

A Study on Financial Technology Sector's New Emergence: Mobile Banking

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Abstract: Technology plays a significant role in banking sector and it is one of the largest financial institutions continuously explores the opening of technology facilitate services to offer better customer experience and convenience. Mobile banking is an Information Communication Technology (ICT) application became part of every individual in the information era and it is considered to be an essential use among people in different countries who are probable to have divergent cultural backgrounds. Mobile banking is a growing alternative channel for offering financial services as well as benefits to the people in remote area to access the banking services at ease. India is the world's biggest telecom market, with a great potential for growing banking services through mobile. The main objective of the study is to analyse the perceptions of respondents towards using Mobile banking services. The findings of the study were most of the mobile banking user were male and comes under 20-30 years of age group. Garrett ranking technique revealed that most of the respondents expressed their positive opinions towards mobile banking service.

Key words: Fintech, New Emergence, Mobile banking, Customer Perception, Payments and Security

1.Introduction: Financial technology is otherwise called as fintech, it refers to any technology meant to ease the provider of financial services and simplify financial operations. Fintech is a broad term that encompasses a wide range of services, from online banking and insurance to lending and investment apps. What all kinds of fintech have in common is that they all aim to improve financial procedures and the banking experience (apextechinc.com). According to the research (EY Fintech Adoption Index 2017), India has risen to second place behind China in terms of Fintech service adoption (Priya and Anusha 2019).

Fig 1: Components of Fintech



Source: <https://apextechinc.com/>

2. Mobile Banking: The increased use of smart phones brings tremendous opportunities for the expansion of mobile banking (Goyal et al 2012). Mobile phones are becoming a priority for banking institutions looking for advanced techniques to serve their customers. One cannot dispute the dramatic surge in smart phone usage. The majority of people nowadays use technological devices for their shopping and banking requirements and mobile banking applications are increasingly gaining popularity as a more cost-effective and time-saving alternative to conducting money transfers in local branches.

Mobile payments have the potential to compliment cash, cheques, debit cards and credit cards and it may also be used to pay bills (particularly utilities and insurance premiums) along with access to account-based payment instruments like Internet banking payments, electronic funds transfer, direct debit, and electronic bill presentment (Goyal et al 2012).

2.1 The purpose of Mobile Banking: Mobile banking is a technology that allows people to manage their personal accounts and complete banking operations more efficiently by using an app. Mobile has emerged as a key channel of communication between customers and financial organisations. The leading financial institutions competing to provide their customers with the greatest mobile banking experience possible. People may use their smart phones to pay credit card bills, check account balances, pay utility bills, deposit checks, and do a variety of other things. People no longer need to attend land-based institutions to be served, therefore physical in-store interactions are no longer the norm. It was no wonder that people are increasingly enjoying the convenience of managing all of their accounts in a single location, at any time and from any location (apextechinc.com).

According to a Business Insider 2019 research study stated that 89 per cent of the respondents use mobile applications for personal funds, and the proportion rises to 97 per cent among tech-savvy youngsters. Previous generations have also reported benefits from mobile services and younger people have a stronger need for high-tech solutions, the demand for first-rate mobile banking will only increase.

Advantages of Mobile Banking:

- Reduced Operational and Tansactinal costs
- ⇓
- Improved Communication with customers
- ⇓
- Enhanced Security
- ⇓
- Increasingly Loyalty
- ⇓
- Better User Engagement
- ⇓
- Another Marketing Channel

Source: From Study

3. Review of Literature: Brown et al (2003) identified mobile phone usage has increased dramatically throughout Africa, particularly in South Africa, where preliminary growth projections were substantially exceeded. As a result, this technology enables services like as banking to achieve critical mass. Mobile banking is available at all major retail banks in South Africa, however very few clients utilise it. This study investigated the characteristics that impact mobile phone banking adoption in South Africa in order to have a better knowledge of how to possibly boost the rate of adoption. A paradigm created in Singapore to identify characteristics impacting Internet banking adoption was utilised as a foundation, and it was modified to examine mobile phone banking. Influencing factors observed included relative advantage and consumer banking demands, with perceived risk having a significant negative impact.

