

A Comparative Study on M-Banking Services in Selected Public and Private Sector Banks

Sagar Dua

Department of Commerce, Ch. Bansilal University, Bhiwani

Abstract: The demand of Indian banking growth correlates with the M-banking for financial inclusion of every region. Since last few years the Indian think tank has witnessed that volume of transactions has been increased with a significant margins. The private banks made a first move by introducing various M-Banking services to capture the market share and untapped market while the public sector has been slower in adopting the changing dilemma. The current paper makes an attempt to analyze the disparity in the volume of transactions executed by customers using M-Banking in public and private sector banks. 10 Banks were selected out of which 5 are public sector banks and remaining are private sector banks on the basis of their Free-Float market capitalization as per Standard & Poor's CNX NIFTY in descending order. The data related to volume of transactions and in rupees is collected from the RBI's report of year 2016 especially to the months of February, March and April. The section of private banks are showing a great momentum to walk with the increase in usage of M-Banking services while the public sector banks are lacking behind to cope up the pace except the SBI and Canara Bank.

Keywords: M-Banking, Public sector Banks, Private Banks, RBI's report, CNX NIFTY.

I. INTRODUCTION

The word 'smartphone' is not just a word today but also a revolution that has changed the mirror through which one could see the world. Around the globe, various initiatives are taking place to conduct the financial transactions without approaching to brick-structured banks. Along the developing countries there are seemingly more people with smartphones rather than the bank accounts (Porteous, 2006). Lots of initiative has been taken to proliferate the use of smartphones to provide banking to "the unbanked". Yet the scholarly researches conclude that a large portion of population is still not akin to M-Banking.

M -banking is an applied science that authorizes the customers to conduct financial transactions over a mobile phone that are being offered on various channels such as: Short Messaging Services (SMS), Mobile Application, Interactive Voice Response (IVR) Wireless Application Protocol (WAP) etc. In a layman context's it is taken as an execution of Financial and Banking transactions over cellular phone or benefitting the transactions through mobile phone in lieu of visiting bank's branch.

The Reserve Bank Of India is galvanizing the Indian Banking system to look forward for the mobile banking mentioning that the caliber shown by the mobile banking by providing privilege of anytime and anywhere banking, costless and infinite transactions and secured banking through credit/debit card alerts and no to clouding of transactions on mobile phone as well as SIM cards is booming demand by the potential customers. It is worth

mentioning that the agency functions provided by the M-Banking in the form of periodic payments, portfolio management and transfer of funds acted as icing on the cake.

II. M-BANKING IN INDIA

India is marching on the road of M-Banking where one can place all payment by keying in instructions on a mobile phone. The M-Banking firstly introduced by RBI on September 20,2008 was SMS based in which the transaction time was not assured since it was relied on network strength in the location. The RBI decided to put a ceiling on the ticket-size for M-banking at Rs 2.5K per transaction, and Rs 5K per day. Banks were independent to put a limit on the monthly transaction, depending upon the bank's risk perception of the customer. Exclusively the Indian-rupee based services were allowed on the M-Banking platform and cross-border transactions were strictly prohibited and banks, which were licensed and supervised in India, were directed to provide such services. Now, the banks are seriously adopting the change and innovation to expand their orbit and to reach a variety of age groups. In an emerging economy like India, hike in smartphone usage and upgraded applications by banks helped M-Banking to gain popularity. In order to stay in the market whether public or private, banks need to shift their focus on digitalization. It is a win-win for both banks and their consumers."

But the ambit of the mobile banking penetration is confined to five banks in major. According to the statistics

revealed by RBI, top five banks account over 92% of total mobile banking transactions in the country. State Bank of India is leading the race with 36% of the total market share, followed by ICICI Bank (21.5%), HDFC Bank (17.8%), Axis Bank (12.8%) and Kotak Mahindra Bank (4.7%).

(Source:

<http://economictimes.indiatimes.com/industry/banking/finance/banking/top-5-banks-generate-92-of-mobile-banking-value/articleshow/51508193.cms>)

Table 1. Showing various types of services provided by banks

Name of the Bank	Services Provided
State Bank Of India	Freedom, SMS Banking, Unstructured Supplementary Service Data
ICICI Bank	iMobile, SMS Banking, M-PESA, M-Rupee
HDFC Bank	SMS Banking, App Based, Browser Based
Axis Bank	Phone Banking, Internet Banking on Mobile, SMS Banking
Kotak Mahindra Bank	Interactive Voice Response System

III. REVIEW OF LITERATURE

Donner & Tellez (2008) concluded that the emergence of mobile banking affects various discussions in the developing world. First of all, it emphasizes on the manner in which the mobile banking uncovers the productive and social spheres as they are generally affected by structural position of people. Secondly, the innovations in mobile banking must go hand-in-hand with the other capabilities as innovations crop up at unexpected places and events which could force to reconfigure the nuts and bolts of technology to the final users.

