

Mobile Banking: The Effective M-Commerce Marketing Tool in Indian Banking Sector

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Abstract:

Success, survival or failure of any business depends up on the business environment and how a business firm reacts to the changing business environment. Banking environment has become highly competitive today. To be able to survive and grow in the changing market environment banks are going for the latest technologies, which is being perceived as an 'enabling resource' that can help in developing learner and more flexible structure that can respond quickly to the dynamics of a fast changing marketing scenario. The World is growing in fast communication network with additional attractive and more interactive features of mobile and other contact devices. As reported in survey findings by established agencies, Smart phone usage in India has grown by hundred percent from 2010 to 2011. Mobile phones widely seen merely as a communications medium are now being viewed as a new and essential form of infrastructure that will transform a host of service sectors such as transport, finance and healthcare in India. According to market & technological experts near future will demand for more advance applications for use in mobile devices, which can fulfill the growing demands of the hi-tech users of the modern world. As companies try to increase the collaboration between individuals, workgroups, it is inherently true that, mobile apps work as an excellent source to access, view, store, and transmit data. Mobile banking which is an integral part of M-Commerce has become very popular among mobile users ever since its existence in 2007. The future of Mobile banking looks bright due to value-added services, customer's awareness and effectual banking and regulatory system. This paper tries to explore the marketing opportunities through the mobiles in Indian banking sector.

Keywords: Business environment, Marketing environment, smart phone, M-commerce

Introduction: *Bill Gates once said, "PC is the phone and phone is the PC".*

In India couple of years through has witnessed the increasing acceptance of Mobile Commerce among various sections of the society. This could be characterized by the growth of technological innovations, customer's awareness, and demographical developments, which are the influencing factors for the change of socio-cultural behavior. The services that are a part of the Mobile Commerce perspective are Mobile Shopping, Mobile Banking, Mobile travel information and booking, Mobile Brokerage, Mobile access to corporate internet. M-Commerce is considered as the effective way of delivering E-commerce to consumers regardless the time and location. In the present state M-Commerce would be viewed as an extension of conventional, Internet based E-commerce, which adds a different mode of network and accommodates different end user characteristics. One of the most important solutions offered by M-Commerce is Mobile Banking, through this article we try to explore the various benefits of Mobile Banking in today's scenario and to extend its reach to the untapped for providing financial inclusions to customers. Banking environment has become highly competitive today. To be able to survive and grow in the changing market environment banks are going for the latest technologies, which is being perceived as an 'enabling resource' that can help in developing learner and more flexible structure that can respond quickly to the dynamics of a fast changing market scenario. It is viewed as an instrument of cost reduction and effective communication with people and institutions associated with the

banking business. The Software packages for Banking Applications in India had their beginnings in the middle of 80s, when the banks started computerizing the branches in a limited manner. The early 90s saw the plummeting hardware prices and advent of cheap and inexpensive but high-powered PCs and services and banks went in for what was called Total Branch Automation (TBA) packages. The middle and late 90s witnessed the tornado of financial reforms, deregulation globalization etc. Coupled with rapid revolution in communication technologies and evolution of novel concept of convergence of communication technologies, like internet, mobile/cell phones etc. Technology has continuously played an important role in the working of banking institutions and the services provided by them. The main function of Bank to keep safe of public money, transfer of money, issuing drafts, exploring investment opportunities and lending drafts, exploring investment being provided. Information Technology enables sophisticated product development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets; internet has significantly influenced delivery channels of the banks. Internet has emerged as an important medium for delivery of banking products and services. The customers can view the accounts; get account statements, transfer funds and purchase drafts by just punching on few keys. The smart card's i.e., cards with microprocessor chip have added new dimension to the scenario. An introduction of 'Cyber Cash' the exchange of cash takes place entirely through 'Cyber books'. Collection of Electricity bills and telephone bills has become easy. The upgradeability and flexibility of internet technology after the unprecedented opportunities for the banks in India has taken the expectation of customers to a new height. No doubt, banking services have undergone drastic changes and so the expectation of customers from the banks has increased greater.

India has 400 million mobile subscribers and the figures are growing with every passing day. This development has interestingly encouraged several FMCG (fast moving consumer goods) companies, banks, magazines and TV stations, media companies in the country to widen their promotions to the mobile phone platform. No other medium has this reach. Mobile being a personal device, a basic form of advertising through a mobile application can be effective if used in a more targeted and contextual way. A global study by Nokia and Cornell University conducted in 2012, revealed Smartphone users in India are the most exhaustive users of mobile applications, or apps, and prefer business-oriented apps as compared to users in other countries.

