Mobile Banking Procedure And Problems

Prof. Mukesh Mathur*
Mohsina Khan**

*Department of Banking and Business Economics, Mohan Lal Sukhadia University Udaipur

**Ph.D Scholar, Department of Banking and Business Economics,Mohan Lal Sukhadia University Udaipur

Abstract

Nowadays customers required more innovative products due to complexity of needs so that banks have to launch faster growing strategy. Mobile banking (also known as M-banking, sms-banking) is a term used for performing balance checks, account transactions, payments etc. via a mobile device such as a mobile phone. Mobile Banking has been in existence since more than a decade. Mobile Banking would be increasingly used from Building better consumers association, cutting down cost, achieving new revenue stream, connecting with the new consumers sectors, build up customer relationships to improve loyalty, and create new ways to generate lead in the process of prospecting. The main objectives of the study are: - To explain the procedure of Mobile Banking. To study about the risk associated and precautionary measures of M-Banking. This paper is based on secondary data.

Keywords:

Mobile banking, Problems, Procedure.

Introduction

The banking needs of consumers are getting more complex and they are always demanding for more new products. As a result, the technology architectures of banks need to be more flexible and innovative. So they have to introduce fastest growing strategy. In this way ATM, E-Banking, Online banking, Credit cards and M-Banking are taking place of past decades. Banks transaction has become dynamic and travels with person. With M-Banking facilities one can bank from anywhere, at any time and in any condition. M-baking not only saves time for consumer but also reduce costs for banks.

M –banking refers to provision and availment of banking and financial services with the help of mobile telecommunication devices. The biggest limitation of internet banking is the requirement of a PC with an internet connection. M-banking reduces the customer requirement to just a mobile phone.

The main reason that M-banking scores over internet banking is that it enables 'anywhere anytime banking', With E-banking users can now conviently carry out banking transactions but The biggest limitation of E-Banking is it does not useful without Internet access. Means this convenience cannot be achieved if the user does not have access to the internet, on that account, the user cannot carry out a banking transaction while waiting for a bus, or perhaps while having lunch in restaurant, with M-banking convenience can be achieved 24

hrs a day. This is because a user has access to his mobile phone all day, at all time. In M-banking funds are transfers from payer to a receiver directly without an intermediary.

Objectives of The Study

- To explain the procedure of Mobile Banking.

- To study about the risk associated and precautionary measures of M-Banking.

Research Methodology

The paper is based on secondary data. To study the said objectives, relevant secondary data are collected from different journals, magazines, research papers and books.

Mobile-Banking

In country only banking sector is that sector which works as a channel in attracting savings and mobilizing them in required areas. It works as a baton of capital constitution.   As, change is the rule of nature. To modify the policies according to surrounding fluctuation is known as change and to explore, accept and use new technology for making change is known as innovation. Today all sectors are working as innovation acceptor.

M-Banking is increasingly popular way to monitor and manage money. With mobile banking technology, banks can offer a wide range of services to their customer such as funds transfer while make a journey, receiving online updates of stock price or even performing transactions while being stuck in traffic.

M-banking gives ability to customer to manage their cash outflows anytime, anywhere, without having to connect to internet

The use of a mobile phone to make payment and carryout other banking transactions called m-banking has started taking roots in a number of developing countries, including India.

Mobile banking is rejoicing fast advancement in India. It has well crossed the pioneer stage. Mobile banking is different from internet banking and ATMs anyways. The internet is not as commonly used as the mobile phones. Further, the internet requires particular devices such as a desktop or a laptop.

The public sector banks realized that if they have to exist, they will have to accept current technology, SBI was first to focus on technology and is constantly at work to innovate in an attempt to lower costs. Technology will not just help them reach out to customer better but also help them cut costs and improve efficiency.

M-banking is a service of banks to make available, the facility of banking wherever the customer is and whenever he needs.

In today's world every person has personal mobile rather than having computer at home. Even rural person also have mobile. With mobile banking customer can bank from anytime and anywhere.

Over the last few years, the mobile and wireless market has been

one of the fastest growing markets in the world and it is still growing rapidly. And also spread of mobile phones across the developing world is one of the most remarkable technology stories of the past decade.

