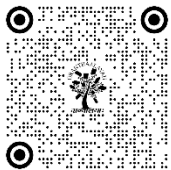


# A COMPARATIVE STUDY OF CONSUMER SATISFACTION WITH REFERENCE TO MOBILE BANKING OF SELECTED URBAN AND RURAL AREAS OF GUJARAT

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## ABSTRACT

This study aims to compare the level of consumer satisfaction with mobile banking services in selected urban and rural areas of Gujarat, India. It hopes to shed light on the current state of mobile banking in Gujarat and identify areas for improvement. The result of this study will provide valuable insights for banks and financial institutions, as well as policymakers, to better understand the needs of their consumer and strive to enhance their mobile banking service. It may reveal disparities in the level of satisfaction between urban and rural areas, which could prompt further action to address the gap and improve financial inclusion.

**Keywords:** Mobile Banking, Customer Satisfaction, Gujarat

## 1. INTRODUCTION

Banking is an industry that plays with cash, credit, and other financial transactions for individuals and businesses. The Banking industry has transformed from a traditional model to modern technology. Mobile Banking is one such branch of the banking sector. Mobile banking refers to the use of mobile device to carry out money-related transactions. In India, the services of Mobile banking were started with SMS messaging in the year 2002 and slowly picked up with the increase of mobile subscriber base in recent years and today half the population is using mobile phones. ICICI Bank was the first bank to start mobile banking in India in the year 2008.

The advancement of technology has revolutionized the way we bank, with mobile banking being a key player in this change. In today's fast-paced world, consumers seek convenience and ease to access to their financial services, which has led to an increasing number of people opting for mobile banking. Mobile banking has become a crucial aspect of the financial sector, offering consumers ease of access and convenience to their financial services. By comparing the experience and preferences of consumers in urban and rural areas, the study aims to identify the strength and weaknesses of mobile banking services in these regions. To make mobile banking accessible to all consumers, RBI has not kept any charges on the transactions done through mobile banking.

Mobile banking services were initially introduced through SMS (Short Messaging Services), WAP (Wireless Application Protocol) empowered mobile devices. Most banks today offer software that account holders can easily download to their mobile phones from the bank's website or Play Store app. This application acts as a reliable and updated channel as it provides a wide range of services through mobile banking services.

According to FIS' PACE Pulse Survey 2020 India has seen a flow in digital payments amidst the COVID-19 pandemic. The results show that 68 % of Indians are now using online or mobile banking to conduct financial transactions.

For a comparative study of consumer satisfaction with reference to mobile banking, two cities named Surat and Ahmedabad are selected in urban areas, and in rural areas Anjar, Khambhat, and Ankleshwar are selected.

## 2. NEED FOR MOBILE BANKING

Mobile phones, as a medium for extending banking services, have attained greater significance because of their omnipresent nature. The rapid growth of mobile users in India, through wider coverage of mobile phone networks, has made this medium an important platform for extending banking services to every segment of banking. Mobile banking is becoming increasingly important due to its convenience, speed, security, and cost-effectiveness. With the help of mobile banking, users can access their bank accounts and conduct any financial transactions anytime, anywhere with the help of mobile devices and internet facilities. Transactions are typically faster and more secure than traditional banking methods and often involve lower fees and less transaction costs.

Mobile banking also helps to promote financial inclusion by providing financial services to consumers who may not have had access to traditional banking services in the past. Mobile banking provides user authentication and encryption. Various financial services like transferring funds, online shopping, recharge, bill payment, tax payment, insurance payment is done through mobile banking. Non-financial services like balance inquiry, downloading e-statement, applying for credit or debit card, KYC update, application for new chequebook, loan statement, securities, and deposits.

Overall, mobile banking has become a vital tool for managing personal finances and is likely to become even more prevalent in the years to come. It's an essential tool in today's digital age.

