

Banking Awareness Among Youngsters

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ABSTRACT

Key Words:
Millennials,
Generation Z,
General Banking,
Digital Banking

Youth of the any country are the most important and dynamic segment of the population. It is believed that in developing countries with large younger population has seen tremendous growth from economical perspective. In the global context one can always substantiate and state that the edifice of a country vests on the younger crowd as they are the future innovators, creators, builders and leaders. Keeping the growing youth population in mind and ever-increasing competition, it is essential to target the upcoming generation In order to achieve this, their level of awareness towards banking has to be assessed. This empirically backed research paper tries to evaluate the current knowledge of youngsters about new trends in the banking sectors. The paper dwells into the modus operandi of the banks response in providing services to the millennials and Generation Z. The primary investigation is based on survey and the sample was selected using simple random sampling method. In conclusion the research paper emphasised that majority of millennial customers are in favour of the digitalisation of banking products.

Introduction:-

India has the best demographic profile in terms of youth population. More than 50% are below the age of 25. It is expected that, by 2020, the average age of an Indian will be 29 years, compared to 37 for China and 48 for Japan. Millennials (born between 1980 - 1994) or Generation Z (born between 1995-2010) are a high-impact generation capable of shaping the national and global economy in new and important ways, and their economic influence is expected to increase over the next decade. Knowing what makes millanials and Gen Z ticks is important to marketers, strategists and developers looking for these younger consumers and developing a range of products and services they want to adopt.

Millennials or Generation Z, are the target audience that banks have been striving to attract

for years. Technologically savvy and highly educated, they bring a new mindset and customer behaviour for banks to grapple with. When it comes to millennials, who place usability and a reliable user experience well above brand loyalty, it can be devastating to offer poor customer experience. Although their parents may have been willing to endure their bank's inconvenience, Millennials are quick to look for alternatives.

In relevance to banking industry, the Indian banking sector has seen unprecedented growth along with remarkable improvement in its quality of assets and efficiency since economic liberalisation began in the early 1990s. From providing plain vanilla banking services, banks have gradually transformed themselves into universal banks, banking and social banking have made "anytime anywhere banking" the norm now.

"The future belongs to those who prepare for it today," goes a famous quote. As today's youth's incomes rise, they'll become the major customers for banks in emerging markets. But what they want is often very different from what's on offer. Millennials appreciate convenience and versatility and demand a digital solution for all – and they are already unhappy with traditional banking services. The changes in the banking landscape will require banks to also adapt to their new environment. Banks of the future will have to be nimble and lean organisations with technology integrated to support a sustainable and scalable business. In order to remain attractive to this new generation of consumers, banks must take notice of and adjust to the change in consumer preferences and aspirations that Millennials or Gen-Z brings with them.

Review of Literature

1. Sujith T S, Dr. M Sumathy & Anisha T (2019) in their study, "Customer perception towards Mobile – wallet among youth" The study made an attempt to clarify the application and usage of mobile wallet money recommended by different banks and companies. The study concluded that m-wallets are familiar to the youth today and they use the m-wallets to make payments. The study also suggests the introduction of marketing and promotion initiatives to build awareness among non-users.

2. Sudhir Chandra Das (2016) this thesis expressed that financial literacy among youth dependent on seven control variables namely gender, study background, age, academic performance, per capita income, father's and mother's education, whereas source of income, attended financial course and mentoring does not have any influences on financial literacy. The study found that awareness of time value of money, net worth, inflation, and corporate tax is highly dependent on the education of parents,

while other variables of financial literacy display moderate to lower dependence.

3. M Ashoka and VinaY S (2017) in their research paper "Customer Acceptance of Millennial Generation Banking Services Challenges and Prospects" Assesses the customer's acceptance of digital banking services based on cost and utility factor, and indicates the support of millennial banking generation. This research paper attempts to evaluate the acceptance of new generation banking products among customer its relationship with that Age, Occupation and Educational Qualification. The study also indicates that banks move from the "product out" approach to the "customer in" approach.

