

## “M-BANKING” A NEED OF THE DAY

**Prof. Milind Saraf**

**Abstract :** In this era of Globalisation & Privatisation, there is tough competition on the national as well as international level. Now a days it becomes necessary to provide quick services to the customers without wasting their time. In the view of tremendous Changes and the increasing importance of information technology had brought in a paradigm shift in banking operations. With the rapid proliferation of Internet Technology banking sector now takes a different approaches often termed as M-banking. Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through a mobile device such as a mobile phone or tablet.

The adoption of M-banking becomes necessity for the banks which wants to maintain its share of market and retain its customers. Mobile banking overcomes the geographical bars between the countries. This paper reveals the current situation of M-banking, impact of M-banking on banking activities. The new challenges of M-banking are to develop and Positive & negative impact of M-banking are addressed in the study.

**Key words:** M-Banking, ATM, HTML, AT & T, IPS, WAP, USSD

### I. INTRODUCTION

Market depends on Finance & Financial services provided by the banking industries, therefore banking industries need to provide quick and efficient services to their customers. Internet connectivity & Information technology is becoming an important factor in the future development of financial services industry, especially the banking industry. It is necessary to acquire, analyze and deliver data of relevant users. Banking sector needs to be innovative and update their marketing strategies in order to meet the requirements of the individual customers. It also provides safe and confidential services which best suit customers' needs. The customer wants more flexibility without paying more. He wants to make transactions wherever, whenever, and however he wants. The concept of electronic financial services is commonly known as “M-banking”.

Mobile Banking refers to provision of banking- and financial services with the help of mobile telecommunication devices. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customised information. "Mobile banking has until recently most often been performed via SMS or the mobile web. Apple's initial success with iPhone and the rapid growth of phones based on Google's Android (operating system) have led to increasing use of special client programs, called apps, downloaded to the mobile device. Advancements in web technologies such as HTML5, CSS3 and JavaScript have seen more banks launching mobile web based services to complement native applications. Banks are using “M-banking” concept for their day-to-day transactions which meets the expectations its employees and customers, suppliers, or institutional partners. A business can simplify or improve its human resources by introducing Mobile Banking Technologies. M-Banking results in Improvement of Operational systems and time and cost effectiveness. Under this condition, the transition to “M-banking” has become a necessity for banks: In one hand it offers the major opportunities in terms of competitive advantages. On the other hand, it develops a stronger and more durable business relationship with its customers & improves efficiency and operational effectiveness within the company.

## OBJECTIVES OF THE STUDY

The objectives of the paper to study the present scenario of M-banking. Identify the problems as well as prospects of M-banking. Reveal the Positive & Negative Impact of M-Banking with reference to banks and customers.

## METHODOLOGY

Primary data is collected through questionnaire through whatsapp. The study has been conducted mainly on the basis of secondary information. For this purpose, different rules and regulations by the government, banks & policies have been gone through. Various seminar papers, some periodicals, national and international journals, newspapers, magazines, Bank publications have been studied. Besides this, internet has been used as another source of information.

### 1.Mobile Banking-present scenario

Mobile banking is performing of finance related functions on mobile device like a smart phones or tablet. With the use of mobile device, the user can perform mobile banking via call, text, website or apps. Mobile banking is a variation of Internet banking. Mobile banking is a good example of how the lines between the various forms of m-banking are becoming gradually blurred. Due to the new transmission technologies such as WAP (Wireless Application Protocol), portable terminal like mobile phones, personal digital assistant (PDA) or small hand-held PCs are providing bank customers with access to the Internet and thus paving the way to mobile banking. It assures immense flexibility and makes the financial services independent of time and place.

#### Classification of mobile banking services

- ▲ Depending on the originator of a service, it is classified as 'Push/Pull' nature.
- ▲ Push' is when the bank sends out information based upon an agreed set of rules, for example your banks sends out an alert when your account balance goes below a threshold level.
- ▲ 'Pull' is when the customer explicitly requests a service or information from the bank, so a request for your last five transactions statement is a Pull based offering. .
- ▲ Depending on the nature of the service, it is classified as Transaction based and Enquiry Based.

