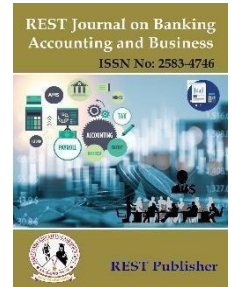




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Customer Discernments towards the use of Mobile Banking in Tier 3 and Tier 4 Cities in India: A Survey of Ambala Cantonment

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Abstract: *Mobile banking authorise the user to access his accounts from anywhere and at any-time, providing a great advantage over the traditional banking. Moreover, it is a win-win situation for both the user and the bank, as the user can any-time perform transaction relating to the receipt, payment, account balance information, transactions history and the statement of account on his location while the bank with the automated system can save on the cost of these transactions. Despite the above advantages, there is an overriding perceived fear and lack of trust in the minds of the users regarding the hassles of the mobile-banking. There is no denial that the risk exists in mobile-banking because of ample exposure to networks to the outside virtual world. Present study analyses some of the apprehensions or deterrents in the mobile banking uses among the respondents in tier-3 town Ambala Cantonment. The result of study indicates the low adoption rate among the respondents and apprehension relating to the high chances of cyber fraud, rising cases of cyber frauds, delay in redressals of fraud cases, fear of leakage of password and other account information to other are the major deterrent in mobile banking adoption.*

1. INTRODUCTION

In the past two decades, the world has observed the noteworthy changes in the field of information and communication systems influencing the way of retail business. These new technology not only have created the countless opportunities to business world in delivering the services in a cost effective manner as well enhanced the consumer satisfaction by speeding up the transactions in a hassle free manner. The rapid revolution in the mobile technologies and growing accessibility to wide networks due to lower network charges have created a new type of business environment where the smart phone at the palm empowered everyone for electric commerce and digital transactions. Digital transactions are a type of transaction that occurs through an electronic procedure without any manual interference of the banking system Mobile banking apps permit the users to access their accounts from any location and at any time which is a great advantage over the traditional form of banking. Even though, it is pertinent to note that the number of clients using mobile banking has not increased as much as it should be, seeing the comfort and advantage of this system of banking. Major reasons for less adoption may be the lack of trust, lack of security which caused reluctance from many customers in using the mobile banking. Mobile-banking is an interaction in which a customer is connected to a bank via a mobile device such as a cell phone, smart phone, or personal digital assistant through internet, which allows a customer to check his account balances, transfer funds between accounts, and make electronic bill payments. Mobile banking is considered

the most value-adding and important mobile commerce application available. It is a cost effective service which allows users to break free of the constraints of time, place, and queues. So mobile-banking has vast market potentials due to anytime and anywhere transactions possibilities. India is considered as the fastest growing smart phone market in Asia Pacific. The advent of low cost smart phones coupled with low mobile tariffs has enabled more customers to join the mobile internet bandwagon (Chawla and Joshi, 2017). India being the one of the fastest growing market in which financial services have been penetrating very fast, the use of mobile-banking has significantly increased in last few years. Major factors influencing the increased usage of mobile-banking are the high internet-connectivity, accessibility of mobile data, strong wireless network, inclination towards new technology, policies for promoting digital India as well as the various financial inclusion initiatives. Some studies also pointed out the other benefits related with digital-banking i.e. cashbacks, rewards, cash discounts, etc., for the increased use of mobile banking apps. These benefits have boosted the user's preference for the adoption of mobile banking. Against this backdrop it would be useful to understand which factors have impacted on the diffusion/adoption of m-banking in an emerging nation such as India to find out what barriers to the adoption of m-banking exist. The paper is more focused upon understanding the antecedents to the adoption of m-banking in an emerging nation like India.

