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Studying the Possibility of Mobile Banking and Role of a
Marketing Plan for Improving Mobile Banking in Nepal

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ABSTRACT

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The objective of this thesis is to study the possibility to improve functionality of mobile banking in Nepal. In addition, our objective is to identify the challenges in extending mobile banking services in Nepal. Furthermore, our objective is to study the importance of a marketing plan in geographically extending mobile banking services in Nepal.

Our thesis uses both qualitative and quantitative approaches to perform the research. A case study method has been applied to understand the holistic framework of mobile banking in Nepal. A questionnaire survey with a sample size of 500 respondents and two interviews were conducted to support the data collection process. The survey and interviews were conducted in order to identify the possibilities and factors that have impact on extending mobile banking in Nepal. In addition, theoretical knowledge of marketing plan and 7Ps of marketing mix are applied to identify the importance of marketing plan and provide suggestions in extending mobile banking services in Nepal. Relevant literature and Internet articles are included as the source of information.

The data collected from the survey and interviews were analyzed and are presented through figures. The results from the survey and interviews indicate that there is a high possibility of extending mobile banking services in Nepal. Young generations accounts for a high percentage of mobile banking customers. Marketing activities need to be intensified to increase awareness of mobile banking services. The research show some major factors creating impact on mobile banking services in Nepal, such as weak telecommunication network, low level of technological knowledge, disparity in the services, and lack of interest from old age customer group.

On the basis of our findings, it is clear that mobile banking is popular among young people and in city areas of Nepal. It is recommended that future research be carried out concentrating on remote areas of Nepal in order to find out true potential of mobile banking in the remote areas of Nepal.

Key Words: Mobile Banking, Marketing Plan, Marketing Mix, Nepal.

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1 INTRODUCTION

The general aim of our thesis is to study the use of mobile devices in banking services and their further possibilities in Nepal. Another general aim is to find out the trend of mobile banking in Nepal and the possibilities of mobile banking in the financial market of Nepal. In addition, we focus on studying how marketing plan can be conducive in extending mobile banking in Nepal. The initial aim of designing a marketing plan to extend mobile banking services in Nepal is out of the thesis due to its irrelevance because of the absence of a case company in the thesis. However, marketing plan is studied to identify the role of marketing plan for extending mobile banking services in Nepal.

1.1 Motivation and Background

The growing use of mobile devices today in Nepal and other developing countries is proving to be an efficient medium to provide financial services to customers at their door steps (Poudyal & Karmacharya 2010). This efficiency of mobile banking is one of the major reasons behind our research. The efficiency can be useful in providing financial services in geographically remote areas of Nepal, where branch banking is costly and difficult because of lack of infrastructures in the remote areas. The use of mobile devices as a new channel in providing financial services has been admirable and it can contribute significantly towards developing financial institutions that are based in Asia and Africa (ProSecurity zone 2010).

The statistics shows that the number of mobile users in Nepal is higher than the people having access to formal financial services (Poudyal & Karmacharya 2010). The higher number of mobile users compared with people having access to formal financial services motivated us to conduct our research for finding out the true potential of mobile banking in Nepal. In addition, working in the project 'My Mobile My Life' during our practical training motivated us to conduct research into this topic. Our research aims to assist the financial institutions in Nepal in providing financial services to their customers through mobile banking. In addition, this research can be useful for the institutions in expanding their services to the unbanked population, with access to mobile devices. In the 75 years banking history of Nepal, only 30% of the population has access to banking services. In comparison to the number of people having access to banking services, the number of mobile users is growing at a rate of 35%

(Kumari Bank Limited 2010.) The growing rate of mobile users displays the possibility of providing banking services through mobile devices.

The background knowledge on mobile banking is helpful in our research process. Mobile banking also known as M-banking or SMS banking is a way to conduct banking transactions through mobile devices. It is becoming increasingly popular in a busy lifestyle with access to advanced mobile technologies. (Conjecture Corporation 2011.) Among the biggest limitations of Internet banking is the requirement of a computer. This requirement is a big barrier in most developing countries as people in developing countries cannot easily afford a computer and access to the Internet. Contrary to Internet banking, mobile banking reduces the customer requirement to just a mobile phone. In addition, mobile banking allows “Anytime Anywhere Banking” which means that customers need not have access to a computer terminal in order to access to their bank accounts. (Infogile Technologies 2007, original emphasis, henceforth without emphasis.) The anytime anywhere banking facility of mobile banking increases the suitability of the service in the remote areas of Nepal where people have to walk long distances in order to gain access to even the basic banking services. In most developing countries more people have access to a mobile phone compared with a bank account and therefore companies are considering providing access to banking services via handsets (Nobel 2011, original emphasis). This context of increasing number of mobile users compared with the number of bank account holders is similar to the present situation of Nepal. The people, especially in remote areas have no access to formal banking services but have access to mobile devices.

Marketing refers to a process developed by an organization for the purpose of understanding and developing exchanges with customers in order to meet the company’s objectives. Marketing may be accomplished by all kind of organizations, free of their purpose and their objectives. Marketing use multiple techniques and methods for supporting an exchange process of a company. (Dubois & Jolibert & Muhlbacher 2007, 25.) In our thesis we have applied marketing mix technique for providing suggestions to extend mobile banking services in Nepal.

Marketing mix is a well established conceptual framework that assists marketers or organizations to extend their products or services to market (Chaffey & Smith 2008, 51). Marketing mix is a set of tools that organizations can apply to expand their sales (MaRS Discovery District 2011). Marketing mix was seen to be distinctive in the early 1960s when McCarthy suggested the term 4Ps. The 4Ps refers to product, price, place and promotion. The

4Ps have been argued to be suitable for product rather than services. Therefore, Booms and Bitner (cited in Chaffey & Smith 2008, 51) developed the 7Ps, also referred to service plan. They considered extra Ps to the 4ps that were crucial for delivery of services to customers. The added Ps are people, processes and physical evidence. The 7Ps introduced by Booms and Bitner can be controlled and with proper planning and mixing the variables in a correct way satisfy customers. (Chaffey & Smith 2008, 52.) Considering the suitability of 7Ps to delivery of services to customers we have used the 7Ps marketing plan to implement the mobile banking services in wide regions of Nepal.

Marketing plans vary in accordance with their scope and objectives. However, all plans should consider factors, such as analyses of market and segments, industry and competitive structure, and organization's competitive advantage. (Cravens 1997, 21.) Theoretical knowledge of marketing plan could be supportive in identifying factors that make impact on extending mobile banking services in Nepal.

1.2 Research objectives and questions

The objective of our research is to find out the possibility of improving the functionality of mobile banking in Nepal. In addition, our research objective is to study in what ways mobile banking can be further developed in Nepal. Furthermore, our objective is to study the relation between the number of mobile users and its impact on the use of mobile banking service. Our research objective also includes the analyzing of number of mobile users in Nepal and identifying factors to be considered in marketing mobile banking services in Nepal.

In accordance with our research objectives the following research questions have been designed to find out the possibility of mobile banking for developing mobile banking in Nepal.

1. What are the future perspectives and challenges of Mobile banking in Nepal?

This question deals with the main objective of the research, which is to find out the possibility of improving the functionality of mobile banking in Nepal. This research question will help to create awareness among the financial institutions in Nepal of the possibilities of serving their customers through a new channel, mobile banking. A questionnaire survey will be conducted in Nepal to find the possibility of mobile banking in Nepal. In addition, the survey will be conducive in finding the challenges related to extending mobile banking services in Nepal.

2. What are the impacting factors and how do they impact on implementing mobile banking in Nepal?

In order to study the possibilities of extending mobile banking in Nepal, it is necessary to learn about the factors that can create impact on its operation. The study of the factors will be supportive to make a thorough investigation into the possibilities to extend coverage area of mobile banking in Nepal. In knowing how the factors make impact on implementing mobile banking will assist us in designing a marketing plan.

3. How can a marketing plan make impact on extending mobile banking services in Nepal?

With the number of mobile users being added in the telecommunications market in Nepal, this research question focuses on finding out how it is possible to increase the use of mobile devices for banking purposes in Nepal. The objective of this research question is to identify how marketing plan can create impact on increasing the number of mobile banking customers. The marketing plan can be important for the financial institutions that are willing to serve their customers through mobile banking. Related literature will be used in order to study the concept of a marketing plan.

1.3 Structure of the work

The thesis is divided into nine chapters. The thesis begins with the introduction chapter, which discusses the background and motivation of writing the thesis. In addition, the introduction chapter discusses in details the objectives of the thesis and the research questions. Chapter 2 is the discussion of the research methods and techniques used during the research process to collect required data. Chapter 2 also discusses the limitations of the research process. In chapter 3, knowledge on mobile banking and the risks associated with mobile banking are discussed, creating a base for the research. Chapter 4 introduces the banking history of Nepal, banking behavior of Nepalese customers and mobile banking in Nepal, which also generate supportive information in conducting the research. The next chapter is the theoretical discussion of marketing plan and the theoretical discussions have been related to extending mobile banking services in Nepal.

In chapter 6 7Ps of marketing mix are discussed in relevant to mobile banking services in Nepal. Chapter 7 is the analysis of the results of the survey and the interviews conducted during the research. The chapter illustrates the findings and analyzes the findings through figures. Chapter 8 is the detail on suggestions developed from the findings of the survey and interviews. The suggestions are provided through the 7Ps of marketing mix to extend mobile banking services in Nepal. Finally, chapter 9 is the conclusion of the research findings and addresses the research questions developed in the beginning of the research process. In addition, the chapter provides suggestions to future research.

2 RESEARCH METHODOLOGY

This chapter is the detailed account of the research design of the thesis process. It focuses on explaining the research methods used to conduct the research and discusses the approaches to data collection. Finally, the chapter deals with limitations in the data collection process to ensure the effectiveness of the research.

2.1 Research Process

Our research began with the study of mobile banking market in Nepal. The case study method was applied to get holistic framework of mobile banking in Nepal. We used different online sources to get information on current situation of mobile banking in Nepal. In addition, we contacted our friends, working in banking sector and those who have been using mobile banking service for additional information. After the study of market situation, we design a questionnaire for conducting our survey. The questionnaire was tested through a pilot study and necessary adjustments were made in the questionnaire. To simplify the questionnaire survey process sampling technique was employed in the survey process. From the sampling technique we identified respondents who represented similar characteristics of our targeted population.

After defining the sample size of the population we sent our questionnaire to the respondents. To make the respondents easy and quick in answering the questionnaire, we designed a webpage. The webpage in addition to questions contained the purpose of conducting the survey in order to make the respondents clear in answering the questions. The respondents were sent the questionnaire through email and social media means, such as Facebook and email, where the webpage we designed was attached with the mails sent to the respondents. The respondents were provided a time period of 2 weeks to reply the questionnaire sent to them. The data collected from the survey were tabulated and represented in graph for the analysis process. In addition to the survey, two interviews were conducted with the managers of two different banks in Nepal. The purpose of the interviews was to understand the present scenario of mobile banking in Nepal, growth and possibility of mobile banking services and customers' perception of the services.

Beside the survey and interviews, relevant literature was studied for identifying the role of a marketing plan in extending mobile banking service in Nepal. The following sub chapters explain in detail about the research methods applied in the course of our research.

