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Exploring the Preferences and Satisfaction Levels of Millennials and iGen Towards FinTech Services in Banking

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Abstract - **This study examines the adoption of FinTech services offered by the banking sector among Millennials and Generation Z (iGen) in Chennai, focusing on their awareness, preferences, and satisfaction levels. Data were collected from 262 respondents through a structured questionnaire, and the research employed descriptive and analytical methods using SPSS. Key findings reveal significant demographic influences on FinTech adoption. Most respondents were aged 35-45 (42.3%), with a notable presence of those aged 18-24 (33.5%). Male respondents (66.1%) outnumbered females (33.9%), and private sector employees formed the majority (52.9%), followed by students (33.5%). Educational qualifications significantly influenced adoption, with 46.3% of respondents holding a master's degree. Income disparities were evident, as 27.3% earned less than ₹25,000 monthly. ANOVA results indicated strong relationships between age, income, and factors influencing FinTech usage, including convenience, security, innovation, and customer support. The study underscores the need for financial institutions to tailor FinTech services to meet diverse demographic and economic needs. Enhancing awareness through educational initiatives, particularly for lower-income and less-educated groups, is essential. These findings provide actionable insights for industry stakeholders and policymakers to promote an inclusive and innovative FinTech ecosystem that caters to the evolving needs of Millennials and iGen.**
Keywords: **FinTech Adoption, Millennials, Generation Z(iGen), Demographic Influences, Financial Institutions**

I. INTRODUCTION

The banking industry is experiencing a significant shift, with a strong emphasis on technological advancement and the importance of safeguarding capital for the sustainability of all organizations. On one side, regulatory measures and efforts to restructure at a larger scale have contributed to the sector's recovery and rejuvenation.

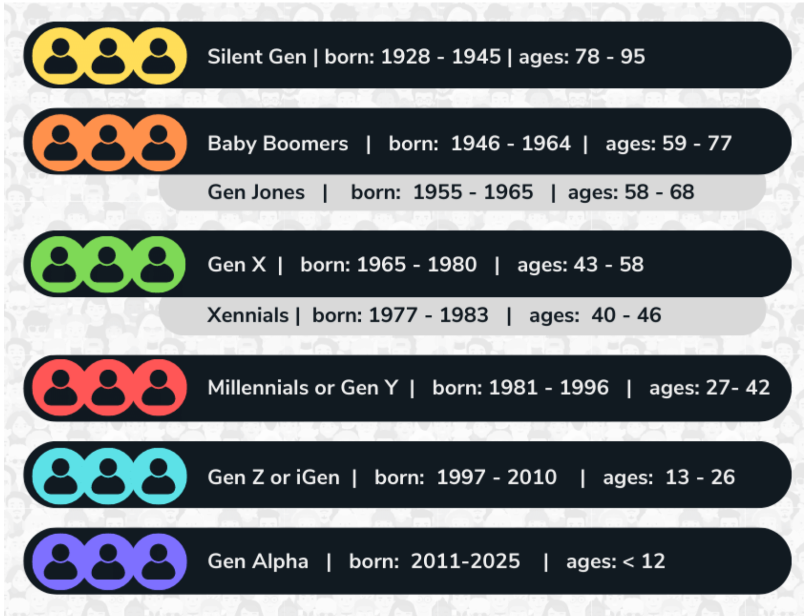
Conversely, the industry is constantly grappling with obstacles arising from the introduction of digital innovations and disruptions originating both internally and externally. The Indian banking sector is facing contrasting situations. On one hand, FinTech is emerging as the world's most rapidly expanding sector among major economies. However, it is also grappling with various challenges concerning its stability and robustness.

In the present era of digitalization and high connectivity, banks must consistently rethink their operations. Indian banks seem to be making significant progress in the realm of digital modernization. While global interest in blockchain may be waning, the industry is still progressing toward a future enabled by blockchain technology. However, the focus may now be shifting toward artificial intelligence (AI) and cloud computing, as these technologies are already bringing about substantial transformations in various aspects of banking.

While the field of banking technology in India is extensive, this set of perspectives focuses on AI and FinTech (financial technology) on both a global and Indian scale. Traditional banks are striving to adopt digital practices, but emerging digital banks and FinTech companies are revolutionizing the industry. The advent of new digital technologies such as AI, robotic process automation, big data analytics, machine learning, chatbots, open banking, the Internet of Things, and blockchain has shifted technology from merely facilitating business operations to actively driving them forward.

