

“STUDENTS ATTITUDE TOWARDS MOBILE BANKING WITH REFERENCE TO BANGALORE”

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Abstract – This Study has been undertaken to understand the viability of m-banking as an option for delivering financial services. M-banking provides financial transactions services such as balance check, fund transfer, and bill payment via a mobile device such as cell phone, PDA, and smart phone. The study is aimed to students' awareness and acceptance of mobile banking and the factors affecting them. Primary data for the study is collected by administering a structured questionnaire. The use of mobile banking has increased substantially in the past year and appears likely to continue to increase as more consumers use smartphones or recognize the convenience of this service, and as more financial institutions offer mobile banking. The main factors limiting students from the adoption of mobile banking and payments are security concerns and the belief by some that these services fail to offer any real benefits to the user over existing methods for banking or making payments.

Keywords: M-Banking, Financial Services, Internet, Convenience.

I. INTRODUCTION

With rapid advance of Internet technologies and diffusion of mobile phones, mobile banking (m-banking) has gained attention as a viable option in delivering financial services. M-banking provides financial transactions services such as balance check, fund transfer, and bill payment via a mobile device such as cell phone, PDA, and smart phone. From a managerial point of view, m-banking provides new cost-saving opportunities for banks. Benefits include reducing operation costs, minimizing transaction errors and potential for fraud, generating additional revenue through commissions and service fees, and improving customer retention and brand loyalty. For the purpose of these Guidelines, “mobile payments” is defined as information exchange between a bank and its customers for financial transactions through the use of mobile phones. Mobile payment involves debit/credit to a customer's account's on the basis of funds transfer instruction received over the mobile phones. Most retail banks in India is providing online banking as add-on services to the existing branch activities while mobile banking is in the initial stage of implementation. This service is enabled here by the use of bank agents that allow mobile account holders to transact at independent agents locations outside of the bank branches.

According to TRAI, mobile banking involves the use of mobile phones for banking transactions like fund transfer, balance check, etc. As per the extant guidelines of RBI, banks that are licensed, supervised and have a physical presence in India, are permitted to offer mobile banking services. Mobile Banking policies in India aim to enable funds transfer from an account in any bank to any other account in the same or any other bank (interoperability) on a real time basis irrespective of the mobile network the customer has subscribed to (TRAI, 2013). The Mobile phone plays a very important role in the development of mobile commerce and mobile banking. However the biggest limitation of Internet banking is the requirement of a PC with an Internet connection, not a big obstacle if we look at the US and the European countries, but definitely a big barrier if we consider most of the developing countries of Asia like China and India. Mobile banking addresses this fundamental limitation of Internet Banking, as it reduces the customer requirement to just a mobile phone.

II. REVIEW OF LITERATURE

There is a growing body of academic research examining the **determinants of m-banking acceptance and its utilization (Donner and Tellez, 2008; Mattila, 2003;)**. Studies have been conducted in various countries to better understand consumers' attitudes toward this emerging mobile technology. For example, Mattila (2003) focused on the drivers and inhibitors of m-banking services. The author found that complexity, compatibility, relative advantage, observability, and trial ability are the significant factors influencing consumer decision

making in m-banking adoption. Also, security and confidentiality of information are fundamental pre-requisites for any m-banking services to be successful.

A study by **Sripalawat et al. (2011)** examined **positive and negative factors affecting m-banking acceptance in Thailand**. Subjective norms, perceived usefulness, perceived ease of use, and self-efficacy were considered as the positive factors, and device barrier, perceived risk, lack of information, and perceived financial cost as the negative factors. They found that the positive factors have more influence than negative factors towards the acceptance of mobile banking. Among the positive factors, subjective norm is the most influential factor in m-banking adoption in Thailand.

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 (**Vinayagamoorthy and Sankar, 2012**). Banks are constantly updating their technology and want to increase their customer base by reaching to each and every customer. There are many advantages of using mobile banking, such as people in the rural or remote areas can also get an easy access to mobile banking whenever required. Vinayagamoorthy and Sankar, (2012) have discussed about the mobile banking and according to them it is a term that is used for performing various banking transactions like fund transfer, balance check, payments etc. via mobile phones.

