Mobile Banking: A Study on Factors Affecting Customers Adoption in Mehsana

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Abstract

Information technology has basically been used under two different venues in banking. One is communication and connectivity and other is the business process. Today, banks have welcomed wireless and mobile technology into their boardroom to offer their customers the freedom to pay bills, planning payments while stuck in traffic jams, to receive updates on the various marketing efforts while present at a party to provide more personal and intimate relationships. This paper examines consumer adoption of a new electronic payment service as mobile banking and the factors influencing the adoption of mobile banking in Mehsana District.

The paper is based on Exploratory Research. This research is both quantitative and qualitative. This research is based on the data collected through "Questionnaire" with Mobile banking User and Non-user. The total period for this study was forty days. Results indicate that consumers get disheartened by the complicated functions while accessing the mobile banking services which lead them to the dissatisfaction level as no proper guidance is to be provided to them. The fact is that the factor risk and security are the most considerable significant factors for banking service adoption, and particularly in relation to `new' electronic environment. The result indicates that consumers are serious about the risk of conducting banking via a wireless channel, measured in terms of overall security and trustworthiness of the services offered. However, because of various problems in mobile- banking system, this is not widely accepted by Mehsana district bank customers.

Key Words

Mobile Banking, Customers Adoption.

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Introduction

Mobile banking is an application of mobile computing which provides customers with the support needed to be able to bank anywhere, anytime using a mobile handheld device and a mobile service such as Short Message Service (SMS). Mobile banking facility removes the space and time limitations from banking activities such as checking account balances or transferring money from one account to another and time saving when we go to the bank and doing some banking activities. The study identified certain issues pertaining to banks, mobile handsets and telecom operator's viz. mobile handset operability, security/privacy, standardization of services, customization, Downloading & installing application software and Telecom services quality. For this, a descriptive design was adopted to empirically explore the selected issues. The study suggests that from consumers' perspective mobile handset operability, security/privacy, and standardization of services are the critical issues. Although the research has its limitations, the implications of the results provide practical recommendations to all concerned parties.

Mobile Banking in India

As indicated by the banking companies act of 1949, banking is characterized as, tolerating for the reason of loaning or venture of store cash from people in general, repayable on request or the consequences will be severe and pull back capable with check draft, arrange or something else. It also characterizes Bank as a foundation of an exchange money and credit.

The banking sector was industrial during the British era. British East India Company recognized three banks,

(a) 1809- Bank of Bengal
(b) 1840- Bank of Bombay
(c) 1843- Bank of Madras

These three banks were later combined and called Magnificent Bank, which was taken more by SBI in 1955. The Reserve Bank of India was perceived in 1935, trailed by the Punjab National Bank, Bank of India, Canara Bank and Indian Bank. In 1969, 14 major banks were nationalized and in 1980, 6 major part of private banks were taken by the government.

Recently, Indian banks are offering followings facilities through mobile banking: :

1. Check account balance
2. Get automatic updates on bill payments
3. Get automatic updates scheduled payments
4. Mini account statement
5. SMS alert about deposit and withdrawal
6. Electronic fund transfer

7. Bill Payment, Donations, Subscriptions etc.
8. Information about new schemes, changes in charges and interest rates
9. Stop payment order and cheque book request
10. ATM and branch location
11. Mobile Top Up, Recharge of other DTHs,
12. Merchant payment, SBI life insurance premium
13. De-mat Enquiry Service
14. Real-time stock quotes.

Adoption of Mobile Banking In India

In India, the circumstances of the banks were not very same as the banks abroad, especially in created markets. Indian banks are not confronting tremendous compose downs or misfortunes are still greatly promoted. The utilization of innovation in India has experienced fast change. The most recent two decades have seen an ocean change in the idea of administrations offered by banks as well as the monetary part and even the Legislature - all of which have positively affected the clients of these associations and the overall population on the loose. Money related Administrations are for the most part mind-boggling and require a considerable measure of trust for the customer to utilize innovation. Banks have changed from paper-based saving money arrangements supplier to the most recent of the advances like internet managing an account, versatile keeping the money, and so forth. It is astounding to know concerning why the vast majority of the Indian clients have not invited this. Clients over the world, even innovatively self-assured people, have abstained from utilizing innovation supported arrangements.