2.2 Research Methods and Techniques

Our thesis uses both qualitative and quantitative approaches to conduct the research effectively. In order to accomplish the data collection process of the thesis, we used a case study method. The case study method was accompanied with interview, questionnaire survey technique and a random sampling technique.

2.2.1 Case Study

As a research method case study is used to study a single case which is mobile banking service in Nepal. Case study is one of the several methods of doing social science research (Yin 2009, 2). According to Yin (2009, 4), case study allows investigators to study a holistic and meaningful characteristics of real-life events, such as group behavior, organizational and managerial process. Therefore, case study is relevant in our research as it will help us to acquire through our investigation a holistic picture of mobile banking in Nepal. In addition, case study is suitable for collecting qualitative and quantitative data required for the research (Ghauri & Gronaug 2005, 116). As we plan to use both qualitative and quantitative approaches, the case study method is suitable in our research. Different sources or techniques of data collection, such as personal interviews, survey, verbal reports, and observations facilitate a case study. Furthermore, other sources of data collection, such as market and competition reports, financial reports, etc. can be involved in a case study. (Ghauri & Gronaug 2005, 114-115.) In our thesis we used a questionnaire survey as a means of collecting data to facilitate the completion of our case study.

Case study is suitable for answering ‘why’ and ‘how’ research questions. Even though case study resembles with historical review, it is different from historical review in a sense that case study provides more possibility of direct observation and interaction. (Ghauri & Gronaug 2005, 115-116, original emphasis.) Case studies are well suited in conducting research in new fields and in addition, case study is highly suitable for building or designing theory from

normal science research (Eisenhardt, 1989, 548-9 cited in Ghauri & Gronaug 2005, 115). The presence of 'how' question in our thesis favors the use of case study. In addition, the objective of identification of factors to be considered to extend the use of mobile banking in Nepal adds up to the suitability of selecting case study as a research method in our thesis.

2.2.2 Survey

Survey refers to a method of data collection through means of questionnaire and interview techniques for understanding respondents' behavior. In the context of business studies surveys and questionnaires are the most appropriate data collection methods. (Ghauri & Gronaug 2005, 124-125.) In our research we have used a questionnaire survey to collect required data for the purpose of finding out the potential of mobile banking and factors that make impact on extending mobile banking services in Nepal.

A suitable set of questionnaires were formulated to retrieve constructive information for finding out the potential of mobile banking in Nepal and use the result for designing a marketing plan to extend the service. A pilot study of the questionnaire was conducted among the few possible respondents to test the effectiveness and accuracy of the questionnaire. The responses from the pilot study were closely studied for any necessary changes to be made. For the purpose of the pilot study 10 of our friends in Nepal, including those working in banking sector were selected as the respondents. The 10 respondents were selected because they carried similar characteristics to the target population. Then after making the necessary adjustments from the pilot study, the questionnaire was distributed to the respondents. The questionnaires were sent to the respondents via email and social media tools, such as Facebook. Email survey was used in our research as email survey is popular, inexpensive, consumes less time, and in general produces high quality data (Hair, Money, Samuel & Page 2007, 208). During the process of the survey, especially sending the questionnaires to the respondents and collecting back the questionnaires, help from close friends in Nepal was also used.

The data collected from the survey were analyzed for the purpose of finding out the potential of mobile banking services in Nepal and implementing in wide areas of Nepal. The data were represented in graphs for better comparison of the collected numerical data. Furthermore, besides the numerical data the suggestions collected through open ended questions in the questionnaire were studied and considered. The respondent's opinions were closely

considered during the process of developing suggestions to extend the coverage area of mobile banking in Nepal.

2.2.3 Sampling

In order to make the survey process easier than surveying the entire population a sampling technique was also applied in the research process. Sampling technique is used in order to minimize the cost and time of surveying the entire population. An appropriately selected sample provides information which is suitable to be used in business decision makings. (Hair & Money & Samuel & Page 2007, 170-171.) It is hard to carry out the survey in the entire population. Hence, a sample of the population was decided to make it representative of the entire population. Determining a sample size is a complex task and different factors need to be considered when determining a sample size. The factors that need to be considered in determining a sample size include the variability of elements in the target population, type of sample required, budget, required estimation precision, and degree of confidence for generalizing the findings. (Hair, Money, Samuel & Page 2007, 182-183.)

Considering the total targeted population for our survey, we decided a sample size of 500 people in Nepal for our survey. The sample size was selected based on the similar characteristics with the total population. The sample size included working group people, students, and business persons. People were selected from different city areas of Nepal, in order to represent wide areas of Nepal. To represent people from the remote area of Nepal, we included people from city areas who came there for work. In addition, the sample size also included people of different age group for better responses.

Besides the above mentioned research methods and techniques used in the thesis, relevant literature was also studied throughout the research process. The relevant literature was extensively used to set the theoretical framework for the thesis. In addition, relevant literature was studied to identify impact of marketing plan to extend mobile banking services in Nepal.

2.2.4 Limitations

Although, it has been above mentioned about the strengths of a case study method in conducting a research, it still has some demerits. Lack of rigor has been seen as biggest drawbacks of case study. In most cases investigators in case study are found to be sloppy, failing to follow systematic procedures, or has allowed biased views to influence the directions of findings and conclusions. (Yin 2009, 14.)

In context to our research process, time and cost limitations were the major backdrops. The survey for the research had to be conducted in Nepal and our absence in Nepal restricted the survey to be conducted in wide areas. Due to the above limitation we had to rely on our close friends in Nepal for the survey. In addition, we could not conduct adequate survey in remote areas of Nepal.

The limitations in the research process were closely considered in order to get effective and accurate results. The limitations however were kept in mind to avoid their affect to greater length in the outcomes of the research.

3 MOBILE BANKING AND FACTORS CREATING IMPACT ON MOBILE BANKING

In this chapter we discuss mobile banking and different issues relating to mobile banking. The deep knowledge of mobile banking is required in our thesis since our thesis topic is related to mobile banking services. In addition, the study of factors that have impact on mobile banking is supportive in identifying the factors that may have impact on mobile banking services in Nepal.

3.1 Mobile Banking

High growth in technology has allowed banks and financial institutions go beyond the traditional banking of just borrowing and saving. The modern technological progression has extended the means of banking to beyond self banking, such as internet banking, digital wireless banking and mobile banking. Mobile banking involves the provision of accessing financial transactions or services through mobile devices. According to Ahonen and Barrett in the book 'services for UMTS: Creating Killer Applications in 3G', mobile banking services were accessible back in 1997. The early stage of mobile banking offered customers Short Message Service (henceforth SMS) alerts regarding their account details. (Gilani 2011.)

M-banking or mobile banking is basically accessing financial or banking services through a mobile device or a device's web browser. The services, such as checking account balance and transferring money from one account to another are some of the common banking services accessed through mobile banking. An application is provided by a service provider bank which users can access through their web enabled phones or smart phones and serves as a financial institution's web frontend portal. With the application installed, users can access their bank accounts and conduct whatever financial transactions they require. (Saxena 2011.) According to mobile banking service providers, for the purpose of security reasons customer details will not be stored in a user's mobile set. Furthermore, in case of lost or stolen mobile phones, mobile banking service will be immediately blocked on deactivation of Subscriber Identity Module cards, providing more security to users. (Saxena 2011.)

It has been more than a decade of the launch of mobile banking services. During the initial period of its launch, the use of mobile banking was limited to only SMS or basic banking services, such as balance check. The limitation of mobile banking service was triumph over

by the technological advancement, leading to dynamic functionalities. (Vaidya 2011.) The technological advancement will allow next-generation mobile banking services deliver improved facilities with user friendly instructions, instant access, security and immediate transaction processing all at a lower session cost. Banks will achieve higher level of customer satisfaction and along with customer satisfaction banks will perceive higher loyalty through anywhere, anytime banking. Furthermore, banks will benefit from various other factors, such as lower administrative costs, lesser number of branches, reduced staff members, streamlined call centers and lower handling charges. (Infogile Technologies 2007.) The various benefits offered by mobile banking can help banks in Nepal to provide efficient banking services to customers. In addition, lower number of branches, reduced staff members and lower handling charges required by mobile banking would motivate banks in Nepal to offer mobile banking services to their customers. Hence, the motivation to offer mobile banking services to the customers could lead to extension of mobile banking services in Nepal.

According to a research report by Berg Insight, the number of mobile banking service users is expected to grow to 894 million by the year 2015. In addition, the growth is expected to be seen in greater number in the Asia-Pacific region. Mobile banking service is being projected to serve as a key role in serving financial services to people in the Middle East and Africa. (ProSecurity zone 2010.) It is common for people in developing countries to have a mobile phone. However, there is high rate of people who do not have a bank account but have a mobile phone. There are around 1 billion people who have a mobile phone but do not own a bank account. Considering the high rate of unbanked people having a mobile phone, many companies are planning to give access to banking services through their mobile sets. (Nobel 2011.) Nepal as a developing country also have high rate of unbaked people but they own mobile phones. Hence, like in many developing countries there could also be high possibility of serving the unbanked population through mobile banking. The Global System for Mobile Communication predicts that by 2012, approximately 300 million people who were previously unbanked would be using some form of mobile banking. (Nobel 2011.)

Financial institutions or banks should consider certain issues before offering mobile banking services to their customers. Along with the issues to be considered, banks should provide innovative solutions for higher customer satisfaction. The following are some of the issues that a bank should consider before offering mobile banking services to their customers.

- Banks should make clear to their clients that they have to pay for standard messaging and usage fees while using mobile banking services.
- Clients' phones should be able to support the mobile banking application as well as SMS banking services offered by the bank. For accessing more advanced mobile banking services, phones should be Java-enabled, or should be equipped with General Packet Radio Service, or GPRS capability.
- Financial institutions should understand that Information Technology or telecommunications is not their core business and thus should work with experts from mobile phone sectors for installation and implementation of mobile banking services.
- Financial institutions should focus on high security of mobile banking services. Financial institutions should establish a plan to ensure high level of security in cases where customers lose their phones or change their devices.
- Financial institutions should also look for different outsourcing models for effective mobile banking services. An expert in telecommunications service provider could be supportive to handle technical part of mobile banking service. (Saxena 2011.)

Therefore, the banks and financial institutions in Nepal should closely consider the above issues before providing mobile banking services to customers. In addition, the existing mobile banking providers could consider the above issues in order to increase customer satisfaction and effectiveness of mobile banking services to customers.

Mobile banking offers number of benefits to its users, such as good security, easy access and plentiful applications for smart phones (Gustke 2011). Mobile banking allows users to check their bank account and transfer funds even when they are travelling, where they may not have access to a bank's Auto Tailing Machine (henceforth ATM). Mobile banking gives account notification whenever there is addition or deduction of fund in bank account and thus provides account security to users, avoiding them from being victim of fraud. With access to bank accounts from a mobile device, users can also pay their bills, such as utility bills, credit card payments, and car insurance. (McNamara 2011.) The possibility of paying utility bills through mobile banking services could be much beneficial in terms of cost and time as people in Nepal have to walk to long distances and stay in queues to pay their utility bills.

