

Utilization of Mobile Banking Facilities with Special Reference to Salem District

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ABSTRACT

The increased prevalence of mobile phones provides exciting opportunities for the growth of mobile banking (m-banking). This paper reviews the emerging research literature on m-banking. It presents a classification framework for m-banking research based on 65 m-banking papers published between 2000 and mid-2010 in Information Systems (IS), technology innovation, management, and marketing journals, and major IS conferences. These papers are classified into five main categories: m-banking overview and conceptual issues, Features & Benefits of Mobile Banking, Current operating practices of commercial banks, and Mobile banking/payment practices in Indian Commercial Banks and Challenges in India strategic, legal and ethical issues. It is expected that the comprehensive list of references and assessments presented in this paper will provide a useful anatomy of young m-banking literature to anyone who is

interested in m-banking and help stimulate further interest.

Key Words:

Mobile Banking, Mobile Payments, Mobile Banking Services

INTRODUCTION

The technological development has provided opportunities for service providers to develop their services and offer customers more flexibility. As a consequence, banks have launched multiple service access methods via new delivery channels like ATM, internet and mobile phone. The terms m-banking, m-payments, m-transfers, m-payments, and m-finance refer collectively to a set of applications that enable people to use their mobile telephones to manipulate their bank accounts, store value in an account linked to their handsets, transfer funds, or even access credit or insurance products. Banking system, such as checkbooks, ATMs,

voicemail/landline interfaces, smart cards, point-of-sale networks, and internet resources, the mobile platform offers a convenient additional method for managing money without handling cash. The term “mobile financial services” (MFS) encompasses a broad range of financial activities that consumers engage in or access using their mobile phones. MFS can be divided into two distinct categories: mobile banking (m-banking) and mobile payments (m-payments). The terms “mobile banking” and “mobile payments” describe distinct but in some cases overlapping sets of products. Some m-banking platforms provide services, such as money transfers, that are considered forms of mobile payment, while some m-payments products are so closely linked to bank accounts as the source of funds that they assume m-banking functions. The area of mobile banking in India began several years back when the RBI mandated alerts to customers through SMS for their physical banking activities. Presently, in India 65 banks have been approved for conduct of mobile banking & 12.23 million bank customers have so far registered for mobile banking services. It is evident that mobile phones have reached more households than basic banking services. Being the fastest growing mobile subscriber market India has a huge potential for M-Banking.

MEANING OF MOBILE BANKING

The connection between a mobile phone and a personnel or business bank account. Mobile banking allows customers to use their mobile phone as another channel for their banking services, such as deposits, withdrawals, account transfer, bill payment, and balance inquiry. Most mobile banking applications are additive in that they provide a new delivery channel to existing bank customers. Transformative models integrate unbanked populations into the formal financial sector.

DEFINITION OF MOBILE BANKING:

The Federal Reserve survey defines mobile banking as “using a mobile phone to access your bank account, credit card account, or other financial account. Mobile banking can be done either by accessing your bank’s web page through the web browser on your mobile phone, via text messaging, or by using an application downloaded to your mobile phone.”

OBJECTIVES OF THE STUDY

The present study aims to examine the progress of e-banking in India. In this broader framework, an attempt is made to achieve the following specific objectives:

1. To analyze the Mobile banking in India.
2. To examine the Mobile banking customer satisfaction by analyzing the problems faced by the customers

3. Identify the reason that why customers wants to use the mobile banking.
4. Determine the customers' dissatisfaction toward mobile banking.

REVIEW OF LITERATURE

Mr. V. Vaidyanathan, (2008) First mobile banking transaction services in India were offered by ICICI bank in January 2008 but SMS alerts started in 2005-06 (Alpesh Patel, 2013). Wireless phone subscribers in India crossed 867.8 Million in 2013, as per TRAI (Telecom Regulatory Authority of India Act, 1997) as compared to 261.07 in March 2008. So there is approximately 4 times increase in the number of subscribers. However, according to this report, subscribers who access the internet through wireless phones are 143.2 Million. Almost 16.5% of wireless mobile phone subscribers are using the Internet over their mobile phones.

