

The Effect of Smartphone use For Mobile Banking on The Financial Behaviour of Consumers

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Abstract: *Mobile banking supports instant services that address the need to visit banks for daily transactions. Payments of bills, interest payments, loans, investments, recharges, mobile wallets and UPI services. Users can simply keep an eye on the activities in their accounts and raise a dispute for unauthorised transactions by tapping a few buttons on the mobile banking app. Advantages such as 24x7 availability, time-saving, faster transactions, and security concerns and challenges like technical issues, UPI issues, lack of trust, and internet connectivity problems are issued. For this study, a traditional questionnaire with twenty-three questions was prepared in four sections. Eight questions were based on demographic information, and 15 questions were prepared, with five questions divided into three different sections: section B was about saving behaviour, section C was about the effects of mobile banking on spending behaviour, and section D was about how the financial behaviour of university students can be improved.*

Keywords: Mobile Banking, Financial Behaviour, Spending Behaviour, Saving Behaviour

INTRODUCTION

In the present scenario, there has been a huge increase in mobile banking, not only in India but also worldwide. Mobile banking, a major component, is defined as an efficient, convenient, and user-friendly platform for customers to manage their financial practices. Mobile banking has impacted customers' financial behaviour in terms of transferring funds, paying bills, utilities, rent, and interest payments. The establishment of mobile banking also plays an important role in effectively encouraging users to make financial decisions. This study explains how customers think about mobile banking and how it affects their spending, saving, and other money management behaviours.

The increase in technology has completely changed customers' financial behaviour in managing their money. In today's world, banking services have become fast, reliable, and essential systems that affect customers' financial behaviour. Online banking allows customers to send money, check account balances, and pay bills and utilities. However, the increase in digital technology has improved financial inclusion, mostly in rural areas, and provided online transactions.

Banking applications comprise numerous services, including fund transfers, balance enquiries, and loan requests. These apps are also capable of ordering chequebooks, credit and debit card applications, fixed and recurring deposits, and other services. Other choices include opening investment accounts, paying taxes, obtaining FASTags, and setting up pension accounts, among others.

Online banking plays a crucial role in financial systems by providing safe, fast, and convenient services. By allowing people to do this, it encourages banking inclusion, mainly in remote and rural areas of the country. To use banking services by eradicating the necessity to approach banks physically, using smartphones Mobile banking enables users to handle payments along with fund transfers and money receipts, as well as view account information from any location at any time. Mobile banking initiates cashless economic systems through its ability to conduct online payments, eliminating the need for traditional physical money. The financial sector has undergone a fundamental transformation through mobile banking, creating banking services that are more secure, quicker, and convenient, with better user-centricity and easy accessibility.

Mobile banking is available around the clock. Certain financial institutions place restrictions on the types of accounts that can be opened and the maximum amounts that can be withdrawn. Mobile banking transactions rely on the banking app's functionality, which includes checking

account balances, making withdrawals, viewing transaction histories, electronically paying bills, and making loan payments. Transactions that are done through online banking are stated by the mobile banking applications, which involve a recent transactions list, payments list, online deposits of peer-to-peer payments, and transferring money from one person to another person's account. Some apps also allow customers to download and print copies of their statements at their convenience. Mobile banking is different from payments made through a mobile device, which involves using phones for payments either physically or online.

With the biometric login method, convenience and security go hand in hand vs. historical means where customers forgot the PIN or had it just stolen. However, other financial institutions will look toward artificial intelligence and blockchain-tracked Know Your Customer (KYC) login processes as the next step towards highly secure but frictionless onboarding. Thus, by learning the activity of their customers' financial transactions, banks can send real-time offers for other banking services through the app, such as loans, credit cards, and line cash credits.

Cardless withdrawal methods at Bank of America allow customers to connect their debit cards with a digital wallet while using ATMs for cash withdrawals. Additionally, mobile banking requires a mobile device with internet. Mobile banking offers account balances and recent transaction lists, remote check deposits, funds moved, and anything else depending on the features found in apps. The mobile banking sector is growing because of the higher need among consumers for personalisation and self-service on items and services. Rising mobile device usage enables consumers to receive immediate customer support, together with technological developments.

The increasing number of users has driven people to use mobile apps to access banking services. This, in turn, offers banks profitable opportunities to improve their products and services. Furthermore, consumer engagement rises with the use of chatbots and other facilities, enabling banks to build customer loyalty that drives market expansion.

REVIEW OF LITERATURE

Several innovations have changed the banking sector through technological advancements. Banks have become customer-friendly due to factors such as computerisation and networking, core banking, and automated teller machines (ATMs), which provide communication between customers of other banks from any branch across the nation (Aithal and Varambally, 2015).

