

OPPORTUNITIES AND CHALLENGES OF MOBILE BANKING IN KALABURAGI CITY
(AN EMPIRICAL STUDY ON THE USERS OF MOBILE BANKING IN KALABURAGI CITY)

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Abstract

To Mobile Banking Mobile banking is in most nascent stage in India. After the introduction of plastic money in India, people accepted the change. Until now the trends we see are digitalization especially after the demonetization we see that there are changing people's attitudes. Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a Smartphone or tablet. Unlike the related internet banking it uses software, usually called an app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24 hour basis. Some financial institutions have restrictions on which accounts may be accessed through mobile banking, as well as a limit on the amount that can be transacted. Mobile banking is dependent on the availability of an internet or data connection to the mobile device.

Keywords: M-Banking, POS, and P2P, ATM, EFPOS.

Introduction:

To Mobile Banking Mobile banking is in most nascent stage in India. After the introduction of plastic money in India, people accepted the change. Until now the trends we see are digitalization especially after the demonetization we see that there are changing people's attitudes. People wish that they could have known the digitalization earlier in their lives after knowing the benefits of saving their time, money and energy. Online banking and also mobile banking have been a boon after the digitalization and there are lot of scope that we see in the mobile banking space. Banks have realized that the effect of demonetization will definitely help the mobile banking and true we see that the banks are running their businesses without customers visiting banks. The infrastructure investment now is being moved to the virtual space by banks. Acceptance is there and also that the mobile banking is secured and has been proving the banking transactions in the hands of the customers and customer.

Mobile Banking in India

Recognizing the potential of mobile banking, Reserve Bank of India issued the first set of guidelines in October 2008. The guidelines defined mobile banking as undertaking banking transactions using mobile phones by bank customers that would involve credit/debits to their

accounts. This definition in a sense provided larger canvas to mobile payments which in a narrow sense involved only payment made for a product or service using the mobile phone either remotely or at the Point Of Sale (POS). These guidelines, which were very broad based, laid down the technology and security standards pertaining to safety, confidentiality, integrity, authenticity and non-reputability. Reserve Bank mandated that all Tran The Reserve Bank also made inter-operability a cornerstone of its policy. After the initial set of guidelines, several policy relaxations have been made to further encourage the use of mobile banking taking into account changing economic environment and feedback of the industry and customers.

The growth in mobile banking that has taken place in the country till date, though has been rapid, and is yet to reach the critical mass that will enable it to deliver on its promise of reaching banking including payment services at a cheaper, secure and seamless manner to the existing and potential customers. It has the potential to be the next wave of financial and technological innovation in banking by universalizing access to banking service without jeopardizing prudential and regulatory framework of the financial sector. Sanctions should be encrypted irrespective of the value.

Statement of the Problem

A lot of research has been done in the foreign countries with reference to internet banking and mobile banking. There is very little research that have used but the opportunities and challenges have been studied with limited scope and this research has a focus on the opportunities and challenges of mobile banking. The developing trends in mobile technology and also the revolution of the banking products have been delivering the bank to bank and their customer. The changes are the fundamental needs that the customers expect and are being delivered with the interaction of banks and customers. Customers are increasingly discerning and have become more involved in their financial decisions.

Objectives

- to examine the overall opportunities of Mobile Banking for its users in Kalaburagi City
- to study the features in mobile banking
- to understand the opportunities prevailing in mobile banking for banks and consumers
- to analyze the challenges the banks face due to digital innovations in banking.
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Importance of the Study

Mobile Banking popularly known as M-Banking is of modern origin. Usage of mobile banking is seen everywhere as anyone who can bank their transaction wherever they are. Similarly, Mobile banking is commonly embraced by the people of today and they get a lot Mobile banking can be used for most of the same tasks that you would execute at a bank branch or on your home desktop computer. In addition, many banks provide customers with the ability

to deposit checks. All of this is done through an app that is downloaded to your smart phone or tablet from your provider's app store. The app makes navigation much stress-free than if you were trying to use online banking through the browser on your phone. Smart phones have been one of the most impactful inventions in human history.

The impact of smart phones, as well as tablets, can be felt in just about every facet of daily life in terms of how we communicate, gather information, shop, access entertainment, and of course, how we bank. For people who are planning to go with mobile banking, here are few advantages to keep in mind.

