

## MOBILE BANKING HELPS CUSTOMER ENGAGEMENT IN THE BANKING INDUSTRY

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### ABSTRACT:

Mobile banking refers to the use of a mobile device to carry out financial transactions. The service is provided by some financial institutions, especially banks. Mobile banking enables clients and users to carry out various transactions, which may vary depending on the institution. Mobile banking uses mobile devices like smartphones and tablets to perform financial transactions, offering convenience and 24/7 access to accounts and various banking services through apps or SMS. Key features include checking balances, transferring funds, paying bills, depositing cheques, and managing accounts, all accessible from anywhere with internet or network connectivity.



**KEYWORDS:** Customer Service, Banks, Mobile Banking, SMS Banking, 7 Ps, Transactions, Support services, Mobile Bank Apps, iOS, Frauds, Phishing, Vishing, Malware.

Mobile banking provides enhanced security through integrated device mechanisms and reduces the need to visit physical branches for many transactions. In India, mobile banking is a prevalent and evolving service, characterized by high adoption for convenience, but also faces challenges like cyber fraud and data breaches. Banks are leveraging technology for personalization and security enhancements like biometric authentication, while users benefit from seamless transactions and financial inclusion but must remain vigilant against online threats.

Before the introduction and enablement of mobile web services in 1999, mobile banking was completed primarily through text or SMS; it was known as SMS banking. European banks were on the frontier of mobile banking service offering, using the mobile web via WAP support.

SMS banking and mobile web were the most popular mobile banking products before 2010. With the development of smartphones with iOS or Android operating systems, mobile banking applications (apps) began to evolve. Clients were able to download the banking apps onto their smartphones with more sophisticated interfaces and improved transactional abilities.

Till date, many financial institutions make use of both SMS and mobile applications to keep their clients informed of their account activities or to send out alerts regarding possible fraud and/or updates and maintenance of service provision.

Examples can be a text message from a bank, notifying users that their ATMs or apps will not be accessible during a particular time due to system maintenance, or a confirmation text from the bank regarding a transfer carried out by the client via the mobile app.

With the help of mobile phones, the whole scenario of banking and financial transactions has undergone a paradigm shift from the long waiting queue in the bank going through rigorous channels for banking services to the customer's home desktop and laptop. We are seeing a significant change in m-banking transactions after the demonetisation in India. The reasons behind the non-adoption of m-banking were found to be a lack of trust/risk, lack of awareness/knowledge, and inconvenience/not technology friendly. The study recommended that the banks and the government take the necessary steps to make m-banking transactions more secure and safer.

#### **MOBILE BANKING SERVICES CAN BE CATEGORIZED INTO THE FOLLOWING:**

1. **Account information access:** Account information access allows clients to view their account balances and statements by requesting a mini account statement, review transactional and account history, keep track of their term deposits, review and view loan or card statements, access investment statements (equity or mutual funds), and for some institutions, management of insurance policies.
2. **Transactions:** Transactional services enable clients to transfer funds to accounts at the same institution or other institutions, perform self-account transfers, pay third parties (such as bill payments), and make purchases in collaboration with other applications or prepaid service providers.
3. **Investments:** Investment management services enable clients to manage their portfolios or get a real-time view of their investment portfolios (term-deposits, etc.)
4. **Support services:** Support services enable clients to check on the status of their requests for loan or credit facilities, follow up on their card requests, and locate ATMs.
5. **Content and news:** Content services provide news related to finance and the latest offers by the bank or institution.

**How Mobile Banking Works?** Through Apps and SMS, banks offer software applications (apps) for smartphones or tablets or use SMS (Short Message Service) for simpler commands and notifications.

**Internet/Network Access:** Users connect to their bank's services using Wi-Fi or mobile data (GPRS) to make transactions. Common Features help in getting account information: Check account balances and view transaction history. It also helps in Fund Transfers: Send money between accounts or to other people. Bill Payments: Pay utility bills, mobile phone bills, and

other services. Remote Deposits: Deposit checks by taking a photo with the mobile device. Other Services: Some apps offer features like applying for loans, booking fixed deposits, and managing cards.

### **EFFECT OF MOBILE BANKING SERVICES ON CUSTOMER:**

This article establishes that customers face security, cost and technical challenges while using mobile and internet banking services therefore, banks should make sure that these problems are dealt with. For instance, banks should enhance the security of these services by using biometric authentication and encryption and encourage their customers to keep their credentials secure.

