

Mobile Banking and Customer Satisfaction

Abstract:

Information technology is considered as the prime driver for the changes taking place around the globe. Mobile banking is the latest and most innovative service offered and given by the banks. In order to achieve the objectives of business, several channel of communications to customers have to be evolved through technology. Technology is the primary key to move towards providing integrated banking facilities to consumers. Indian banks have been late starter in the acquisition of technology for automation of procedures and the un-segregated banking facilities. Mobile banking is an application of mobile accessing which offers the customers with the support required to be able to bank anywhere, anytime using a mobile handheld gadget and a mobile facility such as Short Message Service (SMS). Mobile Banking refers to requirements of banking and financial facilities with the use of mobile telecommunication devices. In the present scenario of banking, total automation of banking functioning and is an imperative for all banks to magnetize more customers, provide efficient services and survive the competition, apart from achieving the profit, which is the major aim of the business. Mobile banking is one of the alternatives passage accessible to customer for quick and effective service at anytime and anywhere. Banks can also use enable banking for increasing the efficiency of their employees and create a platform for better customer service and improve relationship with their customers. This paper mainly deals about the consumer's perspective on mobile banking and its advantages and disadvantages. It also prioritizes to draw attention on the future prospects of Mobile Banking.

Keywords: Mobile Banking, SMS Services, Customer Satisfaction, Application of Mobile Phone, Internet Banking.

Introduction:

Mobile banking is an application of mobile accessing which offers the customers with the support required to be able to bank anywhere, anytime using a mobile handheld gadget and a mobile facility such as Short Message Service (SMS). Mobile banking saves the time and energy of an individual from doing banking affairs like checking their balances, transferring money to another account, etc¹. Online Banking helps give the customer's anytime access to their respective banks. Customers can check out their account details, get their bank statements, execute transactions like transferring money from one account to another and pay their bills sitting in the ease of their homes and offices. But the biggest drawback of Internet banking is the need of a Personal Computer with an Internet connection, but definitely a big obstacle if we contemplate most of the developing countries of Asia such as India. Mobile banking addresses this fundamental drawbacks of Internet Banking, as it reduces the customer need to just a mobile phone. Mobile usage has seen a tremendous growth in most of the Asian economies like India. The main motive of Mobile Banking scores over Internet Banking is that it sanctions 'Anywhere

¹ E. Ibrahim, M. Joseph, and K. Ibeh, "Customers' perception of electronic service delivery in the UK retail banking sector," *International Journal of Bank Marketing*, vol. 24, pp. 475-493, 2006.

Anytime Banking is Available'. Customers do not require access to a computer terminal to access their respective bank accounts.

Financial Services are normally complicated and need a lot of trust for the consumer to use technology. Banks have transformed from paper-based banking solutions provider to the latest of the technologies such as internet banking, mobile-banking, etc. Customers across the globe, even technologically optimists, have abstained from using technology aided solutions. There are several reasons why technology has not been able to ride the approval wave and cross the barrier and become an acceptable attribute in banking. As today's banking has redefined itself as customer centric, it becomes more important that the customer is satisfied with the services being provided. Unfortunately, the approval and adoption rates are extremely low even in the case of educated customers.² The paper looks at several factors which explain why customers are not using mobile banking and other technologies in banking. It would also aim to suggest why people are not presently using mobile banking and try to suggest how to overcome this problem and increase the acceptance levels.

Need for the Study:

This study aims to determine the consumer's perspective on mobile banking and its advantages and disadvantages. It also prioritizes to draw attention on the future prospects of Mobile Banking.

Objectives:

- To identify the facilities provided by Mobile Banking Services.
- To study the benefits and limitations of Mobile banking Services.
- To analyze the Mobile banking Facilities used Worldwide,
- To know the future prospects of mobile banking in India.'
- To suggest different ways to improve the functioning of Mobile Banking facilities and offer new business opportunities.

Limitations:

- This article is limited to the consumer's perspective on the services provided by Mobile Banking.
- This article is confined to pros and cons of the Mobile Banking services.

² H. Bauer, M. Hammerschmidt, and T. Falk, "Measuring the quality of e-banking portals," *International Journal of Bank Marketing*, vol. 23, pp. 153-175, 2005.

Mobile Banking Concept:

Mobile Banking is a technique of providing facilities to a consumer to carry out banking transactions on the mobile phone through a data service-provider. Banks need to provide services to their customers whenever they require it and wherever they are. We can rather call this facility as “Anywhere and any moment banking”, but it is confined to only information about an individual’s account and not the cash services. Mobile banking functions through short messages. Customers have to; therefore, setup Short Message Service (SMS). They are required to activate Mobile Messaging Service (MMS) in their respective mobile phones.