Damodaran and Sambandamam(2019) mentioned that mobile phones are the latest aspect of performing banking activities. Connectivity, encrypted messaging systems, and secure communication platforms are factors that increase the use of mobile banking in Ghana. Connectivity, encrypted messaging systems, and safe communication platforms are elements that improve Ghana's use of mobile banking (Gaffar, 2009).

Johara (2014). Identified factors such as the accessibility of service points, price of service, safety, and societal influence that remain active besides having a

beneficial impact on the user's thinking about the use of smartphones for mobile banking. Trust is important for the adoption and usage of mobile banking. Adding and analysing new variables on mobile banking usage is often beneficial, particularly for developing countries. Malaquias and Hwang (2016).

Jain and Agarwal (2019) determined the factors affecting the usage of smartphone banking: trust, quality, and convenience made customers adopt smartphone banking. Dera (2022). This indicates that consumer behaviour has a long-lasting influence on the effect of smartphone usage for mobile banking, in addition to other factors.

Gerrard and Cunningham (2005) Accessibility and confidentiality are two new characteristics. Internet banking is perceived as cheaper, simpler, and more straightforward. Adopters are also financially innovative. Martins et al. (2019) explored that smartphone advertisements promote customers' purchases. The social needs and social status of customers largely influence their dependence on smartphones.

Gomachab (2018) highlighted that mobile banking is used more for online booking of airline tickets, where most customers are satisfied. Mobile banking apps in India include YONO by SBI, Kotak 811, PNB One, Baroda M-Connect, Federal Bank FedMobile, ICICI iMobile Pay, HDFC Bank Mobile Banking App, BOI Mobile, IDFC FIRST Bank Mobile App, and Canara Bank Mobile Banking. Some apps also allow customers to download and print copies of their statements at their convenience. Mobile banking is different from payments made through a mobile device, which involves using phones for payments either physically or online.

Tewari & Misra (2018). Through mobile banking, mobile commerce has become an important marketing strategy to reach customers through mobile shopping apps such as Amazon, Flipkart, and Myntra. To enjoy mobile banking benefits, consumers need to be at least somewhat conversant with fast-transforming banking technologies. This may be contrary to the convenience of older people or those belonging to rural areas. Additionally, mobile banking requires a mobile device with internet.

RESEARCH OBJECTIVES: Study about how mobile banking is affecting the saving and spending habits of consumers. To elucidate how online banking is quicker and more accurate than traditional banking. To detect potential challenges associated with mobile banking, such as overspending and security concerns. The findings will help financial institutions improve mobile banking services and help policymakers promote digital financial inclusion.

RESEARCH QUESTIONS: Considering the review of collected works and objectives of the research study, the following research questions arise: How does a customer's financial behaviour change with smartphone banking? Are customers making impulse purchases, either overspending or minimising purchases?

RESEARCH METHODOLOGY: The exploratory research method with stratified random sampling method has been adopted where a sample size of one hundred and fifty customers was selected to undertake the survey

determined by using a questionnaire method, and data collection has been done. The questionnaire was self-designed and consisted of four parts. Part A elicits demographic information, such as gender, employment, monthly income, usage of mobile banking for purchases, daily spending, and preference for mobile or traditional banking for purchases. Part B consisted of five questions: Part A questions helped us understand how smartphone banking services affect customers' saving behaviour. Part B questions identify how smartphone features affect customers' spending behaviour. Part D explores questions related to financial education.

FINDINGS AND ANALYSIS:

Research Hypothesis

Inferential statistics: Demographic analysis.

Table-1: Descriptive analysis of demographic variables

Age	Category	Frequency	Percent
	18-29 years	101	67.3
	30-39 years	10	6.7
	40-49 years	11	7.3
	50 and above	28	18.7
	Total	150	100
Gender			
	Men	82	54.7
	Women	68	45.3
	Total	150	100
Employment			
	Student	63	42
	Public Sector	17	11.3
	Private Sector	56	37.3
	Unemployed	14	9.3
	Total	150	100
Monthly Income			
	Below Rs. 25,000	88	58
	Up to Rs 50,000	22	14
	Up to Rs. 75,000	16	10.7
	Above – Rs. 1,00,000	24	16
	Total	150	100

Source- SPSS Output

Table-1 tells us about the age of the person. A total of 101 customers (67.3%) fell under the age group of 18-29 years. Customers under the age-30-39 years have a frequency of ten and 6.7% of the sample. The people under the age of 40-49 years have a frequency of 11 and 7.3 percent. The frequency of people aged 50 and above have a frequency of twenty-eight and 18.7%. Therefore, the total frequency of all four ages was 150, and the percentage was 100%. Hence, the table indicates that people under the age of 18-29 years have more scope for the study. The table shows the gender of the person. The male category had a frequency of 82 (54.7%). The female category had a frequency of 68 and 45.3 percent. The total frequency of both males and females was 150, and the percentage was 100%. Thus, from the table, we can clearly understand that males have a greater scope for study.

