

FINANCIAL INCLUSION AND MOBILE BANKING ADOPTION: A STRUCTURAL MODELING APPROACH

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Abstract

Implementation of strategies based on the training and development program is very effective for the improvement of mobile banking for financial implication. With the help of these programs and strategies it is also possible to enable professional development, which increases new skills and methods for people and government that helps to upgrade their existing skills, and quality also. This study is all about financial inclusion and mobile banking adoption to help for people. In this study the approach of data analytics will be performed based on the “Structural Equation Model”. The SEM is a bunch of statistical techniques which helps to analyze and measure the relationships of latent and observed variables. This model consists of five different steps such as model modification, model evaluation, parameter estimation, identification, and specification. With the help of this model it is possible to develop and explain relationships of different variables which represent a hypothetical analysis of the study. This study will also discuss various models and approaches based on secondary data analysis. In the literature review part of this study various approaches and models will be discussed based on this study which helps to improve the strategies for different methods based on the training and development program.

Keyword: *Financial implication, Mobile banking SEM, models*

Introduction

Financial inclusion is like the key enabler of the growth of inclusive economic and also the decreasing of extreme poverty. The system of inclusive finance is related to betterment of the lifestyle of the poor and made them able to live properly by providing a suitable way of income. The subject is also responsible for gaining the resources and assets, increasing education, saving and rescuing them from the various difficulties. The subject of the study is related to a large portion of the people in the underdeveloped countries who had a low source of income. The financial inclusion is improved by the implementation of two strategies. These are the ability to avail the ownership of mobile phones to make their work easy [1]. The second one is the implementation of the program of transferring the conditional cash to invest in the human capital and provide more safety methods to the people of the country, who are below the financial poverty line.

The government of any country must adopt any one role for the betterment of life of the citizens. The CCT program is referred to as the strong base of expansion of the process of expanding financial inclusion. Mobile banking is considered as a very important step in the betterment of life of the citizens in any country. The process is able to access their bank accounts at any time, any place for the citizens of any country. The method helped them to do their job more professionally. The offline banking system creates a lot of crowd and loss of time [2]. By implementing the mobile banking method, the government of any country is able to reduce the queues in the banks and provide the citizens more chances to complete their work in time. The mobile banking facility is responsible for providing a better lifestyle to all the citizens of the country. Mobile banking is also related to making the work easy for the bankers. By this method, the people who are below the financial poverty line are also affected in every nation or country.

To describe the advantage of the mobile banking facility for expanding financial inclusion, the SEM model is mentioned in the above section. The diagram clearly shows all the related facts and advantages of the adoption of mobile banking facilities. The facility of mobile banking is able to reduce the complexity and risk factors of the money transfer and increase the relative advantages and mobile phone experience of the customers [3]. The SEM model also describes the fulfillment of bank needs, customer support and self-efficiency of the citizens. The perceived financial cost is also decreasing by the implementation of the mobile banking facility to the

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expansion of financial inclusion. The described SEM model is a compact description of the advantages of adopting mobile banking for the expansion of financial inclusion for the citizens in any country.

Literature survey

According to Howell, (2020), the process of mobile banking is a policy of every country to bring all the citizens under one roof of a particular system of finance [4]. The process is responsible for introducing the opportunity of transferring money by a digital platform beyond the regular banking system. The system is also able to reduce the ATM network for the population of the country [5]. Not only for a particular country, is the implementation of the mobile banking facility introduced across the whole world [6]. The technology is responsible for influencing the clients and is able to improve the system of banking through innovative ideas.

To complete the analysis some banks and their customers are participating in the calculation of financial inclusion due to the adoption of mobile banking facilities.

Seri al nu mb er	Descr iption	Amo unt (May, 2019) Cror e	Amo unt (Jun e, 2019) Cror e	% Cha nge (Ma y to June , 2019)
1	Num ber of appr oved bank s	28	28	

2	Number of banks started to convey the service	20	20	
3	Number of agents	378018	414170	9.56
4	Number of registered clients	161.48	167.10	3.48
5	Number of active accounts	65.05	67.48	3.74
6	Number of	37678005	44015721	16.82

	total trans actio n			
7	Total trans actio n in amou nt	8205	8523	3.86
8	Num ber of daily avera ge trans actio n	12559 34	1467 191	16.8 2
9	Aver age daily trans actio n in amou nt	273.5 3	284. 10	3.86

Table 1: Comparative summary statement of Mobile Financial Services (MFS)

(Source: Self-Created)

The above mentioned table clearly shows the participation of banks in the process of mobile banking facility [7]. The facility helps the bank to provide more secure and easy transactions in the year of 2019 from the month of May to June. The process was responsible for increasing the transaction through a digital platform [8]. The platform is also able to make all the transactions in an easy method for the clients. It is considered as an effective process for the financial inclusion to help the poor of the nation.