1. Availability at Any Time and Any Where: Mobile Banking is available 24*7 and also easy and convenient mode for many Mobile users even in the rural areas.
2. Mobile Banking Is Time Saving: This is one of the biggest benefits of mobile banking. No matter where you are, you can "take care of business" without interrupting the rest of your life. Mobile banking is being able to handle your financial life without having to run into a branch during open hours can be a real time- and schedule-saver.
3. Decreased infrastructure costs: Mobile Banking is cost effective and Banks offer this service at very low cost to the customers. Banks do not have to build or maintain as many physical branches if more customers carry out banking via their mobile phone.
4. Enhanced security over Mobile Banking: Mobile banking is as secure. All reliable financial institution use encryption that defends and protects your privacy, identity and your financial information. Some institutions even provide a security guarantee to make your use of mobile banking truly stress-free. Mobile Banking is said to be more secured and risk free than online/internet Banking.
5. Mobile Banking allows to Pay Bill: You can get reminders when to pay bills so you never have to pay a late fee. You can even set up recurring bill payments so you don't even have to think about when a bill is due.
6. Mobile Banking Keeps You in Control: Mobile Banking is so easy and so convenient; it helps keep you in control of your finances. You can monitor your balances and always know where you're at financially. It's an added advantage for your financial life. With account alerts, you can identify if your account falls below a certain brink and immediately transfer money into that account and avoid overdraft fees. You can credit checks instantly, which is a great help when you need the cash. All these features leave you in control of your money on your time.

Growth of Mobile Banking in India

- **SMS alerts:** One of the key concerns banks were facing was that of customers did several inquiry transactions on ATMs and this was adding to the burden on the ATM. Infrastructure. This traffic was particularly heavy during salary days. Banks adopted a solution of proactively

communicating account balances and important transactional activity on accounts to customers through a simple SMS. Customers stopped queuing up in front of ATMs for inquiry transactions.

- **Account inquiries:** The SMS technology proved simple enough for banks to adopt this as a self-service channel. This model of operation involved customers sending an SMS to a published number of the Bank with a key word and identification information. The customer experience for SMS-based inquiries was not very good and this led to the introduction of real-time communication channels such as WAP and USSD recently.

- **Funds transfer and bill payment:** As customers experience from mobile banking improved and the penetration improved, banks began to realize the potential of offering financial transactions through the mobile device. The first 37 set of transactions to be offered were funds transfer between the customers own accounts and payments to pre-designated billers such as utility companies. These facilities vastly reduced the use of cheques, hence contributing to the cost benefit for banks.

- **Payment services:** Mobile phones had caught on much faster than all previous technology delivery channels and banks were being forced to offer new facilities. The mobile phone was unique in that it was a personal device which had computation power, storage ability and occupied a greater mindshare of the customer than the traditional money wallet. This triggered new thoughts among bankers who wanted to leverage these capabilities to offer newer set of transactions on the mobile phone. This came in the form of enabling payment transactions through the mobile phone. The mobile-based payment comes in two basic forms (i) proximity payments and non – proximity payments.

- **Loan requests and service requests:** As mobile phones evolve into smart phones and the usability is improving, banks are finding it easier to offer more complex services on the mobile phone. The latest trends include offering loans through requests placed from the mobile phone where pre-registered customers can provide details about the loan and avail instant approval of loans. The mobile device technology progressed at a rapid pace and consumer expectations on usability of began to progress. Mobile banking progressed to offer enhanced customer experience and adopt the latest technology trends in communication to offer real time exchange of data.

Research Methodology

Data was collected from both primary and secondary data sources. For the purpose of analysis, the data has been collected from 150 customers from the selected sampled respondents in Kalaburagi City. The samples have been selected on the basis of convenient random sampling techniques.

Sampling Techniques

For the purpose of analysis the data has been collected from 150 customers from the selected sampled respondents in Kalaburagi. The samples have been selected on the basis of convenient random sampling techniques.

Literature Review

In this field few studies were conducted in India. The researcher reviewed many researchers conducted in India and abroad to find out the correct area to carry out the research work, which will be fruitful for the professionals and country.