Millennials, also known as Generation Y, are people born between 1981 and 1996. This generation succeeds Generation X and precedes Generation Z. Millennials experienced significant technological and societal changes, including the rise of the internet, social media, and mobile technology. They are often associated with traits such as a strong affinity for technology, a desire for work-life balance, and a focus on social and environmental issues.

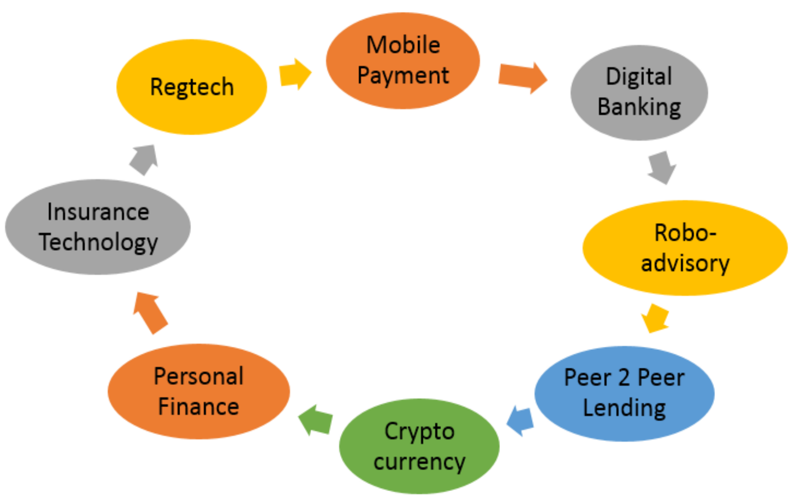
"iGen," also known as Generation Z or Post-Millennials, refers to individuals born between 1997 and 2010. The "i" in iGen is thought to represent the influence of technology, especially the prevalence of the internet and digital devices, in shaping the experiences and behaviors of this generation. People of the iGen grew up in a world where smartphones, social media, and instant access to information were the norm from an early age. They are often characterized by their digital fluency, diverse perspectives, and a sense of global interconnectedness.



Source: https://www.hellalife.com/blog/people/generation-names/
Fig. 1 Generation names by birth year

II. SERVICES OFFERED UNDER FINTECH

There are many distinct types of FinTech services available currently, some of which are offered by traditional banks and financial institutions, while others are provided by new, digital-only players. The following FinTech Segment Cycle (FTSC) shows the number of services offered by FinTech industries.



Source: Primary
Fig. 2 Fintech Segment Cycle (FTSC)

III. LITERATURE REVIEW

Chaklader, B., *et al.,* (2023). This research provides an overview of the growth of financial technology (FinTech) companies and their integration with advanced technologies such as artificial intelligence, machine learning, and blockchain to drive innovation and entrepreneurship. Using the Scopus database, we analyzed publications in English from 2014 to 2022, reviewing a total of 302 studies. Qualitative data analysis identified key journals, countries, and authors contributing to FinTech research, highlighting trends and emerging areas for exploration. The study offers a comprehensive understanding of the evolution and current status of FinTech, presenting valuable insights into its development and paving the way for future research opportunities.

Muthulakshmi, V., & Jaisun, M. (2023) studied that personal financial planning has become increasingly important in today’s world, making it essential to understand how to manage finances effectively. Everyone makes financial decisions that impact their lives and those around them. While some individuals rely on financial planners to achieve their financial goals, others show limited interest in seeking professional advice. This study examines investors' awareness of financial planners, their perceptions of the profession, and the qualities they expect in a financial planner. Additionally, it explores the factors influencing investors' interest and willingness to use financial planning services. The findings revealed that individuals value financial planners who are competent, knowledgeable, and well-trained. Moreover, the study highlighted that those who seek professional advice are more likely to achieve their financial objectives compared to those who do not utilize the services of financial planners.

Nath, S. (2023) investigates the link between the debt-GDP ratio and twin deficits in Sri Lanka from 1971 to 2021, against the backdrop of the current economic crisis, using cointegration and error correction models. The findings reveal a long-term relationship among these variables. In the long run, fiscal deficits significantly increase the debt-GDP ratio, while in the short run, no such effect is observed. Conversely, current account deficits raise the debt-GDP ratio in the short term but have a notable negative impact in the long run. Similar patterns emerge when analyzing the debt-GDP ratio alongside fiscal and trade deficits. The study supports the perspective that persistently high fiscal deficits are a primary driver of the crisis. It recommends prioritizing domestic resource mobilization, such as improved taxation policies, over reliance on external debt to finance deficits, to ensure sustainable economic management.

