

Challenges faced by banks in Digital innovation in mobile banking

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ABSTRACT

The digital innovations in banking sector has been a very important segment in the development of the banks, especially in India. Banks were contemporarily were banking in old ways until the introduction of internet and mobile. The customer is the focal point in building the communication technology related to the banks. The banks have been offering a variety of products and services to the same customer. This has been one of the factors for the banks to convert their existing customers to buy or use multiple products and services. This is possible and has been made possible with the help of integrated communication and technology. The Integrated communication Technology was introduced by the Rangarajan Committee Recommendations in the year 1980 which was the reason for the banks to adopt this. The recommendations had a lot of emphasis on the way banks would function in near future. There is technology which is now saving the cost on behalf of the manpower or salary. Huge savings in the banks is with the use of the technology and the integration of the customers and banks with this communication has been a change that we witness with reference to banking. Banks today have a set of technology that they drive their business through.

Keywords: Digital Innovations , communicatins & savings

LINTRODUCTION

Even if a bank doesn't want to develop a digital brand, it still needs to remain competitive in today's digital world. This means developing a set of digital processes. For instance, to originate an account, a bank needs to move beyond just an attractive web page on which people have to input their details, which are then printed off in the back office, with paper being moved around through various stages. Instead, the whole process needs to be digitised so that the bank can track it through the different parts of the origination process. For example, if someone orders a Domino's pizza in the US, it can be tracked from the pizza shop through to the delivery to the customer's home (and the customer can order it and track its progress via his smartphone). However, in most banks, it's not even very easy to track a mortgage through the loans process, as this process hasn't been digitised properly. So, what is a digital process and how can it be differentiated from traditional banking processes? Firstly, there's an aspect of the process that is customer-facing and another aspect that is enterprise user-facing. However, there are various other elements to a digital process that make it unique. For example, one southern

European bank has recently launched a new digital account opening process. This uses hardware such as mobiles and tablets to help the relationship managers during the process. As a result, it's become a leaner, cleaner process for the customer, showing that digital can really enhance the customer experience. Rather than having endless documents, a digital approach can be paperless, with other methods being used to validate information rather than having to keep asking customers for extra documentation. It's quicker, it's easier and it's a more natural approach. So, a digital process might mean using today's capabilities to simplify the relationship manager's life whilst also giving the customer what he needs. If he is seeking to carry out a simple operation, such as opening an account, he doesn't then want to be asked to produce more and more papers

II.LITERATURE REVIEW

Internet banking is a form of self service technology. The numbers of Internet users have increased dramatically, but most of them are reluctant to provide sensitive personal information to websites because they do not trust e-commerce security. The study shows that despite the reluctance to privacy of data customers are willing to adopt the online banking if banks provide them the necessary guidance. Banks managers would guide them regarding the use of mobile banking. The challenges are the privacy of the data and people are still willing to trade with the e-commerce world. If the companies need to being business they have to keep the trust of their customers. The privacy of the data is most influential factor for the acceptance of mobile banking in India by the adult customers Perceived privacy was not a determinant of perceived trust. Online banking has a very promising future in the eyes of the adult customers. In India there is a need for the customized services to the customers. The research showed that the adult customers of the banks were more reluctant towards the acceptance of the online banking. Some of the adult were interested in conducting the internet banking but did not posses the necessary literacy to conduct it. The recommendation to the banks is to have an increase the level of the trust between the banks website and the customers. The importance of the privacy for the acceptance has been accepted by banks for the study, they found that the people have weak understanding of internet banking. The confidence on the banks was strong yet their confidence on the technology was weak. The suggestions to the bank: banks should ensure that the online banking is secured for financial transactions like the traditional banking. Banks should educate their customers through seminars regarding the use of online banking and its securedness. Banks should use online transactions and reduce the costs. The people who have positive perception about online banking should be treated with great value. (Neha Dixit Dr. Saroj K. Datta 2010)

Changing customer behavior and new IT-based innovations challenge banks in competing with new market players which offer new forms of customer-bank-interaction. E-banking has changed the customer-banking interaction. Banks learned the innovations require close interaction between the existing channels. Banks adaped their strategies in customer bank- interaction. This article presents an overview of state of the art IT-innovations, summarizes trends for banks and defines requirements for a new banking architecture model. It compares existing architectures, shows gaps, and, based on this, develops a new architecture model showing an enhanced integration model for horizontal and vertical integration of IT-innovations. The technological potentials also impact customers requirements, the digital natives strengthen this development of adaption. The

contactless payments and mobile contactless payments are in premature state. The advisory and sales, payments, investments and finance are the four are the focus of the front office management. The trends of the future in banking were said as 'Point of Banking'. The bank less banks are popular. Trend 1 has been seen as 'Interactive Point of Banking'. Trend 2 was seen as 'Mobile POB', trend 3 was 'Configurative POB', Trend 4 was seen as 'Integrated POB', Trend 5 was 'Multifunctional PoB' and Trend 6 was 'Open PoB'. (Till Möwes Thomas Puschmann Rainer Alt, 2011).

