

UNDERSTANDING CUSTOMER RESPONSE AND CUSTOMER SATISFACTION OF MOBILE BANKING IN INDIA

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ABSTRACT

There have been a number of innovations done in banking industry in recent years. Mobile banking is one of them. Almost all the banks in India provide mobile banking facilities to their customers and the mobile banking facilities offered by the banks are based on different types of platforms. There is a strong relationship between service qualities, perceived value with the customer satisfaction in mobile banking. There are several factors that determine the customer satisfaction of mobile banking in India and they are efficiency, security, cost effectiveness, fulfillment, problem handling and accuracy in results. This paper aims to analyze the customer response and customer satisfaction of mobile banking through these factors.

INDEX TERMS— Mobile Banking, Customer Satisfaction, Mobile Banking India, Customer response

I. INTRODUCTION

The mobile banking is considered as the provision of banking services to the customers on their mobile phones and other mobile devices. Mostly, mobile banking is used for operation of the bank in case of current and deposit or savings account. According to studies and researches done, mobile phones and other handheld devices have been established firmly as an alternative form of payment in the technological advanced societies. Apart from the banks, the mobile service providers and operators are also putting efforts to promote and offer mobile payment services. The adoption of the mobile banking services has resulted in the innovation of new services in mobile banking [1]. Many researchers stated that the customer adoption is

the main reason for the success of mobile banking across the world. Mobile payments are immensely used in many advanced countries. Mobile payments are defined as the use of mobile phone or device to make a payment from a payer to the receiver through an intermediary or without any intermediary [2]. Most of the mobile banking services are based on application. The customers are provided with the website location from where they can download the application to use mobile banking service and the application is different for different banks. There are some banks that provide SMS based mobile banking services. In order to use the application based mobile banking solution, the customers need GPRS enabled mobile phone and an active internet connection. There are various types of activities that can be done through the mobile banking

[3]. The first activity that can be done through mobile banking is checking account balance. In order to check the balance in account, the customers were needed to visit the branch few years before. After that, ATM facility came into the market but one needs to visit the ATM counter to check the account balance. In mobile banking facility, one can check account balance anytime they want. They do not need to go anywhere. They just need to open the application for mobile banking and they can check their balance by entering their PIN which is provided by the banks while opening the account [4]. Now, the 3G services has made the internet technology quite improved a huge number of people are using 3G in their mobile phones or any other handheld devices.

In India, the banking industry is bit different from other countries. The banks in India have not faced any huge downfalls or losses and all of them are well capitalized. There are mainly three types of banks in India. The first category is Nationalized Banks. There are a total of 27 nationalized banks in India and the most popular of them are State Bank of India, Central Bank of India, Indian Overseas Bank, Canara Bank, Bank of Maharashtra, United Bank of India, Punjab National Bank, Union Bank of India and others. Second category is Private Sector Banks [5]. There are many private sector banks in India such as Axis Bank, ICICI Bank, HDFC Bank, Indusind Bank, ING Vysya Bank, City Union Bank, Yes Bank, Kotak Mahindra Bank etc. There are many foreign banks too that are operating their business in India such as HSBC, ABN Amro, BNP Paribas, Citibank, DBS Bank, Royal Bank of Scotland, JP Morgan, State Bank of Mauritius. Almost all of these banks provide mobile banking to their customers which help them to operate their account easily.

II. AIM OF THE PAPER

The main aim of the paper is to analyze the customer response and customer satisfaction of mobile banking in India.

III. EFFICIENCY OF MOBILE BANKING

Most of the customers using mobile banking found it

quite efficient. They are able to access to a huge number of mobile banking services. They can check their account information such as mini statement and account transaction history. Term deposit is one of the major financial activities done by the Indian people today and it is quite difficult to keep track of their deposits [6]. Customers had to visit the branches of banks every month to check the status of their term deposits. With the help of mobile banking, people can check the status of their fixed deposits. Credit Card is a common thing which every Indian has. People can access to the credit card statements and loan statements through mobile banking. Other account information such as insurance policy management, status of check and stop check payment etc can be done through the mobile banking [7]. People can also order for new checkbooks through the mobile banking. There are some banks in India which offers facilities like blocking of cards if lost or stolen in mobile banking.

The processes of using mobile banking are very easy and everybody can use it. Most of the people like to use application based mobile banking than the SMS based mobile banking due to various reasons [8]. People do not need any extra skill to use the applications. People just need to install the application in their mobile and they need to enter the PIN to get started with the application. Some extra facilities are offered by the Indian banks in mobile banking [9]. The users of mobile banking can recharge their mobiles through this. They can also pay electricity bills and credit card bills through this.

IV. SECURITY IN MOBILE BANKING

Security is a major element in mobile banking. The total number of customers in mobile banking is increasing day by day due to the security measures taken by the banks. The security in financial transactions is executed from a remote location and the transmission of the financial information is done over the air. This is the most complicated challenge which is addressed jointly by the application developers, wireless service providers and the IT department of banks. All of the Indian banks have their own IT

department and they are responsible for managing all the IT related activities [10]. There are some stages of mobile security used by the banks. The first thing which is checked by the banks is the physical part of the handheld device. Indian banks do not use the smart card based security and that is why they check different physical components of the device. The application is a thick-client application which is used by most of the banks in India. If the device is stolen, the hackers need at least one ID or Password to access the application. All the banks require authentication of the device with service provider before any transaction is initiated. It ensures that there are no unauthorized devices that are connected to perform the financial transactions [10]. User ID and Password authentication of bank's customer enhances the security of the mobile application. The encryption and decryption of data is done properly by the mobile banking application.

