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Impact of mobile banking application on financial performance among banks in India (with reference to Chennai City)

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Abstract
Mobile banking is a part of E-Commerce that enables users to access various online goods and services through digital platforms. It offers convenient services including fund transfers and bill payments, balance inquiries, savings tracking, and investment management, helping customers avoid the risk of holding cash. Introduced in India in 2002 through SMS-based services, mobile banking has now evolved to support almost all banking transactions through smartphones, computers, and laptops. Banks have adopted mobile banking as a core strategy to save time, reduce transaction costs, and strengthen customer involvement. Mobile banking also increases financial literacy by helping users track income and expenses, plan budgets, and manage their finances anytime and anywhere. However, its impact on financial performance differs due to variations in financial awareness, technological skills, and trust in digital platforms. This study examines the perception, usage behaviour, benefits, challenges, and satisfaction of mobile banking users in Chennai, along with the impact of demographic and psychological variables on adoption and financial results.

Keywords: Digital transactions, e-commerce, financial literacy, mobile banking, mobile banking applications security and trust

Introduction

Mobile banking is a part of E-Commerce. Online goods and services are provided through the use of mobile banking. The mobile banking has now become a core strategy for the banks, which is also investing to raise the Global digital medium base. Online banking, Mobile banking, ATM's, Deposit machines etc., people prefer making use of these facilities and avoid the risk of holding cash in hand. These digital platforms enable individuals to perform various financial transactions such as fund transfers, bill payments, savings tracking, and investment management—all from the convenience of their smartphones. In today's digital age, mobile banking is quite convenient, with many banks providing excellent apps. People prefer to use mobile banking because it allows them to deposit checks, pay for items, transfer money to a buddy, or find an ATM quickly. Mobile banking was first introduced in India in 2002, with transactions conducted by SMS. Almost all financial transactions can now be completed by PC, laptop, or smartphone. Everything from checking account statements to paying credit card bills, utility bills and transferring funds can be done online. Banking transactions can be completed whenever a customer wants after downloading the mobile banking app to their smartphone. ICICI Bank was the first bank in India to offer mobile banking services in 2008. Since then, practically all banks have taken the same approach. Adopting technological facility inventions has helped the banking sector to easily involve the customer in knowing their banking services. Mobile banking is very handy facility to operate anywhere or anytime. Through mobile banking service, banking sector saves lots of transaction costs and time. It helps banking sector as well as customer thus increasing financial literacy. The ability to manage finances efficiently using mobile banking apps has profound implications for an individual's financial performance. These applications empower users to track their income and expenses, plan budgets, and access financial advisory services at their fingertips. However, the extent to which mobile banking practices enhance or hinder financial performance remains a subject of interest, especially as financial literacy, technological proficiency, and trust in digital platforms vary among individuals.

Review of Literature

Petrus & Nelson (2006), highlighted that perceived usefulness and ease of use strongly influence users' intention to adopt online banking. Luarn & Lin (2005) [1] the traditional TAM cannot fully explain why many users hesitate to adopt mobile banking, so additional factors like trust, tech confidence, and cost were included. Findings show these factors significantly improve adoption prediction, emphasizing the importance of trust and resource considerations. Suoranta & Mattila (2004), The study examines who is most likely to adopt mobile banking and how technological change is reshaping financial services. Using survey data from Finland, it shows that demographic factors and customer communication preferences significantly influence mobile banking adoption. Yu & Boon (2003), E-channel success in Malaysian banks depends on good operations, product innovation, and staff knowledge. The study stresses managing these factors and costs for effective implementation. Natarajan & Angur (1999), they found that banks in developing economies must rethink service strategies as technology changes. The study highlights the need for better service quality measures.

Need of the Study

Rapid technological progress and the increasing reliance of individuals on digital platforms have made it necessary to examine modern banking practices. This study aims to

assess the impact, advantages, challenges, and level of user satisfaction associated with mobile banking applications in Chennai city. It further seeks to analyse users' perceptions, behavioural patterns, and potential future dependence on mobile banking services in the region.

