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Role of Mobile banking in Financial Inclusion

Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smartphone or tablet.

Mobile banking has got benefits for multiple stakeholders. At the macro level use of mobile banking will increase the flow of money, spread entrepreneurship, and increase gross domestic product. At the same time, there are limitations or dangers of mobile banking at the macro level. It could lead to increased instances of money laundering and maybe in criminal activities. Whereas, at the micro-level, it will benefit the organization as well as consumers in terms of addressing constraints. Customers are unaware of the functioning of the financial system at large and specifically products available to them. Even if they are aware, accessing them is costlier because of higher transaction costs involving information cost, traveling cost, and opportunity cost. Many a time even products don't match their needs, forcing them to not join the system.

ADOPTION THEORIES

There are several theories used in explaining the issue of adoption by various researchers. The theory of reasoned action (fishbone and zen, 1975) provided the initial impetus to this field, where they proposed that attitude and subjective norm helps in forming intention ultimately leading to the usage of the products/services/ideas. The attitude of individuals towards mobile banking can be positive or negative depending upon the individual's perception. Issues like fear of technology might create a negative attitude towards mobile banking. Subjective norms i.e. What individuals think that society's perception about mobile banking. Here, based on an individual's perception that mobile banking is being perceived positively in society might increase the chances of adopting it. The theory of reasoned action (TRA) further got developed in the theory of planned behavior (TPB) with the addition of one more variable which is perceived behavioral control (zen, 1991). Perceived behavioral control is based on bandura's concept of self-efficacy, which talks about an individual's perceived capability to perform a certain action or to control it (bandura, 1982). Various concepts like extrinsic motivation, intrinsic motivation, utility, expectancy, value, etc. Motivation, theories have been adopted by adoption theorists to explain the phenomenon. Taking a lead from these theories technology adoption theories have been developed.

MOBILE BANKING ADOPTION ISSUE

Mobile banking is beneficial to organizations as well as customers and there is a very good potential for growth. However, it is not picking up for several reasons which researchers have explored. The most commonly cited variables affecting the adoption of mobile banking services are compatibility, perceived usefulness, risk, perception of cost, low perceived relative advantage, and complexity. Other issues like cost of internet connectivity, the complexity of user interface, lack of awareness among customers, limitations in the functionality of mobile devices, accessibility issues, security concerns, organizational changes, a small number of choices (only a few banks offer mobile banking), and technology overload as variables also affect mobile banking (mas, and Michael 2012). Amin (2007) also reiterates the variables in the Malaysian context as perceived usefulness; perceived ease of use; perceived credibility; the amount of information on mobile credit cards and usage intentions.

SOLUTION & RECOMMENDATION

With more than one and a half lakhs of branches, post offices are really hard to ignore by banks when it comes to fulfilling the mandate of financial inclusion. It also makes economic sense, because it saves the cost of setting up branches in the respective area as well as provides some localized knowledge inbuilt in the system. Localized knowledge will help in mitigating the behavioral issues in the adoption of mobile banking. To facilitate financial inclusion, we propose a tripartite arrangement between banks, post offices, and mobile operators/business correspondents (BC) as under. The arrangement will be such that post offices will be divided on a regional basis and bidding would be done by interested banks for that particular region. One might argue that this responsibility should be given to lead banks of the respective region as they are already working on similar lines and have established their foothold in their respective areas. The lead banks are based on social responsibility assigned to the banks having maximum network in the area under consideration.

As On :-
7 March, 2022

NIFTY:-15,863.15
SENSEX:- 52,842.7
DOLLAR:- 76.17
EURO:- 83.90
OIL:- \$123.54
GOLD:- 51559

Top Gainers of Feb

Hindalco:- 619.75
(18.59%)
GNFC :- 608.20
(17.97)
Coal India :- 188.70
(17.24%)

Top Losers of Feb

Indiabulls Hsg:- 135.60
(35.15%)
Dalmia Bharat:- 1331.00
(32.73%)
J.K.Cement:- 2336.90
(29.82%)

CONCLUSION

The importance of financial inclusion has been emphasized by every stakeholder, and mobile banking shows potential in helping to achieve this. But, there are various issues, which come in the way of accomplishing the task. The adoption of technology has got its share of difficulties to overcome along with the issues of financial inclusion. In this paper, we have tried to resolve it by proposing a tripartite model involving banks, post offices, and mobile operators by building on their strengths and overcoming the hindrances. However, security and regulatory issue need to be addressed. The system will need close monitoring gave terrorist financing and money laundering.

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Amazon Vs Future Retail Goes to Supreme Court

The Supreme Court has agreed to hear Amazon.com Inc's petition against a Delhi High Court order vacating the status quo on Future Retail Ltd.'s close to Rs 27,000-crore deal with Reliance Retail Ventures Ltd.

India's Covid Cases Rising Again, Sparking Fears Of New Wave

Active cases of Covid-19 in India continued to rise with the country reporting more new cases than recoveries for the fifth straight day. Some areas of Maharashtra have reinstated restrictions with the chief minister warning that if cases continue to rise, a new lockdown will have to be imposed.

BASIC TERMINOLOGY RELATED TO BANKING

Bridge Loan

It is a loan made by the bank for a very short period to make up for the temporary shortage of cash.

KYC (Know Your Customer)

is a procedure that all banks undergo to establish the correct identity of a customer. This is to ensure that no fraudulent operations are taking place in the bank.

