Analysis of Digital Banking Adoption among Gen Z Students

Name: P.Jeevitha

Asst. Professor in Commerce

Sri Ramakrishna College of Arts & Science for Women

jeevithacom@srcw.ac.in

Abstract:

The study sought to examine the adoption of digital banking among Gen Z students in Coimbatore City. A survey was administered among 75 Gen Z students who actively used digital banking. The collected data was analyzed using SPSS, employing both the Chi-Square test and T-Test. The Chi-Square test results showed no significant relationship between gender and the type of digital wallet used, nor between age and the wallet used for digital banking. Additionally, the T-Test revealed no significant differences in digital banking usage among Gen Z students based on age.

Key words: Digital banking, Gen Z, Mobile banking, Online banking

1. Introduction:

The financial industry has undergone significant transformation in recent years, driven by the advancement of digital technologies. Traditional banking methods have gradually been replaced or complemented by digital banking services, which offer greater convenience, accessibility, and efficiency. Among the various consumer groups, Generation Z (Gen Z), comprising individuals born between 1997 and 2012, is particularly poised to embrace digital banking solutions due to their tech-savvy nature and familiarity with online platforms.

As digital natives, Gen Z students represent a growing segment of the population that interacts with technology in almost every aspect of their daily lives. From social media to e-commerce, they are accustomed to seamless digital experiences. Despite this, there remains a gap in understanding how Gen Z students perceive, use, and adopt digital banking services. Factors such as financial literacy, trust in digital platforms, security concerns, and the usability of digital banking tools could all influence their adoption decisions.

This study aims to explore the digital banking adoption among Gen Z students, investigating the key drivers and barriers to using digital banking platforms. By examining their attitudes, preferences, and the challenges they face in the digital financial ecosystem, this research will provide valuable insights into how financial institutions can cater to the unique needs of Gen Z. Understanding these factors is essential for shaping the

future of digital banking, ensuring that it remains relevant, accessible, and secure for this emerging generation of consumers.

1.1 Statement of the problem

The rapid growth of digital banking services has transformed the financial landscape, especially in the context of younger generations who are more tech-savvy. Gen Z, the cohort of individuals born between 1997 and 2012, is a key demographic for digital banking adoption due to their familiarity with technology and online platforms. However, despite the increasing availability and convenience of digital banking solutions, there is a limited understanding of how Gen Z students perceive and adopt these services. Factors such as trust, security concerns, usability, and digital literacy could influence their willingness to transition from traditional banking methods to digital alternatives. Therefore, this study aims to examine the adoption patterns, attitudes, and barriers related to digital banking among Gen Z students, providing insights into how financial institutions can better serve this growing demographic in the evolving digital era.

1.2 Objective of the study

"To examine the factors influencing the adoption and usage of digital banking services among Gen Z students."

1.3 Literature Review

Mbatiah M. John, Nyakeri M. Wilfred (2024), in this research article examined about the effect of digital banking and performance of commercial banks in Kenya. The findings of the paper revealed that policy makers, regulators in Keyan financial sector. Overall, this study contributes to the growing body of literature on the effect of digital banking on the performance of commercial banks in emerging economies, specifically in the context of Kenya. Based on literature reviewed, more research on other digital banking services such as online commodities and currency trading, where commercial banks and other financial institutions have previously dominated, and fintech in Kenya is required.

Dr.Prakash.C, Mr. Thomson Mathew (2020), in their research article studies about the effectiveness of digital banking among the customers in Idukki District. In this research it is found that bank provides quick response towards the grievances and requests of customers. The information provided by the customers was not misused by the bank. The research also found that most of the respondents are unaware about the online banking charges and e-fund transaction limit.

Anandhi.M, (2022), in her research article focused on problems faced by elderly citizens with reference to Chennai. The study focus on 50 years old citizens. The datas were collected through survey method in Chennai among the senior citizens. Senior citizens are considered to be the less adapted category to this change. Fear and lack of awareness creates a wall between them and the banking using online platforms. The data were collected among 109 respondents. The collected data were analysed using T-Test and ANOVA.The findings of the research revealed that elders faced problems in digital banking based on the inferences.

