



E-BANKING – AN ANALYTICAL STUDY WITH REFERENCE TO MOBILE BANKING

Dr. Subramanian Shanmugam* **Milan Yadav****

*Associate Professor, Department of commerce and Business studies, School of Management, Central University of South Bihar, Gaya (Bihar).

**Research scholar, Department of commerce and Business studies, School of Management, Central University of South Bihar, Gaya (Bihar).

Abstract

Indians are paramount cash trustee population. But now days, due to changing phases can be observed with the use of technological up-gradation, turning people into a non-cash societal form and forcing banks to shift E-Banking from Traditional Banking for simple, easy and convenience banking at any time. Banks provide quick and convenience services and facilities to their customers that they can perform the banking tasks on their mobile efficiently. There will be a wider scope for providing services such as mini statement, m passbook, e-statement subscription, view bank account details, mobile recharge, cheque book request, etc. to their customers through these electronic devices successfully. In this background, research paper examines and analyses the trend and growth of mobile banking preference for the period of study and predict future operation of the bankers and customers. This study also makes an attempt to find out, that if there is any relationship between value and volume of mobile banking transactions and it is found that there is a relationship and also reveals that there is a vast growth recently. The information collected from secondary and tools for analyses is percentage, correlation and trend.

Keywords: E- Banking, Digital payments, Mobile Banking, Financial Inclusion, Digital India.

Introduction:

In the present scenario banking industry is one of the booming industries, focused on technological progress. The motive of banking industries is to transform traditional banking into E-banking. Digital India is a campaign launched by the prime minister of India on 1st July 2015 with a vision to transform India into a digitally empowered society and knowledge economy. “Faceless, Paperless, Cashless” is one of the professed roles of Digital India. The promotion of e-banking like digital payments has been accorded the highest priority by the Government of India to bring every segment of our country under the formal fold of digital payment services. Mobile banking is one of the modes of digital payments. The invention of mobile banking has changed the financial landscape by offering a convenient, easy, affordable, quick, and secure manner in transferring money and making payments which help in promoting financial inclusion. In October 2008, RBI issues the first set of guidelines regarding mobile banking. Banks provide the service of mobile banking through SMS, USSD, and mobile applications to their customers. With the use of mobile banking, customer can easily view their account balance, mini statement, easily transfer the money from one account to another account, pay the bills, and also apply for check book requests and ATMs without visiting physically the bank. In case of losing the ATM card or Cheque book, we can block them easily and also find out the nearer ATM location, branch location.

Review of Literature

A detailed literature review is done. Some of the literatures are as follows: **Ghosh (2021)** inspect the changes in technology infrastructure which were proposed in the Digital India initiative. **Rana et al. (2019)**, find out the 18 key challenges pertaining to digital financial services in emerging economies in the context of India. They used Interpretative structural modelling (ISM) and fuzzy MICMAC approach. **Sobti (2019)**, Investigates the effect of demonetization on diffusion of mobile payment service in India. **Priya et al. (2018)**, find out the factors which affects the mobile banking adoption among young Indian consumers. **Saxena (2018)**, identifies the role of demographic variables in Indian context in user perception of corruption in public service delivery. **Sivathanu (2018)** in his research paper inspect the actual usage of digital payment system by the consume during the period of demonetization. **Subramanian. S (2018)**, in his study, tested whether the mobile banking has been growing



up or not and it prove to be more effective for the financial inclusion in India and also, he found that there is a relationship between Value and Volume of mobile banking transactions. It concludes that mobile banking has attained a vast growth for the financial inclusion. **Thakre, Amid and Pitchay (2018)**, in this research paper the author tries to test the loyalty of the Islamic mobile banking customer. **Chawla and Joshi (2017)** find out the various factors which influence the mobile banking adoption in India. **Deb and Agrawal (2017)**, investigates the factors impacting the adoption of m- banking by recognizing the brand India’s potential for financial inclusion in the future. **Singh et al. (2017)** inspects the association between perception, preference and satisfaction of mobile wallet users and study the effect of these on the usage rate of mobile wallets. **Subramanian. S (2016)**, tested the awareness and satisfaction level of consumers of commercial banks of Ethiopia related to E-banking and testing the association between level of awareness and satisfaction of e-banking offered by commercial banks of Ethiopia and found that there is a moderate awareness and satisfaction and data analyzed by SPSS.