Chaipoopirutana, Combs, Chatchawanwan and Vij (2009); Lin (2010); Sahin (2006), During the last four years, the numbers of banks providing mobile banking services in India have increased four times. But numbers of mobile banking users have not increased at the same pace. There are many challenges that Indian banks are facing for increasing the mobile banking user database like Handset operability, Security, Scalability and Reliability, Application Distribution etc.

Vinayagamoorthy and Sankar(2012) Mobile Banking, also known as M-Banking,

can perform various functions like mini statement, checking of account history, SMS alerts, access to card statement, balance check, mobile recharge etc. via mobile phones. Banks are constantly updating their technology and want to increase their customer base by reaching to each and every customer.

Alpesh Patel, (2013) According to a Mobile banking report by Deloitte, 17 Million Indians are using mobile phones for banking transactions. So, approximately 2% of wireless phone subscribers are using banking services on their mobile phones. Mobile banking is still in its nascent stage in India. Therefore, identifying and understanding the factors influencing the behaviour of mobile phone subscribers is one of the fundamental requisite for development of mobile banking services in India.

ADVANTAGES OF MOBILE BANKING

1. It utilizes the mobile connectivity of telecom operators and therefore does not require an internet connection.
2. With mobile banking, users of mobile phones can perform several financial functions conveniently and securely from their mobile.
3. You can check your account balance, review recent transaction, transfer funds, pay bills, locate ATMs, deposit cheques, manage investments, etc.

4. Mobile banking is available round the clock 24/7/365, it is easy and convenient and an ideal choice for accessing financial services for most mobile phone owners in the rural areas.
5. Mobile banking is said to be even more secure than online/internet banking.
6. The wage earners staying away from their homes and finding it difficult and expensive to remit money to their families, can send money instantly through mobile banking
7. The wage earners can do bank transactions without visiting the bank. The advantage being that they do not lose a day's wages which they would otherwise lose by going to the branch for getting any banking service.
8. All non cash banking requirements can be carried out using mobile phones.

DISADVANTAGES OF MOBILE BANKING

1. Mobile banking users are at risk of receiving fake **SMS messages** and scams.
2. The loss of a person's mobile device often means that criminals can gain access to your mobile banking PIN and other sensitive information.
3. Modern mobile devices like Smartphone and tablets are better

suitable for mobile banking than old models of mobile phones and devices.

4. Regular users of mobile banking over time can accumulate significant charges from their banks.
5. In recent years mobile banking has become quite popular and convenient for many people.

THE SALIENT FEATURES OF THE ACCOUNT ARE

1. It is a No Frills saving account
2. Opened by individuals only
3. No joint accounts are permitted
4. It is available at Customer Service Points(CSP) of bank appointed Business Correspondents/Business Facilitators
5. The initial deposit and minimum balance to be maintained is NIL
6. Rate of interest is as applicable to normal savings accounts
7. Cash withdrawals and funds transfer will be permitted at the CSP, subject to satisfactory biometric verification of the card holder
8. KYC norms will be done as per RBI guidelines for No Frills accounts
9. Nomination is made compulsory by some banks as the smart card is in single name only
10. The core banking (CBS) branch closest to the CSP of the Business Correspondent will be the link branch.

The smart card accounts will have the link branch as their home branch

11. Banks normally designate an official to attend to any grievances of the card holders

BENEFITS OF MOBILE BANKING

A mobile payment service in order to become acceptable in the market as a mode of payment the following conditions have to be met:

1. **Simplicity and Usability:**

The m-payment application must be user friendly with little or no learning curve to the customer. The customer must also be able to personalize the application to suit his or her convenience.

2. **Universality:**

M-payments service must provide for transactions between one customer to another customer (C2C), or from a business to a customer (B2C) or between businesses (B2B). The coverage should include domestic, regional and global environments. Payments must be possible in terms of both low value micro-payments and high value macro payments.

3. **Interoperability:**

Development should be based on standards and open technologies that allow one implemented system to interact with other systems.

4. **Security, Privacy and Trust:**

A customer must be able to trust a mobile payment application provider that his or her credit or debit card information may not be misused. Secondly, when these transactions become recorded customer privacy should not be lost in the sense that the credit histories and spending patterns of the customer should not be openly available for public scrutiny.. Third, the system should be foolproof, resistant to attacks from hackers and terrorists. This may be provided using public key infrastructure security, biometrics and passwords integrated into the mobile payment solution architectures.