2. REVIEW OF LITERATURE

There is a growing body of academic researchers examining the determinants of mobile-banking acceptance and its utilization. In various countries, studies have been conducted to better understand consumers' attitudes toward this emerging financial technology. Li and Bai (2010) determined the role of usability in the adoption of m-banking services. As per the study, the consumers' perceptions of risk were the key elements that impeded their adoption of m-banking. The study pointed out that the system usability of m-banking services was perceived to be risky by consumers. Dass and Pal (2011) based on the exploratory qualitative research conducted among the rural under-banked population of three states in India indicate that the demand for banking and financial services and the amount of hardships faced in availing these services through the existing channels of delivery can act as strong drivers for MFS adoption among the rural under-banked. While, the factors like lack of trust on technology and lack of technology readiness were found to act as barriers to the adoption of MFS. Rahman (2013) found similar barriers to the adoption of m-banking in Bangladesh. The qualitative study based on face to face interview of bankers, solution providers, Telco's, retailers and government official found that the lack of literacy, trust and conflict of interest between Telco's and banks were the major barriers to the adoption of m-commerce in Bangladesh. The study concluded that the lack of trust played an important role in the adoption of m-banking. Singh and Aggarwal (2013) revealed that urban residents were more inclined in accepting new technologies than the rural people in India. Deb and David (2014) developed a conceptual model based on Technology Acceptance Model (TAM) and diffusion of innovation (DOI). Analysing primary data of 600 customers using SPSS and AMOS, the study found empirical evidence for positive relationship between perceived usefulness, perceived ease of use and social influence to positive attitude towards m-banking. However, no support was found for FC, benevolence and privacy and security to attitude towards m-banking. The study found support for the relationship between attitude towards m-banking and intention to adopt m-banking. Gupta, et al. (2017) made an exploratory attempt to understand how the levels of security affect perceived risk and control and ultimately, adoption of mobile banking by Indian customers. The study also examined the moderating influence of the type of city on the relationship between security levels and risk/control perceptions associated with mobile banking. Using a scenario-based experiment, the study classified security-enhancing approaches into three categories and examined their effectiveness in decreasing Indian customers' perceived risk, increasing their perceived control, and then in turn, facilitating mobile banking adoption. The findings of the study revealed that the important role of perceived risk and control in influencing customers' intention to adopt mobile banking. The perceived risk and control significantly influenced mobile banking adoption by customers in urban areas, but only perceived control significantly influenced mobile banking adoption by metropolitan customers. Chawla and Joshi (2017) based on responses from young, educated, and salaried Indian consumers from large metro cities revealed that the mobile users were segmented into three clusters based on their perceptions of various factors influencing mobile banking. These segments were labelled as technology adoption (TA) leaders, TA followers and TA laggards. The results show that both attitude and intentions toward mobile banking significantly differs across the three segments. In terms of relative positioning, TA leaders have the most favourable attitudes and intentions followed by TA followers, and TA laggards. Age was found to significantly influence TA and usage. Gupta and Arora (2017) using data of 379 Indian banking consumers on framework of behavioural reasoning theory (BRT), hypothesized relationships between values, reasoning constructs, attitude and intentions. The findings of the study indicate that both "reasons for" and "reasons against" have an influence on m-banking adoption. Among the "reasons for" m-banking adoption, ubiquitous is the major determinant, and among the "reasons against" m-banking adoption, tradition barrier is the major determinant. The findings also confirm that value of "openness to change" significantly influences reasons for adoption and has no impact on reasons against and attitude toward m-banking. Deb and Aggarwal (2017) suggested that subjective norm, output quality and personal innovativeness have impacts on the perceived usefulness of, and attitudes toward, the ultimate adoption of m-banking. Priya, Gandhi and Shaikh (2018) using a sample of 269

respondents empirically examined the factors affecting mobile banking adoption among young Indian consumers. The findings of the study suggest that perceived usefulness (PU), perceived ease of use (PEU), perceived credibility (PC) and structural assurance (SA) are strong determinants of user satisfaction (US) and behavioural intention (BI) to use the mobile banking service. User satisfaction was found to partially mediate the relationship between PU, PEU, PC and SA and BI to use the service. Perceived risk was found to be statistically insignificant in terms of its relationship with BI to use the service. A literature review suggests that the most of the study on m-banking pertains to urban and the metro cities and there have been calls for additional research in Tier 3, Tier 4 and rural population to generalize the findings about the acceptance of mobile banking in emerging markets like India.

3. RESEARCH OBJECTIVES

Present study is carried out keeping in mind the following objectives:

1. To identify the adoption rate of Mobile-banking in Tier-3 and Tier-4 Cities
2. To study the customer perception toward risk of mobile banking
3. To find dimension of risk and problem aspect of mobile-banking

4. RESEARCH METHODOLOGY

The present study is based on the data-set of participants of the training-workshops on the mobile-app by SBI: yono. A large number of work-shops were conducted in Ambala Cantonment (Haryana) by the local staff of State Bank of India to popularise the SBI-yono mobile-app and promote the Digital India initiative of Government of India during Jan 2020. Researcher being the part of organising team of the workshops at Government PG College, Ambala Cantt., has taken a keen interest in collection of data on the outcome of the workshops conducted in January 2020. For the obvious reason, convenience sampling have being applied for the collection of necessary data from the participants of the workshops in the nearby colleges and surrounding areas. Study is conducted in Ambala cantonment area, in which a sample of 170 respondents was taken for the study.

