



A STUDY ON THE CONSUMER PERCEPTION OF FINTECH ON AMONG GENERATION Y AND GENERATION Z IN BENGALURU SOUTH

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ABSTRACT

Fintech, short for financial technology, has emerged as a dynamic and disruptive force in the financial sector, reshaping how consumers access and manage their financial accounts in an era of rapid technological advancement. The city of Bengaluru, situated in the southern part of India, is not only a thriving technological hub but also home to a diverse and tech-savvy population. It is within this dynamic and digitally inclined environment that this study is conducted. The study on the Consumer Perception of Fintech Among Generation Y and Generation Z in Bengaluru South" delves into the transformative impact of fintech on the banking industry, with a particular focus on the tech-savvy Generation Y and Generation Z demographics in Bengaluru. These generations, born between the mid-1990s and the early 2010s, have grown up amidst rapid technological advancements, readily embracing digital platforms and fintech solutions. The research aims to uncover valuable insights into how these young consumers in Bengaluru perceive and utilize fintech services, their preferred digital financial services, and the motivating factors behind choosing fintech over traditional banking channels. Moreover, it examines the convenience, accessibility, security, and privacy concerns associated with fintech adoption and assesses the changing dynamics of their relationships with traditional banks in this digital age.

KEY WORDS: FinTech, Banking industry, Consumer perception, Generation Y, Generation Z ,

INDUSTRY PROFILE

The fintech industry, a result of technological advancements and evolving financial needs, has gained global significance since the early 2000s. The rapid development of the internet, mobile technology, and processing power created a fertile ground for fintech's global expansion, enabling the emergence of online banking platforms, digital payment systems, and various financial services accessible through digital channels. Today, fintech ecosystems thrive in various countries, each with its unique capabilities. Global fintech hubs, including Silicon Valley, London, Singapore, and Hong Kong, have evolved as centres of fintech innovation. India, driven by technological advancement and a dynamic financial landscape, witnessed the emergence of its fintech sector in the early 2000s. Factors like widespread smartphone adoption and affordable data plans expanded access to digital financial services, particularly benefiting the unbanked and under banked population.

LITERATURE REVIEW

Shubham Goswami (2022) This study's goal is to evaluate the effects of financial technology (fintech) on financial inclusion (FI) in rural India. it aims to investigate how the use of fintech services, like mobile banking, digital payments, and microfinance platforms, has influenced the accessibility and usage of financial services among rural



populations. The study will utilize various statistical tools, including descriptive statistics to present the demographic characteristics and fintech adoption rates among rural communities.

Pradeep Dwivedi, (2021) Fintech is the delivery of financial goods and services to stakeholders by fusing innovation and technology. The goal of the research is to examine how Fintech has affected the performance and competitiveness of the UAE banking sector. Based on 76 banking executives and experts from Dubai (UAE), the research is empirically tested.

Buchak, Matvos, Piskorski, & Seru, (2018) The goal of this research is to examine the connection between fintech, regulatory arbitrage, and the emergence of shadow banks. The research will make use of both quantitative and qualitative methods. Quantitative data may involve analyzing financial data of fintech firms and shadow banks to identify patterns and trends.

Vahrenkamp (2017) will mould conventional financial institutions' future mobile-based offerings and anticipate them. The ironic thing is that Gen Z was born with a smartphone in hand; compared to Millennials (37%), Gen Z relies on technology more heavily (44%). **Navaretti et al. (2018)** Fintech companies should instead coexist alongside banks, work with them, or even aspire to resemble them. They cannot replace banks. Because they do not have access to central bank liquidity as banks do, Fintech lenders can only offer a limited amount of liquidity. They are further limited in the liquidity services they can provide by their inability to do maturity transformation. In reality, there have been several instances when internet lending platforms have allowed maturity mismatches, allowing lenders to pull their money out of the market before borrowers can pay back their loans.

(Chandra, 2017) An electronic wallet device for transferring and receiving cash. Being the most well-known Fintech programmed geared towards those without bank accounts. A digital wallet is what it is (Chandra, 2017). As stated by the same poll, banks developed e-wallets to help clients with their financial operations. The rising market penetration of smartphones and the reality that using one doesn't need having a genuine bank account make using e-wallet programmed easier. The TAM model's user-friendliness gave the applications a high approval rating between Millennials and Gen Z.

Rakhi and Mala (2017) The data came from people who used mobile phones. Using a structural equation model, the motivation of mobile phone service users was investigated. The results show that perceived risk and perceived utility, and peer group (social influence) have a significant effect on customers' purchasing decisions. The research demonstrates users of mobile banking services had an influence on security and privacy it shows a strong association between perceived self-efficacy.

