

Factors Influencing Consumer Adoption of Digital Banking Apps in the UK

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Abstract : Financial Technology (fintech) advancement is recognised as one of the most transformational innovations in the financial industry. Fintech has given rise to internet-only digital banking, a novel financial technology advancement, and innovation that allows banking services through internet applications with no need for physical branches. This technology is becoming a new banking normal among consumers for its ubiquitous and real-time access advantages. There is evident switching and migration from traditional banking towards these fintech facilities, which could possibly pose a systemic risk if not properly understood and monitored. Fintech advancement has also brought about the emergence and escalation of financial technology consumption themes such as trust, security, perceived risk, and sustainability within the banking industry, themes scarcely covered in existing theoretic literature. To that end, the objective of this research is to investigate factors that determine fintech adoption and propose an integrated adoption model. This study aims to establish what the significant drivers of adoption are and develop a conceptual model that integrates technological, behavioral, and environmental constructs by extending the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2). It proposes integrating constructs that influence financial consumption themes such as trust, perceived risk, security, financial incentives, micro-investing opportunities, and environmental consciousness to determine the impact of these factors on the adoption and intention to use digital banking apps. The main advantage of this conceptual model is the consolidation of a greater number of predictor variables that can provide a fuller explanation of the consumer's adoption of digital banking Apps. Moderating variables of age, gender, and income are incorporated. To the best of author's knowledge, this study is the first that extends the UTAUT2 model with this combination of constructs to investigate user's intention to adopt internet-only digital banking apps in the UK context. By investigating factors that are not included in the existing theories but are highly pertinent to the adoption of internet-only banking services, this research adds to existing knowledge and extends the generalisability of the UTAUT2 in a financial services adoption context. This is something that fills a gap in knowledge, as highlighted to needing further research on UTAUT2 after reviewing the theory in 2016 from its original version of 2003. To achieve the objectives of this study, this research assumes a quantitative research approach to empirically test the hypotheses derived from existing literature and pilot studies to give statistical support to generalise the research findings for further possible applications in theory and practice. This research is explanatory or casual in nature and uses cross-section primary data collected through a survey method. Convenient and purposive sampling using structured self-administered online questionnaires is used for data collection. The proposed model is tested using Structural Equation Modelling (SEM), and the analysis of primary data collected through an online survey is processed using Smart PLS software with a sample size of 386 digital bank users. The results are expected to establish if there are significant relationships between the dependent and independent variables and establish what the most influencing factors are.

Keywords : banking applications, digital banking, financial technology, technology adoption, UTAUT2

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