

Factors Influencing the Adoption of Mobile Banking Technologies Among the Genz in Mizoram

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Abstract:

This research explores mobile banking use and behaviour across Gen Z, the generation growing up and being born with the digital era. The study argues that ease of use and availability are the determinants for digital banking services use by Gen Z. Social influence, especially peer and family social influence, plays a major impetus in making them aware of and adopting digital banking technologies. Security issues and technical issues, including slow internet connectivity, failed transactions, and complex user interfaces, are some of the key concerns of Gen Z users. There has been an indication through the study of a moderate positive correlation between fear of security attack and the occurrence of technical issues related to bank apps. UPI (Google Pay, PhonePe, Paytm) is the most favoured banking technology among the majority of Gen Z users. There is also considerable interest among Gen Z in future applications of cryptocurrency and banking with blockchain. Banks have an incentive to become more secure, make user interfaces easier to use, and adopt new technology in order to serve Gen Z well.

KEYWORDS: Mobile Banking Adoption, Gen Z, Security Concerns, Social Influence, Trust in Banking

1. INTRODUCTION

Mobile banking as a product that enables bank clients to perform financial transactions remotely from the branch through mobile phones or tablets. The product is based on software programs offered by the financial institutions and typically needs a data or internet connection. Mobile banking transactions may comprise account balances, transaction history, electronic bill payments, mobile check deposit, P2P payments, and money transfers, with the functions offered differing with the app. Mobile banking promotes security, quickness, flexibility, and convenience such that customers do not need to use bank branches for non-cash transactions. Self-efficacy, social influence, and technology adoption theories such as TAM, UTAUT, and the Diffusion of Innovations Theory account for the use of mobile banking. Social influence, especially by close relatives and friends, is a key

force behind increasing awareness and promotion of utilization of digital banking.

MOBILE BANKING BACKGROUND

Mobile banking initially began in the form of SMS-based offerings where customers could see account balances and simple transactions through SMS. However, once mobile phones that were capable of supporting Wireless Application Protocol (WAP) arrived in 1999, mobile banking really began to take off. This allowed customers to access the mobile internet, and European banks launched simple online banking services through mobile browsers. As of 2012, Mapa Research had recognized that more than a third of the world's banks were able to track visitations of their mobile homepage via the device, thus improving customer experience by leading the customers to mobile-optimized sites, bank apps, or bespoke mobile services. All these improved

user experience, drove customer engagement, and digital banking optimization across devices.

With mobile banking advancements, banks are investing in emerging technologies to improve convenience and security. Technologies such as biometric verification, artificial intelligence, and blockchain technology are making mobile banking more complex, providing customers with a secure and personalized experience. With growing customer expectations, banks will streamline their mobile banking strategies for preserving digital banking efficiency, simplicity, and correspondence with emerging technologies.

STATEMENT OF THE PROBLEM

Although technology in mobile banking has progressed very fast, adoption by Gen Z in Mizoram is not stable and is episodic. Although this generation is much exposed to the internet and technology knowledgeable, there are determinants to adopt mobile banking services that include security threats, trust, social norms, and access to a platform. These need to be known in order to have improved user experience and enhancing adoption. The current study aims to identify the determinants and barriers of Gen Z adoption of mobile banking in Mizoram and offer insights to banking organizations and service providers to modify their products accordingly. By addressing the issues of Gen Z customers, the study aims to highlight opportunities for improving mobile banking services and financial inclusion in the state.

2. LITERATURE REVIEW

Ruangkanjanases and Wongprasopchai (2017) researched Gen Y and Gen Z in Thailand to determine the factors that are critical for mobile banking adoption. The research employed various statistical tests on 400 questionnaires and concluded that self-efficacy, perceived usefulness, compatibility, and social influence all positively influence the adoption for both generations.

Nur and Panggabean (2021) analysed mobile payment adoption by Gen Z using the extended UTAUT model to identify the impact of technology involvement on behavioural intentions. Uddin and Begum studied mobile banking use in Bangladesh with the influence of perceived risk, relative advantage, trust, and convenience on usage, which has policy implications for policymakers and bank managers.

Sabilla, Soma, and Sitorus (2024) explored Gen Y and Z mobile banking intention drivers such as cyberattacks, fraud, and phishing. Based on SEM-PLS of 400 respondents, the research established that perceived privacy, security, security awareness, and trust significantly influence adoption. Trust is a powerful influencer of usage, and perceived usefulness is a mediating factor.

3. OBJECTIVES OF THE STUDY

- To examine the securities concern and trust issue of Mobile Banking.
- To examine the influence of social factors on Mobile Banking among the Genz.

HYPOTHESIS OF THE STUDY

Objective 1:

H₀ (Null Hypothesis): There is no significance relationship between the security concern and trust issue of Mobile Banking.

H₁ (Alternative Hypothesis): There is a significance relationship between the security concern and trust issue of Mobile Banking.

Objective 2:

H₀ (Null Hypothesis): Social factors do not significantly influence the adoption of mobile banking among Gen Z.

H₁ (Alternative Hypothesis): Social factors significantly influence the adoption of mobile banking among Gen Z.