4. Kim, K. T., Anderson, S. G., & Seay, M. C. (2019). The research paper explores the role of financial literacy among Millennials in the United States in various short- and long-term financial behaviours. The study findings show that Millennials have lower financial knowledge rates and higher perceived financial knowledge levels relative to all households. Consistent multivariate results find that financial knowledge is positively linked to positive short-term and long-term financial behaviour.

5. Brodmann, J., Rayfield, B., M, K. H., & Mai, A. T. (2018) The research emphasizes that each generation cohort embraces distinctive features and that financial institutions need to customize their offerings to meet the demand of that targeted generation – the Millennial. The study shows that most Millennials use laptops and online banking as well as smartphones and mobile banking, but prefer mobile banking to online banking because of high smartphone use. Research reveals that Millennials have lower rates of perceived financial awareness relative to Baby Boomers and Generation X. When perceived financial literacy grows, Millennials and other generations continue to invest in

complex financial items, including stocks and bonds.

6. Karanam, M., & R, S. (2019) The article examines the millennial generation investment trend (20-35 years) in order to know the relationship and the main influence surrounding their investment patterns. The analysis explains that the millennial generation's investment behaviour varies based on the age and the level of income. The options of investment preferred by the working professionals are high for equity, Fixed deposits, real estate, retirement and mutual funds. The study states that occupation is a major influencer with respect to risk-return perspective and the investment choice. Income is the base on which investment options are suggested as well as decided.

7. Nga, J.K.H., Yong, L.H.L. and Sellappan, R.D. (2010) The research was conducted in response to growing trends in credit card bankruptcies in Malaysia in 2006-07 and a 103 percent rise in study loan defaults in the same time. Hence the study was made to investigate the level of general financial and product awareness among young adults. This study revealed that level of education is the major influencer among youths. The paper intended to help educators, regulators and financial institutions develop financial planning courses to help young people achieve greater financial independence and be better prepared for retirement in the particular areas where knowledge of financial products might be lacking.

8. Jain, R. (2018) In this research paper, the researcher emphasizes the importance of Millennial and Generation Z, the new booming consumer segments that are attracting the businesses. The study reveals that millennials and Gen Z are most well informed cohort groups. So the traditional way of approaching the customer like banner and TV ads are outdated for the tech

savvy and marketing smart millennials. Therefore to reach this group the marketer need to have online presence. Also the quality and service are the paramount importance to millennials when they choose a product or service.

Background to the Study

Statement of the Problem

The problem statement of this survey is to examine the awareness of the millennials and Generation Z in the context of their banking interests. The survey examines what is their current overall knowledge of basic banking along with various factors such as their behavioural pattern, usage pattern, satisfaction level regarding banking needs.

For this purpose, the survey questionnaire in Banking Awareness is subdivided into various sections as mentioned below:

1. General Banking Awareness
2. Digital Banking Awareness
3. Loan Awareness
4. Security / Fraud Awareness

Objectives

- To analyse the millienials and Generation Z awareness about various banking products and services
- To find out how to develop banking urge and habit from the nascent age
- To identify the role of bank in imparting banking knowledge to the millennials and Gen Z
- To propose the strategies that the bank should consider for attracting Millennial and Gen Z customers

Scope of the Study

The survey report highlights the current banking knowledge among youngsters aged between 15-29 years. The survey is done through 2 modes: Online and Offline. For offline survey, all respondents are from Mangalore and for online

survey, respondent's base covered various parts of India.

As the survey is part of academic curriculum, so there is constraint in both time and count of surveyors. The Survey is conducted from to, so any changes in observations/opinions beyond that are not accounted.

Methodology

Data Collection and Sampling

Primary data is collected using structured questionnaire. The questionnaire is validated for its relevance. Before conducting the actual survey, a test survey was conducted.

Total responses received are 103. Out of which 45 were done through offline mode and 57 were through online using Google Form. For offline survey, contacted around 60+ youngsters, of which 45 responded.

The questionnaire is divided into 3 parts: Profile, section A and section B.

- Profile Section consists of basic details of the respondents such as name, age, gender etc.
- Section A consists of a list of 30 questions to know and assess their current awareness along with the frequency of usage of general banking, digital, loan and security/fraud.
- Section B consists of a list of 9 questions to know the usage pattern for various banking products/services.

