



CONSUMER BEHAVIOUR TOWARDS DIGITAL FINANCIAL SERVICES: A GENERATIONAL ANALYSIS

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ABSTRACT:

In recent years, with the improvement of technology and changes in the manner in which the habits of customers have grown, DFS have increased manifold. The current study analyses consumer acceptance toward digital financial services across the generational cohorts of Mangalore in a rapidly developing coastal city in India. Given the proliferation of mobile banking, digital wallets, and the diversity of FinTech solutions, it becomes very critical to understand how different age groups perceive and adapt to these services. The mixed-methods approach is used in this study, combining both quantitative surveys and qualitative interviews to identify factors influencing the adoption of digital finance among various generations: Baby Boomers, Generation X, Millennials, and Generation Z. The primary determinants are trust, digital literacy, convenience, perceived security, and government policies within each generation. Further research in this direction extends to the study of effects created by UPI, internet banking, and applications related to mobile payment systems among Mangalore's urban and semi-urban consumers.

The newer generations, with Millennials and Gen Z showing higher adoption, are more acquainted with digital platforms and technology compared to Baby Boomers and Gen X, which shows cautious adaptation due to insecurity and traditional bank preferences. In this regard, the study highlights financial education and the regulatory framework as avenues for inclusive digital adoption. This research offers much knowledge to the financial institutions, policymakers, and fintech developers who should correctly modify their service to ensure the full change of other generations towards a smooth digital changeover in the dynamic financial landscape of Mangalore.

Keywords:

Digital financial services, consumer behaviour, generational analysis, FinTech adoption, Mangalore, financial inclusion

INTRODUCTION

With the rapid progression of technology, DFS have gradually picked up through all the age groups in Mangalore. This is a growing port city on the coast in the state of Karnataka, India. Digital

payment, mobile banking, and the use of fintech have witnessed significant growth here. It has transformed the life of consumers effortlessly as they can undertake all their financial activities because of applications through mobile applications, digital



wallets, online payments, and applications for investments. Acceptance and usage patterns vary widely across different age groups based on the degree of trust, digital literacy, security concerns, and accessibility.

Being one of the rare places with mixed urban and semi-urban population, Mangalore can be the right place for looking into generations regarding DFS. The review indicates the Baby Boomers and Generation X are hesitant towards adopting digital money due to traditional banking security. The Millennials and Generation Z appear to be relatively more comfortable with DFS, hence rely more on it. Digital solutions, though new for the young cohort, may face difficulty because technological barriers will exist with the older groups and thus create apprehensions of low digital literacy and frauds.

With this thrust on a cashless economy, governments launching applications such as UPI, and having easy, hassle-free banking apps, it will speed up digital financial services among more and more customers. While huge strides are being made in that area, many more issues plague consumers, like digital divides, intermittent internet connections, and questions regarding the safety and security of information. This would be through investigating consumer behavior, across all age groups within Mangalore, and would provide vital input toward creating digital financial inclusivity and providing safety and access in fintech.

This paper discusses the adoption of DFS across generations by looking into the motivations to use, the problems encountered, and the extent of trust that customers have towards digital financial services. It hopes to enhance access to digital finance while at the same time keeping the consumer secure in Mangalore, thus becoming a contribution toward more extensive debate about financial inclusion and technological change.

OBJECTIVE OF THE STUDY

The main objective of this study is to understand the consumer behaviour toward digital financial services across different generations in Mangalore, which include Baby Boomers, Generation X,

Millennials, and Generation Z. The objectives of the study are to:

- Identify the frequency and types of digital financial services used by different generational cohorts in Mangalore.
- Examine the primary motivations behind the adoption of DFS in the region.
- Determine the challenges users are facing in utilizing digital financial platforms.
- Determine the level of trust among the consumers in Mangalore regarding the digital financial platforms.
- Identify factors that increase the uptake of DFS.

RESEARCH QUESTION

Central research question that will guide the study is:

- How do generational differences affect the adoption and use of digital financial services in Mangalore?

