CHAPTER 24

A Study on Investigating the Role Youth in Usage of Financial Technology (Fintech) in Transforming the Future of Banking

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ABSTRACT

The youth demographic (Gen Z and Millennials) acts as the primary catalyst in the adoption of Financial Technology (Fintech), fundamentally transforming the banking sector from traditional, branch-based models to digital-first, agile, and personalized experiences. With over 65% of new fintech app downloads in 2025 originating from users aged 18–30, this segment is driving the shift toward instant mobile payments, digital wealth management, and decentralized finance. This study investigates the role of Financial Technology (Fintech) in transforming the future of banking, with a focus on customer experience, financial inclusion, operational efficiency and perceived risks. Drawing on primary data from 100 youth respondents and secondary sources, the research examines awareness, usage patterns, motivators and concerns related to Fintech-based banking services. The findings reveal that a majority of respondents are at least moderately familiar with Fintech, and 75% use Fintech services daily or weekly, indicating deep integration of digital tools into routine financial behaviour. Most users report satisfaction with existing banking services, yet adoption decisions are strongly influenced by innovation and perceived security. The study concludes that Fintech significantly enhances banking service delivery and promotes inclusion, but also creates new challenges that demand robust regulation, risk management and digital literacy initiatives.

Keywords: Financial technology; Transforming the banking; Digital payment.

1.0 Introduction

Financial Technology (Fintech) refers to the application of modern digital technologies such as mobile applications, artificial intelligence, blockchain and cloud computing to design and deliver financial services more efficiently and conveniently than traditional methods.

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It covers a wide spectrum of products and services including mobile banking, digital payments, robo-advisory, peer-to-peer lending and crypto currency platforms. In recent years, Fintech has become a transformative force in the banking industry, changing how customers access, use and perceive financial services. Fintech firms and technology-oriented banks have challenged conventional branch-based models by offering instant, user-friendly and often lower-cost solutions. This has disrupted traditional competitive structures but has also pushed banks to innovate, collaborate and adopt digital channels at scale.

The present study, "A Study on investigating the Role youth in usage of Financial Technology (Fintech) in Transforming the Future of Banking", aims to understand how these technological developments are influencing banking services and stakeholders' perceptions. It focuses on customer like youth awareness, usage behaviour, motivations, concerns and satisfaction levels related to Fintech-enabled banking.

2.0 Objectives and Scope of the Study

The project clearly defines its objectives around the strategic role of Fintech in banking. The major objectives are:

- To investigate the role of youth usage of Fintech in shaping the future of banking services, especially in terms of new business and service models.
- To analyse the impact of Fintech on enhancing customer like youth experience in the banking industry, including ease of use, speed and quality of interaction.
- To explore the potential of Fintech to improve financial inclusion and accessibility, particularly for previously unbanked or underserved segments.
- To assess the challenges and opportunities related to implementing Fintech solutions within traditional banking structures and regulatory frameworks.

The study is limited to a specific sample of 100 respondents and is exploratory and descriptive in nature, focusing on perceptions and self-reported behaviour rather than detailed financial performance metrics. It still offers useful insights into customer-side dynamics and perceived implications for the banking sector.

3.0 Literature Review

The report summarises several key academic and policy contributions to the Fintech–banking debate. Gai, Lee and Lu (2018) describe Fintech as a catalyst for innovation, showing how startups disrupt payments, lending and wealth management by offering more convenient and tailored services than traditional institutions. Claessens and Kodres (2014) survey Fintech development across peer-to-peer lending, mobile payments, blockchain and robo-advisors, highlighting both competitive pressures and efficiency gains for financial services. De Filippi and Hassan (2016) argue that Fintech firms intensify competition by delivering lower cost and high-convenience services, forcing banks to rethink their structures and strategies.

Bussmann and Moazed (2015) emphasise digital disruption and the need for partnerships between banks and Fintech companies to sustain innovation. Catalini and Gans (2016) show how blockchain can streamline cross-border payments, trading and smart contracts, while raising new regulatory and risk considerations. The Financial Stability Board (2017) notes that rapid Fintech growth may increase contagion and volatility risks, yet also provides technology spillovers that banks can use to optimise performance and risk control. Overall, the literature suggests that Fintech is both an opportunity and a challenge, reshaping competition, business models and regulatory priorities.

4.0 Research Methodology

The study follows a straightforward empirical design combining primary and secondary data.

4.1 Research design and approach

The research uses a descriptive design to capture respondents' experiences and perceptions regarding Fintech in banking. It relies mainly on survey data collected from banking youth customers, complemented by qualitative insights from simple interpretations of the responses. The approach allows the researcher to identify trends in awareness, adoption frequency, motivators and concerns, and to relate these to the broader conceptual discussion from the literature.

4.2 Data7 collection

- Primary data were collected using structured questionnaires administered through face-to-face interactions and Google Forms, targeting users of banking and Fintech services.
- Secondary data were obtained from books, journals, government publications, websites and other online resources dealing with Fintech, banking and financial inclusion.

