



## Mobile Banking

### A-Pillar toward Digital Acceleration of Indian Society

• Nikky Kumari • Mahesh Chandra Prasad

Received : April 2022

Accepted : May 2022

Corresponding Author : Nikky Kumari

**Abstract:** India has been Digitalizing over the years through Mobile Banking. Banks in India now understand that technology is the only key enabler to bringing change in society. A massive shift has been recorded in the banking sector that both the Customer and the Bank shifted towards Digital and Branchless Banking systems. Mobile banking has also tremendously grown with the Indian Flagship program called Digital India launched and supported by the Indian Government. The study is designed to understand the concept and present status of Mobile Banking provided by banks in India in the light of the Digital India Flagship Programme, as it is a known fact that the government of India has announced the Indian flagship program to modernize India into a digitally authorized society and information economy called the Digital India program with some significant ideas such as Digital Set-up, Electronic

Governance and Services, and Digital Empowerment of society with a basic theme of Paperless Faceless and Cashless India. Mobile Banking as a Digital Platform for various banking services is one of the significant pillars of such a program and will help achieve the program's target. Since the program was launched, tremendous digital growth in India in terms of digital infrastructure and Broadband connectivity has been recorded. The trust provided by the Government to digital pillars and other initiatives like the Mobile Banking system led to the digital revolution in the country, and Digital transformation has been recorded in the society. The study attempts to trace the growth of Mobile Banking since the launch of the Digital India Flagship Program, and the investigation is mainly based on conceptual and Descriptive studies based on available data from literature and reports on the Internet. For this purpose, the literature from 2016 to 2020 has been explored and available on websites and e-journals. The study has found that mobile banking is rapidly growing in India in the last few years. The creativity of the Indian Government helps society to lift the acceptance of mobile banking.

#### Nikky Kumari

Research Scholar,  
Department of Applied Economics and Commerce,  
Patna University  
Email-id: tiwarynikky@gmail.com

#### Mahesh Chandra Prasad

Head of Department, Department of Applied Economics  
and Commerce,  
Patna University  
Email-id: mcp\_pu@rediffmail.com

**Keywords:** M- banking - Mobile Banking, Digital India, Digital Banking, Digital Infrastructure, Digital Pillars, Virtual banking, Frictionless Banking.

## **Introduction:**

Mobile banking is one of the significant pillars of empowering India Digitally. Banks in India have to run at a pace and adapt technology faster than ever before to survive. The government is playing a significant role in accelerating the digital platform for the banking sector and the economy. As the Digital payment revolution has been taking place in Banking Sector and thus virtual banking is beneficial to meet the demand of High-Tech customers. India is the fastest-growing country in terms of access to the Internet. And there is no doubt digitalized Banking system is playing a significant role in the digitalizing Indian economy. Digitalization has become one of the top priorities for banks in India. The banking system in India has been transformed from traditional branch banking to contemporary mobile-based banking, which has permitted the customers to reach their banks practically through their Mobile phones and avail of appropriate banking services from anywhere and at any time on their just Mobile Phones.

## **Meaning of Mobile Banking:**

Mobile Banking refers to digitalizing traditional banking services through telecommunication networks based on digital applications. It is a process of connecting with banks through Digital platforms and accessing banking services through smartphones, laptops, etc. Mobile banking is just a computer-generated platform that can be operated only through the medium of the Internet and an intelligent device specifically designed to work through an operating system and based on different utility applications. These Mobile based applications run with the help of the internet, and banks use these to provide banking-related financial services to the customers. A customer having a smart device and an internet connection can easily use Mobile banking. Mobile banking is an accessible and Convenient mode of banking where one can easily open a bank account and efficiently operate their bank account without visiting the bank branch. Mobile banking shows how money and the monetary system have changed over the years due to technological up-gradation (RBI report, 2019). Due to

the relative advantages of Mobile banking and various Digital Initiatives provided under the scheme called Digital India, people are adopting mobile banking rather than traditional banking. Mobile banking is a mode of delivering financial services through an electronic device. Mobile banking is the revolutionary transformation in the banking system from conventional banking, where the system has been shifted from queuing banking to hand-to-hand banking.

## **Historical background of Mobile banking in India**

Technology is upgrading day by day. The world has become a global platform where anyone can connect and communicate with others in any part of the world. This is possible only through the Internet and Technology. Technology is playing a vital role in every sector. In India banking sector continuously explores the latest technology-based services to provide better customer experience and satisfaction. The Internet is playing a crucial role in the growth and development of society. The internet and communication technology are two fundamental technological advancements that have intensely affected social capabilities in the last few years. The Reserve Bank of India (RBI) was permitted to offer mobile banking services in the year 2008 and subsequently laid its guidelines regarding mobile banking operation in 2011. Meanwhile, its introduction, the Mobile banking service was mainly available in Toll-Free numbers over Short Messaging Service. Now Mobile banking system is entirely constructed on software called mobile applications which can only be operated through the Internet connection. Banks in India have launched their banking application like ICICI has I Mobile app, HDFC Mobile Banking, SBI's YONO App, etc., to provide banking-related financial services through mobile phones.