The employment of the individuals as students has a frequency of sixty-three and 42.0%; the public sector has a frequency of 17 (11.3%); the private sector has a frequency of fifty-six and 37.3%; and the unemployed have a frequency of 14 (9.3%). The total employment frequency was 150 and 100%. Therefore, from the table, we can clearly

state that students have more scope for study. The table also shows that a monthly income of below Rs. 25,000 has a frequency of 88 and 58.7%; between Rs. 25,001 and Rs. 50,000 has a frequency of twenty-two and 14.7%; between Rs. 50,001 and Rs. 75,000 has a frequency of 16 and 10.7%; and between Rs. 75,000 and Rs. 100,000 has a frequency of 24 and 16.0 percent. Therefore, the total frequency of monthly income will be 150 with 100%. Thus, we can clearly understand that a monthly income below Rs. 25,000 has more scope for the study.

After carefully reviewing the content on financial behaviour and financial literacy, the current study attempted to develop the following hypothesis:

H₁ Smartphone banking affects customer purchasing behaviour.

Table-2: Two-way Anova table for the effect of mobile banking on the saving behaviour

Source	Type III Sum of Squares	Degree of freedom	F	Sig.
Corrected Model	27.922 ^a	7	3.989	3.336
Intercept	233.618	1	233.618	195.389
Do you use mobile banking for making purchases?	2.881	1	2.881	2.41
Monthly Income	1.397	3	0.466	0.39
Do you use mobile banking for making purchases? * Monthly Income	6.902	3	2.301	1.924
Error	169.783	142	1.196	
Total	1795.76	150		

Source-SPSS Output

Two-way ANOVA had been done to understand the impact of the usage of smartphones for mobile banking and monthly income on saving behaviour. Saving behaviour was considered the dependent variable, and monthly income and mobile banking usage were considered fixed factors (independent variables). The results show that the entire model is statistically significant ($F = 3.336$, $p = 0.003$), indicating that these factors provide a valuable portion of the variation in saving behaviour. When analysing the individual components, the use of mobile banking for purchases did not show any significant effect statistically ($F = 2.410$, $p = 0.123$), as the p-value exceeded the significant value (0.05). Monthly income does not affect saving behaviour. where the F-value is 0.390 and the p-value is 0.761, and the relationship between monthly income and mobile banking usage has not shown any effect on saving behaviour. The error has 142 degrees of freedom with a mean square of 1.196, as the total sum of squares is 1795.760 for 150 observations. Since the significant values are higher than 0.05, the null hypothesis has not yet been rejected.

H₂ There is a difference in the use of smartphone banking for purchases across different age groups.

Table-3 Two-Way Anova Results

Model	Unstandardized coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	12.509	1.56		8.018	0
Mobile Banking usage	-0.502	1.169	-0.04	-0.43	0.668
Monthly Income	0.468	0.382	0.128	1.225	0.223
Age	0.293	0.344	0.084	0.851	0.396
Do you prefer mobile banking to traditional banking for purchases?	0.288	0.993	0.027	0.29	0.773
Spending levels per day	-0.672	0.383	-0.17	-1.754	0.081

Source-SPSS Output

In the coefficients, none of the predictors were statistically significant. Mobile banking usage, monthly income, age, and preference for mobile banking over traditional banking for purchases showed high p-values; therefore, they did not significantly predict spending behaviour.

DISCUSSIONS

To improve students' financial behaviour, colleges, institutes, and universities must conduct regular seminars, workshops, and sessions on saving and spending behaviour. Banks should provide disciplined spending habits for people with low-income using mobile banking. As employees spend a lot of money, employers must provide certain financial schemes and programs. Banks should offer various financial schemes and programs to improve financial management among students. Saving schemes must be included in mobile banking applications.

CONCLUSIONS

Since mobile banking is used by the majority of people worldwide and is also preferred the most, it does not affect the saving and spending habits of people. In addition to technological tools, financial behaviour is strongly attached to certain factors, such as employment and income. For university students, neither demographic variables nor the usage of mobile banking showed any significant effect on their financial behaviour. The saving and spending levels are completely based on an individual's perspective. Hence, providing financial literacy classes, workshops, and seminars and focusing on money-saving strategies are essential to providing good and well-mannered financial behaviours. The findings also highlight the need for financial education and the establishment of mobile banking for well-mannered financial management practices. When students come to the university, especially to improve their financial discipline, various seminars, sessions, and workshops must be conducted for their improvement. Employers must provide saving schemes for employees, and low-income individuals must be provided with disciplined spending habits.

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