

ADOPTION OF DIGITALISED BANKING
AMONG GENERATION Z IN MALAYSIA

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DECLARATION

We hereby declare that:

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- (2) No portion of this FYP has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) Equal contribution has been made by each group member in completing the FYP.
- (4) The word count of this research report is 9955 words.

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DEDICATION

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LIST OF ABBREVIATIONS

APAC	Asia- Pacific
CA	Cronbach's Alpha
DV	Dependent Variable
INT	Intention of adoption of digitalised banking
IV	Independent Variable
PEOU	Perceived Ease of Use
PU	Perceived Usefulness
SC	Security Concern
SI	Social Influence
SPSS	Statistical Product and Service Solutions
T	Trust
TAM	Technology Acceptance Model
UTAR	Universiti Tunku Abdul Rahman

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PREFACE

The digital banking licence in Malaysia is given by Bank Negara Malaysia. To facilitate the growth and development of digital banking services in the nation, the licencing framework for digital banks was created in December 2020. Under the licencing system, prospective candidates must fulfil specific eligibility requirements and go through a rigorous review procedure to demonstrate that they have the financial strength, operational competence, and technological ability to run a digital bank. Winning applicants will be awarded a digital banking licence, allowing them to offer a variety of financial services, such as deposits, loans, payments, and investment products, via digital channels.

This research project is conducted to examine the adoption of Digitalised Banking among Generation Z in Malaysia. This study also found out the relationship of Digitalised Banking and the Generation Z in Malaysia.

ABSTRACT

Digitalised banking refers to the application of technology for efficient execution of banking operations, encompassing electronic banking, internet banking, and online banking. The significant growth of digitalised banking and payment methods can be attributed to the utilization of digitalised assistants, radiofrequency devices, near-field communication-based technology, and wireless handsets. This research is aimed to investigate the adoption of Digitalised Banking among Generation Z in Malaysia. The study examines the adoption of Digitalised Banking among Generation Z in Malaysia by including the independent variables of perceived usefulness, perceived ease of use, social influence, security concern and trust. The target respondents included in this research project are all the Generation Z in Malaysia who were born from 1995-2012. The TAM used this research as it is a framework that predicts the adoption of early. TAM model can help to quantify the factors that affect generation Z's decision to accept or reject the INT. TAM can also explore the influences on generation Z's willingness to adopt digitalised banking. The data and information for this research were gathered via the self-administered survey questionnaire approach by using Google Form, which is a primary research method. Out of the 350 questionnaires that were collected, only 302 of them have been deemed suitable for use after going through a filtering process. We use Statistical Product and Service Solutions (SPSS) software to aid in our data analysis. This includes conducting tests such as discriminant validity, assessing the significance of variables, bootstrapping, as well as performing descriptive and inferential tests. The research project result concluded the independent variables towards the adoption of Digitalised Banking among Generation Z in Malaysia. Some limitations and suggestions are included in the study to provide better ideas for future researchers and even the government of Malaysia to enhance the intention of Malaysians in using digitalised banking products in Malaysia.

CHAPTER 1: RESEARCH OUTLINE

1.0 Introduction

The whole chapter encompasses six subtopics. Firstly, research background is to brief about the transformation and general concepts of digitalised banking. The research problem and objective is to identify the important issues for the intention of generation Z to adopt digitalised banking for establishing a distinct path and orientation for the study. The research significance is to clarify why this research is needed.

1.1 Research Background

Digital transformation is an overall concept that consists of technologies, organizations and strategic changes (Matt, 2015). This includes the changes from obsolete methodology to a new approach of working and thinking by using innovative, digital social and mobile technologies (Terrar, 2015). This transformation has changed the relationship between the banking institution and their customers (Bondarenko, 2015), especially during the Covid-19 pandemic. The advancement of the technologies has accelerated the development of digitalised banking with digital financial service in the banking industry (Ratna, 2020).

The rapid development in digitalised banking has resulted in many Asian countries to introduce the digitalised banking services. The traditional banking institutions have transformed to provide digitalised banking services to the customers through the internet (Lugovsky, 2021). The goal of establishing digitalised banking is to improve the customer's banking experience (Benaissa, 2022). This has led to the increasing the demand of customers for the digitalised banking services which then encourage the technological developments in the digitalised banking sector with artificial intelligence (AI) as the centre of these digital transitions (Phaneuf, 2022).

Asia Pacific leads the market with over 60% revenue share owing to rapid adoption of digital payment services in China and India. The reason is growing population of younger generation and digital transactions support by the government (Wewege et.al., 2020).

The banking institutions of Malaysia has also followed their steps to transform digitally. On the 31st December 2020, Bank Negara Malaysia announced its intention to grant up to five new digitalised banking licenses by issuing the Policy Document on Licensing Framework for digital banks (Looi, 2022). This aims to fill the market gaps in the underserved and unserved segments in Malaysia by promoting a broader financial inclusion (Azmi et al., 2021).

Although Malaysia is considered an ageing society, according to the statistics published by APAC Personal Financial Services Survey 2021, Malaysian customers using digitalised services have increased by 33% from the year 2017 to the year 2021. It is forecasted that digitalised banks maybe able to attract generation Z populations, rather than those who depend on the financial and customer assistance provided by a traditional physical location (Phaneuf, 2022).

However, there is a need for the present study that will bring impact for Malaysian generation Z to use digitalised banking as the field is still underdeveloped. Aseng (2020) found out that the research that focuses on generation Z is still less in number. Suhaimi and Hassan (2018) stated that many studies were only conducted within generation Y. Besides, the research about the adoption of digitalised banking in Malaysia is rare (Ni, 2020). Instead, there was many research carried out in other countries, such as India, Saudi Arabia and so on (Haralayya, 2021; Revathi, 2019; Kaur et al., 2021). In addition, according to Nguyen (2022), there has been more research regarding the adoption of internet banking compared to digitalised banking.

None of the earlier studies has looked into how Malaysians perceive brand-new digitalised banking services. The general understanding and acceptance of digitalised banking services among Malaysian customers are likewise practically non-existent and insufficient (Ni, 2020). Hence, the goal of this study is to explore

the factors that affects the intention of Malaysian generation Z to adopt digitalised banking. The study intends to overcome the shortcomings and deficiencies of prior research in this area.

1.2 Research Problem

Generation Z is referred to as Gen Z or Zoomers, who are born from year 1995 to year 2012 (Aziz, 2021). As disruptive digitalised banking services are exposed to the market, generation Z has been trying to change their preference from traditional banking to digitalisation. Generation Z has actively adoption of technology to conduct banking transactions and other digital services due to the fact that they want more convenience even though there are some costs they have to bear (Golani, 2017). Digitalised banking allows generation Z to carry out any banking services anywhere and anytime through the internet (Martins et al., 2019). According to the Anorbank & TBC bank (2020), digitalised banking has provided the 24 hours banking services to customers (Abdulaziz, 2022). According to Laycock (2022), In Malaysia, generation Z are the most likely to indicate they have a digital bank account, with 20% having an active service when compared to previous generations. For instance, Maybank2u recorded 1.47 billion transactions since November 2021 compared to 1.15 billion in 2020, showing a 35% increase year over year. The massive rise the transaction volume and value in Malaysia has reflected generation's willingness to conduct transactions through digitalised banking due to the attractiveness of Fintech (Dhesi, 2021).

However, due to the digital transformation, a minority of generation Z are compelled to adopt digitalised banking for their daily transactions although it has brought various benefits to generation Z. Firstly, since the users' expectations towards digitalised banking are tied to how simple they perceive it to be to use (Acelian & Bastri, 2021), difficulty in accessing using digitalised banking platforms might cause them to have resistance to adopt digitalised banking (Meher et al., 2021). It is reported that the omnipresence of the failure of digitalised banking

platforms and the absence of customers' acceptance towards digitalised banking are due to a lack of ease of use (Rodrigues et al., 2016).

Furthermore, customers only use digitalised banking if the services would be beneficial to them (Daneshgadeh & Yıldırım, 2014). Nevertheless, the study area related to generation Z in using digitalised banking is still underdeveloped (Mbama et al, 2018). The perceived usefulness (PU) that the users hold might have an impact on the INT. For example, users often complain about uncertainties in services (Lee & Lee, 2020), like delayed transaction times (Agarwala et al., 2009; Salihu et al., 2019), inconvenience (Kamal, 2020) will cause users to avoid using digitalised banking.

Moreover, social influence is also reported that may affect the intention of generation Z to adopt digitalised banking. According to Karjalutoet al., 2018; Liu, 2016; Tan & Ooi, 2018, the beliefs and values of the generation Z can be impacted by social influence. This is because different people may have different opinions towards the adoption of digitalised banking. The user's usage behaviour on digitalised banking is depending on the subsequent WOM and reviews. Generation Z may have favourable or unfavourable perceptions towards digitalised banking mainly because of the people around them (Al-Somali et al., 2019). Since there is a lack of consensus in this field, they have led many researchers to pay more attention to it (Kavitha & Gopinath, 2021).

Besides, the exponential increase of digital fraud has revealed the vulnerabilities in bank security (Wewege et.al., 2020). Revathi (2019) states that security is a serious problem for digitalised banking, especially its customers. This is further strengthened by Joshi and Singh (2017) and research found that security concerns were the most crucial consideration for generation Z to adopt digitalised banking. This is because there are still certain flaws that allow cybercrimes and the exploitation of customers' private information (Dara, 2017). The risk of data abuse including cybercrime rises with open access to data in financial transactions (Zunzunegui, 2018). The security risk connected with digitalised banking can result in significant financial losses to consumers which will then lead generation Z to be reluctant to utilise digitalised banking (Alnemer, 2022). However, little is known

about end users of financial technology in terms of their security awareness and security behaviours (Davinson & Sillence, 2014).

Meanwhile, lack of trust (T) is acknowledged as a serious issue towards INT (Ezzi, 2014). It is claimed to be the main barrier to adopt digitalised banking by Nath et al. (2013), Sinha and Mukherjee (2016) and Kusumawati and Rinaldi (2020). It is reported that this condition is mainly due to digital privacy concerns (de Cosmo et al. 2021; Alashoor et al. 2017), the power of brand trust (Lappeman et al., 2022) and lack of confidence (Iddris, 2013; Ahmed and Sur, 2021), absence of face-to-face connection between users and bankers (Septiani et al., 2017). However, they cannot be sure to be the reasons for Generation Z in hesitating to adopt the digitalised banking as the research mentioned above are done to the public without having specific target audience on age. Hence, there is a need to determine whether T will affect INT of Generation Z or not.