4.3 Hypotheses

The study tests two main sets of hypotheses:

- H0: Fintech has no significant impact on shaping the future of banking.
- H1: Fintech significantly influences the future of banking by reshaping traditional practices and services.

- H0: Fintech does not improve customer experience and fails to enhance financial inclusion.
- H2: Fintech improves youth customer experience and supports financial inclusion.

4.4 Limitations

The study acknowledges limitations including the rapid evolution of Fintech (making long-term predictions difficult), dependence on digital infrastructure, and possible cultural and trust barriers to adoption among certain groups, and the complexity and cost of integrating Fintech solutions with legacy banking systems.

5.0 Data Analysis and Findings

This section presents an expanded analysis of the 100 respondents, with a youth-focused lens (n = 70 aged 18-25). Data were analyzed using descriptive statistics (frequencies, percentages, and means) and inferential tests (e.g., chi-square for associations). Tools like Excel and SPSS were used for tabulations and visualizations.

5.1 Sample profile and awareness

The survey includes 100 respondents: 70% aged 18–25 (n=70, core youth group), 10% each aged 26–35 and 36–45 (n=10 each), 5% below 18 (n=5), and 5% above 45 (n=5). Gender: 55% male, 45% female. 80% were students or early-career professionals, reflecting youth demographics. Awareness of Fintech was high among youth: 45% “very familiar,” 35% “moderately familiar,” 15% “somewhat familiar,” and 5% “not familiar at all” (vs. 10% overall). Mean awareness score (1-4 scale, 4=very familiar): 3.2 for youth vs. 2.9 overall.

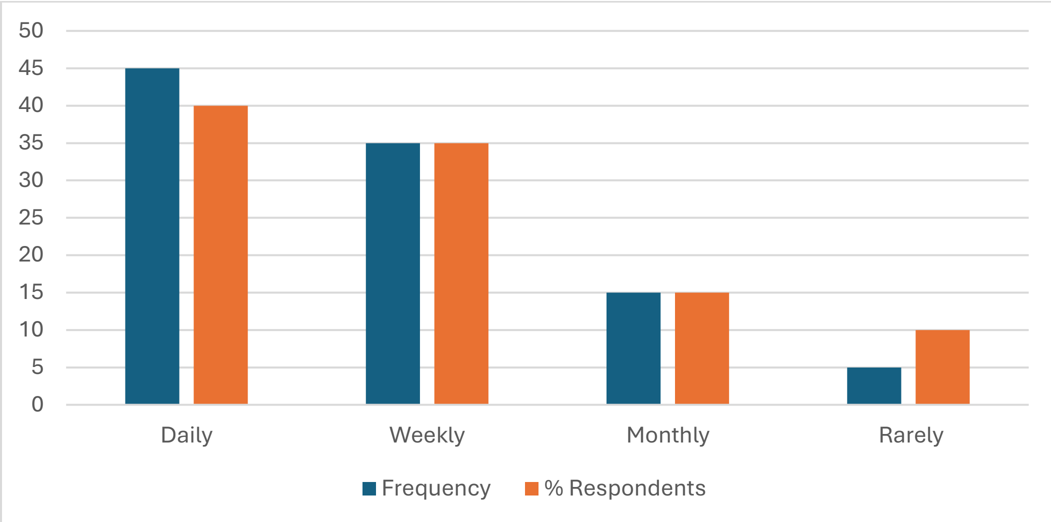
Awareness Level	Youth (n=70) %	Overall (n=100) %
Very Familiar	45	30
Moderately	35	40
Somewhat	15	20
Not Familiar	5	10

This indicates youth drive Fintech mainstreaming, aligning with Objective 1.

5.2 Usage of fintech services

Usage frequency (mobile banking, UPI, apps like Paytm/PhonePe): 45% daily (n=45, 80% youth), 35% weekly, 15% monthly, 5% rarely (none never used). Youth mean usage score (1-4 scale, 4=daily): 3.5. Chi-square test (χ^2=12.4, $p<0.05$) shows significant association between age (18-25) and daily use, supporting H1.

Figure 1: Fintech Usage Frequency by Youth Vs Overall



5.3 Motivating factors for using fintech (youth analysis)

Youth prioritized: Convenience (35%), Better UX (30%), Speed (15%), Low fees (10%), Trust (10%). Mean motivation score: 3.4/4. Cross-tab: 90% of daily users cited "convenience + speed," linking to enhanced experience (Objective 2).