Data Analysis

Simple statistical techniques were used to tabulate the results of this study through google form. The primary data were analysed using a percent of response.

Cluster analysis technique was used to analyse the survey. The whole questionnaire was made into 4 clusters, by grouping similar types of questions in a single cluster. Now as per the clusters devised, the analysis was done to arrive

at proper confined results from the survey.

Limitations

Despite best of efforts to minimise all limitations that might creep in course of the survey, there were certain constraints within which the survey was completed. These are discussed below –

Offline Survey

- Due to geographical constraints for conducting the survey, the data analysed and concluded is/may not be applicable throughout India and is applicable to only specific region. In this case, confined to 'Mangalore'.
- Respondents tend to pick answers based totally on placement of option rather than understanding. This tendency threatens the quality and reliability of the data obtained.
- One of the biggest problems with normal surveys is the time needed to collect the information. It requires a major period to interview individuals.

1.1.1. Online Survey

- A lack of physical presence of surveyor to clarify the doubts of the respondents can possibly lead to less reliable data.
- Unless an identification verification tool is used, it is impossible to know if the surveyees providing answers is the right person (i.e. it could be a family member, friend or beyond the age criteria) or if one person is submitting multiple responses.

All attempts are made to collect the data genuinely and with full integrity.

Data Analysis and Findings

Profile Analysis:

Age: Target Group: 15-29 years. Around 40% of the total respondents belonged to the age group of 20.

Gender: Out of the total respondents, around 62% of them are male and 38% are female.

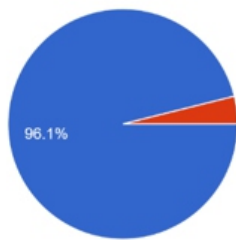
Current Status: Out of the total respondents, 67% are pursuing Graduation, 24% are in

Intermediate and rest are either pursuing PG or are Employed.

Banking Awareness Analysis:

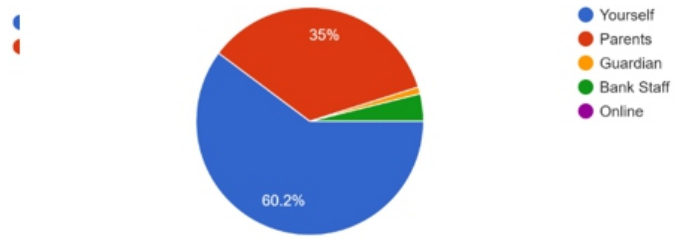
Did you ever visit a Bank?

103 responses



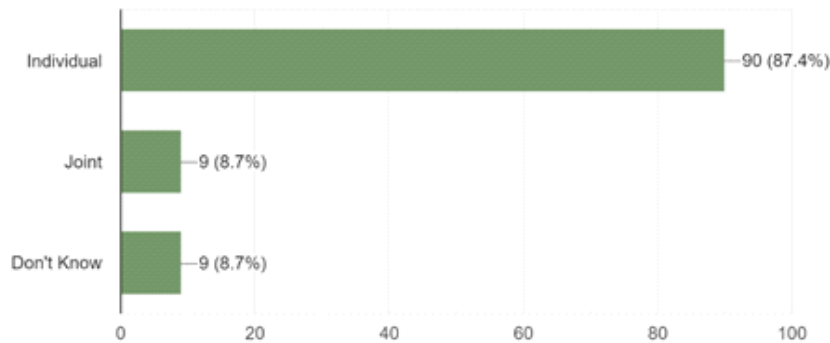
Who Filled your Account opening Form

103 responses



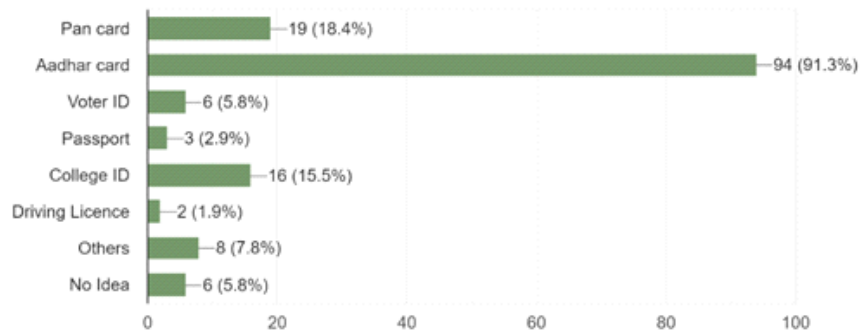
What Type of Bank Account (Can Select Multiple Options)

