

# Mobile Banking

Deepankar Roy, Ph.D

National Institute of Bank  
Management, Pune, India

# Outline

- Overview of Mobile Financial Services
- Technology Options available before a bank to enable mobile banking
- Mobile Banking Experiences from India

- Banking and financial services can now be reached to a much larger section of the society, including the financially excluded, through the medium of the mobile phones
- Transactions using mobile are far less expensive than its traditional alternatives
- The mobile phone can empower the common man to conduct his payment transactions any time and from anywhere
- The use of mobile for banking in financial inclusion can become viable and attract volumes if it is provided as a package along with other products and services.
- This can be achieved only by entities that can provide add-on services like emergency and entrepreneurial credit, saving facilities, other products and services such as insurance, besides remittances.

- Out of a world population of 7 billion, over 5 billion or 70% have a mobile phone, whereas only 2 billion or 30% have a bank account
- Take India: on a population of 1.2 billion over 800 million have a mobile phone and only 250 million have a bank account
- Mobile is the payment technology that will have the greatest growth over the next five years
- Growth predictions for mobile payments vary from 350 to 900 million users generating USD 430 billion to 1 trillion in transaction value by 2015

- Many non-banks have entered the mobile payments market, often with innovative solutions.
- Mobile network operators like Vodafone, MTN, Orange and airtel have deployed mobile payments services in several countries or have set up joint ventures between them, like Isis in the US or project Oscar in the UK.
- Money transfer operators like Western Union and MoneyGram, as well as card companies like Visa, MasterCard and Amex all have multiple mobile payments initiatives.
- Payment service providers like PayPal are throwing their full weight into mobile.
- E-commerce companies like Google are deploying wallets for contactless payments using NFC (Near Field Communications).

- There are three strategic areas of opportunity and actions for banks to use the mobile phone : — Mobile banking: using a mobile phone to access a bank account and make payments; — Mobile commerce: using a mobile phone to buy products; — Mobile money transfers: using a mobile phone to send money to someone
- Technology has the potential to address the issues of outreach and credit delivery in rural and remote areas.
- One of the basic assumptions for viability of Banking Correspondent (BC) model is intensive and extensive use of information and communications technology (ICT).
- By such use of ICT, it is possible to provide doorstep banking services where the accounts can be operated by even illiterate customers by using biometrics or mobile telephones

- **Mobile banking** is using mobile phone to access bank account; receive debit/credit alerts and statements via SMS; check balances and recent transactions by browsing a simple mobile-enabled website; conduct basic operations via a menu; or transfer funds and pay bills using an application on a smart phone
- Mobile can fundamentally change the retail banking experience and strengthen customer-bank relationships
- Some banks have mobile banking services for corporate treasurers, but these are often basic services to initiate and approve payments, receive transaction alerts and view account balances.
- The bank is in total control: the mobile phone purely acts as a channel to access the financial application that is owned by and runs at the bank.
- A unique value proposition can turn mobile banking into a cost saving (instead of contacting a call centre) and revenue generating channel (increase loyalty, target marketing to cross-sell core banking services)

# Technology options

- SMS: communicate with payments services via short messages; can work with short codes.
- USSD (Unstructured Supplementary Services Data): conversation-like telecom protocol to access menu on server by sending short code (e.g. dial \*525#).
- WAP (Wireless Application Protocol): to access simple text-only web page (online).
- IVR (Interactive Voice Response): menu accessed by calling toll-free number (“to transfer money, press 1”).
- Application on smartphone typically downloaded



# Mobile Banking Experiences in India

## (a) State Bank of India

- State Bank freedom has been launched in all branches and is available over application (on SMS / GPRS), wireless application protocol and USSD (Unstructured Supplementary Service Data).
- For mobile banking service over USSD, fund transfer, account enquiry and mobile top up are offered.
- As on 31<sup>st</sup> March 2012, there were 3.65 million customers using the service with more than 0.12 million daily transactions, around 46% of which are financial transactions.
- SBI is the market leader in this space, both in the number and value of the financial transactions with 83.7% market share in number of transactions and 49% share in transaction value.
- A host of Mobile Banking services such as Fund Transfers, Enquiry Services, Demat Account Enquiry, Cheque book request, Bill payment, Mobile top up, DTH recharge, SBI Life Premium Payment, E-tag recharge to pay toll tax, Merchant payments and Inter Bank Mobile Payment Services (IMPS) are currently being offered.

# Mobile Banking Experiences in India

## **(b) Corporation Bank**

Following new features have been implemented-

- IMPS- InterBank Mobile Payment Service
- Loan Alert for Loan account becoming NPA, OD, and gentle reminder for EMI falling due
- SMS Alert for all the ATM, POS, Internet transactions for all registered customers
- SMS alerts for all transactions has been introduced with effect from 30th June, 2011.

# Mobile Banking Experiences in India

## c) Punjab National Bank

- SMS Alert facility is being availed by over 8 million customers through generation of SMS Alerts on identified financial transactions undertaken through branches and delivery channels.
- The Bank launched its Mobile Banking services in February 2010.
- The users can also make payments of utility bills/services using their mobile phones, besides effecting transfer of funds to third party accounts.

# Mobile Banking Experiences in India

## (d) Axis Bank

### Axis Mobile

- Anytime anywhere access to your Axis Bank account(s)
- Information on your fingertips
- Secure transactions using your mobile phone
- Easy to use menu and navigations
- Works on both GPRS and SMS connectivity

# Mobile Banking Experiences in India

## Services on Axis Mobile



Balance  
Enquiry



Mini  
Statement



Requests



Funds  
Transfer



Bill  
Payment

# Mobile Banking Experiences in India

## Getting Started...



Register your account and Mobile number at an Axis Bank ATM



Axis Mobile



Download and install Axis Mobile



Add and activate the registered account on the application