IMPACT OF ONLINE BANKING BEHAVIOUR OF MILLENNIALS DURING COVID PANDEMIC

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ABSTRACT

Consumer behaviour has been profoundly altered by the COVID-19 pandemic across a number of industries, with the banking sector being particularly affected by the limitations on in-person interactions and the quickening pace of digitalisation. Millennials are a tech-savvy generation that prefers digital solutions, and this study examines how the epidemic has affected their online banking habits. The study explores the ways in which the crisis affected millennials' use of digital payment methods, internet banking platforms, and mobile banking applications. Convenience, security, and social distancing strategies are among of the factors that led to the development and greater dependence on online banking throughout the pandemic. The survey also identifies issues that millennials confront, like limited access to digital tools in some places and cybersecurity worries. The results of a poll of millennial bank clients show that they are increasingly using digital channels to manage their personal finances, prefer contactless payments, and do more online banking activities. The findings imply that in addition to hastening the digital revolution in banking, the epidemic has caused long-lasting shifts in customer behaviour that might extend past the crisis. For financial institutions hoping to improve their digital offerings in the post-pandemic period and adjust to the changing demands of millennial clients, this paper provides insightful information.

Introduction

Recent years have witnessed a dramatic change in the banking industry, mostly due to consumer demands and technology breakthroughs. Millennials—those born between 1981 and 1996—are a particularly significant segment of these consumers because of their ease with technology, propensity for digital communication, and increasing dependence on online services. Millennials, who are digital natives, are increasingly using online banking services to access banking services, manage their financial transactions, and make payments. But the early 2020 start of the COVID-19 pandemic was a turning point for banking since it drastically changed how individuals interacted with financial institutions.

Many people, particularly millennials, resorted to online and mobile banking services when in-person banking became difficult due to social distancing tactics, lockdowns, and an increased emphasis on health and safety. This change in habit was a result of both convenience and adjusting to the new reality that the pandemic had forced upon people. During this time, there was a significant increase in the use of digital platforms for money management, and there was growing interest in the long-term effects on millennials' online banking habits. This study examines how millennials' online banking habits changed during the COVID-19 epidemic, evaluating the variables that shaped their choices, the difficulties they encountered, and the potential long-term impacts these shifts may have on banking in the future.

Growth of online banking

Early in the 1990s, financial organisations started looking into ways to provide services to clients online, which is when online banking first appeared. Customers could use simple web interfaces to pay bills, transfer money and check balances in the early iterations of online banking. Due to a lack of ubiquitous technology infrastructure and the fact that many customers were still used to traditional brick-and-mortar banking, the acceptance of these services was not as rapid.

More reliable and secure online banking systems were created in the 2000s, and the trend towards digital financial services was further accelerated by the emergence of mobile banking apps. Being the first generation to have grown up with smartphones and the internet, millennials quickly made online and mobile banking their main method of money management. With banks providing a wide range of services like peer-to-peer payments, mobile deposits, and investment management tools via online and mobile platforms, the digital banking revolution was well under way by the early 2010s.

Online banking during Covid-19 Pandemic

Nonetheless, this change was sparked by the COVID-19 epidemic. Online banking activity increased as a result of lockdowns, travel restrictions, and anxiety about getting infected. The pandemic simply increased millennials' dependence on internet financial services, as their lives were already heavily reliant on digital technologies. In order to bypass physical branches and maintain continuity in their financial activities, many millennials—who were already at ease with technology and digital payments—found themselves even more attracted to use digital banking alternatives.

Online banking became a vital tool for millennials during the pandemic due to considerations like convenience, health concerns, and the requirement for contactless transactions. The pandemic also brought attention to some users' shortcomings, like as lack of access to technology or digital literacy. The abrupt move to online banking also gave financial institutions a chance to develop and enhance their digital products, which helped to further influence the direction of the banking industry.

Therefore, the COVID-19 pandemic not only hastened millennials' use of internet banking but also reshaped their interaction with financial services. Understanding the long-term effects of these shifts on millennial banking behaviour requires an awareness of the historical development of online banking as well as the particular difficulties brought on by the pandemic.