Sub-questions:

- What factors explain the age group differences of Mangaloreans in using digital financial services?
- Which are the challenges Mangaloreans face in using digital financial platforms?
- How does trust in digital financial platforms differ between various age groups of Mangalore?
- What should be improved and enhanced for users' experience? What should increase adoption?

SCOPE OF THE STUDY

This study will study consumer behaviour towards DFS in varied generations of Mangalore, India. It will include urban and semi-urban users, along with the accessibility of digital financial services, the perceived benefits, and the limitations. Being of utmost importance to financial institutions, FinTech companies, and policy makers, this study will enable them to understand the differences



within various generations and how to make digital finance more accessible and secure within the Mangalore region.

RESEARCH METHODOLOGY

This paper relies on a mixed-methods design, which commingles the use of quantitative data with that of qualitative data collection and analysis methods:

Survey Method- In this study, a structured questionnaire will be used by the researcher for the respondents from the generational cohorts in Mangalore so that their habits, challenges, and perception about digital finance may be known.

In-depth interviews: These will help reveal user experience, security, and trust about digital finance.

Stratified sampling: Stratified samplings of 180 samples are done in the research for the representation of each generation and will be gathered in the community of Mangalore.

Data Analysis- At this analytical stage, statistical tools will be used in the analysis of data collected henceforth deriving trends, correlations, and mainly the determinants of adopting the DFS.

LIMITATION OF THE STUDY

- The study is geographically constrained to Mangalore, which may not be able to capture consumer behaviour at the various regional levels of India.
- The findings may be affected by rapid changes in technology and the changing regulatory environment of finance over time.
- Psychological factors that might influence the adoption of digital financial services are not inquired into by this study.
- Generational Sampling: Though the study attempts to cover all generations, there may be inherent biases in sampling or participation due to the availability and access to digital platforms.

LITERATURE REVIEW

Consumer behaviour of the different generations has changed significantly with the digital transformation of financial services. The

financial services market has greatly changed with new technologies like artificial intelligence, block chain, and mobile banking. It has altered the market from old traditional models of banking to newer personalized and highly accessible digital platforms (1,2,4,5). This change has been most highly observed among younger generations, particularly Generation Z, which has the most unique digital consumer behaviour as well as very high tendency in adopting digital financial services (6).

Innovative research evidence indicates the potential improvement in customer financial behaviour related to better control and decision (7). The largest reasons for digital banking transformation behavioural change are based on ease, trust, and transparency associated with digital banking products (7). Other than this, the digitalisation of financial service has increased independent consumer behaviour compared to traditional approaches, and accordingly, banks' marketing strategies are required to transform from product approach to quality-related and consumer-focused (5,10).

Generational analysis of consumer behaviour toward digital financial services depicts the fact that younger generations are more open to adopting digital innovation. However, all age groups gradually align themselves with the new digital financial landscape due to the convenience and accessibility accompanying the added benefit of an enhanced user experience (3,4,8,9).

DATA ANALYSIS

Table 1: Showing generation respondents belongs to.

Particulars	No of respondents	Percentage (%)
Baby Boomers (born 1946-1964)	27	15
Generation X (born 1965-1980)	46	26
Millennials (born 1981-1996)	64	35

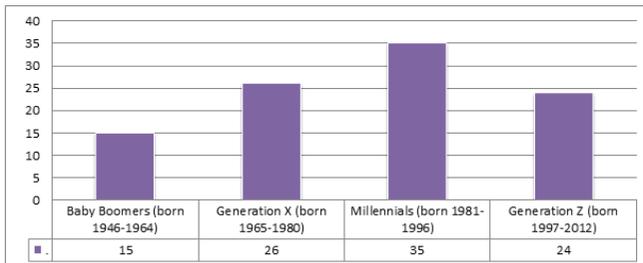


Generation Z (born 1997-2012)	43	24
Total	180	100

N=180

SOURCE: SURVEY DATA

Figure 1: Showing generation respondents belongs to.



Analysis: The majority of respondents belong to the Millennial generation (35%), followed by Generation X (26%), Generation Z (24%), and Baby Boomers (15%). This suggests that digital financial services are primarily used by younger generations.

Interpretation: Millennials and Generation Z are more active in digital finance, while Baby Boomers show reluctance, possibly due to a preference for traditional banking.