103 responses



Which of following documents you have submitted while opening Bank Account? (Can Select Multiple Options)

103 responses



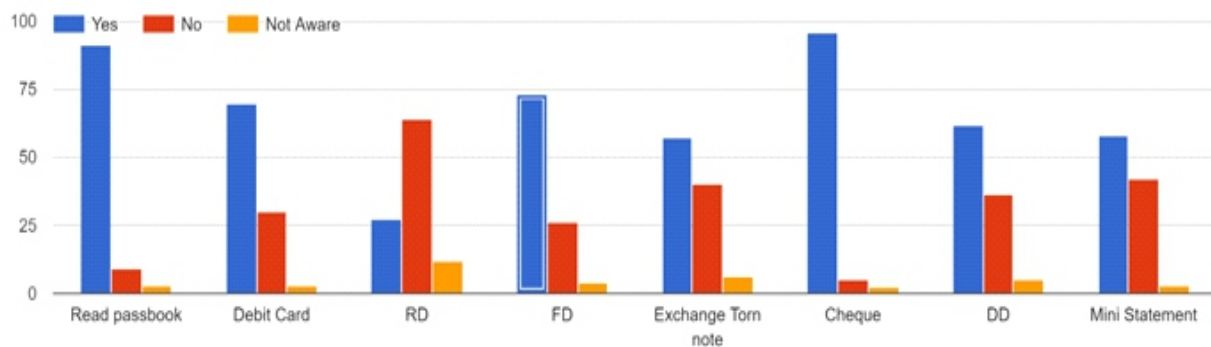
As per the data collected through Survey, following interpretations can be derived:

- a. Out of the total respondents around 96% are visiting bank either alone or with their parents. So, It reflects that the millennial generation are already into banking nuances.
- b. 60% of the respondents are able to fill their own account opening form and out of the total respondents around 9% of the respondents are not aware what type of bank account they are having, whether

Individual or Joint.

- c. Aadhaar as the KYC document is very common among all the respondents, which clearly show widespread acceptance and issuance of the Aadhaar card. But still around 6% of the respondents are not aware what kind of document they submitted while opening the form.
- d. Even college ID (as relaxed KYC) is also widespread, which accounts for around 16% of the total respondents.

General Banking Awareness

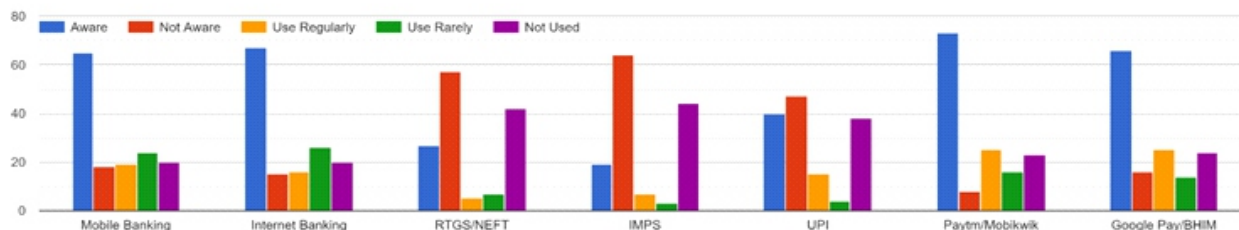


As per the above graph:

- a. Most of the youngsters are aware of the cheques.
- b. Many of the respondents are not aware about the Exchange Note Policy of Banks.
- c. Respondents are much more aware about FD as compared the RD, which signifies FDs are more popular among the respondents. RD being the easy-to-use service, still awareness for that is less.
- d. Majority of the respondents know about Passbook and they can even read basic detail like amount balance in the account easily.

