Issues and Challenges of Internet and Mobile Banking in India

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Abstract: Banking sector all around the world has started involving technology to decrease their daily workload. The banking facilities have been upgraded match up with the comparison of the earlier method of the banking system. Banking in today's era termed as one of the largest institutions in finance and business industry which is now constantly exploring the field of technology to provide better convenience services to their customers. India stands to be in the second position to contribute to the telecommunication market of the world and is known to have a very high potential of increasing its banking services to be accessed on a mobile. Online Banking is been refers to as Internet Banking, and Mobile banking is another alternative which provides banking service to every individual. Mobile banking is a digital payment platform which enables the bank customers to access and reach the bank proceedings easily using their respective official websites or portals. The mobile and internet banking system offers various personal features provided through banking services like making payments, checking every transaction, obtaining statements, check balances in accounts, and etc. The E-banking services provide secure web access by making use of the website and respective credentials of the customer such as unique username and password, along with the security key which acts as a safeguard for making online transactions into other person's account, hence can be stated that internet and mobile banking is an authenticated process involving various security protocols for accessing. Today there is an application of mostly every bank with every service available for a person to physically visit the bank. Although the services of mobile and internet banking have not yet become a priority for many people, it still remains a rising technology and the research is conducted to check the mindset of people and to state some problems faced by mobile and internet banking customers of the country.

Index Terms – **Banking Sector, E-banking, Mobile Banking, Internet.**

I. INTRODUCTION

Mobile and internet today has become the most commonly used technology among every person in this techno-informative era. It was introduced as an increasing and alternative platform for providing complete bank services. A few numbers of success cases in some of the countries using E-banking has led India to an instrument such as services to explore the technology and hence in adopting mobile and internet banking. The services through online services of the bank were first introduced in 1981 by a New York-based bank. After which its adoption was done in 1996 by a bank named Dutch-Bangla Bank Limited, Bangladesh following other world branches of different banks like, Chase Manhattan Bank, Trust banks, Citibank, IFC, HSBC, and etc. Today an individual connected to the internet makes online transactions on their own devices to access their private banks. Online banking also known as Electronic Banking offers the users to make any sort of money transactions using web access data or the internet. Any feature of the bank is available online and can be accessed using internet banking. Other terms referring to the field of internet banking is a personal computer, phone banking, remote electronic banking, home banking, online banking, virtual banking, Internet banking, etc. where online banking remains on the top to be used all over the world. The services provided through internet banking include viewing account statement, transfer of funds, bill payments and etc. Nowadays every new product launched by the bank is through the internet.

One among the many advantages of mobile banking is that it can be used in any remote area as well with an ease of covering every service. It is an obvious statement that with the development of the country, rural areas now have complete access to technology such as internet and mobile phones, which is are the devices required to provide ease through E-banking facilities. The communication system of present-day India has changed rapidly due to the use of mobile phones. Other than just the reach of communication devices, the advancements in the technology such as 2G,3G,4G have also marked a great impact, where people have started adopting this newly available technology. These technologies were introduced to avoid the frequent visits by the bank customers which increased the workload of a bank employee for easy tasks which are now done using E-banking services easily like withdrawing and depositing money into accounts, terminating a payment, or a mere inquiry of their respective accounts. All these services are provided by the internet applications offered in many versions and types. The customer can keep a record and easily monitor their accounts any time they wish.

As per the author named Lilesh Gautam viewed internet banking as a research field of the banking sector as: "Internet banking is a service that allows customers to access and perform financial transactions on their bank accounts from their web-enabled computers with an Internet connection to banks web sites any time they wish". Another statement was stated by Sir John Paget as "A bank is a financial institution which trades in money, establishment of deposit, custody, and issuing of money as also making loans and discounts and facilitating the transmission of remittances from one place to another." An online website of finance defined, "The process of managing one's bank account over the Internet. Customers conduct their transactions electronically (online), the activity or process of operating as a bank over the Internet."

II. MOBILE BANKING

A few years back the banking services were accessed using the SMS services, by which only a few features were accessed through the registered mobile number of the bank customer. The software of Application-oriented services refers to downloading of the banking app from the mobile store which is assessable in every kind of mobile devices whether it be Android, iOS, Windows or Java, etc. Whereas, internet banking refers to accessing the services using an internet browser. Different banks have different

types of interfaces and hence their services can also vary. Few of the most common services provided by every bank includes Utility Bill Payments, Money Transfer, Mini Statement, and Balance Enquiry. Transactions from mobiles were first tested in the year 1998 in Sweden and Finland where the mobile devices were used to pay for car parking or soft-drinks from Vending Machines, whereas its commercial launch was finalized in Norway in the year 1999. The initial payment system mimicking the credit cards and bank processes was first launched in 1999 in the Philippines by "Globe and Smart" mobile operators.