According to Dyke, president of Javelin Strategy and Research, the biggest benefit of mobile banking is that users have more control of their money. In addition, internet connection is not available everywhere while mobile connection is easily available in most places, even in

remote areas. (Gustke 2011.) In addition to benefits of mobile banking to users, it also provides wide range of benefits to service provider banks. The biggest benefit offered to banks by mobile banking is high cut downs in their operating cost. For example, an average teller or phone transaction costs about \$2.36, whereas transaction through mobile costs only \$0.10. Moreover mobile banking channel allows banks to cross-sell their other banking products and services, such as vehicle loans, credit cards etc. (Tutoral-Reports.com 2007.) The cost benefit produced by mobile banking could help in generating economic benefit to both the providers and users and hence could also contribute in the national economy of Nepal.

Even though mobile banking allows quick access to bank accounts, customers should be aware of its disadvantages too. Technology cost, compatibility issues and security problems are some of the drawbacks of mobile banking. Mobile banking users have been exposed to fake text messages asking for their bank account details from hackers behaving as a financial institution. Many people have fallen into this fraud and had their money stolen. All mobile devices do not support mobile banking services and every bank also does not provide the service. Similarly, the advanced features of mobile banking are limited to only smart phones that require custom mobile banking application. Extra fee required for data and text messaging, software, and using mobile banking service may add up cost. (Foster 2011.) The above mentioned drawbacks of mobile banking could largely affect the success of mobile banking services in Nepal since people in Nepal are still not much friendly to the services. For this reason, the banks need to closely study the possible drawbacks and find out remedies to lower the affects from the drawbacks.

3.2 Perceived Risk of Mobile Banking

According to the study conducted by Lee (2009), perceived risk in the context of Internet banking or online banking is classified as performance risk, social risk, financial risk, time risk and social risk. Brown, Cajee, Davies and Stroebel (2003) perceives mobile banking as an extension of Internet banking with only difference as mobile banking using a mobile device instead of a computer. Hence, similar set of perceived risk can be implied to mobile banking as defined by Lee. The five risks according to Lee for mobile banking can be defined as follows:

- Performance risk refers to losses incurred by deficiencies or malfunctions of mobile banking servers. According to Littler and Melanthiou (2006), a failure of a banking server would reduce willingness of customers to use banking services and it applies in the context of mobile banking as well.
- Security or privacy risk refers to a loss caused by illegal activities of a fraud or a hacker with the security of a mobile banking user.
- Time risk refers to a loss of time incurred due to any delays in receiving payments or the difficulty of navigation. The loss in time can be incurred due to difficulties in finding appropriate services and commands.
- Social risk refers to the possibility of disapproval by one's friends or family due to the use of mobile banking. However, social risk was found to have insignificant effect on the use of online banking.
- Financial risk refers to a possibility of monetary loss caused due to transactions error or bank account misuse. (Masinge 2010, 27-28.)

Lee (2009) found that all the above five risks acted as negative factors in the intention to adopt online banking. Therefore, these risks associated with the use of mobile banking can significantly affect the adoption rate of mobile banking in Nepal as well. However, a study by Wu & Wang (2005) conducted on mobile commerce showed that perceived risks have positive influence on the behavioral intention to use mobile commerce. In addition, a study by IM et al. (2008) found that when deploying a technology which is perceived to be of a high risk by users, emphasis should be given on the ease of using the technology. Furthermore, the technology deployed in the services should be highly secure and cost effective. The service providers should have adequate technologies in place in order to support mobile banking. (Masinge 2010, 29.) Hence, mobile banking being related to technology, banks in Nepal need to focus on the simplicity of the technologies used in their services so as to attract more users. In addition, the banks need to assure that the technologies used in the services is cost effective than other means of banking. The banks need to assure their customers about minimum risks related to mobile banking services.

3.3 Perceived cost

According to Luan & Lin (2005), perceived cost is a person's sensitivity towards the cost when using mobile banking. The cost incurred can be in different forms, such as transactional

cost in the form of bank charges, mobile network charges for sending SMS and mobile device cost. A study by Wu & Wang (2005) found out that perceived cost has low significance compared to other factors, such as perceived risk, compatibility and perceived usefulness. In addition, the study revealed that perceived cost is normally a major concern when a technology is being introduced for a first time. (Masinge 2010, 30.) Perceived cost could have a significant impact on Nepali market as mobile banking is in its initial stage and most of people are from middle class family. Therefore, cost can play a vital role in implementing mobile banking in Nepal.

3.4 Trust in mobile banking

Customer trust has been recognized as a vital factor for the success of mobile banking. In a study by Kim et al. (2009) trust has been defined as a psychological expectation of users that a trusted party or a service provider not behave opportunistically. Siau & Shen (2003) have classified trust into two categories, which are trust of technology and trust of mobile banking service providers. According to Bhattacharjee (2002), in the context of mobile banking, trust represents users' willingness to use services provided by the service provider. Higher level of trust in service provider will lead to a higher involvement of users in mobile banking transactions. Furthermore, brand loyalty and customer loyalty of service provider can also play a significant role in users' adoption to mobile banking services. Hence, customers' trust in mobile banking service provider has a positive influence in users' adoption to mobile banking services. (Masinge 2010, 32-33.) Therefore, it is necessary for banks in Nepal to convey to customers the trustworthiness of technologies used in mobile banking services. In addition, banks in Nepal need to maintain their image and built trust with their services in order to attract more customers towards mobile banking services.

4 BANKING BEHAVIOR AND MOBILE BANKING CONTEXT IN NEPAL

This chapter discusses banking behavior of Nepalese customers and mobile banking scenario of Nepal. The knowledge on the customer behavior and mobile banking scenario of Nepal is supportive in our research to find out the potential of mobile banking in Nepal. In addition, this knowledge supports in developing a base for our research.

4.1 Banking History of Nepal

As our research is concerned with banking services in Nepal, it is wise to have a modest preview of banking history of Nepal. Moreover, the knowledge can also be seen as helpful in understanding the utility of mobile banking in Nepal's banking sector. Nepal Bank Limited was the first bank established to provide financial services to the general people in Nepal. Nepal Bank was established in 1937 and it was formed under joint venture between the government and the general public. After the first commercial bank, another similar bank, Rastriya Banijya Bank was established in 1966. By 1975 Nepal Rastra Bank successfully opened at least one branch of commercial in each district headquarters of Nepal. (Nepal Rastra Bank 2011.) The banking scenario of Nepal took a new path with the entry of joint venture banks in 1984. After the entry of the joint venture banks, the monopoly of domestic government banks came to an end. The entry of increasing commercial banks challenged the monopoly of Nepal Bank Ltd. and Rastriya Banijya Bank. (Shrestha 2009.) During the last two decades, Nepal's financial market witnessed a rapid growth both vertically and horizontally. There has been growth in the number of banks and financial institutions, their deposits, credits and total assets. (Nepal Rastra Bank 2011.) The number of commercial banks has reached 32 by October 2011 (Mercantile Communications 2011). The increase in the number of private commercial banks was seen as a result of economic liberalization in Nepal in the early 1990s. Along with the increase in number, the banks are also becoming efficient in terms of capital, technologies, services and overall management. (Nepal Rastra Bank 2011.) The rise in number of banks clearly shows that there is a growing demand for banking services and mobile banking could be an appropriate means to meet the growing demand for banking services.

The growth in the number of banks has made competition tougher as the market size is the same. In addition, Nepalese financial market has experienced several changes in the past few

years. The changes include arrival of new financial products, modern technology and new market participants. The growing number of banks and financial institutions with different modes of operation has brought complexity to the central bank of Nepal, Nepal Rastra Bank to maintain supervision and control. (Nepal Rastra Bank 2011.) The trend of commercial banking is growing at a rapid rate which has made competition stiffer among the banks. The competition has raised the need of efficiency by improving profitability, service quality, customer responsiveness and public accountability. The dynamism of the global financial environment has generated requirements for banks in Nepal to support their operations with stronger tools and skills than the existing ones in order to deal with rapid development in financial sector. In addition, new technologies, product innovation, size and speed of financial transactions have changed the scenery of banking. (Nepal Rastra Bank 2011.) Mobile banking could be a suitable means of banking in order to meet the need of new technologies, product innovation and speed of transactions.

4.2 Consumer behavior in Nepal's banking sector

The study of consumer behavior towards banking sector in Nepal is useful in our research in finding out consumers' banking habits. It provides information on people's perception to new banking channels, such as mobile banking and thus of immense utility in finding out the potential of mobile banking in Nepal. Customer behavior study develops a basis in building several strategies and making decisions concerning a company. Studies conducted on customer behavior assists in indentifying behavior and reaction of customers towards particular idea, technology, product or service. (Bhatta 2011, 64.) Hence, the study of customer behavior in banking sector of Nepal is helpful in knowing consumers' response to new banking service, such as mobile banking. In addition, the study of customer behavior assist in design marketing strategies to extend coverage area of mobile banking in Nepal.

Most banking customers in Nepal are of young age and relatively senior citizens either do not prefer banking services or are out of the reach. Literate people and graduates have abundant access to formal banking system compared with people with lower education. In addition, eastern part of Nepal is seen to be more developed than western part and there is higher involvement of people in the eastern part banking system. (Bhatta 2011, 65-66.) Therefore, the banks and financial institutions in Nepal need to concentrate on above mentioned aspects when they are implementing new banking channels, such as mobile banking. Most customers

in Nepal have more than one bank account and are used to using new technologies, such as ATM. The customers prefer banks on the basis of services banks provide, such as quick service, ATM facilities, pleasant behavior of staff and vicinity to residence or office. In addition, having many branches and ATM machines is considered to be major factor in conducting transaction with a particular bank. The use of cheques is a decreasing trend with the introduction of ATM, as people are increasingly attracted by trouble-free and easy services they receive through ATM. (Bhatta 2011, 67-68.) The preference of people towards technology over old fashioned banking services, such as ATM provides an enhanced possibility of implementing mobile banking services with advanced technologies. The customers in Nepal also prefer to have different products and services. Providing customers with varied tastes of products and services may increase business level of any bank. (Bhatta 2011, 67-68.) Mobile banking could be an attractive offer that could satisfy the need of varying tastes in the services. In addition, mobile banking is suitable to meet the increasing attraction of Nepalese customers to new technologies.

The commercial banks in Nepal have introduced several modern and world-class technologies which have provided advancement in banking technologies. However, around half of the customers lack knowledge of all these banking technologies available. This shows that there is a strong need of awareness campaigns to spread knowledge among the customers. In addition to the urgent need to spread awareness of modern banking technologies, the banks also need to specify associated charges while using such technologies. The banks could introduce schemes that would attract aged people, females, and less literate and low income families to enhance banking activities. Furthermore, they could involve themselves in activities relating to corporate social responsibility to improve their position in the market. (Bhatta 2011, 69-72.) Therefore, the banks implementing mobile banking services need to create increase awareness among people about the services and offer different schemes to attract an increasing number of customers, including people who do not have access to the banking services. Involvement of banks in Nepal in different social activities could significantly strengthen their popularity and trust in the market.