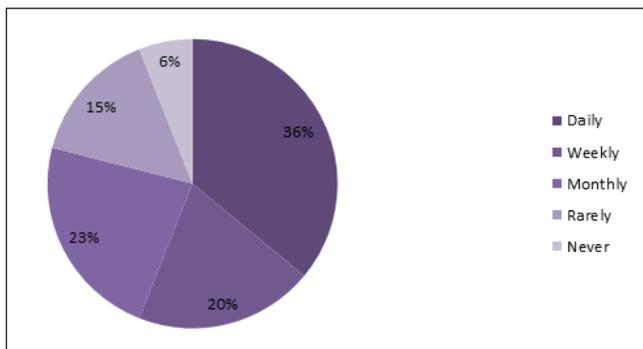
Table 2: Showing how often do respondents use digital financial services.

Particulars	No of respondents	Percentage (%)
Daily	64	36
Weekly	36	20
Monthly	42	23
Rarely	27	15
Never	11	6
Total	180	100

N=180

SOURCE: SURVEY DATA

Figure 2: Showing how often do respondents use digital financial services.



Analysis: A significant 36% of respondents use DFS daily, while 20% use it weekly. Only 6% reported never using digital finance.

Interpretation: Daily usage suggests high dependence on digital financial services, but a small percentage still avoids it, likely due to technological challenges or trust issues.

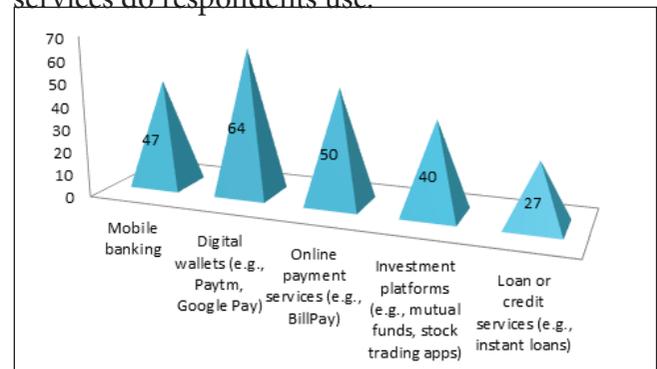
Table 3: Showing which type of digital financial services do respondents use.

Particulars	No of respondents	Percentage (%)
Mobile banking	79	47
Digital wallets (e.g., Paytm, Google Pay)	108	64
Online payment services (e.g., Bill-Pay)	84	50
Investment platforms (e.g., mutual funds, stock trading apps)	67	40
Loan or credit services (e.g., instant loans)	46	27

N=169 MRR=2.27 SOURCE: SURVEY DATA

NOTE: Percentage is not equal to 100 because of multiple responses and multiple response rate is equal to total number of response divided by the number of respondents.

Figure 3: Showing which type of digital financial services do respondents use.



Analysis: The most popular services include digital wallets (64%), mobile banking (47%),

and online payment services (50%). Investment platforms (40%) and loan services (27%) have lower adoption rates.

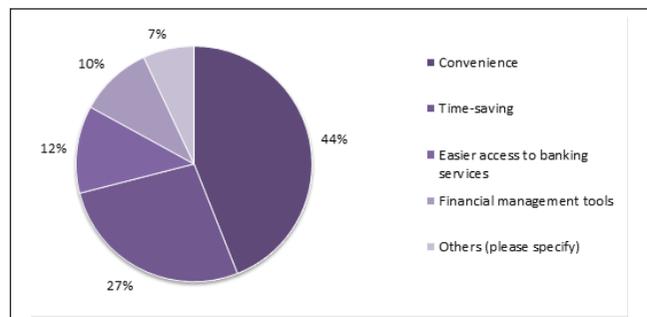
Interpretation: The preference for digital wallets and mobile banking indicates a shift toward quick, cashless transactions, while investment and loan services may need better awareness and trust-building initiatives.

Table 4: Showing what is respondent's primary reason for using digital financial services.

