu.

Keywords: Mobile Banking, Awareness level, Satisfaction, E-Banking

1. Introduction

After Internet Banking, Mobile Banking or M-Banking has become the buzz word in the industry. It's a fact that Internet Banking has given a boost and has shown a successful way to consider it as a good alternative procedure against physical branch banking. And here Mobile Banking comes into the picture to address the basic limitation of Internet Banking. If we only consider Asian developing countries, the availability of mobile connectivity is really huge. Where one may not find out a landline telephone or an internet connection, but still in those remote places getting mobile connectivity is not a major issue today. The biggest advantage Mobile Banking provides to the banks is that it helps to cut down the costs as it's even more economic than providing tele-banking facilities where banks have to keep hundreds of tele-callers.

The most popular mobile banking transaction is checking account balance or checking recent transactions: 92 per cent of mobile banking users having performed this function in the past 12 months. Transferring money, receiving alerts and paying bills are also highly demanded and the most commonly performed activities [1]. Similar findings can be seen from Antenna's research but based on UK mobile internet users, saying that UK customers are already using or would most like to have such functions on their mobile banking solutions as checking account balance 46 per cent, viewing transaction history 31 per cent, transferring money between their own accounts 27 per cent, paying their bills 25 per cent and transferring money to third parties 20 per cent [2].

Gamoorthy Avinanya, S. A. [3], reveals that m-banking performance with the help of special programmed called clients downloaded to the mobile device. The author also

explains mobile technology, trends, its model's importance, and services, issue in security and suggests a possible solution. The services offered by mobile banking included getting account information, transferring funds, sending check book request, managing deposits, checking transactions and so on. It describes mobile banking models: Conceptual model, Mobile banking business model, Bank led model, Non-bank led mode and also explain challenges for m-banking, its services. M –banking is beneficial for both providers and users. And the solutions that have been designed to support multiple channels across the entire customer life cycle. Manav Aggarwal this research analysis that the importance of mobile banking is the largest financial institutions which on a regular basis discover the chance of technology to offer enhanced customer service utilities. This research analyzes that the customers to carry out a number of financial transactions by using mobile devices [4]. Sudhakara A.M, states that M-banking trends, models its security, standards, and its services offered by the bank and also focus on RBI guidelines for M-banking [5].

The status of mobile banking in India and other countries with an emphasis on data security and standards and its implication on the banking sector. The public sector also adopted this new innovation for increasing their profit and reach out to customer better. And also help customer and bank as well for reducing cost and improve efficiency. The author suggests that banks should ensure the privacy of data and data protection by adopting latest technology and standards should be framed to attract its entire bank customer to do mobile banking which ensures continuity in business and which in turn results in profits. By adopting the right mobile banking regulations and mobile security standards the banks can reach the whole population which in economic growth of the country. Bahl, Sarita study defines that privacy and security factors are big issues in mobile banking. According to this study if security and privacy factors or issues are recognized then forthcoming mobile banking system would be greatly successful [6].

V. Devadevan et al this research defines the Issues and Challenges of mobile banking in India. This Research explores the opportunity of technology make possible services to provide better customer experience and convenience. India is the second largest telecom market in the world, which analyze the security issues in Mobile banking among the banking customers in India [7]. Singh Preeti [8] found that challenges of m-banking in India. Customers are facing many problems in using m-banking and in mobile handset operability and also various issues regarding security in the m-banking transaction. The study focuses on issue and challenges in m-banking in India from customer's perspective and identified certain issues to banks, mobile handsets and telecom operators' viz mobile handset operability, security/privacy, standardization of services, customization, downloading and installing application software and telecom services quality. The study shows' mobile banking handset operability is an important issue in mobile banking, due to the availability of various handset models in the market, Privacy and security are another critical issues for customers.

Titus Ray, the studied comprehensive view of the global m-banking industry, and expected that mobile banking can replace the debit cards and credit cards system in future, m banking means anywhere anytime, anyhow banking. Its focuses on m banking scenario, challenges, issues in future and its possible solution. Banking transaction like loan approval, cash payment, and check balance statements can be done with just clicking on mobile phones at the highest comfort level of customer [9]. Uppal R.K [10], focus on the adoption and usage of m-banking services among Indian banking industries as well as customers. And include the challenges and difficulties of m –banking services like high charges, slow data transmission and in security. Due to this difficulties, the customer does not prefer m-banking. The customers are not much aware from mobile banking in compare with ATM, credit card, debit card etc.

2. Materials and Methods

The challenges are issues of mobile banking are as follows

- **Security-security** here refers to the security of the confidential information about the customer bank account. There should be any chance for information leakage. The transaction is done by mistake there should be an option to undo. The physical security of the device is more important. User id /password authentication of banks customer. Encryption of the data that will be stored in the device for later.
- **Handset operability**-there is a large number of different mobile phones and it is a big challenge for banks to offer mobile banking solution
- **Scalability and reliability**-The customer may be sitting in any part of the world and these banks need to ensure that the system is up and running in a true. Customer will find m-banking more and more useful. Banks unable to meet the performance and reliability expectation may lose customer confidence.