Mobile banking is one of the major significant passage through which the customers can be relocated from front office functions to indirect passage, in order to save their precious time as also that of the executives operating in the bank.³ The time saved can be effectively and efficiently utilized for business development and cost reduction. Cellular phones have achieved so much prominence in the present day scenario that a person cannot survive without this communication channel. Once upon a time, a mobile phone was an opulent, but now it is an important necessity. In every state the number of customers using cell phones has increased to unexpected standards. At least 90% of these customers have bank accounts in several banks which use technology and benefit themselves of mobile banking facilities. Therefore, banks have taken mobile banking as one of the best mechanism for channel migration of customers. Customers are also content to have these facilities.

Facilities available on Mobile Banking:

The common and general facilities guaranteed by each and every service on mobile banking are listed below:-

- **Balance Enquiry:** This facility provides all customers, the available balance in his or her default or operative account that are connected to the customer identification number. The maximum number of accounts one can avail is five and not more than that.
- **Cost Transactions:** This kind of transaction provides the customer with the information about the previous five debits or credits done to the account.
- **Cheque Book Request:** This is an alternate for going personally to the bank, the consumer can request for a cheque book to be mailed to his or her address as per the records of the bank. This saves his or her precious time.
- **Bill Payment:** For those organizations which register with the bank for this particular facility, the payment is made on request on mobile phone banking.
- **Change of Primary Account:** The customer has the choice to change their already existing account to another new account number for carrying out further transactions.
- **Help:** Customers can know the transaction codes for several kinds of transactions through this alternative.

Mobile phone bank-users will be notified about external clearing cheque realizations, internal cheque returns, notification on term deposits matured, on loan installment due,

³ https://www.researchgate.net/.../220474699_Mobile_banking_Concept_and_potential

submission of stock statements by the borrowable person, standing instructions failed on account of inadequate balance in the account, etc. Bank starts warning messages on minimum balance in the account and also about the profitability bills which are due for payments. The facilities in mobile banking by each of the data service providers are tailor-made and customized for each bank that supplies mobile banking facilities to its customers.⁴

There is only one accepted definition of Business Principals to create a consumer. As far as the banks are concerned, formation and keeping of customers has become critical in present day banking scenario. Retention and keeping of customers can be attained only by giving the consumer what he desires, whenever he requires it, wherever he may be at the most competitive cost, if possible free. Observed, thus provision of good consumer facility through mobile banking service should be the major objective of the banks. It is an effective and efficient tool for passage migration.⁵

Ancillary service to mobile banking by banks:

- Top-up mobile talk time by refilling through the ATM system.
- Refill the prepaid mobile phone through the ATM or SMS.
- Have distinct memorandum of undertaking with other telecom organization and sell this product to earn commission.

It is highly probable income - producing products for banks, since the banks receive commission on the transaction amount. The major benefit to the consumer is that he can refill his mobile for any amount he wishes to do. The procedure of refilling is automated and accomplished online.

If all other banks also amalgamate this service, it will be a blessing to all the mobile phone banking customers to assist themselves of the services without any interference. Banks should invent such facilities to create the final result of mobile phone banking more and more famous as a vehicle for passage migration and prioritizes to draw focus and attention on additional business.

Advantages of Mobile Banking:

Following are the advantages of Mobile banking services in general to everyone around:-

- **Time saving:** As an alternative for allocating time to walk into a bank, you can check account balances, schedule and get payments, transfer money and organize your accounts when you are on the go.
- **Convenient:** The capability to access bank accounts, make payments, and also track investments irrespective of where you are can be a big benefit. Do your banking at any time and place that suits you, instead of waiting in long lines.

⁴ http://m4d.colfinder.org/sites/default/files/Slides/M4D_Week6_mobile_banking_india.pdf

⁵ <https://www.federalreserve.gov/econresdata/consumers-and-mobile-financial-services-report-201503.pdf>

- **Secure:** Predominantly, good mobile banking applications have a safety guarantee or send you a SMS verification code you have to input to authorize a payment for additional safety. Mobile banking is supposed to be even more safe than online or internet banking.
- **Easy access to your finances:** With the emergence of mobile banking, you are able to avail your financial information even surpassing the working hours. It helps to access banking facilities even by making a call to the bank.
- **Increased efficiency:** Mobile banking operations are functional, efficient, effective and competitive. It even helps in decongesting the banking halls and discards the amount of paperwork for both the banker and the consumer.
- **Fraud reduction:** One very real benefit to implementing mobile banking. Consumers are being deputized in real time to check their accounts.
- It avails oneself of the mobile networking of telecom operators and therefore does not demand for an internet connection.
- You can watch out on your account balance, re-evaluate recent transaction, transfer funds, pay bills, locate ATMs, deposit cheques, handle investments, etc.
- Mobile banking is accessible anywhere and anytime by anyone who wishes to, it is easy and convenient and a suitable choice for accessing financial facilities for most mobile phone owners in the rural areas.⁶

To Customers:

- Customers need not stand at the bank counter/ front offices for various enquiries about their account.
- Customers can save their valuable time and travelling cost in reaching the bank for their financial transactions.
- It is a mobile service to have information, all the 365 days, anytime, anywhere, about their account.
- Customers can pay their utility bills on time and save their selves from paying penalties, since alerts are received from the bank.
- Plan funding their accounts the cheques issued several customers, by taking benefit of balance enquiry or account status.
- Cheque book request can be made sitting at their work place.