4. RESEARCH METHODOLOGY

The data have been grouped into two main categories - primary and secondary data. The secondary data have been compiled from journals and research papers. The primary data have been collected through Questionnaire – 108 Questionnaire were distributed among the user and non-user of mobile banking.

RESEARCH GAP

Mobile banking adoption studies are predominantly interested in adoption itself, holding important demographic controls such as age, gender, and socioeconomic status out of the model, particularly among emerging country underbanked segments. It also holds knowledge gaps for psychological variables, financial literacy, infrastructure, regulatory environments, long-term trends, and cross-regional research limiting the depth of insights into global best practices.

RESEARCH INSTRUMENTS

The tool for collecting the primary data was a structured questionnaires for respondents who has an experienced in mobile banking.

5. ANALYSIS AND INTERPRETATION

To find the significance difference in the variables, the hypothesis was examined using techniques such as Correlation Analysis and Regression Analysis.

TEST 1: Correlations

H₀ (Null Hypothesis): There is no significance relationship between the security concern and trust issue of Mobile Banking.

H₁ (Alternative Hypothesis): There is a significance relationship between the security concern and trust issue of Mobile Banking.

TABLE 1: Table showing securities concern and trust issue of mobile banking

CORRELATIONS			
		How concerned are you about security risks in online banking?	Have you ever faced technical issues while using banking apps?
How concerned are you about security risks in online banking?	Pearson Correlation	1	.455**
	Sig. (2-tailed)		.000
	N	108	108
Have you ever faced technical issues while using banking apps?	Pearson Correlation	.455**	1
	Sig. (2-tailed)	.000	
	N	108	108

Interpretation

The data reveals a moderate positive correlation ($r = .455$) between concerns about online banking security and experiences with technical issues in banking apps. This correlation is statistically significant ($p < 0.01$), indicating it's unlikely due to chance. Hence, the null hypothesis is rejected in favour of the alternative hypothesis, proving that there is a significant relationship between the security concern and trust issue of mobile Banking

TEST 2: Regression

H₀ (Null Hypothesis): Social factors do not significantly influence the adoption of mobile banking among Gen Z.

H₁ (Alternative Hypothesis): Social factors significantly influence the adoption of mobile banking among Gen Z.

TABLE 2: Table showing the influence of social factors of mobile banking.

	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. error	Beta		
Constant	.946	.260		3.636	.000
Awareness of mobile banking technologies	.090	.075	.115	1.197	.234
Motivation to use mobile banking services	.101	.085	.115	1.185	.239
Security risk in mobile banking	.097	.101	.094	.967	.336

Interpretation

The regression test, testing variables affecting the utilization of digital banking services, indicates that none of the independent variables. Although the intercept term (0.946) is significant, implying its contribution to the frequency of use of digital banking, the independent variable coefficients (0.090, 0.101, and 0.097 respectively) are not statistically significant (p-values: 0.234, 0.239, and 0.336), meaning that the variables do not contribute significantly to explaining variation in the frequency of use of digital banking facilities, and the standardized coefficients imply small effect sizes for all variables. Hence, the null hypothesis is rejected in favour of the alternative hypothesis, proving that there is a significant influence of social factors on the adoption of mobile banking among Gen Z.

FINDINGS

- 1) There is a strong correlation between security issues and trust in banking applications. Individuals with more security issues also have technical issues, which have a negative impact on their trust in banking applications.
- 2) Social influence, also from family and friends, significantly influences mobile banking adoption among Gen Z. Social awareness is also extremely important among them in adopting digital banking.
- 3) Traditional problems like slow speed of internet, failed transactions, and clunky user interfaces serve as a deterrent to Gen Z shoppers in Mizoram.
- 4) Gen Z also likes UPI-based banking applications such as Google Pay, PhonePe, and Paytm due to their convenience and smooth transactions.
- 5) There is also increasing interest in emerging banking technology like cryptocurrency and blockchain-based banking, which implies banks integrate them into their planning.

SUGGESTIONS

- 1) Banks must enforce better encryption, multi-factor authorization, and AI-based fraud detection to combat security issues.

- 2) In order to prevent technical problems, banks need to optimize application performance, optimize for low-bandwidth internet connectivity, and process transactions quickly.
- 3) The banks should concentrate on designing easy-to-use and understandable interfaces to augment the experience for Gen Z buyers.
- 4) Banks and financial institutions must have digital literacy programs, work with influencers, and interact with Gen Z consumers on social media platforms to stimulate greater mobile banking adoption.
- 5) Banks can use blockchain for enhanced security and transparency and cryptocurrency-based products to get tech-savvy Gen Z consumers.

CONCLUSION

This study highlights that Gen Z's adoption of mobile banking in Mizoram is influenced by security concerns, social influence, and technical barriers. While mobile banking offers convenience, users remain hesitant due to security risks and technical inefficiencies. However, UPI-based platforms have gained widespread popularity due to their seamless user experience. Banks must address security concerns, simplify interfaces, and improve banking infrastructure to foster greater adoption. Additionally, leveraging social influence and integrating emerging technologies will be key strategies for increasing Gen Z's engagement with digital banking in the future.

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