Bagoria (2014) made a comparative study of mobile banking in public and private banks with reference to four cities stated that frequency of availing banking transactions through mobile is more in nationalized banks such as State Bank of India and State Bank of Bikaner and Jaipur while in case of private banks ICICI is giving a cut-throat competition to the nationalized banks. It is worth mentioned that ICICI is the next biggest player but presently the mobile transactions (on an average) are executed in public banks higher than the later.

Sharma (2013) revealed that there is a significant variance in perception of customers in which they are not satisfied

with the public banks in terms of quality of services offered and with private banks in terms of cost of the services offered. So the former need to pull up their socks in order to improve their technology and offer variety of M-banking products the high quality service as per the customer fit and the latter needs to lower their cost, additionally they need to instruct and update their customers while offering new product or service.

Ramdasi & Sarmalkar (2015) analyzed that M-banking would be successful only when they have broad understanding of customer needs. This dream can come true only when the banks could have strong base of customers, think tank of people and service attitude. The study also reveals that different age groups have different uses of M-Banking. So banks should concentrate on every age group customers for their prosperity.

Bhosale & Nalawade (2012) discussed on the definitional aspect of M-Banking in which they stated that no ideal definition yet provided by any author due to the recurring nature of change and innovation in the M-banking. The increasing role of banking has proliferated the use of M-Banking to handle customer efficiently and reduce burden from the existing staff. This has provided a chance to banks to focus only on productive work and to increase the business of the banks.

Malviya (2015) suggested that the following dimensions such, as "Efficiency and Convenience", "Assurance and Security", "Responsiveness and Reliability" would signal the managers to evaluate the process of delivering services to banks shifted from mobile banking. These dimensions can be taken into work by researchers, as well as service providers, to grade loyalty and customer satisfaction.

IV. OBJECTIVES

To develop the conceptual explanation of M-Banking.
To make a comparison of the volume of M-Banking services executed in public and private sector banks.

V. SELECTION OF BANKS

10 Banks are selected for the purpose of research out of which 5 are public sector banks and 5 are private sector banks. These banks are selected on the basis of their Free-Float market capitalization as per Standard & Poor's CNX NIFTY in descending order.

Table 2. Showing the banks that are taken as sample for the study.

(Source:

<http://www.moneycontrol.com/stocks/marketinfo/marketcap/bse/banks-private-sector.html>)

VI. COLLECTION OF DATA

The current paper is based on the data collected from annual reports of Reserve Bank of India and various Banks, Books, Internet, Published articles in newspapers, E-Banking business journals and Information Technology

S.no	Public Sector Banks	Private Sector Banks
1.	State Bank	Housing Development
2.	Bank Of Baroda	Industrial Investment Corporation Of India Bank
3.	Punjab National Bank	Kotak Mahindra Bank
4.	Central Bank	Axis Bank
5.	Canara Bank	Indusind Bank

journals. The data has also been collected from libraries of Ch. Bansilal University, Bhiwani and Maharishi Dayanand University, Rohtak.

Data Presentation For M-Banking usage in public and private banks from Feb 2016 to April 2016

Table 3. Showing bank-wise M-Banking services in the month of February 2016

Sr. No.	Name of Banks	February	
		Vol. (Actual)	Vol. in (Rs'. 000)
1	State Bank Of India	16000178	218635276
2	Bank Of Baroda	696916	2724366
3	Punjab National Bank	116704	1102069.325
4	Central Bank	74570	524320.95
5	Canara Bank	898476	4889063.254
6	HDFC Bank	5671832	86467273.3
7	ICICI Bank	7026022	102249609
8	Kotak Mahindra Bank	1823838	24247643.11
9	Axis Bank	7265659	68207428.73
10	Indusind Bank	246942	3809307.26