The research was on the impact of technology on the Indian Banking services. IT has created transformation in banking sector, banking structure, business process, work culture and Human Resource development. It has affected the productivity, profitability and efficiency of the banks. The Indian Financial Net has been of vital importance first to the Public sector banks and then to all the banks in India. Technological advancement has changed the face of the Indian Banking sector. The banking industry has implemented information technology for improving different areas like customer services and CRM, managing its operation, house-keeping, monitoring and controlling, risk management, managing its human resource etc. The transformation in banking services is providing various advantages to customers with anytime, anywhere access to their accounts as well as power to operate their accounts. Although the change is good but still banks in India are required to address the important issues to get the full benefits of information technology implementation. The Secured-ness, legal issues, skilled development and educating people about technology are some of the challenges in the use of information technology. (H. K. Singh Amar E. Tigga, 2012)

The paper is on mobile banking based money order for India Post. The present post money order lacks in efficiency due to slow delivery. The India Post has been the oldest and trusted prime source for money transfer. This led to the opportunity to integrate the cost effective way of transferring money directly from banks. The feasibility study is about the integration of the India Post and banking sector to offer mobile banking. Post is the trusted and for banks to and can attract attractive banks for partnership. Mobile banking is the evolutionary step after Internet banking where the banks can collaborate with other entities to offer the latest in banking services in variety of business domains. The remittance of Indian Postal Money Order at present requires the person to visit nearest post office branch, fill up money order form for sending to recipient. The present postal money order lacks in efficiency due to slow delivery, high commission charges, and inconvenience to customers as they require visiting the post office during business hours on working days and many more. The India post had been the oldest and prime source of money transfer for the migrant people and serving personnel employed away from their homes such as migrant workers. The Expert Committee has suggested the India Post to look into three things that are savings account, payment network and to deliver micro loans to the poor. Mobile banking based transactions in payments and remittances are considered as a major tool to increase the business growth and reach the masses. (Ashok Bahadur Singh(2012))

Mobile banking is growing yet there are numbers of issues and threats in mobile banking system and the major problem of mobile banking is its non-adoption by the customers. This research focuses on the barriers in adoption of mobile banking. It further focuses on preferred services by the mobile banking customers and influence of demographic variable on mobile banking service adoption. The major concern among customers

was the safety concern regarding mobile banking services which forms a real obstacle to use the service, followed by network problem and insufficient operating guidance. The ease of transactions and round the clock availability has been the attracted by most mobile banking customers. Unless customers feel that the precive use of mobile banking they will not use it. Banks have been acquiring the latest technology to stay in competition, despite this large number of people do not opt for mobile banking due to various reasons (Perna Sharma Bamoriya, Dr. Preeti Singh -2012).

III.RESULTS & DISCUSSION

Analysis & Interpretation:

Numbers of Respondents were 499 , Simple Random Smplng Technique was adopted & IBM SPSS Tool was used .

Primary data is data that is collected for the first time and it is also known as unpublished data. It is generally collected from the respondents. In this study the primary data was collected under the following categories:

1. Raw data and fact sheets from the banking magazines and journals database.
2. By way of questionnaire that the respondents have contributed
 - The Data collected has been primarily tabulated & Master table was prepared
 - Sample was tested for reliability using Cronbach's alpha
 - Percentage analysis is the basic tool for analysis
 - Regression analysis a statistical process for estimating the relationships among variables is used

Table 1 : Frequency Table for the question “What features you like the most in the mobile banking?”

Balance Check	69	14%
Balance check, Demat Account services, Others	1	0.2%
Balance check, Enquiry services	3	0.60%
Balance check, Enquiry services, M-commerce	1	0.2%
Balance check, Others	1	0.2%
Balance check, Recharge and bill payments	123	25%
Demat Account Services	3	0.60%
Enquiry services	20	4%
Enquiry services, M-commerce, Demat Account services	1	0.2%
Recharge and bill payments	113	23%
Transfer Funds	164	33%