Therefore, the aims of this study is investigate whether the security concerns, social influence, trust, perceived ease of use and perceived usefulness will have an impact on the INT among generation Z in Malaysia.

1.3 Research Objectives

1.3.1 General Objective

In this research, the primary goal is to examine current issues, trends, and circumstances related to the adoption of digitalised banking by the Malaysian generation Z. Additionally, this objective also to investigate the factors that impact the acceptance and usage for digitalised banking.

1.3.2 Specific Objectives

1. To investigate the relationship between PEOU and INT.
2. To investigate the relationship between PU and INT.
3. To investigate the relationship between SI and INT.
4. To investigate the relationship between SC and INT.
5. To investigate the relationship between T and INT.

1.4 Research Questions

The following research questions below are developed to provide clear direction in our study.

1. Will PEOU affect INT?
2. Will PU affect INT?
3. Will SI affect INT?
4. Will SC affect INT?
5. Will T affect INT?

1.5 Research Significance

This study provides a deep understanding of how the performance, effort, social influence and facilitating to influence adoption of digitalised banking among generation Z in Malaysia. This research will enlighten a few parties such as the banking institution, government, general public and academists because adoption of digitalised banking will lead the country to be more prosperous.

This research will assist the banking institutions to determine what aspect of digitalised banking should be improved in order to fulfil the demands of the users. This finding is also useful for banking institutions as they are able to follow the trend toward the behaviour of the users in the adoption of digitalised banking. This helps the banking institution in planning the right strategy to promote the use of digitalised banking to the users.

Besides that, this study is also significant to the government. The government may understand the concerns that the users have towards digitalised banking by implementing special rules and regulations for the services of digitalised banking to protect the users. The government is able to increase the attention of users to the advantages of adopting digitalised banking through awareness campaigns that applicable to the current usage behaviours of the users.

Additionally, this research is also useful to the users. Users might have positive attitudes and perceptions towards the digital transformation of traditional banking to digitalised banking as their concerns might be resolved after studying the research. This may help them to change their mind-sets and their level of acceptance towards digitalised banking can be raised indirectly.

Lastly, this research helps the academists in getting a clearer understanding about how and what the importance the adoption of digitalised banking among generation Z in Malaysia. Besides, the academists can gain the knowledge and generate more fresh ideas to conduct research.

1.6 Conclusion

This research discusses the relationship between the adoption of digitalised banking in generation Z. Moreover, this study also introduces the overall of this study by presenting all the chapters in the research. The following chapters will address deeper details about additional relevant information and variables.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

Literature review discusses appropriate theoretical models and analysis regarding the adoption of digitalised banking among generation Z are presents in this chapter. Besides, the IV such as PU, PEOU, SI, SC and T are included this study.

2.1 Definition of Digitalised Banking and Generation Z

2.1.1 Introduction of Digitalised Banking

The term "digitalised banking" describes the use of technology to perform banking operations efficiently (Sardana & Singhanian, 2020). Actually, it includes electronic banking, internet banking and online banking. The massive rise of digitalised banking and payment method (Patil & Dwivedi, 2018) is due to digitalised assistants, radiofrequency devices, near-field communication-based technology, and wireless handsets (Chen & Nath, 2008; Alkhowaiter, 2020). Besides, digitalised banking payment system permits financial operations to become more efficient such as transferring funds, pay bills, apply loans, cash deposits and withdrawals and so on through the internet without having to go to bank branches (Jain et al., 2020).

2.1.2 Introduction of Generation Z

Those born between 1995 and 2012 belong to generation Z in Malaysia (Aziz, 2019). However, the population of Malaysian generation Z who born

from 1997 able to perceived greater capacity to adapt to technological advancements and their potential to become future citizens in the creation and execution of achieving sustainability (Homer & Khor, 2022). In fact, generation Z has grown up with the internet as a significant part of their lives, making them heavily reliant on technology and the online world. They view technology as an essential aspect of their identity and prefer to communicate and connect digitally (Singh & Dangmei, 2016). They are commonly known as Generation I, Gen Tech, Digital natives, or Gen Wii, reflecting their close association with the digital realm. Being born and raised in a digital environment sets them apart from other generations, as their daily lives are heavily intertwined with electronic devices and online activities (Pulevska-Inanovska et al., 2017).

2.2 Underlying Theories

2.2.1 Technology Acceptance Model (TAM)

The TAM used to this research as it is a framework that predicts the adoption of early. The original scale evaluates the TAM characteristics in various technical contexts across demographics with sufficient validation (Davis & Venkatesh, 1996; Koul & Eydghah, 2018). In 1986, Fred D. Davis developed TAM. Researchers can analyse and quantify the factors that influence a person's decision to accept or reject the usage of technology using the TAM model (Harryanto et al., 2018). According Nur and Panggabean (2021), TAM is more effective than the Theory of Reasoned Action (TRA) or the Theory of Planned Behavior (TPB) in explaining individuals' intentions to adopt certain technologies. TAM is a widely used model in the field of Information Systems and technology adoption research, among other models. TAM model is the most popular model on the adoption of information technology and is regularly used in digitalised banking, e-commerce and internet acceptance (Venkatesh et al., 2003; Han & Sa, 2021).

TAM model can help to quantify the factors that affect generation Z's decision to accept or reject the INT. TAM can also explore the influences on generation Z's willingness to adopt the digitalised banking (Hsu & Lu, 2004; Vanduhe et al., 2020). This is because according to Davis (1989), the TAM model is offered as a concise and practical theoretical framework for examining how perceptions of a new technology or service's utility and usability affect public acceptance of it.

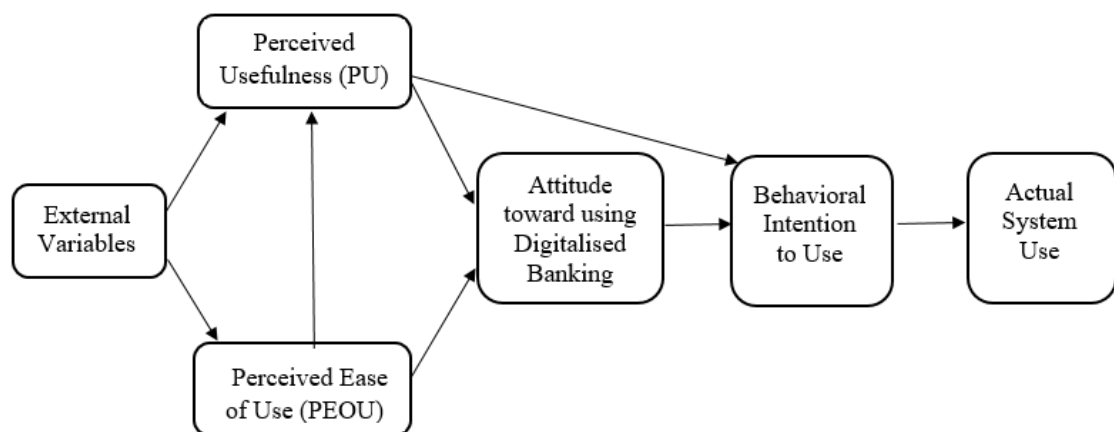


Figure 2.1. The modernised model of the TAM's theoretical framework. Adapted from Miller, J., & Khera, O. (2010).

2.2.2 Limitation of TAM Model

However, TAM has some limitations. The TAM model is a variable that relates to user behaviour and is objectively assessed rather than subjective factors like behavioural intention and interpersonal influence. Additionally, it ignores crucial aspects of user behaviour, such as social or environmental impacts. (Maruping et al., 2016; Malatji et al., 2020). It has limitations in its evaluation of user behaviour, particularly in its reliance on subjective measures that can be difficult to quantify objectively. Thus, various studies argued that TAM should combine objective and subjective method

approaches to obtain a more comprehensive view of user behaviour (Ang et al., 2015; Malatji et al., 2020). Hence, this study will modify and come up with a new framework to apply to it.

2.3 Review of Variables

2.3.1 Dependent variable {DV}: Intention of Adoption Digitalised Banking {INT}

INT refers to a person's intention to adopt is their interest to engage in digitalised banking. The way a person feels about their activities and how they believe others will perceive them if they engage in digitalised banking serve as indicators of how interested they are engaging in (Mufarih et al., 2020). INT is a sign that shows if users are likely to adopt digitalised banking services indefinitely or switch to a new provider (Saif et al., 2022). INT is the psychological process by which a person proceeds from first learning about digitalised banking services to reach a specific decision (Tiong, 2020).

2.3.2 Independent variable {IV}

2.3.2.1 Perceived Usefulness {PU}

PU means that the user's evaluation and belief in a technology's capacity to increase its performance (Mufarih et al., 2020). In addition, the concept of PU can be characterized as "capable of being employed effectively"; this definition is derived from the term "useful" (Davis, 1989). Meanwhile, PU in the field of digitalised banking combines the ease of internet connection provided to users, the availability of safe, high-standard digitalised banking

functionality, and the requirement for banking services (Jahangir & Begum, 2008). PU is a perception of users of the capacity to increase job performance and efficiency by time-saving in form of using numerous methods to access the services (Nguyen, 2020).

2.3.2.2 Perceived ease of use {PEoU}

Definition of PEoU is "the extent to which a person feels that utilising digitalised banking system or technology would be free of cost or effort" (Hee et al., 2018). Consumers' PEoU relates to their capacity to test out new innovations and quickly assess their merits. (Jahangir & Begum, 2008). Not only that, PEoU is the degree to which a prospective user of technology feels that a possible digitalised banking system is simple to use (Gumbo et al., 2017). Additionally, PEoU means that individuals are willing to accept that technological development using digitalised banking would make their lives simpler (Ali et al., 2020). Langelo (2013) stated that a user would be more likely to adopt an application that they believe is simpler to use than another.

2.3.2.3 Social Influence {SI}

SI refers to a person's impression of the social pressures that influence his or her decision to engage in a particular activity, for example in the use of digitalised banking (Samartha et al., 2022). According to Park et al. (2019) and Venkatesh et al. (2003), SI is the degree to which an individual considers it important for others to believe that he or she should utilize or accept an invention. Besides, the deliberate or inadvertent modification of another person's behaviour towards the adoption of digitalised banking is referred to as "social influence" (Sikarwar, 2019). SI was also a reliable indicator of users' willingness to utilise digitalised banking (Windasari et al., 2022).

2.3.2.4 Security Concern {SC}

SC is to make sure their customers and potential consumers believe their services are truly secure which not only implement appropriate security procedures (Moscato & Altschuller, 2012). Besides, SC is defined as users will feeling secure when conducting digital transactions as a key element that relieves their concerns about the efficiency of using digitalised banking to make online purchases (Edwin et al., 2006). From the perspective of the consumer, SC is the capacity to safeguard personal data against data fraud and theft in the digitalised banking industry (Hua, 2008).