To Bankers:

- Bankers can utilize the time saved by the passage migration of consumers to mobile banking for the growth of business through better marketing and sales activities.
- Banks can take advantage of the profits by way of commission for cellular companies by selling prepaid talk time through the ATMs.
- Banks providing mobile banking facilities can have competitive benefit over those banks, which are not providing this facility.
- Mobile banking enables banks to reduce cost of courier, communication, paper works, etc.

⁶ <http://www.internationaljournalssrg.org/IJEMS/2016/Special-Issues/NCEBSED/IJEMS-NCEBSED-P115.pdf>

Disadvantages of Mobile Banking:

- Mobile banking users are at a danger of getting fake SMS messages and scams.
- The loss of a person's mobile handsets often implies that criminals can obtain access to your mobile banking PIN and other such personal information.
- Latest mobile handsets like Smartphone and tablets are best suited for mobile banking than the previous models of mobile phones and gadgets.
- Conventional users of mobile banking over time can accumulate meaningful charges from their banks.
- In spite of the fact that there are 1.5 billion computers on the Internet and 4.5 billion people using mobile phones, there is presently no outstanding operating system supporting the mobile space. Hackers and scammers desire to do the least amount of work for the biggest possible gain.
- Most mobile banking applications require an internet connection to be able to function, so if you reside in countryside or go through issues with your internet connection, then you would not be able to use your account. The same problem occurs if your mobile phone has less or no charge in it.
- Many phones are not yet compatible with anti-virus software. Most cell phones do not come standard with anti-virus protection even if they have the ability to browse the internet. Some phones are not even compatible with the anti-virus software accessible and there are known cases in which people were unable to put anti-virus software registered to them on corporate cell phones. Although identity thieves are yet a few steps behind when it comes to learning to implement some of their most successful computer tricks (phishing, spamming, spreading viruses, account hacking, etc...) on a cell phone level, experts agree that is only a matter of time and people should not assume that anti-virus software is not necessary for cell phones.
- Some banks do not offer the same standard of protection for cell phone banking that they do for online or in person transactions. Because the danger is still generally not know, so some banks have been slow to make promises about what will or will not be covered when one uses cell phone banking.

Hence, latest modern technology to stay ahead of competitors, banks throughout the globe and India have significantly been moving in the same direction. Apparently, Mobile banking is contemplated a new period of time in banking, in which banks are spending considerable amount of money to have it accessible to their consumers and to cut their working costs. Unfortunately, proves have shown that a large number of customers do not use Mobile banking for various reasons, despite its benefits.⁷

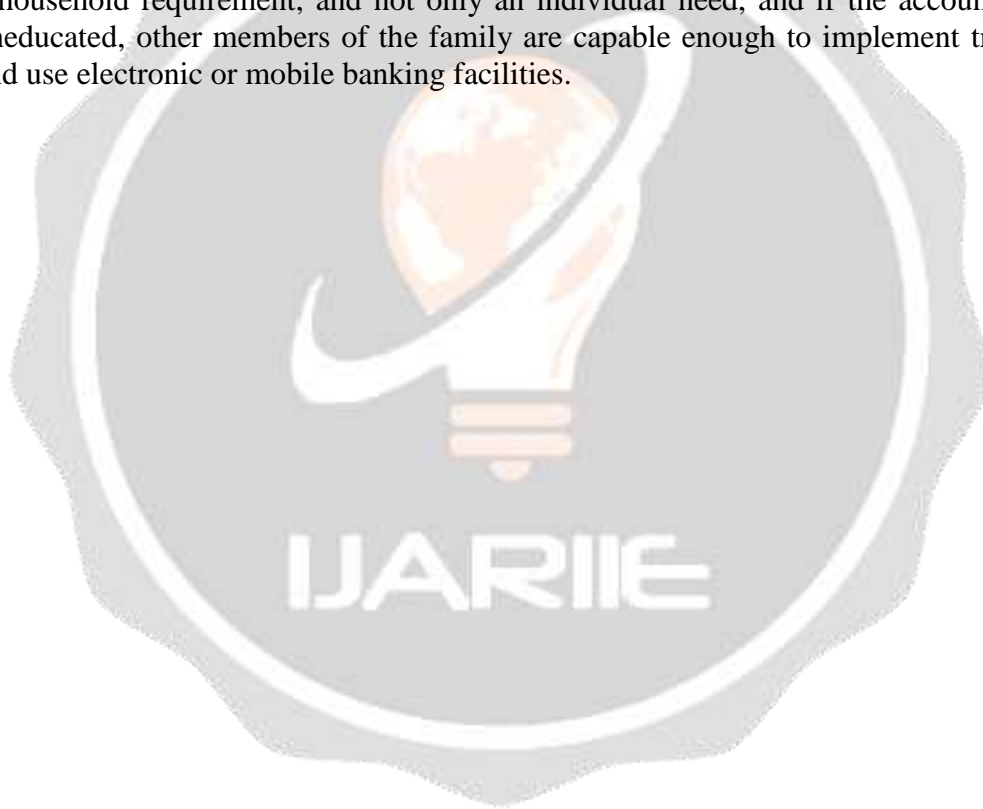
Future Prospects of Mobile Banking in India:

