



A STUDY RISK INVOLVED IN IMMEDIATE PAYMENT SERVICE (IMPS) AND IT'S IMPACT ON CUSTOMERS

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ABSTRACT

Indian Banking System has changed drastically from Paper Based Banking to E-Banking. Today customers are visiting banks on rarely basis. Instead of visiting bank, customers prefer to use banking facilities with the help of computers and internet. There are various types of technologies are being used by the customers. The researcher has considered IMPS facility provided by the bankers with the reference to risk. The researcher has interviewed and studied various risk involved in IMPS. The researcher has collected and analysed responses through Google questionnaire and contacted respondents though internet. The present research has focused on present status of IMPS in Indian Banking System. The light is thrown on awareness about IMPS amongst the customers. The research paper is concluded with IMPS and risk involved in IMPS of Private Banks, Public Banks and Co-operative Banks.

Key Words: *E-Banking, IMPS, Indian banking system, Risk, Technologies etc.*

Introduction

Indian Banking System has changed drastically from Paper Based Banking to E-Banking. Today customers are visiting banks on rarely basis. Instead they prefer to use banking facilities with the help of computers and internet. In older time, customer used to visit banks for depositing money and withdrawing money. However due to advancement of technology, that days have gone. Now customer can deposit, withdraw and transfer funds with the help of mobile phones. Cheques, Demand Draft, Telegraphic Transfer, Mail Transfer, ATM Cards, Debit Cards, Credit Cards, Mobile Banking, Phone Banking and Internet Banking etc have been evolved to provide better services to facilitate transfer of funds.

Time required for transferring funds in case some instruments is more as compared to IMPS. Some instruments are available during banking hours. Whereas some are to be performed

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during working hours or time stipulated by RBI, IMPS works on real time basis. IMPS is available 24*7* 365 days.

Review of Literature:

The researcher has referred to website of National payment Corporations of India. IMPS is the latest concept introduced by NPCI. However information is available on the websites of respective banks.

Risk Management by Banks

Most of the banks are using NEFT/RTGS system for interbank transfer of funds. NEFT transactions were settled in batches not on real time, whereas RTGS transactions were settled on real time basis. But for transferring funds through RTGS, the minimum amount is Rs. 2 lakhs. After pilot study, Immediate Payment Service (IMPS) public launch happened on 22nd November 2010 by Smt. Shyamala Gopinath,

IMPS offer an instant, 24X7, interbank electronic fund transfer service through mobile phones.

The research paper has focused on how the introduction of IMPS service has raised the number of banking transactions and to how far the use of mobile payment service is used by customers.

In second research paper attempts are made to pinpoint how the banking sector of Indian economy has started harnessing the power of “Going Digital” and the pioneering role played by the internet, mobile communication and wireless technology in attaining “user-friendliness” & “customer convenience” to offer delightful banking experience to the end users. The paper also tries to ventilate the key drivers that prompt the banks to opt for digital route through WAP based mobile along with the current & future hindrances that might retard the wheel of digital banking in a 24x7 – „Branchless Banking” format via mobile communication.

Most of the available literature has described concept of IMPS and there is research gap that customers opinions about IMPS is not considered. Henceforth the researcher has selected the topic titled “A Study Risk Involved in Immediate Payment Service (IMPS) and its impact on customers”.

Objectives of the study:

The Research Paper aims the following objectives:

- 1) To understand meaning of the terms Immediate Payment Service (IMPS)
- 2) To study present status of Immediate Payment Service (IMPS) in India
- 3) To compare and analyse Immediate Payment Service (IMPS) from customers point of view
- 4) To study risk involved in Immediate Payment Service (IMPS) and its impact on customers

Scope of the Study:

The Research paper is conceptual, descriptive and analytical in nature. The researcher has selected 52 respondents who are having accounts with different banks. Some of the respondents are using IMPS facility whereas some are not.

Research Methodology:

The Research paper is based only on primary data as well as secondary data.

Primary Data:

Primary data means first hand data collected by researcher for his own study. It is original in nature. It is collected by using Questionnaire through Google form.

Secondary Data:

Secondary data is a data which is collected from various sources. This data is collected by someone else in with specific objective. The researcher has collected data from below mentioned sources:

- Website of RBI,
- Website of NPCI

DATA COLLECTION:

Meaning of IMPS:

Immediate Payment Service is an electronic system where one can transfer funds on instant basis through mobile, internet and ATM. It was started in India in the year 2010. All banks are connected through National Financial Switch to a central server.

