



**INTERNATIONAL JOURNAL OF ENGINEERING SCIENCES & RESEARCH
TECHNOLOGY**

MOBILE BANKING – A SILVER LINE DURING FINANCIAL CRUNCH

Vedapradha. R*, Dr. Hariharan Ravi

* Assistant Professor, Department of Commerce & Management, St. Joseph's College of Commerce (Autonomous), #163, Brigade road, Bangalore – 560025

Assistant Professor, Department of Commerce & Management, St. Joseph's College of Commerce (Autonomous), #163, Brigade road, Bangalore – 560025

DOI: 10.5281/zenodo.571602

ABSTRACT

Mobile banking was the biggest strategic move made by the RBI where first regulatory guidelines were issued to the banks in 2008 to transfer funds from one bank to another through mobile as the platform. It sprouted in the economy with SMS based service which has today led into cashless transactions through technological advancement and education. These services are currently offered by 97 banks in India irrespective of mobile service provider. Licensed banks with core banking solutions are permitted to offer mobile banking services to their customers post permission obtained from department of payments and settlement systems. RBI is framing policies to take concrete steps to make economy more strong and cashless. E-commerce & technological advancements have paved way for the optimum utilization of mobile banking services. The value and volume of the transactions through mobile banking have increased rapidly during the month December, 2016 when compared to previous months due to Demonetization. Most of the banks are introducing customized apps for their customers to ease cashless transactions through mobile banking. This paper is an attempt to emphasis the mobile banking using National unified USSD platform for all banking solutions with respect to cashless transactions.

KEYWORDS: Demonetization, Mobile money Identifier, National Unified USSD Platform, NPCI.

INTRODUCTION

Mobile banking is one of the services offered by banks and other financial institutions to ensure remote access to their customers in performing various banking and financial transactions through a telecommunication device basically using mobile phone or a tablet which is just not restricted to smartphones. The respective financial institution provides a software designed to operate which is easily operated and offers 24/7 services.

Some of the services offered through mobile banking are account statements, alerts on account operation, ATM locations, electronic payments, monitoring term deposits, loans queries, fund transfers, investments etc. National Payments Corporation of India offers mobile banking services on a National Unified USSD Platform (NUUP) through a short code *99#. This allows customers to access banking services with a single number across all banks irrespective of telecom service provider, mobile handset etc. Some of the benefits of this are:

- Service 24/7 to the customers.
- No software application is required and works across all GSM mobile handsets.
- No GPRS or internet facility required.
- No additional roaming charges.
- Offers all banking and value added services.

Some of the participant banks through NUUP operating in India are Axis bank, bank of Baroda, Canara bank, HDFC bank, ICICI bank, SBI, UCO bank etc. Telecom companies through NUUP are Airtel, Idea, BSNL, MTNL, Vodafone, Tata, Reliance, Uninor etc. Creative marketing strategies to attract customers in the area of mobile banking comprises of pockets, Chillr, Video talk, mpaisa, e – wallets etc.

MOBILE BANKING MODEL

The mobile banking model comprises of 3 inter-related concepts as below.

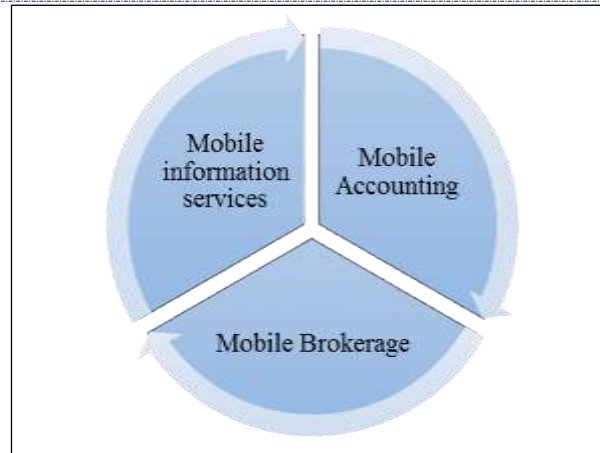


Fig 1: Classification of mobile banking model

Figure 1 reflects the various classification of mobile banking model based on which the banking transactions can be streamlined for effectiveness and efficiency.