1. **Mobile Network Operators and Large Corporate Houses Co-Venture:** With the acceptance of alliance among mobile network operators (MNO's) and banks live up to the promise of financial incorporation, the RBI and TRAI (Telecom Regulatory Authority

⁷ Shodhganga.inflibnet.ac.in/bitstream/10603/3563/9/09_chapter%201.pdf

of India) have declared that they will harmonize and coordinate with each other to avoid any kind of regularity dispute. Many large Indian banks have partnered or co-ventured with large mobile network operations (MNO's) and handset vendors to facilitate their network through mobile channel by giving access to financial facilities.

2. **Under-banked and Un-Banked Population:** Approximately half of the country's population is unbanked. The large portion of the Indian population not just in countryside but also in many sections of urban markets, presents a large untapped market with a tremendous business capacity.
3. **Demographic Factors:** In India the population of today's generation (between the ages of 14-29) is the majority youth population worldly, which is around 27% of the total 1.2 billion. Furthermore, adding the age group of 30-44, the proportion is 47%. %. Apart from the large size of this section, they are among those who are the fast graspers of modern technology and latest services, which offers a huge opportunity for e/m-banking facility providers.⁸ It has been noticed that for the majority, access to financial facilities is a household requirement, and not only an individual need, and if the account holder is uneducated, other members of the family are capable enough to implement transactions and use electronic or mobile banking facilities.



Suggestions:

1. The banks should improve their service quality in means of communication, responsiveness, reliability and understanding.

⁸ Shodhganga.inflibnet.ac.in/bitstream/10603/86651/14/14_chapter%206.pdf

2. To provide several effective and efficient modes for promotional programme interaction with the customer, more accuracy in billing, financial safety and privacy in terms of transactions.
3. If the banks wishes to increase the service quality it should enhance the standard of facilities in punctuality, transparency and accountability, quality of customers service, security and confidentiality of transaction, No. of queues in bank branches, 24 hours facilities to the customers, individualized attention to customers, necessary information to customers, learns the specific demand of customers.
4. Set standards for on-boarding mobile banking customers.
5. Set standards for industry agreements between banks and MNOs for handling customer grievances.
6. Banks need to see mobile banking passage as a cost saving avenue (reduction of cash handling charges) rather than revenue generation vertical.
7. Banks and telecoms to work together for addressing customer grievances

Conclusion:

The procedure of liberalization, privatization, globalization and deregulation has paved new ways for banks to increase their incomes by diversifying in to universal banking, investment banking, bank assurance, mortgage financing, depository services, securitization, personal banking etc. Technology is the primary key to move towards providing integrated banking facilities to consumers. Indian banks have been late starter in the acquisition of technology for automation of procedures and the un-segregated banking facilities. Furthermore, the banking segment improves and initiation of e-banking has made a lot of structural changes in service quality, managerial choices, functional performance, profitability and productivity of the banking sectors. There are several factors which have played a major role in the Indian banking section for adoption of technology.

Further, modern technology has rapidly changed the conventional ways of doing banking business. Customers can check the accounts, receive account statements, transfer funds, purchase drafts by just making a few major punches. Availability of ATMs and plastic cards (credit or debit cards), EFT, electronic clearing services, internet banking, mobile banking and phone banking; to a major extent avoid customers going to branch premises and has provided a large range of facilities to the customers. Mobile banking is a mechanism that lets the customers of a financial institution to manage a number of financial transactions with the help of a mobile handset such as a mobile phone or separate digital assistant. Banking applications can make bill paying and bank account handling incredibly convenient, but the danger of identity theft is a big downside. Fortunately, it's simple to avoid most of the limitations with common sense solutions like strong password protection and secure connections. By keeping these safety tips in mind, one can enjoy a secure mobile banking experience.