Participator in IMPS:



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- Enter Beneficiary Mobile number, beneficiary MMID, Amount and your MPIN to send
- Await confirmation SMS for the debit in your account and credit in beneficiary account

Data Analysis:

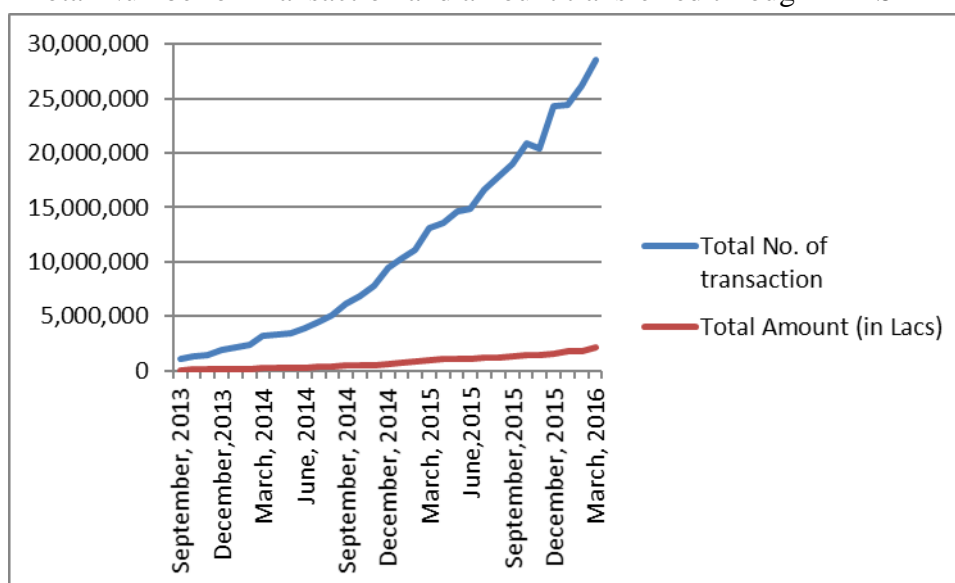
The researcher has collected data from website of NPCI which can be presented in following manner:

IMPS Statistics Month	No. of Member banks	No. of MMID Issued (in Lacs)	Total No. of transaction	Total Amount (in Lacs)
September, 2013	59	531.49	11,01,421	59,783.44
October, 2013	59	537.55	13,10,790	78,472.18
November, 2013	59	543.23	13,94,850	93,490.53
December, 2013	59	557.62	19,42,923	1,23,520.49
January, 2014	59	568.43	21,53,883	1,39,488.62
February, 2014	59	581.51	23,60,074	1,53,116.86
March, 2014	60	584.88	31,66,809	2,15,423.11
April, 2014	60	595.21	32,77,958	2,26,592.94
May, 2014	62	606.28	34,90,850	2,53,731.16
June, 2014	63	618.96	39,01,865	2,74,549.41
July, 2014	65	629.71	44,97,034	3,19,640.13
August, 2014	67	632.34	50,56,836	3,67,792.39
September, 2014	69	670.25	61,69,981	4,47,967.29
October, 2014	71	685.01	68,35,765	5,10,381.48
November, 2014	71	704.99	78,11,228	5,41,560.15
December, 2014	73	745.57	95,02,423	6,34,277.34
January, 2015	74	743.16	1,02,96,788	7,33,747.48
February, 2015	76	758.01	1,10,63,165	7,96,400.51
March, 2015	81	800.13	1,30,93,955	9,79,063.68
April, 2015	84	849.54	1,35,42,740	10,54,962.61
May, 2015	92	898.92	1,46,36,984	11,01,641.96
June, 2015	95	898.92	1,48,31,961	10,78,967.79
July, 2015	100	898.92	1,65,86,775	11,64,470.11
August, 2015	104	898.92	1,78,39,842	12,47,666.78
September, 2015	108	898.92	1,89,81,969	12,66,301.21
October, 2015	111	979.85	2,09,19,419	14,39,003.62

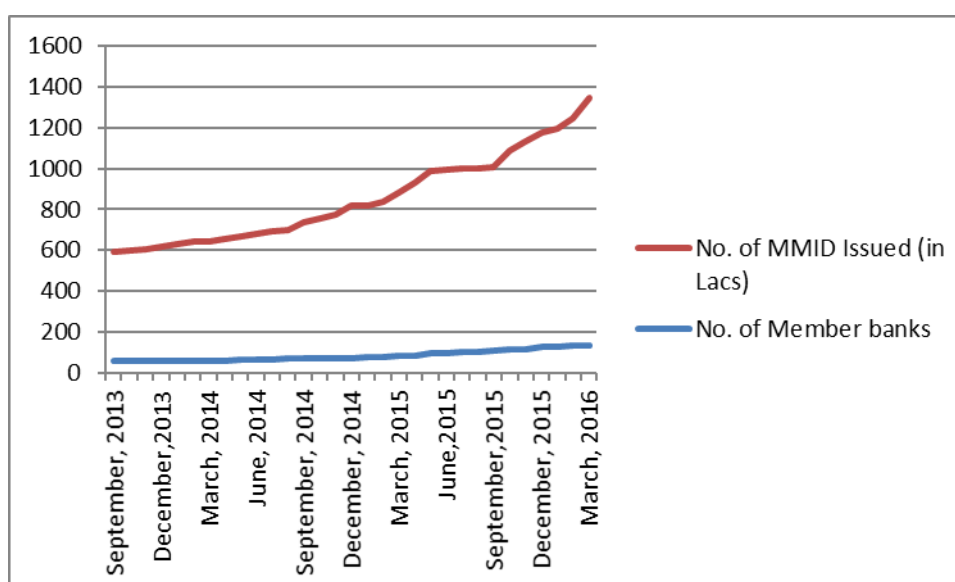
November, 2015	117	1,016.01	2,04,47,433	14,52,938.32
December, 2015	124	1,052.31	2,42,49,695	15,91,096.35
January, 2016	125	1,067.36	2,44,73,814	17,40,276.09
February, 2016	132	1,116.72	2,62,28,928	18,11,786.00
March, 2016	134	1,209.44	2,85,64,270	21,20,926.02