With the growth of ICT "Information and Communication Technology", a comfortable usage of services along with a heavy competition with other branches of banks with respect to mobile banking services is also increasing. Models of mobile banking are classified into two types: (a) Mobile Service Provider Led Model: customers who have no access to any of the bank account can make a transaction with the help of their mobile service provider. (b) Bank-led model: Which is completely different from the Mobile Service Provider Led Model, provides services to only those customers who are registered with the bank. Services of E-banking are provided in three modes: Mobile Application, Internet/Browser based banking model, and Messaging/SMS banking services.

Banks today are rapidly making use of technologies to increase the profit and their business in the market for satisfying every level of customer. Other than net-banking, ATM services, Mobile Banking is one of the emerging service providers for bank procedures today. Overwhelming development in the sector of telecommunication and its usage in both rural and urban sector is counted as few of the main elements provided by Mobile banking services. A few banks of India like Axis Bank, ICICI, HDFC, PNB, UBI, SBI, were the first banks to provide mobile banking services to the users. Range of mobile banking services provided by respective banks:

AXIS Bank: Phone Banking, Internet Banking on Mobile, SMS Banking
HDFC: SMS Banking, App Based, Browser Based
ICICI: iMobile, SMS Banking, M-PESA, mRupee
Punjab National Bank: SMS Banking
Union Bank of India: SMS Banking, U Mobile
State Bank of India: Freedom, SMS Banking, USSD

Mobile banking comes with some transaction limits:
- Transactions without end-to-end encryption are Rs.5000/- (SMS Based)
- Only Indian rupee transactions and these transactions are allowed within India only.
- Per day transaction cap of Rs.50000 has been removed by RBI, and every bank can change this cap depending upon their risk

Regulation by the Reserve Bank of India

There are a few protocols provided by RBI for the processes of mobile banking in the country:
- Only Indian Rupee based services should be provided.
- Only such banks which are licensed and supervised in India and have a physical presence in India will be permitted to offer mobile payment services to residents of India.
- Banks may use the services of Business Correspondents for extending this facility, to their customers. The guidelines with regard to the use of business correspondent would be as per the RBI circular on Business correspondents issued from time to time.
- The services should be restricted to only to bank accounts/ credit card accounts in India which are KYC/AML compliant.
- The-Know Your Customer (KYC), and Anti Money Laundering (AML) as prescribed by RBI from time to time would be applicable to customers opting for mobile-based banking service.
- Risks and Controls in Computers and Telecommunications 'guidelines will equally apply to Mobile payments.

A few steps of Authentication and Security guidelines are also stated by RBI for using Mobile banking services by the bank. These steps include, "Bank should conduct regular information security audits on the mobile banking systems to ensure complete security, End-to-end secure encryption mechanism should be followed in transactions, and the mPIN or higher standard of mechanism should be used to authenticate the Mobile Banking customer."

Benefits of Mobile banking

- Delivering Greater Real-time Access to Products and Services
- Monetizing the Value of Customer Analytics
- Expanding Distribution of new services
- Offering Discounts and Purchasing Incentives to Bank Customers
- Increases efficiency
- Saves time
- Customer preferred customization

Issues in Mobile banking

- Handset Operability
- Security
- Economic Challenges in Adoption of Mobile Banking
- Authentication Risks and Issues
- Reliability:
- Application Distribution
- No-real time updating

III. OBJECTIVES

The issues of mobile and internet services were also discussed in terms of the customer's willingness to use E-banking services in place of traditional methods of visiting a bank, Security and authenticity issues, provision of the facilities, their comfortless with the existing process, point of view for acceptance of mobile banking. Whereas, the objective of this study is:
- To check the educational, economic and social effects of internet and mobile banking among bank customers of Delhi
- To identify the issues of the banks in providing smooth internet and mobile banking services.

- To inform the customers about improvement and growth in the field of E-banking services provided by the banks
- To study the complex strategies adopted by banks to promote the Mobile and internet services on different stages.
- To note the important qualities of E-banking from customer's perspective
- To estimate present programs and policies as compared to those mention on the E-banking services.

IV. RESEARCH METHODOLOGY

The survey makes use of both primary and secondary data. Where Secondary type of includes official records from reserve bank of India, Search engines, published journals and magazines. And, with the help of a questionnaire the primary data is formed which includes direct interaction with customers to check their opinion and views about the E-banking facilities where the survey was completed based on their response. As public sector banks work on similar rules and strategies all over the country, the survey was conducted on 12 of the public sector banks of Delhi. Five customers from each bank making a total of 60 total customers and one bank manager from every 12 bank were contacted and the data was gathered as provided in the following table.