2.3.2.5 Trust {T}

T can be founded on facts, ideas, or religion (Tugade, et al., 2021). T is defined as having confidence or belief that the other person will fulfil their end of the bargain (Kusumawati & Rinaldi, 2020). T is defined as a dedication to preserving digitalised banking, as well as T in digitalised banking applications and their dependability (Mufarih et al., 2020). T is the primary factor that lies at the heart of every economic transaction, whether it takes place in a physical retail store or online via a website. However, T becomes even more critical and essential in digitalised banking transactions (Zahir, 2015). Some researchers found that T and decision-making are intertwined components that cannot be separated from each other (Lifen, et al., 2010).

2.4 Conceptual Framework

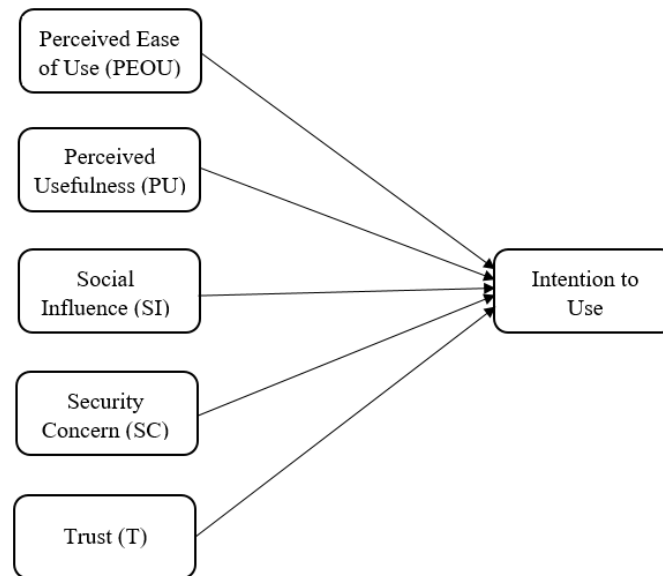


Figure 2.2. A conceptual framework for the adoption of digitalised banking among generation Z in Malaysia.

According to Figure 2.2, a conceptual framework which is determine the factors that affect INT among generation Z. It is adapted from the TAM. The link between DV and IV is depicted by the framework in above. The DV in this framework is the INT by generation Z. The IV are PU, PEOU, SI, SC and T.

2.5 Hypotheses Development

2.5.1 The Relationship Between PU and INT

Nguyen (2020) and Suhaini and Hassan (2018) stated that PU influences the users' INT positively. This suggests that PU and INT are related to one another in the utilisation of digitalised banking. This is due to the fact that the usefulness provided to consumers is strongly related to the advantages offered by the revolutionary digitalised banking system (Mufarih et al., 2020). The people consider PU of digitalised banking services would help

users perform better (Rahmi & Rahmawati, 2020). Moreover, one could contend that individuals who have actually adopted digitalised banking are better equipped to recognize the benefits and advantages that can be derived from its use (Alalwan, et al., 2016). Hence, a hypothesis is developed:

H1: The relationship between PU and INT is significant.

2.5.2 The Relationship Between PEOU and INT

Digitalised banking systems are easy to use and have high understandability will be regarded as user-friendly systems by the user. PEOU is discovered to positively increase INT among users (Hanafizadeh et al., 2014). This statement is further supported by Suhaini and Hassan (2018), and Bashir and Madhavaiah (2015) the results of the studies show that there is a strong correlation between the acceptability of digitalised banking and the PEOU. When users perceive that digitalised banking platforms are simple to comprehend and very user-friendly to use, this will increase their intention to adopt them. The users can access digitalised banking services which are able to use banking services more easily compared to traditional banking services (Nguyen, 2020). The possibility that a platform of digitalised banking services will be used increases with a technology's PEOU (Prastiawan et al., 2021). Thus, a hypothesis is developed:

H2: The relationship between PEOU and INT is significant.

2.5.3 The Relationship Between SI and INT

Venkatesh et al. (2013) describe SI as the degree to which an individual believes that others should adopt an innovation or technology. According to Idrees and Khan (2022), SI is a crucial element influencing the adoption of digitalised banking as the feedback that is given by the people around them

might influence the intention or decision of a user to use digitalised banking. This is because his INT might be affected by the people's reviews on individual opinions or existing digitalised banking users (Mufarrah et al., 2020). In addition, some researchers indicated that consumer adoption of particular technologies such as digitalised banking tends to promote acquaintances and relatives to adopt similar technologies, particularly if customers are satisfied with the technological performance (Johar & Suhartanto, 2019). Lastly, when individuals have little familiarity with digitalised banking services, the impact and value of social influence tend to increase and become more crucial (Madumanthi & Nawaz, 2016). Thus, a hypothesis is developed:

H3: The relationship between SI and INT is significant.

2.5.4 The Relationship Between SC and INT

The degree of SC is very important in online services, especially in digitalised banking. The INT has largely recognized the significance of SC. These SC features guarantee bank account secrecy and integrity (Banu et al., 2019). However, its absence is considered to be a significant obstacle that could hinder consumers from using a digitalised banking platform (Salimon et al., 2015). This refers to the possible negative outcome resulting from fraudulent activities or a cyber attack that compromises the security of a digitalised banking user. Users are becoming more apprehensive about adopting digitalised banking services due to the potential danger of data breaches, theft, and harm caused by cybercriminals and hackers (Apau & Lallie, 2022). Some researchers conducted a study aimed at reducing privacy risks to encourage the adoption of digitalised banking service. Their findings revealed that privacy risks act as a barrier to digitalised banking adoption, and consumers are often confronted with some level of uncertainty when it comes to digitalised banking as a new technology. However, the potential risk can be mitigated by enhancing consumers' perceptions of its

ease of use and increasing their knowledge of related security measures (Alwan & Al-Zubi, 2016). Thus, a hypothesis is developed:

H4: The relationship between SC and INT is significant.

2.5.5 The Relationship Between T and INT

According to Mohamad et al. (2022) stated that T have been established through adoption of digitalised banking. The degree of T will influence people's INT. Web application T is very important to deliver throughout the adoption of digitalised banking. Besides, customers make an effort to reduce the unpredictability and complexity involved in digitalised banking services by using mental shortcuts. T is one of these psychological shortcuts that people use to reduce the complexity associated with digitalised banking services (Asante & Baafi, 2022). According to Saif et al. (2022) discovered that the reason T is even more crucial when using digitalised banking services is because of there is no face-to-face connection between the users and the banker. Hence, a hypothesis is developed:

H5: The relationship between T and INT is significant.

2.6 Conclusion

In short, TAM is applied for obtaining a more comprehensive analysis. In this research, there are five IV, namely PU, PEOU, SI, SC and T. These variables might have influenced generation Z to adopt digitalised banking. The research methods will be covered in the following chapter.

CHAPTER 3: METHODOLOGY

3.0 Introduction

Research methods are included in the study. The process of creating questionnaires, how to conduct surveys, gather data, and pilot test will also be covered.

3.1 Research Design

Research design is to describe how a study will be going, from data collection to interpretation and presentation of results. Besides, research design is also crucial for ensuring this study is well-organized, efficient, and produces reliable results that can be used to draw meaningful conclusions. (Sileyew, 2019).

3.1.1 Quantitative Research

It involves collecting and analysing structured numerical data which is able to create accurate and dependable measurements that are statistically analysed from a larger sample size. Thus, it is suitable to obtain the quantified data by determining the adoption of digitalised banking among generation Z (Goertzen, 2017).

3.1.2 Descriptive Research

Descriptive methods apply to characterize target populations, events, or circumstances in their natural setting. Descriptive research examines multiple variables to acquire a more profound comprehension of the subjects being studied to generate actionable insights (Akhtar, 2016).

3.2 Sampling Design

3.2.1 Target Population

Target population in this research is generation Z. The population of Malaysian generation Z who born from 1997, are the key targeted market. This is because of their perceived greater capacity to adapt to technological advancements and their potential to become future citizens in the creation and execution of achieving sustainability (Homer & Khor, 2022). Besides, they are homeland generation, comes after the millennials as well as known for being digital natives, technically proficient and well educated (Bassiouni et al., 2014). Generation Z could provide a method of understanding how various formative experiences such as changes in the economy, society, and technology (Dimock, 2019). Hence, they are already demonstrating that they are a distinct and interesting generation Z.

3.2.2 Location Sampling and Sampling Frame

Sampling locations are 13 states of Malaysia (Johor, Pahang, Melaka, Sarawak, Kelantan, Terengganu, Sabah, Perak, Selangor, Negeri Sembilan, Perlis, Kedah and Pulau Pinang) and 3 federal territories (Kuala Lumpur, Putrajaya and Labuan) where generation Z is located. Besides, Malaysia's largest age group is currently represented by generation Z because it comprises 29% of the total population (Tjiptono et al., 2020). The Malaysian generation Z is a technologically savvy generation Z that is heavily reliant on social media, and cell phones and spends an average of eight hours each day online. For instance, 71% of generation Z in Malaysia use social media to get news and 43% use instant messaging (Nielsen, 2019). Not only that, generation Z use online transactions for daily transaction and use online

maps to check directions (Ong, 2015). In short, these locations for the research will be advantageous in determining the adoption of digitalised banking among generation Z.

3.2.3 Technique of Sampling

This study utilizes judgemental sampling, a non-probability sampling technique in which sample participants are chosen exclusively on the basis of the researcher's expertise and judgment. It is inexpensive, easily accessible, time-efficient, and suitable for conducting exploratory research design (Taherdoost, 2016). To achieve the objectives of this study, participants were selected randomly from the target population. Individuals who qualify the following criteria will receive the questionnaire:

- (1) Aged from 14 to 26 years old
- (2) Have at least heard about digitalised banking
- (3) Located in any state of Malaysia

3.2.4 Size of Sampling

G*Power 3.1 software will be applied to estimate the required sample size in this study. Cohen's formula is a formula that using by the G*Power 3.1 software to calculate required sample size. For example, the effect size is 0.15, alpha is 0.05, the number of predictors is 4, and the power is set at 95%. Based on the Population Pyramid (2023), the total population in Malaysia is 34,308,525 and generation Z is 9,949,472 of the overall population (Tjiptono et al., 2020). Moreover, a margin of error that is considered acceptable does not reach the point of diminishing returns, when achieved by surveying between 200 to 300 participants (Minsel, 2021). Hence this study will be collected a total of 350 respondents from

questionnaires even though the suggested minimum sample size by G*Power is 129.