OBJECTIVES OF THE STUDY

- To assess the level of awareness of fintech services among the Gen Y and Gen Z
- To find the most preferred fintech services in the banking sectors
- To gauge why consumer, appreciate usage of financial services
- To bring out the concerns in adopting fintech in banking platforms and suggesting measures to resolve the same

RESEARCH GAP

The research in Bengaluru focuses on assessing Generation Y and Generation Z's perceptions of fintech's influence on the banking industry, addressing a significant knowledge gap. While prior studies have explored fintech's impact on banking, little attention has been given to the views of these younger generations in Bengaluru. Given the rapid growth of fintech in this technological hub, this study aims to investigate fintech awareness, adoption for banking, attitudes toward traditional banking, and decision-making factors among Generation Y and Generation Z consumers. The findings will aid in designing strategies and innovations aligned with the evolving preferences of these target market segments, enhancing the banking industry's ability to meet their changing needs

RESEARCH METHODOLOGY

This research aims to explore and describe the consumer perception of fintech specifically among Generation Y and Generation Z individuals in Bengaluru. The primary focus is to application in banking sector gain an in-depth



understanding of how these two generational groups perceive the influence of fintech on traditional banking services. The research will likely involve collecting data through surveys, interviews etc.

SCOPE OF THE STUDY

The study will target members of Generation Y and Generation Z, and it'll get done in Bengaluru, a well-known technological hub in India. Technology aims to examine how they view fintech and how much awareness they have of, utilizing, and embracing technology for banking-related services. The survey will also examine the factors influencing their choices, how satisfied with traditional banking services, and how fintech has changed their preferences for banking in general.

SOURCES OF DATA COLLECTION

The primary information is gathered with a particular objective in mind, to evaluate impact of fintech on banking and customer satisfaction. By sharing a structured questionnaire using Google forms, first-hand information from respondents in Bangalore has been gathered. Secondary data for this study has been accessed from various sources, such as websites, journals, and magazines, etc

POPULATION AND SAMPLING UNITS

There are *2430 banks in the Bengaluru south region. The population of the study comprises of Gen Y and Gen Z account holders who avail fintech services in the banks in Bengaluru South region.

SAMPLING UNITS

The sampling unit for the study is individuals from various generations residing in the southern part of Bangalore. In this study, Generation Y and Generation Z are the specific generations of interest. The total sample size is 80 respondents.

Source: * https://en.wikipedia.org/wiki/List_of_banks_in_India

Sampling Method

The study employed on convenience sampling methods to select respondents for the investigation titled. The people in the interest comprised individuals from Generation Y and Generation Z residing in Bengaluru. In order to representative sample, a total of 80 respondents were targeted over a span of 10 days. The enabling an efficient and structured means of data gathering.

Sample Size

80 participants were selected as the study sample size. Only a sample size of 80 people will be surveyed due to time restrictions.

HYPOTHESES FOR THE STUDY

Hypothesis 1

H₀: There is no significant association between age and familiarity about fintech services and its applications.

H₁: There is a significant association between age and familiarity about fintech services and its applications.

Hypothesis 2

H₀: There is no significant difference between age and awareness of fintech services.

H₁: There is a significant difference between age and awareness of fintech services.

Statistical design

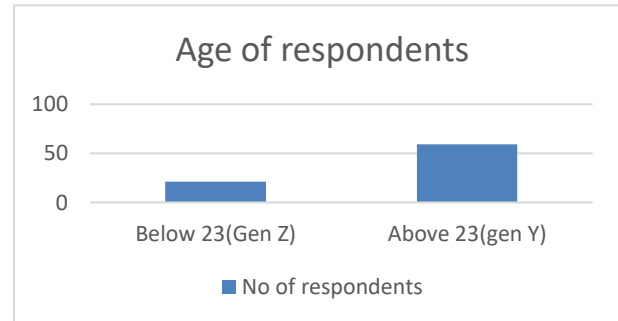
The data collected is tabulated, and statistical procedures like percentage analysis are used to analyze it. To analyze the data, SPSS has been utilized with charts, graphs, Chi-square, Correlation, Anova.