(Source: NPCI)

IMPS – Total Number of Transaction and amount transferred through IMPS



IMPS – Total Number of Member Banks and MMID's issued for IMPS



Analysis of Questionnaire:

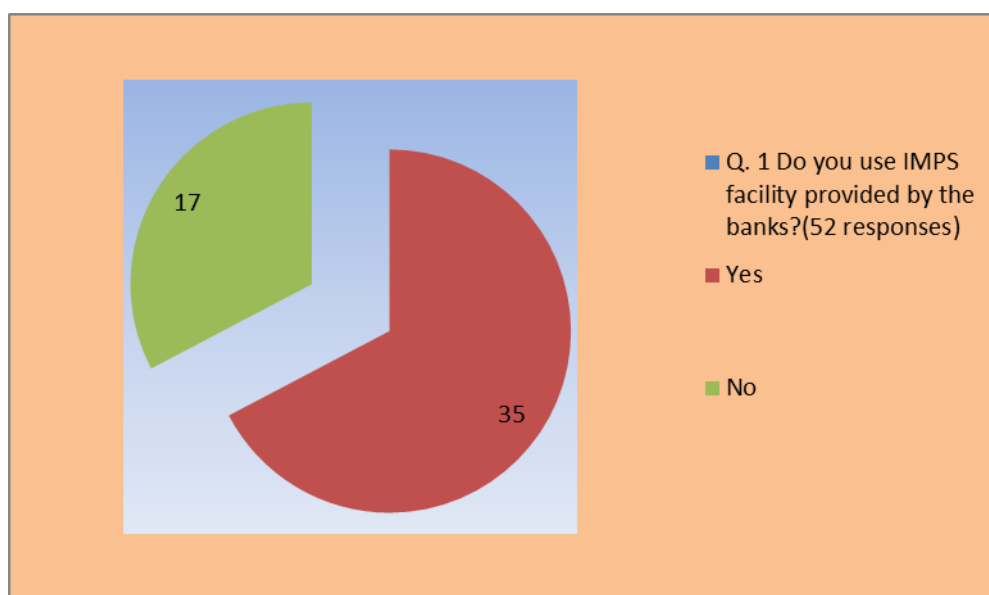
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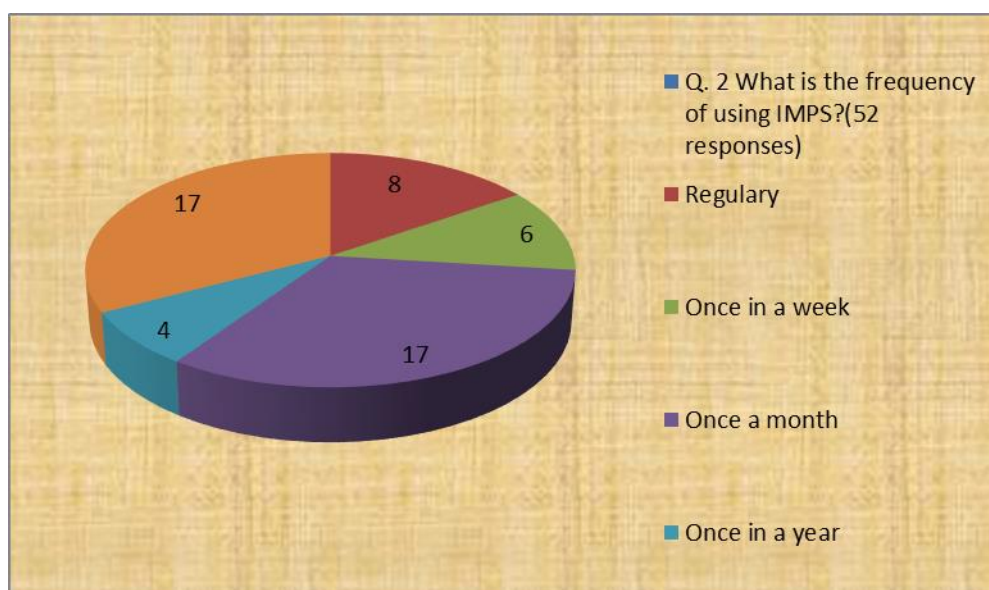
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With the help of diagrams, it has concluded that IMPS is having good progress in India. However researcher has conducted a small survey to collect information from the customers. Though records are showing progress in volume of IMPS, however customers are reluctant to use IMPS due to risk involved in it.