Significance of the study

Digital India campaign introduced by the Government of India to make sure that government services make available to the citizens of the country and the efficacy of Digital India vis-à-vis financial inclusion can be measured by the growth in digital transactions and the proportion of the poor and their ability to access banking facilities. According to Statista, the country had the world’s second-largest internet population at over 748 million users in 2020. Of these, 744 million users accessed the internet via their mobile phones. There will be an opportunity for the banker to increase the mobile banking transactions. Therefore, mobile banking plays an important role in achieving the vision of Digital India. In the future there is high growth potential in mobile banking, the government needs to make proper rules and regulations. This analytical study helps the Government in framing the policies regarding mobile banking. Hence, this study examines and analyses the trend and growth of mobile banking transactions is significant for the study.

Objectives

The following objectives are:

1. To understand the significance of digital payment through mobile banking
2. To analyze and examine the trend and growth of mobile banking transactions.
3. To test the relationship between value and volume of mobile banking transactions.
4. To give suggestions and recommendations.

Research methodology

The data collected from secondary sources such as Journals, Newspapers, RBI bulletin and RBI annual reports. The period of analysis covers ten Financial Years (FY) commencing from 2010-11 to 2020-2021. The data is analyzed through percentage, trend and correlation.

Results and Discussions

The following results and discussions are:

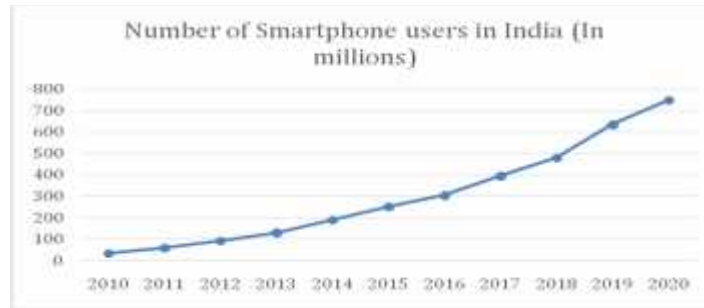
Table 1: number of Smartphone users in india

Year	Number of Smartphone Users in India (In Millions)	Increase (+)/ Decrease (-)	Growth (%)	Trend
2010	34.00	-	-	-48.09
2011	58.73	24.73	72.74	21.79
2012	90.63	31.90	54.32	91.68
2013	129.07	38.44	42.41	161.56
2014	189.95	60.88	47.17	231.44
2015	250.66	60.71	31.96	301.33
2016	304.51	53.85	21.48	371.21



2017	394.82	90.31	29.66	441.10
2018	479.34	84.52	21.41	510.98
2019	634.58	155.24	32.39	580.86
2020	748.32	113.74	17.92	650.75

Source: www.statista.com



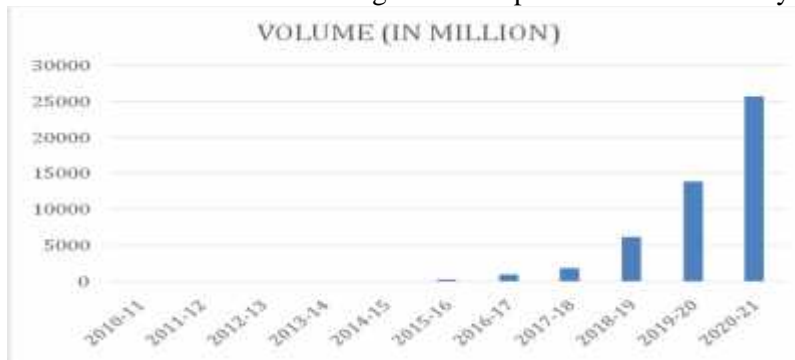
From the above Table 1, shows that number of smart phone users in India during the year 2010 to 2020. During this study period, the Smartphone user has been reflecting a growing trend from 34 million to 748.32 million. It reveals that people prefer to use mobile wallet and government can take initiatives to achieve the vision of Digital India through the one of the E- Banking product like mobile banking services.

Table 2: growth volume and trend of mobile payments

FY	Volume (In Million)	Increase (+)/Decrease (-)	Growth (%)	Trend Value
2010-11	6.85	-	-	-4924.76
2011-12	25.56	18.71	273.14	-3039.43
2012-13	53.30	27.74	108.53	-1154.10
2013-14	94.71	41.41	77.69	731.24
2014-15	171.92	77.21	81.52	2616.57
2015-16	389.49	217.57	126.55	4501.90
2016-17	976.85	587.37	150.8	6387.23
2017-18	1872.26	895.41	91.66	8272.57
2018-19	6200.32	4328.06	231.17	10157.90
2019-20	13926.28	7725.96	124.61	12043.23
2020-21	25803.37	11877.09	85.28	13928.56