- e. Being of young age, some being minor and some having account with their parents, almost all respondents are aware about Debit Card but usage of the same is less.
- f. Almost all respondents are aware about DD, around 35% of the respondents have never availed any DD facility. This is quite acceptable as for College/School nowadays they are accepting NEFT/RTGS instead of DD. So, DD culture is reducing and so its usage.
- g. Approximately 50% know about Mini Statement, from where to get and its purpose.

2.1. Digital Awareness



As per the above graph

- Among all the awareness, digital section is highly penetrated.
- Respondents are very much aware about Mobile Banking, Internet Banking, e-Wallets.
- Awareness about RTGS/NEFT, IMPS, UPI is very low.
- BHIM/Google Pay are UPI based apps. Respondents are highly aware of BHIM/GooglePay which in turn is UPI. So in turn, they don't know the

- background of the app but they are quite aware and have been using them.
- Around 67% respondents are pursuing Graduation, out of which majority are from Technical Graduation (B.Tech/B.E.) field, who are assumed to be tech-savvy, yet are not aware of the IMPS service, which is one of the most easy-to-use digital remittance services. E-wallets and BHIM/GooglePay are the highest used digital services.

Loan Awareness



As per the above graph

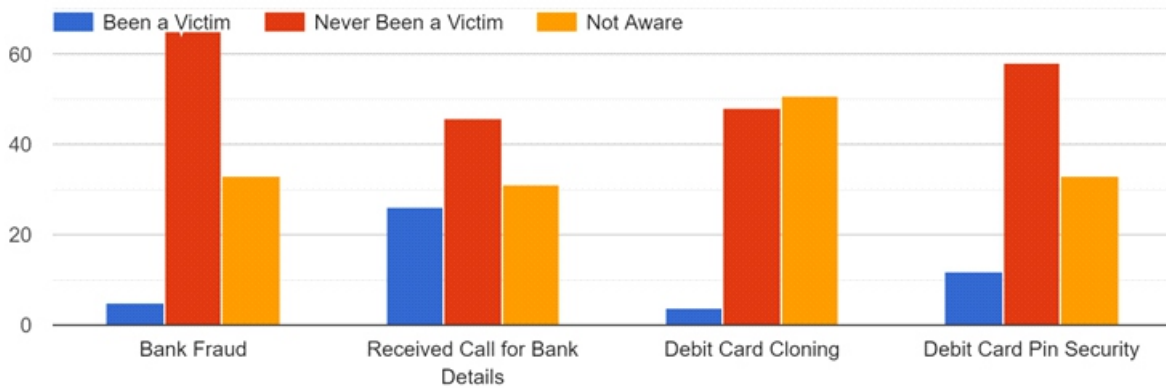
- Most of the respondents are aware of the various common loan products of Banking sector.
- As our respondents are comprising of youngsters, so around 20% of them have

- availed the Education Loan product.
- Though the respondents are aware of the Education Loan, yet they are unaware how easily they can avail this service which can shape and better their future. So large prospects are there in the

society, who can be targetted and which can create win-win situation for both Bankers and students.

d. The youngsters are also aware of the EMI concepts.

Security/Fraud Awareness



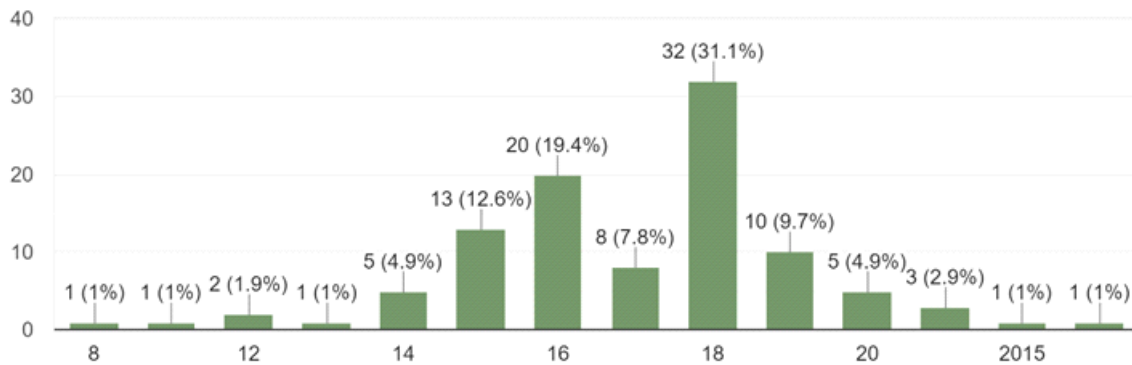
- a. Security is the one front where the respondents are lacking basic awareness.
- b. Due to Telemedia, respondents are aware of the Bank frauds.
- c. Among the frauds, most of the