- ❖ **Accounting & Brokerage:** The banking transactions which are financial in nature with respect to monetary values like fund transfer, electronic payments, etc.
- ❖ **Information services:** The support services in the form of disseminating the information which are non-transaction based like balance enquiry, account statements, alerts of activities, monitoring the term deposits, ATM locations, complaints etc.

NATIONAL UNIFIED USSD PLATFORM (NUUP)

National unified USSD Platform is a Unstructured supplementary service data (USSD) based mobile banking service from National Payments Corporation of India (NPCI) which brings all banks and telecom service providers together ensuring customers to access banking services that works across all Global System for Mobile communication (GSM) handsets. This facility is offered to customers in multi-lingual in India due to diverse culture and languages. Services offered under this scheme are as below.

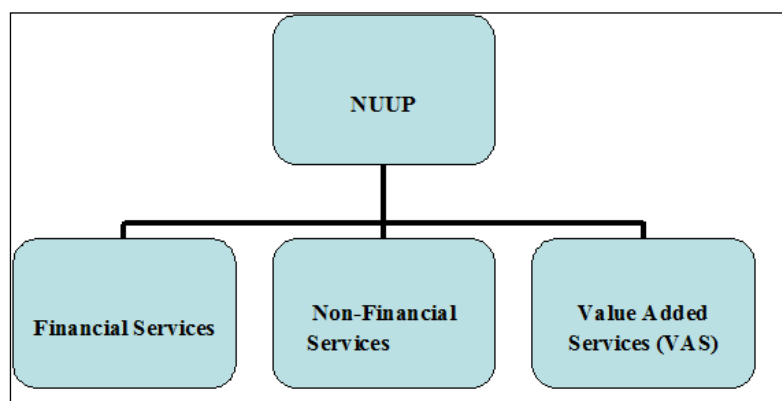


Fig 2: Services of National Unified USSD Platform(NUUP)

The above figure 2 shows the different types of services offered under the umbrella of national unified USSD platform to ease the customers to perform their banking operations.

- **Financial services:** The monetary transaction comprises of fund transfer using Aadhaar number, IFSC code, mobile no of the beneficiary.
- **Non-Financial services:** These are additional services based on information dissemination like account statement enquiry, change PIN no, One time password, generating M-Pin.
- **Value added services:** This service is exclusively based on the providing customers the information about their Aadhaar number linked status with their bank account.

USSD is a unique technology designed for Global System Mobile Communication handsets at standard level supporting in transmitting information over the signal channels of the GSM network. It is primarily used in the field of telecommunication that is likely to create an incredible impact in the banking industry.

FUNCTIONALITY OF NUUP

NUUP offers financial, non-financial and value added services to the customers with multi-lingual facility. Customer is expected to register themselves for mobile banking with the code *99# in their handset. Existing customers with mobile banking already being used can use this facility without any additional cost. The basis of operating this facility is through the IFSC code of the customer's bank account. Charges will be applied from the telecom service providers depending on the type of service provider. RBI has permitted a maximum limit of Rs. 5000 per NUUP transaction.

SAFETY & SECURITY

Customers must ensure they inform the concerned bank authorities if the mobile handset is lost or stolen to deactivate the mobile banking services. They are expected to re-register and update their mobile no once the new handset is ready to use. NUUP completes the transaction after two level or security stages with registered mobile No and MPIN. The transactions performed through NUUP can't be stopped or cancelled as it uses IMPS platform.

CHALLENGES IN USING NUUP

Some of the inevitable challenges while using this facility are as below:

- ✦ The type of handset used by the customer has a greater impact on the usage of this facility though all transactions work across GSM network.
- ✦ Technical issues during the operation of the transactions.
- ✦ The awareness of the usage of the interactive platform on the mobile handsets by the users like wrong inputs of IFSC code, account no, MPIN, etc.
- ✦ Literacy of the customers plays a pivotal role as this facility needs customers to be educated at least in the local language to operate the facility.
- ✦ Most of the citizens are unaware of the service offered.

