

## MOBILE BANKING OF COMMERCIAL BANKS WITH A REFERENCE TO SAUDI ARABIA

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### ABSTRACT

Mobile banking is an aspect of banking that gives the clients monetary establishment whereby they can direct several money exchange activities by the use of their mobile phones. A good example can be an individual computerized associate and also the cell phone. Mobile portable banking is the utilization of cell phones to transact monetary and banking exchanges. Mobile banking can likewise be characterized as the utilization of a cell phone to convey out exchanges on one's ledger. The ledger should be connected to the telephone number of the client. Mobile banking addresses a critical online monetary development lately and is a significant monetary technology. Saudi Arabian mobile money transfers with a high pace of monetary exchange in simplest at the lowest costs. Many Saudi Arabians have gotten into this technology due to its efficiency.

The apparent low degree of interest, low degrees of bank of pay, high bank expenses, untailed items and administrations and restricted topographical arrive at guaranteed just a little level of Saudi Arabia populace approached banking administrations. Banking was driven by shell out created from expenses for administrations delivered, premium procured stores what's more, and interest got from credits. The move from conventional banking to organization banking what's more, right now portable banking has been helpful to both the banks and clients as it lessens working expense of the foundation and its advantageous and modest as lesser charges are charged on versatile exchange.

### INTRODUCTION

Adaptable banking is the arrangement or a ailment of banking administrations with the assistance of portable gadgets. The coming of M-banking was cultivated by rivalry from the Al Ahli Bank, Al Rajhi Bank, Samba Bank, Riyad Bank, Emirates, First Abu Dhabi Bank and Gulf International Bank with Zap administrations. These administrations encouraged the clients to accumulate cash into their record, move cash to other client for example dealers of merchandise and administrations, family members and companion; this brought comfort. The

financial area has needed to receive mechanical change to stay serious. In search of upper hands in the mechanical monetary help industry, banks have recognized estimation of separate themselves from others monetary organization through new assistance dissemination channels. Banks regulatory cycle of account opening cut out numerous provincial poor as they couldn't fit the bill to possess accounts. With rivalry banks needed to work on the cycle and needed to concoct creative ways of doing as such. Multitalented banking gives various preferences to the two banks and clients. Portable banking eliminates topographical restriction to clients and accordingly bringing comfort. There is no time limit for example banking possibly performed all through the day and in any spot. Portable banking likewise gives productive money the board and security of money.

Banking has consistently been a profoundly data concentrated movement especially throughout the last barely any many years that data and Communication innovation (ICT) has influenced the banking industry intensely. Mobile banking is termed by Baz, Samsudin, Che-Ahmad & Popoola, 2016 as adaptable helpful banking is the utilization of cells to execute monetary and banking exchanges. Adaptable banking can also be depicted as the utilization of a telephone to pass on out exchanges on one's record. The record should be related with the telephone number of the client. Convenient monetary keeps an eye on fundamental online cash related improvement of late and is a basic monetary development. Saudi Arabian adaptable money move with a high velocity of monetary exchange generally direct at any rate expenses. This mechanical progress has moreover caused its impacts on the matter of banking. From customary propensities for banking, the business has now moved towards the new example of portable Banking. Compact banking has publicized various favorable circumstances to the purchasers and the banks as well. Though, in numerous horticultural countries; the connection of accepting this example isn't totally evolved. This assessment focuses on the examination of flexible financial apportionment in a non-modern country, Saudi Arabia. This examination gets helper investigation procedure and a utilization as of late drove explores to give layout. Maybe the most creating wonders in money related organizations is versatile web banking. The purpose behind this assessment is pioneer the allocation of SMS banking among Saudi customers, an emerging Middle East economy in the district. The current assessment changes the advancement affirmation model and applies it to banks customers in Saudi Arabia. By giving SMS banking organizations, banks can get

conspicuous cost saving, reduce their branch associations, and improve profitability. This examination researches the choice of convenient monetary practices in Saudi Arabia.