Review of Literature

Many industries, including banking and finance, have conducted in-depth studies on how the COVID-19 epidemic has affected customer behaviour. With a sharp rise in the usage of online banking, the financial services industry has seen a particularly noticeable shift to digital platforms throughout the epidemic. As a generation that grew up with technology, millennials have led this change. This review of the literature looks at earlier research on millennials' involvement in digital banking, online banking behaviour, and the particular impacts of the COVID-19 epidemic on these behaviours.

Digital Banking Adoption and Consumer Behavior

Researchers have been interested in the adoption of internet banking for a number of decades. According to studies, digital banking offers a number of benefits, including accessibility, ease of use, and convenience (Lichtenstein & Williamson, 2006). According to early research by Pikkarainen et al. (2004), the acceptance of online banking services was mostly determined by characteristics including perceived ease of use, trust, and security. Subsequent research emphasised how crucial customer experience and personalisation are to building online banking loyalty (Choudhury, 2019). Many researchers have noted that millennials were the most enthusiastic users of digital banking services, more so than any other demographic group. These pioneering studies laid the groundwork for understanding the behavioural reasons driving online banking (Bărcanescu, 2019).

Millennials and Digital Banking

As a tech-savvy generation, millennials have played a significant role in the digital transformation of a number of sectors, including banking. A 2018 Capgemini survey found that millennials typically favour digital banking due to factors including speed, flexibility, and ease. Millennials' inclination for digital payment methods including mobile wallets and peer-to-peer payment services like PayPal and Venmo, as well as mobile banking apps, is a crucial aspect of their banking habits (Nanda & Srinivasan, 2020).

This generation is more likely to use internet banking for tasks including investing, saving, and managing personal finances (KPMG, 2020). Additionally, millennials are more inclined to embrace new digital financial instruments since they have greater levels of trust in technology-driven services than do earlier generations (Van van Heijden, 2004). Millennials also exhibit a strong preference for customer-centric, user-friendly platforms, and they are prepared to transfer banks if their digital experience is subpar, according to research by Wójcik (2018). Without having to go to physical branches, millennials can complete banking tasks on their own schedule thanks to the digital banking environment. The banking industry's competitive dynamics have changed as a result, and financial institutions are now under constant pressure to innovate.

Impact of COVID-19 on Banking Behavior

Around the world, banking practices were drastically changed with the start of the COVID-19 epidemic. According to reports, lockdowns, social alienation, and health worries about in-person banking all contributed to an increase in the use of internet banking (Alalwan et al., 2020). Online transactions increased significantly in the early months of the epidemic, according to Bank of America (2020), with mobile banking app downloads increasing by 25% in 2020 alone. The crisis sped up the banking industry's digital revolution as customers looked for remote, contactless ways to handle their money.

According to research by Gomber et al. (2021), the pandemic sped up the adoption of digital banking across all age groups, but millennials had the most spike in usage. Online banking became even more popular with millennials than it was prior to the epidemic due to factors like simplicity, safety, and the requirement to follow social distancing rules. Similarly, Sharma and Garg (2021) discovered that the need to avoid physical contact during the pandemic was a major factor in the shift towards online banking, which increased the significance of safe and effective digital platforms.

The financial strain brought on by the pandemic's economic decline prompted many millennials to look for improved money management strategies. Many millennials are using digital channels to keep an eye on and manage their spending amid uncertain times, according to studies that demonstrate a surge in the use of online banking features including budgeting tools, financial planning apps, and automatic savings programs (Gonzalez et al., 2021).

Challenges Faced by Millennials in Online Banking During the Pandemic

Millennials' use of online banking increased during the epidemic, but there were drawbacks as well. Concerns about privacy and cybersecurity were among the primary topics mentioned in the literature. Even though millennials are accustomed to using digital tools, a sizable percentage of them voiced worries regarding the security of online banking platforms, according to research by Gupta et al. (2020). Many millennials are now more careful about disclosing important financial information online because to the rise in cybercrime during the pandemic. This is consistent with research by Soomro et al. (2020), which found that although millennials are more inclined to use digital banking, they also require strong cybersecurity safeguards and data protection guarantees.

Moreover, a number of studies noted issues with access to technology and low levels of digital literacy among several millennial demographics. Although the majority of millennials are tech-savvy, other groups—especially those from lower-income or rural areas—may not have as much access to smartphones and high-speed internet (Moutinho et al., 2020). The need for inclusive digital banking solutions was brought to light by the differences in the adoption of online banking services caused by the digital divide.

