

A Study on the Impact of Mobile Banking Services Among Gen Z: Saving Habits and Financial Decision Making in Chennai City

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Abstract:

The rapid usage of financial services has significantly transformed individuals into banking services, particularly among the young generations like Gen-Z. This study investigates the impact of mobile banking services on saving habits and financial decision-making in the Gen-Z category in specific Chennai cities. Gen Z are the people who were born between 1997 and 2012. Those people's age category will be from 12-27 age. The age category people are growing in the world is dominated by technology and the internet. These age category people have a more accessible usage of smartphones, social media, and other digital platform aids from a young age. This study aims to understand the savings behaviour and expenditure pattern of the respondents. This survey was carried out by sending the Google form links; the response was collected from 112. The respondents were from different categories, starting from students, private employees, govt employees and self-employed persons too with minimum educational qualification of HSE (higher secondary education to PhD). The results and outcomes of the study of the study will be further discussed in the full paper, and the statistical tool used for this research is SPSS (statistical package for social sciences).

Keywords: mobile banking, Gen-Z, savings pattern, Expenditure behaviour.

Introduction:

The immense growth in the technology has made a huge impact in the banking industry. Starting from the paper to digitalisation now in the banking has come into the new form of banking through mobile. Banking services through mobile has a huge impact towards the both younger and elder generation. The study has based upon the savings and expenditure behaviour of the gen Z age category people.

The study focuses on respondents Gen Z, who are the current face of technology and have been fond of using new technology from an early age. The introduction of 4G free service has had a greater impact on this generation, who also had a greater opportunity to use the internet services through mobile phones. Later, the usage of smartphones and internet is followed by the usage for making financial transactions through mobile phones itself. They have the greatest number of exposures to e-commerce sites, which makes them automatically spend more on banking sites. However, when compared with the financial exposure of knowledge, the respondent's age category has a better opportunity to save their penny to a large amount of funds. Then, the next part aims at the main topic of mobile banking after the digital India movement has made a significant flow of cash into online banking systems. In the past years, banking

transactions have been done only in physical mode and paper format, which causes a lot of paper and human resource work. The introduction of UPI apps has made a revolutionary impact on digital mobile banking.

The introduction of cashback and scratch card offers has increased the involvement and interest towards mobile banking. The impact of mobile banking has been working positively to increase the financial literacy among the users. The people in India are well known for their traditional saving behaviours, starting from the physical banking methods, the banks and other saving institutions have provided the knowledge of savings schemes, gold bonds and other investment schemes etc., the change in banking from physical to digital has a lack of the savings knowledge to their customers. This impacted the lack of savings habits in the current Gen Z.

Features of mobile banking

1. 24x7 Access to Your Bank Account:

The prominent advantage of using mobile banking is it allows the customer to access their bank accounts from anywhere, anytime. Whether the user is in the office, college, or on vacation in a remote corner of the world, all they need is a stable internet connection to view their account balances and check their previous transactions and other bank-related transactions.

2. Instant Money Transfer Facilities

Transferring funds through mobile banking apps is much easier than the electronic fund transfer like NEFT or IMPS. The user can send money from one bank to another bank account in India and also overseas with only a few taps of buttons.

3. Timely Payments of Bills & Loan EMIs

A prominent usage of mobile banking is that customer can make all sorts of payments through their mobile banking apps. For instance, customers can set up billers to pay all types of utility bills. Also, re-paying Emi's credit card and debit card dues.

4. Multi-stage Security Features

Mobile banking apps are geared to ensure their customer's details are stored securely. Banks provide multi-stage security features such as login passcodes and biometric faculties to encrypt their data and safeguard important banking information. Each transaction requires OTPs, and they will also send SMS about their transactions and receive payments.

Objectives of the study:

- To examine their usage of mobile banking apps.
- To examine the level of financial literacy among Generation Z and analyse how it influences their financial behaviour, including saving, spending, and investing habits.