2.1. Objectives of the Study

The present study has the following objectives:

- To examine the impact of awareness and satisfaction of mobile banking customers.
- To offer suggestions to overcome the problems in mobile banking services, based on the findings in the near future.

2.2. The hypothesis of the Study

- H_0 = There is no significant relationship between gender and awareness level of customers using mobile banking services.
- H_1 = There is a significant relationship between gender and awareness level of customers using mobile banking services with respect to the gender of the customers
- H_0 = There is no significant relationship between gender and satisfaction level of customers using e-banking services.
- H_1 = There is a significant relationship between gender and satisfaction level of customers using e-banking services.

3. Research Methodology

3.1. Sample design

The study is an empirical study based on the survey method. Multi stage stratified sampling technique was adopted to collect details through questionnaire from online banking customers.

3.2. Sample design

The total number of commercial bank branches located in India stood at 1, 38,850 as on 30th September 2016, as per the banking statistics published by Reserve Bank of India.

Table 1. Bank Branch population group

Sl No.	Bank Branch population group	Total Bank Branches
1	Metropolitan	28,301
2	Urban	25,624
3	Semi-Urban	37,336
4	Rural	47,577
Total		1,38, 850

Source- Reserve Bank of India.

Table 2. Total bank branches in Tamilnadu

Sl. No	Bank	No. of Branches				
	Group wise Consolidation	Rural	Sub Urban	Urban	Metro	Total
1	State Bank Group	354	436	296	278	1364
2	Nationalized Banks	1611	1709	1097	808	5225
3	Other Public Sector Banks	15	48	31	18	112
4	Private Sector Banks	747	1195	589	530	3061
5	Regional Rural Banks	305	209	23	0	537
6	Foreign Banks	0	0	4	18	22
Grand total		3032	3597	2040	1652	10321

Source- Reserve Bank of India.

There are 4 bank branch population groups in Tamilnadu. They are metropolitan, urban, semi-urban and rural respectively. There were 1652 bank branches in metropolitan, 2040 bank branches in urban, 3597 bank branches in semi-urban, 3032 bank branches in rural. In each bank branch population group, a sample size of 25 bank branches from urban, 30 bank branches from semi-urban, 17 bank branches from urban, 5 bank branches from rural has been taken for the study. From the selected sampling bank branches, based on customer profile prospective six customers from each bank comprising of 462 customers were selected from each bank branch population groups has been taken as samples for the study.

3.3. Tools used for Collection of data and Data Analysis

The study is based on both primary and secondary data. A structured questionnaire is prepared and distributed to the customers and employees for collecting the primary data after suitable pilot testing. The secondary source of information has been collected from various published and non-published works including periodicals, magazines, government reports, journals, and websites, etc. Statistical tools such as Averages and ANOVA have been used for analysis and interpretation of the data collected.

3.4. Gender of Mobile Banking Customers

The gender of the customers is enquired into to identify which gender constitutes the majority in doing e-banking services. The below table describes the gender of customers using e-banking services.

Table 3. Gender of the M-Banking Customers

Sl. No.	Gender	No. of Customers	Percentage
1.	Male	355	76.8
2.	Female	107	23.2
Total		462	100

Source: Primary data

Table 3 shows that among the e-banking customers, male represent the major proportion of 76.8 per cent and the female constitutes only 23.2 per cent. From the study, it is well known that male customers have the highest awareness and interest in using the e-banking services.

3.5. Real time Analysis of reason for not using Mobile banking Services by the Customers

Banks offer many types of e-banking services. But consumers are not ready to adopt e-banking services they are likely to feel discomfort and insecurity in using these services and may be less optimistic and innovative about these technology products.

Table 4. Reason for not Using Mobile Banking Services by the Customers

Sl.No.	Particulars	No. of Customers	Percentage
1	Not Aware	248	54
2	Unsecure Feeling	67	15
3	Unskillful Knowledge	133	28
4	Service Charge is high	14	3
Total		462	100

Source: Primary data

From Table No. 4; it is inferred that most of the customers, 54 per cent of mobile banking customers state that not aware of mobile banking services and only 15 per cent of mobile banking customers reason for not using mobile banking services is unsecure feeling. The most prominent reason for not using mobile banking is concern about the security of transactions.

3.6. Real time Analysis of Period taken by the Bank to solve Mobile Banking Problems

E-banking services involve different types of transactions. Basically, customers lodge a complaint about e-banking services related problems to the bank branch, for that employee from the respective banks have to take necessary responsibilities for those customer complaints. The below table describes the number of days taken by the bank branch to solve mobile banking services related problems.