Various observational assessments concentrate on buyers' reception of the mobile banking. This has often been seen in many developed nations which include South Korea and Finland. The examinations have always been given out to the nations and countries that have grounded most of their banks' exchange administrations, an adequate framework evolution have also been seen in these organizations. Just as it may be seen or even known, until today, there has been a similarity in assessment on m-banking in the Middle East just as it was done in Saudi Arabia. But there is still a gap in Saudi Arabia that needs to be addressed in terms of m-banking, this is what therefore calls for a further examination (Al -Jabri, 2015). Various authors have investigated the elements that influence the purchaser's aim, their knowledge, appropriation, and also how they use the m-banking services. This has been made easier through an assortment of insights that comes from those who purchase the banking services themselves. No investigations have however been conducted to find out if the settings of the m-banking around the purchasers of products by the use of an experimental assessment of the accessibility of an effective model receive an m-banking administration up to this extent. In addition, an assessment which has been conducted by the provokes which was identified by the mindfulness of the buyer, collaboration among the vital administration parties, from the viewpoint of the investors of IT has likewise been seen to have a deficiency. This investigation, therefore, serves to conduct an observational assessment of deterrents in foundation ability for the administrations of m-banking. (Sharma, Govindaluri, Al-Muharrami & Tarhini, 2017). This is quite a worthwhile job for the foundation ability, this is because the mobile banking estimates on decision and also the use of mobile banking is more situated on the frameworks more than it is a situation on the clients. Studies have made a discovery that portable security mindfulness tends to exist among the shoppers at different or various degrees. In addition, there is also a contradiction in the view of remote association in versatile gadgets, on the other hand of public organization, the security assurance among the portable clients. The contradiction also boils deep with the dangers of security which are made by cell phones and also the mindfulness client's conduct. The motivation behind this examination is adding writing of e-banking as a rule and also mobile banking in explicit. The examination also tends to offer a report on how the advancement of the m-banking can be done. It also assesses the ability of the m-banking selection and also finding the potential

chances where this can be used in Saudi Arabia. Such aspects will help the leader of the Saudi Arabian banks to find and form the designs which are most essential and which can be used for keeping up an upper hand by conveying to the m-banking administrations. These help leaders in Saudi Arabian banks in finding and forming the essential designs for keeping up their upper hand through conveying m-banking administrations.

The study which was conducted on the m-banking utilization in the Middle East/ Africa found out that it is vital to use security and protection issues, this is an aspect which the shoppers came to affirm. The security and protection may come to affect the customers' dynamic when it comes to the utilization of mobile banking. Similarly, the review which was conducted on a similar area reported confirmation of the significance which had been pretended by the security and protection to be 48% and customers to trust to be 56% for the customers' decision making to conduct an analysis on the m-banking. These are some of the issues which are identified to have a hazardous effect on the executives; they are seen as bigger challenges to the executives. In addition, they are also considered as the dangers which more of infrastructural. A good example can be WAP, m- banking application, and also the network.

Different associations offer several monetary applications. A good example can be in charging of installments and cash which will move from one individual to the next one. In the monetary sector, some of the monetary exchanges are offered by the banks while some are offered by the media transmission suppliers. Some exchanges are also offered by agreeably by the banks and also the media communications suppliers. There have been subsequent contributions from the outsiders now and again from the arrangement of the m-banking administrations. The expanded use or utilization of the m-banking administrations in the non-industrialized nations tends to have a requirement of a broader adjustment to the supply designs and also an interest of the monetary area. (Sharma, Govindaluri, Al-Muharrami & Tarhini, 2017).

### **Literature Review**

Polat and Al-khalaf (2014) presents empirical evidence characterizing the capital ampleness in term of capital-store proportion on the grounds that the essential risks and impressively enormous size of store withdrawals. In attempt to explain this Polat and Al-khalaf explains some critical factors that deter the capital adequacy ratio (CAR) of leading banks in Saudi

Arabia. The term capital adequacy is defined by the two authors as the capital expected to keep up equilibrium with the sincerity risks of the monetary organization, for example, credit hazard, market hazard and operational danger, to assimilate the possible misfortunes and ensure the monetary organization's obligation holder. Meeting legal least capital necessity is the key factor in choosing the capital sufficiency, and keeping a sufficient degree of capital is a basic component. The capital ampleness is assessed dependent on the accompanying key monetary proportions.