4.3 Mobile banking in Nepal

The study of mobile banking context is essential for our research as our research aim is to find out the potential of mobile banking in Nepal. The knowledge of the mobile banking context of

Nepal creates a base for our research. There has been explosive growth in mobile phone users in Nepal as in both the developed and emerging countries (Khatiwada & Pant & Karmacharya 2010). The growth rate of mobile users in Nepal during the year 2011 accounted a high rate of 45% (Paul Budde Communication 2012). Mobile banking can restructure the entire scenery of providing financial services to under-banked and unbanked population in both the developed and emerging nations. Mobile banking could be the best possible medium for capital mobility, especially in rural areas where most people still do not have access to formal financial services. A study that the household spending on mobile services has been growing compared with spending on consumption of other goods and services. (Khatiwada & Pant & Karmacharya 2010.) Therefore, banks in Nepal by collaborating with mobile network operators, money transfer operators and mobile technologies companies could mutually benefit in providing mobile banking services. In addition, there is a need of a strong distribution networks in order to be successful in the sector (Khatiwada & Pant & Karmacharya 2010).

The strategic alliance of banks with mobile network operators and technology companies could be profitable in bringing remittance money through mobile banking. There has been substantial growth in remittance from migrant workers and it accounts a high percentage of the Gross Domestic Product of Nepal. The current procedure of collecting remittance money is perceived to be costly and risky in many cases. Mobile banking could be a secure, fast and cheaper replacement to the present procedure. To create a strong mobile banking sector in Nepal, government should play a key role by creating legislations and regulations promoting mobile banking. The government should act as a mediator in bringing the sectors concerned together in order to develop required strategies for mobile banking services. Finally, all the evidences reveal that mobile banking helps in boosting economic growth of Nepal in ways not foreseen before. (Karmacharya & Pant & Karmacharya 2010.) Hence, remittance could also be an attractive sector in Nepal that could be served through mobile banking services. However, banks in Nepal need to have strong understanding of and cooperation among each others to successfully implement mobile banking services in collecting remittances. Furthermore, the banks need to obtain legal assistance from the government to provide mobile banking services in collecting remittances in Nepal.

5 MARKETING PLAN

This chapter discuss in details all of the phases of a marketing plan. This chapter focuses on the importance and role of a marketing plan in extending mobile banking services in Nepal. Extensive literature has been applied to acquire the theoretical knowledge of different stages of a marketing plan.

In an organization, a marketing plan is similar to a strategic plan for a business, product or a brand. However, there arises a necessity of series of separate plan because products even in a well-focused company can face largely different circumstances. (Kotler & Wong & John & Armstrong 2005, 68.) Although the structure of a marketing plan varies according to an organization's complexity, environment, challenges and emphasis, a number of phases in the planning process are likely to be similar (Brassington & Pettitt 2007, 422). The main stages in the planning process are shown in Figure 2.

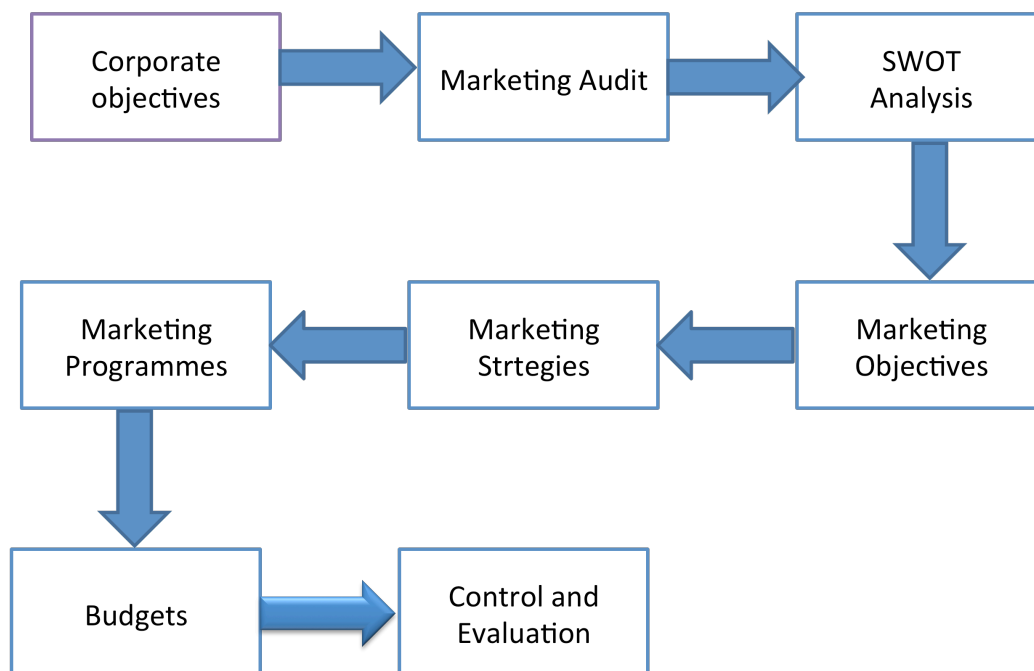


Figure 1. Steps in the planning process. (Brassington & Pettitt 2007, 424)

The above figure shows the well defined path of the planning process. The figure provides an outlook of marketing planning process. Each of the stage has equal importance in the planning process and the stages are interlinked to each other.

5.1 Corporate Objectives and Values

Corporate objectives describe directions, priorities and relative position of the company in the market and therefore are considered to be the heart of the planning process. The corporate objectives can be quantitative as well as qualitative in nature. Objectives, such as market share, sales, profit and ROI, are quantitative in nature, while philosophies reflected in mission and vision are qualitative in nature. Objectives related to philosophies which are known as vision and mission have gained increased popularity in the recent years. The vision and mission of a company is the path leader of a company's journey and they reflect the ways how the company intends to operate itself. (Brassington & Pettitt 2007, 424.) Therefore, banks in Nepal could define themselves a clear mission and vision in order to set their directions in providing mobile banking services. In setting clear mission and vision, it could be easier for banks to plan their marketing activities as mission and vision give clear directions for banks to operate their activities. "Vision is a coherent and powerful statement of what business should aim to become. The business mission will serve as an overriding influence on the nature of the marketing plan and should also serve to motivate all staff to attain the targets set out in the plan." (Jobber & Fahy 2009, 317.) Hence, banks in Nepal need to assure that their mission sets a clear future direction and the mission should also motivate staffs to work for extending mobile banking services.

The objectives of a company must not be too broad and business mission should be based on market needs rather than product-based. All the objectives set by a company must be realistic; they should be achievable within a specific time limit and the objectives must be cited in the order of priority. (Jobber & Fahy 2009, 317.) Hence, it is necessary for banks to set their mission and vision in accordance with the needs of mobile banking users and then the mission and vision should be realistic and achievable in the context of mobile banking market in Nepal. The deviation of mission and vision from the existing market of mobile banking in Nepal could lead to failure in providing effective banking services.

5.2 Marketing Audit

A marketing audit is an organized approach to examining a firm's marketing environment, objectives, key strategic issues, problem areas and opportunities. The marketing audit serves as a base for formulating a plan to improve marketing performance. The marketing audit

assists in answering the questions, such as where are we now, how do we get there and where are we heading. The analysis of internal and external environments of a business provides answers to these questions. The results of marketing audit provide guidelines for a business to proceed further and may also redefine the business mission statements. In addition to the marketing audit, a business may conduct audits of other functional areas, such as production, finance and personnel. (Jobber & Fahy 2009, 317.) Thus, conducting a proper marketing audit would allow banks in Nepal to recognize problem areas and opportunities in mobile banking sector in Nepal.

Marketing audit provides current market situation of a business, where a planner provide information about the market, product performance, competition and distribution. In addition, marketing audit includes market description that defines the market, including major market segments. Furthermore, the planner in the marketing audit displays the total market size and market size of the market segments for the several past years. Marketing audit also conducts research on competition, where it identifies big competitors and their strategies regarding pricing, promotion and distribution. In addition, marketing audit helps find out the market share held by the competitors and it gives information regarding the recent sales trend and developments in distribution channels. (Kotler & Wong & John & Armstrong 2005, 69.) Therefore, conducting an appropriate marketing audit would allow banks in Nepal understand market situation in the mobile banking business. In addition, it provides information on competitors and their performance, which allow banks to formulate their marketing activities to be competent and attract an increasing number of customers.

An internal marketing audit focuses on the areas which are under the control of management, whereas external audit focuses on the areas which are beyond management's control. Internal audit concentrates on assessing performance and activities of a business in accordance with the environmental developments. The analysis of strategic issues point outs the suitability of marketing objectives and segmentation based on the market changes. The internal audit would also assess the core competences leading to competitive advantage and critically review the positioning of the product in the market. In addition, the internal audit includes auditing of marketing systems. The marketing systems cover marketing information, planning and control systems that support in effective marketing activities. (Jobber & Fahy 2009, 322-333.) Hence, through internal marketing audit banks in Nepal could gather important information related to marketing systems that would help them in formulating effective marketing activities to serve more customers through mobile banking.

The external auditing analyzes the macro-environment, the market and competition. The macro-environment consists of the economy, social and cultural issues, technological changes, political factors, and ecological concerns. Customer analysis helps in understanding the potential customers, their choices, and the way how they rate competitive offerings. Likewise distribution analysis assists in identifying physical distribution methods and includes channel attractiveness studies. Competitor analysis under external audit focuses on analyzing nature of potential competitors, their objectives and strategies. Competitor analysis targets on identifying the strengths, weaknesses, market share and size of the competitors. (Jobber & Fahy 2009, 318-319.) The external audit would be supportive for banks in Nepal in identifying potential customers, their choices, and distribution channels to provide effective mobile banking services. In addition, identifying competitors' strength, weaknesses and market size would assist the banks to formulate a successful marketing plan that would help them to be competent.

5.3 SWOT Analysis

The SWOT analysis is a list of the critical success factors in the market that describes strengths and weaknesses against the competition. In addition, it identifies the opportunities and threats in the market. (Kotler & Wong & John & Armstrong 2005, 69.) According to Brassington and Pettitt (2007, 436), SWOT analysis is a mechanism to structurally present the information collected through marketing audit for critical analysis. Jobber and Fahy (2009, 323) perceives SWOT analysis as a simple method of incorporating the results of marketing audit. SWOT analysis summarizes internal strengths and weaknesses and external opportunities and threats. A proper set of guidelines must be followed for obtaining a constructive result from the SWOT analysis. In addition, absolute strengths and weaknesses, relative strengths and weaknesses should be equally given importance. Relative strengths provide the unique competences of a business whereas relative weaknesses may be source of competitive disadvantage. (Jobber & Fahy 2009, 323.) Strengths and weaknesses focus on past and present factors that can be internally controlled, such as 4Ps and the overall marketing package offered to the target group. Most of the strengths and weaknesses are defined in accordance with the market competition. (Brassington & Pettitt 2007, 436.) When defining strengths and weaknesses, only those factors should be considered that would be valued by the customers (Jobber & Fahy 2009, 324). Contrary to strength and weaknesses, threats and opportunities focus on present and future and on the factors that are not under

control of the business. Most of the threats and opportunities appear from the marketing environment. (Brassington & Pettitt 2007, 436.) Thus, banks in Nepal could conduct an appropriate SWOT analysis to identify their strengths, weaknesses, opportunities and threats which would assist them in providing effective services to customers. Lack of SWOT analysis may mislead the banks in providing appropriate services to customers and make them incompetent compared to competitors. The banks could utilize their strengths and opportunities to provide mobile banking services to larger customers and to minimize the risks from their weaknesses and threats from the market.

