Mobile Banking has been in existence since more than a decade. Mobile banking (also known as M-banking, sms-banking) is a term used for performing balance checks, account transaction, payments etc. via a mobile device such as a mobile phone. Mobile banking is an obvious extension of online banking as cell phones get more powerful and begin to mimic computers. Mobile Banking would be increasingly used from “Building better customer relations, reducing cost, achieving new revenue stream” etc. to that of “connecting with the new customer segments, enhancing customer relationships to improve loyalty and reduce attrition, create new ways to generate lead in the process of prospecting, real time experience of bi-directional customer experience etc.” And needless to say the technological revolution would play a major role in days to come.
Mobile banking-An introduction

Introduction –

In country only banking sector is that sector which works as a channel in attracting savings and mobilizing them in required areas. It works as a weapon of capital formation. As, change is the rule of nature. To alter the policies according to environment fluctuation is known as change and to explore or use new technology for making change is known as innovation. Today all sectors are working as innovation acceptor.

Banking sector’s profitability depends on better customer relationship. And nowadays today’s consumer banking needs are getting more complex and demands are for more innovative products. So give them better services banks have introduced a new profitable technology called MOBILE BANKING. And many more like internet banking, ATM, debit card, credit card etc.

With mobile banking technology, banks can offer a wide range of services to their customer such as funds transfer while travelling, receiving online updates of stock price or even performing trading while being stuck in traffic.

M-banking gives ability to customer to control their cash outflows anytime, anywhere, without having to connect to internet

The use of a mobile phone to make payment and carryout other banking transactions called m-banking has started taking roots in a number of developing countries, including India.

M-banking is a service of banks to make available, the facility of banking wherever the customer is and whenever he needs.

In today’s world every person has personal mobile rather than having computer at home. Even rural person also have mobile. With mobile banking customer can bank from anytime and anywhere.

Over the last few years, the mobile and wireless market has been one of the fastest growing markets in the world and it is still growing at a rapid race. And also spread of mobile phones across the developing world is one of the most remarkable technology stories of the past decade.

Mobile banking is enjoying a rapid growth in India. It has successfully crossed the introduction stage. Mobile banking is different from internet banking and ATMs anyways. The internet is not as commonly used as the mobile phones. Further, the internet requires particular devices such as a desktop or a laptop.

Mobile banking can be said to consist of three interrelated concept viz; Mobile accounting, Mobile brokerage, Mobile financial information.
ICICI bank pioneered in mobile banking service in India. Among public bank, Union bank of India was first to introduce mobile banking (Ali et al.2010)

“Mobile banking refers to provision and availment of banking and financial services with the help of mobile telecommunication devices. “

The term m-banking m- finance refer collectively to a set of application that enables consumer to use their mobile telephones to request their bank account balance and last transaction, store value in an account linked to their handsets, transfer funds between accounts and to make buy and sell orders, for the stock exchange and to receive portfolio and stock exchange, price information, or even access credit or insurance products.

M–banking may prove to be an important innovation in developing world.

The public sector bank realized that if they have to survive, they will have to adopt modern technology. SBI was first to focus on technology and is constantly at work to innovate in an attempt to lower costs. Technology will not just help them reach out to customer better but also help them cut costs and improve efficiency.

Hence by adopting right mobile banking regulation and mobile security standards the banks can reach whole population which result in economic growth of the country.

Banks have changed from paper-based banking solution provider to the latest of the technology like online banking, Mobile banking.

Mobile banking should reach to the common man at the remotest location in the country. Mobile banking reaches from high-end to low-end users and from metros to middle towns and rural areas.

M–banking system is one which provides all daily banking operations to customer with one click of the mobile handset with support application.

Growth in the M-banking is driven by various facilities like convenience of banking operation, greater reach to consumer. in M-banking there is no place restriction. It is highly penetration coefficient as growth of mobile phones is more than computer. It is fully personalized and private increasing transaction authenticity and is 100% available all the time with the users.

Mobile Banking is a service that allows you to do banking transactions through your mobile phone without making a call, using the SMS / WAP facility. You can check your balance, stop a cheque payment, or even pay your utility bills. Mobile Banking service gives you account information and real-time transaction capabilities from the mobile phones anywhere, anytime.