Objective of the Study

1. To examine the frequency and usage level of mobile banking applications across different banks.
2. To analyse the significance of security, trust, customer satisfaction, and financial performance based on gender differences.

Scope of the Study

The study focuses on understanding how individuals in Chennai use mobile banking applications and how these apps influence their financial behaviour and performance. It examines demographic factors such as age, education, income, and occupation to identify differences in usage patterns and satisfaction levels. The study also explores psychological aspects like trust, security concerns, ease of use, and financial awareness that shape adoption decisions. Limited to respondents up to 62 years of age within Chennai city, the study further assesses behavioural outcomes, including budgeting, savings, expenditure management, and overall financial decision-making influenced by mobile banking applications.

Limitations of the Study

The study is limited to Chennai City, and therefore the insights reflect only the responses and conditions within this specific region. The reliability of the data depends entirely on the information provided by the respondents, which may include individual perceptions and biases. Evaluating a person's financial performance through mobile banking practices is also subjective, as experiences and outcomes may change over time due to technological progress and shifting financial trends. Since the data has been collected exclusively from Chennai, the findings cannot be generalized to represent the entire state or country.

Research Methodology

The study follows an analytical and descriptive research design, using as sampling frame all individuals residing in Chennai. Respondents were selected through a convenience sampling method, resulting in a total sample size of 209. Primary data were gathered via a structured questionnaire, and data collection occurred between 15th November 2025 and 30th November 2025.

Data Analysis and Interpretation

1. Confident and Secure

H0: There is no significant difference in the preferred confident that personal and financial data is secure when using the mobile banking app.

H1: There is a significant difference in the preferred confident that personal and financial data is secure when using the mobile banking app.

t-TEST

	Gender	Mean	S. D	t Value	p Value
Confident and secure	Male	4.01	0.882	0.247	0.805
	Female	3.98	0.920		

Interpretation: It is inferred that male has a score of 4.01 and female has score of 3.98. The p value of 0.805 is more than the level of significance of 0.05. Therefore, there is no significant difference in preferred Confident that personal and financial data is secure when using the mobile banking app between numbers of dependents. Hence, H0 is accepted.

Bank's Reputation

H0: There is no significant difference in the preferred Bank's reputation greatly influence trust when using the mobile banking app.

H1: There is a significant difference in the preferred Bank's reputation greatly influence trust when using the mobile banking app.

t-TEST

	Gender	Mean	S. D	t Value	p Value
Bank's reputation	Male	4.02	0.804	1.050	0.295
	Female	3.90	0.921		

Interpretation: It is inferred that male has a score of 4.02 and female has score of 3.90. The p value of 0.295 is more than the level of significance of 0.05. Therefore, there is no significant difference in the preferred Bank's reputation influences trust in mobile banking app between numbers of dependents. Hence, H0 is accepted.

Time Saving

H0: There is no significant difference in the usage of mobile banking app is time saving than conventional banking.

H1: There is a significant difference in the usage of mobile banking app is time saving than conventional banking.

t-TEST

	Gender	Mean	S. D	T value	P value
Time saving	Male	4.49	0.563	1.794	0.075
	Female	4.33	0.694		

Interpretation: It is inferred that male has a score of 4.49 and female has score of 4.33. The p value of 0.075 is more than the level of significance of 0.05. Therefore, there is no significant difference in the preferred mobile banking is Time saving than conventional banking between numbers of dependents. Hence, H0 is accepted.

1. Overall Educattional Qualification as Per Monthly Income Level in Mobile Banking Application

H0: There is no association between educational qualification and Monthly income towards impact of Mobile Banking Application.

H1: There is an association between educational qualification and Monthly income towards impact of Mobile Banking Application.