DATA ANALYSIS AND INFERENCE

1. Age of respondents

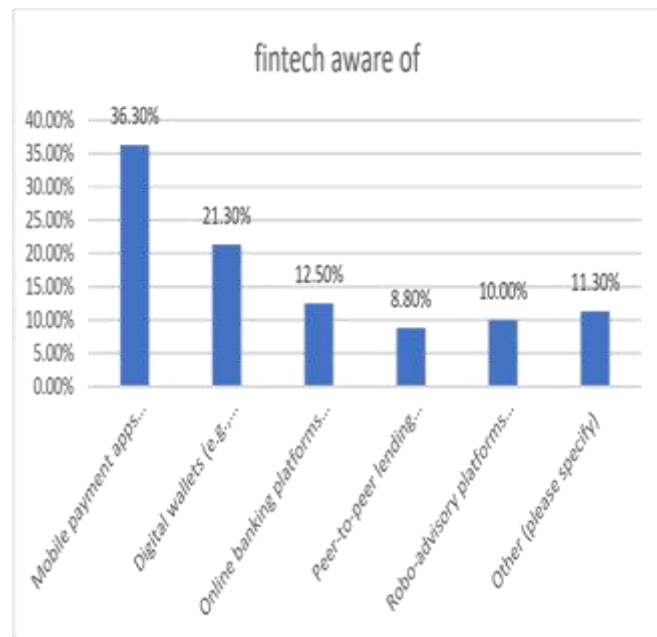
Age	No of respondents	Percentage of respondent
Below 23(Gen Z)	21	26 %
Above 23(gen Y)	59	73 %
total	80	100



Inference: The majority of respondents 73% were 23 years old or above. This indicates a predominant presence of respondents above 23 years old in the dataset. This may be due to the survey's nature or target audience, it may have drawn people from older age groups in greater numbers., possibly reflecting a specific demographic or interest in topics relevant to those above 23.

2. Fintech services that respondents are aware

Most used for banking purposes	No of respondents	%
Mobile payment apps (e.g., Google Pay, Paytm)	29	36 %
Digital wallets (e.g., PhonePe, PayZapp)	17	21 %
Online banking platforms (e.g., net banking, online banking apps)	10	12 %
Peer-to-peer lending platforms	7	8 %
Robo-advisory platforms for investments	8	10 %
Other (please specify)	9	11 %
Total	80	100%

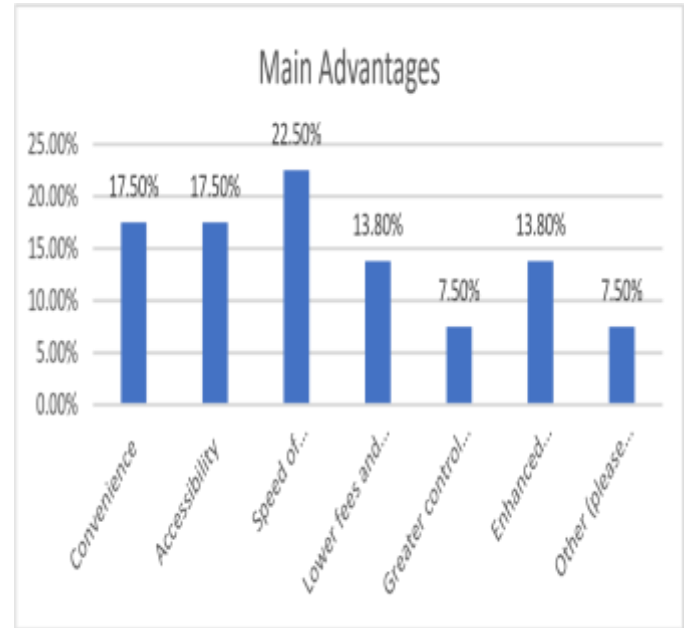


Inference: The table among the 80 respondents, mobile payment apps, such as Google Pay and Paytm, are the preferred choice for 36% of users. Digital wallets, including PhonePe and PayZapp, are also significant, with 21% of respondents opting for them. Online banking platforms capture 12% of usage, highlighting their consistent adoption. Peer-to-peer lending platforms and robo-advisory platforms for investments each garner 8% and 10% of users, respectively. Additionally, 11% of respondents choose "Other" options. They allow users to make quick transactions, pay bills, and even make in-store purchases using their smartphones. The simplicity of mobile payment apps makes them a popular choice for everyday financial transactions. This was employed when was demonetization of notes in Indian and in covid 19 outbreak usage of payments apps increased for social distance concern.