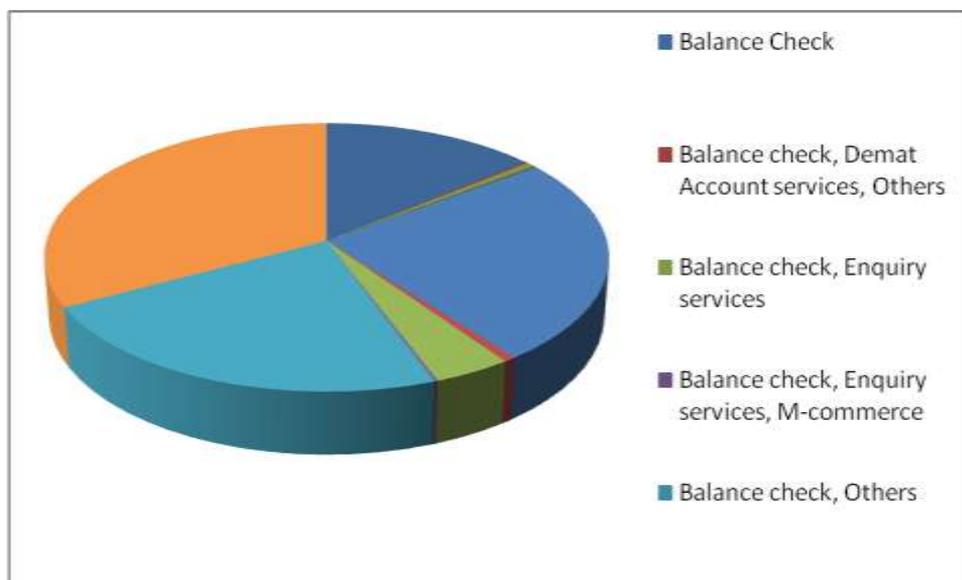


Figure 1 : Pie-Chart for “What features you like the most in the mobile banking?”

For the Research question “What features you like the most in the mobile banking”– 14% of the respondents responded by saying Balance Check, ”– 0.2% of the respondents responded by saying Balance check, Demat Account services, Others, 0.60% of the respondents responded by saying by Balance check, Enquiry services, 0.2% of the respondents responded by saying Balance check, Enquiry services, M-commerce, 0.2% of the respondents responded by saying Balance check,Others, 25% of the respondents responded by saying Balance check, Recharge and bill payments, 0.60% of the respondents responded by saying Demat Account Services, 4% of the respondents responded by saying Enquiry services, 0.2% of the respondents responded by saying Enquiry services, M-commerce, Demat Account services, 23% of the respondents responded by saying Recharge and bill payments, 33% of the respondents responded by Transfer Funds.

Table 2: Frequency Table for the question “The Security is maintained in the mobile banking services by banks”

Agree	187	37%
Disagree	46	9%
Slightly Agree	125	25%
Slightly Disagree	62	12%
Unbiased	79	16%
Total	499	

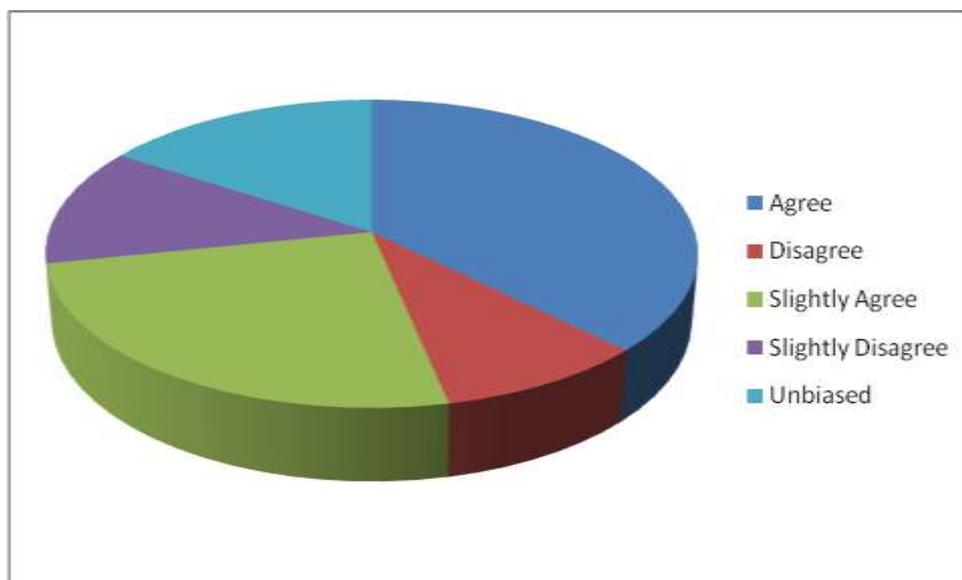


Figure 2: Pie-Chart for "The Security is maintained in the mobile banking services by banks"

For the Research question "The Security is maintained in the mobile banking services by banks?" – 37% of the respondents responded by saying Agree, – 9% of the respondents responded by saying Disagree, – 25% of the respondents responded by saying Slightly Agree, – 12% of the respondents responded by saying Slightly disagree, , – 16% of the respondents responded by saying Unbiased.