There are numerous reasons why innovation has not possessed the capacity to ride the acknowledgment wave and cross the obstacle and turn into an adequate element in managing an account. As the present saving money has reclassified itself as client-driven, it turns out to be more imperative that the client is content with the administrations being given. Tragically, the acknowledgment and reception rates are low even in the instance of instructed clients. The paper looks at factors affecting customer's adaptation of mobile banking. It would also try to suggest why people are not currently using mobile banking and try to suggest how to overcome this problem and increase the acceptable levels.

Review of Literature

Mobile banking, otherwise called M-banking, can perform different capacities like a smaller than expected explanation, checking of account history, SMS cautions, access to card explanation, adjust check, portable energize and so on by means of mobile phones (Vinayagamoorthy and Sankar, 2012). Banks are continually refreshing their innovation and need to build their client base by coming to every single client. There are numerous points of interest of utilizing versatile managing an account, for example, individuals in the country or remote territories can likewise get a simple access to portable saving money at whatever point required.

First mobile banking transaction services in India were offered by ICICI bank in January 2008 (Mr. V. Vaidyanathan, 2008) but SMS alerts started in 2005-06 (Alpesh Patel, 2013). Wireless phone subscribers in India crossed 867.8 Million in 2016, 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. According to a Mobile banking report by Deloitte (Alpesh Patel, 2013), 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.

During the last four years, the quantities of banks giving mobile banking services in India have expanded four times. Be that as it may, quantities of mobile banking clients have not expanded at a similar pace. There are numerous difficulties that Indian banks are looking for expanding mobile banking client database like Handset operability, Security, Scalability and Unwavering quality, Application Distribution and so forth. Acknowledgment and appropriation of this inventive innovation is extremely intricate and this 'many-sided quality' trait is considered by different specialists and they have proposed that banks should make these administrations simple to use by the Indian populace since Indian populace isn't versed with this forthcoming innovation (Chaipoopirutana, Combs, Chatchawanwan and Vij (2009); Lin (2010); Sahin (2006).

Suronta and Matila (2004) research the mobile banking adoption and dispersed in the using of the base model in Finland. There are two types of communication channel first is a mass media channel and second is a word-of-mouth channel. Their study identified that interpersonal power was much more important than mass media constant with the Bass model arguments. Brown and Molla (2005) explored the factors that influence the internet and cell phone banking Using 142 respondents and 162 respondents respectively in South Africa. The factors identified in their order of significance were compatibility, difficulty, relative advantage, and perceived risk. Amin et al (2006) analyzed the undergraduate students" incentive of mobile banking in adopting in Malaysia. And their results open students mobile banking adopting in a future study.

Laukkanen et (2007) outlined 18 factors into five barriers, risk, custom and picture boundaries. Uncovered that the esteem and use hindrances were the most exceptional obstructions to versatile keeping money adoption, while convention boundaries were not a deterrent to portable managing of mobile banking adoption. Crabbe et al (2009) examined the reasons for the adoption and non-adoption of mobile banking in Ghana. Their study completes the TAM model with extra constructs such as perceived credibility, facilitating conditions, continued usefulness, and constant usage. For adopters of mobile banking, their approach was shaped by perceived credibility, facilitating conditions and moderated by age, teaching and banking experience; though, perceived ease of use in power attitude. For non-adopters of mobile banking, the main factors influenced attitude was perceived usefulness, continued usefulness and demographic profiles such as age, education, gender whereas attitude considerably influenced behavioral intention, which was also affected by gender and education.

Yu and Fang (2009) set up a size model for the post appropriation client perspective of versatile mobile banking in Taiwan. In light of 458 lawful reactions of portable saving money clients, the examination perceived an execute comprising of 21 things and six components, in particular, intelligence, relative preferred standpoint, straightforwardness, outskirt innovation, and customer endorsement. These six elements constituted the estimation of customer post-reception recognition list.

Cruz et al,(2010) watched that banks have an expansive potential to offer versatile keeping money administrations to individuals living in remote towns where just a couple of PCs are associated with the web. Koenig-Lewis et al (2010) built up an investigation display worked from TAM and IDT (International Discount Telecommunications) and clarified 65 percent different in reason to embrace versatile mobile banking. Their examination depended on 263 youthful clients from Germany. The outcome from their investigation demonstrates that apparent helpfulness, the risk was imperative indicators in the reception of versatile mobile banking, while saw usability was not essential to figure the reason to receive portable adopt mobile banking. The similarity was perceived as an immediate forerunner to apparent handiness, saw convenience as essential factors in falling the rule perceived risk. Khraim et al (2011) reviewed 301 mobile phone clients in Jordan and perceived the fundamental factors that influence versatile managing an account appropriation. Their discoveries perceived six variables; self-adequacy, similarity, many-sided quality, risk, and relative preferred standpoint all were measurably critical in affecting portable mobile banking adoption.