Mobile banking can be said to abide of three correlative approaches viz; Mobile accounting, Mobile brokerage, Mobile financial information.
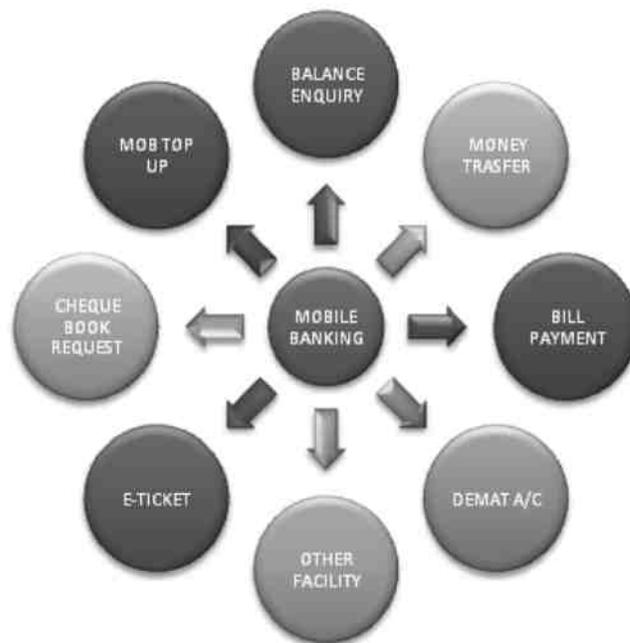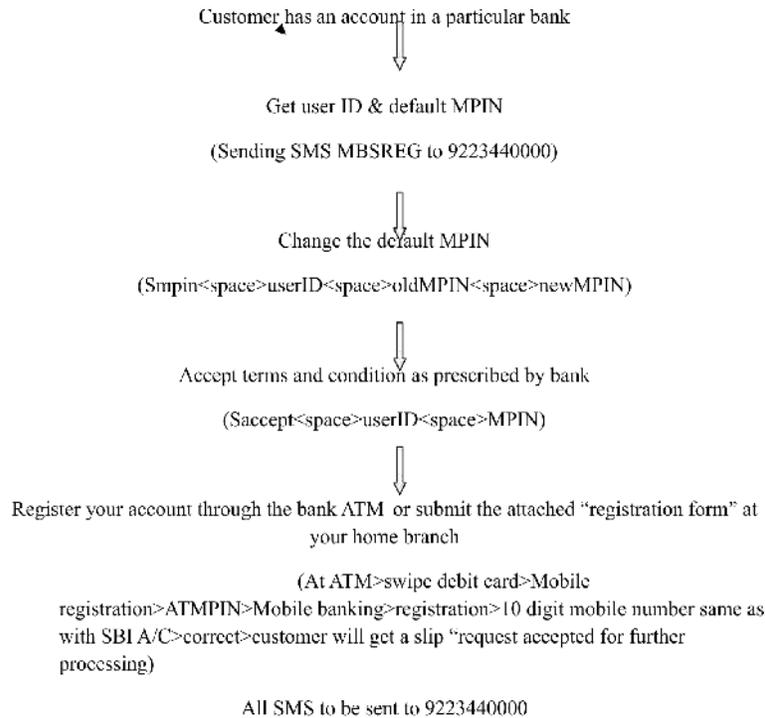

Services offered by Mobile Banking

REGISTRATION PROCESS-(M-banking for mobile handset which do not support application /software) (Without GPRS)

Mobile Banking through SMS

Mobile Banking with SMS is conducted through SMS codes sent to a particular number as directed by home bank. Customer will receive the response in the form of a text message on their mobile phone screen within a few seconds. He can get balance enquiry, last activity details, account presentment, stop cheque payment etc only by sending sms to their respective bank. In SBI there is financial limits daily Rs. 1000(Rs. 5000 with OTP), monthly limits Rs.5000 (Rs. 25000 with OTP)

The message sent by customer travels from their mobile phone to the SMS Centre of the Cellular Service Provider, and from there it travels to the Bank's systems. The information is retrieved and sent back to customer mobile phone via the SMS Centre, all in a matter of a few seconds.

Customer has an account in a particular bank

⇩

Get user ID & default MPIN

(Sending SMS MBSREG to 9223440000)

⇩

Change the default MPIN

(Smpin<space>userID<space>oldMPIN<space>newMPIN)

⇩

Accept terms and condition as prescribed by bank

(Saccept<space>userID<space>MPIN)

⇩

Register your account through the bank ATM or submit the attached "registration form" at your home branch

(At ATM>swipe debit card>Mobile registration>ATMPIN>Mobile banking>registration>10 digit mobile number same as with SBI A/C>correct>customer will get a slip "request accepted for further processing)

All SMS to be sent to 9223440000

Note -This registration process is for SBI bank

SIMPLE PROCEDURE OF USING MOBILE-BANKING

M-banking serves various services.