**Review of literature**-
Mobile banking-An introduction


  (This study focus on m-banking performance with the help of special programmed called clients downloaded to the mobile device. Paper also explains mobile technology, trends, its models importance and services, issue in security and suggests possible solution. The services offered by mobile banking included getting account information, transferring funds, sending check book request, managing deposits, checking transactions and so on. This paper also describe mobile banking models: Conceptual model, Mobile banking business model, Bank led model, Non-bank led mode and also explain challenges for m-banking, its services. M–banking is beneficial for both providers and users. Paper suggests solutions that have been designed to support multiple channels across the entire customer life cycle.)

- **Ahmed Sohel S.M, Rayhan Shah Johir, Islam Ariful md, 2012,”Problem and Prospect of Mobile Banking in Bangladesh”,**

  (This paper identifies problem and prospect of mobile banking in Bangladesh. And also describe its benefits for customers and bank as well. Objectives of this study are to identify prospects of mobile banking in Bangladesh, detect problem related to mobile banking in Bangladesh and to make suggestion on the basis of findings)

- **Ratten Vanessa, 2012”Entrepreneurship E-Finance and Mobile Banking”,**

  (This study focuses on the role of entrepreneurship and E-finance in measuring a person’s perspective to adopt M-banking and also determine awareness and knowledge of customer’s about M-banking and marketing. This paper focuses on the role of entrepreneurship and e-finance in determining a person's intention to adopt mobile banking. The approach utilized in this paper is to develop a conceptual framework that includes a number of propositions that are developed and justified by the literature. The main findings of this paper are that people's entrepreneurial inclination and learning tendency will determine how they respond to marketing and knowledge about mobile banking. The practical implications are that financial institutions involved in e-finance can focus their marketing efforts at increasing people's exposure to mobile banking.)

Mobile banking - An introduction

(This study explain M-banking trends, models its security, standards, and its services offered by bank and also focus on RBI guidelines for M-banking. This paper discusses the status of mobile banking in India and other countries with emphasis on data security and standards and its implication on banking sector.

Public sector also adopted this new innovation for increasing their profit and reach out to customer better. And also help customer and bank as well for reducing cost and improve efficiency. Paper suggest that banks should ensure privacy of data and data protection by adopting latest technology and standards should be framed to attract its entire bank customer to do mobile banking which ensures continuity in business and which in turn results in profits. By adopting right mobile banking regulations and mobile security standards the banks can reach whole population which in economic growth of the country.)


(This paper identifies challenges of m-banking in India. Customers are facing many problems in using m-banking and in mobile handset operability and also various issues regarding security in m-banking transaction. Paper focus on issue and challenges in m-banking in India form customer’s perspective. The study identified certain issues to banks, mobile handsets and telecom operators’ viz mobile handset operability, security /privacy, standardization of services, customirisation, downloading and installing application software and telecom services quality. Study shows’ mobile banking handset operability is an important issue in mobile banking, due to availability of various handset models in the market.’ Privacy and security are another critical issue for customers.

Objectives of this study are study the selected issues in mobile banking from customers’ perspectives and explore the perceived utility of mobile banking in comparison to retail banking and online banking among the mobile banking users and non users.)

- “Emerging Trends in Mobile Banking” 2011, Future foundation,

(This paper includes better customer relationship with the help of Mobile banking. In recession has been vital role in boosting the adoption of mobile phone banking. It help customer to save money and time. Technology is changing the very definition of service and in mobile banking there is significantly enhanced level of service that promises to improve the relationship between a bank and its customers.)

- Mobile Banking. 2011, “A Transformation of Traditional Banking”
Mobile banking—An introduction

(As mobile banking matures, mobile payments will become a necessity for millions of people around the world. Using mobile payment services, these people can access both traditional and modern financial services required to meet their daily banking needs. Mobile application developers, wireless service providers and banks’ IT departments must together address the critical challenges of scalability, reliability, performance, and handset operability and application distribution. Improved security protocols and a safer financial transaction environment will play a vital role in the success of mobile banking. On the positive side, banks and FIs have already made efforts to tide over security issues, which have imparted momentum to mobile banking.)

- **Titus Ray, Mathew Sajan, 2011, “M-Banking Future”**.

  (This study expected that mobile banking can replace the debit cards and credit cards system in future, m banking means ‘anywhere anytime, anyhow banking. Its focuses on m banking scenario, challenges, issues in future and its possible solution. Banking transaction like loan approval, cash payment, and check balance statements can be done with just clicking on mobile phones at the highest comfort level of customer. This paper examines a comprehensive view of the global m-banking industry.)