Saif-Alyousfi, Saha and Md-Rus (2017) stresses that the resource quality pointers feature the utilization of nonperforming advances proportions (NPLs) which are the intermediary of resource quality, and the stipend or arrangement to credit misfortunes hold. Saif-Alyousfi, Saha and Md-Rus showcase the degree of helpless resource quality and the significant cause of the failure of most banks fallouts in Saudi Arabia. A most significant resource classification is the credit portfolio; the best hazard confronting the bank is the danger of credit misfortunes got from the deficient advances. According to Saif-Alyousfi, Saha and Md-Rus credit experts need to focus more on the resource quality evaluation by playing out the credit risks the executives and assessing the nature of credit portfolios by utilizing different patterns that investigates the statutory requirements. While the issue of estimating the resource quality remains to be troublesome on different grounds, this is the most part gotten from the examiner's subjectivity.

Network upgrading will be a priority that will be needed in the advancement of the thought and design of m-banking administrative activities among the banks at the end of the day. On the other, better equipment which can be used for supplies and also those of programming will be needed to make an insight on an interesting side and also to add an emphasis that the m-banking is an esteemed development in the banking and monetary practice. In addition, financial backers and administrative organizations will also be highly expected to assist in this. Purchases might end up putting the m-banking organizations in danger because of the security infringement and also the disappointments which are specialized in the periods when one is using the m-banking administrations. In cases where the m-banking tasks and applications are gotten or received in adequacy, there will seem to be a shopper trust in the banks. The accomplishments of the m-banking administration receptions tend to be accordingly or well connected with a supplier's administrations which is versatile or which keeps on changing. This is generally because of the purchasers being convicted that the

substances from out which may be the specialist's organizations can have a capacity of using their cash inappropriately.

Evolution is the rapid change in m-banking. In Saudi Arabia, progression in online banking has been witnessed. In the present time, not only Saudi American Bank but most large banks like, Al-Ahli Bank and Al-Riyadh Bank. Among what the project will seek to achieve is to make a correlation among the banks in Saudi Arabia, is to find whether the Saudi American Bank is professed as the key strength. The expanded utilization of m-banking administrations in non-industrial nations requires broad adjustment to the interest and supply design of the monetary area. (Sharma, Govindaluri, Al-Muharrami, & Tirhini, 2017). The Saudi American Bank dispatched its web banking administration in the year 2001, for retail shoppers and corporate. Thusly, the investigation assesses four referenced top banks in Saudi Arabia and spotlights on Saudi American Bank. (Sharma, Govindaluri, Al-Muharrami and Tarhini, 2017). In the mid-1980s. Technology banking in Saudi Arabia created and executed its primary financial framework of Citigroup, named DEFINE, following considered alteration to smooth out it with the settings in Saudi banking. It got obligatory to utilize the SWIFT organization for making worldwide installments for all the banks. An automated Check Clearing System was set in 1986 viable for interbank settlements and check clearance. An organization of 106 ATMs and 803 POs was started by Saudi American Bank in the 1990s. Roughly 73% of banks in Saudi Arabia have set up their online presence through sites. Saudi American Bank Access and Saudi American Bank online were the two offering Internet banking administration.

### **Materials and Methods**

Research to be conducted will take into consideration the offices of the Information Technology of the Saudi Arabia banks as the test populace respondents of interest in the poll of study. The test will be carried out to the significant Saudi banks which include; Al-Ahli Bank, Al-Rajhi Bank, Saudi American Bank, and Al-Riyadh bank because these are some of the banks where the staff is connected to IT services which have got a high insight to the mobile banking. 90 polls were circulated to those who were to respond to the questionnaires and they were later returned, of which were returned, however, just a few of the obtained surveys were substantial, and hence they got dissected. Information gathered was genuinely investigated utilizing reasonable examinations or tests to demonstrate the theories of research. The Cronbach's Alpha test and Chi-Square was used. Additionally, the elucidating insights

were used and this incorporated rate tests and the frequencies. Immediately the outcomes were deciphered and also discussed the analysis reported some proposals from that.

### DATA ANALYSIS

After the given time frame, the total responses received were 74, an equivalent of 82.22% response rate. The total 74 responses make the result fairly accurate. Therefore, it was deemed adequate enough to prequalify the analysis of the rest of the data and present the findings thereafter.