5.4 Marketing objectives

Objectives helps define what must be achieved through the marketing strategies implemented and also provide a benchmark against which the extent of the success can be measured. Marketing objectives must be consistent with each other and corporate objectives and they should be achievable in practice. In addition, marketing objectives should be measurable and they should be compatible with both internal and external environments in which they are to be implemented. However, marketing objectives can differ across time periods and between companies. (Brassington & Pettitt 2007, 438.) Setting proper market objectives is necessary for banks in Nepal as marketing objectives forms a base on which the success can be measured. Therefore, banks may set their marketing objectives that could be measured and aligned to internal and external environments which would give them success in providing effective mobile banking services. If the marketing objectives set by the banks are not aligned to internal and external environments, the services provided by the banks may not address the customers' needs.

According to Jobber and Fahy (2009, 324-326), marketing objectives need to consider two types of objectives, i.e. strategic thrust and strategic objectives. The strategic thrust provides future direction to business, it provide ideas regarding which product is to be sold in which market. The strategic objectives for new products are to increase sales and market share whereas for existing products, it depends upon its situation in the market. For an existing product, building sales and market share is not only suitable strategy. (Jobber & Fahy 2009, 324-326.) Mobile banking being a new means of banking in Nepal, banks may set their marketing objectives as to increase their market share and increase the number of customers.

5.5 Marketing Strategies

Marketing strategies serve as a marketing logic through which companies hope to attain the set objectives. Considering the difference in needs and wants of different market segments companies should design marketing strategies accordingly. However, companies should put more focus on the market segment from where they can achieve more success from competitive point of view. (Kotler & Wong & John & Armstrong 2005, 72.) Therefore, banks in Nepal may concentrate more on city areas where there are more potential customers. In practical, companies are served with a range of strategies to fulfill their objectives. Among the available choices some strategies are related to increasing the sales volume whereas others focus on improving the profitability and maintaining the current position. Even though most strategies are developed for growth, in many small companies strategies focus on to sustain their survival in the market. (Brassington & Pettitt 2007, 438.) The mobile banking providers could set their marketing strategies to grow the sales of the services and in addition focus on retaining the current customers. The following figure shows the different alternatives of marketing strategies.

		Product	
		Existing	New
Markets	Existing	Market Penetration or Expansion	Product Development
	New	Market Development	Diversification

Figure 2. Product growth strategies: the Ansoff Matrix. (Jobber & Fahy 2009, 324-326)

The Ansoff Growth Matrix summarizes the alternatives available for businesses to expand in the market. According the Ansoff Growth Matrix, a company can have four strategies to extend its products in the market. The four strategies include market penetration, product development, market development and diversification. Market penetration involves increasing the brand loyalty of the existing customers or attracting new customers by increasing the

penetration of the existing products in the existing markets. Product development strategy involves increasing the sales by either improving the current products or developing new products in the current market. Market development strategy is applied when a company plans to introduce its current products into a new market. Diversification strategy is employed when a company has to develop new products for new markets. It is necessary in the situation where there is less prospects of future growth of the product in the existing market. (Jobber & Fahy 2009, 324-326.)

Since mobile banking is in the initial phase in Nepal, the service providers could focus more on marketing penetration strategy in order to satisfy the existing customers and attract new customers. In addition, according to the market demand the service providers could emphasize on product development strategy in order to improve the service quality and provide additional services to the customers.

5.6 Marketing Programmes

Marketing programmes are concerned with detailed implementation of the plans formulated in the marketing strategies phase of the marketing plan process. Marketing programmes are detailed statements that precisely specify actions, responsibilities and time scales on the way to implement the strategies. (Brassington & Pettitt 2007, 446.) According to Kotler, Wong, John and Armstrong (2007, 72), marketing programmes are the specific action programmes that provide answers to the questions, such as what will be done, when will be done, who is responsible for doing it and how much will it cost. To successfully carry out the marketing activities to extend mobile banking services, banks in Nepal need to concisely specify the actions and responsibilities in the marketing programmes. In addition, the time and cost required for the marketing activities need to be specified.

On the basis of marketing strategies, marketing programmes should focus on the areas where a competitive edge can be gained. They should strengthen those areas where a company is comparable to competition, and develop further or overcome the areas where companies are weak. Nevertheless, marketing programmes should ensure that marketing mix is affordable, implementable and appropriate for the target segment. In addition, considering the dynamic nature of most markets, marketing mix are to be reviewed regularly to ensure their reliability in serving the intended purpose. (Brassington & Pettitt 2007, 446-447.) Hence, banks in Nepal need to focus their marketing activities in city areas to strengthen the mobile banking

services. Furthermore, the marketing activities need to focus on remote areas in order to create awareness of mobile banking services. The banks need to review their marketing activities to verify that their activities are being able to motivate people to use mobile banking services.

5.7 Budgets

Budget shows the forecast of unit sales and an average net price that is the source of revenues, whereas cost of production, physical distribution and marketing provide the expenses. The difference in the revenues and expenses is the projected profit in the business. Budget is the basis on which materials are purchased, production scheduling, personnel planning, and marketing operations are carried out. (Kotler & Wong & John & Armstrong 2005, 72.) Marketing budget deals with costs related to sales force that also includes associated expenditures, advertising, dealer support, market research, etc (Brassington & Pettitt 2007, 447). In addition, budgets include forecasting of expected revenues from products and markets. Balancing precision and flexibility is very essential while formulating budget. Despite the budget should be precise and detailed enough in stating the related costs, it also needs to be flexible to cope with the dynamic circumstances. (Brassington & Pettitt 2007, 447.) As mobile banking services are new to many people in Nepal, mobile banking providers could allocate more amounts to marketing budget to increase awareness of mobile banking services. In addition, the service providers need to make the budget flexible in order to cope with the dynamic circumstances of the market.

5.8 Marketing controls and evaluation

Marketing controls and evaluation is concerned with monitoring the progress of marketing plan and allows management to review the results of each period and figure out business or products that are not up to the marked goals. (Kotler & Wong & John & Armstrong 2005, 72.) Marketing controls and evaluation is the final stage in the planning process and the purpose of the marketing control is to evaluate the results of marketing plan in order to take remedial actions for any deviations observed (Jobber & Fahy 2009, 332). Controlling and monitoring is essential for ensuring the successful implementation of marketing plan and obtaining the

expected output. The pre defined marketing objectives serve as a base against which the results and success can be measured. However, it is risky to wait until the end of the planning process to see if the objectives have been obtained or not. Hence, to minimize the risk companies should evaluate the progress against a series of benchmarks throughout the process so as to achieve the expected outcomes. Furthermore, marketing control provide assistance to companies to decide whether any alternatives are required or not to control if any serious deviations occur. (Brassington & Pettitt 2007, 448.) Banks in Nepal could also set a series of benchmarks so as to measure the results of their marketing activities and take necessary actions if necessary. Lack of marketing control activities may mislead the banks in extending mobile banking services in wide areas of Nepal.

Control and evaluation can either be short term or long term. Short term control monitors the activities in daily basis; it includes reviewing orders received, sales, stock turn or cash flow. Long term strategic control focuses on wide issues, such as the entry of new trends and ambiguities in the marketing environment. The long term control has strong links to marketing audit and it assess to which extent the company has correctly predicted the environment. (Brassington & Pettitt 2007, 448.) Lack of long term control may lead to pursuit of plans that have lost their strategic standing. There is frequent change in competition, technology and customer requirements. As a result, lack of long term strategic control may push the planning process back to the beginning as the changes are related with beginning stage marketing audit. (Jobber & Fahy 2009, 332.) Banks in Nepal could apply long term control and evaluation as there is frequent change in mobile technologies and customers' needs for mobile banking services. In addition, mobile banking being a new concept, banks in Nepal need to focus on wide issues for which long term control and evaluation is required.

6 MARKETING MIX

This chapter is the detail discussion of marketing mix. The chapter describes the role of marketing mix in setting marketing activities for extending mobile banking in Nepal. Furthermore, we discuss in details on the 7Ps of marketing.

Marketing mix plays a significant role in marketing of a product and management of marketing mix is considered to be a key marketing activity (Jobber & Fahy 2009, 9). Kotler, Wong, John and Armstrong (2005, 33) have a similar view on marketing mix; they perceive marketing mix as one of the dominant ideas of modern marketing. Marketing mix is the set of marketing tools that can be controlled and mixed together to achieve the desired target. Marketing mix constitute of all the possible activities that a firm can implement to increase the demands of its products. (Kotler & Wong & John & Armstrong 2005, 34.) A proper choice of marketing mix is significant to provide higher customer satisfaction at a reasonable price (Jobber & Fahy 2009, 332). The marketing tools can be mixed in several ways to implement effective marketing. However, there is no any single marketing mix that can be considered to be the best. Different marketing mix can be applied to a same product for marketing it in different markets around the world. (MMC Learning 2009.) Therefore, taking in notice about the importance of proper choice of marketing mix, the banks in Nepal could design their marketing mix which would address the needs of the customers.

As market condition is dynamic, marketing mix has to be changed to meet the demands of changing market conditions. Marketing mix suitable for a certain period may not provide same efficient result in another period. Marketing mix has to be changed in accordance with the changing conditions of market, such as rise of new sectors, development of trends, change in attitudes, development of technology, and emergence of new distribution channels. Many excellent products fail to satisfy customers because of lack of proper marketing mix. The products fail because customers do not get them when they need as a result of wrong positioning or because of the high pricing. Therefore, for the purpose of successful marketing of product each elements of marketing mix should be blended to enhance the product's positioning. All the elements of marketing mix, such as the product, its price, its distribution channels, and promotion activities should highlight the same message about the product. (MMC Learning 2009.) Hence, it is necessary for the banks in Nepal to keep regular update of market trends and check the appropriateness of their marketing mix as the market condition is

dynamic. In addition, mobile banking being related to technology, the banks must follow the fast pace of technological advancement in order to satisfy the customers.

As it has been earlier discussed in the introduction chapter about the suitability of the 7Ps for marketing services compared with the 4Ps of marketing mix, the following text will discuss in detail the elements of the 7Ps for marketing mobile banking services in Nepal. The 7Ps also known as extended marketing mix, includes three additional Ps people, process and physical evidence besides the 4Ps product, price, place and promotion. (Bhasin 2011.) With a growth in service sectors and their growing awareness for marketing, the traditional 4Ps of marketing mix has been developed into 7Ps. Most companies offer products that are also complemented with services. Thus, it is wise for such companies to consider 7Ps in their marketing mix. (Clarity Marketing Ltd 2005.)

According to Kotler, Wong, John and Armstrong (2005, 34), product represents the sum of all goods and services that a company offers to the target market. A product can consist of both tangible and intangible aspects, where the main purpose is to satisfy customers' needs and wants. However, a product should contain features such as, product range, its quality and design, features and benefits, sizing and packaging, and add on guarantees and customer services. (Clarity Marketing Ltd 2005.) The change in technology and customer taste makes products inferior to competitors and thus the product requires additional features to satisfy customers' needs and wants (Jobber & Fahy 2009, 9). It is clear that product or service should contain all the necessary features to satisfy customers' needs and wants. Mobile banking services being the core product in our research, the banks need to offer the services which are more convenient than other forms of banking. The services could be modified and additional features could be added with the change in technologies and customer taste.