Need For the Study:

- This study focuses on the savings and expenditure behaviour of the Gen Z people. Gen Z from the age category of 12-27.
- The study focuses on the involvement of the current generation in recent technologies and the development of the banking industry.
- The banks are updating themselves in the evolution of technology, and it is also an important factor to know the savings and expenditure patterns of their customers.

Research Methodology:

The sample contains 112 respondents from Chennai city. Questionnaires were structured in Google Forms and circulated through links via WhatsApp; the questionnaire is integrated with various types of questions types like multiple choice questions, open-ended questions and rating scales. This research method is called a qualitative type of research because the research focuses on the behaviour of the respondents.

Statistical tools used:

The statistical tool used in this study is SPSS (statistical packages for social sciences) version 30. The statistical methods used in the hypothesis are ANOVA and chi-square.

Research hypothesis:

1. To test whether age and spending behaviour have a significant relationship.
2. To test the annual income of the respondents and savings behaviour has a significant relationship between them.

Review of literature:

The members of this generation entered the world with smartphones and easy access to the internet. They offer the best preview of future trends and technology usage in almost every area, including banking (Neetika Sharma,2023).

Generation Z exhibited the highest risk tolerance, followed by Generation Y and Generation X, indicating a propensity for riskier investment options among younger generations. (Rohit Mammen Thomas, Sujith Nair, mukalel John's benny, Dr Shareil Michael Almeida).

The researcher recommended that the bank should give more time and effort to activate and develop mobile banking services to do many different banking transactions to reach a customer's E-satisfaction. (Heba Khalil Asfour & Shafiq I. Haddad,2014).

This research finding shows that performance expectancy, effort expectancy, and trust significantly impact attitudes towards using digital banking. Moreover, social influence and habit significantly influence behaviour intention. However, performance expectancy, effort expectancy, facilitating condition, and price value have insignificant influence on behaviour intention. Thus, behaviour intention is found to have a significant effect on the use behaviour of digital banking in Gen Z. (Yohannes Kurniawan, Sherlly Monica Dumais, Norizan Anwar,2023)

Data analysis and interpretation:**Table 1 Demographic profile of the respondents:**

DEMOGRAPHIC VARIABLE	DESCRIPTION	FREQUENCY	%
	16-20	42	37.50
AGE	21-24	50	44.64
	24-27	20	17.86
	TOTAL	112	100.0
GENDER	MALE	42	62.5
	FEMALE	70	37.5
	TOTAL	112	100

	12TH	10	8.9
	UG	66	58.9
EDUCATIONAL LEVEL	PG	32	28.6
	Ph.D.	4	3.6
	TOTAL	112	100
OCCUPATION	PRIVATE EMPLOYEE	68	61
	SELF EMPLOYED	2	2
	STUDENT	42	38
	TOTAL	112	100
ANNUAL INCOME	BELOW 1 LAKH	34	30.4
	1-2 LAKH	18	16.1
	2-5 LAKH	4	3.6
	ABOVE 5 LAKH	34	30.4
	TOTAL	112	100

Source: primary data

Interpretation:

The above table shows the frequency of the respondents, and the table represents the wider spread of respondents from the category of people. On a note, the usage of Google Forms for collecting the responses from the targeted audience has made the research work more comfortable. Coming back to the demographic profile of the respondents, the highest no of respondents belongs to the age category of 16-24 only, which is around 92 of respondents. In a dissected part, 16-20 are 42, and 21-24 are 50. This shows that in the early 20’s, people have shown more interest towards the study.

Followed by the gender when it comes to budgeting part, women have a significant role and decision-making authority in the family this study has a major focus on the women only because out of 112 respondents, 70 are female. This is expected in the further test to be from the point of view of Gen Z women. Also, 42 of the respondents were male.