PROCESS	SYNTAX
Balance enquiry	Sbal<space>user ID<space>MPIN
Mini statement	Smin<space>userID<space>MPIN
Mobile top up	Stop up<space>user ID<space>MPIN<space>service provider<space>mobile no<space>amount>
Service provider names- BSNL,Airtel,Vodafone,Tatadocomo,Idea,RelianceGSM	
Mobile top up using OTP	When using OTP prefix <otp> <5/6 digit OTP number to the syntax
DTl1 re-charge	Sdth<space>user ID<space>MPIN<space>service provider<space>DTH A/c no<space>amount
Service providers name- Tatasky,Digital TV, Dish TV,BigTV,Sun TV	
DTH re-charge using OTP	When using OTP prefix <otp><5/6digitOTP number to the syntax
Fund transfer IMPS	Imps<space>beneficiary Mobile no<space>beneficiary MMID<space>amount <space>user ID<space>MPIN
Fund transfer IMPS using OTP	When using OTP prefix <otp><5/6 digit OTP number to the syntax

Registration Process for Application-Software Based Mobile Banking (GPRS Channel)-(For SBI Bank*)*

Mobile Banking through GPRS

Once customer log into their Bank's web site through their GPRS enabled mobile phone; all customers need to do is enter their Customer ID and M-Banking MPIN. Then go to the Transactions Menu after selecting their account. Select any one of the Transactions like Balance Inquiry, Mini Statement, Statement Request, Cheque Book Request, Stop Payment, Cheque Status Inquiry, Fixed Deposit Inquiry(can get information on account number, principal amount, rate of interest, maturity date and maturity amount) etc. in SBI bank daily transaction limit Rs

50,000/- and monthly calendar limit Rs 2,50,000/-

Procedure of registration in Mobile-Banking in SBI bank.

A) Download state bank freedom from website sbi.co.in or http://mobile.onlinesbi.com/ to PC and then from PC to handset thru data cable/data card reader/blur tooth or contact the branch for assistance

B) Download state bank freedom directly to handset through GPRS as below-

Open net browser and type address on URL http://mobile.onlinesbi.com/

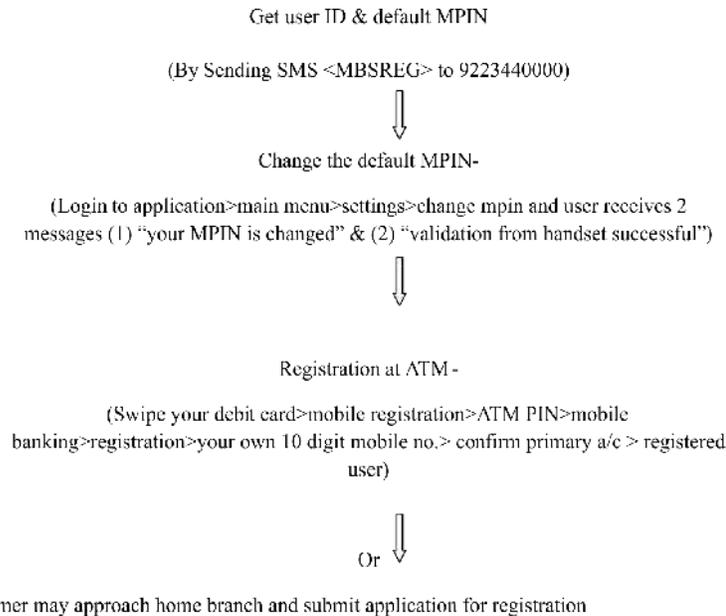• Select SBI freedom & then submit. Select mobile make

(company) from the drop down menu viz Nokia, LG, HTC etc & then again click on submit.

- Choose desired model from Drop down list of models & submit

- Customer will find 2 files. Jar & Jad.PI click on JAR file & download application.

- Accept the file from untrusted source, allow & continue.

In android handset- download from android market place/play zone/play store.

In I phones- download from Apple App Store. After this follow below mention procedure.