The emergence of financial technology, or FinTech, has had a profound effect on the banking sector as well as the financial industry as a whole (Nguyen, 2022). Chen *et al.,* (2022) conducted a study that demonstrated the positive value of FinTech innovations for the financial sector. These developments have not only improved the efficiency of banking operations, but they also present opportunities for completely transforming financial services. One of the key areas of focus for FinTech is consumer experience, with the goal of transforming how consumers interact with banks. Samsonova and Kuzmina-Merlino (2022) highlighted the preference of Latvian society for traditional bank services over FinTech services, suggesting that there are barriers and limitations to adopting FinTech in certain regions. In addition, FinTech has the potential to reduce dependence on traditional banking systems and provide economical and high-value financial services (Lin *et al.,* 2020).

However, the rise of FinTech also raises concerns about the right to privacy, security of information, and protection of customers. The World Bank recognizes that FinTech creates both opportunities and challenges for consumers, financial institutions, and regulators. Overall, the literature on FinTech suggests that it has the capacity to change the banking industry and improve financial services (Nguyen, 2022). FinTech offers flexibility and convenience for users, allowing business transactions to take place anytime and anywhere.

Financial technology, also referred to as FinTech, is one of the most significant players in using technological applications to gain access to financial products in financial markets. Nguyen, (2022) examines the factors of financial awareness and its impact on the use of FinTech services using survey responses from a sample of 527 people in southern Vietnam, a rising economy. The findings show that women had lower levels of both actual and perceived financial expertise than men. Furthermore, men are more likely to use FinTech services than women. Younger individuals use FinTech more than older individuals. Unlike previous research in the financial industry, an interesting conclusion stresses that perceived financial expertise influences the adoption of FinTech services rather than actual financial understanding.

Sun, Y., Ying, L., & Zhang, J. (2022). Since its inception in 1838, FinTech has provided an important push to the financial industry. FinTech innovation has grown rapidly in recent years, having a global impact on several levels. This article investigates how FinTech innovation affects small and medium-sized firms. Using PEST analysis, the researchers examine the factors that promote the early growth of FinTech innovation. The study uses Alibaba as a case study to examine the influence on small and medium-sized companies, focusing on the pros and cons. The study concludes with an outlook on FinTech's future development. The solutions to the challenges caused by the rapid FinTech innovation of large corporations such as Alibaba are discussed. This study shows that FinTech supports small businesses.

Lin, W., *et al.,* (2020). The primary goal of this study is to develop a research methodology for investigating the important elements influencing customers' desire to use internet banking. This research is divided into two stages. First, the decision-making trial and evaluation laboratory (DEMATEL) and analytic network process (ANP) were utilized to investigate the important elements influencing organizations' online banking operations. Second, structural equation modeling (SEM) was used to investigate the major factors influencing customers' actual use of online banking. The findings revealed disparities in the characteristics that businesses and consumers adopted. According to the findings, businesses can alter their business strategy and increase consumer willingness to use online banking. Both businesses and consumers place a high value on trust.

Olumide, H. A., & Adeola, A. (2015). This study explored revenue sources in Osun State, focusing on the impact of revenue consultants on the state government's internally generated revenue (IGR) and examining its expenditure patterns. Data were collected primarily through interviews with four key financial officers, supplemented by secondary data from audited reports and financial statements for the years 1997 to 2006. Analytical tools such as percentages and pie charts were used to interpret the findings. The study identified IGR, statutory allocations, value-added tax (VAT), and capital receipts as the state's revenue sources, with statutory allocations being the most significant, accounting for 63.69%. IGR contributed 19.7%, VAT 8.07%, and capital receipts 8.48%. It also found that recurrent expenditure exceeded capital expenditure in a 7:3 ratio during the study period. The state recorded budget surpluses in seven years but deficits in 2003 and 2004. The study concluded that Osun State was heavily reliant on external funding sources to meet its recurrent and capital expenditure needs during the analyzed period.

Sreeram, L., & Bingimalla, V. K. (2013). The authors examine the effectiveness of partnerships between formal financial institutions, such as banks, and business correspondents - commercial entities or individuals whose primary focus is not financial services. The study investigates whether this model successfully addresses the financial needs of marginalized sections of society, particularly the poor in rural areas, in a cost-effective manner. The study highlights the example of Kazipet District in Andhra Pradesh, where banks have recently established extensive networks of business correspondents to extend their reach.