- respondents have been victims/Encountered “Spam Call”.
- d. Debit Card Cloning was the least known fraud among the respondents.
- e. Respondents are aware and concerned about the Debit card PIN security.

Usage Pattern

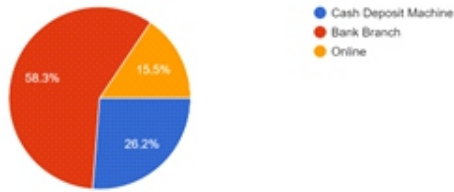
1. At what age have you opened your first bank account?

103 responses



2. How do you deposit money?

103 responses



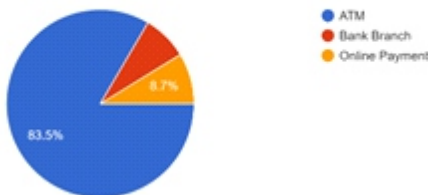
3. Do you know how to fill Deposit form in bank?

103 responses



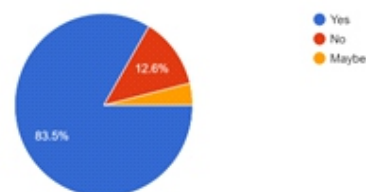
4. How will you withdraw money?

103 responses



5. Do you know how to fill withdrawal form in bank?

103 responses

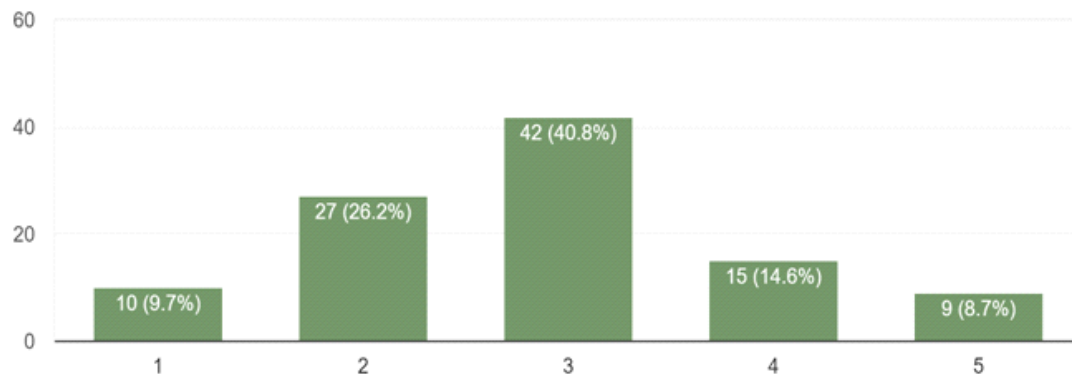


- a. Out of the total respondents, almost 85% of them know how to fill Withdrawal/Deposit Form.
- b. Nearly 32% of the total respondents opened their bank account at the age

- of 18 years.
- c. Most of the respondents are comfortable in withdrawing money from ATM and Depositing through Branch

Rate Your Banking Knowledge

103 responses



Most of the respondents feel that their Banking Knowledge is moderate and they can improve.

Recommendations to appeal to Gen Z or Millennials

Millennials or Generation Z are the target group that banks have been trying to win over for years. Businesses had been scratching their heads to figure out how best to engage with these internet-grown customers. Millennials and Gen Z pose a new audience, with particular technical and cultural challenges that banks have to face and address to effectively market to them. They are digital natives, pursuing hyper-connectivity and creating connections rather than concentrating exclusively on costs or conveniences. To many banks, this demands a major change in marketing strategy.