Demographics	Mobile Banking Non-users (m=257)		Mobile Banking Users (n=298)	
	Frequency	%	Frequency	%
Gender:				
Male	152	59.1	196	65.8
Female	105	40.9	102	34.2
Age (in years):				
Less than 18 years	37	14.4	29	9.7
18-25 years	77	30.0	104	34.9
26-35 years	64	24.9	106	35.6
36-45	45	17.5	38	12.8

years				
46-60 years	26	10.1	19	6.4
More than 60 years	8	3.1	2	0.7
Education:				
No formal education	25	9.7	17	5.7
Primary school	19	7.4	15	5.0
Higher secondary school	77	30.3	66	22.1
college	45	17.5	71	23.8
Bachelor degree	73	28.4	87	29.2
Master degree	17	28.4	87	29.2
Other	1	0.4	7	2.3
Income:				

None	121	47.1	90	30.2
Less than 5000	38	14.8	51	17.1
5000-9999	44	17.1	61	20.5
10000-19999	35	13.6	69	23.2
20000-29999	16	6.2	19	6.4
30000-39999	1	0.4	5	1.7
>40000	2	0.8	1	0.3

Table 2: Profile of the participants

(Source: Self-Created)

The above table clearly shows the percentage of users and no-users of mobile banking facilities. The number of users is more than the non-users [9]. The users of the system get more facility and advantage of the process of money transaction. The income of the users are also quite higher than the non-users [10]. The most number of users lies into the age group of 18 to 35 years. The method of mobile banking is able to more secure all the transactions of the big amount of the customers. The use of the mobile banking facility is also responsible for the financial inclusion of the nation [11]. The government is also affected by the process to reduce the poverty of the country. This process is responsible for the change of the financial condition of the citizens of the country by improving the old banking system.

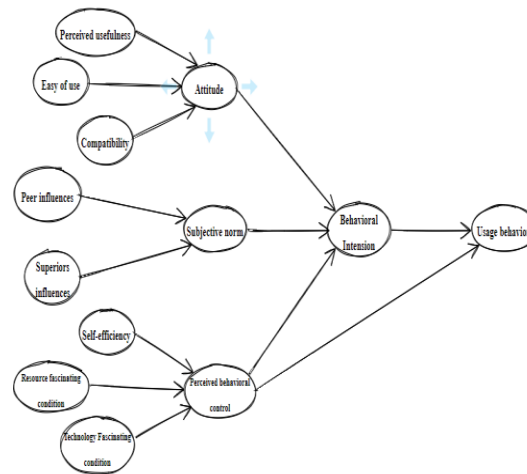


Figure 1: Frame work

(Source: Self-created)

The above figure is a complete framework of the whole assignment. By the above figure it is clearly described that the use of mobile banking is very effective for the present time [13]. Also it is a very easy and secure process for the customers to use. The importance of the process of mobile banking is also expressed by the diagram [14]. The dependent factors of the mobile banking service is given in the diagram.

Path in SEM	Mobile Banking non-users (n=257)		Mobile Banking users (n=298)		‘t’ Statistics
	Path coefficient	Standard error	Path coefficient	Standard error	
AT	0.13	0.03	0.15	0.04	-
TIT	6	9	1	6	0.244

UD E- RE LA TIV E AD VA NT AG E					88
AT TIT UD E- CO MP LE XIT Y	- 0.17 3	0.04 5	- 0.16 4	0.04 9	- 0.133 95
AT TIT UD E- CO MP ATI BIL ITY	0.01 8	0.04 2	0.02 35	0.06 6	- 1.445 64

WI TH VA LU ES					
AT TIT UD E- CE LL PH ON E EX PE RIE NC ES	0.13 2	0.04 6	0.02 8	0.05 5	- 2.043 99*
AT TIT UD E- BA NK IN G RIS K	0.15 7	0.04 8	0.06 2	0.05 1	1.345 485

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AT TIT UD E- PE RC EIV ED RIS K	- 0.13 8	0.03 2	- 0.22 3	0.05 1	1.363 539
BE HA VI OR AL INT EN TIO N- AT TIT UD E	0.33	0.04 4	0.18 9	0.03 8	2.442 745*
BE HA VI OR AL INT	0.17 2	0.04 7	0.38 3	0.03 5	- 3.665 75

EN TIO N- SU BJE CTI VE NO RM					
BE HA VI OR AL INT EN TIO N- PE RC EIV ED FIN AN CIA L CO ST	-0.17	0.49	- 0.42 9	0.06	3.283 125*
BE	0.02	0.02	0.03	0.03	-