3.3 Data Collection Method

Process of data collection includes assembling, assessing, and interpreting precise data from diverse pertinent origins to address research queries, respond to inquiries, assess outcomes, and anticipate trends and probabilities (Simplilearn, 2022). Besides, collecting various data collection methods is vital for making accurate decisions (Bhat, 2023).

3.3.1 Primary Data

The term "primary data" refers to the fact that will be gathered through surveys and questionnaires. Additionally, after gathering the primary data, new data sources will be developed to enhance the data already available (Hox & Boeijs, 2005). Primary data is thought to be more trustworthy, authentic, and valid because it is not altered by people (Kabir, 2016). For this study, primary data were gathered through an online survey. The online survey is quick, prevents data loss, and makes it easier to transmit data for analysis (Lefever et al., 2007). As a result, starting in January 2023, 350 pre-made questionnaires were distributed to respondents through various Malaysian states. Appendix 3.2 showed that there is the questionnaire as conducted.

3.3.2 Pilot Test

Wright (2018) pointed out that a pilot test must be conducted with a small sample of participants in order to assess the research technique. Before beginning a large-scale research project, the study design must be refined in

order to detect any potential issues and resource shortages related to the research tools and protocol (Hassan et al., 2006; In, 2017). The pilot test includes 30 respondents from Malaysia who are aware with digitalised banking and generation Z.

Cronbach's Alpha test is completed. Appendix 3.3, DBGM, PEOU, PU, SI, SC, and T have respective Cronbach's Alpha values. Which are 0.869, 0.854, 0.877, 0.808, 0.896, and 0.850. Given that Cronbach's Alpha values for these 6 variables vary from 0.8 to 0.9, it was clear that they had produced an excellent outcome in the reliability analysis (Bland & Altman, 1997).

3.4 Proposed Data Analysis Tool

To evaluate the research hypothesis, all the information gathered from online questionnaires and collected from 350 respondents will be examined using computerised SPSS software. This software can seamlessly integrate with several databases and is interactive and user-friendly. The majority of this software has a wide range of tools for describing the analysis of the data, including univariate, bivariate, and multivariate (Zikmund,2003).

3.4.1 Descriptive Analysis

Data presentation can be achieved through the use of descriptive analysis in a meaningful manner that allows for the identification of patterns that meet all the data's criteria. For instance, research data is computed, elucidate, and summarize using descriptive statistics, tables, graphs, and charts in a purpose-driven, logical, and practical way (Rawat, 2021).

3.4.1.1 Reliability Test

According to Rosaroso (2015), Cronbach's alpha is a measure of reliability that assesses the extent to which a set of items or variables are positively correlated with each other. Cronbach's alpha, which provides estimates of consistency given as numbers between 0 and 1, is used to assess the reliability of scales (Cabanillas et al., 2017).

3.4.1.2 Cronbach's Alpha {CA}

CA is applicable to large-scale projects and is a reliable measure of inter-project consistency (Taber, 2018). Cronbach's Alpha can be used to explain why the responses are comparable when the same questions are modified and reapplied to the same respondents. The variables on the test instrument were judged accurate after the test was repeated and the participants' replies were consistent and believable (Chaudhary, 2016). The excellent value of consistency reliability is closer to 1, according to research by Hair et al. (2010). The acceptable range of Cronbach's Alpha is between 0.7 to 0.95. In the meanwhile, if the value is lower than 0.6, it will be deemed poor. The empirical rule for Cronbach's Alpha coefficient value is shown in Appendix 3.4.

3.4.2 Inferential Analysis

This study utilized inferential analysis to explore the relationship between DV and IV. Inferential statistics are used to compare treatment groups and draw conclusions about bigger groups of individuals from measurements taken from a sample of study participants (Frost, 2018). Most of the time, data from samples can be obtained, since it would be too difficult and costly to collect information from the large population that is targeted in a study. As a way, inferential statistics allow researchers to use sample data to infer conclusions about a large population.

3.4.2.1 Pearson's Correlation Analysis

The Pearson correlation coefficient R can be used to evaluate a linear relationship between two continuous variables in studies where they are typically referred to as the x -values and y -values. R , which ranges from -1 to $+1$, is a metric of association strength. An alternative to the conventional Pearson correlation analysis is a Bayesian study of linear correlation. A perfect positive correlation exists when the value of r is one; a zero value for r shows the absence of a connection. The questionnaire is designed to evaluate the association between personality and job performance because all of these variables are measured using an interval scale. (Sedgwick, 2012).

3.4.2.2 Multiple Regression Analysis

Multiple linear regression analysis used to determine the relationship of DV and IV. When taking into account a large number of IV, it is crucial for researchers to analyse each IV separately toward its DV while keeping all other aspects constant. In a recent study, the desire to use contactless payments served as the DV, whereas PU, PEOU, SI, SC and T served as the five IV. Because the P value less than 1%, 5%, and 10% is acceptable, the significance thresholds of 1%, 5%, and 10% will be examined to advance this inquiry (PH717 Module 12 - Multiple Variable Regression, n.d.).

3.5 Conclusion

To summarize, chapter 3 fully described and outlined the methodology that will be used for research. In chapter 4, the results will be examined and elaborated further.

CHAPTER 4: DATA ANALYSIS

4.0 Introduction

This chapter analysis and interpretation for the useful data produced by the raw data of the questionnaire survey. We obtained a total of 350 questionnaires, but only 302 of questionnaires will be used after filtering. Data analysis will be carry out with multiple test by using the consequences of the reliability and descriptive analysis, in accordance with the questionnaire that was collected. Inference analysis will also be covered thoroughly here. In order to find out the result, SPSS will use in this study. The reason why researchers will use SPSS is that it offers many powerful features, so researchers believe that the results produced are the most accurate.

4.1 Respondent Demographic Profile

The information presented below pertains to the gender, age, state, work status and income level per month.

4.1.1 Gender

According to appendix 4.1 showed that the descriptive analysis for Gender. The data display the results of the survey, indicating the gender distribution of the 302 Malaysian generation Z respondents who participated. Of the total respondents, 201 were female, representing more than half of the participant population at 66.6%. The remaining 33.4%, which accounts for 101 respondents, were male.

4.1.2 Age

Appendix 4.2 showed that the age in descriptive analysis. It illustrates the proportion of respondents across different age groups, which classified into four age groups. The majority of participants fall within the 21 to 23 age range, accounting for 64.2% or 194 respondents. The age group of 17 to 20 has 75 respondents, comprising 24.8% of the total, while the 24 to 26 age group has 31 respondents, making up 10.3%. Additionally, the age group of 14 to 16 has 2 respondents only, contributing 0.7%, it was the lowest percentage age group.

4.1.3 State

Appendix 4.3 showed that the descriptive analysis for state groups. It presents the respondents' state ratio. According to the result, the highest respondents were from Perak which has 60 respondents, comprising 19.9% of the total, while 59 respondents were from Penang, comprising 19.5%. Besides that, there were 13.9%, which means 42 respondents were from Selangor. Also, 38 respondents comprising 12.6% were from Johor. In addition, a total of 31 respondents from Kuala Lumpur, comprised 10.3% of the total. Furthermore, there have 20 respondents from Pahang, as well as there have 10 respondents from Sarawak. Moreover, there have 19 respondents from Kedah and 11 respondents from Melaka. Other than that, there are 5 respondents from Negeri Sembilan. Lastly, Kelantan, Terrengganu and Sabah have 3, 2 and 2 respondents respectively.

4.1.4 Work Status

Appendix 4.4 showed that the descriptive analysis for work status. Based on the result, it represents the work status of 302 respondents. The majority of responders 242, comprising 80.10% of the total are students, while full-time employees with 37 respondents (12.30%), and part-time employees have 16

respondents (5.3%). Lastly, 7 respondents were unemployed, comprising 2.3% of the total.

4.1.5 Income Level Per Month

Appendix 4.5 showed that the descriptive analysis for income levels per month. Among the total respondents, 227 individuals (75.2%) had a monthly income of below RM1,000, making it the most frequently reported income range. The second-highest income range reported by 44 respondents, accounting for 14.6% of the total, was between RM1,000 and RM2,000. Additionally, 18 respondents, or 6% of the total, had income levels between RM2,000 and RM3,000. Finally, the income range above RM 3,000 was reported by 13 respondents (4.3%).

4.2 Scale Measurement

4.2.1 Reliability Test

Appendix 4.6 shows that mostly variables were considered to be good. Each variable had a Cronbach's alpha value ranging from 0.70-0.90, indicating strong internal consistency. INT had the highest score (0.894), indicating good reliability, followed by PEOU and PU with values of 0.864 and 0.875, respectively. Additionally, SI scored 0.820, while SC scored 0.795. Lastly, TR scored 0.879. As all values exceeded 0.7, this indicates that all survey items exhibited high internal consistency. Therefore, the results can be considered reliable.

4.3 Inferential Analysis

4.3.1 Pearson Correlation Coefficient Analysis

The possible range of the correlation coefficient is -1.0 (negative correlation) to 1.0 (positive correlation), indicating that values cannot exceed these limits. When the coefficient value of a correlation is above 0, it signifies a positive correlation, whereas a negative correlation is indicated by a coefficient value that is below 0. There is no correlation for these two variables when the value is 0 (Chia et al., 2022).

Appendix 4.7 presents the degree of correlation between DV, INT and IV (PEoU, PU, SI, SC, TR). There is a noteworthy correlation between INT and PEoU. The P-value (0.001) is an indication that the results are statistically significant, as it is below $\alpha = 0.01$. Additionally, the correlation coefficient (0.762), which means it below within the range of 0.7 to 0.9. Appendix 4.8, it indicates a strong positive correlation between the adoption of digitalised banking among generation Z in Malaysia and PEoU.

The analysis reveals a significant correlation between INT and PU. The P-value (0.001) is an indication that the results are statistically significant, as it is below $\alpha = 0.01$. Furthermore, the correlation coefficient (0.818), which lies within the range of a strong positive correlation, which typically falls between 0.7 and 0.9. Appendix 4.8, indicates a strong positive correlation between adoption of digitalised banking among generation Z in Malaysia and PU.

The results demonstrate a significant association between the adoption of digitalised banking among generation Z in Malaysia and SI. The P-value (0.001) is an indication that the results are statistically significant, as it is below $\alpha = 0.01$. Additionally, the correlation coefficient (0.531), which falls within the range of moderate positive correlation, which is between 0.5 and 0.7. According to appendix 4.8, it indicating a moderate correlation between the adoption of digitalised banking among generation Z in Malaysia and SI.