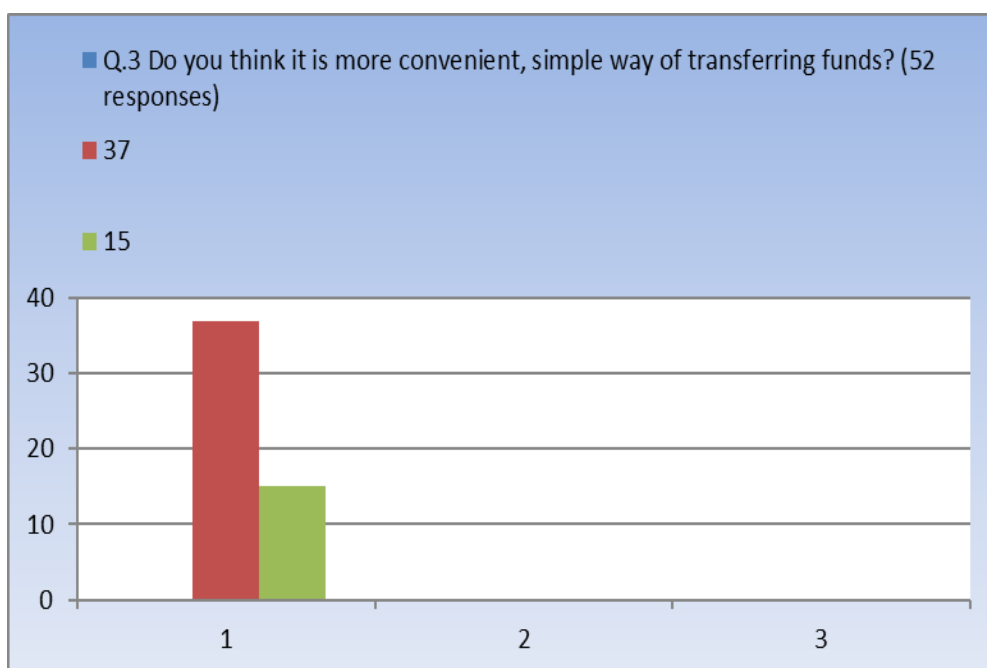
Q. 1 Do you use IMPS facility provided by the banks?(52 responses)



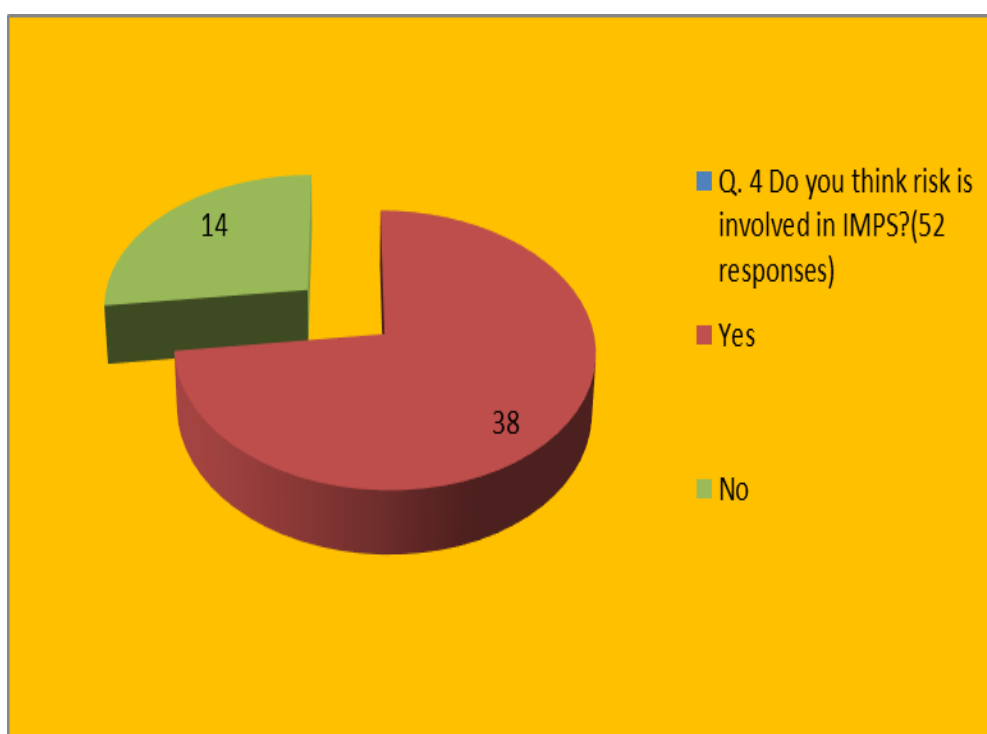
Q. 2 What is the frequency of using IMPS?(52 responses)