1.V. Raja, Joe A. (2012), “Global e-banking scenario and challenges in banking system”, This paper is an attempt to explore the various levels of internet banking services provided by banks using the secondary data. It also compares the traditional banking systems with net banking. It lists out the various advantages of internet banking and the successful security measures adopted by different banks for secured banking transactions. It also analyzes how E-banking can be useful for banking industry during this global financial meltdown

2.V. B., Paul, Veloso, Francisco M. and Oliveira, P., (2012), “ Innovation by Users in Emerging Economies: Evidence from Mobile Banking Services”, This paper examined the extent to which users in emerging economies innovate, and whether these innovations are meaningful on a global stage. To study this issue, the researcher conducted an empirical investigation into the origin and types of innovations in financial services offered via mobile phones, a global, multi-billion dollar industry where emerging economies play an important role.

The researcher used the complete list of mobile financial services, as reported by the GSM Association (GSMA), and collected detailed histories of the development of the services and their innovation process. Analysis of this study shows that 85% of the innovations in this field originated in emerging markets. The researcher also concludes that at least 50% of all mobile financial services were pioneered by users, approximately 45% by producers, and 5% jointly by users and producers.

Additionally, services developed by users diffused at more than double the rate of producer-innovations. Finally, the researcher observed that three quarters of the innovations that originated in emerging markets have already diffused to OECD countries and that the (user) innovations are therefore globally meaningful.

3. Oliveira P., Eric V. H., (2011), “Users as service innovators: The case of banking services” Found that 55% of today's computerized commercial banking services were first developed and implemented by non-bank firms for their own use, and 44% of today's

computerized retail banking services were first developed and implemented by individual service users rather than by commercial financial service providers. Manual precursors to these services – manual procedures that carried out functions similar to computerized services in our sample – were almost always developed by users as self-services.

Data Analysis and Interpretation Simple Percentage Method

Table showing that features of mobile banking

Features	No of Respondents	%
Balance check	50	53%
Balance check, Demat Account Services, others	20	13%
Balance check, Enquiry services	10	7%
Balance check, Enquiry services, M-commerce	15	10%
Balance check, Recharge and bill payments	10	7%
Demat account services	10	7%
Enquiry services	5	3%
Enquiry services, M-commerce, demat account services	10	7%
Transfer Funds	20	13%
Total	150	100

Interpretation

From the above table 53% of the respondents are saying that Balance check, 13% of the respondents are saying that Balance check, Demat Account Services, others, 7% of the respondents are saying that services, 10% of the respondents are saying that Balance check, Enquiry services, M-commerce, 7% of the respondents are saying that Balance check, Recharge and bill payments, 7% of the respondents are saying that Demat account services, 3% of the respondents are saying that Enquiry services, 7% of the respondents are saying that Enquiry services, M-commerce, demat account services, 13% of the respondents are saying that Transfer Funds.

The security is maintained in the mobile banking services by banks

	No of Respondents	%
Agree	80	53%
Disagree 20	20	13
Slightly Agree	20	13%
Slightly Disagree 20 13%	20	13%
Unbiased 10 7%	10	7%
Total	150	100

Interpretation

From the above table 53% of respondents by saying Agree, 13% of respondents by saying Disagree, 13% of respondents by saying slightly agree, 13% of respondents Slightly Disagree and 7% of the respondents by saying unbiased.

Findings, Suggestions and Conclusion**Findings**

- It is found that Majority 75% of the respondents responded by saying 26 – 30 years.
- It is found that Majority 63% of the respondent's responded by saying Female
- It is found that Majority 72% of the respondents responded by saying Business/Self Employed.
- It is found that Majority 80% of the respondents responded by saying Family income above Rs.1,00,000
- It is found that Majority 33% of the respondents responded by saying Balance check.
- It is found that Majority 60% of the respondent's responded by saying Trust to mobile banking.

Suggestions:

- The banks can contact customers over a phone call for starting the use of mobile banking
 - Mobile banks offers could be more advertised on television media.
- To enable the existing customers to start using only banks app by providing more discounts to their customer
- To inform about the offers for the month to all the banks customers either through email or a phone call
 - Banks need to start adding new customers like the way pay TM added through its offers.

Conclusion

From this study, the opportunities and challenges of mobile banking have been highlighted. There are a lot of opportunities as well as challenges. The banking sector should make the mobile banking software user friendly and should sort out any issues arising out of mobile banking. At present, mobile banking system is up to the satisfaction of customers. But, they should do something to increase the interest of the customers.

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