The analysis highlights a significant correlation between the adoption of digitalised banking among generation Z in Malaysia and SC. The P-value (0.001) is an indication that the results are statistically significant, as it is below $\alpha = 0.01$. Additionally, the correlation coefficient (0.284), which falls within the range of weak positive correlation, which is between 0 and 0.3. According to appendix 4.8, it is indicating a very weak correlation between the adoption of digitalised banking among generation Z in Malaysia and SC.

The analysis reveals a significant correlation between the adoption of digitalised banking among generation Z in Malaysia and T. The P-value (0.001) is an indication that the results are statistically significant, as it is below $\alpha = 0.01$. Furthermore, the correlation coefficient (0.593), which lies within the moderate positive correlation range, which is typically between 0.5 and 0.7. Appendix 4.8, it indicating a moderate correlation between the adoption of digitalised banking among generation Z in Malaysia and trust.

4.3.2 Multiple Linear Regression

Appendix 4.9 includes all IV in this analysis. The adjusted R-squared value of 0.721 suggests that the variables PU, PEOU, SI, SC and T can explain 72.10 percent of the adoption digitalised banking among generation Z in Malaysia which is the DV. However, the remaining 27.9 percent of the variable is unexplored in this study.

The F-value (156.753) and p-value (0.000) displayed in Appendix 4.10 demonstrate a positive correlation between the IV as well as DV. As the P-value of the ANOVA which lower than the pre-determined significance level of 0.05, it can be concluded that the IV is a valid predictor of the DV. Hence, the model can be considered reliable.

Appendix 4.11 illustrates that the p-values of PEOU, PU, SI, SC and T are less than 0.05, indicating the variables' importance so it has a significant relationship between DV. In multiple regression models, a significance level of 0.05 is typically used rather than 0.01, which is used in Pearson Correlation Models. This is because in multiple regression models, there may be more than one IV that are not significant individually to the DV. As a result, a linear equation is created:

$$\text{INT} = 0.405 + 0.256\text{PEOU} + 0.535\text{PU} + 0.107\text{SI} - 0.075\text{SC} + 0.094\text{T}$$

Whereby,

INT = Intention of Adoption digitalised banking

PEOU = Perceived ease of use

PU = Perceived usefulness

SI = Social influence

SC = Security concern

T = Trust

4.4 Conclusion

To summarize, this chapter presents the outcomes of each variable in the form of tables and pie charts. Additionally, respondent demographic profile, scale measurement, inferential analysis, and the establishment of a regression equation were interpreted using SPSS software. In the next chapter, the study's main findings, implications, limitations, and recommendations are going to be examined.

CHAPTER 5: DISCUSSION, CONCLUSION AND IMPLICATIONS

5.0 Introduction

For this chapter had summarized based on data from Chapter 4 and subjected to statistical analysis, summary, and discussion. Additionally, each variable is thoroughly and clearly explained, and the chapter also addresses implications, limitations, recommendations, and conclusions in a comprehensive manner.

5.1 Overview of Statistical Analysis

Table 5.1:

H1:	PEoU significantly influences the INT among generation Z in Malaysia.	Significant
H2	PU significantly influences the INT among generation Z in Malaysia.	Significant
H3	SI significantly influences the INT among generation Z in Malaysia.	Significant
H4	SC significantly influences INT among generation Z in Malaysia.	Significant
H5	T significantly influences the INT among generation Z in Malaysia.	Significant

5.2 Discuss on Major Findings

5.2.1 The relationship between PEOU and INT among generation Z in Malaysia

H1: There is a significant relationship between PEOU and INT among generation Z in Malaysia

In Malaysia, there is evidence supporting the correlation between the adoption of digitalised banking by generation Z and generation Z's perception for how easy to use the digitalised banking. For example, Azmi et al. conducted a study in 2021 that revealed Malaysian generation Z consumers exhibit a notable correlation between their PEOU and their intention to utilize digitalised banking applications, indicating a positive association. Similarly, Omar Ali et al. (2022) detected a strong and positive relationship between PEOU and the adoption of digitalised banking in their 2020 study. Lastly, according to Ni's research in 2020, PEOU is the primary independent variable that predicts the adoption of digitalised banking by generation Z in Malaysia.

According Mufarih et al. (2020), PEOU is important because it influences an individual's attitudes and behaviours towards technology use when a person views a technology as simple to operate, they are more inclined to embrace it and use it in the long run. Research has demonstrated that there is a noteworthy correlation between the PEOU and the adoption of digitalised banking by generation Z in Malaysia. Besides, PEOU is let a particular system such as digitalised banking can effortless, both physically and mentally. When consumers perceive a digitalised banking system if a product is perceived as user-friendly, it is more probable for individuals to adopt it and use it with greater frequency which can ultimately lead to increased performance and satisfaction (Mostafa,2020).

5.2.2 The relationship between PU and INT among generation Z in Malaysia

H2: There is a significant relationship between Perceived Usefulness (PU) and INT among generation Z in Malaysia

In the research of Malaquias and Hwang (2019), shown that PU represents one of the vital component that explain INT. Besides, the finding in the research of Ni (2020) also prove that positive relationship between PU and adopting digitalised banking services. In additional, the research showed PU having significant effect on the adoption of use digitalised banking service (Andrea et al., 2021). Based on the other research , it appears the results of a study found a significant positive relationship between the PU and the use of digitalised banking services(Ghani et al ,2022).

PU is a key factor that influences consumer behavioural INT. Customers are more willing to embrace digitalised banking services if they believe they would help them with their needs and financial obligations (Ni, 2020). PU has been identified as a key determinant of the adoption and use of digitalised banking services, and it can be measured using three main indicators: service, benefits, efficiency, and effectiveness (Prastiawan et al., 2021).

5.2.3 The relationship between Social Influence and INT among generation Z in Malaysia

H3: There is a significant relationship between Social influence (SI) and adoption of digitalised banking among generation Z in Malaysia

In the research of Lishomwa and Phiri (2020) stated that SI have significant impact on the adoption of digitalised banking services. SI have positive relationship towards the adoption of digitalised banking (Nustini & Fadhillah, 2020). Besides, adoption of digitalised banking towards SI is shown positive relationship effect (Safira & Baridwan, 2018). According to Windasari et al. (2022) found that the SI is a significant relationship between the adoption of digitalised banking.

SI has a strong relationship towards the adoption of digitalised banking is because of the large number of individuals adopt it and might influence others' perceptions of how simple and effective it is (Nustini & Fadhillah, 2020). In addition, the adoption of digitalised banking is likely to be impacted by external influences, such as the viewpoints of the user's family and friends. Also, the social media and word-of-mouth will affect the user's opinion and decision on adopt of digitalised banking (Safira & Baridwan, 2018). Generation Z holds a strong sense of social conscience and view the advice of friends and other users as a more trustworthy foundation for adoption decisions (Windasari et al., 2022).

5.2.4 The relationship between Security Concern and INT among generation Z in Malaysia.

H4: There is a significant relationship between SC and INT among generation Z in Malaysia

According to Akhter et al. (2022) found that SC has a huge impact on people's INT. Besides, the adoption of digitalised banking is positively impacted by SC (Tham et al., 2017). According to Phuong et al. (2022) found that SC has a favourable impact on individuals' willingness to utilize digitalised banking payment services. According to Osman et al. (2021) observed the level of security concern and the intention to adopt digitalised

banking services. Not only that, Apau and Lallie (2022) found that SC has a positive relationship towards digitalised banking adoption.

The SC must be taken into account while developing digitalised banking services in order to satisfy customers (Tham et al., 2017). Moreover, security continues to be a major concern in digitalised banking because of the potential for data breaches and cyberattacks. The main obstacles for users to adopt digitalised banking products and services are security issues such as the leakage of personal information, loss of private financial data, cyberattacks, and identity theft, are the primary obstacles preventing users from embracing digitalised banking products and services (Osman et al., 2021). In order to provide a high level of security in digitalised banking services and soothe users' concerns, IT infrastructure and security control are still essential (Apau & Lallie, 2022).

5.2.5 The relationship between T and INT among generation Z in Malaysia

H5: There is a significant relationship between T and INT among generation Z in Malaysia

According to the Aftab et al. (2017), it indicates that T has a significant impact on the adoption of digitalised banking. Not only that, the adoption of digitalised banking is positively impacted by T (Nustini & Fadhillah, 2020). In the research of Mohamad et al. (2023) found that the adoption of digitalised banking is strongly positively and significantly influenced by T.

T is the most important indicator of adoption to use digitalised banking. Users are more inclined to complete transactions through digitalised banking if they T the platform of digitalised banking services offered by their particular banks (Aftab et al., 2017). According to Nustini and Fadhillah (2020) stated that users will utilise digitalised banking in their

transactions if they truly believe it can be fulfilled well and ensured their privacy. T is a critical factor in the adoption and use of digitalised banking services. This is because digitalised banking services involve the exchange of sensitive and personal information such as financial transactions and personal identification details. Users need to have faith and confidence that their information will be kept private and secure, and that the service provider will fulfil its obligations and provide reliable and available services when needed. Without T, users may be hesitant to adopt digitalised banking services, which can hinder the growth and success of the digitalised banking industry (Kusumawati & Rinaldi, 2020).

5.3 Implications of the study

5.3.1 Theoretical implications

This study is to provide the practical perspective in demonstrating an application of digitalised banking in real life. Digitalised banking refers to the effective use of technology in banking processes. TAM is a valuable framework that the acceptance of the public through technology and it can completely and reasonably explain the element that influence the adoption of digitalised banking. TAM theory identifies key factors that influence the digitalised banking adoption. By identifying these factors, banks can focus their efforts on improving these aspects of their digitalised banking services to increase adoption rates. By applying theories such as TAM, the parties such as banking institutions, government, users and academists can better understand about the digitalised banking services. Especially for banking institutions, they are able to design more effective digitalised banking services which increase adoption rates over time. Besides, this research also benefits academists which provide the advancing knowledge in this area of study. This research also can provide academists with opportunities for professional development in the future. Academists can develop new skills

and gain experience through this research in their project management in future which will help advance their careers.

5.3.2 Managerial Implications

Besides theoretical implications, there are some managerial implications towards the adoption of digitalised banking services.

First of all, PU is an important factor in the adoption of digitalised banking services. Customers need to perceive that the digitalised services provided by the bank will improve their banking experience, save them time, and offer a wider range of services. To increase PU, banks can offer personalized digitalised banking customized services that cater to the specific needs and preferences of individual customers. Banks can also educate customers on the benefits of using digitalised banking services and offer incentives for using them.

