



Growth and Trends of Mobile Banking in India

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Abstract:

Access to banking by the poor is inevitable in order to reduce poverty and social cohesion then only growth and development of economy will reflect into empowerment and income generation of whole population irrespective of sectors and areas. This paper highlights the reach ability, growth and trends of Mobile banking in India.

Keywords: Growth, Trends, Mobile Banking

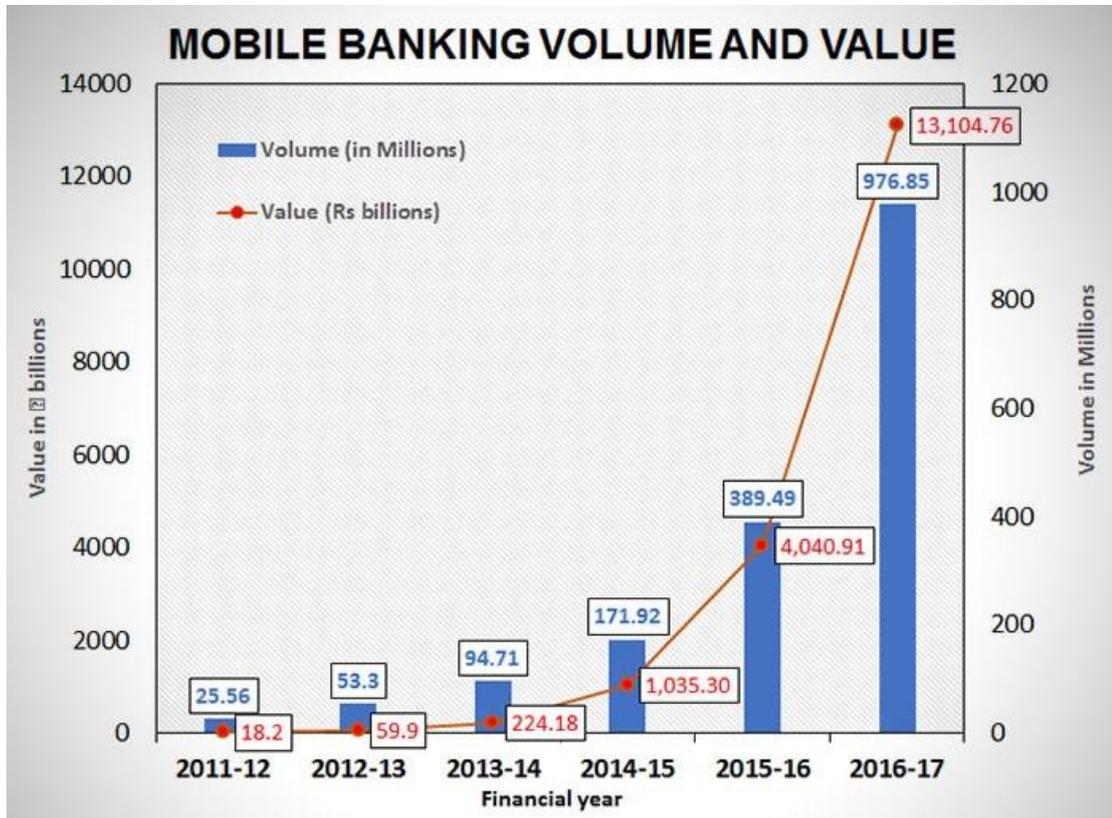
1. Mobile Banking

In layman's language, mobile banking means banking services are being offered with the help of mobile phones as medium. This initiative was started by private and foreign banks followed by public sector banks. Reserve Bank of India issued the first set of guidelines in October 2008 by recognizing the potential of mobile banking. The guidelines defined mobile banking as undertaking banking transactions using mobile phones by bank customers that would involve credit/debits to their accounts. As this was a nascent technology and, to build up customer confidence, the Reserve Bank mandated that all transactions should be encrypted irrespective of the value. Mobile banking service is mainly available in Toll Free numbers over SMS (Short Messaging Service) or through GPRS (General Packet Radio Service) or sometimes through USSD (Unstructured Supplementary Service Data) or some mobile Apps. The services available are:

Table 1: List of services offered in Mobile Banking; Source: RBI Report

Services	
<i>Account information</i>	<ol style="list-style-type: none"> 1. Mini-statements and checking of account history 2. Alerts on account activity or passing of set thresholds 3. Monitoring of term deposits 4. Access to loan statements 5. Access to card statements 6. Mutual funds / equity statements
<i>Payments, deposits, withdrawals, and transfers</i>	<ol style="list-style-type: none"> 7. Insurance policy management 1. Cash-in, cash-out transactions on an ATM 2. Domestic and international fund transfers 3. Micro-payment handling 4. Mobile & Direct to Home package recharging 5. Purchasing tickets for travel and entertainment 6. Commercial payment processing 7. Bill payment processing 8. Peer to Peer payments (e.g., Popmoney, Isis) 9. Withdrawal at banking agent 10. Deposit at banking agent
<i>Investments</i>	<ol style="list-style-type: none"> 1. Real-time stock quotes 2. Personalized alerts and notifications on security prices
<i>Support</i>	<ol style="list-style-type: none"> 1. Check (cheque) book and card requests 2. Exchange of data messages and email, including complaint submission and tracking 3. ATM Location
<i>Content services</i>	<ol style="list-style-type: none"> 1. General information such as weather updates, news 2. Loyalty-related offers 3. Location-based services
<i>Future functionalities in mobile banking</i>	<ol style="list-style-type: none"> 1. Communication enrichment: - Video Interaction with agents, advisors. 2. Pervasive Transactions capabilities: - Comprehensive "Mobile wallet" 3. Customer Education: - "Test drive" for demos of banking services 4. Connect with new customer segment: - Connect with Gen Y – Gen Z using games and social network ambushed to surrogate bank's offerings 5. Content monetization: - Micro level revenue themes such as music, e-book download 6. Vertical positioning: - Positioning offerings over mobile banking specific industries 7. Horizontal positioning: - Positioning offerings over mobile banking across all the industries 8. Personalization of corporate banking services: - Personalization experience for multiple roles and hierarchies in corporate banking as against the vanilla based segment based enhancements in the current context. 9. Build Brand: - Built the bank's brand while enhancing the "Mobile real estate".

The graph below shows that Mobile Banking usage in India is showing a positive trend during 2010-11 to 2016-17. Volume of transactions also increased in the given period and in terms of value of transactions it was 25.56 million in 2011-12, especially it has seen phenomenal growth as it has grown 150 % in volume and 224% in Value of transactions from the financial year FY2015-16 to FY2016-17.



Graph 1: Growth of Mobile Banking; Source: www.rbi.org

2. Objective of the study

1. To demystify the concept of Mobile banking.
2. To analyse the growth and trends of mobile banking in India.

3. Research Methodology

It is a conceptual study and descriptive in nature with detailed available review of literature.

4. Literature review

Komal & Vandna (2012) in their paper studies different ways of evolution of E-banking services by dividing it into four sections, i.e. Internet Banking, ATM, Mobile Banking and credit cards. The researcher has analysed effects of these four components on customer satisfaction and problems of E-Banking. This analysis emphasis on the comparative study of Public sector banks, private sector Indian banks & foreign banks. This study establishes that there are plenty of opportunities in E-Banking yet there is a need to tap them.

Ibha Rani (2015) studies the role of IT in banking industry. This research also analyzes various aspects implementations and limitations of usage of services, specifically the IT enabled services in Indian banking. This paper covers all recent IT trends of Indian Banking viz. Electronic payment and settlement MICR Technology, CTC, ECS, EFT, RTGS, CBS, ATM, Phone Banking, Tele Banking, Internet Banking, Mobile Banking, CRM.

Ankit (2011) investigated the factors that are responsible for the adoption of internet banking (IB) The study revealed the Risk and Privacy Concerns, cost reduction in online banking. The researcher found more convenience of customer and adoption of banking operations through internet banking and mobile banking among customers have been increasing in current phase. However a study is needed to increase the awareness among customers about mobile banking with the frequency of visiting the bank branches in India.

5. Conclusion

The growth in mobile banking that has taken place in the country till date, though has been rapid, is yet to reach the critical mass. It has the potential to be the next wave of financial and technological innovation in banking by universalizing access to banking service without jeopardizing prudential and regulatory framework of the financial sector. The reason behind using it as a product to promote financial inclusion is that although 70 years after independence, majority of population does not have access to banking. The trend in Mobile Banking transactions has seen dramatic rise post November 2016 demonetisation, as large number of people started preferring mobile banking and other alternatives of digital payments and it has more scope in the near future to achieve digital financial inclusion in India.

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