Get user ID & default MPIN

(By Sending SMS <MBSREG> to 9223440000)

Change the default MPIN-

(Login to application>main menu>settings>change mpin and user receives 2 messages (1) "your MPIN is changed" & (2) "validation from handset successful")

Registration at ATM -

(Swipe your debit card>mobile registration>ATM PIN>mobile banking>registration>your own 10 digit mobile no.> confirm primary a/c > registered user)

Or

Customer may approach home branch and submit application for registration

Simple Procedure for Using Mobile-Banking-

Services	Procedure
Balance enquiry/mini statement	Login to application by entering user ID>main menu>enquiry services> balance enquiry /mini statement>select account> enter mpin & confirm
Fund transfer(first register payee)	Main menu> fund transfer>register payee> my bank payee/other bank payee>enter details(nick name-min of 2 words without space/spl character)>choose register>enter mpin & confirm
Fund transfer	Go to main menu> fund transfer >transfer funds > select payee from drop down menu & enter other details >press OK > enter mpin & confirm
IMPS transfer	Main menu> select IMPS>enter details> payee mob no.>payee MMID>amt to be transferred>purpose (optional)>debit from A/C>press ok enter mpin & confirm.
Cheque book request	Main menu>request>cheque book request>select account> enter mpin
MOBILE TOP UP	Main menu>mobile top up>enter name of service provider>10 digit mobile no.>amount>select a/c to be debited> press submit, accept and enter mpin
RECHARGE DTH	Main menu> M Commerce > Merchant payment>Merchant Name>merchant data-VC no. or A/C No> Amount > Select account to be debited & submit > enter Mpin

Benefits of Mobile Banking-

To the customer-

- Customer need not stand in the bank counters/offices for various enquiries about his account and he can save his

valuable time in banking transaction and save in travel cost reaching the bank branch.

- Easy to use. No extra cost involves. Affordable for consumers.

- Common messaging tool among consumers at anytime, anywhere about his account.
- Works across all wireless operators
- Mobile banking gives information to the customers about his account round a clock.
- Customer can pay his utility bills in time and save paying penalties, since alerts are received from bank.
- Cheque book request can be sending at home comfort.
- A mobile is always with the customers so it is Give information at anytime and anywhere and cover vast geographical area.

To the bankers-

- M –banking helps banks in saving crores of rupees by way of reduced transaction cost.
- Time saved from banking services can be utilized by bank for expansion of business, marketing and sales activity by channel migration of customers to mobile banking.
- Banks can take advantage of profit by way of commission for cellular companies by selling prepaid talk time through ATMs.
- Banks providing mobile banking services are more competent than the banks which are not providing these services.
- Mobile banking enables banks to reduce costs of courier, communication and paper works etc.
- M-banking can increase banks outreach to rural areas while reducing costs.
- Allows banks and financial institutions to provide real time information to customers and employees. Real time means there is no waiting period.
- Stored messages can be work even when there is no connection to the wireless network. It is secured also.

Risk associated with Mobile Banking.

- **Interoperability/ handset operability**

There is a lack of basic technology standards for mobile banking. Many protocols are being used for mobile banking – HTML, WAP, SOAP, XML to name a few. There are a very huge number of models available in mobile devices. It is a big challenge for banks to offer mobile banking solution on any type of device. Some of these devices support J2ME and others support WAP browser or only SMS.

- **Security & Privacy**

The customer may be sitting in any part of the world and these banks need to ensure that his or her credit and debit card information may not be misused. And system is update and running in a true. Customer may be able to trust and will find m-banking more and more useful. When financial transactions become recorded and being executed from some remote location

and transmission of financial information over the air, customer privacy should not be lost. It is the most complicated challenges that need to be addressed. When Banks unable to meet the performance and reliability expectation may lose customer confidence.

So the credit histories and spending patterns of the customer should not be openly available for public scrutiny.

Security here refers to the security of the confidential information about customer bank account. There should be any chance for information leakage. Transaction is done by mistake there should be option to undo. The physical security of device is more important. User id /password authentication of banks customer. Encryption of the data that will be stored in device for later.

The system should be foolproof, resistant to attacks from hackers and terrorists. This may be provided using public key infrastructure security, biometrics and passwords integrated into the mobile payment solution architectures.

* Physical security of the handheld device if the bank is offering smart-card based security.

* Security of the thick-client application running on the device. In case the device is stolen, the hacker should require ID/Password to access the application.

* Authentication of the device with service provider before initiating a transaction. This would ensure that unauthorized devices are not connected to perform financial transactions.

* User ID / Password authentication of bank's customer.