Furthermore, PEOU is another key factor in the adoption of digitalised banking services. Customers need to perceive that the digital services provided by the bank are easy to use and require little effort to learn. To increase PEOU, banks can design their digitalised banking services with intuitive interfaces and provide comprehensive and easy-to-follow user manuals. Banks can also offer online tutorials and assistance to help customers learn how to use their digital services.

Moreover, SC is also another important factor towards the adoption of digitalised banking services. To improve security, banks can more focus on end-to-end encryption. The end-to-end encryption can build digitalised banking system safer and bring the data and information safety to the next level. Banks also can strengthen the login procedure which can focus on multi-factor authentication, banking alert notify, and fraud prevention monitoring apply on digitalised banking services.

In addition, banks should focus on improving SI towards the adoption of digitalised banking. Banks also can strongly collaborate with social media influencers who have a large following and credibility with their audience to promote digitalised banking services. Also, running social media campaigns that it will highlight the features and benefits of digitalised banking will improve the awareness of the service.

Besides, T is also an essential part towards the adoption of digitalised banking services. Banks can focus on user experience to become seamless and excellent which means it can improve T in digitalised banking. Thus, users know that they can easily contact to bankers for help if they have a problem or concern. Banks should improve by building a strong reputation for security, reliability, and trustworthiness. This can be achieved by consistently delivering on promises, providing excellent service, and demonstrating a commitment to user's satisfaction towards digitalised banking services.

Lastly, encouraging the government to facilitate infrastructure development and improve internet coverage and stability is crucial to promoting the adoption of digitalised banking, particularly in rural areas. Reliable and fast internet connectivity is essential for accessing digitalised banking services, and without it, customers may encounter difficulties in using digitalised banking platforms.

5.4 Limitation

There are several limitations. Firstly, this research only focuses on generation Z instead of other groups. The intention of the other age group of citizens to adopt the digitalised banking are not being identified yet. Besides, only a few portions of respondents from each state are involved in this survey, especially Sabah and Kelantan had the lowest percentage of involvement and this caused the generation

Z from these two states to be underrepresented. Moreover, this research used quantitative research as the research design. However, the data collected is not sufficient to represent the satisfied agreement or disagreement level of respondents' INT as it is constrained by the Likert Scale. This causes the data does not to establish casualty.

5.5 Recommendation

Respondents from different states and different environments in Malaysia may have different INT. Therefore, future researchers are advised to try different samples of respondents in Malaysia. A representative sample of respondents from each demographic group can help prevent an imbalance in the data and lead to more precise data analysis. However, it is also important to ensure that the respondents have adequate knowledge and understanding of the topic being studied. This can be done through pre-screening questions or by ensuring that the questionnaire is easy to understand and does not contain technical jargon. Researchers should also consider providing additional information or resources to help educate respondents and ensure that they are able to provide informed and accurate responses.

Furthermore, it is advised that the upcoming researchers widen the measurement of the research framework by incorporating additional IV to produce more precise outcomes and enhance the research study. It is possible that there are other factors that were not considered in the study that may also influence the adoption of digitalised banking in Malaysia. In particular, in addition to the variables of PEOU, PU, SI, SC, and T, other factors such as perceived privacy, perceived risk, and so forth may have an effect on the adoption of digitalised banking in Malaysia. Taking these factors into consideration, researchers can obtain greater inclusive comprehension of the factors that impact people's choices to embrace digitalised banking services. This can ultimately aid in devising efficient strategies to encourage digitalised banking adoption.

Furthermore, increasing the sample size in a study can certainly help to improve the reliability, accuracy, and generalizability of the results. Larger sample sizes can provide more statistical power to detect differences or associations, reduce the impact of random variation, and increase the representativeness of the sample. In the context of studying banks and customers in Malaysia, a larger sample size could help to ensure that the findings are more reflective of the population as a whole, rather than being limited to a particular subset of the population. This could be particularly important if the goal of the study is to make generalizations about the banking industry or customer behaviour in Malaysia.

By using alternative or complementary methods to collect data and considering causal inference methods, researchers can overcome the limitations of the Likert Scale and establish more robust relationships between variables. This can lead to more accurate conclusions. For example, use open-ended questions. Instead of using the Likert Scale, researchers can ask open-ended questions that allow respondents to express their opinions and thoughts more freely. This can provide more detailed and nuanced data on respondents' intentions to adopt digitalised banking. Besides, further studies can conduct interviews or focus groups. Researchers can also conduct interviews or focus groups to gather qualitative data on respondents' perceptions and attitudes towards digitalised banking. This approach can provide more in-depth insights into the factors that influence adoption.

5.6 Conclusion

In conclusion, this research has shown the adoption of digitalised banking among generation Z in Malaysia. The factors that will affect the adoption of digitalised banking are PEOU, PU, SI, SC and T. Moreover, this research utilised a sample size of 302 respondents and analysed the data using SPSS. In a nutshell, this research has achieved all five objectives in examining the relationship between the factors and adoption of digitalised banking among generation Z.

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APPENDICES

Appendix 3.1

Survey Questionnaire Permission Letter



UNIVERSITI TUNKU ABDUL RAHMAN DU012(A)

Wholly owned by UTAR Education Foundation (200201010564(578227-M))

Faculty of Business and Finance
Jalan Universiti, Bandar Barat, 31900 Kampar, Perak
Phone: 05-468-8888
<https://fbf.utar.edu.my/>

29th August 2022

To Whom It May Concern

Dear Sir/Madam,

Permission to Conduct Survey

This is to confirm that the following students are currently pursuing their Bachelor of Business Administration (Honours) Banking and Finance program at the Faculty of Business and Finance, Universiti Tunku Abdul Rahman (UTAR) Perak Campus.

I would be most grateful if you could assist them by allowing them to conduct their research at your institution. All information collected will be kept confidential and used only for academic purposes.

The students are as follows:

<u>Name of Student</u>	<u>Student ID</u>
Lee Choon Kit	20ABB04083
Lee Men Li	19ABB03066
Lim Wei Lun	19ABB03875
Ong Su Zhen	19ABB03451
Wee Guo Sheng	19ABB04548

If you need further verification, please do not hesitate to contact me.

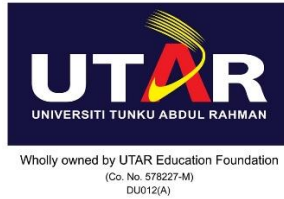
Thank you.

Yours sincerely,

Mr Chong Tun Pin
Head of Department
Faculty of Business and Finance
Email: chongtp@utar.edu.my

Appendix 3.2

Survey Questionnaire Sample



UNIVERSITI TUNKU ABDUL RAHMAN

**FACULTY OF BUSINESS AND FINANCE
DEPARTMENT OF BANKING AND RISK MANAGEMENT**

Final Year Project

Title of Topic: Adoption of Digitalised Banking Among Generation Z in Malaysia

Dear Respondents,

Greetings! We are final year undergraduate students who are currently pursuing Bachelor of Business Administration (Hons) Banking and Finance from the Universiti of Tunku Abdul Rahman (UTAR). We are conducting a research project entitled “Adoption of Digitalised Banking among Generation Z in Malaysia.” Digitalised banking is a new trend in banking services that have been adopted by other countries and Malaysia will be adopting it soon. This research aims to determine the Adoption of Digitalised Banking among Generation Z in Malaysia. We would like to invite you to participate in this research study by helping us to complete this questionnaire.

This questionnaire consists of 3 sections:

- Section A: Pre-screening Section & Demographic Profile
- Section B: Acknowledgement of Digitalised Banking
- Section C: External Factors of Digitalised Banking

This questionnaire will take about 5-10 minutes to complete.

For further inquiries, please do not hesitate to drop us a message:

Lee Choon Kit (014-6223776)

Lee Men Li (011-11278799)

Lim Wei Lun (017-4152181)

Ong Su Zhen (011-10602616)

Wee Guo Sheng (017-7067491)

PERSONAL DATA PROTECTION STATEMENT

Please be informed that in accordance with Personal Data Protection Act 2010 (“PDPA”) which came into force on 15 November 2013, Universiti Tunku Abdul Rahman (“UTAR”) is hereby bound to make notice and require consent in relation to collection, recording, storage, usage and retention of personal information.

Notice:

1. The purposes for which your personal data may be used are inclusive but not limited to: -
 - For assessment of any application to UTAR
 - For processing any benefits and services
 - For communication purposes
 - For advertorial and news
 - For general administration and record purposes
 - For enhancing the value of education
 - For educational and related purposes consequential to UTAR
 - For the purpose of our corporate governance
 - For consideration as a guarantor for UTAR staff/ student applying for his/her scholarship/ study loan
2. Your personal data may be transferred and/or disclosed to third party and/or UTAR collaborative partners including but not limited to the respective and appointed outsourcing agents for purpose of fulfilling our obligations to you in respect of the purposes and all such other purposes that are related to the purposes and also in providing integrated services, maintaining and storing records. Your data may be shared when required by laws and when disclosure is necessary to comply with applicable laws.
3. Any personal information retained by UTAR shall be destroyed and/or deleted in accordance with our retention policy applicable for us in the event such information is no longer required.
4. UTAR is committed in ensuring the confidentiality, protection, security and accuracy of your personal information made available to us and it has been our ongoing strict policy to ensure that your personal information is accurate, complete, not misleading and updated. UTAR would also ensure that your personal data shall not be used for political and commercial purposes.

Consent:

1. By submitting this form you hereby authorise and consent to us processing (including disclosing) your personal data and any updates of your information, for the purposes and/or for any other purposes related to the purpose.
2. If you do not consent or subsequently withdraw your consent to the processing and disclosure of your personal data, UTAR will not be able to fulfill our obligations or to contact you or to assist you in respect of the purposes and/or for any other purposes related to the purpose.
3. You may access and update your personal data by writing to us at quosheng0001@1utar.my.

Acknowledgment of Notice

[] I have been notified by you and that I hereby understood, consented and agreed per UTAR above notice.

[] I disagree, my personal data will not be processed.

.....

Name:

Date:

Questionnaires

Section A: Pre-screening Section and Demographic Profile

1. Gender
 - Male
 - Female

2. Age
 - 14-16 years old
 - 17-20 years old
 - 21-23 years old
 - 24-26 years old

3. State
 - Kuala Lumpur
 - Selangor
 - Perak
 - Johor
 - Penang
 - Pahang
 - Malacca
 - Negeri Sembilan
 - Kedah
 - Perlis
 - Kelantan Terengganu
 - Sarawak
 - Sabah

4. Work Status
 - Full-time
 - Part-time
 - Student
 - Unemployed

5. What is your income level per month?

- Below RM 1000
- RM 1000 – RM 2000
- RM 2001 – RM 3000
- Above RM 3000

6. Have you heard of digitalised banking?

- Yes
- No

Section B: Dependent Variable

The term "digitalised banking" describes the use of technology to perform out banking operations efficiently. This section is going to understand your acknowledgement about adoption of digitalised banking.