Particulars	No of respondents	Percentage (%)
Convenience	74	44
Time-saving	46	27
Easier access to banking services	21	12
Financial management tools	16	10
Others (please specify)	12	07
Total	169	100

N= 169 SOURCE: SURVEY DATA

Figure 4: Showing what is respondent's primary reason for using digital financial services.



Analysis: The leading reasons for DFS adoption are convenience (44%) and time-saving (27%). Other reasons include easier access to banking (12%), financial management tools (10%), and personal preferences (7%).

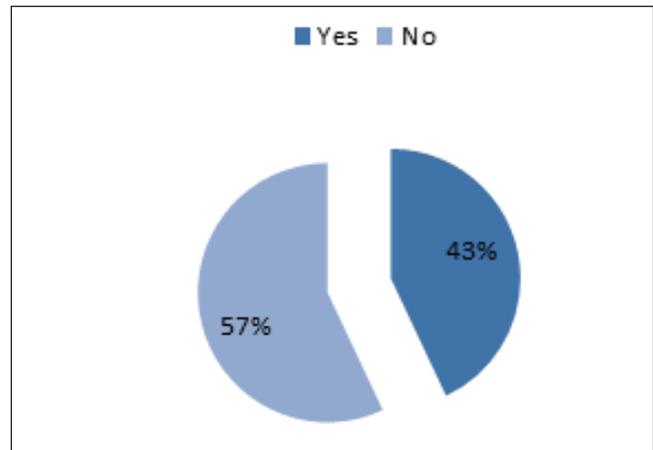
Interpretation: Convenience is the dominant factor, implying that ease of use and efficiency should remain a priority for fintech providers.

Table 5: Showing whether respondents face any difficulties in using digital financial services.

Particulars	No of respondents	Percentage (%)
Yes	77	43
No	103	57
Total	180	100

N=180 SOURCE: SURVEY DATA

Figure 5: Showing whether respondents face any difficulties in using digital financial services.



Analysis: 43% of respondents face difficulties in using DFS, while 57% do not.

Interpretation: A significant portion of the population still struggles with digital finance, emphasizing the need for improved accessibility and user education.

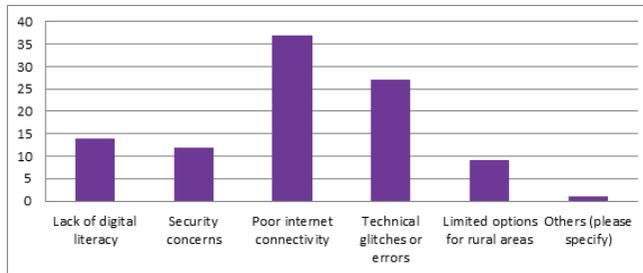
Table 6: Showing if respondents face difficulties, what are the challenges they face.

Particulars	No of respondents	Percentage (%)
Lack of digital literacy	11	14
Security concerns	09	12
Poor internet connectivity	28	37
Technical glitches or errors	21	27
Limited options for rural areas	07	09
Others (please specify)	01	01
Total	77	100

N= 77 SOURCE: SURVEY DATA



Figure 6: Showing if respondents face difficulties, what are the challenges they face.



Analysis: The most common challenges include poor internet connectivity (37%), technical glitches (27%), and lack of digital literacy (14%).

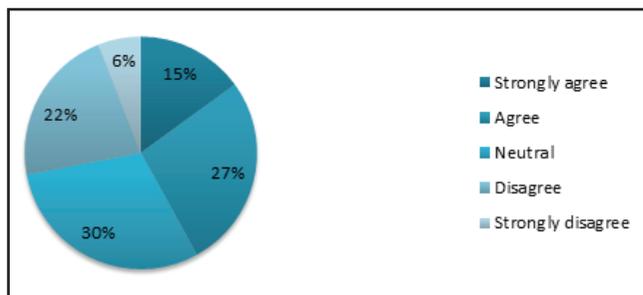
Interpretation: Addressing infrastructure issues and providing digital literacy programs can enhance DFS adoption.