Statement of the Problem:

Significant changes in consumer behaviour, especially in how people engage with financial services, have been sparked by the COVID-19 epidemic. As in-person banking services were restricted due to health and safety concerns, one of the most noticeable changes has been the rising reliance on internet banking systems. Online banking was already widely used by millennials, who are renowned for being tech-savvy, but the pandemic increased this tendency. However, little is known about the underlying causes of this transition and the long-term effects of these changes on millennials' banking practices. Understanding how millennials' internet banking habits have changed during the pandemic and the variables behind these changes is crucial.

Furthermore, the future design of digital banking experiences depends on an awareness of the difficulties millennials encounter while adjusting to online banking services, including cybersecurity issues, digital literacy, and accessibility. The issue is that, despite the banking sector's quick adoption of digital solutions, little research has been done on how well these services can cater to the unique demands of millennials in times of crisis. Financial institutions risk missing the chance to successfully modify their offerings to meet the changing needs of this important group if they do not have a good grasp of how the pandemic has changed millennial behaviour in the digital banking area.

Importance of the Study

This research is important for a number of reasons. First off, millennials make up a sizable share of the user base for digital banking, making them a crucial demographic segment in the banking sector. Financial organisations can better adapt their services to this generation's needs by knowing how their tastes and behaviours have changed after the COVID-19 epidemic. The results of this study can help banks improve customer happiness and loyalty by shedding light on the digital banking characteristics that millennials value most, such as security, usability, and mobile accessibility.

Second, the COVID-19 epidemic has brought attention to the vulnerability of people with little access to computers or those with lower levels of digital literacy. This study will assist in determining the obstacles these people confront while trying to use internet banking, which could guide actions and legislation meant to close the digital divide. To guarantee that everyone, regardless of age, wealth, or level of technological proficiency, can benefit from digital banking, it is imperative to comprehend these obstacles.

Third, this study will add to the expanding corpus of information regarding the more general patterns in the financial services sector. The study can make predictions about the future of banking by examining how the epidemic has hastened the adoption of digital technology among millennials and other demographic groups. The move to digital-first services could have a lasting impact on how banks function and engage with their clientele, especially given the current state of uncertainty. The study's conclusions can be used by financial institutions to plan for a post-pandemic future in which internet banking is predicted to continue to be a major player.

Finally, this study has applications for policymakers and financial institutions. Understanding the preferences, difficulties, and opportunities associated with millennials' online banking behaviour will be advantageous to banks. In order to provide a more secure and inclusive financial ecosystem, policymakers can utilise the study's results to address accessibility, security, and regulatory issues.

This study is essential for determining how the COVID-19 epidemic has changed millennials' online banking habits and for offering practical predictions about the direction of digital financial services. It provides useful data that will help banks stay competitive, enhance client experiences, and make sure that internet banking keeps developing to satisfy millennial demands in the post-pandemic period.

Objectives of the Study

1. To identify the factors driving the adoption of online banking among millennials during the pandemic.
2. To assess millennials' perceptions of online banking security and privacy concerns during the pandemic.
3. To evaluate the role of banks and financial institutions in supporting millennials during the pandemic through online banking services.

Research Methodology

A descriptive research design will be used in this study, together with qualitative observations. Primary data will be gathered via surveys and interviews, while secondary data will be analysed from reports and literature already in existence. Millennials in Kerala will receive structured surveys to gather quantitative data on their online banking habits and to investigate the reasons, worries, and difficulties millennials encountered when embracing internet banking during the pandemic. Using a practical sampling technique, 300 millennials (ages 25–40) living in various parts of Kolar district in Karnataka provided the required information. A one-way ANOVA, correlation coefficient, chi-square tests, and percentage analysis are used to examine the collected data.

Hypothesis of the Study

- There is no correlation among digital literacy, perceived security and online banking adoption of Millennials during Covid Pandemic.
- There is no association between Educational status of the respondents and Sources of information about online products during Covid-19.

Limitations of the Study

The research will focus on millennials in Kolar district in Karnataka, which may limit the generalizability of findings to other regions in India or to different age groups.

