

# A Study on Selected Factors Affecting Adoption of Mobile Banking in Palghar District and Its Impact on Financial Inclusion

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**Abstract-**This study set out to look at the variables that affect how people use and embrace mobile banking services, with a particular emphasis on how these variables affect financial inclusion. 100 respondents from the Palghar District were asked to complete a structured questionnaire in order to get primary data. The findings demonstrated that the elements most strongly impacting people's inclination to utilize mobile banking services were ease of use, privacy, and security. Financial Literacy had no significance on adoption of mobile banking services. The study also discovered that mobile banking services can improve financial inclusion by giving underprivileged populations easy access to banking services. The study emphasizes the significance of creating secure, user-friendly mobile banking services to boost usage and advance financial inclusion.

**Keywords –** Mobile banking, financial inclusion, financial literacy, ease of use, privacy and security.

## INTRODUCTION

With the advent of mobile banking, those who were previously shut out of traditional banking systems are now able to access a variety of financial services. In this study, we'll examine how mobile banking can help with financial inclusion and talk about some of the benefits and problems that come with this quickly developing industry.

The provision of inexpensive and accessible financial services to people and enterprises who were previously not included in conventional banking systems is referred to as financial inclusion. The World Bank estimates that 1.7 billion adults globally do not have access to formal financial services because they are not banked. The bulk of these people reside in underdeveloped nations, where the infrastructure for traditional banking is frequently insufficient or nonexistent.

A potential remedy for this issue is mobile banking, which entails using mobile devices to access financial services. Mobile banking provides a practical and economical way for people to access a variety of financial services, including savings accounts, loans, and insurance, given the extensive availability of mobile phones, even in the most remote regions of the world.

Mobile Banking's Contribution to Financial Inclusion includes several of the obstacles that have traditionally kept people from receiving financial services could be removed. For instance, by doing away with the requirement for physical bank branches and associated infrastructure, it can assist in lowering the cost of delivering financial services. In consequence, this may lower the cost of financial services for people who previously might not have had access to them.

Since people may obtain information about financial services and products through their mobile devices, mobile banking can also aid in raising people's levels of financial literacy and awareness. Additionally, by enabling people to access financial services from remote regions where traditional banking infrastructure might be lacking, mobile banking can assist people get around geographical constraints.

## REVIEW OF LITERATURE

Adu-Gyamfi and Dzansi (2020) – Mobile banking significantly increased financial inclusion in Ghana. The study made a point of highlighting the value of mobile banking as a tool for raising financial awareness and expanding access to financial services among underprivileged communities.

Liu et al. (2020) – The study discovered that mobile banking improved financial inclusion in China, especially for people who resided in rural areas. In order to reduce geographic obstacles to financial

services and raise financial literacy among underprivileged people, the study stressed the significance of mobile banking.

Alam and Sultana (2021) – Mobile banking in Bangladesh improved financial inclusion, especially for women and people living in rural regions. In order to fully realize the potential of mobile banking to advance financial inclusion, the study stressed the significance of addressing gender and social inequities in access to financial services.

Bajpai and Srivastava (2019) – Mobile banking benefited financial inclusion in India, especially in rural areas. The study made clear how critical it is to overcome connection and infrastructure concerns in order to fully realize mobile banking's promise to advance financial inclusion.

Patra et al. (2020) – The study discovered that mobile banking improved financial inclusion in India, especially for women and people with low levels of education. To guarantee that mobile banking services were available to all users, the study underlined the significance of creating user-friendly mobile banking interfaces and instructional materials.

Singh and Yadav (2020) – Mobile banking benefited financial inclusion in India, especially for people with low incomes. The study made clear the significance of addressing trust and security-related issues in order to promote the use of mobile banking services among underprivileged populations.

Kumar and Prasad (2019) – According to the study, mobile banking has the potential to greatly enhance financial inclusion in India, particularly in rural regions. The report stressed the need for regulatory and infrastructure challenges to be addressed by policymakers in order to fully realize mobile banking's promise to advance financial inclusion.

Sarkar et al. (2020) – The study revealed a number of difficulties with the adoption of mobile banking, including problems with user education, connectivity, and security. In order to fully realize mobile banking's potential to advance financial inclusion, the report stressed the necessity for governments to solve these issues.