5. **Cost:**

The m-payments should not be costlier than existing payment mechanisms to the extent possible. A m-payment solution should compete with other modes of payment in terms of cost and convenience.

6. **Speed:**

The speed at which m-payments are executed must be acceptable to customers and merchants.

7. **Cross border payments:**

To become widely accepted the m-payment application must be available globally, word-wide.

MOBILE PAYMENTS:

The Federal Reserve survey defined mobile payments as “purchases, bill payments, charitable donations, payments to another person, or any other payments made using a mobile phone. Mobile payments can be used by accessing a web page through the web browser on your mobile device, by sending a text message (SMS), or by using a downloadable application on your mobile device. The amount of the payment may be applied to your phone bill (for example, a text message donation), charged to your credit card, or withdrawn directly from your bank account.”

MOBILE SECURITY:

One of the main reservations consumers have with adopting mobile banking and mobile payment technologies is concern about the security of the technology. Consumers’ perceptions of the security of various mobile banking methods for protecting personal financial information have changed over the past year. But even as adoption of mobile banking has increased, consumers are now more likely to believe the technology to be “very unsafe” or report that they “don’t know” whether it is safe.

SMS BASED MOBILE BANKING

SMS based mobile banking is a convenient and easy way for accessing bank but there are end-to-end security problems. These problems exist in SMS, GPRS protocols and security issues for transaction

of money. Today, most of the banks in the world offer SMS based mobile banking. If we take any mobile banking system we can realize that customers also interact with databases, files and important records through mobile phone. Currently South Africa, Bangladesh and some other countries are also doing SMS based mobile banking.

BANKING SERVICES

1. Balance enquiry:

The customers will be able to view the real time account balance.

2. Mini statement:

The customer will be able to view the last 8 transactions.

3. Cheque status Enquiry:

The status of the cheque whether the instrument is paid, unused or stopped will be displayed.

4. Stop payment of cheques:

The customer can stop the cheque online if not paid. The charges applicable will be same as that of charge applicable for across the counter service.

5. Service Outlet Locator:

This service will display the address of the Branch/ATM based on the inputs like PIN code or the location/city name.

6. Intra-Bank Fund Transfer:

The customer will be able to transfer fund to self or any third party

accounts within the Bank after registration of the beneficiary. The beneficiary registration can be done either using the account number or mobile number if the beneficiary is also a mobile banking customer.

7. Inter Bank fund transfer:

Inter-Bank Fund Transfer will be through NEFT or IMPS.

8. NEFT:

The Customer will be able to transfer fund to accounts with other Banks after registration of the beneficiary.

9. IMPS:

The Customers are now able to send / receive funds to/from other Banks 24X7 through IMPS. IMPS based fund transfer is also available for transferring funds to self / third

party accounts within the Bank. The transaction limit set for fund transfer through application based mobile banking will be applicable for IMPS also.

SERVICES IN APPLICATION BASED MOBILE BANKING

1. Different services through IMPS :

i. Person to Person (P2P)

In this method the mobile banking customers can remit fund to beneficiary in other bank using his mobile number and MMID.

ii. Person to Account (P2A)

In this method the mobile banking customers can remit fund to beneficiary in other bank using IFSC and account number.

| Details | Daily Limit (Rs.) | Weekly Limit (Rs.) | Monthly Limit (Rs.) | Daily number of financial transactions limit |
|---------------------------------------|-------------------|--------------------|---------------------|--|
| Inter-Bank/Intra-Bank Fund transfers. | 48,000/- | 1,00,000/- | 2,50,000/- | 50 |
| Value Added services | 2,000/- | 5,000/- | 15,000/- | 10 |

| Days | Timings for NEFT transactions |
|------|-------------------------------|
|------|-------------------------------|

| | |
|----------------|----------------------|
| Weekdays | 0900 Hrs to 1830 Hrs |
| Saturday | 0900 Hrs to 1230 Hrs |
| Sunday/Holiday | Not available |

2. Payments :

- i. **Mobile Recharge** - The Customer will be able to recharge the prepaid mobile account with top-up amount. This service is presently supported by select TELCOs in select telecom circles.
- ii. **Movie Ticketing** - The Customer can book movie tickets using this option.
- iii. **Eligibility** - The Customers of any Branch maintaining Savings, Current type of accounts are eligible to avail the mobile banking service.

