

A Study on the Relevance of Mobile Payments in the Era of Fintech

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Abstract:- Mobile phone payments have been a major criterion tool that has provided an enormous opportunity for financial development which is an important source for carrying various financial transactions. Hundreds of mobile payment services have been introduced across the globe. Strikingly, many of these have also failed. This study analyses whether mobile payment is still relevant in the Fintech era and the risks and challenges of mobile payments.

Keywords:- Mobilephones, opportunity, financial development, mobile payment

1. INTRODUCTION

Financial technology also known as fin tech or Fintech is the new method which overcomes traditional financial methods in the delivery of financial services. It is the industry which uses various technology to improve financial activities i.e., mobile banking, cryptocurrency, investing services, for the general public.

Today, many people are using new technology products for their financial transactions such as mobile phone payment, online banking, online trading and retailing websites, and other forms of purchase payments automatically through the network. However, many are unaware of these ideas and origin and also are unknown about Fintech, except for the professionals who are in the financial industry or sector. The real fact is that the Fintech has entirely changed the livelihood of the people in the society and their relationship with the financial transactions. However, Fintech is not a new product but people are continuing to use them with the technology advancement in the present scenario to

overcome the traditional method of financial industry.

Financial technology companies are classified into two categories – Competitive Fintech Ventures and Collaborative Fintech Ventures. Competitive Fintech Ventures are those who undergoes new experiences and provides benefits to their customers. Collaborative Fintech Ventures are those who consider the financial institutions which is already existing in the market as their potential customers.

The consumer's behavior changes drastically and continues to grow due to the advancement of the technology and influences such as mobile data, mobile devices, Internet, etc. As everything evolves in the first face, security issue has also become a major concern for the consumers as everything is at the tip of their fingers.

Existence of various mobile applications has made mobile payment to face a great demand in the market which allows people to get their things done easily and quickly in a matter of time. Since, mobile

platforms are getting popular among businesses and consumers, emergence of many applications appear to solve any problems faced by them.

2. REVIEW OF LITERATURE

- ✓ Hussain and Kim et al and McAuley (2016), Fintech refers to those companies that does not involve only IT sectors , but also provide all the prominent services and streamlined processes and to enter traditionally non-banking markets.
- ✓ Zhou et al (2015), mobile payment service providers continue to attract the customers by analyzing the factors which intend to make use of mobile payments.
- ✓ According to the 2014 report by Accenture, the investment volume on global Fintech has increased more than three times in 5 years i.e., from 2008-2013. However, mobile payment service market is growing, it is also facing many threats where Fintech companies must also develop a secure and convenient service for their users.
- ✓ According to Skan, Dickerson and Masood (2017), though the traditional banks have been playing a key role in the financial world, the rapid growth of technological development has evolved the word economic to shift to the digital channels gradually in which the financial markets is entirely transformed by the financial technology companies.

- ✓ According to Salmony (2014), the newly innovated financial technology has created various business models which has in turn created new customer needs and has created different aspects in the economics, banking industry and the financial regulations.

WHY MOBILE PAYMENT IS IMPORTANT TODAY?

✓ Offers a great convenience

Offering mobile payment services to the customers increases the revenue of the company. After introducing many mobile applications like mobile wallets, it has become convenient for the public to make their transactions and their other works easy.

✓ Easy to merge with deals and promotions

It's easy for the company and their customers to deal with any promotions and offers. The company use online tools to deal with their customers regarding any coupons or offers. As people rely more on their smartphones nowadays, it's easy for them to respond to the seller when there is any promotion deals.

✓ Time and cost saving

It is one of the major advantage for both the customers as well as the sellers. Mobile payment overcomes the risk of losing cash and also reduces the recruitment cost. And business can also save the credit card fees which enables them to focus on other tasks for the development of their company.

✓ Ability to offer various payment methods

In today's developing world it is important to offer different payment methods by the suppliers to the

customers so as to retain them. This in case will make the company to stand away from their competitors. Especially in case of mobile payments, the customer's time is saved and they can easily track their orders.