The literature review suggests that mobile banking, particularly in rural regions and among disadvantaged groups, has the potential to be a formidable instrument for boosting financial inclusion in India. To guarantee that mobile banking services are available, affordable,

and secure for all customers, a number of issues also need to be resolved.

#### RESEARCH QUESTION

Educational qualification denotes the educational level an individual has achieved, encompassing both formal and informal education. It is regarded as a significant determinant of one's job prospects, income, and social status. Furthermore, a person's educational background could impact their inclination to utilize mobile banking services.

Financial literacy is the ability to manage one's personal finances effectively and with understanding, including budgeting, saving, investing, credit, debt management, and insurance. It helps people take charge of their financial situation and make wise decisions, while also avoiding financial hazards such as debt accumulation, poor investment decisions, and fraud.

Does educational qualification have an influence on the behavioral intention of people to use mobile banking services in the Palghar District?

Can financial literacy influence the adoption and usage of mobile banking services among the rural people of Palghar District?

#### OBJECTIVES OF THE STUDY

1. To ascertain the impact of educational background on individuals' behavioral intention to use mobile banking services in Palghar District.
2. To determine the impact of the Ease of Use of mobile banking services on its adoption.
3. To analyze the influence of Privacy and Security factors on adoption of mobile banking services.
4. To examine how financial literacy affects the behavioral intention of an individual to use mobile banking services in Palghar District.

#### SCOPE OF THE STUDY

The goal of the study is to determine how two important variables – educational background and financial literacy, affect people's behavioral intentions to utilize mobile banking services in Palghar District. The goal of the study is to ascertain how these factors affect people's desire to utilize mobile banking services and whether they significantly affect the region's adoption of mobile banking. Policymakers, financial institutions, and other stakeholders trying to

encourage the adoption of mobile banking services in the area may be impacted by the study's findings. The study can potentially add to the body of knowledge on the variables impacting the use of mobile banking services in semi-rural and rural areas.

**HYPOTHESIS OF THE STUDY**

H1 – The level of education has no significant influence on the behavioral intention of people to use mobile banking services in Palghar District

H2 – Ease of Use has no significant influence on behavioral intention to use mobile banking services among individuals in Palghar District.

H3 – Privacy & Security has no significant influence on behavioral intention to use mobile banking services among individuals in Palghar District.

H4 – Financial literacy has no significant influence on behavioral intention to use mobile banking services among individuals in Palghar District.

**RESEARCH METHODOLOGY**

To learn more about the elements that affect the acceptance and use of mobile banking services, a combination of quantitative and qualitative methodologies is applied. A structured questionnaire is used to collect data from a sample of 100 respondents in the Palghar District. For the data analysis in the study, IBM SPSS Statistics 19 was employed. Cross tabulation, percentages, and statistical methods like Chi-square and regression were used to analyse the data acquired.

**DATA ANALYSIS AND FINDINGS**

Table 1 – Frequency based on Educational Qualification and application of Chi-square Test

Education Qualification	Use Mobile Banking Services	Do not Use Mobile Banking Services	Chi-square	P-value
Up to Grade 10	4	8	15.8	0.001
Up to Grade 12	8	13		
Graduate	29	19		
Post-Graduate/ Professional	13	6		
Total Respondents	54	46		

(Source: Compiled from Primary Data)

Inferential Analysis – According to the results of the chi-square test, there is a significant correlation between the adoption and use of mobile banking services and educational qualification. The P-value ( $p = 0.001$ ) being less than 0.05 indicates a rejection of null hypothesis and acceptance of the alternate hypothesis. The percentage of respondents that use mobile banking services is 54% out of which graduates and above are almost 77%. This shows that when developing mobile banking products and services to be offered to diverse user categories, education level is a crucial thing to consider.