-So a request for your bank statement is an enquiry based service and a request for your fund's transfer to some other account is a transaction-based service.

-Transaction based services are also differentiated from enquiry based services in the sense that they require additional security across the channel from the mobile phone to the banks data servers.

**1.1SMS Alerts & Ministatements :-** M-Banking was started functioning through SMS alerts at the month end or at the beginning of the month when heavy load of banking inquiries such as clearance of salary cheques, balance in account etc were done by the customers. Customers were habitual of getting their pass books updated even for 2 or 3 transactions in order to know the exact balance for their financial planning. ATMs were also heavily loaded for getting updated accounting information. Mobile Banking help to reduce the load of bank counters & stop queuing up in front of ATM. Banks simply provides debit credit alerts through SMS even mini statements of short period are also available on mobile phones. Banking through mobile reduces the risk of fraud. You will get an SMS whenever there is an activity in your account. This includes deposits, cash withdrawals, funds transfer etc. You will get a notice as soon as any amount is deducted or deposited in your account.

**1.2 Fund transfers & Account inquiries :-** Banks were realize the potential offering financial transactions through the mobile device. It allows customers to transfer the funds from one account to another accounts in the name of customers with any branch of the same bank. Mobile banking is a self service channel for balance inquiries of the saving or current accounts. For the purpose customers needs to send a code through SMS on a particular mobile number allotted by the respective bankers & customers will get reply through SMS Service.This model of operation involved customers sending an SMS to a published number of the bank with a key word and identification information. The customer experience for SMS based inquiries was not very goods and this led to the introduction of real-time communication channels such as WAP and USSD.

**1.3 Immediate Payment Service (IPS):-** Payment of service utility bill is made possible through the use of mobile service. It reduces the cost of transactions & use of cheques. The proximity payments are made using mobile phones as transaction instruments. The transaction authorization is communicated to specialized device using Near Field Communication (NFC). Use of mobile phones for payment of bills minimizes the use of plastic money. Non-proximity payments are the payments under which mobile phones authorizes the transactions using a standard mobile communications mode such as SMS/GPRS. The non-proximity service also provides peer to peer payments where customers can transfer money to peer within and outside the banks. The mobile phone was unique in that it was a personal device which had computation power, storage ability and occupied a great mind share of customer than the traditional money wallet.

**1.4 Opening of new account :-** All required data can be given through mobile phone which allows to open a new account in a bank with limited documentation & without wasting the time. ICICI banks provides such type of service where copies of documents identity proof and address proof can be given through mobiles. It also lower down the operational cost of banks to some extent.

**1.5 Loan requests & mini-loan Statements :-** the latest trends include offering loans through requests placed from the mobile phone where pre-registered customers can provide details about the loans and avail instant approval of loans. Mini-loan statement are also made available to customers on mobile phones which help them to do financial planning and to maintain minimum balance in their accounts so make payment of loan instalments.

## **2.IMPACTS OF MOBILE BANKING**

### **2.1 Negative Impacts of Mobile Banking**

Mobile phone are limited in processing speed, screen size and battery life which act as a barrier in mobile banking. Regular user of mobile banking over time can accumulate significant charges from their banks.

Mobile banking is not available on all mobile phone. It is necessary to install apps on mobile phone to use mobile banking features. Maximum facilities are available on Smarts phone for the use of mobile banking like transfer of funds in inter branch or intra branch accounts. Other devices have some limitations. Modern mobile devices like smart phone and tablets are better suited for mobile banking than old models of mobile phones and devices.

Though the security threat is less than Internet Banking, Mobile banking has security issues. Mobile banking users are at risk of receiving fake SMS messages and Scams. One of the great threat to Mobile Banking is “Smishing” which is similar to “Phishing”. In “Smishing” users receives fake message asking for their bank details. Many users caught in this trap and loose financially. The loss of person’s device often mean that criminals can gain access to your mobile banking PIN and other sensitive information.