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 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.

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. 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.

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. Acceptance and adoption of this innovative technology is very complex and this 'complexity' attribute is studied by various researchers and they have suggested that banks should make these services easy to use by the Indian population because Indian population is not very well versed with this upcoming technology (**Chaipoopirutana, Combs, Chatchawanwan and Vij (2009); Lin (2010); Sahin (2006)**).

The Federal Reserve of US defines mobile banking as using a mobile phone to access bank account, credit card account, or other financial account (**Board of Governors of Federal Reserve Systems, 2012**). The mobile banking is similar to Internet banking in that it provides a fast and convenient way of performing common banking transactions (Bank Negara Malaysia, 2012). In order to enjoy the benefits of mobile banking, a user needs a mobile phone that is equipped with the features required by the bank that provides this service. Once a user obtained a registered account for mobile banking from the banking institution, he or she would be able to do banking transactions from anywhere. The mobile banking can be done either by accessing the bank's web page through the web browser on the mobile phone, via text messaging, or by using an application downloaded to the mobile phone.

III. STATEMENT OF THE PROBLEM

Mobile banking in India will help the banking sector to show a rapid growth and easy access by the customer without going to banks or ATMs for fund transfer, balance check etc. The developing country like India it is difficult to access banking through internet with the help of personal computers. So the mobile banking becomes a popular facility which can help the customers. But the main threads faced by mobile banking are frauds, poor internet connectivity, personal security problems and lack of awareness. The study is aimed to students' awareness and acceptance of mobile banking and the factors affecting them.

IV. OBJECTIVES OF STUDY

- To find out students' attitude towards mobile banking and to identify the factors influence them in Bangalore.
- To study the developments of mobile banking in India, and the rules and regulations on mobile banking by Telecom Regulatory Authority of India (TRAI) and Reserve Bank of India (RBI).
- To understand better the opportunities and threats faced by the mobile banking facilities.

V. RESEARCH DESIGN

Tools of data collection

The data for the study is collected from both primary as well as secondary sources. Primary data for the study is collected by administering a structured questionnaire. The questionnaires send to students of different colleges in Bangalore district. The analysis of responses collected from students (samples) is helped to conclude the study.

The secondary data is collected from sources like research journals, papers, reports and online sources etc.

Research type

Descriptive and analytical in nature.

Sample size

The sample size for the study is 50 respondents.

Sample description

The Sample for the study is graduation and post-graduation students in Bangalore district, Karnataka.

VI. LIMITATION OF THE STUDY

The study is limited by the sample size of 50 students and it is collected from students' in different colleges in Bangalore district, therefore the study is limited by geographical area. The data is collected mainly from primary data, the facts and statistics from bank authorities will not consider for the study and the compensations provided by banks for fraudulent activities in mobile banking will not covered in the study. The paper is concluded by the responses from sample size which will show attitude of certain customers.

VII. DATA ANALYSIS

Table 1
Reasons to prefer mobile banking (one respondent choose 3 strong reasons)

Reasons to prefer m-banking	No. of responses	Percentage
Minimizes the cost of transactions	6	4
Saves time	45	30
Minimize inconvenience	12	8
Provided up to date information	27	18
Facilitates quick responses	21	14
Improves service quality	15	10
Minimizes the risk of carrying cash	24	16
Total	150	100

Source – Primary data

The table 7.1 shows, among 50 students, 30% of them prefer mobile banking because of saves time, at the same time 18% of respondents chooses mobile banking services because of fast, up to date information which facilitated by m-banking and 16% of students prefer mobile banking to reduce risk of carrying cash.