Ketkar et al (2012) calculated the barriers and equivalent of mobile banking using the interpretive structural modeling (ISM) method in India. The enablers of mobile banking recognized were “ability to get quick updates”, “time and cost saving”, “reach of telecom allocation”, and “need for telecoms to improve customer retention”. The barriers identified were “lack of need for banking”, and “interoperability between banks and telecoms”. Jeong and Yoon (2013) inspected the elements impacting the selection of versatile managing an account utilizing 165 respondents in the US. Their examination depended on the broad TAM demonstrate and the outcomes demonstrated that apparent value, perceived credibility, saw validity, and saw self-adequacy significantly impacted the selection decision. Singh and Srivastava (2014) explored the variables impacting the reception of versatile saving money utilizing the exhaustive TAM show as the theoretical structure in India utilizing 120 bank clients. The elements distinguished in their request of impact were a similarity, social impact, and security.

Scope for M-banking in India

It will be significant to the banking industry, banks managers, their customers, the researchers along with academicians. The study will help bank organization to appreciate and give them with information on how to increase mobile phone banking adoption to increase profitability.

The study will give situation material to researchers and academics for future researcher on banking and information technology. The study will supply theories of technology adoption and information on why customers adopt a technology.

Objectives of the Study

This study plans to study the acceptance of mobile banking among consumers. The primary objective of this study is to:

- To know the various factors/variables that affect banks customers' adoption of mobile banking.
- To know the effect of demographic variables of bank customers on mobile banking adoption.

Research Methodology:

This study is based on both primary and secondary data sources. Primary data was collected through interviews of the M-banking users and non-users. In spite of collecting statistical data regarding M-banking service, Researcher has used a qualitative method to study the issue M-banking concern to financial inclusion. However, some findings and conclusions made in this paper based on primary data collected from the main research work carried by the present researcher and other information was collected through secondary data sources.

A research paper is based on Exploratory Research. The major emphasis of Exploratory Research is on the discovery of ideas. Through Exploration, the researcher developed concepts more clearly, established priorities, developed operational definitions, and improved the final research design. This research is both quantitative and qualitative. This research is based on the data collected through "Questionnaire" with Mobile banking User and Non-user. Total time taken for this study was 40 days.

Research Design:

The research is an empirical research using primary and secondary data. The study has been conducted by using the following methodology as given under the suitable headings.

Primary Data:

The data for the research is extracted from a survey conducted in Mehsana district, India. A Total of 100 respondents participated in the research of Mobile Banking. The Demographic Profile of respondents in each research is shown in Table and chart. The data collected through this method was adequate enough to make projections in the research.

Table 1: Demographic Profile of Respondents

Characteristics	Frequency	Percentage
Male	70	70
Female	30	30
Below 30 year	5	5
31 -40	40	40
41-50	45	45
50 years and above	10	10
Married	81	81
Unmarried	19	19
Businessmen	27	27
Job	50	50
Student	13	13
Housewife	10	10

Table 2: Would you like to use mobile Banking services?

Respondents	Yes	No
100	71	29

Table 3: In which bank you have required an account?

Respondent	Private	Public	Co-operative
100	25	45	30

Table 4: Which are the reason for making use of mobile banking?

respondent	Cheap	Reliable	Safe	Faster	Convenient
100	14	24	17	29	16

Secondary Data:

Secondary data is collected from journals, websites, magazines, RBI bulletins. Internet & Textbooks related to Mobile Banking & Research Methodology, have been a major secondary source for the extraction of the expert's opinion.

In order to identify the top and least six perceived items in affecting the adoption intention of Mobile banking; the percentage score of the respondents was computed? A table provides the result.

Table 5: Which services do you use in your mobile banking?

