

Acceptance of Mobile Banking among Customers: An Empirical Investigation in Coimbatore

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Abstract: *Mobile banking is an application of mobile computing which provides customers with the support needed to be able to bank anywhere, anytime using a mobile handheld device and a mobile service such as text messaging (SMS). Mobile banking removes space and time limitations from banking activities such as checking account balances, or transferring money from one account to another. Mobile banking (also known as M-Banking and SMS Banking etc.) is a term used for performing balance checks, account transactions, payments etc. via a mobile device such as a mobile phone. The present study aims to identify and investigate the acceptance of mobile banking among customers in Coimbatore City. This study based on primary data collected from 100 respondents through a questionnaire indicates the effective role to be played by the banking sector to create awareness on mobile banking among its customers and also to provide trust and security in using mobile banking.*

Introduction

Banking can be defined as the business activity of accepting and safeguarding money owned by other individuals and entities, and then lending out this money in order to earn a profit. Mobile banking is an application of mobile computing which provides customers with the support needed to be able to bank anywhere, anytime using a mobile handheld device and a mobile service such as text messaging (SMS). Mobile banking removes space and time limitations from banking activities such as checking account balances, or transferring money from one account to another. Mobile banking (also known as M-Banking and SMS Banking etc.) is a term used for performing balance checks, account transactions, payments etc. via a mobile device such as a mobile phone. Mobile banking is a way for the customer to perform banking actions on his or her cell phone or other mobile device. As per Internet and Mobile Association of India (IAMAI), the total mobile commerce market in India is pegged at Rs 400 crore and is estimated to touch Rs 2,000 crore by 2015. Currently, there are between 8 to 10 million mobile banking customers in the country and is expected to rise between 40 to 60 million in next 4 to 5 years. According to KPMG too, with 2.8 million transactions worth Rs 196 crore in February 2012, m-banking is reported to have grown by 200 percent over the last financial year. (The Times of India 30th July 2012). In India, mobile banking was started by the HDFC bank in 2003. Seventy six banks (http://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=2463) have been given approval to provide mobile banking services in India.

The current study is an attempt to investigate the acceptance of mobile banking among customers in Coimbatore city with the following objectives.

1. To study the socio economic profile of the selected respondents
2. To study the individual's willingness to use mobile banking.

Review of Literature

Mitchell (1999) stated that perceived risk is one of the critical factors to be focused while designing and developing a mobile banking service. Therefore, it is important for banks and service providers to project higher security when providing mobile banking services in order to yield higher consumers' acceptance. In fact, banks and service providers should

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continuously innovate and offer better security and reliable applications to enhance users' confidence towards mobile banking services. Saifullah and Ahsanullah (2010) reported a more comprehensive framework to account for the explanations of consumer choice in the context of m-banking. The model underlies the cognitive processes of reasoning, referencing and contextualizing, as postulated in the behavioral decision making. The proposed theoretical framework is based on a review of literature from marketing, behavioral economics and information systems. The study concluded that the proposed model incorporated the concepts of choice, mobility, flexi-channelling and situation. Second, it also provided a practical tool, which could generate useful insights for the marketing strategies of the banks and could enable them to increase their market share in a highly competitive consumer banking environment.

Dasgupta and Siddhartha (2011) investigated the antecedents to behavioral intention of mobile banking usage of Indian customers. An exploratory factor analysis was undertaken to investigate the antecedents of behavioral intentions of mobile banking services. Further, a multiple regression analysis was made to ascertain the impact of the antecedents over the behavioral intentions of mobile banking usage. The results showed that apart from traditional TAM variables like perceived usefulness and perceived ease of use, factors like perceived image, perceived value, self efficacy, perceived credibility and tradition all significantly affects behavioral intentions towards mobile banking usage. Sripalawat et al. (2011) examined positive and negative factors affecting m-banking acceptance in Thailand. Subjective norms, perceived usefulness, perceived ease of use, and self-efficacy were considered as the positive factors, and device barrier, perceived risk, lack of information, and perceived financial cost as the negative factors. They found that the positive factors have more influence than negative factors towards the acceptance of mobile banking. Among the positive factors, subjective norm is the most influential factor in m-banking adoption in Thailand.

Methodology

The current study is based on primary data. The needed data were collected through a structured interview schedule which was administered to 100 respondents who are users and non-users of mobile banking. The respondents were selected from Coimbatore city using convenience sampling technique, during February 2013.

Results and Discussion

The major findings of the current study on "Acceptance of Mobile Banking among Customers: An Empirical Investigation in Coimbatore City" are discussed in this chapter. This section studies the personal characteristics of the respondents. The following table shows the personal details of the sample units viz; socio, economic and demographic features which will help in finding out how these factors are related to the usage / non usage of mobile banking.