Results and Discussions

Table – 1: Demographic Profile of the Respondents

Particulars		Respondents	Percentage
Gender	Male	146	48.7
	Female	154	51.3
	Total	300	100
Age	25 – 30	109	36.3
	31 – 35	109	36.3
	36 – 40	82	27.4
	Total	**300**	**100%**
Marital Status	Married	115	38.3
	Un married	171	57
	Single parent	14	4.7

	Total	**300**	**100%**
Education Level	Up to School Level	33	11
	UG Degree	124	41.3
	PG Degree	73	24.3
	Professional	40	13.3
	ITI / Diploma	30	10
	Total	**300**	**100%**
Occupational status	Government employee	24	8
	Privet employee	87	29
	Business / Profession	36	12
	Home maker	25	8.3
	Others	128	42.7
	Total	**300**	**100%**
Monthly Income	Up to Rs.30,000	153	51
	Rs. 30,001-60,000	53	17.7
	Rs.60,001-90,000	35	11.7
	Rs.90,001-1,20,000	31	10.3
	Rs.1,20,001-1,50,000	10	3.3
	Above Rs. 1,50,000	18	6
	Total	**300**	**100%**
Types of Family	Nuclear family	238	79.3
	Joint family	62	20.7
	Total	**300**	**100%**
Area of Living	Urban	197	65.7
	Semi-urban	48	16
	Rural	55	18.3
	Total	**300**	**100%**

The above table 1 shows that, out of 165 respondents, Majority 51.3% of the respondents are female and least 48.7% of the respondents are male based on their gender. Majority 72.6% of the respondents belongs to the age group between 25-35 years and least 27.4% of the respondents belongs to the age group between 36-40 years. Majority 57% of the respondents are unmarried and least 4.7% of the respondents are single parent based on their current marital status. Maximum 41.3% of the respondents are UG degree holders and least 10% of the respondents are ITI/Diploma holders according to their educational qualification. Maximum 42.7% of the respondents are Private employees and minimum 8.3% of the respondents are home makers. Majority 51% of the respondent's monthly income are up to Rs. 30,000 and least 3.3% of the respondent's monthly income are between Rs. 1,20,001 – 1,50,000. Majority 79.3% of the respondents is belongs to nuclear family and least 20.7% of the respondents are belongs to joint family. Majority 65.7% of the respondents are living in urban area and least 16% of the respondents are living in semi-urban area.

H_0: There is no significant difference between educational qualification of the Respondents with respect to number of online transactions made in a month during Covid-19 pandemic.

Table -2 One-way ANOVA on educational qualification of the Respondents with respect to number of online transactions made in a month during Covid-19 pandemic

Occupational status of the Respondents	Mean	SD	f Value	p Value
Up to School Level	3.52	1.093	4.881	0.000
UG Degree	3.56	1.351		
PG Degree	4.25	0.795		
Professional	4.22	1.165		
ITI / Diploma	4.04	0.922		

Table 2 indicates that, Since P value is less than 0.05, the null hypothesis is rejected at 5 percent level of significance with regard to number of transactions made in a month during Covid-19 pandemic. Hence it is concluded that there is a significant difference between educational qualification of the respondents with respect to number of online transactions made in a month during Covid-19 pandemic.

H_0: There is no association between educational status of the respondents and Sources of information about online products during Covid-19.

Table - 3 Educational status of the respondents and Sources of information about online banking services during Covid-19 **- Chi-Square Test**

Educational status of the respondents	Sources of information about online banking during Covid-19				Total	Chi-Square value	P value
	Friends/ Colleagues	Banking websites	TV advertisements	Social networking sites			
Up to Higher Secondary	12 (36.40%) [9.80%]	0 (0.00%) [0.00%]	12 (36.40%) [35.30%]	9 (27.20%) [13.20%]	33	76.522[a]	0.000
Bachelor Degree	57 (46.00%) [46.70%]	32 (25.80%) [42.10%]	14 (11.30%) [41.20%]	21 (16.90%) [30.90%]	124		
Master Degree	28 (38.40%) [23.00%]	24 (32.90%) [31.60%]	2 (2.70%) [5.90%]	19 (26.00%) [27.90%]	73		
Professional Degree	16 (40.00%) [13.10%]	3 (7.50%) [3.90%]	4 (10.00%) [11.80%]	17 (42.50%) [25.00%]	40		

Diploma / ITI	9 (30.00%) [7.40%]	17 (56.60%) [22.30%]	2 (6.70%) [5.90%]	2 (6.70%) [2.90%]	30		
Total	122	76	34	68	300		

Note: 1. The value within ( ) refers to Row Percentage.
2. The value within [ ] refers to Column Percentage.