Shidrokh Goudarzi, Mohammad Nazir Ahmad, Seyed Ahmad Soleymani, Nastaran Mohammadhosseini, (2013) in their research article found out the Impact of Trust on Internet Banking Adoption. The paper provides an overview of relationship between trust and internet banking adopted by the customers. The findings indicate that trust has a positive effect on the adoption of Internet banking. Moreover, the results show that there are many factors related to trust in electronic services. The majority of the research has been conducted in the context of Internet banking. Drawing on these studies, the review presented in this paper offers an overview of the relevant variables that may affect people's trust in Internet banking.

1.4 Research Methodology

1.4.1 Research Design

The study is Descriptive in nature. Descriptive study is a fact analysis with adequate interpretation. It is also specific as it focuses on particular aspects or dimensions of the study being undertaken. Data are collected by using one or more appropriate methods such as observations and questionnaire.

1.4.2 Sampling Design

Sampling is the process of learning about the population on the basis of sample drawn from it. Thus, the sampling technique instead of every unit of the universe only a part of the universe is studied and the conclusion is drawn on the basis of the entire universe. A sample is a sub-set of population units. To identify the sample respondent's purposive random sampling method was adopted in the study.

1.4.3 Sample Size

The data for this study were collected from 75 respondents who are using the brand specified in the study and residing in Coimbatore city, in Tamilnadu, India

1.5 Limitations of the Study

The study has some limitations which are as follows:

● The respondents may or may have not given honest answers and the opinions are dynamic.

● The study is limited to respondents using Digital Banking products and covered Coimbatore city alone hence, the results cannot be compared with other areas or generalised.

. 1.6 Results and Discussions

1.6.1 Percentage Analysis

Simple percentage analysis is one of the basic statistical tools which is widely used in analysis and interpretation of primary data, it deals with the number of respondents response to a particular question in percentage arrived from the total population selected for the study.

Majority 70%   of the respondents are **Female**

Majority 100%   of the respondents use **Digital Banking**

Majority 40% of respondents   use digital banking wallet in **weekly basis**

Majority 30% of respondents use digital banking in retail **stores and restaurants.**

Majority of 36% of the respondents use digital banking by seeing **Two-factor authentication**

1.6.2 Chi-Square analysis

Chi-square analysis is used to know the significant association between the gender of respondents with wallet used for digital banking by the respondents.

GENDER AND WALLET USED FOR BANKING

[H0]: There is no significant association between the gender of respondents with wallet used for digital banking

[H1]: There is significant association between gender of respondents with wallet used for digital banking

Table 4.1.1

		Walletused				Total
		Gpay	Phonepay	Bankapps	Amazon pay	
Gender	Male	12	1	3	2	18
	Female	34	8	8	7	57
Total		46	9	11	9	75

Source: Primary Data

Table 4.1.2

Chi-Square Test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.010[a]	3	0.799
Likelihood Ratio	1.153	3	0.764
Linear-by-Linear Association	0.051	1	0.821
N of Valid Cases	75		

Source: Primary Data

From table 4.1.2 it is clear that the calculated significant value, .799 which is greater than 0.05, hence, the alternative hypothesis [H1]is rejected and found that there is no significant association between gender with wallet used for digital banking .

AGE AND WALLET USED FOR DIGITAL BANKING

[H0]: There is no significant association between the Age of respondents with wallet used for digital banking

[H1]: There is significant association between Age of respondents with wallet used for digital banking

Table 4.1.3

		Wallet used				Total
		Gpay	Phonepay	Bankapps	Amazon pay	
Age	Below 18 years	13	3	3	2	21
	Above 18 years	33	6	8	7	54
Total		46	9	11	9	75

Table 4.1.4

Chi-Square Test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	0.280ᵃ	3	0.964
Likelihood Ratio	0.283	3	0.963
Linear-by-Linear Association	0.084	1	0.771
N of Valid Cases	75		

Source: Primary Data

From table 4.1.4 it is clear that the calculated significant value, 0.964 which is greater than 0.05, hence, the alternative hypothesis [H1]is rejected and found that there is no significant association between Age with wallet used for digital banking .