Price is the amount that customers pay in purchase of a product (Kotler & Wong & John & Armstrong 2005, 34). Marketers must pay sharp attention on setting prices for products by considering different factors influencing price settings. During price setting, companies should consider factors, such as list price and discount price, terms and condition of payment, and the price sensitivity of the market. (Clarity Marketing Ltd 2005.) In addition, companies must give different offering allowances, and discounts across time periods (Jobber & Fahy 2009, 9). Bhasin (2011) perceives service pricing different from product pricing. According to Bhasin (2011), service pricing takes into consideration of labor cost, material cost and overheads cost, where by adding the profit margin gives the final service price. Since, people in Nepal are very sensitive to product prices the banks should set the prices of the services

cautiously. It would be beneficial to keep the price of the services more reasonable as most of the people are from middle class families. In addition, offering discounts and allowances during special occasions could increase the number of customers.

Promotion refers to the activities carried out to communicate the benefits of products or services in order to motivate customers to purchase the products and services (Kotler & Wong & John & Armstrong 2005, 34). Even though there are various kinds of promotional techniques, they can be classified into four main categories, i.e. advertising, direct selling, sales promotions, and public relations (Clarity Marketing Ltd 2005). Jobber and Fahy (2009, 9-10) discuss similar techniques of promotion but they add internet marketing also as important promotional technique. There has been rapid growth in the use of internet as a promotional tool by companies. It assists small companies to promote their products and services in the market at relatively low costs. Services are easy to be copied and the brand value differentiates them from their competitors. There exist a high competition in service sector, especially between banks and IT companies and hence a continuous promotion is required to overcome the competitors. (Bhasin 2011.) Mobile banking being a new form of banking services definitely needs high promotional activities to convey to customers its benefits over other forms of banking. Regular advertisements and promotion campaigns could motivate customers to use mobile banking services. In addition, internet could be used to promote mobile banking services as it has relatively low cost than other means of promotions.

Place in marketing mix is related to the distribution channels that are used to place products to the target group. It includes management of distribution channels, location of outlets, methods of transportation, and inventory levels to be held. Distribution channels consist of wholesalers and retailers that help in placing the products to the target customers. Proper mixing of the place elements assures the availability of proper quantities of products and services at the right time and at the right place. (Jobber & Fahy 2009, 10.) According to Bhasin (2011), place determines the location where the service product is to be located. In addition, location should be determined on the basis of high population of the targeted customers (Bhasin 2011). As mobile banking services are provided via mobile devices, the place seems not to have large impact. However, it would be beneficial for the banks to have its outlets at various convenient locations in order to solve the customers' queries and any other related problems.

People or staffs of a company are also an important element of a marketing mix. Every people in a company should be treated with equal importance and all the staff should be considered

as an ambassador or a sales person for the company. A happy staff produces outstanding performance which helps to produce happy customers that increase customer loyalty. In addition to happy customers, happy staff makes the shareholders happy. (Chaffey & Smith 2008, 78.) The people or staff cannot be ignored as they are the ones that provide customer services and handle the sales of a company. They represent the company to the customers and their performance decides on how the product or services are perceived by the customers. The knowledge and skills of staff differ and hence they need to be considered and staffs should be motivated to improve the brand value. (Clarity Marketing Ltd 2005.) In taking consideration the importance of staff in providing customer services, it is necessary for the banks in Nepal to employ highly skilled employees. In addition, motivation to staffs from the banks could help to increase their performances which would enhance customer loyalty to the services. Furthermore, banks could provide regular training to their staff to enhance their skills and performance in order to increase customer satisfaction.

Physical evidence in marketing of tangible goods includes buildings, logos, uniforms, packaging, and delivery vehicles. Customers are very sensitive to physical evidence of a product; they look for the physical evidences to reassure themselves before purchasing the product. Improper management of physical evidence that reflects the product can damage the brand value of the product. (Chaffey & Smith 2008, 82.) Clarity Marketing Ltd (2005) discusses similar concepts of physical evidence, it perceives physical evidence as all tangible and visible touch points that customer can evidence before purchasing products. In case of tangible goods, customers can assure about the products by looking, touching and smelling, which is not possible for services. However, companies can provide free trial of the services to develop their trust toward the service. In addition, company should provide as much evidence of the quality as possible, to assure customer about the services. (Clarity Marketing Ltd 2005.) Taking into consideration of the early stage of mobile banking, banks in Nepal could provide free trial of the services to assure customers about the effectiveness of the services. In addition, the banks could create visual advertisements of the services in order to demonstrate the usability of the services offered.

Process as an element of marketing mix refers to internal as well as external process of a company. It includes processes, such as transactions and internal communications that are vital for operating a business. The processes are developed to provide convenience to customers while purchasing products or services. (Chaffey & Smith 2008, 83.) According to Clarity Marketing Ltd (2005), a company should develop its process that is more convenient to customers than the providers. "Processes continue beyond the sale with after sales service,

generating customer feedback, up-selling, cross selling, product development and improvement built in as part of the processes.” With proper managed and integrated processes and systems, a company can save cost and increase the sales. (Chaffey & Smith 2008, 84.) The following figure depicts the factors associated with creating an effective marketing mix.



Figure 3. Hallmarks of an effective marketing mix. (Jobber & Fahy 2009, 10)

Figure 3 shows that an effective marketing mix consists of four major features. The marketing mix primarily, should be designed to fulfill the needs of target customers. Secondly, an effective marketing mix must generate a competitive advantage for a company that puts the company ahead of others in a competition to satisfy the customers. Thirdly, the marketing mix must match the resources of a company. For an example the marketing mix must design the promotional activities according to the budget of the company. Finally, the marketing mix must be well blended in order to create a consistent brand value and customer loyalty.

7 ANALYSIS OF THE SURVEY AND THE INTERVIEWS

This chapter is a deep review of the questionnaire survey and the interviews conducted for the purpose of identifying the potential of and challenges in implementing mobile banking services in Nepal. In addition, the chapter includes a summary of the main findings of the survey and the interviews.

7.1 Analysis of the Survey

As it has been mentioned in sub chapter 2.2.2, a questionnaire survey was conducted among the students, business persons and working class group of Nepal. The questionnaire was sent to the respondents through emails and Facebook. A total of 850 questionnaires were sent to the prospective respondents among which 113 responses were received, resulting in a response rate of 13 %. The questions sent to the respondents are presented in Appendix 1. There were no any unusable responses from the respondents, all the responses were well answered with useful information for completing our research. Our physical presence in Nepal during the survey could have been more effective in generating higher responses. In addition, the survey conducted through distributing the questionnaires in paper personally to the respondents would have been a better way to achieve greater number of responses. However, we were successful in getting conducive responses from the respondents, which was supportive in completing our research. The following figure is the graphical representation of the respondents' age and occupation.

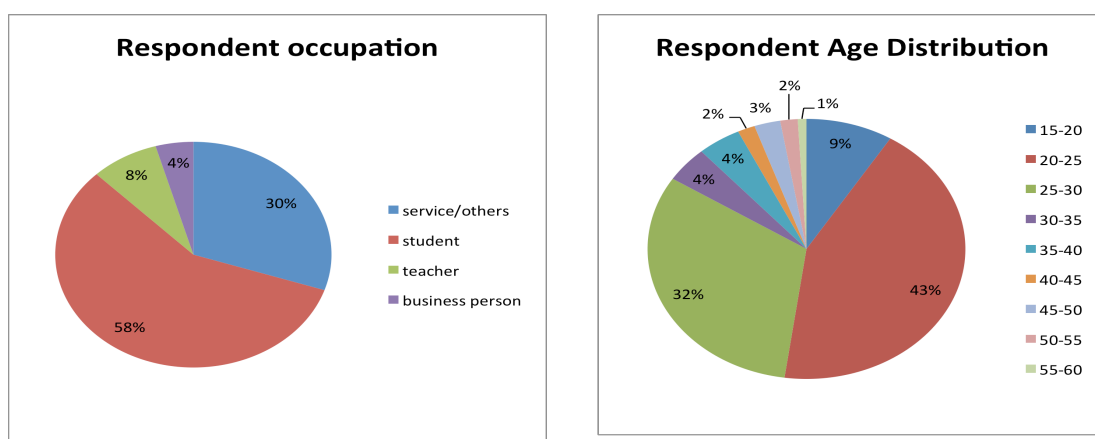


Figure 4. Respondents' Occupation and Age.

The above figure shows the age and occupation distribution of the respondents participated in the survey. Among the total respondents, 74% of them were male while 38% of them were female. It is clearly seen from the figure that majority of the respondents belonged to the age group of 20-25 and followed by the age group of 25-30. They occupied 43% and 32% of the total respondents, respectively. The higher number of respondents from the young age groups shows that the younger generations are increasingly attracted towards new technological innovations, such as mobile banking. Therefore, banks in Nepal could target the young age groups in their marketing activities. However, there are small percentages of old age groups that have interest on mobile banking and they should not be ignored by the banks from their prospective customer lists. The majority of the respondents were students, which was 58% of the total respondents. The higher number of students again signifies the interest of young age groups in mobile banking. In addition, there were 35% of the respondents working in different service areas, such as banking, engineer, mechanics, and others. Similarly, 4% of the respondents were business persons and 8% were teachers. The following figure presents the percentage of the possession of mobile phones and use of mobile banking services by the respondents and availability of mobile banking services in Nepal.

Possession of Mobile phone	No of Responses	%	Availability of Mobile Banking services	No of Responses	%	Use of Mobile Banking	No of Responses	%
Yes	109	96.46	Yes	80	70.27	Yes	35	32.38
No	4	3.54	No	33	29.73	No	74	67.62
						Interested	63	84.71
						Not Interested	11	15.29

Figure 5. Possession of mobile phones, use of mobile banking and availability of mobile banking .

Out of the 113 respondents 96 % of them have mobile phones while only 4% did not have access to mobile phones. The high percentage of mobile users evidently shows that there is good possibility of serving banking services through mobile devices in Nepal. Among the 96% of the respondents having mobile devices, 32 % of them use their devices for banking purposes while 68% still use other means of banking than mobile banking. Therefore, in order to increase the number of mobile users to get acquainted to mobile banking services, there is a need of an effective marketing plan. The mobile users should be made aware of the benefits of mobile banking over other means of banking. Compared to 30% of the respondents, 70% of them have responded that their banks provide mobile banking services. Hence, the results clarifies that more banks are interested in serving their customers through mobile banking and there seems to be competition in the market to attract more customers. Most of the mobile banking users, which is 76 %, found mobile banking easier and cost effective whereas 24% preferred the old banking means compared to mobile banking. The dissatisfaction of mobile banking may have been from the old age group as they may not have been well adapted to the technologies used in the services. Therefore, despite the high number of the satisfied customers, banks need to make the mobile banking services user friendly and simple that could satisfy customers from all age groups.