1. Research design of the study is descriptive and analytical
2. Convenience sampling is applied for the collection of data
3. A structured questionnaire being used to collect the data for the study

5. ANALYSIS AND INTERPRETATION

From the total 170 selected participants having a saving bank account with the SBI, only 54 were found actually using the SBI mobile-app: yono and 116 participants despite having attended the training workshops on mobile app have not shown interest in using the mobile-apps.

Adoption Rate = $\frac{54 \times 100}{170} = 31.76\%$ Non-adoption Rate = $\frac{116 \times 100}{170} = 68.24\%$

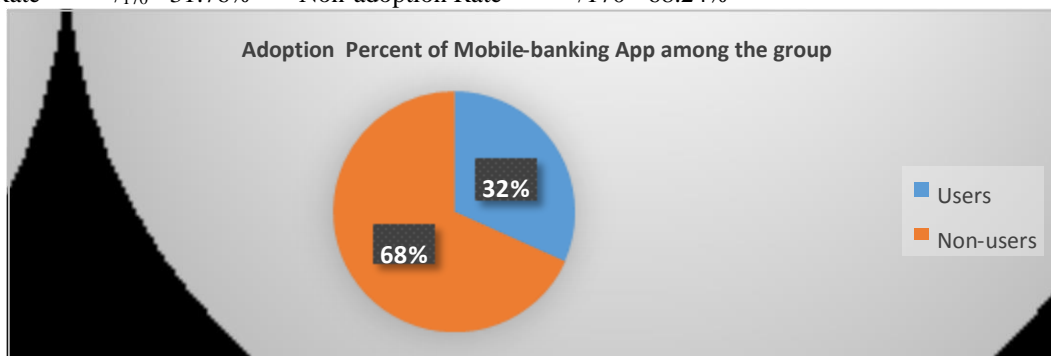


FIGURE 1. Adoption Percentage of Mobile Banking App Sbi-Yono among the Group

Figure-1 indicates that there is a low rate of adoption among the respondents as only 32% has adopted the App among the respondents.

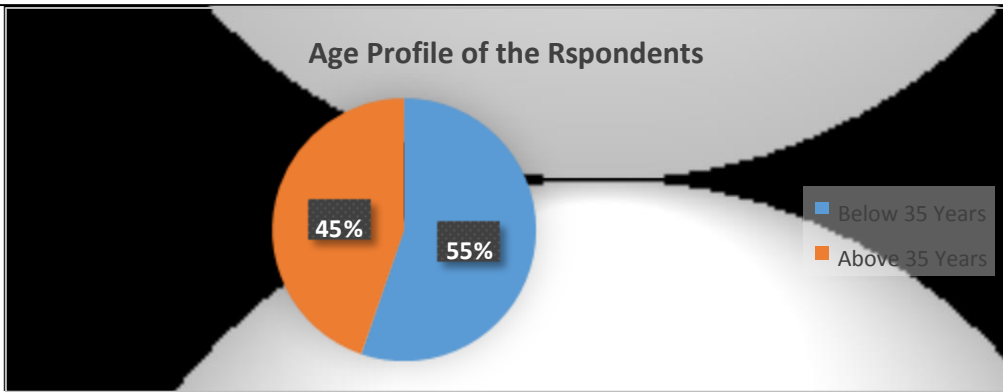


FIGURE 2. Age Profile of the Respondents

Figure-2 indicates that 55% of the respondents were below 35 year of age as the students and faculty involved as trainee in the program on the mobile banking App, so for the obvious reason the sample have more respondents from below 35 age group.