Mobile Banking

Mobile banking means performing banking transactions by the use of mobile phones. Over the years, mobile and wireless markets are the fastest growing sectors of the world and are the essential modes of communication and networking. Mobile banking, which is an integral part of M-Commerce, has become very popular among mobile users ever since its existence in 2007. It refers to provision and advantages of banking and financial services with the help of mobile telecommunication devices. The scope of the services to be offered includes facilities to conduct bank and stock market transactions, to administer accounts and to access customized information for the users. The mobile banking consists of three inter-related concepts:

- Mobile accounting
- Mobile brokerage
- Mobile financial information services

Mobile banking has until recently, most often been performed via SMS or the mobile web. Apple Company's initial success with iPhone and the rapid growth of phones technology, based on Google Android has lead to the increasing use of value added services by the customers. As per the recent statistics, it is seen that there are more people using a mobile phone than a bank account in India. In addition, setting up bank branches is not only expensive but time consuming also. According to some studies, it could easily take more than two decades for bank branches to reach the entire 1.2 billion populations. Consider this: it took 38 years for the radio to reach an audience of 50 million consumers, 13 years for television and four years for the iPhone. It is daunting for companies to keep on top of mobile given how fast the marketplace is changing and how; as a result, consumer behavior is shifting. Therefore the solution is, more emphasis should be given to mobile banking, which would enable some of the banking functions like payments, money transfer, and account checking and so on, through the mode of mobile banking at the minimum cost available to customers. The future of Mobile banking looks bright due to value-added services, customer's awareness and effectual banking and regulatory system. In India, the untapped markets are the rural poor, who live in restriction of low literacy level, remote reach of banking services and fear of transaction security. These conditions can be avoided by providing an efficient regulatory system for Mobile banking, which leads to economic and social development, resulting in Inclusive Growth.

Review of Literature:

Clark (2008) suggested that as a Channel the mobile phone can augment the number of channels available to consumers, thereby giving consumers more low-cost self-service options by which to access funds, banking information and make payments. Mobile as a channel delivers convenience, immediacy and choice to consumers. But there are a large number of different mobile phone devices and it is a big challenge for banks to offer Mobile banking solution on any type of device. Some of these devices support Java2 Micro Edition (J2ME) and others support Wireless Application Protocol (WAP) browser or only SMS. Further Vyas (2009) stated that Indian banks will target non-online banking users who may lack regular access to desktop Internet but are very likely to own a mobile device, thus reporting great potential of Mobile banking in India. This report of Vital Analytics suggested huge potential of Mobile banking in India, as it found that urban Indian customers' checking account balance is the most frequently cited reason for using Mobile banking. 40 million Urban Indians used their mobile phones to check their bank account balances followed by viewing last three transactions. Rao & Prathima (2003) finds that there is huge potential of Mobile banking in India but Indian banks offering m-banking services still have a long way to go. Smartphone users in South India were highest users of gaming apps, compared to other regions. While financial, music and travel apps were more popular in the western region of the country. Around 38% smart phone users would rather use a travel app than a guidebook. Rotchanakitumnuai & Speece (2003); Akinci, Aksoy & Atilgan (2004) stated that researchers investigated why corporate customers do not accept electronic form of banking, which can assist banks to implement this self-service technology more efficiently. Further, they suggested that security of the e-channel is a major factor in habiting wider adoption. Gan, Clemes, Limsogunchai & Weng (2006) findings stated that in New Zealand the output from the logistic regression indicates that the service quality, perceived risk factors, user input factors, employment, and education were the dominant variables that influence consumers' choice of electronic banking and non-electronic banking channels. Comminos et al. (2008) suggested that consumers will only transact electronically (online/mobile banking) if there is convenience and security.

Further Sharma and Singh (2009) found that Indian mobile banking users are specially concern with security issues like financial frauds, account misuse and user friendliness issue - difficulty in remembering the different codes for different types of transaction, application software installation & updating due to lack of standardization. According to a recent study by BBH India, around 40 million users access internet through their mobile devices in India and 59% of them access it through their phones only, thereby creating a golden opportunity for budding Indian mobile app developers.

Objectives of the Study:

The study was undertaken with following objectives

- To explore the concept of mobile banking as an innovative marketing tool in the banking sector
- To study the theoretical base of mobile banking
- To know various services offered by mobile banking and to know the opportunities of the mobile banking
- To analyze the importance of CRM from the retailers & customers point of view

Research Methodology: The research methodology adopted for this study is Exploratory Research Method. The major emphasis of Exploratory Research is on the discovery of ideas. Through Exploration, I have developed the concepts relating to mobile banking operation. The data is collected from purely from the secondary sources. The attempt has been made to collect the information through experts in field and necessary interaction has been done to explore the need of the study. The secondary data have been compiled from newspaper, journals, magazines, and web links and research papers.