OPERATIONAL GUIDELINE

- 1. After Successful registration and authorization of the Customer details at the Branch the Customer will receive two SMS on the registered mobile number.
- 2. One SMS link will have the internet link to download the mobile banking application. Users / Customers having GPRS facility can download the application on the mobile. Other Customers may approach the Branch

to download the application from the m-pay website.

- 3. The second SMS will contain two 4-digit numeric passwords. The application password will be used to login to the mobile banking system and the m-pin will be used to avail the mobile banking services.
- 4. The user will be forced by system to change the passwords received mandatory after first time login to the system.
- 5. The System will allow 5 invalid application password attempts after which the application will be blocked.
- 6. The System will allow 3 invalid m-pin attempts after which the service will be blocked. By next day all the blocked m-pins will be released.
- 7. Primary Account can not be added as beneficiary, hence can not be credited through this facility. Appropriate care may be taken while mentioning the accounts.

DIFFERENT SERVICE PROVIDED BY MOBILE BANKING ACCOUNT INFORMATION

1. Alerts on account activity or passing of set thresholds
2. Monitoring of term deposits
3. Access to loan statements
4. Access to card statements
5. Mutual funds / equity statements
6. Insurance policy management

PAYMENTS, DEPOSITS, WITHDRAWALS, AND TRANSFERS

1. Cash-in, cash-out transactions on an ATM
2. Domestic and international fund transfers
3. Micro-payment handling
4. Mobile & Direct to Home package recharging
5. Purchasing tickets for travel and entertainment
6. Commercial payment processing
7. Bill payment processing
8. Peer to Peer payments (e.g., Pop money, Isis)
9. Withdrawal at banking agent
10. Deposit at banking agent

A specific sequence of SMS messages will enable the system to verify if the client has sufficient funds in his or her wallet and authorize a deposit or withdrawal transaction at the agent. When depositing money, the merchant receives cash and the system credits the client's bank account or mobile wallet. In the same way the client can also withdraw

money at the merchant: through exchanging sms to provide authorization, the merchant hands the client cash and debits the merchant's account.

HOW TO REGISTER FOR MOBILE BANKING

In order to register for Mobile Banking, you need to have an active Internet Banking account and you should have logged on to Internet Banking at least once since registration.

Log on to your Internet Banking account

1. Subscribe to Mobile Banking
2. Enter your Mobile number, your country of residence
3. Select a nickname for your account
4. Accept terms & condition

The List of available Mobile Banking Services:

Once you have registered for Mobile Banking, you can check your account balance and history of account transaction (to a maximum of last five transactions done on your account) by sending an SMS to 9611124722 in the following format:

1. Balance enquiry: BAL (space) 'account nickname'
2. Mini Statement: MINI (space) 'account nickname'

List of Banks permitted to provide Mobile Banking Service in India – Position as on

July 31, 2014 in 85 banks.

1. Axis Bank Ltd.
2. Bank of Baroda
3. Canara Bank
4. Central Bank of India
5. City Union Bank Ltd.
6. Corporation Bank
7. HDFC Bank Ltd.
8. ICICI Bank Ltd.
9. IDBI Bank Ltd.
10. Indian Bank
11. Indian Overseas Bank
12. IndusInd Bank Ltd.
13. ING Vysya Bank Ltd.
14. Karur Vysya Bank Ltd
15. Kotak Mahindra Bank Ltd.
16. Pallavan Grama Bank
17. Punjab National Bank
18. State Bank of India
19. Syndicate Bank
20. Tamilnad Mercantile Bank Ltd.
21. The Federal Bank Ltd.
22. The Lakshmi Vilas Bank Ltd.
23. Union Bank of India
24. United Bank of India
25. Vijaya Bank

5 REASONS TO USE MOBILE BANKING

Consumers are increasingly going mobile -- and for good reasons.

Tellingly, 12 million people used mobile banking services in 2009, according to Frost & Sullivan, a research firm. That number will climb to 45 million by 2014.