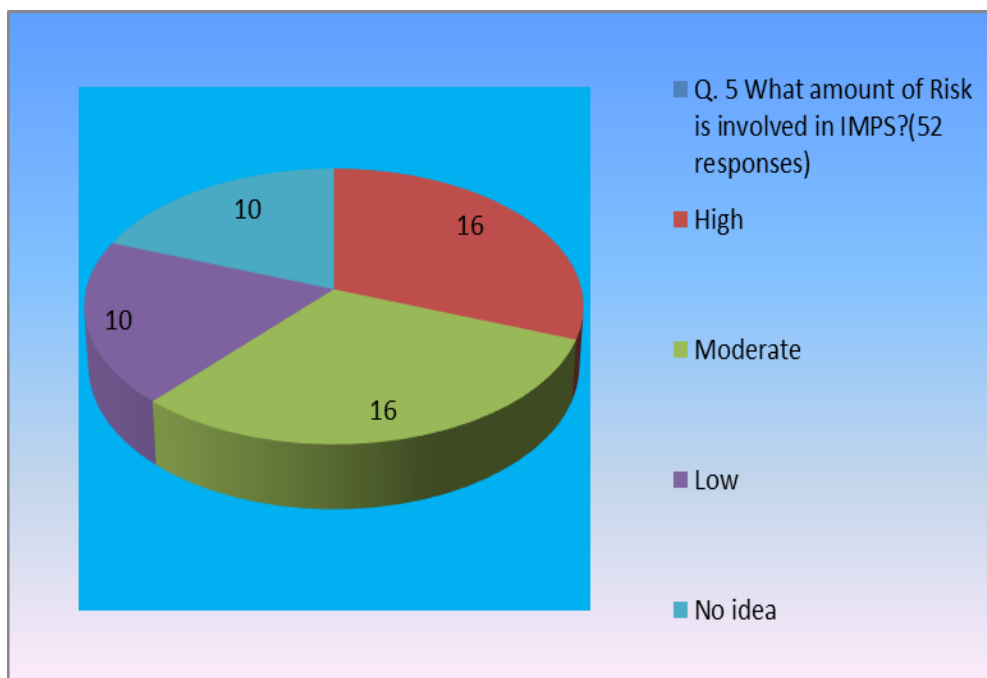
Q.3 Do you think it is more convenient, simple way of transferring funds? (52 responses)



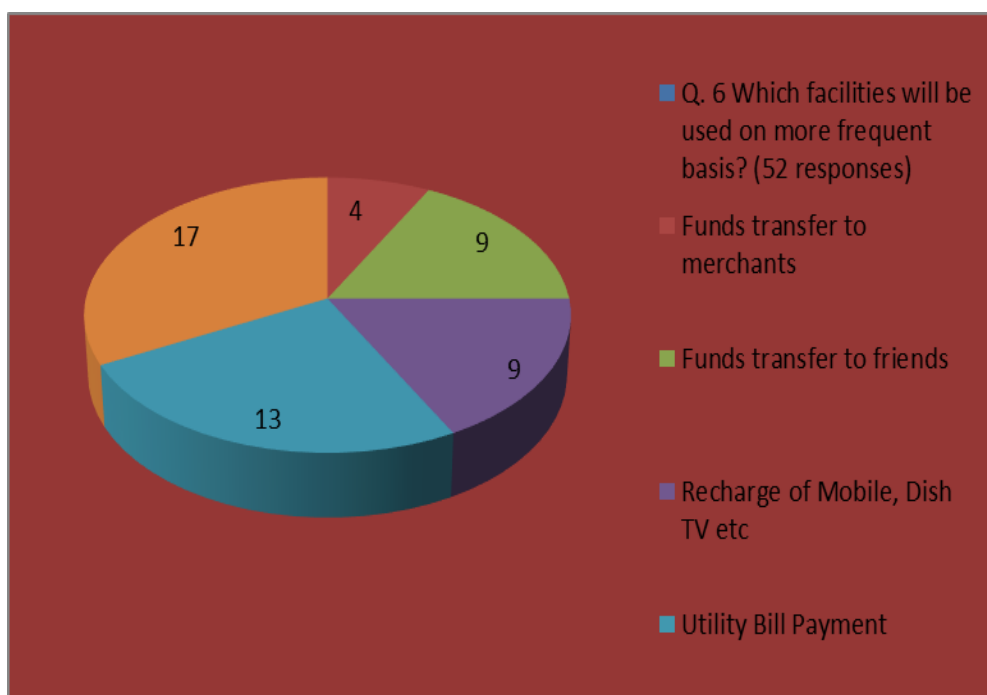
Q. 4 Do you think risk is involved in IMPS?(52 responses)



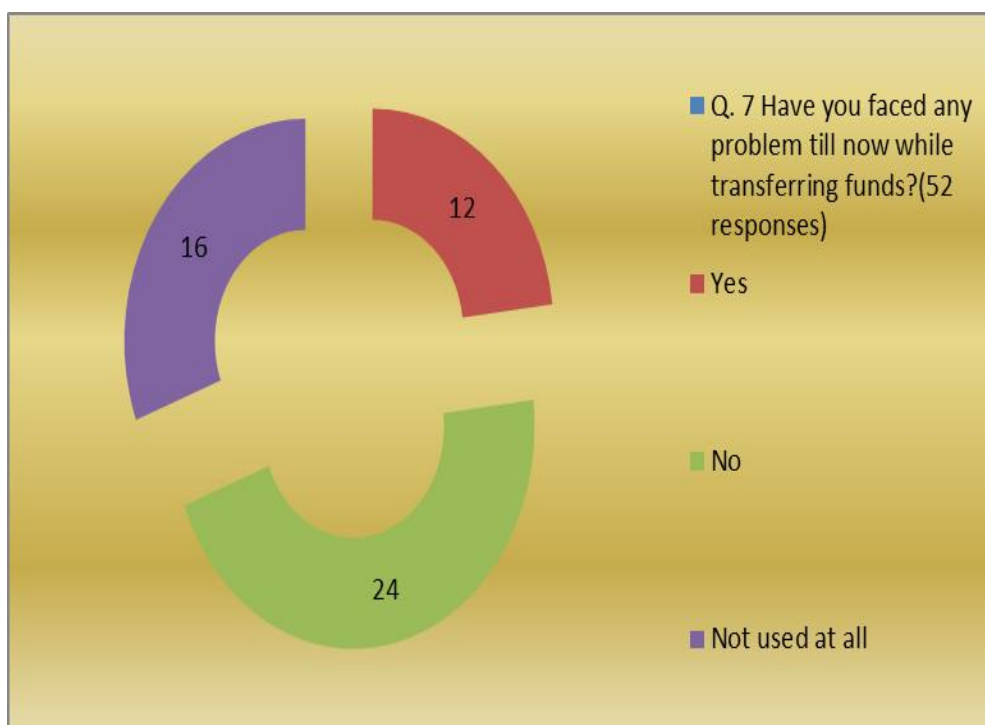
Q. 5 What amount of Risk is involved in IMPS?(52 responses)