## 3. LITERATURE REVIEW

- **SUDHA (2016)** the study concludes with suggestion on various factors affecting mobile banking services and taking remedial measures on security issues so that the consumer shall not face the problems such as incomplete transaction, problem of network, awareness regarding mobile banking.
- **Senthilkumar K (2016)** The research shows how the customers perceive the mobile banking services offered by the bank. The study reveals customers are unable to update themselves and they fear insecurity in using mobile banking services.
- **Abirami K. (2018)** the study concluded that banks should make more efforts to increase awareness of online banking. The study also revealed that dissatisfied level is highest in case of ATMs in the public sector banks as compared to private sector banks whereas in case of internet banking and mobile banking dissatisfied level is highest in public sector banks when compared to private sector bank.
- **Gomathinayagam S (2019)** The study analysed the adoption of mobile banking services among the customers of mobile banking in the study area, and it also confirmed the constructed factors have a significant positive effect on the behavioural intention of the customer to adopt mobile banking services. The result of the study proved that there is a significant satisfaction of customers with mobile banking services in Tirunelveli.
- **Gupta, Harshita (2021)** carried out a study to examine the factors influencing customer adoption for online banking and mobile banking in rural and urban areas of Uttar Pradesh. Researcher has explained various dimensions of Different parameters of online banking and mobile banking Services. As per the study it is recommended that banks should increase more awareness among customers regarding online banking and mobile banking especially in rural areas.
- **Jayachandra, BS (2022)** The study concluded that mobile banking was mostly used as a digital channel. From this study, we can see that among many factors that determine the satisfaction for mobile banking services;

accessibility, convenience, privacy, security, design, content, speed and Fees and Charges appear to be the most important determinants of customer satisfaction.

- **Shukla and Mishra (2013)** conducted a study that explored the factors influencing the adoption of mobile banking in India. Although the study did not specifically focus on Gujarat, it provided valuable insights into the determinants of mobile banking adoption in the broader Indian context. Factors such as convenience, trust, security, and ease of use were identified as crucial drivers for mobile banking adoption, which can be applicable to both urban and rural areas in Gujarat.
- **Dhamija and Kaur (2012)** conducted research focused on the adoption of mobile banking services in rural areas. This study is particularly relevant to understanding mobile banking dynamics in rural regions of Gujarat. The research delves into the barriers faced by rural consumers, such as limited digital literacy and connectivity issues, and offers strategies to enhance mobile banking adoption in rural contexts.
- **Rahman and Bhuiyan's (2012)** empirical study assessed consumer attitudes toward mobile banking in developing countries, shedding light on how consumers in such regions perceive and interact with mobile banking services. These insights are valuable for understanding consumer satisfaction in both urban and rural areas of Gujarat.
- **Chandak and Bhaskar (2013)** conducted a study that focused on customer satisfaction in mobile banking services in India. Their research identified factors such as transaction speed, reliability, and the availability of value-added services as key drivers of customer satisfaction. These findings can be applied to assess consumer satisfaction in Gujarat's mobile banking sector.
- **Dwivedi and colleagues (2013)** used a structural equation model to examine mobile banking adoption in India, providing a comprehensive framework for understanding the factors that influence adoption and customer satisfaction in the Indian context. Although not specific to Gujarat, their research offers valuable insights applicable to both urban and rural areas within the state.

## 4. RESEARCH METHODOLOGY

### 4.1. DATA COLLECTION

In this study, primary data has been collected by using a questionnaire format. The data was shared to the consumers of banking sector of selected areas of Gujarat state. For this purpose, a questionnaire was prepared with 4 segments – Socioeconomic profile, mobile banking services, perception analysis, and overview on the utilization of mobile banking services. Out of 200 questionnaires which were distributed in urban and rural areas, 150 consumers have shared their responses. 75 questionnaires were received from urban areas and 75 from rural areas.

### 4.2. STATEMENT OF PROBLEM

Banks are providing mobile banking services to their consumers 24\*7. Still, many consumers are not using mobile banking services and are not aware of the same. Consumers still visit banks and stand in long queue for their financial transactions and other bank-related services. Therefore, the research tried to know the consumer satisfaction level in both urban and rural areas of the Gujarat district.

## 5. OBJECTIVES OF THE STUDY

- 1) To compare rural and urban sectors in terms of mobile banking.
- 2) To know which type of mobile banking services consumers, use.
- 3) To know the satisfaction level for the mobile banking services used by consumers.
- 4) To study demographic factors and mobile banking usage details.
- 5) To know the frequency of services used through mobile banking.
- 6) To review about the extent of usage of mobile banking facilities by the Bank's A/C holder.

## 6. HYPOTHESIS

- **H0** – There is no significant difference between consumer satisfaction in Urban and Rural area
- **H1** – There is a significance difference between consumer satisfaction in Urban and Rural area.