✓ **Future of mobile payments**

It is believed that by 2025, almost all the transactions would be done without cash dealing. It is said that mobile phones with the feature of payment will be as import as ATM card as in the case of present situation. Therefore mobile payments reflects the future for the customers as it is considered to be more convenient, secured and effective way for making daily transactions.

3. CLASSIFICATION OF MOBILE PAYMENTS

✓ **Mobile wallet**

This is the method which stores all the payment information in the mobile itself. It uses various technologies for making payments such as NFC (Near Field Communication), QR codes, etc.

✓ **Internet payments**

Many people pay through internet via mobile devices or computers by just connecting them to the data connection or wireless fidelity and entering their debit or credit card details in order to make any purchases, or to make any transactions, etc.

✓ **SMS payments**

SMS payments simply means making payments via a text message. The customer types a prominent and correct information to the right payee phone number

in which the payment amount is deducted from the phone bill. This method was one of the common method before the development of internet.

✓ **Mobile banking**

In this method, the user gets connected to the bank where he/she holds the account. Each bank has its own website where the user gets connected to it and make any financial transactions at any time any place and to anyone. Mobile banking has minimized their user's duty where the customers are not required to go the bank in person for making a transaction instead can use their mobile phones.

✓ **Direct carrier billing**

It is also called as direct operator billing where payments can be made through the mobile bills instead of debit or credit card details. Payment has to be made by entering the required details on a payment page and then the amount would be deducted from the phone bill.

RISKS AND CHALLENGES OF MOBILE PAYMENTS

✓ **Watch security**

It is accepted that security is a top concern for both business owners and customers due to high-profile data breaches. With the help of tokenization and biometrics it is said that almost half of all the mobile payments are not secure.

✓ **Outdated technology and infrastructure**

Though payments through mobile devices is less expensive, it still requires new hardware, etc. In case if there is no smartphone, mobile payments are not accepted. It also requires stronger internet connection

and all other aspects that makes the mobile payments possible.

✓ **Cross-Platform Solutions**

Even though there are various mobile devices available in the market and operating systems, like Android and IOS, and thousands of networks, there is no one-size solution which fits all the payments.

✓ **Slow user adoption**

Despite the fact the customers prefer to use credit or debit cards, when it comes to making payments they choose to stay in their comfort zone, i.e., even though their card details are tied up with their mobile payments, the customers prefer to swipe their cards manually rather than giving their card details to wave it.

✓ **Invoices are skipped**

While making payments through mobile phones, certain terms and conditions are left without reading as some customers are unaware of it and some customers proceed to the payment without reading the conditions specified and this at times cause error and trouble to the customer.

4. SUGGESTIONS

Following are the few suggestions in using Fintech services:

- ✓ Although there are many solutions being developed, still not all the possible users are getting attracted by the changings that is happening in the industry or the society. Therefore, by adopting many Fintech services, the service providers must work on to cover those customers.

- ✓ The customers must be aware of risks they undergo in this financial technology as there are chances for fraudulent to arise.
- ✓ The users must not reveal their details in all the sites they visit as some sights may be carried by hackers who are exclusively meant to acquire financial details about other individuals.
- ✓ The users must have a password wherever necessary so as to avoid malfunctions.
- ✓ The online websites must also provide information regarding the usage of their services for the new customers who feel difficult to operate for the first time.
- ✓ The traditional methods has to overcome by Fintech services where all the individuals have to feel the benefits of the services they feel in both the methods.

5. CONCLUSION

The evolution of financial technology has enormously changed the world in the past decades. As more and more technologies is being developed each day, it is also gradually changing the customer's behavior which has also replaced the traditional business models as a whole. By utilizing the technology advancements, Fintech has used various financial services which express better user's experience and the cost incurred in the entire process which is highly effective. Fintech is one of the fastest growing niches, which uses mobile apps as the major tool for its growth. Since it has lot of competitors for its developing opportunities, companies mainly focus on its usability, security and the general appearance of their apps so as to differentiate from their competitors and traditional banks who realize the threat faced by Fintech companies. This study shows

the relevance of mobile payments in this Fintech era which has created a huge impact in the society.

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