Items	**Frequency**
Balance Enquiry	12
View mini-statements	15
Pay third-party beneficiaries/ Inter-account transfers	10
Debit orders	10
Currency conversion	13
Brokerage	11
Request for statements of accounts	11
Request for cheque book	7
Utility bills payment	5
Purchase of fairtime	2
Cheque inquiry & stop cheque	2
Request for new PIN & change PIN online	2
Total	**100**

Table 6: The Intention to Adopt Mobile Banking and the factors to adopt the affect Such intention

Perceived usefulness	45%
Social norms	50%
Relative advantages	54%
Perceived risk	50%
Personal innovativeness	49%
Perceived benefits	40%

Result & Analysis

The banks providing mobile banking services to their customers, wishing to increase their customer share by removing all the above-discussed hurdles in the way of adoption of mobile banking services, may find relevant information from the findings. The factors appear to be defined by a mix of items that are reflections of problems in the supplier side of the services and functionality of a mobile phone as delivery medium for banking services from the customer side. As Internet banking is still in its growing stage, mobile banking has emerged as the ext advance way of doing banking. Since the pace of technology advancement is not matching with the adoption rate, problems will arise if this widened gap is not going to be filled up with suitable measures. This negative effect of accelerating pace of development is manifested in services that are launched at an early stage of the development process due to competitiveness and cost pressures. As a consequence, the competence of service quality does not reach an adequate level; consumers feel that service-providers are not responding to their needs. An example of that is the support for the item services are not enough versatile.

Emphasizing technology in service offering may result in ignoring certain fundamental prerequisites required for acceptance. Technology is an enabler a way to build up a new delivery channel, but communicating only technological features other elements of services such as service content. The technology-based electronic delivery medium does not constitute service offering and creates value alone, but service content has to function properly and the way of usage has to be known. Another main impediment seems to be a functionality of a mobile phone as a delivery medium for banking services. Mobile phone obviously is not designed for this type of services: For instance, the keyboard is relatively small, which makes it more prone to correcting errors in keeping the figures.

Results indicate that consumers get disheartened by the complicated functions while accessing the mobile banking services which lead them to the dissatisfaction level as no proper guidance is to be provided to them. The fact is that the factor risk and security are the most considerable significant factors for banking service adoption, and particularly in relation to `new' electronic environment. The result of perceived risk on the adoption of mobile banking services appears to indicate that consumers are serious about the risk of conducting banking via a wireless channel, measured in terms of overall security and trustworthiness of the services offered. On the basis of the findings, it is suggested that service providers be aware of the problems of their customer base using mobile services. This kind of data has its value when designing new services and products or implementing market communications. In addition, information gained from experience with Internet banking and other modes of electronic banking cannot be straightforwardly implemented to mobile banking service customers. Given the increased competition and pressures to cut expenses, financial institutions have to be able to make informed decisions on resource allocation. Thus, research of this kind is of critical importance.

Conclusion

It is all around perceived that mobile phones have the colossal capability of directing budgetary exchanges in this way driving the monetary development with part of accommodation and much-lessened cost. For comprehensive development, the advantages of mobile banking should reach to the regular man at the remotest areas in the nation. For this, all partners like Controllers, Government telecom specialist organizations and a cell phone makers need to attempt endeavors with the goal that infiltration of versatile managing an account comes from the top of the line to low-end clients and from metros to the central towns and rustic territories. Consideration of non-banking populace in money related standard will profit all.

There is also a need to generate awareness about mobile banking so that more and more people use it for their benefit.

Indian banking money situation demonstrates that there is a need for m-banking money for monetary incorporation of poor and urban individuals. Since most recent five years mobile phone benefit expanded hugely in India and it gives brilliant chances to broaden m-banking money benefit in India. In any case, on account of different issues in m-saving money framework, this isn't broadly acknowledged by Mehsana district clients. Consequently, there is a need to enhance m-banking money benefit including system scope and security in m-banking money.

Suggestions

Several actions are necessary to accelerate financial inclusion through M-banking while at the same time ensuring customer protection. Many of these actions fall in the policy and regulatory space.

- Technology used for mobile banking must be secure and should ensure confidentiality, integrity, authenticity, and non-reputability i.e. authentication by ID and M PIN.
- Building customer awareness and informing the public about the use of M-banking modes is required.
- Customer should regularly check transaction history details and statements to make sure that there are no unauthorized transactions. Change password or PIN and avoid using easy-to-guess passwords.
- The RBI and commercial banks should plan a coordinated campaign in partnership with the trainers and professional to educate customers.
- Bank should develop M-banking software in regional language and should use most commonly used phrases, name and shortcuts in the software.
- Bank should enhance their refund facilities concerns if any wrong transactions made by customers by mistake.
- Telecommunication department and cellular service providers should extend their network coverage in rural and remote areas to facilitate communication and M-banking. The government should provide conditional financial support to cellular service providers to extend such networks in rural areas.
- Mobile number portability programmed should implement immediately it will lead to use their mobile phone as an M-banking device.

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