  (This paper focus on adoption and usage of m-banking services among Indian banking industries as well as customers. And include the challenges and difficulties of m-banking services like high charges, slow data transmission and in security. Due to this difficulties customer do not prefer m-banking. Customer is not much aware from mobile banking in compare with ATM, credit card, debit card etc.)


  (This study focuses on M-banking benefits to customers and bankers and also explains M-banking is the best alternative for banks and customers. For banks it helps in increasing profit motive, other hand for customer M-Banking is time and money saving services. M banking not only help bank to reduce cost but also help it to retain its valuable customers, this facility enables the customers to bank, ”anywhere anytime banking. Paper define that the private banks are on the top in providing the m-banking services to their customers and have high profitability. Study also highlights the benefits of m-banking to customers as well as to bankers and suggests some
strategies with their possible measure like to spread awareness regarding m-banking and to increase its area and scope to enhance m-banking services in India, particularly rural and urban areas.)

**OBJECTIVES OF THE STUDY**-

- To understand what is mobile banking?
- To explain the procedure and services of Mobile Banking.
- To understand difference between traditional banking and mobile banking
- To study about the risk associated and precautionary measures of M-Banking

**RESEARCH METHODOLOGY**-

The paper is based on secondary data. To study the said objectives, relevant secondary data are collected from different journals, magazines, research papers and books.

**Service provided by banks through M-banking**-

- Enquiries of mini statement, account balance
- Alert on account activity, credit debit
- Access to card statement, loan statement
- Insurance policy management and pension plan management
- Pin provision, change of PIN
- Payment of bill, mobile recharging ticket booking
- Alert on minimum balance, request for cheque book, balance checking, and also information of recent transaction.
- Statements of cheque status, stop payment on cheque.
- Blocking of lost and stolen cards. Information related to mutual funds, interest rates, exchange rates
- Fund transfer (domestic/international)
- Personalized alerts and notification on security prices and also real-time stock quotes.
- General information like weather updates, news.
- Complaint submission and tracking.
- Monitoring of term deposits.
### Mobile banking—An introduction

<table>
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<tr>
<th>PULL–BASED TRANSACTION</th>
<th>PULL–BASED ENQUIRY</th>
<th>PUSH–BASED TRANSACTION</th>
<th>PUSH–BASED ENQUIRY</th>
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<td>* Fund Transfer</td>
<td>* A/Balance Enquiry</td>
<td>* Credit/Debit Alerts.</td>
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<td>* Bill Payment</td>
<td>* A/Statements</td>
<td>* Minimum Balance Alerts</td>
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<tr>
<td>* Other financial</td>
<td>* Cheque Status Enquiry</td>
<td>* Bill Payment</td>
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Simple Procedure of using Mobile Banking-(ICICI BANK)

An account in a Bank that offers Mobile Banking service. eg ICICI bank

Mobile should have GPRS

Send sms <T-MOBILE> to 5676766

Then customer receive link in their mobile inbox

Customer have click this link and install software for using M-banking

Then go for Mobile menu and give their debit card grid no. for authentification by bank

Go to-option and refresh.

Now customer can use mobile banking facility like fund transfer, bill payment, ticket booking in ashoka, pvr and also receive alerts cash withdrawal and deposit, debit/credit of account.

Customers must be a subscriber of any of the Cellular Service Providers which have tie up with their Bank. Customers have to Apply for Mobile Banking through an appropriate Application Form with their bank. Most of the Banks offer Mobile Banking service absolutely FREE. Although SMS Charges for outgoing messages would be charged as usual by their mobile phone Service Provider.
## Differences b/w traditional banking and mobile banking:

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<th>TRADITIONAL BANKING</th>
<th>MOBILE BANKING</th>
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<tr>
<td>Doing traditional banking from bank customer going physically to bank whenever they have bank need.</td>
<td>With help of M-banking customers do not need to go bank. Mobile banking enables anytime anywhere banking. Customer can access their banking a/c while travelling, waiting for bus or in traffic, in queue etc.</td>
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<tr>
<td>Traditional banking needs papers.</td>
<td>M-banking save paper &amp; that save tree. It is a part of green banking.</td>
</tr>
<tr>
<td>Traditional banking facility is not possible to do anytime banking</td>
<td>M-banking services provide anytime banking.</td>
</tr>
<tr>
<td>Branches are (ATMs and computers) are location specific.</td>
<td>Mobile banking is not location specific. Customer need not be worried if the branch is not at a convenient location.</td>
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<tr>
<td>In traditional banking customer spent their precious and valuable time in standing in queue.</td>
<td>M-banking save time. They need not stand in the queue.</td>
</tr>
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<td>In traditional banking whenever customer wants information about their a/c they face employee attitude.</td>
<td>In mobile banking customer need not face the employee whom do not.</td>
</tr>
<tr>
<td>Branches are not fully personalized and private</td>
<td>Mobile phones are fully personalized and private</td>
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<tr>
<td>Traditional banking not available all the time. Its time is fixed as office hours.</td>
<td>Mobile banking or mobile phones are 100% available all the time with users. It is available 24*7.</td>
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</tbody>
</table>
Mobile banking-An introduction

Benefits of Mobile banking:

To the customer-

✓ Customer need not stand in the bank counters/offices for various enquiries about his account.
✓ Customer can save his valuable time in banking transaction and save in travel cost reaching the bank branch.
✓ It is the mobile banking to have information of all the 365 days at anytime, anywhere about his account.
✓ Customer can pay his utility bills in time and save paying penalties, since alerts are received from bank.
✓ Cheque book request can be send sitting in his work place.
✓ Give information at anytime and anywhere.
✓ Plane funding his accounts for the cheque issued to various customer
✓ For customers mobile banking reduces cost and save their precious time.

To the bankers-

✓ M–banking helps banks in saving crores of rupees by way of reduced transaction cost.
✓ Banks can utilize the time saved for expansion of business, marketing and sales activity by channel migration of customers to mobile banking.
✓ Banks can take advantage of profit by way of commission for cellular companies by selling prepaid talk time through ATMs.
✓ Banks providing mobile banking services can have competitive advantage on those banks, which are not providing these services.
✓ Mobile banking enables banks to reduce costs of courier, communication and paper works etc.
✓ M-banking can increase banks outreach to rural areas while reducing costs.
RBI guidelines for Mobile banking-

The RBI issued operating guidelines under section 18 of the payment and settlement system Act, 2008 and they have partially been modified in December, 2009. So, far 32 banks have been accorded approval by RBI to started providing these services.

a. Banks, wishing to provide mobile banking services, shall seek prior one-time approval of the RBI by furnishing full details of the proposal.
b. Only banks which are licensed and supervised in India will be permitted to offer mobile banking services.
c. The services shall be restricted only to customers of banks and holders of debit/credit card issued as per the extent RBI guidelines.
d. Only Indian rupee-based domestic services shall be provided. Use of mobile banking services for cross border transfers in strictly prohibited.
e. Banks offering mobile banking service must ensure that customer with mobile phone of any network operator is in a position to avail themselves of the services and this facility should be interred operable between mobile banking service providers and banks.
f. Only banks who have implemented core banking solution would be permitted to provide mobile banking services.
g. Banks shall file suspected transaction report (STR) to financial intelligence unit India for mobile banking transaction as in the case of normal banking transaction.

Challenges and issues of Mobile banking-

✓ **Security** - security here refers to the security of the confidential information about customer bank account. There should be any chance for information leakage. Transaction is done by mistake there should be option to undo. The physical security of device is more important. User id /password authentication of banks customer. Encryption of the data that will be stored in device for later.

✓ **Handset operability** - there is large number of different mobile phones and it is a big challenge for banks to offer mobile banking solution

✓ **Scalability and reliability** - The customer may be sitting in any part of the world and these banks need to ensure that the system are up and running in a true. Customer will find m-banking more and more useful. Banks unable to meet the performance and reliability expectation may lose customer confidence.

**Conclusion**-

Mobile banking plays vital role an increasing profitability of banks. And also maintain better customer relationship, increasing customer satisfaction level, improve loyalty. Mobile banking is popular among in all customers. Through this service customer save their valuable time, cost and other expenses. To see the growth of mobile banking we can say that in future mobile banking is spread both rural and urban area and also it becomes a basic need of customer. With the help of this new technology banks can cover all unbanked area. Mobile banking has a lot of advantages for both providers and those who avail the services. Mobile phones provide a way to reach out to people in
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remotest area. Customer enjoy anytime anywhere banking with the help of their mobile phones. It is
cost effective for bankers and customers.

References:

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