### 6.1. LIMITATION OF THE STUDY

- 1) The study is based on primary data.
- 2) The study is focused on selected areas of Gujarat
- 3) The sample size is limited
- 4) More parameters can be added to the study
- 5) The statistics test also have their own limitations.

## 7. DATA ANALYSIS

The results of the analysis of the data were obtained using the SPSS software and are as follows.

Table 1 comprises the respondent's profile

**Table 1 Respondents Profile**

Category		
Gender	Male	57.3%
	Female	42.7%
Occupation	Student	22%
	Self-employed	25.3%
	Public sector	7.3%
	Private sector	38.7%
Education	Higher Secondary	8%
	Graduate	40%
	Post Graduate	36.7%
	Professionals	15.3%
Annual Income	Below 300000	36%
	300000-500000	26.7%
	500000-1000000	19.3%
	Above 1000000	18%

We use discriminant analysis towards two groups. Constructed on the basis of area say: Rural and Urban

Here, Group 0- Rural

Group 1- Urban

**Eigenvalue measures** the variance explained by the discriminate function. Here predicted Eigenvalue is 0.617, which explains that the corresponding discriminate function is able to explain 61.7% of the total variance in data.

Eigenvalues				
Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	.617 <sup>a</sup>	100.0	100.0	.618

Wilks' Lambda				
Test of Function(s)	Wilks' Lambda	Chi-square	df	Sig.

1	.619	54.270	20	.000
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**Wilks' Lambda** is a measure of the overall discriminate ability of a set of predictor variables.

In summary, based on these values, we can say that the predictor variable has some discriminant ability but there may be some degree of misclassification or overlap between groups.

**Group Centroids:**

Area	Function
	1
0	-.824
1	.736

In this case, there are 2 groups (based on Areas) and 1 discriminate function. This table shows that the mean for area 0 is -0.824 and the mean for area 1 is 0.736. This means that the discriminate function can be used to separate two groups with area 0 having a lower value and area 1 having a higher value.

**Test of Equality of Group means:**

- H1 – There is a significance difference between consumer satisfaction in Urban and Rural area.
- H0 – There is no significant difference between consumer satisfaction in Urban and Rural area.

	F	df1	df2	Sig.
Checking Account balance	.013	1	123	.91
Checking transaction history	.653	1	123	.421
Transferring funds	.074	1	123	.786
Paying bills	1.02	1	123	.314
Online shopping	5.082	1	123	.026
Investments and Insurance	5.389	1	123	.022
Managing debit and credit cards	16.166	1	123	.000
Applying loans	2.088	1	123	.151
Mobile banking is easy to use and understandable	8.386	1	123	.004
Mobile banking is safe to use	4.221	1	123	.042
Mobile banking is better than visiting a branch	17.889	1	123	.000
Mobile banking helps in checking the transactions	16.098	1	123	.000
Applying loan has become faster in mobile banking	21.051	1	123	.000
Paying bills is easy in mobile banking	24.825	1	123	.000
Ordering new chequebook	17.036	1	123	.000
Finding nearby ATM machines	1.954	1	123	.165
Cancelling an issued cheque	5.574	1	123	.02
Blocking or unblocking a debit or credit card	13.962	1	123	.000
Updating KYC	2.664	1	123	.105
Yearly/ Annual Income	10.065	1	123	.002

There are more than 50% parameters which significance level is less than 0.05 hence we must reject the null hypothesis. That means There is a significance difference between consumer satisfaction in Urban and Rural area which can be seen from the above table.

## 8. CONCLUSION

- 1) Out of the 200 questionnaires distributed in both urban and rural areas of Gujarat, 150 consumers provided responses. Specifically, 75 questionnaires were received from urban areas, and the remaining 75 were received

from rural areas. The study involved distributing questionnaires with four segments: socio-economic profile, mobile banking services, perception analysis, and an overview of the utilization of mobile banking services.

- 2) The parameters considered were checking account balance, checking transaction history, online shopping, cancelling an issued cheque, Applying for loans etc.
- 3) F-test was used to check the significance level. More than 50% of parameters have a significance level less than 0.05 which means that the null hypothesis is rejected, and the alternative hypothesis is accepted which shows that there is a difference in the level of consumer satisfaction in selected rural and urban areas of Gujarat.
- 4) As the Canonical Correlation is positive i.e 61.7% it shows that there is more influence of all parameters in Urban Area compared to Rural Area.

## CONFLICT OF INTERESTS

None.

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