

# Factors Affecting Customers in Adoption of Mobile Banking

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**Abstract** - Traditional branch banking is giving way to electronic banking (e-banking) and, more recently, mobile banking as technology progresses and people's demographics and lifestyles change (m-banking). Cell phones are used by more citizens in developed countries than bank accounts. Mobile banking is a cutting-edge platform that is gaining traction in Africa and across the globe. Mobile banking applications provide topics like balance inquiries and fund transfers, among other things. Mobile marketing is one of the aspects of development in the field of product marketing (goods, services, and ideas), and it is therefore considered a tool of electronic marketing, which can be described as using interactive wireless media to provide customers with information about the products at any time in a way that generates value for stakeholders), or as a set of practices that enables the organization to communicate with customers about the products at any time in a way that generates value for stakeholders. Following the evolution in electronic networking techniques and cooperation with mobile service providers, the introduction of mobile banking has resulted in improvements in banking operations. As a consequence, mobile banking technology has become more conductive to individuals and the banking industry. The aim of this paper is to identify the factors that influence mobile banking adoption.

**Index Terms** - Mobile Banking Adoption, Technology, Customers, Banks, India, etc.

## I. INTRODUCTION

Technology is seen as a global change driver. In India, there is a positive trend against smartphone and internet banking. The distribution and usage of banking financial resources from a cell phone is referred to as mobile banking. Mobile banking, according to Tiwari and Buse [1], provides a variety

of services such as conducting banking transactions, accessing and managing accounts and records.

In comparison to the technical means and techniques widely used today, mobile banking is one of the most modern and advanced ways of delivering electronic banking services. However, owing to a variety of reasons, including factors impeding the consumer's use of this method, this type (mobile banking services) continues to face a number of issues surrounding customer use, despite the fact that there are other factors motivating the use of this form of providing banking services. Customers' adoption of mobile banking services is influenced by a variety of variables, including driving factors such as: (Pursuance, speed of transaction, communication, ease of use and assurance). These five driving factors are included in the survey, and the study shows that they have a positive effect on the use of mobile banking services.

Mobile banking offers a payment and accounting framework that improves the pace at which banking services are delivered. Because of the growing number of smartphone users, mobile banking is spreading like a virus among consumers. There is already a demand for mobile phones to operate in. The introduction of mobile banking in India has accelerated the rise of phone-based transactions. Mobile banking appeals to a vast amount of citizens because it is available 24 hours a day and is easy to use. There is a significant disconnect between consumer and mobile banking, according to Ashta. The bulk of people want to do their banking in the conventional way rather than using mobile banking.

## II. MOBILE BANKING

In India, the company banking sector has needed various financial technologies, such as changing their emphasis from traditional banking to technology banking in order to meet the needs of their customers and gain a competitive advantage. One such breakthrough is mobile banking. Mobile banking is described as the use of mobile phones to conduct various banking transactions such as fund transfers, deposits, balance inquiries, and bill payments.

It has made banking more convenient for customers and has had an effect on their banking purchases. It is used not only for shopping, but also for paying taxes, booking movie tickets, and recharging cell phones. It enables banks to communicate with their customers on a regular basis and generate revenue from enhanced customer purchases through mobile banking. Mobile banking is currently cost-effective, and banks provide it to customers at a lower cost. Following the introduction of online banking, mobile banking has become increasingly relevant in the corporate world.

This will enable customers to conduct banking transactions efficiently and conveniently without having to visit a bank branch. To compete in this dynamic environment, banks use mobile banking as an innovation strategy. Furthermore, it assists banks in improving their profitability and maintaining their effectiveness among customers.

Sms banking was one of the first mobile banking systems to use sms. European banks started offering mobile banking services to their customers on this website. In terms of technology, the banking sector now has more options than ever before. Because of the simplicity and convenience of the customers, mobile banking is becoming more common. "Money transfer is really cool these days." To make their customers more at ease, the majority of banks have created their own banking applications. Mobile banking is extremely simple and comfortable.

