



# Factors Influencing Mobile Banking Adoption by Gen Z Generation

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**Abstract:** This study aims to identify the factors influencing the adoption of mobile banking among Generation Z, known as digital natives with a lifestyle highly integrated with technology. Using a qualitative approach, The findings reveal several key factors affecting mobile banking adoption: ease of use, security and privacy, social influence, value-added services, technological accessibility, cost and efficiency, and alignment with digital lifestyles. Generation Z tends to prefer applications with simple interfaces, reliable security features, promotional incentives, and services tailored to their needs. Additionally, peer influence and recommendations from online communities play a significant role in their decision-making process. This study provides valuable insights for financial service providers to develop more effective strategies for increasing mobile banking adoption among this generation.

**Keywords:** Generation Z, Mobile Banking, Ease of Use, Security, Social Influence, Digital Lifestyle, Technology Adoption

## Introduction

The rapid development of information technology in the current digital era, marked by the ease of widespread internet access has encouraged the adoption rate of internet use in Indonesia to continue to increase every year, as can be seen from the results of survey data conducted by the Indonesian Internet Network Provider Association (APJII) which shows that in the period 2022 - 2023 internet users in Indonesia reached 215.63 million people or equivalent to 78.19% of the total population of Indonesia of 278.69 million people actively using the internet and smartphones. The number of users increased by around 2.67% compared to the previous period in 2021 of 210.03 million (APJII, 2023). With this number of users, it shows that the Indonesian people are very enthusiastic about the ease of internet use offered in the current digital era. Mobile banking has become an important part of digital banking services, especially among the younger generation. Generation Z, born between 1997-2012, is a generation that is familiar with technology and has unique preferences in using digital services, including mobile banking. Although Generation Z is generally familiar with technology, not all of them adopt mobile banking. This study aims to identify the factors that influence their decisions. Current technological advances require companies to innovate and adapt to customer needs who want

everything to be practical, easy and fast. Digitalization has made the banking sector in Indonesia grow, digital penetration in the midst of the Covid-19 pandemic in Indonesia in the banking sector has experienced rapid growth to reach 53.7% in 2020, which previously in 2010 was only 10.9% (1). Previously, the rise of digital banks had the term internet banking provided by traditional banks. The fundamental difference from digital banks is that all services are carried out online.

## Methodology

The approach used in this study is a descriptive qualitative approach. (Sugiyono, 2016) states that the qualitative research method is a method based on the philosophy of postpositivism, the qualitative research method is used for research that focuses on the natural conditions of objects. Qualitative research has now found a place in scientific studies in the faculty of economics and business. There have been many final assignments by students in the form of theses, theses and dissertations that use qualitative research methods (Firmansyah et al., 2021) . This qualitative approach allows for an in-depth understanding of the factors that influence the adoption of *mobile banking* by Generation Z through previous studies on related titles. The journal references used in this study consist of several journals that discuss *mobile banking* , generation Z, and things that make generation Z interested in using *mobile banking* in everyday life. With a descriptive qualitative method, it means that researchers will describe the factors that influence the adoption of *mobile banking* by generation Z.

## Result and Discussion

Mobile Banking Profile Banking continues to innovate to make it easier for people to make transactions. One of them is the provision of services in the form of mobile banking. Mobile banking is available on various mobile devices such as smartphones and tablets. Various service functions provided by mobile banking include checking balances, interbank transfers, digital payment top-ups, bill payments, etc. However, the services offered by each bank have their own advantages and disadvantages. Gen Z highly values simple and intuitive app interfaces. From interviews, many respondents mentioned that they tend to choose apps that do not require many steps to complete a transaction. Security is a major concern, especially related to personal data and the risk of losing money. Respondents revealed that trust in mobile banking apps is greatly influenced by the reputation of the bank or service provider. Gen Z is often influenced by peers, family, or influencers on social media in deciding to try mobile banking. Many respondents admitted to starting to use a particular app because of recommendations from others. Additional features such as cashback, promos, and easy bill payment are the main attractions. Respondents often choose apps that offer more benefits than just functionality. Technology Technical factors such as internet network stability and app compatibility with various types of smartphones are also important discussions. Gen Z who live in areas with less stable internet connections may find it difficult to access mobile banking. Affordability of service fees such as interbank transfers or e-wallet usage is an important factor.

Respondents tend to choose apps that are transparent in terms of fees. As digital natives, Gen Z is familiar with technology and wants services that are in line with their fast and efficient lifestyle. The results of the discussion show that Gen Z's adoption of mobile banking is driven by a combination of technological, psychological, social, and economic factors. They tend to choose applications that:

1. Easy to use,
2. Has reliable security features,
3. Providing added value such as cashback and promotions,
4. Supporting their digital lifestyle.

## Conclusion

From the discussion that has been outlined, the researcher suggests to readers that in adopting mobile banking for the Gen Z generation, design an intuitive and simple interface, so that users can complete transactions in just a few steps. Use interactive guides (tutorials) when users first download the app to help them understand important features. Ensure the search feature is easily accessible to facilitate navigation. Increase app security with features such as biometric authentication (fingerprint, facial recognition) and multiple layers of verification such as OTP (One-Time Password). Educate Gen Z users on steps to protect personal data through social media and apps. Be transparent about privacy policies and data storage to give users more trust. Promote mobile banking as a daily necessity by aligning app functions into routine activities, such as online shopping or paying for streaming subscriptions. Create campaigns that highlight the ease and flexibility of the app in supporting modern life. Collaborate with other popular platforms, such as marketplaces or social media, to increase exposure and integration.

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