Chart 1
Reasons to prefer mobile banking

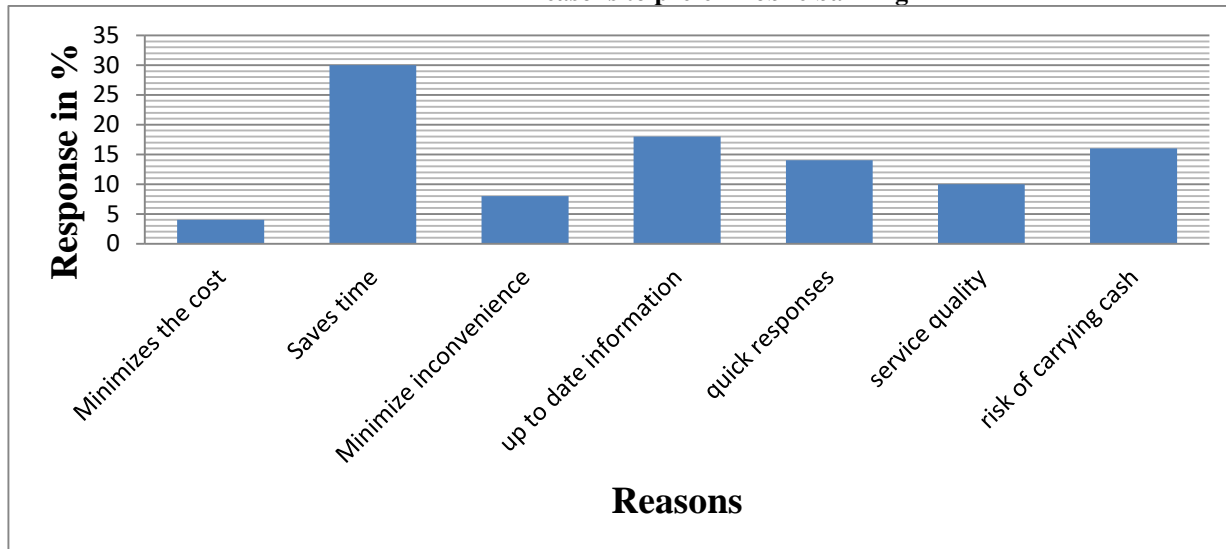


Table 2
Reasons for not choosing mobile banking
(One respondent choose 3 strong reasons)

Reasons for not choosing m-banking	No. of responses	Percentage
I am worried about the security of mobile banking.	78	52
I fear that banks do not have the ability in mobile banking to protect my privacy.	33	22
I fear that while making a mobile banking transaction, the connection will disconnect by itself.	18	12
I fear that while making a mobile banking transaction, the mobile device battery will run out.	0	0
Instructions for using mobile banking are difficult to follow.	21	14
Total	150	100

Source- Primary data

The above table 7.2 shows 52% of respondents not choosing or prefer mobile banking because of security reasons related to mobile banking, one of the major area which will reduce the number of mobile banking users is security reasons of mobile banking. Another reason to not choosing mobile banking is privacy protection by banks of their mobile banking users, 22% of respondents are worried about protection of their privacy. And 14% of them not willing to choose m-banking because of lack of instruction by banking authorities.