Table 3: Frequency Table for the question "Mobile banking is hard to use"

Agree	29	6%
Disagree	146	29%
Slightly Agree	80	16%
Slightly Disagree	162	33%
Unbiased	82	16%
Total	499	

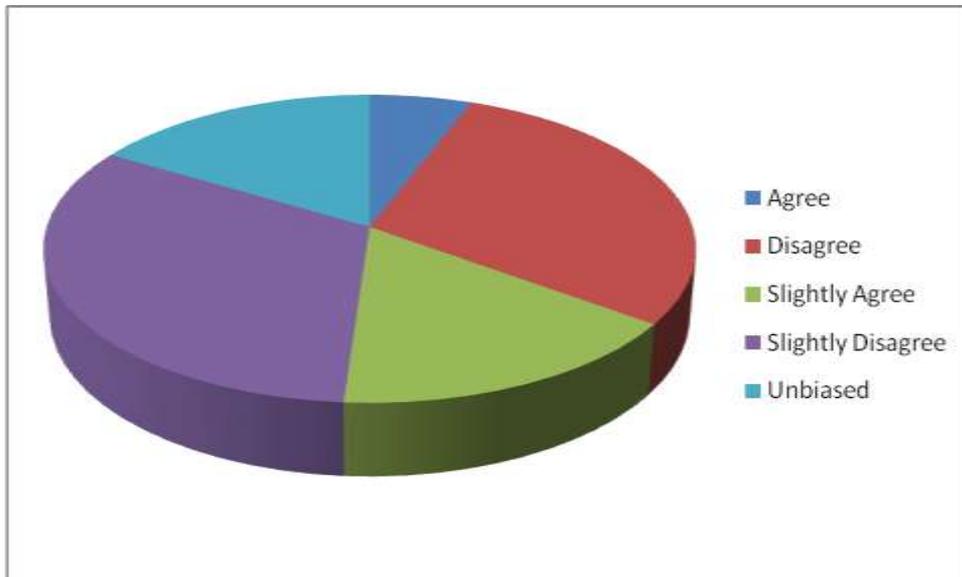


Figure 3: Pie-Chart for "Mobile banking is hard to use"

For the Research question "Mobile banking is hard to use"– 6% of the respondents responded by saying Agree, – 29% of the respondents responded by saying Disagree, – 16% of the respondents responded by saying Slightly Agree, – 33% of the respondents responded by saying Slightly disagree, , – 16% of the respondents responded by saying Unbiased.

Statement: Challenges faced by banks in Digital innovation in mobile banking.

H₀. There are no significant challenges faced by banks in Digital innovation in mobile banking.

H₁. There are significance challenges faced by banks in Digital innovation in mobile banking.

Descriptive Statistics			
	Mean	Std. Deviation	N
Do you use Internet banking frequently	1.40	.490	499
Do banks provide training for the Mobile Banking apps	1.72	.452	499
Banks provide secured apps to transact on Mobile Banking	3.55	.920	499

Mobile theft and the data of Mobile banking apps can be stopped immediately	3.29	1.037	499
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Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.575 ^a	.331	.327	.402	.331	81.641

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.602	3	13.201	81.641	.000 ^b
	Residual	80.037	495	.162		
	Total	119.639	498			

Considering the F factor of 81 it can be clearly stated that there are lot of challenges being faced in Mobile Banking the special factor being security. The alternate Hypothesis is accepted

IV.CONCLUSION

Banking and financial services have always been extremely formal in nature, and for good reason. They say “money makes the world go round”, and even if the line was intended to be cynical, it remains true for at least all the businesses. Things are, however, rapidly transforming in the digital era. It is as important that the banks remain as transparent, as their customers remain authentic. The main objective behind integrating banking services with technology is, undoubtedly, convenience. Technology has now become familiar to most individuals, to an extent that it influences their lifestyle. It, then, becomes vital for businesses to distinguish themselves in the digital space with unique offerings. Security remains part of the core services that banks can offer, and for this reason, the interfaces with simplicity work best. More customers are acclimatizing to mobile platforms, and more users are using online platforms at a much younger age. Due to these reasons, there is an

undoubted power that can be leveraged through digital channels. In order to tap into the power of digitization, however, there are a number of challenges that need to be overcome.

Limitation of the Research:

- It was noted that the respondents has less knowledge of mobile banking services.
- There were not aware of the negative effect of mobile banking
- The respondents were doubtful infilling up the questionnaire when asked for the difference between internet banking, mobile banking and this caused the probing question related to the questionnaire.
- The respondent's answers or responses could have been biased

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