Table 5. Period Taken by the Bank to Solve Mobile Banking Problems

Sl. No.	Particulars	Mobile Banking	
		N	%
1.	Within the day	36	8
2.	Within the week	147	32
3.	10 to 20 days	176	38
4.	20 to 30 days	72	16
5.	Minimum 6 months	31	6
Total		462	100

Source: Primary data

From the above table 5, it is inferred that 38 per cent of the customers state that about 10 to 20 days were taken by the bank branches to solve those problems, while 6 per cent of the customers state minimum 6 months of time taken by the bank branches to solve mobile banking related problems. The above table clearly indicates that most of the banks solve e-banking related problems within a 10 to 20 days, because customer satisfaction is the most important factor in the growth of banking sectors.

3.7. Gender and the Customers Awareness level on Mobile Banking Services - ANOVA Test

Consumers are familiar with various e-banking transactions that can be done with the help of mobile banking. Consumers think that mobile banking is easy to use as it will give them the flexibility to do transactions irrespective the time of day. The major factor for this awareness level in mobile banking services is that they can do anywhere banking.

- H_0 = There is no significant relationship between gender and awareness level of customers using e-banking services.
- H_1 = There is a significant relationship between gender and awareness level of customers using e-banking services with respect to the gender of the customers.

Table 6. Gender and the Customers Awareness level on Mobile Banking Services - ANOVA Test

Sl. No.	Category	N	Mean	Std. deviation	Test statistics	P Value
1.	Male	355	1.56	0.876	98.184	0.000
2.	Female	107	2.51	0.862		
Total		462	1.78	0.960		

Source: Computed from table No. 3

The above table reveals that the impact of gender on the level of mobile banking satisfaction of customers. There was a statistically significant difference between the groups at the $p < .05$. The effect size, calculated using eta squared, was 0.02. Post-hoc comparisons using the Tukey HSD test indicated that the mean score for Male Group ($M=3.00$, $SD=1.602$), female group ($M=1.01$, $SD=1.746$). Hence there is a relationship between gender and satisfaction level of customers on mobile banking services, so most of the customers satisfied in mobile banking services.

3.8. Findings of the study

- Most of the customers, 54 per cent of mobile banking customers state that not aware of mobile banking services and only 15 per cent of mobile banking customers reason for not using mobile banking services is unsecure feeling. The most prominent reason for not using mobile banking is concern about the security

of transactions. So, the banks can frequently conduct meetings, training camps, advertisement, and online demo to create more awareness about the e-banking services.

- Period taken by the bank employees in solving customers mobile banking related problems is analyzed and 38 per cent of the customers state that about 10 to 20 days were taken by the bank branches to solve those problems, while 6 per cent of the customers state minimum 6 months of time taken by the bank branches to solve mobile banking related problems. The above table clearly indicates that most of the banks solve e-banking related problems within a 10 to 20 days, because customer satisfaction is the most important factor in the growth of banking sectors.
- The relationship exists between gender and awareness level of customers using mobile banking services. The study shows that male customers were more aware of mobile banking services.
- A relationship exists between gender and satisfaction level of customers using mobile banking services. Male customers were more satisfied than female customers using mobile banking services.
- The awareness level of customers using mobile banking services was 46.1 per cent. Because most of the smart phone users currently started using mobile banking services.

3.9. Suggestions of the study

- India is a country where different languages are used in different parts. Mobile banking facilitates to access banking service to the rural community. This requires customer friendly banking software that can be used in their local language.
- Majority customers perceived 'privacy and security' a critical issue. Here banks are advised to educate customers on this issue to raise their awareness. Especially for the customers' worries like losing money if once the mobile handset is lost (a substantial number of respondents worried about it). Secondly, banks and telecom operators are suggested to draft comprehensive joint policy regarding security & privacy so that customers can be assured at both banks and telecom operator's levels while doing mobile banking.
- With the advent of technological development banks customized applications (software) for mobile phones in the initial stage, now the introduction of Smart phones changed the traditional mobile software into Mobile Apps. The major challenges in Apps are it has to be developed for different mobile Operating Systems.

4. Conclusion

Banking sector plays an important role in the economic development in India. Banking is still under the evolutionary stage as it is adopting new technologies to further facilitate the customer convenience in the secured environment. Mobile banking offers many benefits over internet banking and banking in person. Through this process, customer can save our time and can access own account and information from anywhere and anytime and it also keeps security alert with us if there is any unauthorized user is trying to access our account. So we have to provide better security options to improve the authentication process for secure services and increase trust in the adoption of mobile banking services and applications for getting benefits. The awareness creation among the existing customers and providing special benefits for using mobile banking will increase the mobile banking users. Once the customer becomes confident on technology it will automatically increase the adoption of mobile banking in mass. In this paper we focused

on operational constraints in mobile banking in India from customers' perspective. A similar study could be conducted from service providers i.e. bankers' perspective.

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