Chart 2
Reasons for not choosing mobile banking

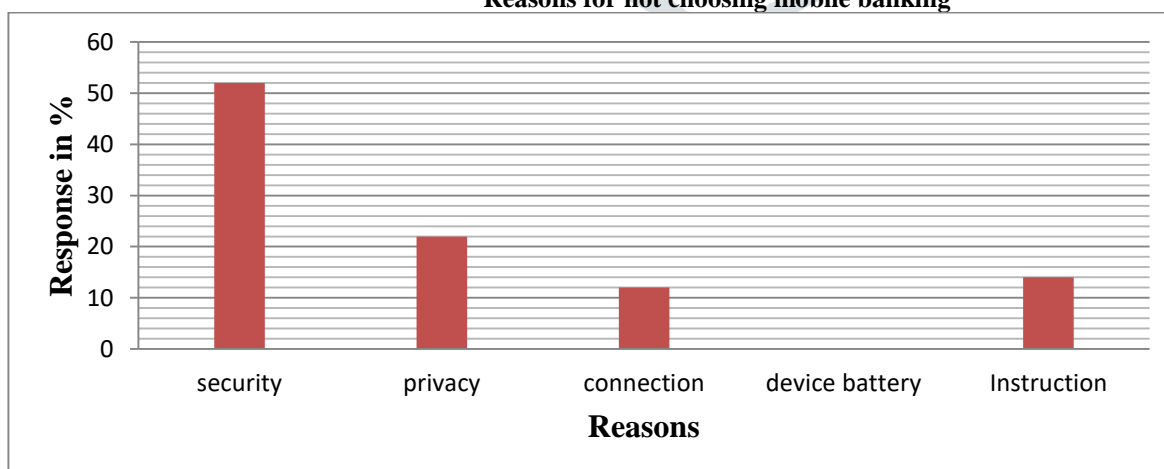


Table 3
Most frequently preferred mobile banking activities

Activities	No. of respondents	Percentage
Check account balances	6	12
Online Shopping	21	42
Money Transfer	9	18
Bills Payment	5	10
Contact Customer Care	2	4
Ticket Booking	7	14
Total	50	100

Source- Primary data

Table 7.3 shows most frequently using mobile banking activities, out of 50 respondents' 42% using mobile banking for online shopping which is common among students and 18% uses m-banking for money transfer activities. Ticket booking is another frequently using activity among respondents and that is 14%, and check account balance and bills payment so on. The 4% of respondents uses mobile banking for contact customer care.