**Table 1 response rate**

	Frequency	Percentage
Responded	74	82.22%
Failed to respond	16	17.78%
Total	90	100%

**The table below shows that Clients can easily interact with bank; express themselves without visiting their branches**

		Frequency	Percent	The valid Percentage	The cumulative Percentage
Valid	D	2	2.3	2.4	2.4
	N	16	18.6	19.0	21.4
	A	38	44.2	45.2	66.7
	SA	28	32.6	33.3	100.0
	Total	86	100.0	100.0	

**Mobile banking increases effectiveness and efficiency of service delivery.**

		The Frequency	The Percentage	The valid Percentage	The cumulative Percentage
Valid	SD	5	5.7	3.6	3.6
	D	8	9.3	9.5	13.1
	N	20	23.3	23.8	36.9
	A	34	39.5	40.5	77.4
	SA	19	22.1	22.6	100.0
	Total	86	100.0	100.0	

**Our clients can easily transact, pay bills and access their accounts through mobile banking**

		Frequency	The Percentage	The valid Percentage	The accumulative Percentage
Valid	SD	1	1.2	1.2	1.2
	D	2	2.3	2.4	3.6
	N	14	18.6	16.7	20.2
	A	43	47.7	48.8	69.0
	SA	26	30.2	31.0	100.0
	Total	86	100.0	100.0	

**Mobile banking has led to profitability of commercial banks.**

		The Frequency	The Percentage	The valid Percentage	The accumulative Percentage
Valid	D	3	3.5	1.2	1.2
	N	8	9.3	9.5	10.7
	A	22	25.6	26.2	36.9
	SA	53	61.6	63.1	100.0
	Total	86	100.0	100.0	

**Mobile banking has enabled 24/7 accessibility to financial services**

		Frequency	Percent	The valid Percentage	Accumulative Percentage
Valid	SD	1	1.2	1.2	1.2
	D	3	3.5	1.2	2.4
	N	18	20.9	21.4	23.8
	A	25	29.1	29.8	53.6
	SA	39	45.3	46.4	100.0
	Total	86	100.0	100.0	

During the investigation pursued to assess the outcome of mobile banking access on how commercially owned banks perform Saudi Arabia. 46.4% of the respondents strongly agreed that mobile banking enabled 24/7 accessibility to financial services. 63.1% of the respondents indicated that time spent on mobile banking was low compared to the traditional banking. Additionally, 48.8% of the respondents agreed that clients could easily transact, pay bills and access their accounts through mobile banking. 61.9% of the respondents agreed that clients could bank anywhere, check their balance and also access their bank statements. A good number of respondents accounting to a total of 48.8% were in agreement that mobile banking was accessible virtually. It was further revealed that mobile banking had led to increased profitability as shown by 63.1% level of strong agreement by the respondents. 40.5% of the respondents acknowledged that mobile banking enhanced service delivery through efficiency and higher effectiveness. 45.2% of the respondents agreed that the clients could easily interact with bank; express themselves without visiting their branches. The results established in the research were all presented in the tables above.

### **Discussion**

Results indicate that mobile banking access has been improved over the years. Commercial banks have ensured availability of mobile banking services, they have managed to address customer care needs through mobile banking, and banks have also managed to bridge the physical barriers that were associated with the traditional banking model. The customers who are fond of using the mobile phones have a higher probability to benefit from the innovative activities such as the mobile banking as it becomes more productive and essential every day. Mobile phones are portable and therefore mobile banking is very beneficial to highly mobile customers and hence the banking customers can access their banking services anywhere and anytime. This is due to the fact that most of those customers do not have the adequate time to visit the banks during the normal working hours and this can only be solved using mobile banking.

The specific study designates that there is a feeble correlation between mobile banking and the financial performance of commercial banks that is not significant in the kingdom of Saudi Arabia. The reason for this observation was because the financial performance of commercial banks and is a function of many other coefficients that have not been discussed in this study. The proportions of commercial banks that embrace the most advanced information technology have a greater probability in their performance than the vice versa.

The chief objective for the investigation was to estimate the effects of mobile banking on the economic viability of banks in Saudi Arabia. The population that was majorly targeted in the research study involved all the twenty four (24) certified commercial banks. The Saudi Arabian Monetary Authority also abbreviated as SAMA in conjunction with the Kingdoms Central Bank, were obliged with the responsibility of monitoring the commercial banks in Saudi Arabia. From the statistical data, there were only four (4) commercial banks that were part of the study conducted. The banks were namely: Al Ahli Bank, Al Rahji Bank, Saudi American Bank and Al Riyadh Bank. The sources of the data used in this study came from both the primary which was collected via the structured questionnaires that were handed over to the respondents physically and the rest from secondary sources. Data analysis was carried out through the SPSS Version 26 where descriptive analysis was done and it involved the percentages, frequencies, the mean and the standard deviation while the inferential statistics were done using the regression analysis and especially the Pearson correlations. The Output of the findings was presented in the form of tables and figures.