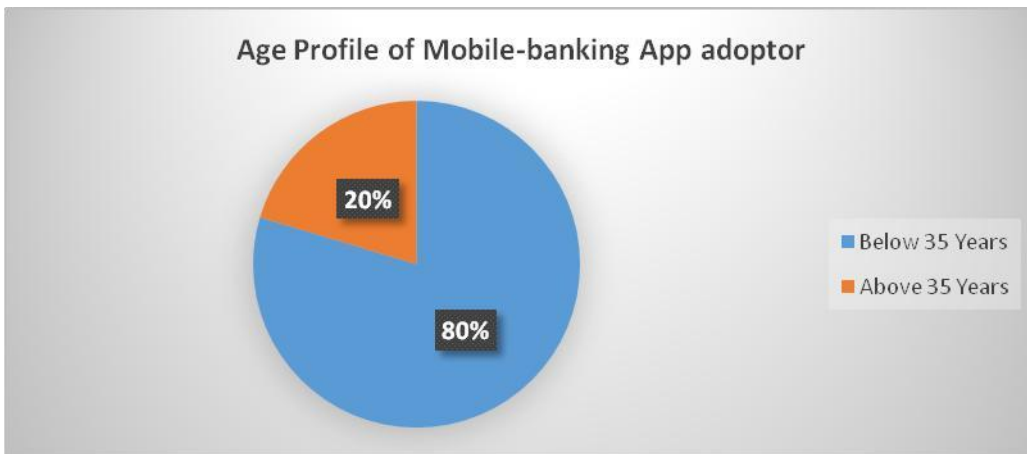


FIGURE 3. Age Profile of adopters of Mobile Banking app of the Respondents

Figure-3, showing the age profile of the adopters of the mobile banking App, hints that 80% of the adopters are below 35 year of age. It indicates that the youngsters are more inclined towards the adoption of a new technology.

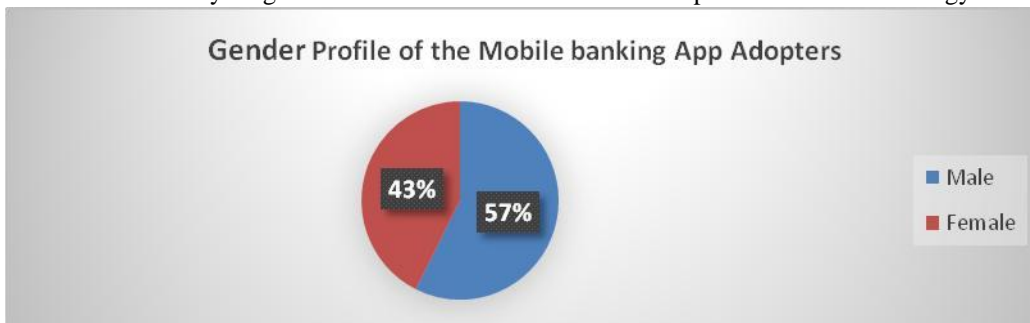


FIGURE 4. Gender Profile of the Mobile Banking App adopters

Figure-4 showing the gender profile of the mobile banking app adopter, hints that the 31 out of 54 adopter's means 57% are the male and 43 % are the female. It indicates that the male are more inclined towards the adoption of a new technology.

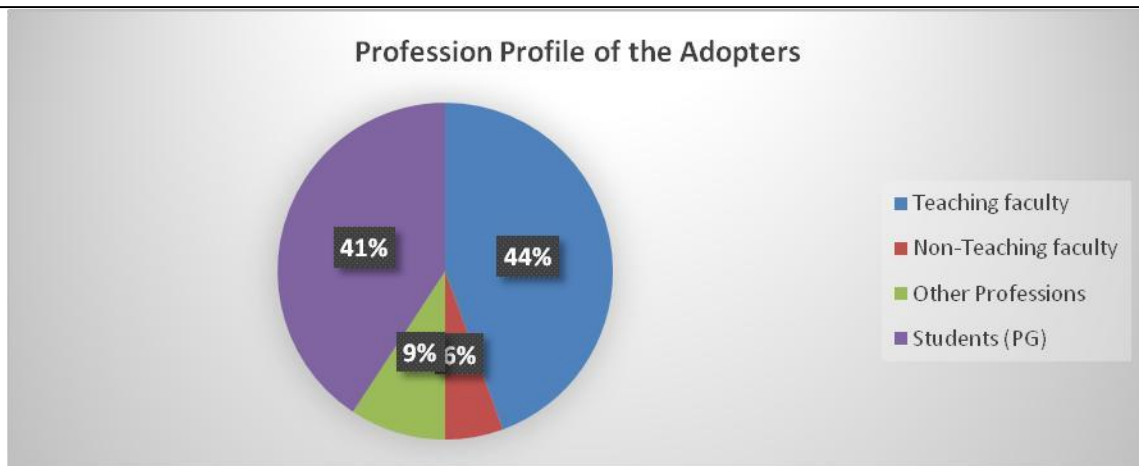


FIGURE 5. Profession Profile of the Mobile Banking App Adopters

Figure-4 showing the profession profile of the mobile banking app adopter, hints that the 22 out of 54 adopter's, means 41% are the students and 44 % are the young faculty members. It indicates that the young people are more inclined towards the adoption of a new technology and give priority to ease of use over the risk of new technology.