Table 4.1: Different internet and mobile based banking services used by the customers for making transaction in same bank accounts or in different bank account.

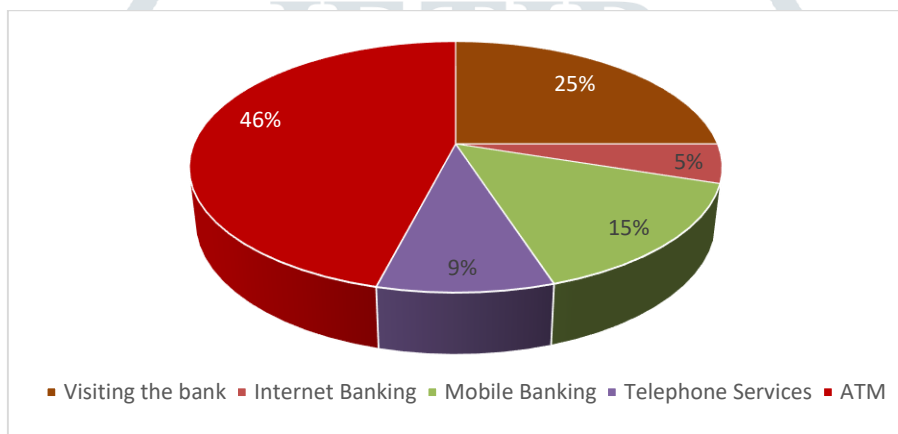| Bank service	Response
Visiting the bank	15 (25%)
Internet Banking	03 (5%)
Mobile Banking	09 (15%)
Telephone Services	05 (9%)
ATM	28 (46%)
None of these	-
Total	60

Fig. 4.1: Response of the customers

Another survey question included the role of government programs and policies for enhancing the role of online banking. This question was for the managers handling the branch about the steps taken by them personally and by the government in terms of providing bank services or making the customers aware about the existing services. As with a fear of saying anything about the functioning of the branch or government, the response was recorder using simple terms.

Table 4.2: Government programs and policies in terms of E-banking

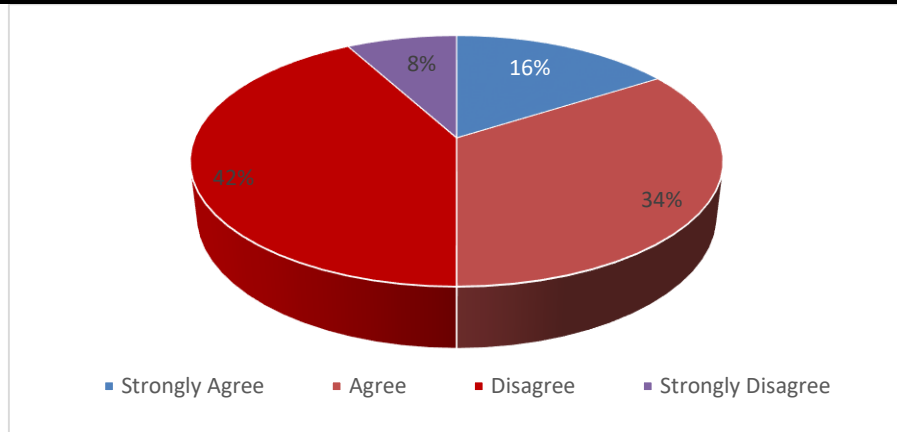| Answer	Response
Strongly Agree	2 (16%)
Agree	4 (34%)
Disagree	5 (42%)
Strongly Disagree	1 (8%)
No Opinion	-
Total	12

Fig. 4.2: Response of the managers

Out of the 60 bank customers, the mobile users (conventional) were 29 (48.4%) and 31 (51.6%) owned a smart phone. About 42 (70%) of the customers were fully aware about the facility of Internet and Mobile banking as provided by their respective bank accountant or the managers, only 6 (10%) of the customers said that their bank do not have any such internet facility, and rest of the 12 (30%) customers claimed that they are not aware or know how to use such services and were also not aware that if their bank provides any such information. The survey also stated that only 21 (35%) customers were using the E-banking services and 39 (65%) of the rest of the customers have never even tested the services. The next survey was dependent on the customer's point of view of using internet and mobile banking service.