Mobile banking access and financial performance of commercial banks have an impartially sturdy relationship ( $R^2 = -0.072$ ,  $p < 0.05$ ). Regression analysis revealed the existence of a significant relationship between the two variables ( $R^2 = -0.007$ ,  $p < 0.05$ ). The ANOVA coefficients indicated that a unit increase in mobile banking access resulted to 0.101 unit decrease in the performance of commercial banks. Therefore, it could be argued that access to mobile banking 24/7, reduction it time required to make banking transaction, ease of transacting through mobile banking, easily transact, pay bills and access their accounts through mobile banking and the overall aim of service delivery in financial transactions were key to the success of mobile banking and only very little failure.

There was a strong positive correlation between mobile banking access and the economic performance of commercially owned banks within Saudi Arabia. This relationship was found to be significant. Since the innovation of mobile banking, its utilization among the population has increased significantly over the last five years. For the financial institutions that have utilized mobile banking for its customers, their numbers of customers have increased and this has improved their financial performance.

There is a valid reason that drives customers to incorporate mobile banking as part of their daily financial activities such as gaining the monetary value and the when the rate of usage of the system reaches at maximum, it means that the customers gain more financial profits when

compared to the cost paid. Customers are usually charged directly to use the mobile banking system and also when conducting business activities using the system such as buying and selling goods and services. Some of the mobile banking services utilize a smart phone device, wireless internet and other mobile internet network services. Mobile banking transactions are very easy such as settling bills, fast as it saves time and convenient such as sending and receiving money. This method makes transfer of funds very quick as the methods avoids the payment using cash.

The financial institutions that utilize mobile banking attract more customers and this directly amplified customer cash deposits that eventually have a positive effect on the financial growth of commercially owned financial institutions.

## **CONCLUSION**

There were various conclusions made from the research investigation. The first conclusion was that mobile banking has helped to ensure that money transfer is easy and fast and hence time saving. This gives the customers a great control of their own mobile transactions at 24 hours every day and the reason for this is because the customers have access and control of their own portable mobile devices any day and anytime and this system has been time saving. There is a statistically good conclusion on the effect of mobile banking on customer satisfaction of electronically controlled mobile devices hence a positive effect on the financial viability of financial institutions. A customer's perspective on mobile banking has a lot of impact on the benefit of this system such as suitability of doing financial transactions on the customer's convenience.

This investigation has also conclusions on the subject of study and the system gives the assurance of quick payment of bills by avoiding liquid cash transactions. Mobile banking ensures payments of goods and services conveniently and therefore reducing liquid cash transactions.

The study also concludes that financial institutions have registered a positive financial growth through the use products of mobile banking in a fast and efficient manner.

Tier one banks tend to have sufficient resources for investing in mobile banking. This implies huge client base and high penetration of mile banking among their users. As a result, they are likely to post higher performance associated with mobile banking.

This investigation established that the size of the banks and the incorporation of mobile phone banking have a strong correlation with the banks financial performance. Mobile phone banking has enabled financial institutions to cut costs and maximize their customer base. There is a worldwide trend by financial institutions to reduce the number of financial branches and as a result, invest in other service delivery services such as to utilize the automatic teller machines also known as the ATM for financial transactions and this has decreased the overall operating expenses. Customers are able to access personal control and access to the mobile phone banking services via the software applications or access to the websites owned by those particular financial institutions to accomplish various tasks.

There are various services offered by the various financial institutions which include automated teller machines, the cheque books, landline interfaces, the debit and credit cards and finally internet sources. This offers customers a great platform for them to manage their finances without handling liquid cash which has enhanced the growth of financial institutions.

Various financial institutions have gone to extra miles in ensuring that financial institutions have aided customers in doing various transactions in any area that has a mobile phone coverage therefore making it possible for their services to be readily available for the customer satisfaction. There are various models that financial institutions have found ways to decrease costs through taking minimum value transactions from the financial institutions into the local retail shops, where airtime vendors, gas station attendants and shop attendants, register new bank accounts and do fund transactions such as cash deposits and cash withdrawals via the customers mobile phone which then is connected to the financial institutions.

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