### **2.2 Positive impacts of Mobile Banking**

Mobile banking uses the network of service provider and it doesn’t need internet connection. It utilizes the mobile connectivity of telecom operators and therefore does not require an internet connection. In developing countries like India where there is no internet connection is the interior there is the presence of mobile connectivity. Use of E-banking needs internet connectivity and PC without which it is not possible to complete the financial transactions. Mobiles are handy & can be carried any time anywhere. Mobile banking is available round the clock. It is more safer and risk free as compared to online/internet banking. With the help of mobile banking payment of bills, transfer of funds, checking of account balance or blocking of ATM card is possible. Mobile banking is cost effective as banks offer this service at very low cost to their customers

## **3 TECHNOLOGICAL ISSUES :**

The earliest mobile banking services were offered over SMS, a service known as SMS banking. With the introduction of smart phones with WAP support enabling the use of the mobile web in 1999. Mobile banking has until recently (2010) most often been performed via SMS or the mobile web. Mobile Banking Service over USSD (Unstructured Supplementary Service Data) The service is available on all phones except CDMA phones. Downloading of application is not required. Apple's initial success with

iPhone and the rapid growth of phones based on Google's Android (operating system) have led to increasing use of special client programs, called apps, downloaded to the mobile device. More banks launching mobile web based services to complement native applications. A recent study (May 2012) by Mapa Research suggests that over a third of banks have mobile device detection upon visiting the banks' main website.

#### **4. RECOMMENDATIONS AND CONCLUSION**

##### **4.1. Recommendations**

In order to ensure a successful practice of m-banking it is recommend that-

M-banking systems should be simple to use, fast and user friendly. M-banking services should be standardized so that wherever the solution is used the customer is familiar with the procedure followed. Provide adequate training and technological support to develop the manpower. Appropriate legal framework. Proper infrastructure development. Government should implement the cyber laws to ensure proper security about customers information Government, in collaboration with the banks, should educate and inform its citizens and customers on the workability and effectiveness of M-banking. This will increase the confidence level of customers.

##### **4.2. Conclusion**

Mobile banking has an edge over internet banking. Mobile banking is a technology that allows you to access your bank account from a mobile device, usually a cell phone. There are several benefits to this technology, particularly for activity notification and account management while traveling. The main obstacle of Internet banking is the requirement of a PC with an Internet connection, in 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. Mobile banking thorough cell phone is user friendly. The interface is also very simple. You just need to follow the instructions to make the transaction. It also saves the record of any transactions made. Banks can be in touch with their clients with mobile banking. The number of people using mobile banking may be 55 million by 2014. Experts say that mobile banking is highly secure. Mobile usage has seen an explosive growth in most of the Asian economies like India, China and Korea. The main reason that Mobile Banking scores over Internet Banking is that it enables 'Anywhere Banking'. Customers now don't need access to a computer terminal to access their banks, they can now do so when they are traveling or when they are waiting. No doubt that mobile banking is a future banking. In order for M-banking to continue to grow, the security and the privacy aspects need to be improved. With the security and privacy issues resolved, the future of M-banking can be very prosperous.

#### **REFERENCES**

- 1.Vaidya (2011): "Emerging Trends on Functional Utilization of Mobile Banking in Developed Markets in Next 3-4 Years"
- 2.Tiwari, Rajnish and Buse, Stephan(2007): The Mobile Commerce Prospects: A Strategic Analysis of Opportunities in the Banking Sector, Hamburg University Press (E-Book as PDF to be downloaded)
- 3.[http://www.ehow.com/list\\_6683378\\_disadvantages-mobile-banking.html](http://www.ehow.com/list_6683378_disadvantages-mobile-banking.html)
- 4.[http://www.ehow.com/list\\_6683378\\_advantages-mobile-banking.html](http://www.ehow.com/list_6683378_advantages-mobile-banking.html)