Kindly respond to each question by putting the tick sign in the box which best reflects your own feelings. The scores in between show varying degrees of strength related to your feeling. You may put a tick at any number from 1 to 5, where 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

Constructs	Adoption of Measurement Items	
Adoption of Digitalised Banking among Generation Z in Malaysia	A1	I would enjoy using digital banking services in future.
	A2	I would consider using digital banking services to be a wise decision.
	A3	I believe using digital banking services is a smart idea in future.
	A4	I would intend to continue using digital in the future if it is useful and convenience.

(Reference: Nguyen, O. T. (2020))

Section C: Independent Variable

(i) Perceived Ease of Use

This section aims to know how the ease of use of digitalised banking could affect your intention to adopt digitalised banking. Perceived ease of use refers to how easily users can adopt digitalised banking.

Kindly respond to each question by putting the tick sign in the box which best reflects your own feelings. The scores in between show varying degrees of strength related to your feeling. You may put a tick at any number from 1 to 5, where 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

Constructs	Adoption of Measurement Items	
Perceived ease of use	PEOU 1	I believe that digital banking services are easy to utilize.
	PEOU 2	I believe that learning how to utilise digital banking services is simple for me.
	PEOU 3	I believe the application procedure of digital banking services is quite transparent and simple.
	PEOU 4	I believe digital banking services is easily to me to become proficient while using.

(References: Windasari, N. A., et al. (2022); Nguyen, O. T. (2020).)

(ii) Perceived Usefulness

This section aims to know how the perceived usefulness of digitalised banking could affect your intention to adopt digitalised banking. Perceived usefulness refers to how the users are able to adopt digitalised banking to improve their productivity.

Kindly respond to each question by putting the tick sign in the box which best reflects your own feelings. The scores in between show varying degrees of strength related to your feeling. You may put a tick at any number from 1 to 5, where 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

Constructs	Adoption of Measurement Items	
Perceived Usefulness	PU 1	I believe that digital banking can improve and simplify the procedure of banking services.

	PU 2	I believe that digital banking services help the bank transaction and application process to be quicker.
	PU 3	I believe that digital banking services are effective and save time.
	PU 4	I believe that digital banking services are helpful to me to fulfil my demand.

(References: Al-Sharafi, M. A., et al. (2017).)

(iii) Social Influence

This section aims to know how the social influence of digitalised banking could affect your intention to adopt digitalised banking. Social influence refers to how an individual's impression of the social pressures that influence his or her decision to adopt digitalised banking.

Kindly respond to each question by putting the tick sign in the box which best reflects your own feelings. The scores in between show varying degrees of strength related to your feeling. You may put a tick at any number from 1 to 5, where 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

Constructs	Adoption of Measurement Items	
Social Influence	SI 1	I will get information about digital banking from the people around me (family, friends, etc.).
	SI 2	I will get feedback and suggestions from people around me (family, friends, etc.) about their digital banking user experience.
	SI 3	I would share my user experience with people around me (family, friends, etc.) after using digital banking.
	SI 4	I would recommend digital banking to anyone around me (family, friends, etc.).

(References: Barquin, S., Vinayak, H. V., & Shrikhande, D. (2018); Naeem, M. (2020).)

(iv) Security Concern

This section aims to know how the security concern of digitalised banking could affect your intention to adopt digitalised banking. Security concern means customers are concerned and worried while using digital banking.

Kindly respond to each question by putting the tick sign in the box which best reflects your own feelings. The scores in between show varying degrees of strength related to your feeling. You may put a tick at any number from 1 to 5, where 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

Constructs	Adoption of Measurement Items	
Security Concern	SC 1	I believe that digital banking services did not have security concerns while utilising.
	SC 2	I believe that digital banking is safe to adopt.
	SC 3	I believe that using digital banking services is significantly did not impacted by security issues.
	SC 4	I believe that my personal data can be protected and kept confidential.

(Reference: Pavithra, C. B. (2021).)

(v) Trust

This section aims to know how the Trust of digitalised banking could affect your intention to adopt digitalised banking. Trust refers to how user’s feeling and confidence in the bank’s ability, honesty, and generosity to deliver digital banking and financial services.

Kindly respond to each question by putting the tick sign in the box which best reflects your own feelings. The scores in between show varying degrees of strength related to your feeling. You may put a tick at any number from 1 to 5, where 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.

Constructs	Adoption of Measurement Items	
Trust	T 1	I will trust the platform that operates the digital banking services.

	T 2	I trust that digital banking provides the best benefits that are always sought by customers.
	T 3	I trust that digital banking services is safe to access my account information and manage my funds.
	T 4	I trust that digital banking fulfil the service commitments exactly.

(References: Nguyen, O. T. (2020); Alnemer, H. A. (2022); Mbama, C. I., Ezepue, P., Alboul, L., & Beer, M. (2018).)

Appendix 3.3

Pilot Test

Pilot Test (Summary of Reliability Statistic)

	Variables	Cronbach's Alpha	No. of Items	Internal Consistency
Dependent Variable (DV)	DBGM	0.869	4	Good
Independent Variable (IV)	PEOU	0.854	4	Good
	PU	0.877	4	Good
	SI	0.808	4	Good
	SC	0.896	4	Good
	TL	0.850	4	Good

Sources: Data from SPSS

Appendix 3.4

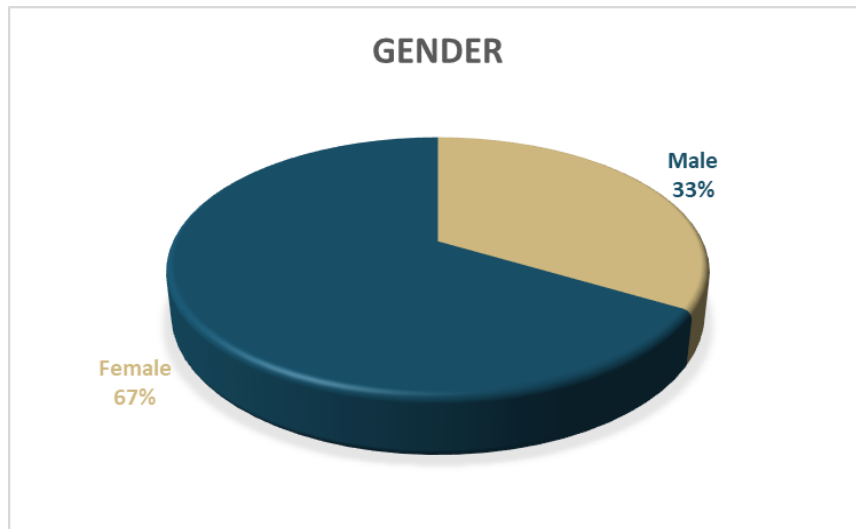
The rule of Cronbach's Alpha coefficient value

Alpha Coefficient Range	Internal Consistency
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable

Sources: Chaudhary, 2016

Appendix 4.1

Chart for Descriptive Analysis of Gender



Source: Developed in the study

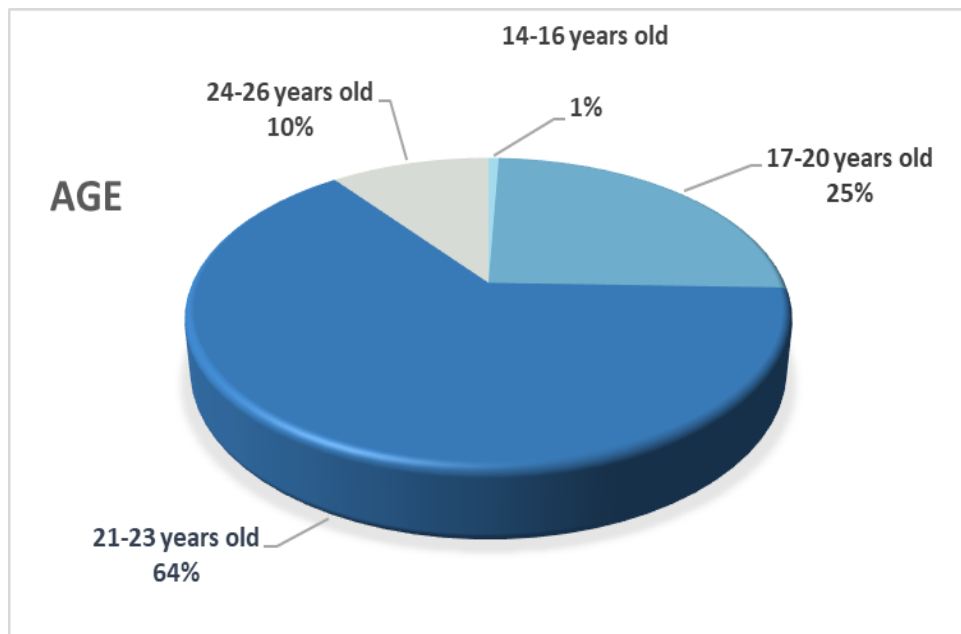
Descriptive Analysis for Gender

Value	Frequency	Percent	Valid Percent	Cumulative Percent
Female	201	66.6	66.6	66.6
Male	101	33.4	33.4	100.0
Total	302	100.0	100.0	

Source: Developed in study

Appendix 4.2

Chart for Descriptive Analysis of Age



Source: Developed in the study

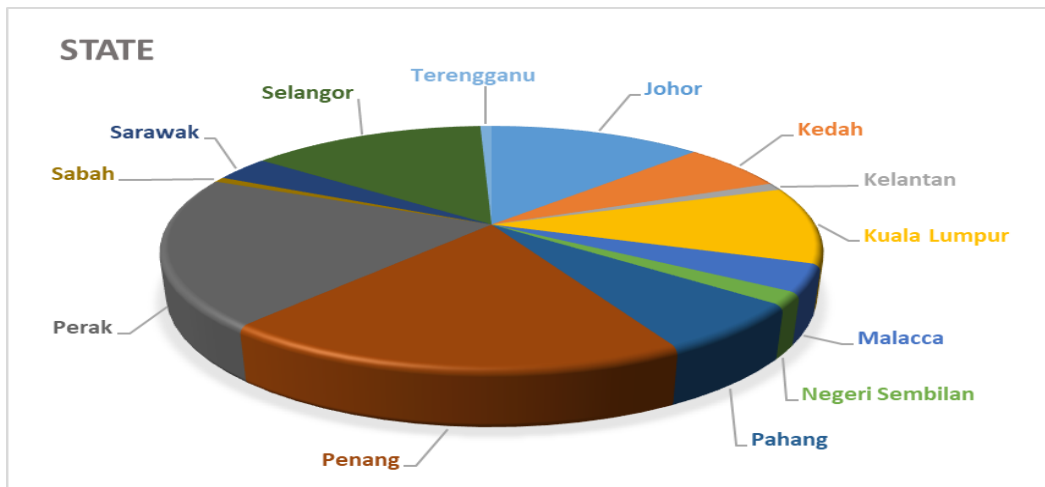
Descriptive Analysis for Age Group

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
14-16 years old	2	0.7	0.7	0.7
17-20 years old	75	24.8	24.8	25.5
21-23 years old	194	64.2	64.2	89.7
24-26 years old	31	10.3	10.3	100.0
Total	302	100.0	100.0	0.7

