A Study on the Customer Perception of Mobile Banking with Specific Reference to Ernakulam District, Kerala, India

Rugmani Vancheesh,

Commerce
Gayathri PN-57, Punnathala North,
Thirumullavaram P.O, Kollam,
Kerala, India, India.

ABSTRACT

Mobile Banking is a new concept introduced in the banking system. Many studies have been conducted to analyse impact of Information Technology on banking sector. Being a new concept studies available on M-Banking are limited.. Objectives of this study are to understand the concept of M-Banking and the various services provided by it, to understand customer preference for M-Banking and its comparison with Net Banking, to assess the level of satisfaction of M-Banking users and identify the most availed service and to identify the group of customers who mostly avail M-Banking services. It is the primary data that has been used mainly for this study. It was collected with the help of structured questionnaires which were distributed among the sample respondents. The secondary data have been collected from Newspapers, Magazines and Websites. For selecting the respondents from the total population, a Convenient Random Sampling Method is used and 30 sample respondents were selected by this method. Analysis of data was done using Percentages. Tables were used for presenting the data and Spearman's Rank Correlation was used for testing the set hypothesis. From the study, it was concluded that majority of customers are satisfied with M-Banking services and all of them have also recommended this to others even though there are some weaknesses in the services provided through it. Fund Transfer was rated to be the most availed service by users.

Keywords: Concept of M–Banking, Services of M–Banking, Customer Preference, Satisfaction level, Most availed service, Comparison with Net Banking.

INTRODUCTION:

M-Banking is used in many parts of world even in the remote or rural areas. This aspect is even popular in those countries where most of the population is unbanked; M-Banking is one of the major tools to promote Financial Inclusion. Financial Inclusion may be needed by vulnerable groups such as weaker sections and low income groups at an affordable cost**.**M-Banking is simple, secure, convenient, anywhere, anytime Banking. Mobile-Banking is an arrangement which allows customers of banks to conduct the banking transactions merely with the help of a mobile phone. It enhances the standard of living of people by enabling their transactions convenient, easier and less time consuming. Here the mobile acts as a user interface for customers. In the earlier times Mobile Banking services were offered over SMS and so it is called SMS Banking. The introduction of Smart Phones with WAP Support enables the use of the use of Mobile Web and this paves the path to Mobile Banking. Mobile Banking is a system that allows customers of a financial institution to conduct financial transactions through Mobile Telecommunication devices like Mobile phones or tablets much easily. It's a tool that helps the financial institutions to conduct transactions with customers without need for a cashier, human clerks or a bank teller. This study was conducted with four major Objectives including understanding various services provided through it and opinion of users regarding those services, problems and good qualities of Banking over Net Banking and

the level of Customer Satisfaction.

STATEMENT OF THE PROBLEM:

M-Banking is gaining momentum in the growth not only among urban but among rural population also. It is used along with counter or physical channel banking, while some people rely on M-Banking every time they need to conduct a banking transaction. RBI issue guidelines on how to ensure security in Mobile Banking transactions. India has the World's second largest population of mobile users which is an added benefit for growth of M-Banking. In this backdrop, this study tries to analyse the services provided through M-Banking, the problems encountered by customers and assess their level of Satisfaction.

OBJECTIVES OF THE STUDY:

- To understand the concept of M-Banking and the various services provided by it.
- To understand customer preference for M-Banking and its comparison with Net Banking.
- To assess the level of satisfaction of M-Banking users and identify the most availed service.
- To identify the group of customers who mostly avail M-Banking services.

RESEARCH METHODOLOGY:

Database: It is the Primary Data that has been used mainly for this study. It is collected with the help of a Structured Questionnaires which were distributed among the sample respondents. The Secondary Data have been collected from Newspapers, Magazines and Websites.

Sample: For selecting the respondents from the total population, a Convenient Random Sampling Method is used and 30 sample respondents were selected by this method

Tools: Analysis of data was done using Percentages. Tables were used for presenting the data.

REVIEW OF LITERATURE:

Kumari and Janaka (2014)have conducted a study on the topic 'Impact of Mobile Banking Services on Customer Satisfaction: A Study on Sri Lankan State Commercial Bank' which focused on the factors that affect customer satisfaction in mobile banking services. It included usefulness, ease of use, relative advantages, perception of risk and user's life style and current needs. They had used questionnaire and hypothesis testing and found that mobile banking services customer satisfaction is influenced by usefulness, ease of use, relative advantage, perception on risk and user lifestyle and current needs of customers.

Heba and Shafig(2014) in their study on the topic 'The Impact of Mobile Banking on Enhancing Customers' E-Satisfaction: An Empirical Study on Commercial Banks in Jordan' attempted to measure the impact of using banking services via mobile to effect on customer e-satisfaction. The study surveyed 360 customers from 400 who use mobile banking services in the banks:Jordan Ahli Bank, Union Bank, HSBC Bank, Capital Bank and also tested hypotheses through simple regression.It was concluded that there is an effect of use mobile banking services to reach customer e-satisfaction.It also showed that there is a statically significant impact of the overall dimensions of mobile banking service on customer E-satisfaction and the simple regression testing revealed that Privacy and accessibility are more influential factors compared to the rest of the mobile banking dimensions.