Mobile banking allows consumers to be able to access banking services from anywhere. Businesses and business owners are now able to save time by making use of mobile applications to process their payments or even receive funds from clients directly to their phone numbers.

The 7s of the banking sector's marketing mix are Product, Price, Place, Promotion, People, Process, and Physical Evidence. These elements help banks develop strategies to meet customer needs, manage their services, and stay competitive in the financial industry. Major banks in India, including SBI (YONO), HDFC, ICICI (iMobile Pay), Axis, and Bank of Baroda (bob World), heavily use mobile banking, offering comprehensive apps for fund transfers, bill payments, and investment services. Other active lenders include Punjab National Bank (PNB ONE), Kotak Mahindra (Kotak-811), Canara Bank, and digital-first banks like IPPB.

India is emerging as a powerhouse in mobile banking adoption. According to Forrester's Consumer Asia Pacific Survey, 2023, a staggering 87% of online Indian adults expressed their desire to do all their banking on a smartphone. This statistic marks the highest percentage among the countries surveyed in the Asia Pacific region. It also underscores the integral role that mobile banking apps play in the financial journey of Indian consumers.

### **MOBILE BANKING APPS ARE ADDING EFFICIENCY:**

Users can check balances, transfer funds (P2P), and pay bills anytime, anywhere, avoiding long lines at branches 24/7. The apps have enhanced security measures. Modern apps feature robust security, including two-factor authentication (2FA), biometric login (fingerprint/face ID), and real-time fraud detection. Apps are evolving into financial hubs, offering investment opportunities, loan applications, insurance purchases, and credit score monitoring. Real-time transaction alerts help users track spending, while options to immediately block or freeze debit/credit cards provide greater control. With advancements in technology, apps are becoming more intuitive, fast, and personalized based on user behaviour. In areas with limited physical infrastructure, mobile apps offer essential banking services, helping to bridge the gap for unbanked populations. The apps are eco-friendly and digital. They facilitate paperless banking by providing digital statements and transaction histories.

IDFC First Bank leads in digital functionality. In our digital functionality evaluation, IDFC First Bank emerged as the front-runner. It excels in account management, marketing, and sales. The IDFC First Bank mobile app exemplifies how a bank can enhance the experience by providing robust functionality in these areas.

ICICI Bank is a financial well-being pioneer. ICICI Bank has distinguished itself by placing its customers' financial well-being at the forefront. From automated savings tools to budget allocation and recommendations, ICICI Bank's app offers a holistic approach to managing

finances. It even goes the extra mile and provides comparisons to similar spenders and auto-categorizes transactions.

### **ONLINE BANKING FRAUDS:**

Involves malicious activities designed to steal funds or sensitive data, exploiting digital channels through techniques like phishing, vishing, and malware. Common threats include SIM swapping, fake banking apps, and AI-powered scams targeting OTPs and login credentials. Protecting accounts requires immediate reporting to banks and law enforcement. Common Types of Online Banking Fraud Phishing/Smishing/Vishing etc. Scammers use fake emails, SMS, or phone calls imitating banks to steal credentials. Authorized Push Payment (APP) Fraud victimize and manipulate into voluntarily transferring money to fraudsters. In SIM swapping criminals take control of a phone number to intercept SMS-based OTPs. Fraudulent apps designed to look like legitimate banking apps steal user data. Malicious software installed on devices to capture keystrokes and sensitive data. UPI/QR Code Scams: Fraudsters send fraudulent payment requests, tricking users into sending money instead of receiving it.

### **CONCLUSION:**

The quest for personalization continues. Indian customers place high value in personalized financial services, yet many banks are taking a narrow approach to personalization. We found that many mobile banking apps lack the customization options that users desire. From account management to money management and even marketing, there is an untapped potential for personalization across the app. Banks must focus on personalization in a way that delivers customer value, not just product sales.

In the modern world, many firms use systems of mobile banking to communicate with the customers. The payment system in mobile banking services benefited people's lives. This article aims to analyse the effect of people using the technology of mobile to make banking services more accessible. To write this paper the author has used multiple literature on mobile banking adoption, electronic banking services, mobile payment service user acceptance are reviewed.

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