Major Reasons of Non-adoption of the mobile banking:

Further to judge the main reasons of non-adoption, based on the preliminary interview a questionnaire was asked to be filled by the respondents. The following are the results of main apprehensions/ deterrents cited by the respondents in the structured questionnaire.

TABLE 1. Results Of Analysis Of Main Apprehensions/ Deterrents In Using The Mobile Banking App Among The Respondents.

Sr. No.	Reasons of Non-adoption of Mobile-banking by respondents	Agree	Disagree	Cannot say
1	Perceived problem in remembering of password is a deterrent in MobileBanking	49	32	19
2	Perceived risk of leakage of password and other information is a deterrent in Mobile-Banking	61	27	12
3	Perceived risk of money theft is a problem in Adoption of Mobile-Banking in India	78	13	9
4	Rising incitements of cyber fraud is major cause of non-adoption of MobileBanking in India	69	24	7
5	Low detection rate of cybercrime is a major cause of non-adoption of MobileBanking in India	61	15	24
6	Judicial delay in cyber-fraud redressal is a major cause of non-adoption of Mobile-Banking in India	54	11	35
7	Perceived risk of money over- spending due to easy availability is a deterrent in Mobile-Banking	36	39	25

As per Table-1, 49% of respondents assume that the problem of remembering the password is the deterrent in adoption of mobile banking app. The 61% of respondents agreed that the fear of leakage of password and other information relating to account is can be a deterrent in the use of mobile banking app. While, the 78 % of respondents assume that the fear of money theft is the major deterrent in adoption of mobile banking app and 69% of respondents assume that the rising incidence of cyber fraud is the deterrent in adoption of mobile banking app. The 61% of the respondents assume that the low detention rate of cyber fraud can be the reason of non-adoption of mobile banking app. The 54% of respondents agreed that the judicial delays in cyber fraud redressal can be a deterrent, while only 36% agreed that the fear of overspending due to easy availability can be a hindrance in mobile banking app adoption.

6. CONCLUSION AND SUGGESTIONS

Mobile banking is a win-win situation for both the user and the bank, as the user can any-time perform transaction relating to the receipt, payment, account balance information, transactions history and the statement of account on his location

while the bank with the automated system can save on the cost of these transactions. Despite the above advantages, there is an overriding perceived fear and lack of trust in the minds of the users regarding the hassles of the mobile-banking. There is no denial that the risk exists in mobile-banking because of ample exposure to networks to the outside virtual world. The result of study indicates the low adoption rate among the respondents and apprehension relating to the high chances of cyber fraud, rising cases of cyber frauds, delay in redressals of fraud cases, fear of leakage of password and other account information to other are the major deterrent in mobile banking adoption. No doubt the adoption of mobile banking will be a useful instrument in achieving the enhanced financial inclusion in the economy like India, as well as a useful tool in Digital India initiative of Government of India. There is an urgent need of some proactive measures by the regulators, banks and government for building the trust of users and increasing the adoption rate of mobile-banking in India. A few suggestions are hereby listed for the reference:

- Onus of fund-leakage through cyber-fraud should also be shared the bank, as only the bank knows about the type of software it has used for enabling the mobile based transactions and the clients usually have no knowledge on what is happening in the virtual world.
- Bank apathy towards the victims of cyber-frauds is a major bottleneck in building the trust of mobile-banking users. The provision of special help desks for the help of the victims of cyber-fraud with the bank-account can be another confidence builder for the adoption of mobile-banking.
- Ease of use of transaction should not compromise the security of transaction. There should not be any compromise on the security of transaction for the ease of use in the internet banking
- A layer of confirmation for all mobile-banking transactions can boost the trust, satisfaction and confidence of the users. Banks are required to keep clients informed about the movement of money in the bank account.
- Time to time pronouncements by the banks regarding the enhanced security-measures undertaken for the security of mobile-banking transactions could lead to an improved trust of the users in the mobile-banking transactions.
- Money back guarantee policies or indemnity for the victims of cyber-fraud of funds can be trust and confidence building measure for the mobile-banking users in the country like India. An insurance against the fund-stolen using the cyber-fraud from the bank-account like the provision for Deposit Insurance in case of bank failure presently exists in India, can enhance the confidence in the mobile-banking.
- Apathy and delay on the part of police department in handling the cyber-fraud cases and treating these cases as mere cases like the other law and order cases, is a major bottleneck in the trust building in the mobile-banking. The provision of speedy redressal of such cases by special task forces on cyber-fraud can be an exercise in the right direction.
- A provision of special courts for the speedy redressal of cyber-fraud matters can also work for confidence building for the adoption of mobile-banking in India.

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