Source: compiled from RBI Bulletin

Note: FY - 12 Months commencing from 1st April to 31st March every year



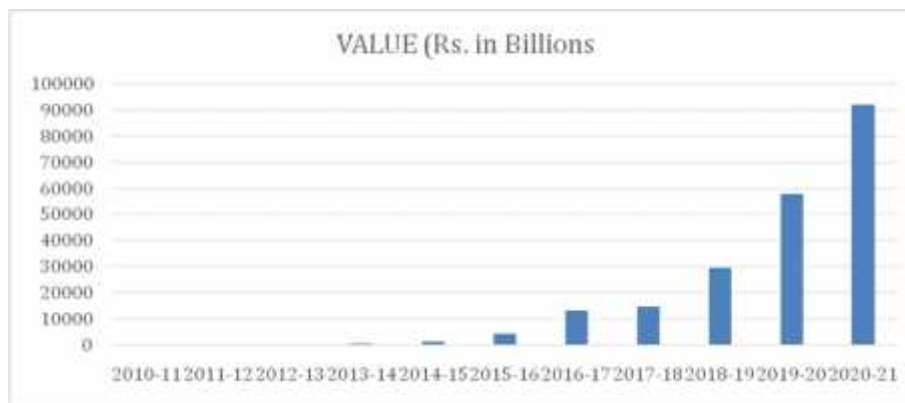


The above table 2, reveals that the volume of mobile payments during the FY 2010-11 to 2020-21. This indicates that mobile payment in terms of volume is growing at phenomenal volume of 6.85 million to 25803.37 million. The growth rate by volume of mobile payments for the period of 2010-11: 2014-15 was growing up by 24 times and for the year 20115-16 to 2020-21 the rate of growth was growing up faster than the initial year by 65 times which indicate that customer prefer to use mobile banking. It is also important to note that during the period of 2019-20 to 2020-21, the volume of mobile payments was upward trend from Rs.13926 million to Rs. 25803 million. It concludes that customer prefer to use mobile digital payments and bankers should take initiative to use mobile payments for growth of digital transactions.

Table 3: growth value and trend of mobile payments

FY	Value (Rs in billion)	Increase (+)/Decrease (-)	Growth (%)	Trend value
2010-11	6.14	-	-	-17982.26
2011-12	18.21	12.07	196.58	-10519.64
2012-13	59.9	41.69	228.94	-3057.02
2013-14	224.18	164.28	274.26	4405.60
2014-15	1035.3	811.12	361.82	11868.22
2015-16	4040.91	3005.61	290.31	19330.84
2016-17	13104.76	9063.85	224.3	26793.47
2017-18	14738.54	1633.78	12.47	34256.09
2018-19	29584.07	14845.53	100.73	41718.71
2019-20	57815.16	28231.09	95.43	49181.33
2020-21	92012.12	34196.96	59.15	56643.95

Source: compiled from RBI Bulletin



The above table 3, shows that the value of mobile payment during the study period 2010-11 to 2020-21. It reveals that mobile payment channel by value continuously growing upward trend from Rs. 6.14 billion to Rs. 92012.12 billion. The growth value of mobile payments for the period of 2010-11 to 2015-16 was growing up by 168 times and for the period of 2015-16 to 2020-21 the growth was reported by 22 times which indicates that customer prefer to use the mobile banking. The banks should encourage their customers for using mobile banking services continuously. It is also important to note that smartphone user's trend was upward (see table 1, 34 million to 748.32 million) which indicates that there will be an opportunity for the e-banking services through mobile wallets. Therefore, Government should take initiatives for simplifying the infrastructure facility. The users can easily make payment through mobile devices.

Correlation between Volume and Value of Mobile banking transactions

	Volume	Value
Volume	1	0.99
Value	0.99	1



The test was found that the relationship between volume and value of mobile banking is highly positive (0.99) which means that as the number of mobile banking transactions increases simultaneously value of mobile transactions also increased.

Concluding Remarks and Managerial Implications

To conclude that recently the value and volume of mobile transactions was growing up faster than the previous years, the smartphone users with net facility was also growing trend which indicate there will be enormous future growth prospectus for the E banking transactions through mobile payments and achieving our economic objectives of financial inclusion and Digital vision. It is also important to note that customer prefer electronic banking transactions through mobile payments which are healthy practice of our economic growth. Further, efficient infrastructure and delivery mechanism will play a significant role in accelerating shift to electronic mode of payment. The study hope that the government will announce the policy in the near future budget for strengthening the overall Eco-free system of digital mobile payment.

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