Mobile banking offers many advantages, such as good security, easy access and plentiful applications for smart phones. "The biggest benefit is that you have more control of your money," says James Van Dyke, president of Javelin Strategy & Research in Pleasanton, Calif. "You don't have Internet connections everywhere you go. But you do have a mobile connection." "Mobile banking takes us back to the days when we used passwords, he says. "You knew where you stood at any moment."

For example:

You can be sitting on an airport tarmac checking your account balance or looking at recent transactions.

1. More ways to access accounts

Banks typically let you access accounts via texting, mobile browsers or downloadable applications. Texting is the simplest method for many. "It's the least sexy, but it plays an important role," says Red Gillen, a senior analyst at Celent. "It's best for alerts, especially when your account is low." Using your Web browser accesses your online account. It's the way most people do their mobile banking. But downloadable applications are expanding quickly.

2. Good security

"I've never heard of any major security breaches," says Gillen. Van Dyke agrees. "Security is a

perceived disadvantage in mobile banking," he says, "but it's not a reality." He believes that mobile banking is safer than other channels, including Internet banking. "Malware is less likely to threaten mobile banking because of the proliferation of platforms," he says. Even if you lose your phone, you're safe, say many experts. Bank data is guarded with passwords and other ID checks. Also, you can disable your phone remotely, says Van Dyke.

3. Mobile banking is ramping up quickly

Mobile banking began catching on in 2007. But already, the big banks offer these services, along with 500 other banks and credit unions. What's more, some of them offer robust features. For example, PNC offers a virtual wallet, where you can see how your money is being spent. It also offers a savings engine that lets you set aside money automatically, says Trebilcock.

4. No fees

For now, banks aren't changing fees for mobile banking services. However, your phone provider may tack on extra charges. "Depending on your data plan, you may be paying for each message or download," says Gillen. So, it pays to check what your plan pays for.

5. Easy access

Being able to access financial records anytime anywhere makes mobile banking appealing. You can check deposits, notice money transfers and monitor transaction history. Those actions give you a safety advantage, too. "The more you monitor your account, the safer you are," says Van Dyke. "The bulk of identity fraud is discovered by people with their own accounts." In the future, people will have more access to all their accounts. "It will work more like remote control," he says. There will also be more movement of funds and virtual wallets where you can make payments with mobile devices. Already, Bank of America is testing the ability to make deposits remotely.

LIMITATIONS OF THE STUDY

Mobile banking has some limitations when compared to other types of banking systems, such as Internet banking. Mobile devices are limited in processing speeds, screen sizes and battery life. Mobile banking, like other types of traditional and online banking systems, is susceptible to security breaches. Some banks limit mobile banking services to balance inquiries, transaction alerts and service requests to limit and reduce security vulnerabilities and protect sensitive financial data from falling into the wrong hands.

SUGGESTIONS

The major concern among customers was the safety concern regarding mobile banking services which forms a real obstacle to use the service, followed by network problem and insufficient operating guidance. The research also found that even most of those who frequently use the Mobile Banking services, usually do not conduct much of financial transactions, but find the service very useful for information based transactions mainly checking account status. This means that the Mobile banking services is not solving the purpose it was originally made for, which is to provide customer convenience and reduce customer visits to the banks. Based on the findings, it is strongly believed that ensuring the security of Mobile banking and familiarizing customers with how to use the service will definitely increase the rate of using Mobile banking services.

CONCLUSION

The findings validate the view that the mobile banking sector presents a delightful outlook of exploitation. Most individuals acknowledge the importance of the mobile based banking service in a myriad of their daily activities. Usage patterns appear to be largely driven by personal missions and marketing strategies of service providers. Depending on the nature of activities and requisite levels of expediency users will employ M-banking in variable ways. In addition there is a dimension of use

attributable to the “hype factor”. Certain users have boarded the usage train out of the excitement and image believed to originate from the M-banking utilization atmosphere.

Though M- banking seems to cut across all groups, usage is more pronounced among younger age groups. With reference to income opinion is divided as appertains to the thresholds that trigger entry into M-banking. Some users with no specific income sources were identified as regular users implying a huge possibility that they rely on income of others. What this signifies is the fact that M-banking has created a formidable avenue for income redistribution.

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