Limitations of Study: The study is limited to Banking sectors in India.

Mobile Banking: As a Marketing tool

1) Mobile Banking helps to meet the following expectations of Consumer: - Personalized service, Minimal learning curve Trust, privacy and security, Ubiquitous - anywhere, anytime and any currency, Low or zero cost of usage, Interoperability between different network operators, banks and devices, anonymity of payments like cash and Person to person transfers

2) To meet the following expectations of Merchant: - Faster transaction time, Low or zero cost in using the system, Integration with existing payment systems, High security, Being able to customize the service, Real time status of the mobile payment service, Minimum settlement and payment time

3) To meet the following expectations of Telecom Network Providers: - Generating new income by increase in traffic, Increased Average Revenue Per User (ARPU) and reduced churn (increased loyalty), Become an attractive partner to content providers

4) To meet the following expectations of Mobile Device Manufacturers: - Large market adoption with embedded mobile payment application, Low time to market, Increase in Average Revenue per User (ARPU)

5) To meet the following expectations of Banks: - Network operator independent solutions, Payment applications designed by the bank, Exceptional branding opportunities for banks, Better volumes in banking - more card payments and less cash transactions, Customer loyalty

- 6) To meet the following expectations of Software & Technology Providers: Large markets
- 7) To meet the following expectations of Government: - Revenue through taxation of m-payments, Standards.
- 8) To offer variety of payments services to its customers. The customers need not go to the concerned place for making payments rather sitting at any place or while at travelling, they can make their needy payments.
- 9) To offer investment services to its customers. The customers need not go to the broker and ask for consultation on the portfolio management. Instead, he/she can avail this service through mobile banking.
- 10) To offer various support services, which help the customers in times of need and make the customers more informative. The customers can seek for the Status of their requests for credit, documents approval including mortgage approval, and insurance coverage for the loan taken etc without much difficulty. The customers can send the request for the cheque at any time. They can also send the ATM card request without individually visiting the bank.
- 11) To offer other services to its mobile banking users. They can obtain general information like weather updates, humidity level, news of the day, impotent alerts, offers of the bank on various occasions like festivals, seasons etc. the customers can also receive information regarding their location, number banks available, important centers etc.
- 12) To make Mobile banking thorough cell phone in a user-friendly technique. 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.
- 13) Banking through cell phone benefits the banks too. It cuts down on the cost of tele-banking and is more economical.
- 14) Mobile banking has an edge over internet banking. In case of online banking, you must have an internet connection and a computer. This is a problem in developing countries. However, with mobile banking, connectivity is not a problem. You can find mobile connectivity in the remotest of places also where having an internet connection is a problem.
- 15) Mobile banking is helping service providers increase revenues from the now static subscriber base. Service providers are increasingly using the complexity of their supported mobile banking services to attract new customers and retain old ones. A very effective way of improving customer service could be to inform customers better.

Conclusion:

Mobile Banking has become a fast, user-friendly and affordable service. Anyone who has mobile can access the mobile banking with an affordable cost. Mobile technology presents marketers with a tantalizing proposition. Adapting to changes in the mobile landscape is a requirement for Banking Institutions. The key to creating a successful mobile framework is in the hand of consumers, banking institutions, government, services providers and regulatory bodies. As majority of population in India has access to mobile, banking through mobile will be a fruitful marketing strategy for banks to reach the people who have exclude from the banking services until now. As internet, banking makes compulsory to have a PC with an internet connection, mobile banking would be ideal to many prospective potential customers. Mobile banking provides various services to its customers, which help them to trade at any time, at any places and at any situations. Therefore, the Banking Institutions should take up this opportunity and market themselves to attract more potential customers.

Today India's leading telecom companies have already started their services for Mobile Banking. However, the trend is many customers are not well aware of this new innovative technology. They feel that banking through mobile poses lot of security concerns. The present study has made an attempt to elaborate the concept of mobile banking as a marketing tool which would help the banks to attract more customers. It is well recognized that mobile phones have immense potential of conducting financial transactions thus leading the financial growth with lot of convenience and much reduced cost. For inclusive growth, the benefits of mobile banking should reach to the common person at the remotest locations in the country. There is also need to educate customers that mobile banking is not complex to use and it is not risky. Mobile banking can provide banks with an economical way of transaction, hence it is very important for the banks to understand and establish trust of the customers towards online banking as well as mobile banking.

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