On moving to the next part with the educational qualification from the respondent’s 12th completed respondents were around 8.9%, which is 10 numbers, and followed by the next the persons UG completed were 66 number of persons here and followed by post-graduation were 32 and Ph.D. were four people. This shows the diverse number of respondents taken for this research. The occupation and annual income of the respondents play a vital role of the individuals in the financial part of their lives. The above table clearly shows that the role of private sector employees has a major part and the self-employed part has two persons. The reason for adding the student as a criterion is to show that none of the respondents is still pursuing their college degree. It has to be taken into note as mentioned as a student category.

Table 2: Respondents saying whether they are using any mobile banking services

Are you currently using mobile banking application services?			
		Frequency	Percentage
Valid	YES	86	76.8
	NO	26	23.2
	Total	112	100.0

Source: primary data

Interpretation:

The table shows the respondents saying that whether they are using any kind of mobile banking applications for their usage. The highest frequency showing that the 86 number of respondents are using the services and followed by this the study moves on with the 86 number of respondents, because the further questions cannot be answered by the balance 26 respondents.

Hypothesis 1

To test that age and spending behaviour have a significant relationship among them.

Table 3:

ANOVA					
I FEEL MOBILE BANKING APPS MAKING ME SPEND MORE					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.334	2	.167	.093	.911
Within Groups	149.062	83	1.796		
Total	149.395	85			

Source: primary data

Interpretation:

The p-value shoes 0.911 which is greater than 0.05 it shows it fails to reject the null hypothesis. this shows that there is no significant relationship between among the individuals spend more across the different age groups.

Hypothesis 2

To test whether the annual income and savings pattern have a significant relationship between them.

Table 4

Chi-Square Tests			
	Value	d.f	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.270 ^a	6	.027
Likelihood Ratio	16.293	6	.012
Linear-by-Linear Association	8.421	1	.004
N of Valid Cases	86		

Source: Primary Data

Interpretation:

The table provides information on how mobile banking services influence savings behaviours across various income groups, alongside the Chi-Square test for statistical significance, which indicates a significant relationship between the two. The chi-square test shows a significant relationship between annual income and savings influence through mobile banking. The Pearson Chi-Square value of 14.270 and a p-value of 0.027 show the statistical significance at a 5% level, meaning the null hypothesis was rejected. This is corroborated by the likelihood ratio (16.293, $p = 0.012$) and the linear-by-linear association (8.421, $p = 0.004$), which further confirm the trend. However, 41.7% of the cells (response) have an expected count of less than 5, suggesting caution in generalising these results.

Findings and suggestions:

- The study has shown that most respondents prefer the UPI apps like Google Pay, Phone-pe and Paytm which is around 79.1% and balance with the 20.9% prefer bank-specific apps.
- The wide widespread adoption of these services shows that 86.1% of people use them frequently with petty transactions and also with many more transactions, and 27.9 % with the least people still using cash transactions for daily usage.
- Among the respondents, 51.2% are not saving their money through mobile banking services, while the balance, 48.8% of respondents show significant interest in the adoption of savings through mobile banking apps.
- The various savings options like fixed deposits, recurring deposits, and gold-based services are easily accessible in the mobile banking apps also, as well as fixed and recurring deposit schemes 27.8% of respondents. Gold-based monthly savings are shown by 11.1% of respondents, and the digital piggy bank also shows around 5.6% of the respondents this indicates the diverse preference for mobile banking applications for savings.
- Then the automated savings plan, some of the mobile banking apps have specific automated savings plan apart from the regular recurring deposit schemes. The savings impact among the 76.7% of respondents are likely to be not using any kind of the automated saving plans. And notable amount of 23.3% of respondents says they are significantly using the features provided by them.
- The low adoption rate of savings shows that the banking companies are not showing the significant importance for providing the marketing their saving schemes and also with the respondents are not showing the interest towards the savings.
- The study finds the most helpful feature in mobile banking apps is expense tracking and account statement of their bank transactions. It indicates the financial management of the respondents, followed by credit score monitoring with 27.9% of the respondents.
- The study has done in a short span so the collection of primary data can be sent to wider format of different peoples.

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