Table 7: Showing whether respondents believe that digital financial services are safer and more reliable than traditional banking methods

Particulars	Observed Frequency (O)	Percentage (%)	χ^2
Strongly agree	27	15	2.25
Agree	48	27	4.00
Neutral	55	30	10.03
Disagree	39	22	0.25
Strongly disagree	11	06	17.36
Total	180	100	33.89

N=180 SOURCE: SURVEY DATA

Figure 7: Showing whether respondents believe that digital financial services are safer and more reliable than traditional banking methods



Analysis: For a significance level of 0.05 and 4 degrees of freedom, the critical Chi-Square value χ^2 Value = 33.89, P-value = 7.85×10^{-7} . Since the p-value is much lower than the significance level (0.05), there is a significant difference in how respondents perceive the safety and reliability of digital financial services compared to traditional banking. There is a statistically significant difference in how people perceive digital financial services compared to traditional banking. While 15% strongly agree that DFS is safer than traditional banking, 22% disagree, and 6% strongly disagree.

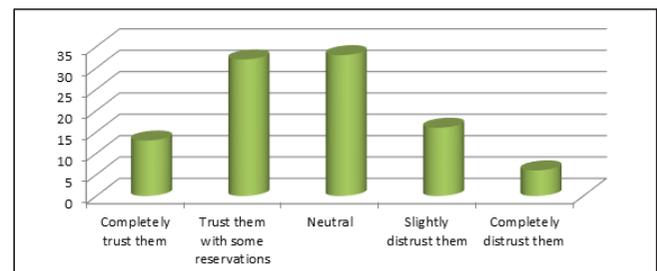
Interpretation: While many trust DFS, concerns over security remain. Strengthening cyber security measures and educating users on fraud prevention is crucial.

Table 8: Showing to what extent do respondents trust digital financial platforms with their personal and financial information.

Particulars	No of respondents	Percentage (%)
Completely trust them	23	13
Trust them with some reservations	58	32
Neutral	59	33
Slightly distrust them	29	16
Completely distrust them	11	06
Total	180	100

N=180 SOURCE: SURVEY DATA

Figure 8: Showing do respondents trust digital financial platforms with their personal and financial information.





Analysis: Only 13% completely trust DFS, while 32% have some reservations, and 16% slightly distrust it.

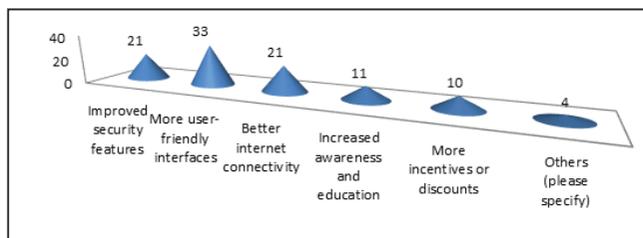
Interpretation: Building consumer trust is key to increasing DFS adoption. Transparent policies and security enhancements are recommended.

Table 9: Showing what would encourage respondents to use digital financial services more often.

Particulars	No of respondents	Percentage (%)
Improved security features	38	21
More user-friendly interfaces	59	33
Better internet connectivity	38	21
Increased awareness and education	20	11
More incentives or discounts	18	10
Others (please specify)	07	4
Total	180	100

N=180 SOURCE: SURVEY DATA

Figure 9: Showing what would encourage respondents to use digital financial services more often.



Analysis: The most requested improvements include more user-friendly interfaces (33%), improved security (21%), and better internet connectivity (21%).

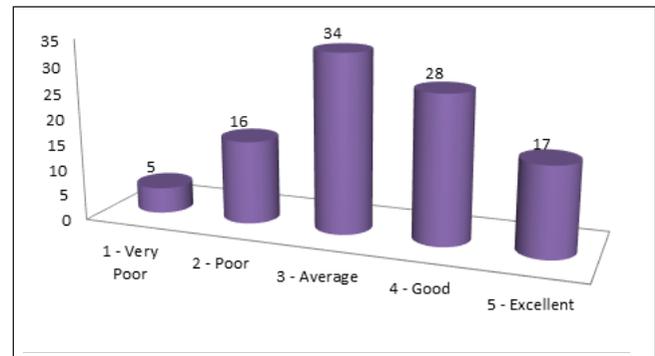
Interpretation: Enhancing usability and security can significantly boost DFS adoption.