There are some banks in India such as United Bank of India, State Bank of India etc that uses One-time password which is the latest tool to secure the mobile banking transactions [10]. It helps the financial and banking service providers to fight against cyber fraud. Instead of relying on the traditional memorized passwords, the OTPs are generated by the banks each time when the customer wants to make any transaction using mobile banking. When the customer receives the OTP through SMS, he/she needs to enter the OTP to process any request. The password cannot be used in future as it is expired after its single use. The users are highly satisfied with the security measures taken by the banks in mobile banking solutions.

V. COST EFFECTIVENESS IN MOBILE BANKING

Today, a huge number of people are opting for mobile banking solutions due to the low cost of using it. Most of the mobile banking users rely on the application based mobile banking system which is entirely dependent on GPRS system. The applications are needed to be downloaded in the mobile and then it can be used. There are two basic requirements for using application based mobile banking system. The first one is a GPRS enabled device and secondly, internet

connection in mobile. The GPRS enabled mobile phones or other handheld devices were very costly few years before but the prices of the GPRS enabled devices have been slashed in recent years [11]. A huge number of people have been able to buy the GPRS enabled phone due to the low price. Apart from the price of the devices, the costs of using GPRS service in mobile phones have also been decreased in recent years. Earlier, the banks used to charge some money to use the mobile banking system but they provide the service for free now. People do not need to spend money to go to the banks to transfer money. They can easily do all types of banking activities in their mobile whenever they want. The modern tablet devices are also used in mobile banking. People use various types of android devices to use mobile banking today.

VI. REGULATORY INITIATIVES TAKEN TO PROMOTE MOBILE BANKING

The first measure to regulate mobile banking was taken in October, 2008. Since then, the banks have liberalized the manner and the extent to which the banks can conduct mobile banking. Today, banks permit the customers to transfer funds between the bank accounts. Customers do not need to pay anything up to fund transfer value of Rs. 50000 in case of most of the banks [11]. To enhance the efficiency of mobile banking solution, an innovative initiative, Inter Bank Mobile Payment System or IMPS has been approved. This is a kind of centralized infrastructure and the customers of different banks can transfer funds between them through mobile phones and the process is instant. A number of measures taken by RBI to improve the mobile banking activities and customers have found these measures effective. They have mandated all online alerts for the online transactions irrespective of the delivery channel or the value. MPIN has been mandated as secondary factor authentication for the mobile banking transactions [10]. The minimum security standards have also been mandated by RBI. The mobile banking customers have been satisfied due to the measures taken to secure the mobile banking transactions.

VII. PRESENT POSITION OF MOBILE BANKING IN INDIA

The number of customers using mobile banking in India is increasing day by day and new customers who are opening their accounts in the public sector banks as well as private sector banks also opt for mobile banking system while applying for their new accounts. Banks are given one time approval to commence the mobile banking based on the criteria set by RBI. 52 banks have been approved by Reserve Bank of India to commence mobile banking system [10]. The total number of mobile banking transactions in July, 2012 was 1.74 million and the total value of money which was used in the transactions was Rs. 1.51 billion and the increase is about 223% of the amount in July, 2010 [10].

VIII. PERSONALIZATION FEATURE IN THE MOBILE BANKING SYSTEM

The mobile banking applications are available in preferred languages. People can choose from the list of languages mentioned during installation of the application. They can change the time and date format when required. The amount format can also be changed as per the preferences. Customers can add as many beneficiaries in the list as they want. It saves huge amount of time which is incurred to add the beneficiary again and again. Customers can set the time of transaction in the mobile banking applications provided by various banks in India.

IX. CONCLUSION

There have been a number of advantages of mobile banking and these advantages led to the increase in the number of mobile banking customers today. Almost all the private and public sector banks provide mobile banking facility to their customers for free of cost. Customers are highly satisfied with mobile banking system due to several reasons. The first reason is efficiency and the ease of use. Customers can avail various types of facilities through the mobile banking system. They can check the account history and mini statements, monitor the term deposits, access to the loan statements and card statements, mutual fund

statements, insurance policy management, ordering for new check books, checking recent transactions, obtaining due date for payments, blocking of lost cards etc. Customers are also highly satisfied because of the ease of transfer of payments. The customers used to stand a long queue in banks to deposit money to the accounts. Now, they can transfer money from their account to other accounts whenever they want. Apart from that, customers can recharge their mobile phone and they can pay the electricity and mobile bills through this. The security in mobile banking is quite enhanced and the banks have taken a number of security measures to provide secure mobile banking services to their customers. The One-time Password or OTP has been developed by the banks and it is quite effective to provide secure mobile banking transactions. OTP is generated by the banks while the user is initiating any mobile banking transaction and it is developed for one time use only. It expires after one use. Another important reason for the high adoption rate of mobile banking among Indians is the cost effectiveness of using the services. All the banks provide mobile banking services for free to their customers and the cost of GPRS enabled mobile phones is quite low. People do not need to pay huge amount of money to use the GPRS service in their mobile. All these things make the cost of using mobile banking service low. Apart from all these features, customers are highly satisfied with the regulatory initiatives taken by the RBI and other banks. The personalization feature in mobile banking also attracts a huge number of customers.

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