- **Reliability**

As customers will find mobile banking more and more useful, their expectations from the services will increase. The customer may be sitting in any part of the world and these banks need to ensure that the system are up and running in a true. . Banks unable to meet the performance and reliability expectations may lose customer confidence.

- **Application Distribution**

Due to the nature of the connectivity between bank and its customers, it would be inapplicable to assume customers to regularly visit banks or connect to a web site for regular upgrade of their mobile banking application. It will be expected that the mobile application itself check the upgrades and updates and download all-important plots. However, there could be many issues to carry out this approach such as upgrade /synchronization of other dependent components.

- **Personalization**

It would be expected from the mobile application to support personalization such as:

1. Preferred Language
2. Date / Time format
3. Amount format
4. Default transactions
5. Standard Beneficiary list
6. Alerts

- **Cost:** The m-payments should not be costlier than existing payment mechanisms to the extent possible and its cost is not

higher than traditional banking. It can be covers wide range of remote location at low cost. An m-payment solution should compete with other modes of payment in terms of cost and convenience. M-Banking must be affordable, convient for the customers and it is much more effective in developing saving habits.

- **Speed:** The speed at which m-payments are executed must be acceptable to customers and merchants.

Precautionary measures

- The PIN should be customer selected PIN, and never stored on the mobile banking.
- As an additional measure it is recommended that the customer be asked for certain elements of their PIN for validation (challenge response) as opposed to the full PIN.
- Fraud, behavior, and spend pattern monitoring of all transactions, ideally real time, as well as spend and velocity limits should be in place to cap the bank's exposure.
- Adequate identification of the consumer at registration.
- Use OTP(one time password) in higher transactions.
- Make use of the phone lock facility if the mobile is not in use and apply a strong password with a combination of letters, symbols and numbers to prevent others from using and retrieving data stored in the mobile. Customer can use insert a PIN or pattern for locking the phone.
- To prevent identify theft, never reveal four PIN, password etc. and sensitive information, such as PAN card details, date of birth ,and a account numbers to any person or any unauthenticated sources
- Customer should never follow banking link sent to their email id or in text message. These links could potentially lead to spoofed website. So always navigate to a website directly Spoofing is a fake website designed to mimic bank's official site.
- Set up antivirus software in customer mobile to prevent theft or alteration data by hackers.
- Always enter bank's web address into phone and bookmark it.
- It is advisable not to download any software (games, music) which gives an opportunity for fraudsters to enter and steal or alter your information.
- Disconnect Bluetooth if it is not in use.
- Always erase your browsing history and keep your mobile up to date
- When customer log into their account, make sure they are not connected to the public network. Because public connection are not safe
- If customer device has a digital locking mechanism, they should use it.

Conclusion

M –Banking is a fastest growing banking service. People get information regarding their account at anytime; anywhere it is simple and convenient for getting updates from bank account. M-banking is safe because there are so many methods and locking procedures available in mobile banking system. If customer follow some rules than their banking information remains safe. M –Banking is safe against fraudulent transactions. It has trustworthy because of own PIN code which is known only by user. Although Mobile Banking is safe, simple, and convenient but due to ignorance most of consumers are not using this services.

References

Ahmed Sohel S.M, R. S. (2012). Problem and Prospect of Mobile Banking in Bangladesh. *Journal of art, science & commerce, 3*.

Archana, S. (2011). Mobile Banking as Technology Adoption and Challenges. *International journal of multidisciplinary research, 1*(6).

Dave Mona,(2006). "Mobile Banking".

Dixit Vishal ,(2012), " Mobile Phone Security Requirements.

Goyal Vishal,(2012). "Mobile Banking In India Practices,Challenges and Security Issues.

Mathur, M. (2010). Mobile Banking: A New Dimension. *The journal of amity business school , 11*.

Sharma Archana, (2011)."Mobile Banking as Technology Adoption and Challenges"

Singh Preeti, B. S. (2011). Issues and Challenges in Mobile Banking in India: A Customer's Perspective. *Research journal of finance and accounting , 2*.

Uppal, R. (2010). Emerging Issues and Strategies to Enhance M-Banking Services. *African journal of marketing managment , 2*(2), 29-36.

Books

Rajnish Tiwari, S. B. (2006). From Electronic to Mobile Commerce.

Uppal, R. (2011). Mobile Banking in India: An Empirical Analysis. In R. .Uppal, *Banking with technology.*

Websites

www.onlinesbi.com

www.jestor.com

www.emerald.com

www.indiacellular.com

www.mobileonlinesbi.com

www.securitychannelweb.com