

## **MOBILE BANKING - BENEFITS, DRAWBACKS & TIPS FOR PROTECTION**

**ABHINAV GUPTA**

**Research Scholar**

**Dept of Commerce and Business Management Integral University, Lucknow**

**DR. RIZWANA ATIQ**

**Assistant Professor**

**Dept of Commerce and Business Management Integral University, Lucknow**

**MCN – IU/R&D/2020-MCN 0001011**

**Abstract** - Mobile banking is a term used for performing balance checks, account transaction, payments etc. through a mobile phone. Mobile banking introduce the use of smart phone or other devices to operate online banking transactions while far away from your computer, laptop or any other device, such as transfer money from one account to another account, payments of electricity bills, payments of gas bills, mobile recharge, online shopping, etc.

After the introduction/ launch of mobile banking, mobile banking transactions have seen some growth. Still mobile banking has a long way to go because majority of customers prefer traditional ways of banking. Mobile banking service allow to its customers to operate financial or banking transactions by using smart phone or tablets. Mobile banking is available 24\*7 for customers for financial transactions.

The objective behind this paper is to identify firstly what is M –Banking, secondly the benefits and drawbacks of mobile banking, thirdly the problems faced by customers in mobile banking and in last the suggestions for further improvement.

**Keywords** – Mobile banking, Financial institutions, Banks, Mobile payments.

### **Introduction**

It is difficult for a nation, whether big or small, developed or developing, to remain isolated from what is happening around. Today, most of the people adopt new generation technologies. In this changing scenario, the banking sector is not an exception. Recent innovations in

telecommunications have enabled the Introduction/launch of new methods for banking services through various electronic- channels Like, ATMs, credit and debit cards, internet banking, mobile banking, tele- banking, EFT etc. One of these is mobile banking; whereby a customer interacts with a bank through mobile phone. Mobile banking (m-banking) has emerged as a popular mode of banking in many developed and developing countries. Mobile banking was introduced in the late 1990s and the beginning of 2000s. These services were introduced initially through short messaging services (SMS), WAP (Wireless Application Protocol), or GPRS (General Packet Radio Services) enabled mobile devices.

The mobile banking is defined as “the provision of banking services to customers on their mobile devices” specifically the operation of bank current and deposit or savings accounts. Mobile banking is an application/method of mobile computing which provides customers with the support needed to be able to bank anywhere, anytime using a mobile handheld device and a mobile service such as Short Message Service (SMS).

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

The scope of offered services may include facilities to conduct bank transactions, to administer accounts and to access customized information (Tiwari and Buse 2007). In the broader sense mobile banking as that type of execution of financial services in the course of which - within an electronic procedure - the customer uses mobile communication techniques in conjunction with mobile devices (Pousttchi and Schurig 2004).

**The present paper studies the benefits, limitations and problems faced by customer through mobile banking. This paper also studies about the future prospects of mobile banking and the methods for improvement.**

### **Objectives and Methodology**

**The objectives/purpose behind this research paper are as follows –**

- (1) To, Study what is mobile banking.
- (2) To, Study the benefits and drawbacks of mobile banking.
- (3) To, Study the basic tips for using mobile banking.
- (4) To, give suggestions for its improvement.

**Methodology** – The nature of study is descriptive & Secondary data is used for this study.

**Secondary data** - Secondary data was collected from various research papers, websites, various articles and journals.

**Limitations of Study** – The limitations of this study are as follows –

- (1) Time Consuming.
- (2) This study used secondary data so it may be less reliable.

### **Literature Review**

The mobile banking is defined as “the provision of banking services to customers on their mobile devices” (Sharma, Prerna, Bamoriya & Preeti Singh, 2011). Mobile banking is a system that helps the customers to conduct a number of financial transactions with the help of their mobile devices.

Mobile banking (M-Banking or mbanking) is defined as “**a channel whereby the customer interacts with a bank via a mobile device, such as a mobile phone or personal digital assistant (PDA)**” (Barnes & Corbitt, 2003).

Mobile banking is a technological innovation, evolving much faster than Internet banking enables customers to do banking transactions via mobile or handheld devices operating in a wireless environment (Herzberg, 2003; Laukkanen, 2007a; Kleijnen et al, 2004; Laukkanen, 2007b) Mobile banking is considered as the most value-added and important mobile Commerce applications currently available (Lee et al., 2003; Varshney & Veter, 2002).

The earliest mobile banking services were offered over SMS (Short message service), a service known as SMS banking. With the introduction of smart phones with WAP support enabling the use of the mobile web in 1999, the first European banks started to offer mobile banking on this platform to their customers. Mobile Banking is an emerging alternate channel for providing banking services. India is the second largest telecom market in the world, which is having high potential for expanding mobile banking services.

The bank provides mobile banking services to their customers, wishing to increase their customer share by removing all the obstacles in the way of adoption of mobile banking services.

**Typically, mobile-banking services include the following:-**

**(Page – Four)**

**Account information** – This includes the following –

- (1) Account history
- (2) Monitoring term deposits

- (3) Mini statements
- (4) Access to loan

**Fund transfer** – This includes the following –

- (1) Fund transfers to other account
- (2) Bill payments
- (3) Credit card payments

**Support Services** – This includes the following –

- (1) Cheque book and card requests
- (2) ATM location
- (3) Complaint filing and tracking

**Investment** – This includes the following –

- (1) Portfolio management
- (2) Personalized alerts and notifications on security prices.
- (3) Real time stock quotes.

Mobile banking users are specially concern with security issues like frauds related to finance, misuse of account & user friendliness issue – difficulty arise in remembering the different codes for various kinds types of transaction, application software installation & updating due to lack of standardization.

Transactions of mobile banking can be broadly divided into two types:-

**(a) Push type**

**(b) Pull type.**

**Page – (Five)**

Push type is a one-way transaction where our bank sends us information pertaining to our account through Short messaging service.

Pull type is a two-way transaction, where we send a request and the bank replies.

**This can be further classified into five types -**

- (A) Inter-bank mobile payment service (IMPS)
- (B) Bank apps
- (C) USSD-based
- (D) SMS-Based
- (E) Internet-based mobile banking.

In the last two decades, mobile banking has evolved from being mere SMS-based support service wherein you get updates about your transactions – to a full-fledged banking service. Thanks to wireless application protocol/WAP-supported smart phones.

Now a customer can avail of almost all those services that he could once get only when physically present at the branch. Technically, all bank transactions that involve accessing credit/debit through a mobile device (phone or hand held tablet) are considered as mobile-banking transactions.

These services, currently offered by 97banks in India, are available to mobile customers irrespective of their mobile network or service provider.

A customer may simply register with their respective bank and download a specific application on their smart phone. Licensed banks with the provision of core banking solutions (CBS) are permitted to offer mobile-banking services to their customers after obtaining necessary permissions from the Department of Payments and Settlement Systems, Reserve Bank of India. As of now, only rupee-based services within India are allowed; cross-border transfers of any kind are prohibited.

**(Page – Six)**

### **Benefits of mobile Banking**

There are various benefits of banking using mobile phones. There are three ways in which the services can be accessed from the mobile depending upon the cell phone compatibility and its make. This makes mobile banking available for everyone.

The first one is through Short messaging service wherein the balance information and banking passwords are sent to the user via SMS.

Secondly, some banks have dedicated software applications that can be downloaded on the mobile for accessing the bank account.

Thirdly, the mobiles that have Internet browser facility can access the banking applications easily like a computer.

**The general benefits/advantages are as follows-**

(1) **Cost Reduction** - The biggest advantage of mobile banking offers to banks is that drastically reduced the costs of providing service to the customers.

(2) **Speed:-** With the help of 4G technology, the customers make their banking transaction through mobile in the fraction of second.

(3) **Economical:-** mobile banking is very less expensive or cost effective and banks provides this services in low cost or free of cost to customers.

(4) **Convenient:** Mobile banking provides the customers to anywhere, anyplace and any time banking transaction with the help of services. This service is very fast, easy and convenient by each mobile or smart phone users.

The ability to access bank accounts, make payments, and even track investments regardless of where you are can be a big advantage. Do your banking at a time and place that suits you, instead of waiting in queues.

(5) **Save time:** mobile banking save a lot of time. Instead of allocating time to walk into a bank, you can check balances related to accounts, schedule and receive the payments, transfer the money and organize your accounts when you're on the go.

(6) **Secure** - Good mobile banking apps have a security guarantee. Mobile banking is said to be even more secure in comparison to online/internet banking.

(7) **Availability** - Mobile banking is available round the clock 24/7/365, it is easy and convenient and an ideal choice.

**(Page – Seven)**

**Advantages of mobile banking**, from both the perspective of the bank and customer, include: -

**To customers**

Benefits to customers includes –

(A) Customer has no need/requirement to stand on bank counters for enquiries.

- (B) Customers can pay his utility bills in time & saves the penalties.
- (C) Give information at anytime and anywhere.
- (D) For customers mobile banking reduces cost and save their precious time.
- (E) Customer can save his valuable time in banking transaction and save in travel cost reaching the bank branch.
- (F) Mobile Banking gives you the privilege of anytime and anywhere banking.

### **To the Bankers**

This includes the following –

- (A) Decreased infrastructure costs.
  - (B) Banks can utilize the time saved for expansion of business, marketing and sales activity by channel migration of customers to mobile banking.
  - (c) Mobile phones now often include face-recognition technology, fingerprint scanners, and even iris scanners.
- This biometric data helps the bank ensure the “customer” is actually who they claim to be, and this biometric data provides more security and protection for customers than simple telephone banking passwords or requests for birth-date confirmations can provide..
- (D) Mobile banking enables banks to decreases costs of courier, communication and paper works etc.
  - (E) Efficient utilization of experts and human capital.
  - (F) Mobile banking can increase banks outreach to rural areas while reducing costs.
  - (G) Document sharing and assistance with other digital banking services.

**(Page – Eight)**

### **Drawbacks of Mobile Banking**

The drawbacks/disadvantages of mobile banking are as follows –

- (A) The users of mobile banking have the risk of receiving fake SMS (Short messaging services) messages & scams.

(B) Old models of mobile phones and devices are not suited for mobile banking. Modern mobile devices are better suited.

(C) The biggest security risk in mobile banking is the non-encrypted servers of cell phone service providers. This makes it relatively very easy for an expert hacker to obtain account information or debit and credit card information of the users.

(D) If the mobile gets stolen, the information stored in messages can be used easily by another person.

The loss of mobile customer device often means that criminals can gain access to your mobile banking PIN and other sensitive information.

(E) Mobile banking is not available on all smart phones. Sometimes it requires you to install apps on your phone to use the mobile banking features which is available on the high end smart phone.

(F) Mobile banking apps need an internet connection to be able to operate, so if you live in a rural area or experience problems with your internet connection, then you won't be able to access your account. The same applies if your mobile phone runs out of battery.

(G) The cost of mobile banking might not appear significant if you already have a compatible device, but you still need to pay data and text messaging fees. Some financial institutions charge an extra fee for mobile banking service, and you may need to pay a fee for software..

(H) 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.

(I)Another" disadvantage" of mobile banking was that banking transactions lost the "human touch", when they took place over mobile apps, or, similarly, banking transactions that required human interaction (such as mortgage applications) could not be completed over mobile apps.

(J) There are large numbers of different mobile phones and it is a big challenge for banks to offer mobile banking solution.

**(Page – Nine)**

### **Tips for using /protecting your Mobile Banking**

Mobile banking has become very convenient for all of us in today's time. But it is also very important for us to be careful. This is easy but the risk in it is quite big. The privacy and security of your personal and financial information is a top priority. While technology continues to provide opportunities for consumers such as yourself with the convenience of banking where,



when, and how you wish; along with this convenience come some added security risks you can help protect yourself from these risks by following a few best practices.

The tips for using and protecting your mobile banking are as follows -

(1) **Apps installation & Check its authenticity** – Downloading right app for mobile banking is very crucial. This is the first step or tip for protecting your mobile banking. To download the right app, first, you have to check to see what the publisher name is, how many ratings it has, how many downloads it has. Use these apps only after checking all these. Or, many banks keep their mobile banking apps linked to their official website. Visiting that link can go there and download that mobile banking app.

(2) **Creating the strong password** - Now after downloading apps, it's time to create a password. Passwords should be strong. Many of us are people who want to have as easy as the password will be for us. People think that keeping a simple password we will not forget our passwords and everything will be fine. But let me tell you that if you have a simple or easy password, in any sensitivity place such as locked of the related app or the necessary documents from your bank, then all those passwords can be easily hacked or guess. So you are requested to try to keep all your passwords as strong as you can.

(3) **Don't store important personal information on your smart phone** - If you visit your bank's website using your phone, make sure to clear out the cookies and cache regularly. Never store any usernames or passwords in your phone, regardless of how difficult they are to remember. If you were to lose the phone where this information is stored, someone could easily access your bank account. It is also important to change your password regularly. If you use your phone for business purposes, be doubly careful on protecting confidential information.

(3) **Use safe connection** - Now you have installed the app, created a strong password and you have done it to log in to your mobile banking apps. But if you are using such apps with your own mobile connection or the connection to your home, then this is fine.

(4) **Avoid phishing** –This is also equally important so it should be taken into consideration. You may have noticed that there are so many emails coming in your email inbox which say that setting up a password, filling income tax, you have a big lottery etc. There are lots of related

**(Page - Ten)**

Duplicate emails coming from such a large number of banks. So in this way, you have to ignore the messaging or emails, or you spam them. Remember one thing that banks never send you such messages. These are all frauds or hackers who are engaged in stealing your data. You have to stay alert because we all know where they come from, who has sent them. Ignore all of these

things. Because if you click on any code to view it or to open any link, then you may become a victim of phishing. So, be careful and delete such messages and emails or ignore it.

(5) **Protect Your Phone** -You have to take care of your phone and keep it protected you use many pattern lock and password to keep your phone secure. But if your phone is lost or stolen, then all your data will remain on the same phone. Since your passwords and patterns are locked nowadays, they can easily be broken with the help of software. So if you want all the sensitive data on your phone to be safe then keep it in another protection. For this, you can use any apps that can erase all the data present in your phone if it is lost or stolen, remotely. With the help of that, they can protect his phones. These are basics tips but very important. Use the tips below to assist you in keeping your information secure when using a Mobile Device-

(a) Set up a unique username and password for Mobile Banking & keep all mobile software up-to-date & if available, set up a required password that must be entered into your phone or mobile device prior to use.

(b) Before downloading applications, know if the application (app) you are downloading will access, store, or even share your data & don't save or store login credentials on your mobile device. While this may provide you easy access, storing login information could be more easily accessible to others, including fraudsters.

(c) Prior to making a purchase or conducting a transaction on a mobile device, review the web address for security. Websites that contain "https:" in the web address indicates the site has taken measures to secure your personal information.

(d) Be cautious of requests for personal information. Make it a practice not to respond to any emails, text messages, or calls that request your personal information & be sure and log out of each application immediately after using Mobile Applications.

(6) **Sign up for SMS Alert** - Most banks now offer text message alerts via SMS to alert of a low balance or a paid bill. Larger banks like Bank of America use SMS texts to aid in fraud prevention. Nine times out of ten, consumers can easily sign up for these phone alerts with online banking. Receiving alerts on your phone is a great way to stay on top of your account activity around the clock. It's also an added convenience for times when a computer isn't close at hand.

**(Page - Eleven)**

### **Conclusion**

The aim/purpose of my paper is to review of research paper on mobile banking to analyze what is mobile banking and the benefits and drawbacks behind this and also the suggestions for

improving this service along with the basic tips for using mobile banking in a right way . Now a day's various technologies are adopted in each and every sector because of increasing customer satisfaction and overall enhancing revenues or profit maximization. Banks also follow the same. Hence the banking sector also adopted the uses of latest technology for the sake of better customer service.

There are various factors which have played vital role in the Indian banking sector for adoption of technology. The factors are globalization, deregulations, service quality, profitability and productivity of banks. So, because of above reasons banks started the service of mobile banking. Mobile banking is a system that allows customers of a financial institution to conduct a number of financial transactions through a mobile device such as a mobile phone or personal digital assistant.

The mobile banking is defined as “the provision of banking services to customers on their mobile devices”: specifically the operation of bank current and deposit or savings accounts. Through mobile banking customers can view the accounts, get the account statements, transfer funds, purchase drafts by just making a few key punches. Availability of ATMs and plastic cards, EFT, electronic clearing services, internet banking, mobile banking and phone banking; to a large extent avoid customers going to branch premises and has provided a wider range of services to the customers.

Mobile banking is a big platform of new technology which promotes banking functions in India through mobile technology and also helps increasing their 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.

The mobile banking has various plus points. The positive points includes this is time saving, increased efficiency, fraud reduction, cost reduction, Service availability in all time etc. 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 remotest area. Customer enjoy anytime anywhere banking with the help of their mobile phones. It is cost effective for bankers and customers. Everything has few negative points also. The negative points of mobile banking includes security risks, need internet connection, not available in every device, costly network service charge etc.

Hence mobile banking is better for banker as well as customer but its use need some care.

**(Page - Twelve)**

### **Suggestions for Improvement**

The suggestions for improvement are as follows –

- (A) Improvement in the quality of banking service
- (B) Service in terms of communication, reliability and understandability
- (C) Increase/insure the safety and confidentiality of transactions.
- (D) Individualized attention to customers, necessary information to customers.
- (E) There is also need to generate awareness about the mobile banking so that more and more people use it for their benefit.
- (F) To provide various effective modes for promotional schemes interaction with the customer.
- (G) More accuracy in billing, financial security and privacy in transactions.
- (H) Ensure it is easy for customer to use the mobile banking.
- (I) Keep security of transactions as your top priority.
- (J) Avoid unnecessary steps for using mobile banking or procedure for using mobile banking.
- (K) Bank should simplify their products and offering.
- (L) Ensure privacy in transactions.
- (M) Set the standards for mobile banking customers.
- (N) Set standards for on-boarding mobile banking customers.
- (O) If the banks want to increase the service quality it should enhance level of services in punctuality, transparency and accountability.
- (P) Avoid heavy charges for transactions & also improve network availability.
- (Q) Enhance the email and web security & provide adequate guidance to people so that they can increase their awareness regarding using of mobile banking.

**(Page - Thirteen)**

**. References**

(1) Pros and cons of mobile banking – Renju chandran Research Scholar, Dept. Of commerce and Research Centre, St. Albert's College, Ernakulam, Kerala.

(2) Issues & Challenges in Mobile Banking In India: A Customers' Perspective Prerna Sharma Bamoriya (Corresponding author) Faculty of Management Studies, AITR Mangliya Square, Indore, India.

(3) A study of mobile Banking in India Dr. Parul Deshwal\*

(4) **Mobile banking: An Introduction** Mohsina khan PhD scholar, (Banking and business economics department) U.C.C.M.S Mohanlal Sukhadia University, Udaipur.

(5) <https://www.quora.com/What-is-mobile-banking-What-are-advantages-and-disadvantages-of-the-mobile-banking>

(6) <https://www.techwalla.com/articles/the-disadvantages-of-mobile-banking>.

(7) <https://trendinwire.com/mobile-banking-protection-tips/>