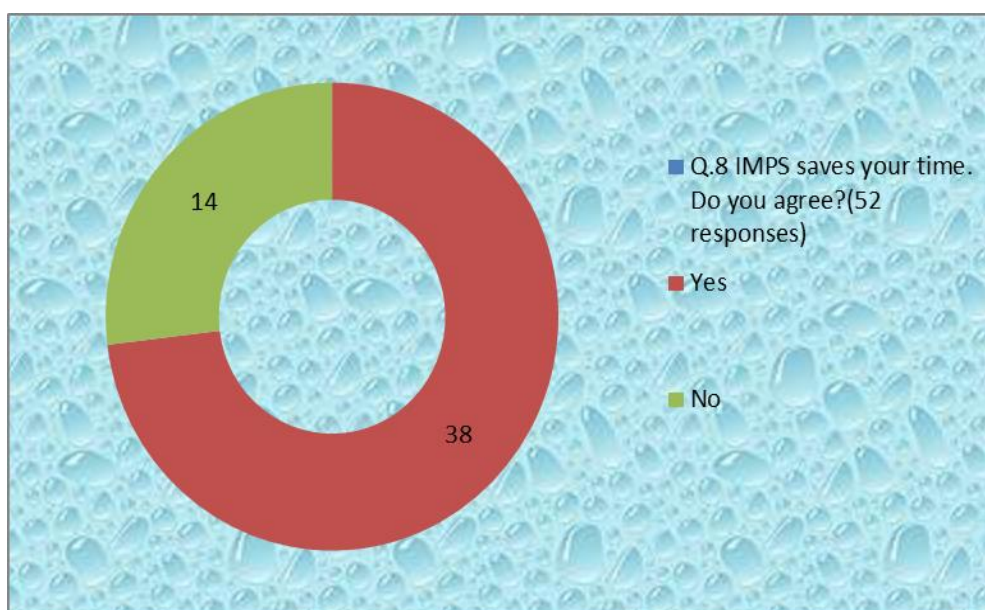
Q. 6 Which facilities will be used on more frequent basis? (52 responses)



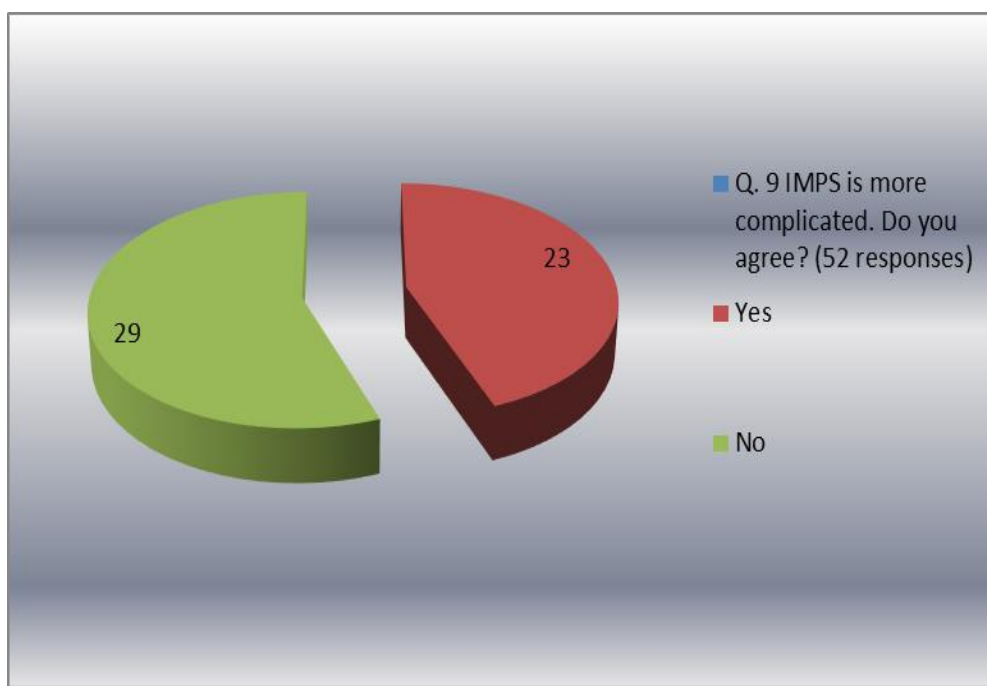
Q. 7 Have you faced any problem till now while transferring funds?(52 responses)