Jannat and Imran(2015) in their study on 'Factors Influencing Customer Satisfaction of Mobile Banking Services: A Study on Second - Generation Banks' focused on identifying the most influential factors of customer satisfaction of mobile banking of second - generation banks. They used ANOVA, Multiple regression, cross tabulation as tools of analysis on the data collected using structured questionnaire. From the analysis, it was revealed that, transaction speed, security & trust, ease of use, accuracy of transaction, system availability, responsiveness, convenience and cost effectiveness are the most influential factors for customer satisfaction. It also revealed that, there exists a strong associative relationship between customer satisfaction and the selected nine independent variables. In addition, it was found that the security and trust factor is the most influential factor whereas ineffective advertisement has negative influence on the customer satisfaction of mobile banking.

The study conducted by authors Jain Abhay and Hundel B S (2014) presented rapid changes in financial service environment. This paper examines the forces that can act as barrier in M-Banking service adoption including security challenges.

Author Harun R Khan (2014) in his article 'Banks in India; Challenges and Opportunities' states that M-Banking will come of age with widespread access to Internet on Mobile density in the country'

The newspaper Malayala Manorama (2014) has published a study conducted by Internet and Mobile Association of India and IMRB which shows that India will acquire second position defeating USA in terms of Internet users by end of December 2014. The main reason behind this is pointed out as the increased use of Internet in Mobile phones which shows the future prospects of M-Banking. RBI has directed banks to enhance popularity of this concept, it has instructed banks to give awareness about M-banking while opening accounts and to existing customers through SMS and e-mail.

In the official site of Prime Minister of India, Narendra Modi (www.narendramodi.in/pm-launches-pradhanmandri-jandhanyojana), it has been stated that in the PMJDY (Pradhan Mantri Jan Dhan Yojana, financial inclusion program of Government of India), the accountholder can use their basic smart phones to access their account, check balance, and transferring money. Most importantly all these facilities do not require high end smart phone. As per a newspaper report, SBI Online and irctc.com of Indian Railways are the topics which are searched in the Google greater number of times by Indians. M-Banking users access these sites through their their Mobiles for booking of train tickets and other banking transactions. PM Narendra Modiji expressed that a breakthrough was required to overcome a vicious cycle of poverty and debt and that breakthrough was achieved today. He said there were similarities between poor getting access to mobile telephones and getting access to debit cards. They both had effect of instilling self-confidence and pride among the poor.

The newspaper Malayala Manorama (2015) has published an article on mobile banking based payment system. It reads like Federal bank in the state of Kerala has enlarged scope of mobile banking based payment system through IMPS that will be expanded to new areas of she taxies in Kochi and accepting offerings and donations in religious institutions. According to K.A.Babu, Head Retail division, need is to create awareness among both travellers and crew on IMPS which has turned out to be a common man's payment system. ICICI supports Digital India of Modi govt by bringing Innovations in Mobile Banking.

The official site of RBI (www.rbi.org) the central bank of India releases reports quarterly, half yearly and yearly. In the half yearly Financial Stability Report of RBI, it said Mobile could potentially be a key catalyst for expanding banking services across the country, including rural India. Over 50% of the population has no access to financial services. It has expressed disappointment over lower than expected spread of M-Banking, adoption of which has been encouraging but below expectation due to the key factors such as device compatibility, and lack of Industry Collaboration. It cited several barriers to adoption such as low level of user awareness and acceptance, handsets that were not compatible with M-Banking apps and lack of collaboration and revenue sharing models between banks and mobile.

CONTENT:

In this fast moving scenario, where technological advancements occupy space, customers expect technologically upgraded M-Banking products that suit their requirements in terms of Convenience, Comfortability and Time Consumption. India has the world's largest mobile user population which can be tapped to enhance application of mobile phones in Banking.

As per the financial Inclusion policy initiatives of Central Government of India, to bring the benefits of financial products from the Main-Stream to the lower stratas of the society, RBI has directed banks to adopt M-Banking. It is here where this concept of M-Banking becomes Relevant. Objectives of this study are to understand the concept of M-Banking and the various services provided by it, to understand customer preference for M-Banking and its comparison with Net Banking, to assess the level of satisfaction of M-Banking users and identify the most availed service and to identify the group of customers who mostly avail M-Banking services.

ANALYSIS AND INTERPRETATION:

Primary Data has been used mainly for this study. It is collected with the help of a Structured Questionnaires which were distributed among 30 sample respondents. The Secondary Data have been collected from Newspapers, Magazines and Websites.

Mobile banking transactions can be conducted through 3 modes: Mobile Banking over Application, Mobile Banking over SMS and Mobile Banking over Unstructured Supplementary Service Data (USSD)**.**The common services availed through M-Banking are 1) Transfer of funds 2)Enquiry of balance and mini statement request 3) Request of cheque book 4) Payment of bills (utility, credit cards, insurance premium), donations, subscriptions etc. 5) Mobile or DTH Top up 6) Immediate Payment Service (IMPS) 7) Booking of train tickets 8) M-commerce (Merchant payment) 9) DE mat Enquiry services 10) Management of Investments.