| Questions	Agree	Strongly Agree	Disagree	Strongly Disagree
IF explained properly will you be in favour of using the services	32(54%)	12(20%)	10(16%)	6(10%)
Using E-banking provides efficiency and saves time	19(31%)	3(6%)	30(50%)	8(13%)
I have fear of authenticity and security problems	17(28%)	14(24%)	17(28%)	12(20%)
Comfortable without E-banking	28(46%)	10(17%)	3(6%)	19(31%)
Mobile banking is not easy to understand	36(60%)	5(8%)	11(19%)	8(13%)
Don't know how to use technology	16(27%)	25(42%)	12(20%)	7(11%)
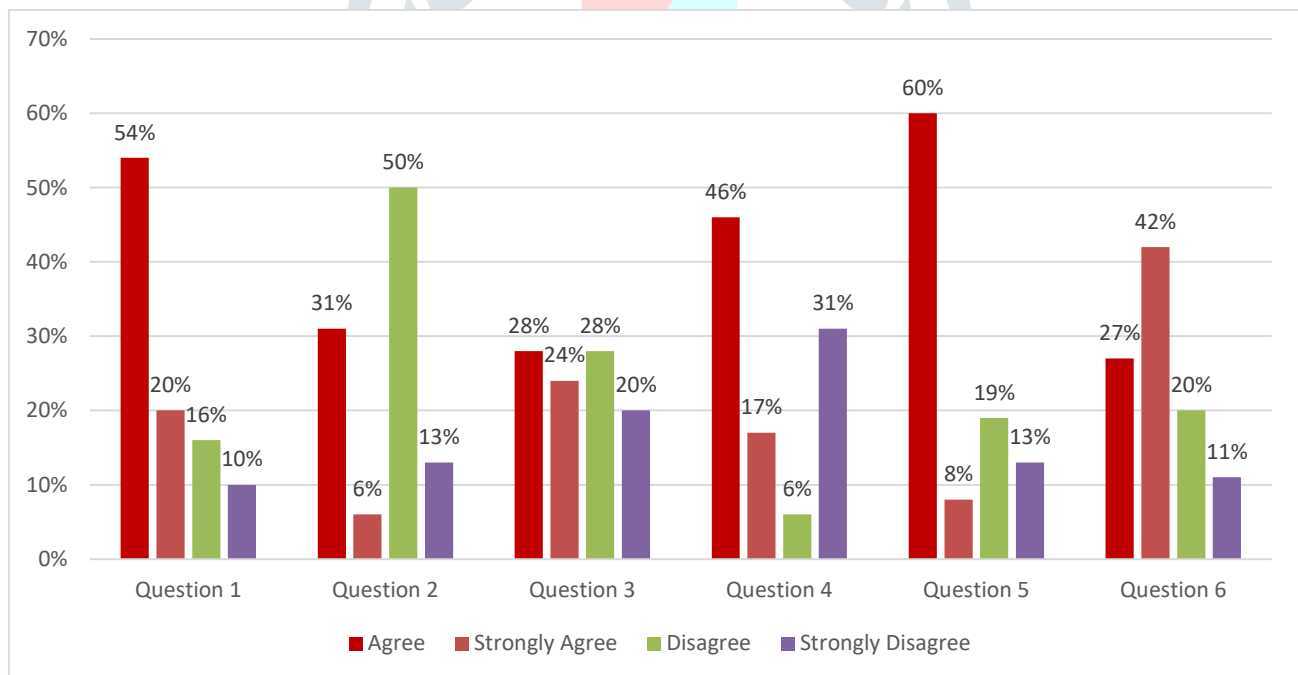
Fig. 4.3: Response of the customers regarding mobile and internet banking services

The issues related to mobile banking like false MPIN or passwords and incorrect bank transactions, etc. increases with the increase in its users. "As per the RBI guidelines, banks offering mobile banking services to its customer now can fix the daily transaction limit depending upon their risk. The cap was of Rs.50000/- earlier. The complaint related to PIN or Password also shows the need of awareness creation about secure and safe usage of mobile banking services." It was clear from the survey that advancements in technology of different communication systems plays a major role as well as a major issue in the sector of mobile banking. Some of the banks use SMS banking instead of mobile banking. For efficient and effective use of E-banking facilities, the customers must be fully aware of how to use the mobile baking services properly. India is a country of diverse culture and around 24 different languages is used in the country. The apps and banking software' must be customer-friendly to be used by every age group and from every community.

V. CONCLUSION

The following conclusion can be made from the survey:

- Online banking nowadays is becoming favourable among the customers of public sector banks of India.
- It was observed that in customers using net-banking preferred the services of E-banking a compare to the traditional methods because of the time saving ability, fully explained services, and quality work with full control and speed.
- Almost all the bank managers think that the overall performance of banks using online channels improved in the open economy.
- More profits are being achieved by the bank with higher level of job satisfaction among their employees due to comparatively lesser workload.
- When implementing the online portals, the banks face some unavoidable problems such as account security.
- Survey also depicted that employees feel satisfied and more comfortable in working with E-banking facilities.
- A constant need of updating and related awareness about the E-banking is duly required.
- As the study was only limited to 12 banks only, there is a possibility that customers from other private banks are more involved with internet services.

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