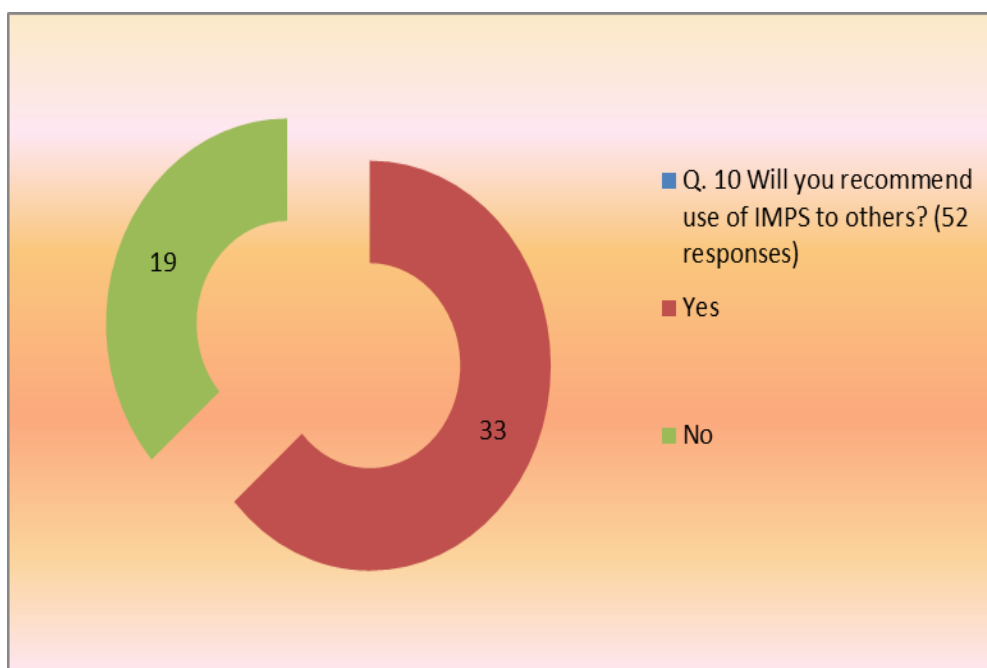
Q.8 IMPS saves your time. Do you agree?(52 responses)



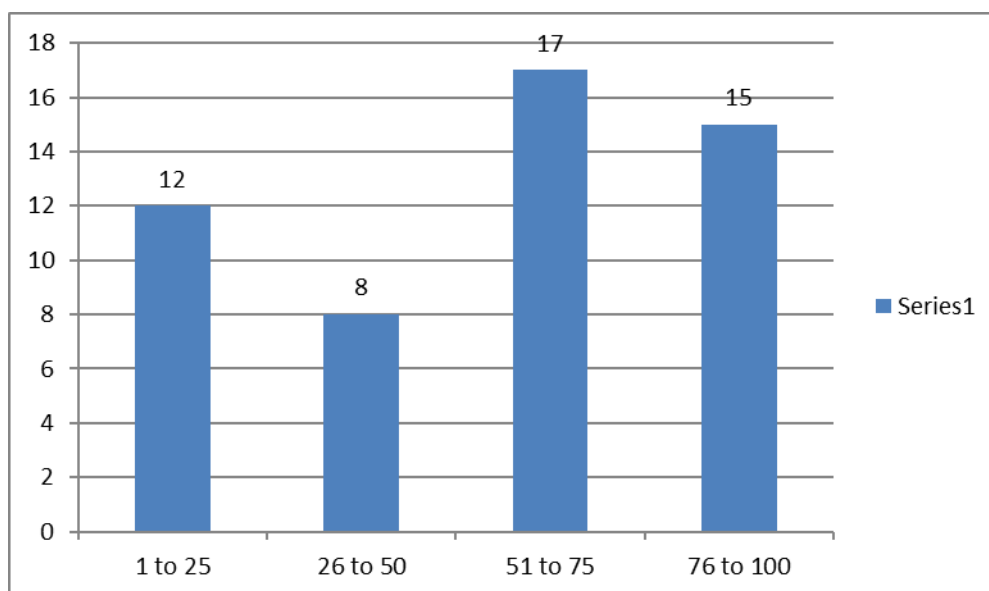
Q. 9 IMPS is more complicated. Do you agree? (52 responses)