67% of the non users of mobile banking services have knowledge of the mobile banking services. However, there are still 33% of them who are not familiar with the services. Therefore, there seems to be a need of effective marketing activities in order to increase awareness of mobile banking services among the non users of mobile banking services. The survey results also clearly depict that an increasing number of people are willing to get access to mobile banking services. Compared with 15% of unwilling customers, 85% of the non users of mobile banking would like to set up mobile banking services in their mobile devices. The high number of keen customers towards mobile banking shows a high possibility of implementing mobile banking services in Nepal. In addition, banks need to create an effective marketing plan and deliver attractive offers and services to convince and attract the remaining non-users, who have not shown interest in the services. Furthermore, the survey also reflected that an increasing number of banks are planning to operate mobile banking services. The increasing enthusiasm shown by both the customers and the banks illustrate the growth of mobile banking services in Nepal in the future.

The respondents using the mobile banking services have shown their satisfaction and have found it beneficial. Most of the respondents have found the services easy and quick means of banking. In addition, the users have found the services reliable and convenient and have

expressed their satisfaction towards the benefit of anytime anywhere banking facility. However, most of the users have been using the services for only inquiring their balances and they expect wide range of other banking services from the banks. Despite the service being easy and quick, the users are doubtful about the security of the services. Furthermore, the slow internet and network problems in mobile communication are also some obstacles faced by the users. The users replied that the services should also be offered in local languages and the services should be simplified. In addition, some users have expressed the need of more marketing activities and service branches in order to increase the number of customers. Hence, from the responses of the users it is clear that the users are satisfied with the mobile banking services offered by the banks in Nepal. However, there seems to be some issues to which the banks should respond in order to increase customer satisfaction.

7.2 Analysis of the Interviews

As mentioned in the sub chapter 2.1 two interviews were conducted with two different banks in Nepal that are providing mobile banking services in order to get a clear understanding of mobile banking scenario of Nepal. The interviews were conducted through the means of emails with the help of a set of questions regarding mobile banking services of the two banks and their perceptions on mobile banking in Nepal. The interview questions are presented in Appendix 2. Since the interactions in the interviews were considered to be confidential, the interaction is not disclosed in the Appendix. However, the supervisor and the second reader of our thesis have access to the interaction of the interviews. The interviews were beneficial in understanding development of mobile banking services in Nepal. In addition, the interviews were supportive in identifying the factors creating impact on implementation of mobile banking in Nepal. Furthermore, from the interviews we were able to derive our conclusion on future potential of mobile banking services in Nepal. Since the interviews were conducted through emails we had little opportunities to interact with the interviewees. In addition, the time constraint of the interviewees reduced interactions during the course of the interviews. However, we have tried to accumulate as much information as possible through the interviews and also have used the home pages of the banks for some additional information.

The first interview was conducted with Kist bank which was established in 2009 and is among the mobile banking providers in Nepal. The interviewee was the head of e-banking section of Kist bank Mr. Pramesh Pokharel. He is responsible for handling the activities

related to e-banking and mobile banking of the bank and therefore was the right person to contact for our research. According to Pokharel (2012), Kist bank began to provide mobile banking services to its customers from 2011. The bank is offering mobile banking services to its customers by the name of Kist Mobile Wallet. The bank initiated mobile banking services for the purpose of providing access to bank and account related information anytime anywhere. Through Kist Mobile Wallet, the bank provide different services, such as balance inquiry, shopping, fund transfer, utility bill payments, and purchase mobile phone recharge cards. (Pokharel 2012.)

According to Pokharel (2012), the total number of customers using the mobile banking services offered by the bank is currently 50,000. The users of mobile banking services include people from all age group and work class but most of them are young generations and business people (Pokharel 2012). Among the services that bank offers to the users, account inquiry and payment of utility bills are the actively used services by the users. The customers using the services are satisfied with the services provided by the bank and the services have been appraised by the customers. (Pokharel 2012.)

Kist bank has been applying paper advertisements and sending SMS to customers in order to market their services (Pokharel 2012). The means of advertisement applied by the bank seems to have been successful as the bank has been able to attract high number of customers within a short period of time. Pokharel (2012) identifies reliability and signal strength of telecommunication service providers and customers' interest on technological advancement as crucial factors that make an impact on mobile banking in Nepal. In addition, Pokharel (2012) identifies immense possibilities of mobile banking in Nepal. He further adds that besides only limiting the services to banking information, mobile banking could also be used to transfer funds from one bank to another and for collecting remittances from abroad (Pokharel 2012).

The second interview was conducted with Laxmi bank, where the interviewee was the Lalitpur branch manager of the bank Mr. Nikesh Ghimire. Being the branch manager, he had the authority and access to valuable information of the bank and thus was an appropriate person to contact for the interview. Laxmi bank was established in April 2002 and is one of the leading banks in Nepal. The bank started its mobile banking services in November 2010 and since then has been successfully providing the services to its customers. The bank offers mobile banking services to its customers by the name of Mobile Money. The reason behind the bank providing mobile banking services was the opportunity to provide added convenience to its customers and growing mobile penetration compared to banking

penetration. (Ghimire 2012.) According to Ghimire (2012), Laxmi bank offers varieties of mobile banking services to its customers, such as inquiry services, transaction alert service, utility bill payments, domestic remittance and fund transfer, similar to other mobile banking providers. The total number of banking customers of Laxmi bank is 100,000 and out of which 22,000 of them utilize mobile banking services offered by the bank (Ghimire 2012).

According to Ghimire (2012), even though all groups of people use the mobile banking services, majority of the users compose of youths and the services are being equally used in all parts of the country. During the initial stage of using the services, customers found it difficult to use and get adapted to. However, with repeated use of the services, customers found it easy and appreciated the services. Despite the satisfaction of the customers with the mobile banking services offered by Laxmi bank, there are growing needs by the customers. The customers' needs are especially concerned with product development with additional features and inter-bank operability through the mobile banking services. (Ghimire 2012.) The bank carries out different marketing activities in order to attract more customers to the mobile banking services. Laxmi bank offers marketing activities, such as direct help desk, distributing educative brochures and mass media advertisements. (Ghimire 2012.) Ghimire (2012) identifies several factors that create impact on mobile banking services in Nepal but give importance to the uniformity in the services offered by the banks in order to keep the service simple and enable additional people to adapt the services without difficulty. In addition, Ghimire (2012) identifies immense possibilities of mobile banking in Nepal and according to him mobile banking could redefine people's approach to using money.

From the interviews conducted with the two banks' representatives, it is clear that there are many similarities in the services offered by the banks and their approaches and perceptions towards mobile banking services in Nepal. The offering dates of mobile banking services by the banks shows that mobile banking is in its initial stage. In addition, the type of services that are being mostly used by the customers depicts that mobile banking is in its initial stage and people have been often using only a particular set of services. Thus, to increase the growth of mobile banking services in Nepal, banks need to motivate customers to apply all kind of services offered to them. Furthermore, the high number of the customers using the service reveals that an increasing number of people are attracted to the mobile banking services. The reason for the rising number of users could be the anytime anywhere services offered and possibility to pay utility bills through mobile phones that saves cost and time of the users.

The interviews also clearly reflect the growing needs and concerns of the customers relating to the mobile banking services. Therefore, banks need to focus on designing services that meets the growing needs and desire of the customers. In addition, majority of the customers being youths and business people, their needs should be given additional care. However, during the process of designing services it is not appropriate to exclude other groups of people as they also contribute to extending the services. Since a strong telecommunication channel is required for effective mobile banking services, banks should have a strong bonding with reliable and strong telecommunication service providers in order to develop a strong delivery channel that would assure reliability and speed of the services. Besides building a strong relation with telecommunication service providers, banks need to have bonding with mobile technology companies in order to offer banking services through suitable mobile technologies.

The interviews also clearly show that there is an ideal opportunity of collecting remittances through mobile banking. Hence, to extend the mobile banking services in collecting remittances the banks should have a strong collaboration among them and should create a mutual bond with other service providers, such as telecommunication companies, money transfer operators and mobile technology companies. According to the representatives of the banks, there has been high demand of customers to allow inter-bank operability through mobile banking. In addition, the interviewees stress the uniformity of the services offered by the service providers in order to make the services easy for the customers to adapt without any difficulties. Hence, in order to bring uniformity in the services offered, there is the need of mutual understanding and collaborations among all the mobile banking service providers in Nepal.

Both the interviews gave similar results regarding the present scenario of mobile banking in Nepal. The interviews were very helpful in understanding the growth and possibilities of mobile banking in Nepal. The growth in the two banks' customers using mobile banking services within a short period of time reflects the growing tendency of the services in Nepal. In addition, the interviews were conducive in understanding the impact creating factors of mobile banking in Nepal.

8 SUGGESTIONS THROUGH MARKETING MIX

This chapter is the discussion of some positive suggestions to the banks and financial institutions in Nepal in order to extend their services to a large population. The suggestions have been developed through the 7Ps of marketing mix. The survey and the interviews conducted and the relevant literatures have been applied as a base to develop the suggestions.

Mobile banking as a product consists more of intangible aspects. To increase the customer satisfaction on mobile banking services in Nepal, banks may provide wide range of services according to the customers' need. Banks could design services that allow customers to operate inter-bank fund transfer. In addition, the service need to be of good quality and able to provide more benefits and services compared with other forms of banking in Nepal. The service providers could also offer their services in local languages in order to attract customers with less knowledge of English language and try to maintain the services as simple as possible. To assure the security and speed of the banking services, banks need to create a good bonding with a strong telecommunication channel. With the rapid growth in technology, banks could also add new features in their services to meet the technological changes and customers' changing taste brought by the technological changes. For this reason, banks could collaborate with mobile technology companies to update their services with the latest mobile technologies. In addition, banks could collaborate with money transfer operators to provide mobile banking services to collect remittances. Furthermore, the entire service providers may coordinate and collaborate among each other to bring uniformity in the services that would allow customers to experience problem free services.

The service providers need to be very sensitive and alert in setting the prices of mobile banking services. In the context of mobile banking services in Nepal, banks could set prices according to the purchasing capacity of the target market. Banks may consider the high population of middle class families in Nepal while setting the prices. Similarly, the prices could set to be attractive and reasonable compared with other forms of banking. In addition, with the increasing number of the service providers, the banks may set their prices accordingly to the competitors' price. The banks could also set a different and lower price targeting the low income group in rural areas which would help in attracting customers from rural regions. Furthermore, offering allowances and discounts to customers on various occasions, such as festivals could attract increasing number of customers.

Since mobile banking in Nepal is in its initial stage, banks may organize promotional activities at regular intervals. In addition, as respondents in the survey pointed out the need of marketing activities to promote mobile banking services, banks may give additional focus on its marketing strategies. A good public relation with its customers is crucial to extend the services. Besides public relation, high advertisements that convey merits of mobile banking could be significant in increasing the number of mobile banking users. In addition, internet and SMS advertisements might be used to target the youths as they are highly exposed to internet and mobile devices. Internet and mobile marketing could also be helpful in targeting business class customers. Furthermore, mass advertisements could focus more on youth and business people as they compose majority of the customers. The banks could introduce schemes that would promote the services among the less involved groups, such as senior citizens, females, and less literate and low income families. Furthermore, they could involve themselves in activities relating to corporate social responsibility in order to promote their services and to improve their position in the market. The banks may also deploy promotional activities in rural areas to create more awareness among people regarding the benefits of mobile banking services.