Table 1.0 deals with the comparative study of M-Banking with Net Banking. This study shows why users prefer M-banking over the latter. While the Majority of respondents make use of M-Banking services due to its Convenience

(38.6%), 31.6% of total users consider Time Saving as the most important quality of M-Banking over Net Banking. 22.80% people think M-Banking as Comfortable and only 3.50% of the users think it as Cost Effective. The rest 3.50% prefer M-Banking due to some other reasons, say for example, anywhere banking.

Table 1.0: Advantages Of M-Banking Over Internet Banking

Particulars	Number	Percent
Time Saving	18	31.6
Convenience	22	38.6
Cost Effective	2	3.50
Comfortability	13	22.80
Others	2	3.50
Total	**30**	**100**

Source: Primary Data

The table 2.0 shows the rating of M-Banking by users. More than half of the respondents (53.33) rate M-Banking services as Good. 30% of them rate the services as Satisfactory and a comparatively small percentage of users (16.67%) consider the M-Banking services as Very Good.

Table 2.0: Rating of mobile banking

Particulars	Number	Percent
Satisfactory	9	30
Good	16	53.33
Very Good	5	16.67
Total	**30**	**100**

Source: Primary Data

Fund Transfer is one of the most important services provided by M-Banking and from this table 3.0, it was proved that Fund Transfer is the topmost service of M-Banking. Nearly 36.11% of total users consider this service as the most availed one. And the second most availed service is Bill Payment (19.44%). Enquiry Service is preferred as the most availed one by the respondents (16.67%). Mobile Top-Up service occupies 4th position in the list of most availed services (13.88). The respondents gave M-Commerce the next position among most availed services (8.33%).IMPS and Booking of train tickets are those services which are considered as the most availed ones by the least number of respondents (2.8% and 2.77 %)

Table 3.0: Services Most Availed By Users

Particulars	Number	Percent
Fund Transfer	13	36.11
Bill Payment	7	19.44
Enquiry Services	6	16.67
M-Commerce	3	8.33
Top-Up	5	13.88
IMPS	1	2.8
Booking of Train tickets	1	2.77
Total	**36**	**100**

Source: Primary Data

5. Largest number of M-Banking users are using the service only when it is necessary or occasionally (80%). Out of the remaining 20%, 16.67% are using the service weekly and the rest 3.33% are using it monthly. (Table 4.0)

Table 4.0: Frequency Rate Of Usage Of M-Banking

Variable	Particulars	Number	Percent
Frequency	Daily	Nil	Nil
	Weekly	5	16.67
	Monthly	1	3.33
	Whenever necessary or occasionally	24	80
	Total	**30**	**100**

Source: Primary Data

6. From the survey, it was found that Majority (36.67%) of M-Banking users under study are Employees and the next 20% of respondents are those who belong to other category. (Table 5.0)
Students and Professional category of respondents constituted 16.67% each and the least number of users are Business people.

Table 5.0: Data Regarding Occupation of M-Banking Users

Variables	Particulars	Number	Percent
Occupation	Student	5	16.67
	Employee	11	36.67
	Business	3	10
	Professional	5	16.67
	Others	6	20
	Total	**30**	**100**

CONCLUSION:

From the study it was arrived at a conclusion that almost all the banking services availed through physical counters can now be availed through Mobile Banking including Fund transfers, payments, making investments and so on. Majority of M-Banking users under study belong to Employee category. But it was found that most of them avail the mobile banking services only occasionally or when required. Most of the users prefer Mobile Banking over Internet Banking due to its convenience and less time consumption. Fund Transfer is the most availed service and that is given the highest rating as Good by M-Banking users. Majority of Customers are satisfied with M-Banking services and all of them have also recommended this to others even though there are some weaknesses in the services provided by it.

SUGGESTIONS:

Banks should give more awareness on M-Banking services provided by them.
They should improve their Demat Account services.

REFERENCES:

Abhay, Jain; & Hundel, B. S. (2014). *Southern Economist,* 53(19).

Jannat, Muhsina; & Ahmed, Imran (2015). Factors Influencing Customer Satisfaction of Mobile Banking Services: A Study on Second - Generation Banks. *European Journal of Business and Management,* 7(26), 88-96.

Kahandawa, Kumari; & Wijayanayake, Janaka (2014). Impact of Mobile Banking Services on Customer Satisfaction: A Study on Sri Lankan State Commercial Bank. *International Journal of Computer and Information Technology,* 3(3),546-552.

Khalil,Asfour, Heba; & AL-Haddad, Shafig. (2014). The Impact of Mobile Banking on Enhancing Customers' E-Satisfaction: An Empirical Study on Commercial Banks in Jordan. *International Business Research,* 7(10), 145-169.

Khan, R. Harun (2014). Banks in India; Challenges and Opportunities. *Southern Economist,* 53(13).