#### 2.1 Characteristics and Features of Mobile Banking

Mobile banking has transformed over the years. Banks not just provide mobile banking services to the clients of theirs as a convenience but also support the banking institutions to save cash. Some characteristics/features with mobile banking services are:

- *Saving money:* Many banks use the savings initiated from online transactions to provide clients better interest rates or maybe incentives for keeping the online accounts of theirs.
- *Saving the environment:* Mobile banking reduces the paperwork which would usually happen if a buyer walked into a bank. Thus, it will help in preserving the natural resources.
- *Cross selling:* Banks frequently use M banking as a platform for cross selling or perhaps up selling other financial services, such as, automobile loans, credit cards, etc. as it does not produce burden on buyers to think about such services.
- *Convenience:* Mobile banking is undoubtedly handier as compared to actually visiting the bank. Financial transactions may be completed at any time as well as during holidays
- *Larger client base:* Since mobile banking may be performed anytime and anywhere, people that would usually have to find a far more regional bank are actually no more needed to do it. Hence, this really encourages the buyers to utilize M banking and hence helps in raising consumer base.
- *Security:* Mobile Banking could be established with security concerns. Despite the point that its unusual, hackers have been noted to have access to consumer accounts. Banks are actually starting to be more vigilant about safeguarding mobile banking access points and require extra passwords or maybe answer to personal security questions.
- *Information:* Customers that use mobile banking; have a much better attention of the day-to-day monetary transactions of theirs. They're much more apt to get fraudulent or erroneous transactions.
- *Simplicity:* Customers are able to set up immediate bill payment services and mechanize other tasks via mobile banking. It frees the consumer from wasting time on writing checks and mailing envelopes. Automated bill payment is in addition invaluable when the buyer is out of the nation.
- *Account notification:* Most banks are going to e-mail notices to their clients whenever their bill is actually due. This will help the consumer to

spend the bill of theirs on time along with other such products before they are overdue.

### III. ADOPTION OF MOBILE BANKING

The use of technology by banks has a positive effect on India's payment processes. Technology is critical to the bank policy of moving away from paper-based transactions and into paperless transactions. Banks profit from technological advances because it improves their operating performance and competitiveness. Because of the introduction of technology, the banking industry has undergone a paradigm change, and branchless banking is now commonplace. Customers conduct the majority of their transactions at their convenience at home or at work, and they should not feel compelled to visit a branch for their banking. For banks, technology serves as a catalyst and a market engine. The advancement of telecommunication technology has given banking a new dimension, and it is being used to acquire clients, automate processes, and improve process performance. Almost all banks have focused on core banking solutions throughout the last decade and have achieved the transition to technology-driven banks. Bank divisions are evolving from order service centers to partnership management centers. Mobile banking has given consumers more flexibility in terms of time and space, which is also seen as a major drawback of traditional banking. It has also aided banks in lowering their operating costs and widening their consumer base. It has increased the productivity, proficiency, and ability of banks to provide better services to their customers. It has also aided banks in offering a variety of other related facilities to their current customers at little or no expense. A medium in which a consumer connects with a bank through a mobile computer, such as a mobile phone or personal digital assistant, according to the definition of mobile banking. It enables its customers to gain access to account details and conduct low-cost remote purchases in their accounts. Due to the sheer scale of its population, the amount of internet users, the government's push for financial inclusion, and public awareness of the ease and convenience of mobile banking, India's prospects for mobile banking seem to be quite promising.

Adoption of banking boosts competitiveness and performance by allowing banks to compete more effectively. The use of real-time data allows for improved decision-making. The role of complete banking automation in the Indian banking industry is growing due to an efficient regulatory and competitive environment. Banks collaborate with each other in implementing technologies to provide quality service to their clients by delivering the right knowledge and adopting the correct technology. In order to overcome the competitive climate, banks should use information and communication technology (ICT) to develop a modern competitive strategy weapon. Customers today are technologically advanced and continue to utilize the most up-to-date technologies available from banks and other financial institutions. Banks are attempting to introduce technologies in order to stay up with consumer trends in order to retain such tech-savvy clients. Banks are finding it difficult to adopt newer technologies to offer their products and services through it.

M-banking is the product of recent telecommunications advancement and expansion, which provides a new consumer entry point. M-banking is a form of m-commerce in which bank customers connect with banks through mobile apps, taking advantage of all of the bank's facilities and services. M-banking services are available through a variety of platforms, including Interactive Voice Response (IVR), Short Messaging Services (SMS), Mobile Applications, and Wireless Application Protocol (WAP), among others. Banks are using mobile innovation to deliver cost-effective and profitable services to their clients. The launch of m-banking enables banks to conduct their functions more effectively, resulting in increased customer retention and loyalty.