Fig. 1

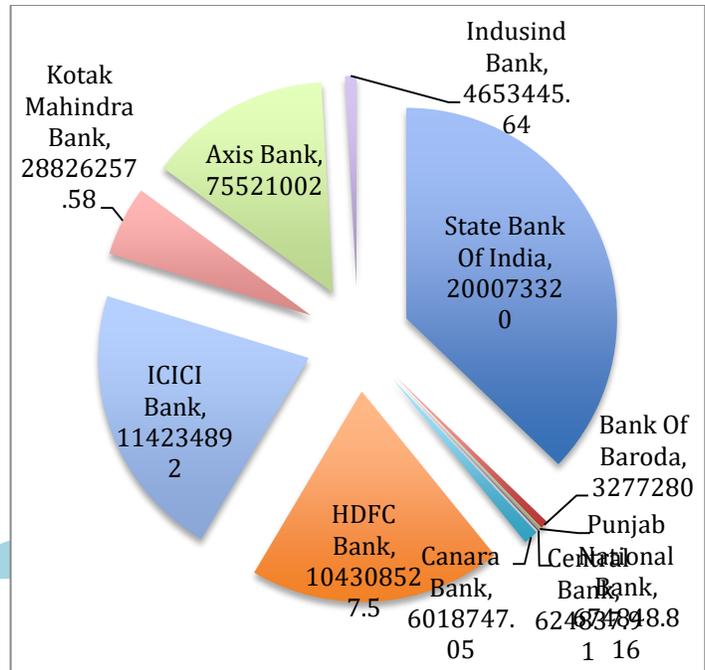


Table 4. Showing bank-wise M-Banking services in the month of March 2016

Sr. No.	Name of Banks	March	
		Vol. (Actual)	Vol. in (Rs'. 000)
1	State Bank Of India	17172296	200073320
2	Bank Of Baroda	834097	3277280
3	Punjab National Bank	240374	674848.816
4	Central Bank	89030	624837.91
5	Canara Bank	1029404	6018747.05
6	HDFC Bank	6353802	104308527.5
7	ICICI Bank	7820784	114234892
8	Kotak Mahindra Bank	2062474	28826257.58
9	Axis Bank	7896459	75521002
10	Indusind Bank	307134	4653445.64

Fig. 2

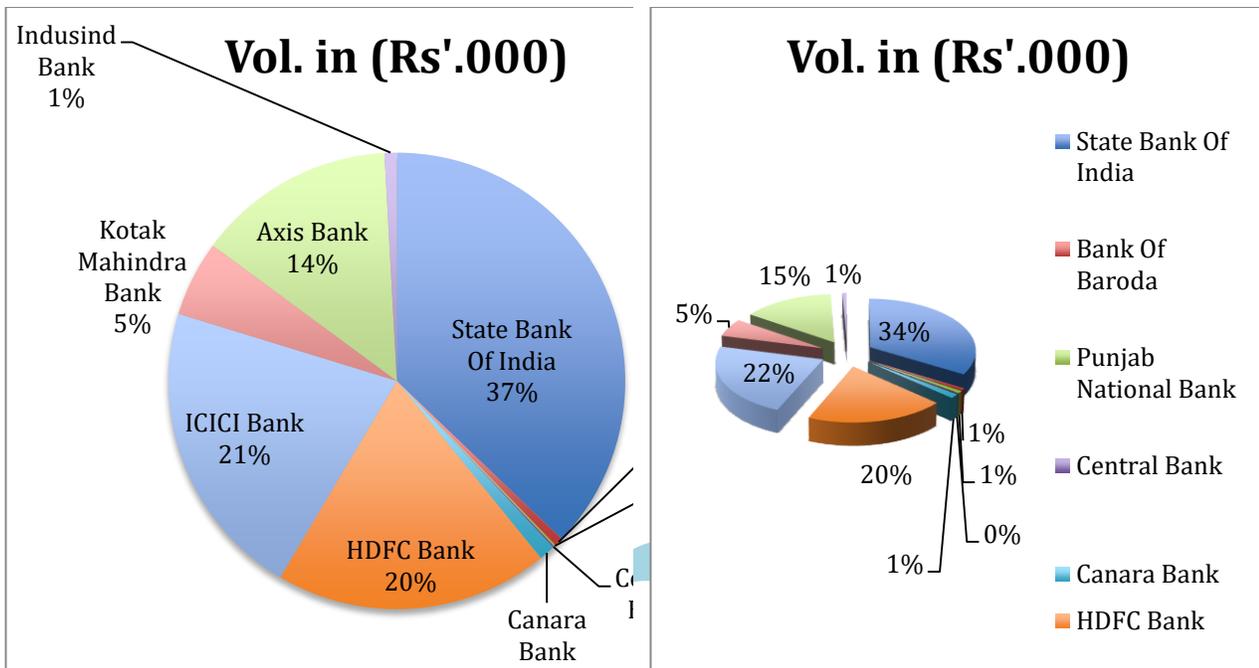


Table 5. Showing bank-wise M-Banking services in the month of April 2016

Sr. No.	Name of Banks	April	
		Vol. (Actual)	Vol. in (Rs'.000)
1	State Bank Of India	15891844	163475865
2	Bank Of Baroda	817353	3206731
3	Punjab National Bank	266134	3789884.183
4	Central Bank	96810	592271.38
5	Canara Bank	1079037	6379950.19
6	HDFC Bank	6359349	96720377
7	ICICI Bank	7967452	109460190.4
8	Kotak Mahindra Bank	2125317	27254411.46
9	Axis Bank	7875403	71546169.95
10	Indusind Bank	334081	3333788.15