Call Money

It is a loan that is made available for a very short period of a few days only with a low rate of interest.

Base rate
7.25% - 8.80%
Saving Deposit Rate
2.70% - 3.00%
Term Deposit Rate > 1 – 5.00%
- 5.60%

Base Rate

This is the minimum rate at which a bank can lend to its customers.

Bank Rate

This is the rate of interest that the RBI levies on banks if they wish to borrow money.

Point of sale

It refers to the location at which payment of a card transaction occurs.

Repo Rate
4:00%
Reverse Repo Rate
3.35%

Banknote

A note issued by the bank promising to pay a certain specified amount of money when being presented

Annuity

It is the fixed amount of money that is paid to somebody each year, usually for the rest of his/her life.

Bank Rate
4.25%
CRR
4.00%
SLR
18.00%

Banknote

A note issued by the bank promising to pay a certain specified amount of money when being presented

Monetary Policies

This refers to the rules and regulations that the Reserve Bank of India has put in place to standardize banking procedures in the nation.

Annuity

It is the fixed amount of money that is paid to somebody each year, usually for the rest of his/her life.

Bank Credit

It refers to the lending by banks to the customer through various means such as loans, Discount of bills of exchange, etc

Prime Lending Rate (PLR)

It is the rate of interest at which a bank gives a loan to its most reliable customer that is a customer with "zero risks".

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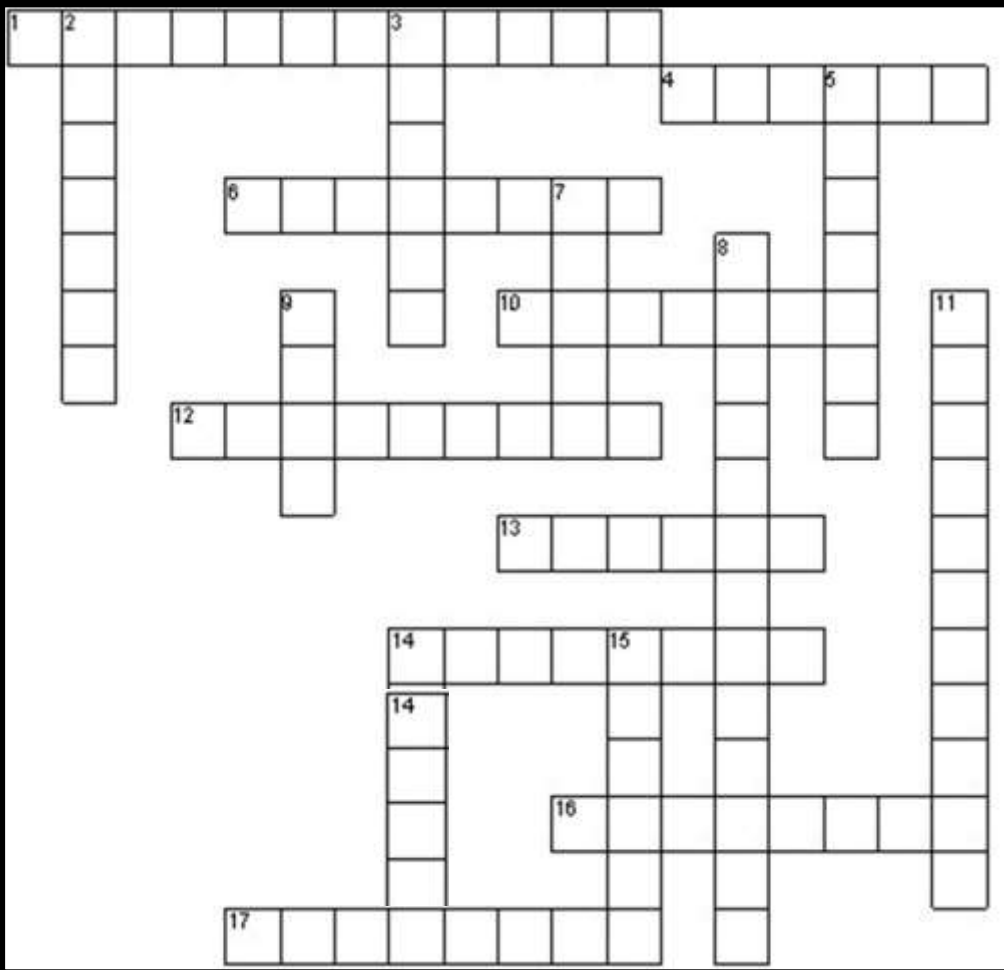


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Game Time



1. Its check rate and efficiency of work

2. We get this after every purchase of assets.

3. We do business in starting for future use.

4. Take money from a bank in advance.

5. The Third-party paid the amount to the owner of the product.

6. We get this from adding EBIT and PAT.

7. It is a part of the capital in a company.

8. It is something where we bought and sold the shares.

9. In which we give money or property to another party for the future.

10. Difference between asset and liability.

11. The act of spending money at home or a business

12. They give this or promise us to repair and replace that product.

13. Combine two companies in one company

14. We should have this for startup a business.

15. If we got the wrong product and want the money back from that company.

16. A company's amount of business in a particular period.

17. Distribution of profit by a corporation to a shareholder

Submit Your Answer Here :- <https://forms.gle/AKLrXNSUzBphJX7i8>