



A STUDY OF MERITS AND DEMERITS OF MOBILE BANKING IN INDIA

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ABSTRACT

In the aftermath of liberalisation and globalisation it becomes extremely difficult for a nation to remain isolated from what is going round the globe. Constant advancements in Information Technology have brought about complete transformation in every sphere of life. Indian Banking sector is no exception in this regard and is in the midst of an industrial revolution. In banking sector information technology has been used under two different avenues. One is communication and connectivity and the other is business process. Constant advancement in information technology and its application in Indian banking sector has made present day banking convenient, speedy, time-saving, 24x7 available and more secured and transparent. However, technology is a double edged sword and must be used with due care and diligence to extract the best out of it for the benefit of mankind. The current paper analyses the advantages and disadvantages of mobile banking which has immense potential to make banking services more accessible and convenient in a large and diversified country like India.

INTRODUCTION

Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smartphone or tablet. Unlike the related internet banking it uses software, usually called on app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24 hour basis. It is dependent on the availability of an internet or data connection to the mobile device. Transactions through mobile banking typically includes obtaining account balance and list of latest transactions, electronic bill payments, remote cheque deposits, person to person payments, funds transfer and statements to be downloaded at the customers' end. Mobile banking has the potential to revolutionize the Indian banking sector in terms of varied advantages that it offers. This research paper attempts to examines the positive and negative effects of adoption of mobile banking in



India. It further seeks to ascertain problems faced by consumers while using mobile banking apps and offers suggestions for improvements in mobile banking services.

OBJECTIVES

- (i) To study the merits and demerits of mobile banking.
- (ii) To identify the practical problems faced by the customers while using mobile banking apps.
- (iii) To present the future prospects of mobile banking in India.
- (iv) To give suggestions for improvement

METHODOLOGY

Nature of study : The study is mainly descriptive in nature. In descriptive study information is collected with changing the environment.

Source of data : The study uses secondary data which has been collected from websites, various articles, books and journals.

LIMITATIONS

As the necessary research material has been collected from various secondary sources the limitation associated with the use of secondary data might have crept into the present study. Moreover, the present study is restricted to India only.

LITERATURE REVIEW

Tituji & Roji (2014) – Mobile banking can assist financial institutions offer convenience to customers when they conduct banking transactions through mobile devices. For business persons, M-banking is a useful application and can create many benefits for entrepreneurs (Laukkanen et.al. 2007).

Akturan and Tezcon (2012) – Studies the impact of perceived risk and the advantage for the customers to adopt M-Banking.

Sharma and Kansal (2012) found that complications in functionality and privacy related issues is the reason why customers feel doubtful about the convenience and security of using mobile banking services. On the other hand banks cannot provide upgraded service and technology to fulfill the needs of customers because of excessive cost and competition.



MERITS OF MOBILE BANKING

1. Convenience - Mobile banking is incredibly convenient, allowing you to access your bank account from anywhere, at any time. This means you can check your account balance, make transfers, and pay bills without having to visit a bank branch or use a computer.
2. Speed – Mobile banking transactions are typically processed much faster than traditional banking methods. This means that you can quickly transfer funds, pay bills, and make other transactions, without having to wait for processing times or cheques to clear.
3. Security – Mobile banking is highly secured, with many banks using advanced encryption and authentication technologies to protect your information. This means that you can conduct banking transactions with confidence, knowing that your data is safe and secured.
4. Flexibility – Mobile banking offers a wide range of features and services, including the ability to view account activity, deposit cheques, and even apply for loans. This flexibility makes it easy to manage your finances on the go, without having to rely on traditional banking methods.
5. Cost savings – Mobile banking can help you save money, by reducing the need for paper cheques, stamps and envelopes. It can also help you avoid costly fees associated with traditional banking methods, such as ATM fees and overdraft fees.

DEMERITS OF MOBILE BANKING

1. **Security Concerns** – One of the main concerns with mobile banking is the potential for security breaches. Cybercriminals may attempt to steal personal information or access bank accounts through mobile apps, which can leave users vulnerable to identity theft and financial fraud.
2. **Technical Issues** – Mobile banking apps may experience technical glitches or downtime, which can prevent users from accessing their accounts or conducting transactions. This can be frustrating and inconvenient, especially if you need to make a payment or transfer funds urgently.
3. **Limited Features** – While mobile banking offers many features and services, some users may find that it does not provide the same level of functionality as traditional banking



methods. For example, you may not be able to speak with a customer service representative or receive paper statements.

4. **Dependence on Technology** – Mobile banking requires a reliable internet connection and a compatible mobile device. If your device malfunctions or your internet connection is disrupted, you may not be able to access your bank account or conduct transactions.
5. **Fees** – While mobile banking can help users save money, some banks may charge fees for certain services or transactions. It is important to read the fine print and understand the fees associated with mobile banking before signing up.

PROBLEMS FACED BY CUSTOMERS OF MOBILE BANKING

- Not sure about the safety of transactions
- Mobile security
- Network availability
- E-mail and web security
- Difficulty in use of smartphones
- Identity theft
- Poor literacy of people in rural areas

FUTURE PROSPECTS OF MOBILE BANKING IN INDIA

The future of mobile banking in India can be expected as pointing towards offering savings tools and financial wellness scores. It can work among the millennials. Moreover, mobile banking apps are expected to become much more secure than what it is today apart from being more personal and user friendly. With innovative technology, mobile banking applications are likely to provide a great user friendly experience to their customers in India.

TIPS TO BANKING SAFELY WITH MOBILE BANKING APP

- Never leave your mobile phone unattended or stored in an insecure place.
- Make sure your smartphone or tablet is always protected with a PIN. Do not reveal this PIN to anybody or write it or store it anywhere.
- Do not download unwanted applications on your mobile. Download applications from official app stores such as Apple itunes, Google Play Store, BlackBerry App World etc.



- Do not use unsecured Wi-Fi network for banking, purchases or checking emails. Don't use hotspot in a public place and instead use your 3G/4G internet connection.

SUGGESTIONS FOR IMPROVEMENT

- Banks and telecommunication operators must work together for addressing customer grievances.
- The banks must improve its service quality in terms of communication, responsiveness, reliability and understanding.
- Banks need to see mobile banking channel as a cost saving avenue rather than revenue generation avenue.
- Banks must set standards for on-boarding mobile banking customers.
- To provide various effective modes for promotional schemes interaction with the customers, more accuracy in billing, financial security and privacy in transactions.

CONCLUSION

Mobile banking provides easy access to bank account from anywhere and anytime, saves time and money and also alerts the customers of their bank account transactions and unusual activities. However, there exist certain security related threats and challenges. To combat the existing challenges the banks need to develop their service values in terms of responsiveness towards the dynamic technology. Improvement in existing authentication set up for secured services and building trust in their current and future customers would go a long way in ensuring a bright future for mobile banking in India.



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