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HA VI OR AL INT EN TIO N- SE LF EFF ICI EN CY	6	1		2	0.101 2
BE HA VI OR AL INT EN TIO N- SU PP OR T	0.17 1	0.04 6	0.26 8	0.03 7	- 1.663 61

Table 3: Statistical comparison between mobile banking users and non-users

(Source: Self-Created)

The above table expresses the path coefficient and standard error among the user and non-user of the mobile banking system [15]. The rate of path coefficient of the non-users is little higher than the user of the process. So it can be said that the mobile banking facility is able to decrease the errors of transferring the money. It is a safe and secure path of money transactions [16]. The process of mobile banking is able to reduce poverty among the citizens of any country by the method of financial implication. The various facts of the table also describe the advantage of the mobile banking users. The statistics is a compact example of the benefit of the mobile banking facility [17]. By the adoption of the process, the government of any nation can be able to take a huge step to reduce the poverty of the country or nation.

Proposed work

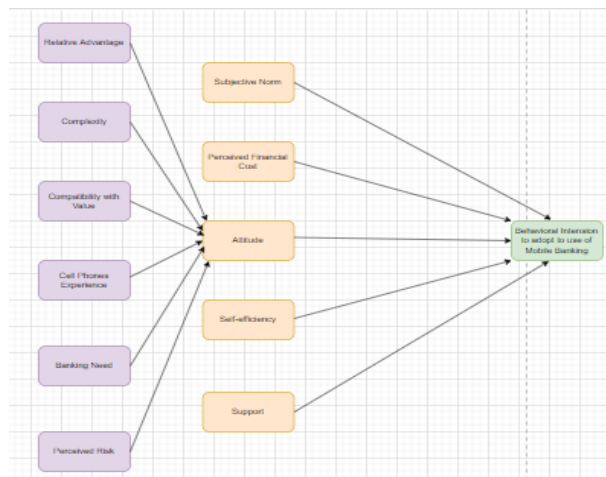


Figure 2: Proposed model of SEM

(Source: Self-created)

The SEM model is very effective for calculating and analyzing any process or method. The above mentioned figure is a SEM model related to the subject of adopting the Mobile Banking process to financial implication [18]. By the model the importance and the related fact of the new process is mentioned in a clear way. The process of mobile banking has financial implications to the county and also reduces the poverty level of the citizens of the country [19]. The model is very important for implementing the mobile banking process correctly to the banks of every country in the world.

Result and Discussion

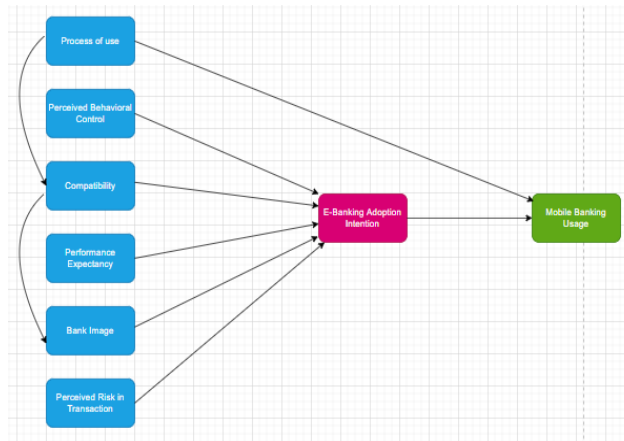


Figure 3: Design of Usage of the Mobile Banking system

(Source: Self-created)

The implementation of mobile banking is very necessary to increase the financial implication of any country [20]. By this method, it is also possible to reduce the poverty level in any country. It is like a blessing of technology by which the lifestyle of the poor people in any country can be improved [21]. The SEM model of mobile banking states the importance of technology in terms of social influence. With the help of this it is possible to know the importance of technology to other people[22]. This is also very effective to know more factors which help to identify direct influence, behavior influence, and social influence

Conclusion

Mobile banking is a very affecting process to increase the financial implication of any country. The method of financial implication is able to reduce the poverty of that particular nation. Mobile banking is the digital platform by which the process of financial implication turns into a very progressive way. The adoption of online banking service is able to do all the money transactions is a very simple and secure way. The financial implication is a very important process for all the under developing countries. The developed countries are also trying to hike their financial stability. For the process, the method of mobile banking is considered as the best way. The use of mobile banking is continuously increasing around the world. All of the people in every country gain more interest on the subject of e-Banking service. The facility of mobile banking is able to reduce all the difficulties of the people in their economic transaction and the transferring of their money. The process of mobile banking is also able to digitalize all the

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people in a nation. The government of any nation is also helpful by the adoption of the process. The use of mobile banking is continuously increasing all over the world. The process saves the time of the conventional banking service and proves the facility of banking in any time or any place to the citizens of the clients. In conclusion it can be said the adoption of mobile banking service could be a remarkable change in the process of financial implication for any country.

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