CHI-SQUARE

Particulars		Educational Qualification					Total	Pearson Chi Square Value
		School	UG	PG	Professional	Ph.D.		
Monthly Income Level (in Rupees)	Below Rs.25K	7	35	42	9	1	94	42.539
	25K-50K	3	30	20	2	1	56	
	50K-75K	0	3	19	3	4	29	
	75K-1L	0	3	10	1	2	16	
	>1L	2	3	4	2	3	14	
Total		12	74	95	17	11	209	P. Value= 0.000

Interpretation: It is inferred that the Pearson's Chi-Square value of 42.539 suggests that there is a significant association between respondent's preference for the mobile banking usage and their Monthly Income Levels. With a p-value below a predetermined significance level (typically 0.05). Therefore, there is an association between income levels and the percentage of income managed through mobile banking. Hence, H0 is rejected.

1. Overall Occupation as Per Montly Income Level in Mobile Banking Application

H0: There is no association between Occupation and Monthly income towards impact of Mobile Banking Application.

H1: There is an association between Occupation and Monthly income towards impact of Mobile Banking Application.

CHI-SQUARE

Particulars		Occupation				Pearson Chi-Square Value
		Private	Government	Self Employed		
Monthly Income Level (in Rupees)	Below Rs.25K	49	1	44	94	103.779
	25K-50K	40	6	10	56	
	50K-75K	12	13	4	29	
	75K-1L	2	13	1	16	
	>1L	0	8	6	14	
Total		103	41	65	209	P. Value =0.000

Interpretation: It is inferred that the Pearson's Chi-Square value of 103.779 suggests that there is a significant association between respondents' preference for the mobile banking usage and their Occupation with Monthly Income Levels. With a p-value below a predetermined significance level (typically 0.05). Therefore, there is an association between income levels and the percentage of income managed through mobile banking. Hence, H0 is rejected.

Findings from the Study

The study examined user perceptions of mobile banking regarding confidence in the security of personal and financial data, the influence of the bank's reputation on trust, and the time-saving benefits compared to conventional banking. For each factor, results indicate whether users showed significant differences or no significant differences in their preferences, highlighting variations in trust and convenience perceptions.

The study investigated how demographic factors, such as education, occupation, and monthly income, influence the use and impact of mobile banking applications. The findings show mixed outcomes, with certain factors demonstrating a significant relationship while others do not, indicating that the effect of demographics on mobile banking adoption varies.

Suggestions

Enhance mobile banking app security features including multi-factor authentication, biometric verification, and real-time fraud detection, while ensuring transparent communication about data protection policies to build user confidence and address security concerns. Conduct awareness about mobile banking app by running campaigns that highlight safe usage practices and the need for regular updates. Include easy-to-follow tutorials within the app to guide users on services like fund transfers, bill payments, and investments. Add personal dashboards to help users see their savings, expenses, and financial goals. Provide customized tips to improve financial habits based on how they spend money. Make app interfaces simple and easy to use, especially for older adults and those less familiar with technology. Notifications to remind users about balance updates, upcoming bill payments, and special offers. Encourage regular app use by offering rewards like cashbacks and loyalty points. Introducing goal-based savings plans in the app to help users set and track financial goals, such as saving for a vacation or building an emergency fund. By implementing these suggestions, mobile banking apps can improve their services, meet changing user needs, and maintain a competitive edge in the market.

Conclusion

In conclusion, the findings from the study on 'Impact of Mobile Banking Application practice on Individual's Financial Performance with reference to Chennai city' provide positive impact on how people manage their money. Most users like these apps because they are easy to use, save time, and are convenient. However, some still worry about security, and there is a need for better awareness about financial tools. To improve, apps should focus on making their design simple, adding strong security features, and offering personalized financial advice. Partnering with trusted banks and giving rewards can also help keep users engaged. Overall, mobile banking apps can support better money habits if they continue to grow and meet users' needs.

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