Fig. 3

Results

From the above study, it could be stated that SBI Bank is the talk of the town. Only 2 banks in public sector SBI and Canara Bank have made a significant place in the mobile applications corner of the M-Banking users. While in the basket of private sector banks, ICICI Bank is the leading service provider in M-Banking. Comparing the bracket of public sector banks with the private players, all private players have shown a correlation in volume of transactions than in the bracket of public sector banks where the SBI and Canara Banks are leading the rally and other players are not matching their status quo.

VII. CONCLUSION

It is much certain that mobile phones bear huge potential to conduct financial transactions that could lead to growth in innovation roadmap of the country at much reduced cost and great comfort. For the process of inclusive growth, the stakeholders such as banking corporations, telecom service providers, government, regulators and mobile manufacturers should come forward to draw some activities that could lead to more secured transactions than earlier and the services should reach to every part of the country.

The comparison of the public banks with the private players declares a convinced win to SBI but one should kept in mind that Government employee’s accounts are generally opened in India which is cocksure reason that volume of transactions and rupees in M-Banking services in SBI always have a rally. However, this necessity is not followed in private sector where they have discretion on adaptation of any bank whether public or private.

VIII. REFERENCES:

- [1]. Donner, J. and Tellez, C. (2008). Mobile banking and economic development: Linking adoption, impact, and use, *Asian Journal of Communication*, Volume 18 - Issue 4:
- [2]. Chandra, A and Bais, R. (2015). A Comparative Study of E-Banking in Public and Private Sector Bank with Special Reference to (SBI and HDFC), *International Journal of Management and Commerce Innovations*, Vol. 3, Issue 1, pp: (388-389).
- [3]. Bagoria, R. (2014). Comparative analysis between Private Sector and Public Sector Banks in Mobile Banking in Different Cities. *International Journal of Scientific & Engineering Research*, Volume 5, Issue 2,
- [4]. Sharma, R. (2014). A Comparative Study of E-Banking In Public and Private Sector Banks (With Special Reference to SBI and HDFC Bank), <http://hdl.handle.net/10603/22918>
- [5]. Ramdasi, V and Sarmalkar, S. (2015). Comparative Study of usage of E-banking Services Provided By Selected private and Public Sector Banks in India, *INCON – X*
- [6]. Bhosale, N and Nalwade, K. (2012). E-Banking Services: Comparative Analysis of Nationalized Banks. *International Journal of Engineering Research & Technology*, Vol. 1 Issue 8,
- [7]. Malviya, S. (2015). Exploring Mobile Banking Service Quality Dimensions for Public and Private Sector Banks in Indore District of Madhya Pradesh. *International Journal of Advance Research in Computer Science and Management Studies*, Volume 3, Issue 1.
- [8]. Devadevan, V. (2013). Mobile Banking in India – Issues & Challenges. *International Journal of Emerging Technology and Advanced Engineering*, Volume 3, Issue 6.
- [9]. Brown, I., Cajee, Z., Davies, D. and Stroebel, S. 2003. Cell phone banking: Predictors of adoption in South Africa – an exploratory study. *International Journal of Information Management*, 23: 381–394
- [10]. Dholakia, N. and Kshetri, N. 2004. “Mobile commerce as a solution to the global digital divide: Selected cases of e-development”. In *The digital challenge: Information technology in the development context*, Edited by: Krishna, S. and Madon, S. 237–250. Brookfield, VT: Ashgate Publishing.
- [11]. Financial, Diaries. 2006. *Focus note: The financial management of survivalist businesses*, Cape Town: Center for Social Science Research, University of Cape Town.
- [12]. <http://www.worldjute.com/mbank.html>
- [13]. http://www.business-standard.com/article/finance/mobile-banking-zooms-as-india-gets-smarter-114081100826_1.html
- [14]. <http://economictimes.indiatimes.com/industry/banking/finance/banking/top-5-banks-generate-92-of-mobile-banking-value/articleshow/51508193.cms>
- [15]. <http://www.moneycontrol.com/stocks/marketinfo/marketcap/bse/banks-private-sector.html>
- [16]. <https://www.rbi.org.in/scripts/NEFTView.aspx>