Source: Developed in the study

Appendix 4.3

Chart for Descriptive Analysis of State



Source: Developed in the study

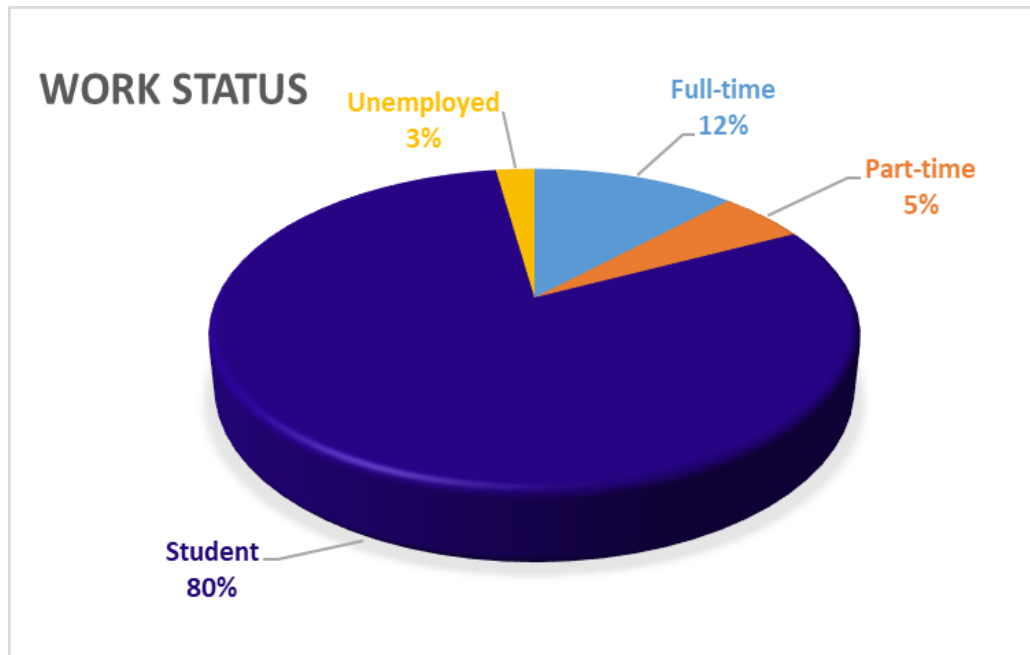
Descriptive Analysis for State

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Johor	38	12.6	12.6	12.6
Kedah	19	6.3	6.3	18.9
Kelantan	3	1.0	1.0	19.9
Kuala Lumpur	31	10.3	10.3	30.1
Malacca	11	3.6	3.6	33.8
Negeri Sembilan	5	1.7	1.7	35.4
Pahang	20	6.6	6.6	42.1
Penang	59	19.5	19.5	61.6
Perak	60	19.9	19.9	81.5
Sabah	2	0.7	0.7	82.1
Sarawak	10	3.3	3.3	85.4
Selangor	42	13.9	13.9	99.3
Terengganu	2	0.7	0.7	100.0
Total	302	100.0	100.0	

Source: Developed in the study

Appendix 4.4

Chart for Descriptive Analysis of Work Status



Source: Developed in the study

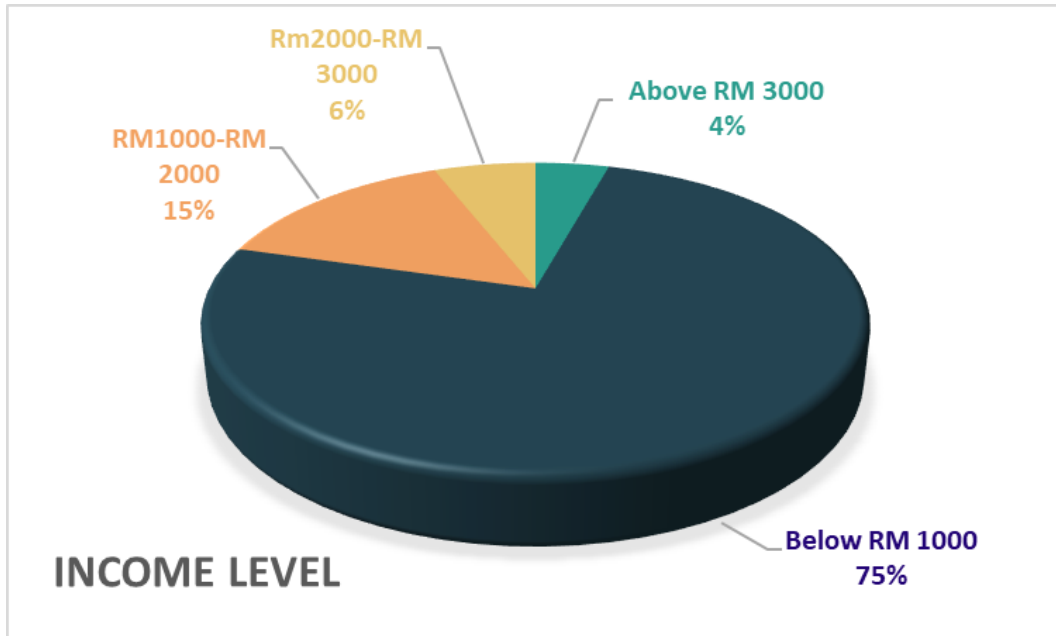
Descriptive Analysis for Work Status

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Full-time	37	12.3	12.3	12.3
Part-time	16	5.3	5.3	17.5
Student	242	80.1	80.1	97.7
Unemployed	7	2.3	2.3	100.0
Total	302	100.0	100.0	

Source: Developed in the study

Appendix 4.5

Chart for Descriptive Analysis of Income Level Per Month



Source: Developed in the study

Descriptive Analysis for Income Level Per Month

	Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Above RM 3000		13	4.3	4.3	4.3
Below RM 1000		227	75.2	75.2	79.5
RM1000-RM2000		44	14.6	14.6	94.0
RM2000-RM3000		18	6.0	6.0	100.0
Total		302	100.0	100.0	

Source: Developed in study

Appendix 4.6*Reliability Test*

Variable	Number of items	Cronbach's Alpha	Results of Reliability
DBGM	4	0.894	Good
PEOU	4	0.864	Good
PU	4	0.875	Good
SI	4	0.820	Good
SC	4	0.795	Acceptable
TL	4	0.879	Good

Source: Developed in the study

Appendix 4.7*Pearson's Correlations*

		Adoption Of Digitalised Banking	Perceived Ease Of Use	Perceived Usefulness	Social Influence	Security Concern	Trust
Adoption Of Digitalised Banking	Pearson Correlation	1	.762**	.818**	.531**	.284**	.593**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	302	302	302	302	302	302

Adoption of Digitalised Banking Among Generation Z in Malaysia

Perceived Ease Of Use	Pearson Correlation	.762**	1	.771**	.547**	.355**	.609**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	302	302	302	302	302	302
Perceived Usefulness	Pearson Correlation	.818**	.771**	1	.503**	.323**	.588**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	302	302	302	302	302	302
Social Influence	Pearson Correlation	.531**	.547**	.503**	1	.456**	.509**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	302	302	302	302	302	302
Security Concern	Pearson Correlation	.284**	.355**	.323**	.456**	1	.451**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	302	302	302	302	302	302
Trust	Pearson Correlation	.593**	.609**	.588**	.509**	.451**	1

	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	302	302	302	302	302	302

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

Source: Developed in study

Appendix 4.8

Rules of Thumb

Correlation Strength vs. Axes	
Perp. Distance	Conclusion
distance = 1	Perfect Correlation
$0.9 \leq \text{distance}$	Very Strong Correlation
$0.7 \leq \text{distance} < 0.9$	Strong Correlation
$0.5 \leq \text{distance} < 0.7$	Moderate Correlation
$0.3 \leq \text{distance} < 0.5$	Weak Correlation
$0 < \text{distance} < 0.3$	Very Weak Correlation
distance = 0	No Correlation

Appendix 4.9

R Square Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.852 ^a	.726	.721	.36144

1. Predictors: (Constant), Trust, Security Concern, Social Influence, Perceived Usefulness, Perceived Ease of Use

Source: Developed in study

Appendix 4.10*Anova Result*

Model	Sum of Squares	d.f.	Mean Square	F	Sig.
Regression	102.393	5	20.479	156.753	.000 ^a
Residual	38.670	296	.131		
Total	141.063	301			

a. Dependent Variable: Adoption of Digitalised Banking

b. Predictors: (Constant), Trust, Security Concern, Social Influence, Perceived Usefulness, Perceived Ease of Use

Source: Developed in study

Appendix 4.11*Coefficients Multiple Regression*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig	95.0% Confidence Interval for B		Collinearity Statistics		Decision to hypothesis
	Beta	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF	
(Constant)	.405	.160		2.533	.012	.090	.720			Reject H ₀
Perceived Ease of Use	.256	.050	.263	5.117	.000	.157	.354	.351	2.853	Reject H ₀
Perceived Usefulness	.535	.050	.525	10.624	.000	.436	.634	.379	2.637	Reject H ₀
Social Influence	.107	.041	.103	2.623	.009	.027	.187	.597	1.675	Reject H ₀
Security Concern	-.075	.037	-.073	-2.038	.042	-.147	-.003	.727	1.376	Reject H ₀
Trust	.094	.038	.104	2.486	.013	.020	.169	.526	1.901	Reject H ₀

a. Dependent Variable: Adoption of Digitalised Banking

Source: Developed in study

Appendix 5.1*Turnitin Originally Report*

Adoption of Digitalised Banking among Generation Z in Malaysia

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