Table 10: Showing how respondents would rate their overall experience with digital financial services.

Particulars	No of respondents	Percentage (%)
1 - Very Poor	09	05
2 - Poor	27	16
3 - Average	58	34
4 - Good	47	28
5 - Excellent	28	17
Total	169	100

N=169 SOURCE: SURVEY DATA

Figure 10: Showing how respondents would rate their overall experience with digital financial services.



Analysis: 34% of respondents rate their DFS experience as 'Average', while 28% find it 'Good', and 17% consider it 'Excellent'.

Interpretation: There is room for improvement in user experience, particularly for those who find DFS only moderately satisfactory.

FINDINGS, SUGGESTIONS AND CONCLUSION:

FINDINGS:

1. Generational Distribution: More than 35% respondents belong to the millennial generation, and there are 26% of respondents in Generation X. Thus it can be realized that more users of younger age groups are added in the digitized financial world.

2. Frequency of usage: More than 36% respondents have expressed to use their digital financial service daily. This signifies more dependent upon digital medium of transaction these days.



3. The most frequently used DFS type: 64% digital wallet and 47% mobile banking-the most in-demand services attest the fact that simplicity and speed of transaction is valued

4. The Most Important Reason for the Unrestricted Acceptance of DFSs: Convenience (44%) defines the convenience factor as the most important reason to embrace DFSs, and also shows that the need for an efficient financial transaction should be easy, hence smooth.

5. Difficulties in Accessing DFS: Despite the fact that 57% of respondents claimed they do not have a problem in accessing DFSs, 43% said they did face some problem. In their opinion, the two significant problems they faced were internet connectivity (37%) and technical difficulties (27%).

6. Subjective Safety of DFS: This is another important area, because 30% of respondents believe that DFSs are not secure enough.

7. Inductive Trust towards DFS Platforms: Even though 33% of the respondents have been neutral towards trust, only 13% tend to trust digital financial platforms fully since they think that somehow data might get leaked and also be used for fraudulent activities.

8. Drivers for Using DFS: Consumer-friendly interface (33%) is on top followed by security features at 21%.

9. Global Satisfaction: Overall, 34 percent said that the overall digital financial experience was just about average regarding both user experience and service reliability; there is quite a lot of room for improvement.

SUGGESTIONS:

- ✓ Digital Literacy programs: Training and workshops for baby boomers, Gen X to use DFS
- ✓ Cyber security: Strong fraud detection and awareness programs and grew trust
- ✓ Infrastructure: Increased internet penetration in rural and semi-urban sectors bridging the gap between the digital India sector and the physical India sector
- ✓ User-friendly interfaces: Ease navigation through banking apps and make accessibility easy.

✓ Reward and low transaction fee rewards: Give cash back, decrease transaction charges together with other promotional campaigns that will make people invest more in this concept.

✓ Digital finance investment and loans awareness: More open and educated the masses that digital investments or credit are real and applied easily

✓ Good regulation from government: Having a good more robust regulation preventing fraudulent activity by cyber attack and fraudulence activity against the common man.

CONCLUSION:

This research brings out a rich overview of how consumers behave about DFS in Mangalore among all generations. Its results conclude the fact that it is exposure to technology through Millennials and Generation Z that triggers higher adoption among them, but Baby Boomers and Generation X are cautious more for security issues, digital illiteracy, and traditional banking. According to the findings, results from this research study supported ease of use, time-saving, and ease of access as primary movers in adoption of DFS while security, technology, and internet connectivity constituted a significant barrier toward access.

There are inter-generational differences in the aspect of safety and security for DFS. In general, however, people appreciate digital financial services, and still, they do not know its safety. The biggest challenge in consumer trust is still there because only a minute portion is totally satisfied with regards to digital financial solutions. An improved interface and cyber security can add an extra level of comfort and convenience for the users.

It demands inclusion by financial institutions, FinTech developers, and policymaker, through which this makes the DFS digital literacy program sturdier as well as the upgradable process in the infrastructures of finances and wider utilization levels. Again, it creates an environment within DFS, becoming safe, simple, and user-friendly that goes further towards promoting better financial inclusions and greater economic growth at Mangalore.



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