Among the mobile banking users of 50 respondents, 46 percent (23) are males and the remaining 54 percent females. In the case of non users, 56 percent (28) are males and the remaining 44 percent females. Among the users of mobile banking majority of 72 percent are in the age group of 21-30 years, and among the non users also about 68 percent come under this age group. An equal 60 percent of users and non users are unmarried. The sample units have at least completed higher secondary school level education. Further 44 percent of the users had completed under graduation and this percentage was 38 among the non users. Among the total respondents about 40 percent are not working being either house wives or students. In the case of mobile banking users about 30 percent of the respondents have their monthly income in the range of Rs 5001-15000, 8 percent in the range of Rs 15001-25000 followed by 28 percent having their monthly income exceeding Rs 25000. Among the non users of mobile banking a majority of 28 percent have their monthly income in the range of Rs 5001-15000, 12 percent in

range of Rs 15001-25000 followed by 14 percent having their monthly income exceeding Rs 5000 and only 2 percent of the respondents have their monthly income exceeding Rs 55000. Occupation wise analysis reveals that about 40 percent are not in labour force among both the users and non users of mobile banking. Among the users of mobile banking majority of 22 percent each are professionals and doing business. Among the non users 24 percent are businessmen, 18 percent are sales man and 14 percent are professionals.

Table -1: Personal Attributes of the Sample Respondents

	Users		Non - users	
	Number	Percent	Number	Percent
Age (years)				
Less than 20	4	8	2	4
21-30	36	72	34	68
31-40	8	16	11	22
Above 41	2	4	3	6
Gender				
Male	23	46	28	56
Female	27	54	22	44
Marital status				
Single	30	60	30	60
Married	20	40	20	40
Education				
HSC	8	16	19	38
UG	22	44	19	38
PG	15	30	8	16
Research	5	10	4	8
Monthly income(Rs)				
Nil (Not employed)	21	42	20	40
Less than 5000	0	0	2	4
5001-15000	15	30	14	28
15001- 25000	4	8	6	12
25001 -35000	9	18	7	14
35001-45000	0	0	0	0
45001-55000	1	2	0	0
Above 55001	0	0	1	2
Occupation				
Business	11	22	12	24
Professionals	11	22	7	14
Sales man	4	8	9	18
Teacher	2	4	2	4
Not employed	21	42	20	40
Other workers	1	2	0	0
Total	50	100	50	100

Source: Data based on Field survey, 2013 (HSC- Higher Secondary School, UG- Under Graduate, PG- Post Graduate)

Type of Bank

The following Table-2 gives the type of bank in which the current sample units have their accounts.

In the current study the sample units have their accounts mostly in State Bank of India (SBI). This percentage is 54 percent for users and 44 percent for non users. Fourteen percent of the mobile banking users and 8 percent of the non users of the respondents have their accounts in

ICICI bank. Among the non users 30 percent are using other banks (Indian bank, Indian oversea bank, and Syndicate and Lakshmi vilas bank)

Table-2: Type of Bank of the Sample Respondents

Name of the bank	Users		Non users	
	Number	Percent	Number	Percent
State bank of India	27	54	22	44
ICICI	7	14	4	8
Karur vaisya Bank	5	10	5	10
Corporation	6	12	1	2
City union bank	2	4	3	6
Others	3	6	15	30
Total	50	100	50	100

Source: Data based on Field survey, 2013

Period of Having Accounts in Bank

The following Table-3 gives the period of having accounts in bank. The table shows that majority of the (42 percent) mobile banking users and among the non users (34 percent) having their bank accounts in the range of period is five to ten years.

Table-3: Period of Having Accounts

Years	Users		Non users	
	Number	Percent	Number	Percent
< 5 years	14	28	7	14
5-10 years	21	42	17	34
10-15 years	9	18	16	32
Above 15 years	6	12	10	20
Total	50	100	50	100

Usage of Mobile Banking:

The respondents were asked to state the period in which they started to use mobile banking. The details are given in the following Table-4.

Table-4: Usage of Mobile Banking of the Sample Respondents

Start using mobile banking	Number	Percent
Less than 1yr	27	54
1yr to 2yrs	15	30
More than 2yrs	8	16
Total	50	100

The above Table-4 reveals that majority of 54 percent of the respondents started using mobile banking from the past six months only, 30 percent use mobile banking for a period ranging 1 to 2 years and 16 percent use mobile banking in more than 2 years.

To find out how age/education/monthly income is related with the usage of mobile banking chi square test was applied. For this the following hypothesis were tested.

Ho: There is no association between age /education/ incomes of the respondents with the usage of mobile banking

Ha: There is association between age /education/ income of the respondents with the usage of mobile banking

The calculated chi square values along with the theoretical chi square values are shown in the following table-5.

Table -5: Chi Square Values

Variable	Calculated Chi Square Value	Degrees of freedom	Theoretical Chi Square Value	Inference
Age	1.397	3	7.81	Accept Ho
Education	6.143	4	9.49	Accept Ho
Monthly income	4.709	6	12.59	Accept Ho

The table results reveal that using or not using mobile banking is not related with either age or education of the respondents or their income. The result could not be generalized as this was being carried out only on a limited number of sample units.

Conclusion

The present study shows that young people use mobile banking services in a greater proportion. It is observed from the respondents that, there is a need for providing better and customized services to the customers. Customers are reluctant to adopt new technologies that might contain risk. Overall results show that higher incomes group and younger are using the mobile banking services. These factors not only lead to use mobile banking but also influence the overall customers' satisfaction in mobile banking services.

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