Understanding what millennial banking customers need and expect from bank will help to prepare for this market, its rising financial needs, and start adapting bank to Generation Z's needs.

- **Banking at Young age**

It's the age-old saying, 'get them when they're young', and ensure they know who to go to for financial counseling when opening their first account.

Banks have to accept that Generation Z, born

between 1995 and 2012, is young; many are still in education. To reach this group bank branches in the vicinity of establishment can teach in schools and colleges about personal finance and about savings. Offer free education about everything from budgeting for gap years to credit management. Make learning fun and interactive, available online and in-branch.

- **Establish a strong Digital Presence**

If bank wants to market financial services to millennials, it needs a clear digital presence, from social media to web and smartphone. Most millennials are involved on at least one social media site, will look up bank online before ever walking into a branch, and will check the reviews of products and services on at least two sites, many likely. Knowing millennial banking preferences and having a presence on social media, a website, and developing an app helps to reach the widest number of customers, prove that it is dedicated to digital, and allow bank to deliver the full amount of consumer information and customer service possible.

For Example: Many would to check the social media page rather than calling or going through customer care



- Focus on Relationship Building

Millennials may be particularly distrustful of companies and businesses. Due to high-cost-of-living, many have accumulated large amounts of debt, seen financial crises, and recognize that banks do not always have their best interests at heart. Millennials don't want the same marketing gimmicks, free stuff and baby boomer reward schemes. Rather, what millennials want is a significant effort to build personal relationships, which requires your bank to operate in a transparent manner, to share information with consumers, and to offer value consistently.

Banks can offer more in terms of personalization and customization for accounts and products. Millennial banking customers want to see charges and prices with no hidden costs, they want to see their data and how you use it, and they want to be able to access and upgrade their products and services at any time. Over time, these tactics will go a long way towards building relationships with millennial consumers and maintaining them.

- Customer satisfaction is crucial to winning Millennial Banking

Customer outreach for banks is an old marketing tactic but it is also one that continues to add value. Although millennials appreciate a digital presence and comfort, face-to-face contact and assistance are also of great importance. Most specifically, millennials are also wary of banks and companies, and far more likely than a baby boomer to mistrust their bank. Focusing on customer outreach, where through seminars, training, webinars and financial literacy programs you give value to the consumer can help you capture millennials banking business by building trust in your brand.

Conclusion

On the basis of analysis, several conclusions can

be drawn regarding the Banking Awareness among the youth.

Due to various technological advancements and Government initiatives the millennial Generation and Generation Z are already acquainted with the nuances of Banking like Visiting Banks and opening accounts. But there is still unawareness about the type of Accounts they are maintaining and the KYC documents they have submitted to open the same.

The Awareness of basic services provided by banks like Passbook, Cheque, Debit Card, FD, is sound among the target group. But other services like RTGS/NEFT, IMPS are still a nut to crack for lot of youngsters and this mainly because of their young age.

In the era of Digital Banking and Cashless economy, many products like BHIM, e Wallets, Google pay have occupied a great day-to-day requirement for the youth. But our respondents which comprises mainly of tech-savvy are quite unaware about easy-to-use fund transfer service IMPS.

Almost all the respondents are aware about various common Loan facilities. But, still there is a wide gap between availing the facilities and knowledge of the same. Respondents are unaware how easily they can avail education loan, which can lighten up their life.

With the advancement of technology there is always related risk in terms of security. After surveying it is quite evident that respondents are aware about various frauds and security precautions to be taken.

After surveying and analysing, the team can conclude that even though the millennial and Generation Z are growing on the same pace as the technological advancement, still there is a huge void of knowledge that needs to be

bridged. As banks being the financial haven, bank needs to take this as an opportunity to bridge the void and bring the millennials and generation Z into banking literati. Banks should work in three broad areas to become more attractive to young consumers: digital products and services, communication, and customer relations. This way we are not only banking the present but also the future.

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