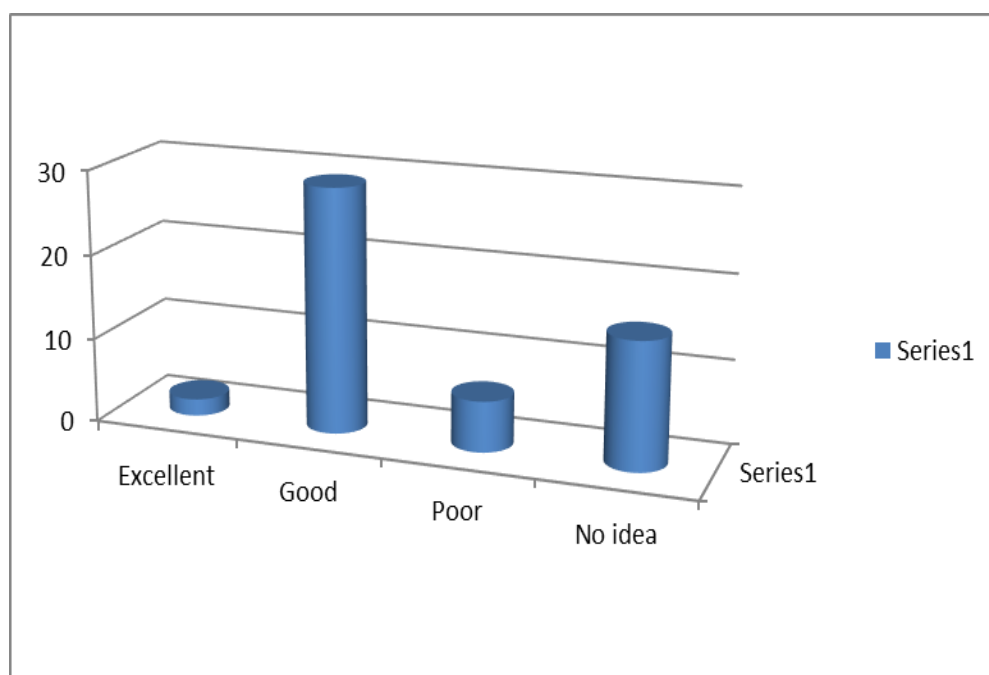
Q. 10 Will you recommend use of IMPS to others? (52 responses)



Q. 11 If you are given a chance to give marks out of 100 in term security, how many marks will you a lot? (52 responses)



Q. 12 How you rate the services of IMPS offered by Public Sector banks? (52 responses)



Interpretation of Data:

From the above charts, the researcher has made following interpretations:

1. Most of the i.e. 67.30% of the respondents are using IMPS facility that means customers are having awareness about IMPS service.
2. 32.70% respondents have not used IMPS facility, and those who are using their frequency are very low.
3. 71.20% respondents say that it is very convenient and simple way to transfer funds.
4. 73.10 % respondents agreed that there is risk in IMPS.
5. 30.80% respondents say that there is high amount of risk in using IMPS.
6. 32.70% respondents have not used IMPS for utility purpose.
7. The percentage of problem faced by customers while transferring funds is only 30.80%.
8. 73.10% people agree that IMPS saves their time.
9. 55.80% respondents are saying that IMPS is more complicated.
10. 63.50% respondents are saying that they will recommend IMPS to others.
11. 32.70% respondents say that IMPS is more secured way to transfer funds.
12. 55.80% respondents agreed that services of Public Sector Banks with relation to IMPS are good.

Conclusion & Suggestions:

The researcher has concluded that, IMPS is getting popularised amongst Indians. However some customers are reluctant to use IMPS facility due to various reasons. Some Customers are not using IMPS as they think that there is high amount of risk is involved in it. IMPS can be accessed through Internet banking, Mobile Banking Application or ATM for that knowledge of computer is essential. Most of the users of IMPS are from literate class. Every bank is having different structure of IMPS. IMPS facility of Public Sector Bank's is good as compared to other banks. For using IMPS, it is essential to have MMID, which creates problems for the customers.

Bankers are also not that much cooperative to provide information about IMPS to customers.

Some applications are complicated to use. For some banks, there is a limit of Rs.5000

The researcher wants to provide following suggestions:

Still there is scope for improvement in awareness about IMPS, therefor National Payments Corporation of India and RBI should try to increase awareness through advertisement.

Unique Application can be developed by banks so that it will be more user friendly for the customers. Some banks are having limit of Rs. 5000/- it can increase upto Rs. 50,000/- so that customers can have more turnover from their accounts. There is risk if mobile is lost, so that more security measures to be implemented.

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Questionnaire

A Study Risk Involved in Immediate Payment Service (IMPS) and its impact on customers

Name of the Respondent:

Name of the Bank where he has an Account:

Mobile Number:

Email ID:

Q.1 Do you use IMPS facility provided by the banks?

Yes

No

Q. 2 What is the frequency of using IMPS?

Regularly

Once in a week

Once in a month

Once in a year

Q.3 Do you think it is more convenient, simple way of transferring funds?

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Yes

No

Q. 4 Do you think risk is involved in IMPS?

Yes

No

Q. 5 What amount of Risk is involved in IMPS?

High

Moderate

Low

Q. 6 Which facilities will be used on more frequent basis?

Funds transfer to merchants

Funds transfer to friends

Recharge of Mobile, Dish TV etc

Utility Bill Payment

Q. 7 Have you faced any problem till now while transferring funds?

Yes

No

Q.8 IMPS saves your time. Do you agree?

Yes

No

Q. 9 IMPS is more complicated. Do you agree?

Yes

No

Q. 10 Will you recommend use of IMPS to others?

Yes

No

Q. 11 If you are given a chance to give marks out of 100 in term security, how many marks will you a lot?

1 to 25

26 to 50

51 to 75

76 to 100

Q. 12 How you rate the services of IMPS offered by Public Sector banks?

Excellent

Good

Poor

13. Any other suggestion: