

## Mobile Banking in India: Problems and Prospects

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### **Abstract:-**

The banking sector is one of the most dynamic in the business world, and over the past several decades, banking has grown to become one of the leading service provider sectors. Payments, balance checks, and wire transfers are just some of the services that the banking industry has embraced the advent of wireless and mobile technologies to provide for their customers. To what extent mobile banking is used is influenced by both good and negative elements. The fast development of technology in recent years has benefited the banking sector as well. Out of India's 460 million internet users, 1.01 billion were on mobile in January 2018. More than 635.8 million people in India will be online by 2022. In comparison to past years, this is a significant increase. It was observed in the global study that the rate of adoption of mobile banking by new users was highest in emerging countries. Clearing and settlement of transactions for customers is ensured via real-time, countrywide wire transfers of funds to any bank account, regardless of which operator is used. The current research aims to pinpoint where mobile banking is most popular. Because no cash is exchanged, the consumer must use an automated teller machine (ATM) located in a physical bank branch to make deposits or withdrawals.

**Keywords: - Mobile banking, Internet banking, Innovation and Technology.**

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### **I. INTRODUCTION:-**

In emerging markets like India, the ubiquitous cell phone is the preferred means of communication. Mobile banking (also known as M-banking or SMS banking) allows users to check their account balance, send and receive money, pay bills, and make charitable contributions using their mobile device. India's banking sector has embraced new technologies. Mobile banking services are often available around the clock, every day of the year. The maximum allowable sum for a transaction is capped by several banks and other financial organisations.

The study's goal is to identify the most critical elements that drive the uptake of mobile banking in the defined region. In India and around the world, mobile banking transactions have surpassed all others. One major hurdle for some customers is a lack of experience with mobile banking. "Mobile banking" describes the trend of customers conducting their banking activities through their mobile devices. For the time being, India is one of the most promising nations for mobile phone use. Mobile phones not only make it easier to talk to one another, but they also provide access to a wealth of services that can be used independently of time and place. Today's mobile banking services affect many facets of society, from the economy and government to healthcare and even the distribution of necessities like food and water. Aside from banking, "m-services," or "mobile services," such as shopping, farming, banking, and education, are available to users of mobile banking apps.

### **PROBLEMS OF MOBILE BANKING**

#### **Mobile Banking Apps Sound Great but ...**

##### **1. Questionable Security**

Most people who bank online are wary because of security risks. One expert even claims that 90% of mobile banking apps have some sort of security flaw. Scientist from IO Active Labs, Ariel Sanchez, tried out all of the best banking apps for iPhone and concluded that 90% of them were not up to par. Even against hackers, the apps were useless.

##### **2. Dropped Calls, Crashes & Bad Connections**

Do you know what it's like to accept a subpar Internet connection? Take yourself into the heart of a financial transaction. Things like traffic, bad weather, and other random occurrences can delay your online banking transfer. Accenture Mobility Services' Bill Shipley confirms that the average mobile banking website has a 5% hit rate.

##### **3. Won't Read Paper Deposits**

Microsoft's Windows upgrades must maintain backwards compatibility with earlier versions. This is a standard rule of science. It is unfortunate that mobile banking apps cannot easily read a physical signature or paper check. The banking sector has come together, with the promise of a paperless future at a time when most people still rely on physical documents to conduct their financial dealings.

#### 4. **Bankers Don't Understand Apps**

The vast majority of bankers stick to the status quo. When it comes to creating new applications, most programmers prefer to work alone and have an open mind. Most banks don't mesh well with the culture of rapidly evolving mobile app development. Cultural integration has been challenging. While some programming languages for software development are freely available, financial institutions often insist on secrecy.

#### 5. **Very Little Standardization**

Which operating system should you create your banking app for? Spending so much on mobile banking apps is problematic because the ROI is uncertain. Some experts have warned that using a mobile payment app on an Android device can be dangerous. Banks struggle to impose uniformity on a global community marked by linguistic and technological diversity. Our shrinking global community is becoming less open-minded.

### **MOBILE BANKING—PROSPECTS**

#### **Be accessible when and where your customers want you to be:**

With mobile banking, you're not restricted to working at specific places or at specific hours. Always be accessible, whenever and wherever it is needed.

#### **Empower your customers:**

Your customers will be able to do large-dollar transactions, such as investment currency exchanges, with no hassle, no suggestions or delays, and rapid response to their requests.

#### **Go green, and go paperless:**

Send electronic statements to clients' inboxes and save on production, paper, and shipping fees. Less paper is being wasted thanks to this explanation, so it's better for the planet.

#### **Have a single vision of customers:**

Using the current central banking technology, you can more effectively link your mobile banking app to KYC. Research the buyer's history and transaction records to get a sense of how they spend their money.

#### **Provide best & fast services to customers:**

Smart phone features like cameras make it easy for clients to make requests. Take, as an illustration: Create a new account by providing the required information and instantly retrievable KYC documents.

#### **Enable location-based services:**

Keep tabs on a user's whereabouts, notify them of deals as they become available, and protect them from fraud in transactions that begin in less-than-sophisticated areas.

#### **Reward your customers:**

Reward your clients for using the mobile banking app by providing them points or discount vouchers they can redeem for a variety of services.

#### **Safeguard customer details:**

Send one-time passwords (OTPs) to a registered mobile device for use in the banking app's authentication process; get real-time information on completed relationships.

### **DISADVANTAGES OF MOBILE BANKING**

Here are ten different ways they answered:

#### **1. Mobile is Everything, But Same Old Banking methods**

Several respondents expressed hope for the future of portable technology, with one offender predicting that "all you need will be done on your own cell phone." The use of a mobile payment system will fundamentally transform the function of conventional wallets. Bonus: this could eventually usher in the cashless society, which is highly sought after: More ground-breaking work, this time in the realm of mobile devices; cutting-edge methods for handling micropayments; widespread circulation of currency.

#### **2. Banks Absorbs the Fintech Startups**

A defendant who was quoted as saying "few few large scale enterprises will remain in the future" cast doubt on the longevity of the current startup culture. We expect the vast majority will be acquired and integrated into the main system. He didn't elaborate, but we may assume it has to do with the difficulty of obtaining capital, the growth in regulations, or the proliferation of collaborations between innovative fintech firms and forward-thinking banks.

#### **3. All Processes Go Digital**

Some respondents predicted that within the next few years, we will have completely transitioned to electronic devices. However, before we can get to mobile, we need to eradicate annoying, irritating paper and other remains of the Dark Ages.

#### **4. "Banks" Disappear**

Some respondents, like the following one that I was able to reproduce verbatim, predicted that the global banking system would collapse after the next financial crisis." In contrast, another author was less dramatic,

predicting that we will see "some of the same and some that are new" in the future. Some of the largest financial institutions will have already fully committed to a fully integrated channel presence. Every consumer will work with at least one financial institution. All of their pertinent financial data will be available to them in real time, allowing them to make educated decisions about their money throughout the day. It remains to be seen whether nefarious startups or banks will be responsible for delivering this." One final respondent foretold anarchy by saying, "complete transformation; only nimble residents will thrive in the face of widespread mechanisation and artificial intelligence. There will be a widespread loss of employment and the end of many customs."

#### **5. Public Banks Will Still Be a Thing for Communities...**

Some of those polled felt that communal banks would thrive because they would be servicing communities. (For more on this topic, check out John Waugh, chief innovation officer at Kasasa, and his soon-to-be-released book *Bankrupting*.) The banks' last will and testament was penned by one respondent "location-specific; local banks will remain vital to the economic well-being of rural and suburban areas. As a result, more and more financial institutions in major cities will adopt a more practical operational banking model." A physical bank branch meeting point with a digital bank?

### **CHALLENGES FOR A MOBILE BANKING SOLUTION**

#### **Handset accessibility**

Because there are such a wide variety of mobile phones out there, it is extremely difficult for banks to provide a mobile banking solution that works on all of them. Devices with Java ME may be able to run the SIM Application Toolkit, a web browser optimized for the WAP, or even just SMS.

However, initial interoperability issues have been on a regional scale, with countries like India employing portals like "R-World" to overcome the restrictions of low-end Java-based phones, and regions like South Africa focusing on the USSD as a communication standard that can be implemented on any phone.

#### **Security**

The rate of cybercrime, which may affect any device with an internet connection, is rising every year. There are many different kinds of cybercrime that can harm mobile banking, from unauthorised use when the owner is using mobile banking to remote-hacking to blocking or snooping over the internet or telephone network data streams. Sometimes, exchange rates can change within a bank in as little as a nanosecond.

Development teams for mobile apps, wireless network operators, and bank IT departments must work together to solve the most complex issues related to the safety of financial transactions that are performed in an unsecure environment, such as the Internet.

To provide a safe environment for financial dealings over a wireless network, it is necessary to deal with the following issues: The physical part of the hand-held device. If the bank is offering smart-card based safety, the physical safety & security of the device is more important.

### **RISK OF MOBILE BANKING**

- Unencrypted servers from cellular service providers pose a significant threat to mobile banking customers. This makes it relatively simple for a skilled hacker to steal consumers' sensitive financial data, such as account numbers and card numbers.
- The bank-sent messages are not encrypted in transit. The information could have been intercepted while being transmitted by the mobile carrier; if the phone is lost or stolen, the data stored in the messages can be exploited to great advantage.
- There is a significant chance that private information could be stolen from a mobile phone that uses an Internet browser but does not have antivirus software installed.

## **II. CONCLUSION**

Almost all banks offer a free mobile banking service. This means the customer may do transactions with minimal effort and cost. Depending on the type and compatibility of the mobile device, one of three methods exists for accessing the services on the go. Because of this, everyone can now have access to banking through mobile device. The first is short message service (SMS), wherein the user receives their account balance and banking passwords via SMS. Second, certain financial institutions now offer mobile banking applications, which may be downloaded directly to your phone. Third, mobile devices equipped with a web browser can use banking software as if it were a desktop PC.

Wireless payments can be processed from the bank's servers. This suggests that the security of these transactions may actually exceed that of wired network transactions.

Wireless connections do not reveal account information, including the account number. There will be more progress made toward data safety as a result of this.

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