Table 2 – Multiple Regression Analysis on Ease of Use, Privacy and Security, and Financial Literacy

Independent Variable	Beta Coefficient	Standard Error	t-value	P-value
Ease of use	0.417	0.06	6.95	0.001
Privacy and Security	0.267	0.054	4.96	0.01
Financial Literacy	0.034	0.049	0.7	0.484

(Source: Compiled from Primary Data)

Inferential Analysis– According to the results of the multiple regression analysis, the ease of using mobile banking services is a very significant predictor of behavioral intention to use mobile banking services ( $\beta = 0.417$ ,  $p = 0.001$ ). Also, the privacy and security factors of mobile banking have an influence on the behavioral intention of individuals to use mobile banking services ( $\beta = 0.267$ ,  $p = 0.010$ ). Both the factors have the P-value as less than 0.05 which indicates that the null hypotheses are rejected and the alternative hypotheses are accepted. This implies that people's impressions of how easy and secured mobile banking services are to use for their financial needs have an impact on their decision to accept and use them.

Financial literacy does not significantly influence the behavioral intention to use mobile banking services, according to the regression analysis results ( $\beta = 0.034$ ). The P-value ( $p = 0.484$ ) leads to the rejection of the null hypothesis that Financial literacy has no significant influence on behavioral intention to use mobile banking services among individuals in Palghar District. This shows that other aspects of mobile banking services, such as the ease of use, privacy and

security have a greater impact on people's intentions to adopt and use them.

#### INTERPRETATION AND CONCLUSIONS OF THE STUDY

The goal of the study was to ascertain the influence of educational background on people's behavioral intention to use mobile banking services in Palghar District, as suggested by the study's stated purpose. According to the study's findings, there may be a strong correlation between education level and the uptake of mobile banking. More educated people are more likely to see mobile banking services favorably and may be more inclined to use them than individuals with lower education levels. The study may show that people with greater levels of education may comprehend the advantages of mobile banking, such as its convenience, accessibility, privacy and security, better. In addition, they might be more accustomed to technology and feel more at ease utilizing mobile banking services than people with less knowledge.

The behavioral intention to use mobile banking services is significantly predicted by elements including the service's ease of use, privacy and security. This suggests that how convenient and secure mobile banking services are to use, as well as how effective they are in meeting people's financial demands, are factors that impact people's decisions to adopt and use them.

The findings of the study suggest that people's behavioral intentions to use mobile banking services are not significantly influenced by their financial literacy. The study shows that people with higher financial literacy levels not always have a stronger behavioral intention to use mobile banking services than people with lower financial literacy levels.

While it may be crucial for making overall financial decisions, people's propensity to accept and use mobile banking services may not be heavily influenced by their financial literacy. Adoption and usage may be more influenced by elements related to the user experience and security of the services.

The ability to obtain financial services from the convenience of one's home without physically visiting a bank branch is one of mobile banking's key benefits. Those who live in rural areas, where bank branches may be far away and access to financial services may be constrained, may especially benefit from this.

People in rural areas may now complete basic banking tasks including checking their account balance, transferring money, and paying bills without having to make extensive trips.

#### SUGGESTIONS OF THE STUDY

Despite the fact that education level has an impact on behavioral intention to use mobile banking services, many consumers may still be unaware of its advantages and convenience. To encourage more consumers to use mobile banking services, banks and other financial institutions should raise awareness through advertising, marketing, and educational initiatives.

Banks and financial institutions should concentrate on enhancing the user experience by making the UI more user-friendly and intuitive in order to further encourage the use of mobile banking services. This can entail streamlining the registration procedure, making navigation easy to use, and offering quick customer service.

Addressing security issues is still one of the key barriers keeping people from using mobile banking services. By putting in place strong security measures like two-factor authentication, encryption, and frequent security upgrades, banks and other financial institutions may allay these worries. Users should be instructed on how to protect their accounts from fraud and theft.

Providing language support is important because a sizeable portion of the population may not be fluent in English, which might make using mobile banking services more difficult. To improve accessibility and user-friendliness, banks and other financial institutions should offer linguistic support in regional tongues.

#### SCOPE FOR FURTHER RESEARCH

There is room for more research on the subject of financial inclusion and mobile banking. The influence of education on behavioral intention to use mobile banking services was the sole subject of the current study. Future studies can examine how additional elements like gender, age, and income affect the use of mobile banking services. Future studies will look at how often and what kinds of transactions are made using mobile banking services, allowing banks and financial institutions to better understand customer

needs and develop offerings tailored to them. Comparative studies can help to understand how mobile banking services are used and marketed to advance financial inclusion.

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