3. The main advantages you see in using fintech services for banking of the respondents.

The main advantages	No of respondents	Percentage of respondent
Convenience	14	17 %
Accessibility	14	17 %
Speed of transactions	18	22 %
Lower fees and costs	11	13 %
Greater control over finances	6	7 %
Enhanced security measures	11	13 %
Other (please specify)	6	7 %
Total	80	100%

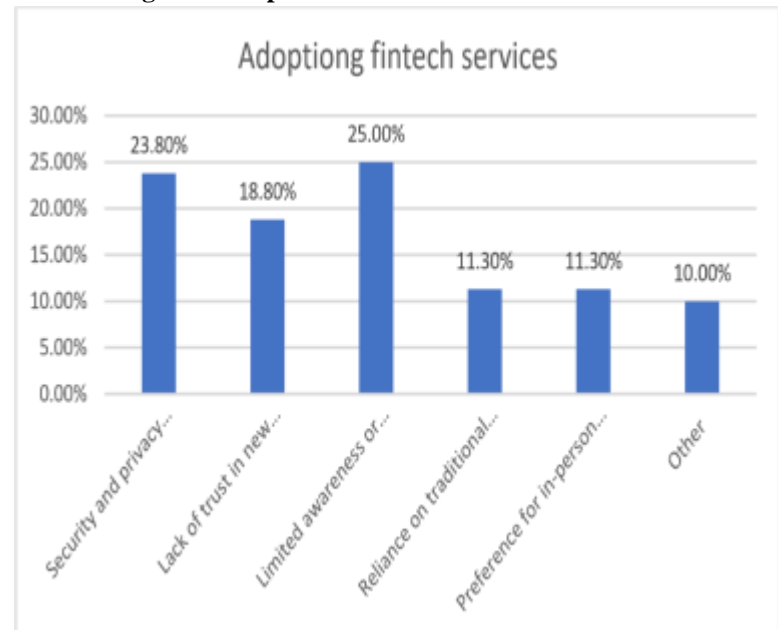


Inference: The table provided data on the main advantages of fintech services outlines the perspectives of the 80 respondents. Notably, the speed of transactions is a significant advantage, with 22% of participants highlighting its importance in today's fast-paced environment. Accessibility and convenience hold equal weight, each chosen by 17% of respondents, underlining the appeal of accessing financial services anytime and anywhere. Lower fees and costs, along with enhanced security measures, are cited by 13% of participants each, reflect a consideration of financial benefits and data protection. Additionally, 7% mention greater control over finances and "Other" advantages, showcasing the diverse range of benefits individuals associate with fintech. The provided data emphasizes the primary advantages of fintech services, as indicated by 80 respondents. "Speed of transactions" emerges as the majority choice at showcasing the significance of swift financial processes in today's fast-paced world. This is probably caused by the growing need for quick and efficient money management.



4. The main concerns in adopting fintech services for banking of the respondents.

Adopting fintech services	No of respondents	Percentage of respondent
Security and privacy concerns	19	23 %
Lack of trust in new technologies	15	18 %
Limited awareness or understanding of fintech services	20	25 %
Reliance on traditional banking methods	9	11 %
Preference for in-person interactions	9	11 %
Other	8	10 %
Total	80	100%



Inference: The table data on factors influencing the adoption of fintech services outlines the perspectives of the 80 respondents. Notably, limited awareness or understanding of fintech services is a primary barrier, with 25% of participants citing this as a challenge. Security and privacy concerns follow closely, with 23% indicating a hesitation driven by data protection worries. Lack of trust in new technologies is also significant, with 18% expressing this as a deterrent. Additionally, 11% each mention a reliance on traditional banking methods and a preference for in-person interactions, reflecting a desire for familiar financial approaches. A smaller 10% cite "Other" factors. The data sheds light on the factors influencing the adoption of fintech services among 80 respondents. "Limited awareness or understanding of fintech services" holds the majority sentiment at suggesting that increasing education about these services could encourage greater adoption. This lack of awareness might be inhibiting individuals from embracing new financial technologies.



Hypotheses Test

1. chi-Square test to find out the significant relationship between age and familiarity.

		How familiar are you with fintech and its applications in the banking sector?			Total
		Very familiar	Somewhat familiar	Not familiar at all	
AGE	Below 23	7	13	1	21
	Above 23	29	20	10	59
Total		36	33	11	80

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	5.479 ^a	2	.065
Likelihood Ratio	5.684	2	.058
Linear-by-Linear Association	.041	1	.839
N of Valid Cases	80		

Interpretation

From the above table it can be inferred that the table value of 0.65 is more than the level of significance of 0.005, hence the null hypothesis is rejected and it can be concluded that there is a significant relationship between the age and familiarity.

1. Hypotheses
2. ANOVA to analyze weather there is an association between age and awareness between age and awareness of fintech services.

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups (Combined)	1.271	1	1.271	.407	.526
Linear Term	1.271	1	1.271	.407	.526
Unweighted	1.271	1	1.271	.407	.526
Weighted	1.271	1	1.271	.407	.526
Within Groups	243.916	78	3.127		
Total	245.188	79			

Interpretation: Since the p value .526 is greater than 0.05 (level of significance), the null hypothesis is accepted and it can be concluded there is an association between age and awareness between age and awareness of fintech services.

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