Bankole et al (2011) stated several research have confirmed that information and communication technology (ICT) adoption is culturally influenced and mobile banking is an ICT tool that is widely used by people from many nations with widely different cultural backgrounds. The study examined that the use and adoption of mobile banking has shown a variety of results in various countries throughout the world, this was due to the diversity of cultural landscapes in different countries. The respondents were mobile banking users who included students and employees from a variety of professions. From the selected group of mobile banking consumers, 231 samples were collected. Statistical and qualitative methodologies were used to analyse the data. This study investigated the factors that influence mobile banking adoption in Nigeria and the result stated that culture is the most significant element determining the adoption of mobile banking customers in Nigeria.

Gomber et al (2018) introduced a new fintech innovation mapping technique that allows for an evaluation of the extent to which changes and transformations are occurring in four major sectors of the financial services industry. It was discussed about operations management in financial services and

the changes that are taking place; secondly technology innovations that have commence to influence the implementation and stakeholder value connected with payments decision, crypto currencies and block chain technologies. Thirdly, multiple fintech innovations that have impacted deposit services, lending and the use of social media. Fourthly, issues concerning investments.

4. Statement of the problem: The financial services background in India is being transformed by Fintech firms and it has expanded dramatically during the last two years. According to EY's Fintech Adoption Index 2017, India ranked second in the world in terms of Fintech adoption rate (52%) across 20 markets. Fintech adoption is surprisingly strong in India and Indian customers have welcomed the usage of mobile payments in their routine day-to-day activities powered by mobile wallets and many more recent advances such as the Unified Payment Interface (UPI) platform. Mobile banking is a growing alternative channel for providing financial services. India is the world's second biggest telecom market, with a great potential for growing banking services via mobile. Hence, the study is attempted to know perceptions of respondents towards using mobile banking services.

5. Objectives of the study:

- To study the demographic Profile of the Mobile Banking Users.
- To analyse Perceptions of respondents towards using Mobile banking services.

6. Research Methodology: Coimbatore was taken for the study since it is the third largest city of the state and one of the most industrialized cities in Tamilnadu. This study is designed to analyse perceptions and opinions of urban mobile banking users. In this regard a primary data was collected from mobile banking users especially from educated persons. The study used simple random sampling technique to collect data from 50 respondents through the structured web-based questionnaire. The study area was divided into five zones such as North zone, South zone, East zone, West zone and Central zone.

In each zone 10 samples were collected from respondents. For analysis purpose Percentage and Garrett Ranking Technique was used.

7. Results and Discussion:

Demographic Profile of the Mobile banking Users: The study analysed demographic profile of the mobile banking users, the variables taken for the study such as Gender, Age, Educational Qualification and Annual Income of the respondents.

Table 7.1: Showing Demographic Profile of the Respondents

Variables	Categories	Frequency	Percentage
Gender	Male	27	54
	Female	23	46
	Total	50	100
Age	20-30 years	20	40
	30-40 years	15	30
	40-50 years	9	18
	Above 50 years	6	12
	Total	50	100
Educational Qualification	Higher Secondary	10	20
	Graduate	22	44
	Post Graduate	16	32
	Doctorate	2	4
	Total	50	100
Annual Income (In Rs)	Rs. 1,00,000-1,50,000	17	34
	Rs. 1,50,000-2,00,000	22	44
	Rs. 2,00,000-2,50,000	8	16
	Above 2,50,000 rupees	3	6
	Total	50	100

Source: From Survey

The study found that most (54%) of the respondents were male because most of the female users expounded that, there was a risk in using mobile banking. Remaining 46 per cent of them were using mobile banking services. Regarding age group of the respondents it was found that majority (40%) of the respondents belongs to 20-30 years of age group the

reason behind was young people tend to have positive attitudes towards mobile banking. Followed by 30 per cent of them were 30-40 years of age group, afterwards 18 per cent of them comes under the category of 40-50 years of age group. Only 12 per cent of the respondents come under above 50 years of age group. While analysing educational qualification of the respondents most (44%) of them were graduates, followed by 32 per cent of the respondents completed their post-graduation and 20 per cent of them completed their higher secondary level. Least four per cent of them only have their doctorate. This result shows that education is must to operate mobile banking since it reduces financial risk. With regards to annual income of the respondents it stated that, majority (44%) of the respondents having annual income of Rs. 1,50,000-2,00,000, similarly 34 per cent of them getting their annual income of Rs. 1,00,000-1,50,000. About 16 per cent of the respondents having Rs. 2,00,000-2,50,000. Remaining six per cent of them having above Rs. 2,50,000 rupees.

Usage of Mobile Banking Service: The study analysed Usage of mobile banking service by customers. The time period of using mobile banking classified in to four that was less than 1 year, 1 to 2 years, 2 to 3 years and more than 3 years. Frequency of using mobile banking services also analysed that was daily, weekly, monthly and rarely.

Table 7.2: Usage of Mobile Banking Service

Variables	Categories	Frequency	Percentage
Time Period	Less than 1 year	8	16
	1 to 2 years	13	26
	2 to 3 years	18	36
	More than 3 years	11	22
	Total	50	100
Frequency of usage	Daily	9	18
	Weekly	22	44
	Monthly	14	28
	Rarely	5	10
	Total	50	100

Source: Field Survey

The study found that highest (36%) percent of respondents were using mobile banking service for about 2-3 years. 26 per cent of them expounded their time period was 1-2 years, like wise 22 per cent of them using mobile banking for more than 3 years. Remaining 16 per cent of them stated that, they were using mobile banking for less than a year. Frequency of their usage also analysed, it was found that major (44%) portion of the respondents using the mobile banking services weekly, about 28 per cent of them using monthly once and 18 per cent were using daily. Only 10 per cent of them stated that they were using mobile banking service very rarely.

Perception towards mobile banking services by customers: Garrett Ranking technique was used to estimate the perception towards mobile banking services by customers. The orders of value given by the respondents were converted in to rank by using the formula. To find out the most important factor which influences the respondent, Garrett's ranking technique was used. As per this method, respondents have been asked to give the rank for all factors and the outcomes of such ranking have been converted into score value with the help of the following formula:

$$\text{Percent Position} = \frac{100 (R_{ij}-O_5)}{N_j}$$

R_{ij} = Rank given for the i th variable by j th respondents

N_j = Number of variables ranked by j th respondents

Table 7.3: Perception towards mobile banking services by customers

S. No	Perception towards mobile banking service by customers	Rank
1	Mobile banking is more convenient than traditional banking methods.	1
2	Mobile banking would help me to manage my finances more effective.	4
3	Mobile banking was compatible with lifestyle.	3
4	It would be difficult to use mobile phone banking.	10
5	Mobile banking would require a lot of mental effort.	9
6	Mobile banking might be frustrating.	8
7	Mobile banking is a risky mode to use	7
8	I am concerned about the safety of mobile banking.	6
9	The process of mobile phone banking was simple for me to understand.	5
10	Mobile banking saves more time	2

Source: Computed from Field Survey

Most of the respondents expressed their positive opinion towards mobile banking services, it was found from the result mobile banking is more convenient than traditional banking methods ranked as first. Ultimately Mobile banking saves more time it was ranked as second because every day people are racing against time, so mobile banking plays an important role in everyone's life. Mobile banking was compatible with everyone's lifestyle it was ranked as third. Majority of the respondents stated that mobile banking would help them to manage their finance more effective it was ranked as fourth. The process of mobile banking was very simple to understand stated by some of the respondents it was ranked as fifth. Few of the respondents reported that they were concerned about safety and risky it was ranked as 6th and 7th rank. Finally mobile banking is frustrating, it requires mental effort and it was very difficult to use reported by the respondents ranked as 8th, 9th and 10th rank.

8. Conclusion: As mobile technologies progress and mobile devices become more prevalent in daily life, a new sort of payment system known as mobile payment (m-payment) has evolved, enabling users to pay from their wireless devices, particularly mobile phones, wherever they go. The growth of mobile phone usage in India has been phenomenal because it can be used for all types of payments anywhere at any time. However, security challenges such as authentication and permission for mobile payment transactions, as well as fraud management, remain, but the research study indicated a good attitude toward mobile banking services. The study also found that all of the respondents belong to educated person holding more awareness on mobile banking services. The study suggested that the government and other regulatory agencies should continue to support the financial technology through various measures.

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