Table 3 indicates that, Since P value is less than 0.05, the null hypothesis is rejected at 5 percent level of significance. The Pearson Chi-Square value is 76.522. Hence it is observed that there is an association between educational status of the respondents and Sources of information about online banking during Covid-19. Based on the row and column percentage, the Sources of information from Friends and Colleagues about online banking services during Covid-19 is highly associated with bachelor degree holders based on their educational status when compared to other Sources of information about online banking services during Covid-19.

H0: There is no correlation among Trust, Convenience and Accuracy of online banking transactions of Millennials adopted during Covid Pandemic

Table – 4: Correlation among the factors driving the adoption of online banking among millennials during the pandemic.

		Trust	Convenience	Accuracy
Trust	Pearson correlation	1	.238**	.410**
	Sig. (2-tailed)		**.000**	**.000**
	N	300	300	300
Convenience	Pearson correlation	.238**	1	.450**
	Sig. (2-tailed)	**.000**		**.000**
	N	300	300	300
Accuracy	Pearson correlation	.410**	.450**	1
	Sig. (2-tailed)	**.000**	**.000**	
	N	300	300	300

Note: ** Correlation is significant at the 0.01 level (2-tailed).

Table 4 shows that, the Hypotheses is rejected in the case of

1. Trust in online banking transactions of the respondents is correlated with Convenience and Accuracy of online banking among millennials adopted during the pandemic.
2. Convenience of the respondents is correlated with Trust and Accuracy of online banking among millennials adopted during the pandemic.
3. Accuracy of online banking transactions of the respondents is correlated with Trust and Convenience of among millennials adopted during the pandemic.

Major findings

- Majority 51.3% of the respondents are female and least 48.7% of the respondents are male based on their gender.
- Majority 72.6% of the respondents belongs to the age group between 25-35 years and least 27.4% of the respondents belongs to the age group between 36-40 years.

- Majority 57% of the respondents are unmarried and least 4.7% of the respondents are single parent based on their current marital status.
- Maximum 41.3% of the respondents are UG degree holders and least 10% of the respondents are ITI/Diploma holders according to their educational qualification.
- Maximum 42.7% of the respondents are Private employees and minimum 8.3% of the respondents are home makers.
- Majority 51% of the respondent's monthly income are up to Rs. 30,000 and least 3.3% of the respondent's monthly income are between Rs. 1,20,001 – 1,50,000.
- Majority 79.3% of the respondents is belongs to nuclear family and least 20.7% of the respondents are belongs to joint family.
- Majority 65.7% of the respondents are living in urban area and least 16% of the respondents are living in semi-urban area.
- There is a significant difference between educational qualification of the respondents with respect to number of online transactions made in a month during Covid-19 pandemic because the p value is less than 0.05 (p value = 0.000).
- There is an association between educational status of the respondents and sources of information about online banking services during Covid-19 because the p value is less than 0.05 (p value = 0.000). Based on the row and column percentage, the Sources of information from Friends and Colleagues about online banking services during Covid-19 is highly associated with bachelor degree holders based on their educational status when compared to other Sources of information about online banking services during Covid-19.
- There is a correlation among Trust, Convenience and Accuracy of online banking transactions of Millennials adopted during Covid Pandemic because the p value is less than 0.01 (p value = 0.000).

Conclusion

The purpose of this empirical study was to find out what factors influenced the propensity of millennials in the Kolar region to use digital payments during the COVID-19 pandemic. The direct and indirect effects of subjective norms were assessed in order to look at how they affected millennials' behavioural intention to utilise digital payments. Especially in light of the COVID-19 pandemic, this study will add to the expanding corpus of research on digital banking practices. Banks, legislators, and fintech companies can improve services, strengthen security features, and advance financial inclusion by knowing how millennials in Kolar district have used internet banking. The market for digital banking platforms is anticipated to grow from $776.7 million in 2021 to $1485.5 million by 2028. The percentage of Indians with a digital bank account is currently 26% and is predicted to rise. A closed sandbox environment for online financial services is also being developed by the RBI. Additionally, the budget has made room for digital bank units, which is a definite step forward for the Indian banking industry.

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