### IV. FACTORS AFFECTING CUSTOMERS IN ADOPTION OF MOBILE BANKING

The increasing advancements and developments in the banking sector are revolutionizing the industry and have generated a sense of uncertainty and curiosity for those with a banking mentality who stay on their toes to see what these technologies have to bring. However, there is no consensus among users

as to whether these inventions are effective or not. As a result, it depends heavily on an individual's affirmation of the degree to which it meets the need. In that power, the topic of factors that influence customer mentality has gotten a lot of attention in recent years.

The availability of the internet, its complexity, compatibility, understanding, and interest both play a role in m-banking adoption. Lack of information, technical skills, and culture are also impediments to electronic m-growth. banking's Market behaviour in regard to m-banking adaptation is influenced by financial expense, utility, self-efficacy, and reputation. Another impediment to m-banking adoption is the cost of internet access. Market acceptance of m-banking innovations is influenced by social effects, efficiency, and task-technology suit. The following are the most important factors:

- Financial cost: Cost benefit trade-off is an important factor, which affects m-banking technology adoption. Advancement of technology always adds some direct or indirect cost such as investment, operation and utilization cost. Indian consumers take an account of this factor before adopting new technology. Affordability of mobile phone price has also a significant impact on m-banking adoption process. Many authors reported channel cost or financial cost as independent variable in their studies.
- Self-efficacy: Self-efficacy is the belief of an individual on his or her ability to execute behavior which is mandatory for better performance in a particular situation. Generally, there is a positive relationship between experience and technology uses.
- Social influence: Individual adoption decision making process is affected by belief and opinion of people around. Family, social group, social class and culture are having significant impact on consumer adoption of new technology. Opinions of society member affect consumer intention to use m-bank.
- Security and privacy risk: Security and privacy are major concern while using m-banking. Security is major problem faced by consumer while making online transactions. Consumers always try to avoid sharing their personal

information online because of online privacy issue. Consumer trust is key factor in adoption of m-banking. Security and privacy are major concern while adopting e-services by consumers. Bank should develop trust with their customers to ensure secure online service, which will lead to better customer service and satisfaction.

- Compatibility: Technology should always be compatible with the need of the user. M-banking can adopt by consumer only if it is compatible with banking activity needs of consumer. If technology is compatible and provides best solution to customers, there is higher chance of adoption.
- Ease of use: Customers adopt technology which is not complex and consume less physical and mental effort to work with. If any technology is very complex and consumer not able to learn and use it easily, there is fewer chances of adoption. Ease of use is a critical success factor in technology adoption in India as many people have less knowledge of innovative and developed technology.
- Usefulness: Individuals adopt any innovation only when they perceive that using of particular technology is useful in daily life. Usefulness as important construct of electronic services adoption. If consumers perceive that use of m-banking technology provide them better and quality service then only they can accept new technology.
- Awareness: Technology related information about innovation play crucial role in consumer adoption behavior. Previous many studies exhibited that information regarding online services play crucial role in adoption of new services. M-banking is new concept for Indian banking user, so bank should create awareness about it to speed up the adoption process.

## V. CONCLUSION

Because of technical and telecommunication advancements, banking functions have moved from branch banking to virtual banking. M-banking is also a key priority approach for both banks and telecom service providers. The pace at which mobile banking services are adopted is a major concern for the

banking sector, and it poses significant challenges for all bankers. The adoption of technologies increases bank efficiency. As a result, technology is serving as a catalyst for long-term economic development as well as increased efficiency. “Slow and gradual technological advancements contribute to economic development.” Development is one of the most significant factors that affects a country's tasks. Today, whole industries are acting as innovation acceptors. M banking may be a significant advancement in the developing world. The banking industry's sustainability is dependent on improved consumer relationships. Consumer requirements are becoming more complex, and there is a greater need for more advanced goods. Users of mobile banking are getting increasingly familiar with using their phones to conduct banking transactions. New consumers are more confident in banking on mobile devices as the trend in m-banking grows.

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