As it has been clear from the survey and the interviews, mobile banking is a new concept in Nepal, banks need to market about its merits over other forms of banking through an effective distribution channel. Banks in Nepal may open different promotional outlets at several places in the city areas where there are a high number of people passing by the whole day. Opening promotional outlets in the city areas would assist in maximizing the awareness of mobile banking. As stated by the respondents in the survey about the weak mobile and internet networks affecting the effectiveness of mobile banking services, the banks need to be conscious to operate the services through a strong network. The banks may develop link with mobile telephone communication providers to make people aware of their services and to provide the services at right time with high quality. Internet and SMS messages could be more effective in targeting young generation.

The performance of the banks and peoples' attraction to banks' activities in Nepal are determined by several factors, such as quick service, pleasant behavior, efficient management, reliable and strong, many branches, and near one's residence (Bhatta 2011). Thus, the banks need to concentrate on providing quick and reliable services, open several branches, and appoint qualified management team to enhance their performance. In addition, a quality and a pleasant customer service could be an effective medium to attract increasing number of customers since mobile banking is a new concept in Nepal. Banks may provide trainings to

their staffs and hire expertise to improve the quality of the services. In addition, staff could be motivated with financial rewards or promotions to increase the quality of performance that can make impact on overall performance of the banks. Since most of the people still have problems in using the services with an ease, banks could organize programs that would give customers guidance on using the services. In addition, the services provided by the banks need to be user friendly and banks could provide free mobile applications and trial periods to customers.

Being an intangible product, it is difficult to provide physical evidences of mobile banking services. Mobile banking being a service, banks in Nepal might give additional focus on the images printed on the brochures for marketing the service as customers cannot feel or touch the services. Moreover, banks could provide free trial of the services to assure customers about the quality of the services. However, banks should not neglect the physical evidences, such as buildings, staff's clothing that can have an impact on customer satisfaction. Number of branches is an important factors considered by Nepalese customers while rating a bank (Bhatta 2011). Therefore, banks could open several branches to provide services to the customers near to their residents.

Banks in Nepal could develop their internal and external processes that provide customers more easiness in purchasing and using mobile banking services since process is an important element of a marketing mix. Banks might develop their services which are user friendly and needs simple instructions to be followed. Banks need to give equal priority to after sales services, where banks could give services to customers in resolving any difficulties in using the services. In addition, banks may take regular feedbacks from the users about the services and then improve the services in accordance with the customers' desire and wants.

9 CONCLUSIONS

The final chapter is the conclusion of the results of the research carried out into mobile banking services in Nepal. This chapter discusses the research results and provides answers to the research questions, in addition to which it gives suggestions for future research on mobile banking services in Nepal.

The research process was conducted with an objective to study the possibility of extending the coverage area of mobile banking services in Nepal. In addition, the research studied the possible ways to improve the services in order to increase the quality of the services. Furthermore, the objective of the research process was to study the relation between the growing use of mobile devices and its impact on use of mobile banking services in Nepal. Moreover, during the research process the factors that make impact on implementing mobile banking services were identified. The research also studied the role of marketing plan in extending mobile banking services in Nepal and further generated some suggestions through marketing mix. The growth rate of mobile banking in emerging markets has been rapid and remarkable than in the developed markets. The reasons for the rapid growth of mobile banking are low transaction cost, convenience, efficiency, and effectiveness of the services delivered by mobile banking services. (Khatiwada & Pant & Karmacharya 2010.) Nepal as an emerging market has not been an exception to growth of mobile banking in the emerging markets. Mobile banking has been developing as an optimum channel for mobile capital mobility, especially in the remote areas where branch banking is difficult. In addition, the survey and the interviews conducted during the research process reveal the large possibilities of implementing mobile banking services in Nepal.

To successfully accomplish the research, three research questions were formulated. The first research question aimed at identifying future possibilities of mobile banking services in Nepal and the challenges involved in providing banking services through mobile banking services. The research question was formulated in the following way:

1. What are the future perspectives and challenges of Mobile banking in Nepal?

To answer to the first research question, a questionnaire survey and two email interviews were held. The growing use of mobile users and high willingness of mobile users to utilize mobile banking services revealed by the survey demonstrate high possibilities of mobile banking in

Nepal. In addition, the interviews revealed the high growth of mobile banking users which supports the future possibilities of mobile banking in Nepal. Furthermore, the interviewees replied that there are immense possibilities of serving banking customers in Nepal through mobile banking channel. “Mobile banking services could redefine the way people use money” (Ghimire 2012). The replies from the interviewees show the bright perspective of mobile banking in Nepal. In addition to the bright perspective of mobile banking, mobile banking services carry some challenges to implement the services smoothly. From the survey results, the major challenges can be identified as weak Internet and mobile connection, lack of technological knowledge and awareness, lack of marketing activities, less variability in mobile banking services, and lack of interest from the old age customer group. Similarly, the interviewees also view the reliability and strength of telecommunication service providers and uniformity in the services provided by the service providers as major challenges to further extending mobile banking services in Nepal.

The second research question focused on determining the factors that make an impact on implementing mobile banking services in Nepal.

2. What are the impacting factors and how do they impact on implementing mobile banking in Nepal?

To identify the impacting factors of mobile banking in Nepal, the survey, interviews and relevant literature were used. The survey and interview results indicate that awareness of the services among people, telecommunication signal, simplified technologies and uniformity in the services largely affect retention and acquisition by customers. These factors determine the quality of the services offered and any deficiencies in them diminish the effectiveness of the services, resulting into decrease in the number of customers. In addition, elderly customers’ preferences to old means of banking may have impact on extension of mobile banking in Nepal.

The associated risks, and trust in mobile banking as discussed in sub chapters 3.1, 3.2 and 3.3 can also significantly affect mobile banking services in Nepal. Since mobile banking services in Nepal are in an early stage, the different risks associated with mobile banking can demotivate people to apply the services. In addition, the frequent use of mobile banking services may result in increased cost for the services used, which may have an impact on extension of the services. Furthermore, customers’ trust on mobile banking to carry out financial activities is a major impact creating factor. It is essential for mobile banking providers to build trust among customers in order to retain customers. As was discussed previously Bhatta (2011, 63),

the number of branches, service quality, staff behavior, and technological advancement are the major criteria of performance measurement of banks in Nepal and therefore they can also equally affect mobile banking services offered by the banks. Finally, the marketing activities carried out by the banks to spread the knowledge on the services also extensively have an impact on extending mobile banking services.

3. How can a marketing plan make impact on extending mobile banking services in Nepal?

To study the role of a marketing plan in extending mobile banking services in Nepal, relevant literature was studied. Since mobile banking services are in the starting phase, a marketing plan has a large impact on marketing activities of the service providers in Nepal. The different phases of a marketing plan have to be closely considered while designing the marketing activities for mobile banking services in Nepal. Firstly, setting an achievable and realistic mission and vision, banks in Nepal could get clear directions for their future marketing activities. In addition, mission and vision should motivate staff members to perform better for extending the services. Conducting an extensive marketing audit would assist the service providers to identify the circumstances of mobile banking market in Nepal their current position in the market. In conducting marketing audit would assist banks in Nepal to design their marketing activities in accordance with market circumstances and their own state, which could be effective.

SWOT analysis helps banks in Nepal identify their strengths, weaknesses, opportunities and threats in providing mobile banking services. Hence, by identifying the strengths, weaknesses, opportunities and threats banks could utilize their strengths and opportunities to extend mobile banking services in Nepal. In addition, banks could try to minimize risks from their weaknesses and market threats to provide effective mobile banking services to the customers. Marketing objectives are to be set by banks in Nepal in accordance with internal and external environments, as a result of which marketing objectives can rightly address the needs of mobile banking customers. As mobile banking is a new concept to most people in Nepal, banks could set their marketing objectives as to increase customers' number and market share.

While setting marketing strategies, banks in Nepal could give additional focus on young and business customers compared with other groups of customers as they are major users of mobile banking services. Banks in Nepal may follow market penetration strategy to increase number of customers and satisfy the existing customers. In addition, the product development strategy need to be equally emphasized according to market demand so as to improve quality and features of the services provided. When designing marketing programmes for extending

mobile banking services, banks in Nepal need to clearly specify responsibilities and actions. The lack of clear defining of responsibilities and actions in marketing programmes may not assist in extending mobile banking services. In addition, marketing programmes need to be designed to strengthen mobile banking services in city areas and create awareness in remote areas.

Banks in Nepal need to allocate higher amounts for marketing budgets as most people in Nepal are unacquainted with mobile banking services. The marketing budgets also need to be flexible considering the dynamic market condition. Marketing control and evaluation is an important phase for banks in Nepal in extending mobile banking services. The marketing activities need to be regularly monitored in order to assure that information has reached people regarding mobile banking services. By evaluating results from marketing activities against pre determined objectives, banks receive information to improve the marketing activities, if necessary. Such control and evaluation would make marketing of mobile banking services more effective. Considering the initial stage of mobile banking and frequent change in mobile technologies, banks in Nepal may adopt long term control and evaluation system.

In the process of writing the thesis, we came up with some suggestions through the implementation of which future research could be carried out. As discussed in our limitations sub chapter 2.2.4, we could not extensively involve people from remote areas of Nepal. Therefore, a research could be conducted focusing on the remote regions of Nepal in order to understand the true perspective of mobile banking in such regions. In addition to gaining this understanding, the research could focus on ways to increase the number of mobile banking customers in the remote regions. Secondly, the research could be conducted to compare the standard of mobile banking services of Nepal with other countries and identify solutions to improve the standard, if necessary. Finally, as we have discussed in the thesis suggesting that mobile banking can greatly assist in collecting remittances, further research could also be conducted to identify challenges and ways to expand mobile banking services in the remittance sector of Nepal.

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Survey Questionnaire

Age:

Occupation:

Gender:

1. Do you have a mobile phone?
Yes () No ()
2. Does your bank provide mobile banking facilities?
Yes () No ()
3. Do you use your mobile for banking purpose?
If yes, proceed to questions 4, 5 and 6. If No, proceed to questions 7, 8 and 9.
Yes () No ()
4. Do you find mobile banking easier and more cost effective than self banking?
Yes () No ()
5. What benefits do you get from the services and do you have any suggestions in order to extend the services in larger area of Nepal?
6. Are you satisfied with the services? If not, how could be the services developed?
7. Do you know about mobile banking?
Yes () No ()
8. Do you like to have your banking services through your mobile phone?
Yes () No ()
9. Does your bank plans to provide mobile banking services?
Yes () No ()

Interview Questions

1. When did you start to provide mobile banking services?
2. What initiated you to start the mobile banking services in Nepal?
3. What kind of services do you provide?
4. What is the total number of customer using the service?
5. Which group of customers does mostly use the services?
6. What has been customers' response to the services?
7. What kind of responses have the customers been providing to the services you offer?
8. What are the activities that you carry out for marketing the mobile banking services?
9. What do you think are the factors that create impact on mobile banking in Nepal?
10. What possibilities do you see for mobile banking services in Nepal?