CONCLUSION

Mobile banking is the largest opportunities for financial institutions in India which has really emerged as a savior to all the citizens of India during the financial crises like Demonetization where there are restrictions on the quantum of withdrawals, deposits, and currency notes circulation. In today's world, almost everyone use mobile phones which has actually become part of their daily life. With such extensive usage of the mobiles, mobile banking has emerged as a hope to customers who are facing the financial crunch. There is rapid growth in the users of mobile banking from 88.5% from the year 2013. The value of the transactions and the volume of the transactions through mobile banking has increased rapidly during the month December, 2016 when compared to previous months due to Demonetization. Most of the banks are introducing customized apps for their customers to ease transactions cashless. It has turned out to be a savior to most the illiterate or rural sector population during the financial crunch. It has also encourages most of the senior citizens to use mobile banking without availing the mobile data pack services. This service is definitely cost efficiency to the lower and below poverty line income groups. It has reduced the internet traffic.

REFERENCE

- [1] Sunil Gupta. 2013. "The mobile banking and payment revolution". European Financial Review. Harvard Business School.
- [2] Kun Chang lee and Namho Chung. 2009. "Understanding factors affecting trust in and satisfaction with mobile banking in Korea. A modified DeLone and McLean's model perspective". Interacting with computers. Vol 1. Issue 5-6. Elsevier. Pg 385 – 392.
- [3] E.W.T Ngai and Gunasekaran. A. 2007. "A review for mobile commerce research and applications". Decision support systems. Vol 43. Issue 1. Pages 3 – 15.
- [4] Jonathan Donner and Camilo Andres Tellez. 2008. "Mobile banking and economic development: linking adoption, impact, and use". Taylor & Francis. Published online on 13th November, 2008. Pages 318 – 332.
- [5] Minjoon Jun and Sergio Palacios. 2016. "Examining the key dimensions of mobile banking service quality: an exploratory study". International Journal of Bank Marketing. Vol 34. Issue 3.

- [6] Rakhi Thakur. 2014. "What keeps mobile banking customers loyal?" International Journal of Bank Marketing. Vol 32. Issue 7.
- [7] Huong Thi Thanh Tran and James Corner. 2016. "The impact of communication channels on mobile banking adoption". International Journal of Bank Marketing. Vol 34. Issue 1.
- [8] ChauShen Chen. 2013. "Perceived risk, usage frequency of mobile banking services. Management Quality: An International Journal. Vol 23. Issue 5.
- [9] Hossein Mohammadi. 2015. "A study of mobile banking usage in Iran". International Journal of Bank Marketing. Vol 33. Issue 6.
- [10] Sujeet Kumar Sharma et.al. 2017. "A multi-analytical model for mobile banking adoption: a developing country perspective". Review of International Business and Strategy. Vol 27. Issue 1.
- [11] Carlos Tam and Tiago Oliveira. 2016. "Performance impact of mobile banking: using the task – technology fit (TTF) approach". International Journal of Bank Marketing. Vol 34. Issue 4.
- [12] Tommi Laukkanen and Vesa Kiviniemi. 2010. "The role of information in mobile banking resistance". International Journal of Bank Marketing. Vol 28. Issue 5.

WEBSITES

1. www.moneycontrol.com
2. www.wikipedia.com
3. www.rbi.com
4. www.npci.org.in
5. www.fsstech.com
6. consumeraffairs.nic.in
7. economictimes.indiatimes.com
8. www.rbi.org.in
9. www.idbi.com
10. telecomtalk.info

CITE AN ARTICLE:

R, V., & Ravi, H., Dr. (2017). MOBILE BANKING – A SILVER LINE DURING FINANCIAL CRUNCH. INTERNATIONAL JOURNAL OF ENGINEERING SCIENCES & RESEARCH TECHNOLOGY, 6(5), 85-85. doi:10.5281/zenodo.571602