Chart 3

Most frequently preferred mobile banking activities

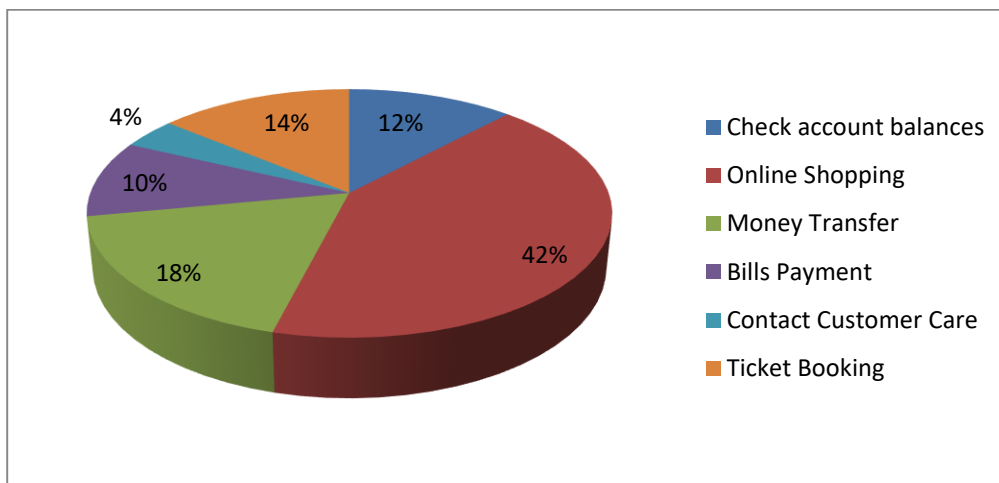


Table 4

Factors which increases mobile banking security

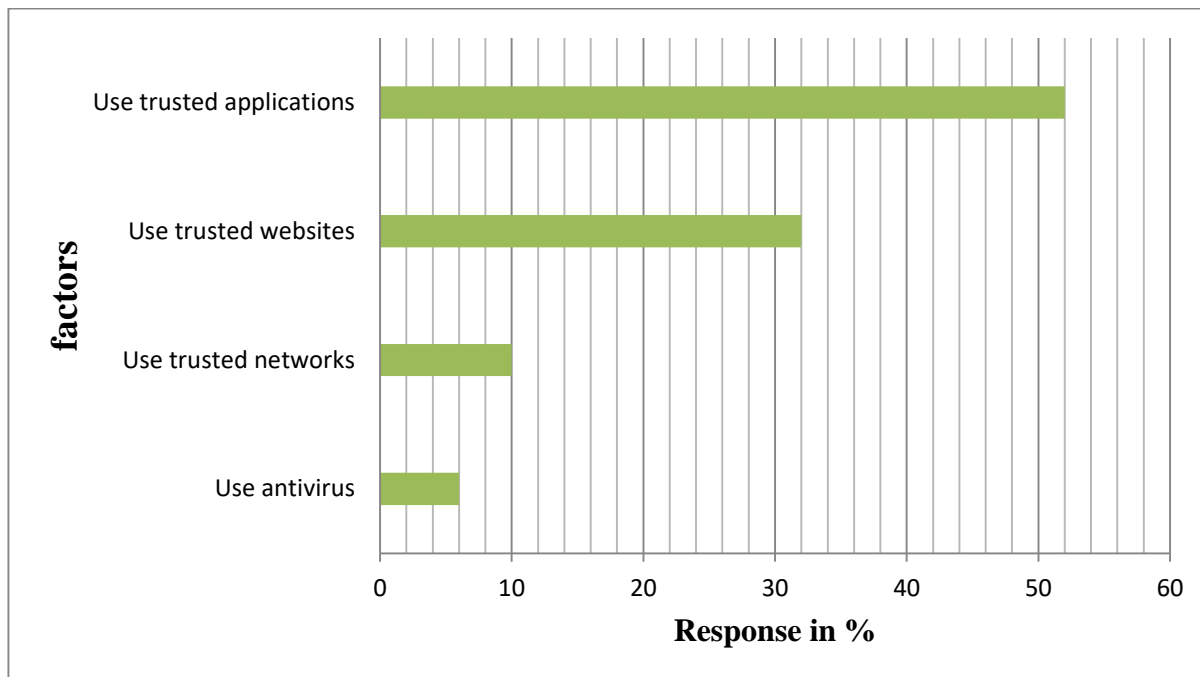
Factors	No. of respondents	Percentage
Use antivirus	3	6
Use trusted networks	5	10
Use trusted websites	16	32
Use trusted applications	26	52
Total	50	100

Source – Primary data

Table 7.4 shows factors which increase mobile banking security. The 52% of respondents uses trusted applications to increase m-banking security and 32% of them agree with usage of trusted websites to increase the security of mobile banking which avoids frauds. The 10% of students' (respondents) use of trusted network to increase mobile baking security and 6% of them uses antiviruses.

Chart 4

Factors which increase mobile banking security



VIII. FINDINGS

- 45% of respondents prefer mobile banking because it saves time whereas 18% and 16% consider mobile banking which provides up to date information and minimize cash carrying risk to its users. 21 responses say that it facilitates quick response to transactions and 10% of responses prefer m- banking because of the service quality.
- 52% that is 78 responses will not prefer mobile banking because they worried about security of mobile banking, And 33 responses not prefer m-banking because they worried about ability of privacy protection of m-banking users by banks. 14% of responses say that the instructions for using mobile banking are difficult to follow.
- Mobile banking is preferred by users because; it reduces risk of carrying cash.
- Mobile banking helps to saves time of its users without going to banks for transactions.
- Mobile banking fails in privacy protection of its users.
- Mobile banking helps in providing up to date information's to its users related to their accounts and actions.
- Instructions provided for using mobile banking is unclear and difficult to follow.
- Mobile banking is mostly used by the customers for online shopping and fund transfer.
- The mobile banking activities have a quick response while transaction is made.

IX. RECOMMENDATIONS

- Banking authorities should try to provide more security to mobile banking activities and transactions.
- Facilitate privacy protection to its users.
- Banks should provide sufficient applications to mobile banking customers to avoid fraudulent activities.
- Sufficient detailed and specific guidelines to users of mobile banking facilities.

X. CONCLUSION

As smartphones become more common and more versatile, they can play an increasing role in the interactions between consumers and financial service providers. The constant presence of mobile phones in consumers' lives also makes them a potentially useful tool for the delivery of just-in-time financial information or as an aid in decision making. Mobile technology has the potential to empower students' and expand access to financial services. However, they will need to understand and weigh the benefits and potential risks to their security and privacy presented by the use of this new technology. The use of mobile banking has increased substantially in the past year and appears likely to continue to increase as more consumers use smartphones or recognize the convenience of this service, and as more financial institutions offer mobile banking. The main factors limiting students from the adoption of mobile banking and payments are security concerns and the belief by some that

these services fail to offer any real benefits to the user over existing methods for banking or making payments. In terms of the value proposition to consumers, the significant number of mobile users who reported an interest in using their phones to receive discounts, coupons, and promotions or to track rewards and loyalty points suggests that tying these services to a mobile payment service would increase the attractiveness of mobile phones as a means of payment.

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