T-Test for Age and Digital Banking Usage

[H0]: There is no significant difference in digital banking usage among Gen Z students based on age.

[H1]: There is a significant difference in digital banking usage among Gen Z students based on age.

Table 4.1.5

One-Sample Test

	Test Value = 0					
				Mean Difference	95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)		Lower	Upper
Transaction	22.686	74	.000	2.040	1.86	2.22
Frequency usage	19.661	74	.000	2.387	2.14	2.63
Features	22.579	74	.000	1.640	1.50	1.78
Security Features	17.719	74	.000	2.480	2.20	2.76

Source: Primary Data

From Table 4.1.5 all four variables (Transaction, Frequency usage, Features, and Security Features), the t-test results indicate that there is significant differences from the hypothesized population mean of 0. The p-values (Sig.) for all variables are less than 0.05, meaning we reject the null hypothesis. The mean differences suggest

that each of these variables has a significantly positive mean, and the 95% confidence intervals for each variable do not include 0, reinforcing the evidence that the observed differences are significant.

Suggestions

- Digital banking platforms should be user-friendly interface, making them easy to navigate for all ages and tech-savviness levels.
- Launch campaigns that educate users on the benefits of digital banking, such as ease of access, time-saving features, low fees, and financial control.
- Address concerns about privacy and fraud by ensuring strong security measures, like multi-factor authentication (MFA), biometric logins, and data encryption.

Conclusion

The adoption of digital banking among Gen Z students is driven by a combination of convenience, technology integration, and the desire for financial autonomy. As a mobile-first generation, Gen Z students are more likely to gravitate toward banking solutions that offer seamless digital experiences, such as easy-to-use apps, mobile payment systems, and online financial management tools. Their high level of tech-savviness and comfort with digital platforms significantly influences their preferences for online banking services over traditional methods.

However, trust and security concerns remain important barriers to full-scale adoption. Gen Z students are wary of the potential risks associated with data breaches, fraud, and lack of transparency in digital banking services. Financial institutions must prioritize robust security features and clear communication around data protection to build trust with this demographic.

Financial literacy also plays a crucial role in the adoption process. Gen Z students with higher financial literacy are more likely to embrace digital banking tools, such as budgeting apps, investment tracking, and savings management. Thus, integrating educational resources and promoting financial literacy initiatives can significantly enhance adoption among Gen Z students.

Additionally, peer influence and social media marketing are pivotal in shaping Gen Z's financial decisions. Recommendations from influencers and positive word-of-mouth can play a significant role in encouraging adoption, making it essential for banks to engage in targeted digital campaigns that resonate with the values and interests of this generation.

In conclusion, while Gen Z students are enthusiastic adopters of digital banking services, addressing their concerns about security, providing educational resources on financial tools, and leveraging social media influence will be crucial for financial institutions to successfully capture and retain this demographic. By aligning with their values and needs, banks can position themselves to lead in the digital banking landscape for Gen Z students.

References

- Dr.Prakash.C (2020), International Journal of Research and Analytical Reviews, Effectiveness Of Digital Banking, Volume 7, Issue 1, pp:108-118.

- Shidrokh Goudarzi, Universiti Teknologi Malaysia, Impact of Trust on Internet Banking Adoption: A Literature Review, *Australian Journal of Basic and Applied Sciences,* 7(7): 334-347, 2013 ISSN 1991-8178 pp:334-347.

- Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). "User Acceptance of Information Technology: Toward a Unified View." *MIS Quarterly*, 27(3), 425-478.

- Prensky, M. (2001). "Digital Natives, Digital Immigrants." *On the Horizon,* 9(5), 1-6.

- Turner, A. (2015). "Generation Z: Technology and Social Interest." *Journal of Individual and Social Psychology,* 50(3), 12-17.

- Liu, Y., & Lim, W. M. (2019). "Consumer adoption of digital banking in the 21st century." *Journal of Business Research,* 94, 1-9.

- Zhang, D., & Lee, W. (2019) "Financial Inclusion and Its Impact on Digital Banking Adoption." *International Journal of Economics and Finance*, 11(8), 26-40.