IV. OBJECTIVES OF STUDY

1. To analyze the factors influencing the intention to use FinTech services offered by banking sector.
2. To understand the level of awareness and familiarity among Millennials and iGen regarding FinTech services offered by the banking sector.
3. To assess the usability and satisfaction with existing FinTech services.

V. RESEARCH METHODOLOGY

This research project is both descriptive and analytical in nature. The sample participants' data were collected using a structured questionnaire procedure. Consumers of fintech services provided by the banking sector in Chennai are an unknown demographic. The convenient sampling method was utilized to obtain information from financial users in Chennai. The number of participants for the investigation has been set at 262.

To understand and analyze Millennials to iGen expectations and desire to use fintech services offered by financial institutions, an organized survey is created involving multiple inquiries focused on the goals of the study and involving questions pertaining to different possible factors, i.e. solving awareness, familiarity, perceived rewards, perceived dangers, and variables influencing the desire to use FinTech services.

In this study, the researcher looked into all secondary data collection options. Secondary data includes results from studies presented in contemporary publications, academic journals, multimedia websites, books, journals, and national and international publications.

Descriptive statistics with regards to demographic variables, ANOVA, which analyze the variance, were used to analyse the data. SPSS, or the Statistical Package for Social Sciences, was utilised to examine and evaluate the information.

VI. ANALYSIS AND INTERPRETATION

TABLE I REPRESENTS THE AGE OF RESPONDENTS

Age	Frequency	Percent	Valid Percent	Cumulative Percent
18 - 24	76	33.5	33.5	33.5
25 - 34	55	24.2	24.2	57.7
35 - 45	96	42.3	42.3	100.0
Total	227	100.0	100.0	

Source: Primary Data output from SPSS

Table I clearly shows that, out of 227 respondents, 42.3% belong to the age group of 35 to 45 years, 33.5% are in the 18 to 24 age group, and 24.2% are between 25 and 34 years old. The working population is higher in the 35 to 45 age group, so the majority of the respondents fall into this category.

TABLE II REPRESENTS THE GENDER OF RESPONDENTS

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	150	66.1	66.1	66.1
Female	77	33.9	33.9	100.0
Total	227	100.0	100.0	

Source: Primary Data output from SPSS

From Table II above, it is clear that, out of 227 respondents, 66.1% are male, and the remaining 33.9% are female. Although this contemporary generation shares equal responsibility in handling personal finance, the majority of respondents in this survey are male.

TABLE III EMPLOYMENT STATUS OF THE RESPONDENTS

Respondents	Frequency	Percent	Valid Percent	Cumulative Percent
Students	76	33.5	33.5	33.5
Private Sector	120	52.9	52.9	86.3
Public Sector	4	1.8	1.8	88.1
Self - employed	27	11.9	11.9	100.0
Total	227	100.0	100.0	

Source: Primary Data output from SPSS

From Table III above, it is evident that, out of 227 respondents, 52.9% work in the private sector, 33% are students (as iGen falls between 13 and 26 years of age), 11.9% are self-employed, and 1.8% work in the public sector. Therefore, the majority of respondents are employed in the private sector.

TABLE IV REPRESENTS THE EDUCATION QUALIFICATIONS OF RESPONDENTS

Education Qualifications	Frequency	Percent	Valid Percent	Cumulative Percent
School Level	2	0.9	0.9	0.9
Bachelor’s Degree	73	32.2	32.2	33.0
Master’s Degree	105	46.3	46.3	79.3
Doctorate / Professional Degree	47	20.7	20.7	100.0
Total	227	100.0	100.0	

Source: Primary Data output from SPSS

From Table IV above, regarding the educational qualifications of the respondents, out of 227 respondents, 46.3% hold a master’s degree, 32.2% hold a bachelor’s degree, 20.7% have a doctorate or professional degree, and 0.9% have educational qualifications at the school level. Therefore, the majority of respondents hold a master’s degree.

TABLE V REPRESENTS THE MONTHLY INCOME RESPONDENTS

Monthly Income	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 25,000	62	27.3	27.3	27.3
25,001 - 49,999	44	19.4	19.4	46.7
50,000 - 74,999	51	22.5	22.5	69.2
75,000 - 99,999	53	23.3	23.3	92.5
100,000 - 149,999	17	7.5	7.5	100
Total	227	100.0	100.0	

Source: Primary Data output from SPSS

From Table V, it is evident that out of 227 respondents, 27% have a monthly income below 25,000, 23.3% have a monthly income between 75,000 and 99,999, 22.5% have an income between 50,000 and 74,999, 19.4% have an income between 25,001 and 49,000, and 7.5% have an income between 100,000 and 149,999. The majority of respondents have an income below 25,000.