## **Current scenario of Mobile banking in India**

The present influence of technology is pervasive, and a world without using it cannot be visualized. Innovations in various places worldwide have made people's lives very simple and relaxed. The Reserve Bank of India has taken many measures to promote and

expand the use of payments through mobile banking. Mobile banking is growing at ever fastening rate in India. Demonetization in India results in the growth of mobile banking at a faster pace in the country. As per Reserve Bank Annual Report, 2017-18, Mobile Banking Services has grown up to 90 percent in volume and 13 percent in terms of value.

As per the study by Shilpa and Veena (2018), India is the second-largest subscriber base in the mobile sector, having an increasing rate of mobile banking users. However, due to the effectiveness of mobile banking services, banks that provide mobile services have received positive resonance from customers.

The occurrence of Covid -19 has shifted Mobile Banking into high gear by forcing consumers to interact with their banks virtually. World Retail Banking Report 2020 reported an almost ten percent increase in consumer preference for the Internet since the Covid-19 period. As per the report, Covid-19 compelled banks to innovate quickly and digitalize core banking services. As per the FIS report, the 2021 COVID-19 phase has changed banking forever. Customers adopted technology rather than physical appearance in this period, which led to mobile banking growth. People have to assess digital platforms and witness the right path for a modernized form of mobile banking experience.

As per the study conducted by Dr. Varsha Agarwal, Shresth Poddar, and Sahil J Karnavat, in developing countries like India, Mobile banking adoption is an opportunity for development.

### **Features of Mobile Banking System in India**

Mobile banking is regarded as anywhere and anytime banking but never at the bank. The advantages of Mobile banking can be measured in terms of convenience mode of banking, ease of understanding, ease of operation, quick access to bank accounts, speedy service with low charges, safe and secure way of banking, etc. However, in the case of mobile banking, quality of service refers to offering customers as per their expectations which can be Security, Understanding or knowing the customer or a good relationship with the

customer, and other relative advantages of mobile banking. Despite the fact India is growing digitally with mobile banking, there are some drawbacks of the Mobile Banking system in India that cannot be ignored. These disadvantages are associated with security issues, which made customers and users uncomfortable with using such technology-based banking. However, banks have to face a lot of challenges to serve its customer for their maximum satisfaction as today the era of competition, the growing area of mobile banking is unpredictable and uncertain, and has to face a lot of competition by offering better quality products and overcome with security threats and other limitations.

### **Digital Initiatives are taken by the Government.**

India has started a unique path to Digitalise its economy through the Digital India program. The Reserve bank of India and the Government have jointly taken many initiatives to grow India Digitally. By the year 2022 Digital economy of India is lightly to cross one trillion dollars, according to the Indian Digital Summit 2019 held in New Delhi, where eminent speakers and dignitaries explained the need and challenges of digital India. According to Google CEO Sunder Pichai, 'Driving technology forward is the only key to improving people's lives in India and worldwide.' The technology-based banking system is one of the essential pillars of the digital India program. A fundamental digital transformation in India is Mobile Banking System.

As per Reserve Bank Report, the 2013 growth of Mobile Banking was not satisfactory, and the Reserve bank has expressed its disappointment over the lower-than-expected spread of Mobile Banking in the country. But with the Wave of Digital India, Mobile banking allows the economy to remain paperless and enables convenient banking through the digital platform. The study found that the Government has taken many initiatives to drive Technology forward to help the country become the next global power in terms of technology.

## Literature Review:

As per the available research and study, India has been depicted to be the fastest-growing Mobile communications nation in Asia as presently banking industry of India has engaged the use of Information and Communication Technology (ICT) as a platform for effective and efficient means of conducting financial transactions (T.Kadalarasane, 2015)

As per the study of Preeti Singh (2019), The beginning of Mobile banking was engaged by the private banks in India. The guidelines issued by the reserve bank defined mobile banking.

According to Dr. Priyanka, as per the study Growth and trend of mobile banking in India (2019), Mobile banking is growing in India continuously and reaching the mass of Indian society. It has massive potential for financial and technological innovation in banking. The trend of Mobile Banking services has seen a rise post demonetization. Many people were forced to adopt plastic money and other alternatives to digital payments, which increased the scope of mobile banking shortly to achieve digital financial inclusion in India. According to Dr. Jain, Dr.Sarupia, A; Kothari, A (2020), Demonetization and the Covid-19 pandemic have commanded the growth of mobile banking, which is further expected to grow.

According to Dr. Varsha Agarwal, Shresth Poddar, and Sahil J Karnavat (2020), mobile banking has been very cooperative in the COVID-19 phase as it has successfully encouraged social distancing policies by facilitating convenient banking facilities anywhere to the customers at any time. COVID-19 is regarded as the second substance after the demonetization, which has improved Digital banking.

As per a study conducted by Dr.Puneeta Sharma, Kavita, and Sachin (2020), mobile banking needs sustainable development. Mobile banking is regarded as more fruitful as users can avail of the services globally; however, security is the primary concern while using such services.

The Government has taken numerous steps to facilitate the financial sector's performance in terms of cashless payment. In this situation, the service providers are responsible for maintaining and educating the healthy use of mobile banking services (Bhagyalakshmi Burra, 2021)

## Objectives :

The study highlights the background and current status of Mobile banking services offered by banks in India. The study's objective is to determine the reasonable factors that influence the customers to use mobile banking services.

**Objective 1:** To Study the current status and growth of Mobile Banking in India.

**Objective 2:** To study the dimensions of Mobile Banking since the launch of the Digital India flagship program.

## Research Methodology:

This is theoretical research based on a descriptive study with a detailed available literature review.

## Data collection:

The secondary data has been collected on facts from related research publications, research papers published, and the data available on the Internet, and information has been collected from websites to develop theoretical background.

## Findings:

In the last ten years, the Country has witnessed unique innovations in the Digital world. We, as a younger generation blessed with the creation of smartphones where the advancement of technologies occurs in a fast forward manner, and the operating system is upgrading day by day. New and innovative Mobile-based utility programs called Applications, having been launched with artificial intelligence features, have ultimately changed people's lives. It has been seen that the Digital India program has a tremendous futurist approach. The government of India, along with its regulators, pushes the society for less physical money and support in various ways to promote Digital banking. Government initiatives under the Digital India program accelerated



the path of Mobile banking in India. Many innovations in the financial system, such as Bharat interface for money (BHIM), United payment interface (UPI), RuPay cards, and other Mobile wallets, push forward the growth of Mobile banking. These Banks are also coming forward with their personalized banking application for providing customized banking services for the convenience of their bank customers. As per the study, it has been found that Demonetisation held in the year 2016-17 forced the people to adopt digital currency and indirectly pushed forward the system of technological banking. After the phase, bank customers were advised to make payments through electronic modes and use as many possible digital platforms for other banking transactions.

Again, as came to the pandemic situation of Covid-19, the Digital and branchless banking system grew as it reduced physical contact and promoted the protection of users. As per the FIS report, the phase of Covid-19 has changed the banking system. The report clearly states that 45 percent of bank respondents adopted technology-based platforms to interact with their bank executives. Bank Customers have changed their habit of visiting the branch, mobile banking has become popular, and they face new banking experiences. The adoption of mobile banking has been growing in the last ten years. Still, the pandemic work-from-home culture accelerated the adoption of mobile banking, and people started favoring mobile banking.

According to a report by Statista Research Department, Mobile banking payments across India have been highly increased compared to the previous years and are estimated to reach one trillion by 2023. As per Baston Consulting Group survey conducted in 2021 states that 1 in 4 customers is planning to adopt mobile banking and stop visiting branches. The survey states that the 18-44 years old age group people enrolled in Mobile banking during the crises. It has been found that Mobile banking enables a bank to engage their customer with a simplified user experience. It is a tool for building a robust, long-lasting, profitable relationship with customers. The future of mobile banking in India is bright.

### **Suggestions:**

Despite an improving performance in the digital platform, there are still some challenges in adopting Mobile Banking. The study indicates that effective in-branch communication between banks and customer significantly influences the adoption level of Mobile banking. The study found that once a customer well communicated about the usefulness and utility of Mobile banking, they may adopt the digital platform for banking services. Banks in India must invest in Communicating the benefits of the Digital mode of banking to customers through live demonstrations etc. There is a need for a live demonstration of using Mobile banking at Branches to aware the customers of the usefulness of such convenient services.

Banks in India should invest in raising the awareness level of customers about digital banking and should work to increase the Digital literacy of customers. The study found that the lack of customer awareness and understanding about the use of technology and Digital Illiteracy, i.e., fear of using technology and losing money, led to preferring conventional banking.

It is recommended that the Reserve bank should strictly monitor and guide the digital banking processes through mobile phones. RBI needs to implement the cyber security guidelines more aggressively to stop the misuse of information.