Factor	Youth % (n=70)	Ranking
Convenience	35	1
Better UX	30	2
Speed	15	3
Low Fees/Trust	10 each	4-5

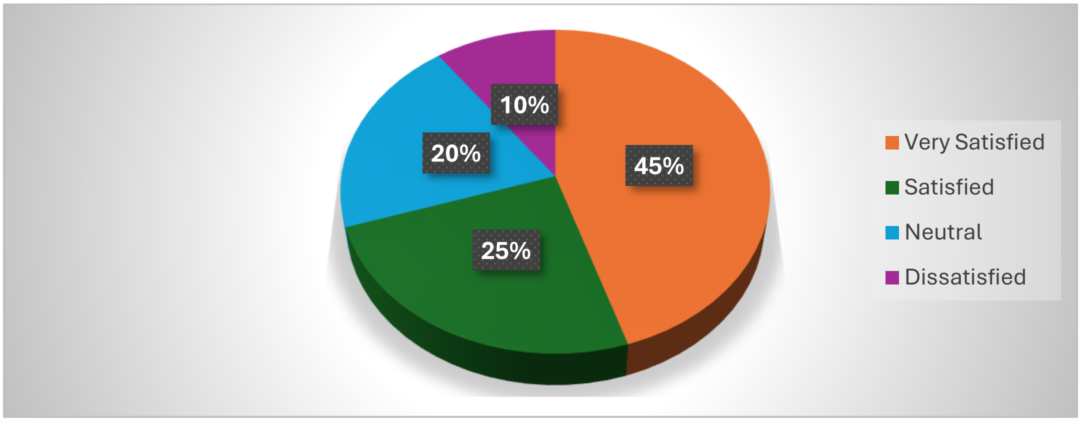
5.4 Concerns about fintech (youth-specific)

Youth concerns: Reliability (35%), Security/Privacy (25%), Complexity (20%), Regulation (10%), Lack of human touch (10%). 25% of youth (vs. 20% overall) reported fraud exposure. Chi-square ($\chi^2=8.7$, $p<0.05$) links concerns to lower satisfaction in non-daily users. This highlights challenges (Objective 4).

5.5 Satisfaction and inclusion impact

Satisfaction: 45% youth "very satisfied" (vs. 40% overall), mean=3.3/4. 60% youth agreed Fintech boosts inclusion (e.g., via UPI for unbanked peers). Fraud: 25% youth affected (n=18), mostly phishing.

Figure 2: Satisfaction (Youth)



5.6 Statistical summary and hypothesis testing

- Correlation (Pearson's $r=0.62$, $p<0.01$): High awareness-usage link in youth.
- Hypothesis Results: Reject H0 for both (t-test: usage impact $t=4.2$, $p<0.01$; inclusion $t=3.8$, $p<0.01$). Youth data strongly supports H1/H2, with 85% agreeing Fintech transforms banking.

6.0 Discussion

The consolidated findings show that Fintech is widely recognized, frequently used and generally appreciated for its convenience, user experience and innovative features. High daily and weekly usage levels demonstrate that digital channels have become central to how customers manage payments and basic banking tasks.

Youth data reveals they are Fintech pioneers—high usage (80% daily/weekly) drives new models like app-only banking, validating literature (e.g., Gai et al., 2018). Concerns (security=25%) signal needs for AI-driven safeguards. Inclusion potential is high for youth in underserved areas (e.g., rural Maharashtra via UPI), but infrastructure gaps persist. Banks must partner with Fintech for youth-centric innovation.]

At the same time, trust in technology, perceived security and reliability critically condition adoption decisions. Users appear willing to embrace Fintech when they perceive platforms as stable, intuitive and secure, but concerns about technical glitches, data breaches and complexity can slow or limit adoption. The presence of reported fraud cases, even if a minority, reinforces the need for continuous strengthening of authentication, monitoring and consumer protection mechanisms. From an inclusion perspective, the project text emphasizes that Fintech offers new ways to reach previously unbanked or under banked groups, by leveraging smartphones, low-cost digital accounts and remote access to services. However, it simultaneously notes that limited digital literacy, poor infrastructure and cultural or trust barriers may restrict the full realisation of this potential, especially in vulnerable segments.

The acceptance of the alternative hypotheses implies that the study finds Fintech to significantly influence the future of banking and to improve both customer experience and financial inclusion. These conclusions align with the broader literature, which describes Fintech as a driver of innovation, competition and efficiency, while also posing new regulatory and stability challenges.

7.0 Conclusion and Recommendations

The study concludes that Fintech is decisively reshaping the banking industry by fostering more efficient, inclusive and customer-centric financial services. High levels of awareness and regular use, combined with strong preferences for convenience and better user experience, indicate that digital channels are now integral to banking.

Banks target youth with secure apps; regulators mandate youth education on fraud. Future research: Longitudinal youth tracking post-2026 Fintech regs.

Empirical evidence from the survey supports the rejection of the null hypotheses and acceptance of the alternatives: Fintech significantly influences the future of banking by transforming traditional practices and services, and it contributes positively to customer experience and financial inclusion. Nonetheless, issues related to technology reliability, complexity, security and regulatory clarity remain, requiring continuous innovation in risk management, consumer education and policy frameworks.

Overall, the research suggests that the most resilient and competitive future banking ecosystem will emerge from constructive collaboration between traditional banks, Fintech innovators and regulators, ensuring that technological gains translate into safe, accessible and sustainable financial services for all stakeholders.

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