A. Hypothesis I

Null Hypothesis (H_0): There is no significant variation across age groups regarding the intention to use FinTech services offered by the banking sector.

TABLE V ANOVA FOR SIGNIFICANT DIFFERENCE AMONG AGE GROUP WITH RESPECT TO THE INTENTION TO USE FIN TECH SERVICES

Intention to Use	SS	df	MS	F	Sig.
CON	136.572	2	68.286	33.742	0.000*
	449.268	222	2.024		
	585.840	224			
CE	190.923	2	95.462	57.598	0.000*
	367.939	222	1.657		
	558.862	224			
S&P	74.172	2	37.086	13.184	0.000*
	624.468	222	2.813		
	698.640	224			
AIF	140.161	2	70.080	39.348	0.000*
	395.395	222	1.781		
	535.556	224			
UE	143.635	2	71.817	38.768	0.000*
	411.254	222	1.852		
	554.889	224			

Source: Primary Data output from SPSS
Note: * signifies significant at the 5% level of significance

Since the p-value is below 0.05, the null hypothesis is rejected at the 5% level of significance. Hence, there is a significant relationship between age and the intention to use FinTech services offered by banking institutions. Intentions such as convenience, cost-effectiveness, security and privacy, access to innovative features, and user experience show significant differences when compared across age groups.

B. Hypothesis II

Null Hypothesis (H_0): There is no significant change in income and customer expectations from FinTech service providers.

TABLE VI ANOVA FOR SIGNIFICANT DIFFERENCE AMONG INCOME AND CUSTOMERS EXPECTATION FROM FINTECH SERVICE PROVIDERS

Customers Expectation	SS	Df	MS	F	Sig.
EU	129.648	4	32.412	15.704	0.000*
	454.067	220	2.064		
	583.716	224			
CS	114.011	4	28.503	14.138	0.000*
	443.544	220	2.016		
	557.556	224			
SPD	143.290	4	35.823	16.429	0.000*
	479.705	220	2.180		
	622.996	224			
INN	126.096	4	31.524	16.698	0.000*
	415.344	220	1.888		
	541.440	224			
PV	97.116	4	24.279	12.696	0.000*
	420.724	220	1.912		
	517.840	224			
AFP	114.110	4	28.527	13.681	0.000*
	458.753	220	2.085		
	572.862	224			

Source: Primary Data output from SPSS
Note: * denotes significant at 5% level of significance

Since the p-value is below 0.05, the null hypothesis is rejected at the 5% level of significance. Hence, there is a significant relationship between income and customer expectations from FinTech service providers. Users have high expectations for services such as ease of use, customer support, speed, innovation, perceived value, and assurance from the service provider. They are also satisfied with the existing services.

VII. FINDINGS, RECOMMENDATION AND CONCLUSION

Millennials and iGen, particularly those employed in the private sector, are active users of FinTech services. Respondents with higher educational qualifications, especially those with master's degrees, are prevalent among FinTech users. The study highlights income disparities, with a significant number of users falling into the lower-income category. The age dynamics suggest a broad user base, with substantial representation from both Millennials and iGen. Users have varying expectations based on income levels, emphasizing the need for tailored services to meet diverse preferences.

Financial institutions should tailor FinTech services to accommodate the diverse expectations and preferences of different age groups and income brackets. FinTech service providers should prioritize customer support, speed, innovation, and perceived value to meet users' expectations. Strategies to include users from lower-income categories should be a focal point to ensure broader financial inclusion through FinTech. Educational initiatives targeting FinTech awareness and its benefits should be designed, especially for those with lower educational qualifications. Policymakers should consider the findings while formulating regulations and frameworks to promote an inclusive and innovative FinTech landscape.

FinTech is constantly expanding, with better and more efficient financial solutions now available for integration into a wide range of financial industries. FinTech is increasingly being used by startups and enterprises to reach and serve a larger number of people. In this study, the findings underscore the dynamic nature of FinTech adoption among Millennials and iGen, emphasizing the importance of tailored services and strategies for financial institutions and FinTech providers. The study contributes valuable insights for both academic researchers and industry stakeholders aiming to navigate the evolving landscape of digital banking and FinTech services.

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