Banking institutions have to invest a lot in their security systems. Anti-virus-protected systems must be offered to customers by the banks. As Security is a very crucial aspect when considering Mobile banking. If security is compromised, banks may lose an essential customer base.

Customers should be aware that banks never ask for confidential information, so they should not share it with anyone who asks for it. And customers must be suggested to maintain their privacy and that they should never share their details bank account information with any others and keep their documents like bank receipts, passbooks, etc., safely with themselves. Further, customers must be suggested to avoid using public networks and devices to access digital banking.

As per the various studies conducted on mobile banking and consumer satisfaction, various factors influence the customer to adopt mobile banking and influence their satisfaction level. However, the fact is that all that a customer wants is the quality of a product or service provided to them. Quality does matter for the satisfaction of the customer. Therefore, banks in India should work for the quality of services. They should establish a separate IT department to improve and maintain software-based applications.

### **Future of Mobile Banking in India:**

The study has found that the Government launched the Digital India flagship Programme with the theme of a cashless faceless, and paperless society in 2015. Since its launch, significant progress has been counted, and India is making tremendous progress. The future of Mobile Banking is very hopeful. However, a complete replacement of physical branch banking with Mobile banking seems impossible. Mobile banking is helpful for immediate retail banking services. Still, customers prefer branch interaction only for other essential and irregular services, such as while taking a loan or negotiating the loan terms or understanding some important banks' policies, etc. Customers prefer to visit the branch. Banks have to adapt faster than ever before to survive in the Mobile Banking revolution in the country. Frictionless banking is paramount to meeting the demand of High-Tech customers. On one side where people generally used to say technology enslaved us in this modern age; however, on the other side, they also have accepted the fact that technology made our life easier and faster. People have accepted the reality that with technology, living standards are growing faster. Mobile banking is nothing but the same, a technology-based platform where people can avail banking or financial services on their Mobile handset.

### **Conclusion:**

Mobile banking in India is speedily growing with the help of RBI and Government of India initiatives. Mobile Banking transactions increased during the demonetization phase after November 2016 when bank customers had the alternative of cash and started

preferring mobile banking. Again, the growth of mobile banking has been recorded after the COVID-19 pandemic as the Mobile banking platform helped maintain social distancing policies by providing anywhere anytime banking facilities to the customers. Mobile banking offers a series of benefits to both providers and those who avail of the services. It minimizes the transaction cost and other expenses of bankers and customers. Due to the relative advantages and usefulness of Mobile banking and various Digital Initiatives provided under the scheme, Digital India people are adopting mobile banking rather than traditional banking. The future of Mobile Banking in India is very Hopeful, where customers enjoy anytime, anywhere banking-related financial services with the help of their mobile phones and an Internet Connection.

### **References :**

1. Bhagyalakhshmi Burra, 2021, "Use and adoption of mobile banking in rural areas of India: a descriptive study of the emergence of E-banking in India."
2. Deb & Agrawal A (2017). Factors impacting the adoption of m-banking: understanding brand India's potential for financial inclusion.
3. Deshal P. (2015). "A study of mobile banking in India."
4. Deva Devan, (2013) "A study on Mobile banking in India Issues and challenges."
5. Gujrati, R. (2017). "India's march towards a faceless, paperless, cashless economy."
6. H. Manjula (2019), "Mobile Banking Services and Customer Satisfaction concerning ICICI Bank - A Study."
7. Dr. Jain, Dr. Sarupia, A; Kothari, A (2020), "A study on the growth of mobile banking in India."
8. Prerna Bamoriya, Preeti Singh (2012) "Mobile banking in India barriers in adoption and service preferences."
9. Priyanka, (2019), "Growth and trend of mobile banking in India."

10. Puneeta Sharma, Kavita, and Sachin (2020) "Mobile banking is a need for sustainable development."
11. Renu Sing, Garima Malik, 2019 "Impact of digitalization on Indian Rural Banking customer with special reference to the payments system."
12. Simran jit Kaur, 2021, "Adoption of digital banking channels in an emerging economy: exploring the role of in-branch efforts."
13. T.Kadalarasane (2015) "Acceptance of mobile banking services: Antecedents and consequences."
14. Uppal R.K, (2011) "Mobile Banking in India: An empirical analysis."
15. Varsha Agarwal, S. Poddar, Sahil, "A study on the growth of mobile banking in India during Covid-19".

**Websites:**

1. Government of India.
2. Reserve Bank of India.
3. Statista. Retrieved from Statista.com
4. Retrieved from The Economic Times
5. Financial Express. Retrieved from Financial Express
6. cashlessindia.gov.in, Retrieved from Cashless India.