The Behavioural Patterns of Malaysians Towards the Adoption and Satisfaction with Digital-Only Banks

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CHAPTER 1

1.0 Background of the Study

The rapid evolution of financial technology has brought about a profound transformation in the banking sector, with digital-only banks emerging as a key force reshaping the industry. Operating exclusively online without physical branches, these institutions are redefining how banking services are delivered and accessed. This transformation is not merely driven by technological advancements but also reflects a shift in consumer preferences toward more convenient and personalized financial solutions (WEI YET, 2024). In Malaysia, the rise of digital-only banks has gained significant momentum, supported by growing consumer demand and proactive regulatory efforts.

Digital-only banks have existed for over two decades, with their establishment beginning in the late 1990s and early 2000s in countries like the United States, Europe, and Japan. In Asia, digital-only banks gained traction during the 2010s and 2020s, notably in China, South Korea, and Singapore (Yoon & Lim, 2020). Malaysia has also joined this trend due to advancements in its digital economy and financial technology, though the concept is still in its infancy within the country. As of April 2022, Bank Negara Malaysia (BNM) has issued licenses to five digital-only banks. However, before these banks can begin operations, they must undergo a readiness validation and audit by BNM within 12 to 24 months of the license announcement (Five Successful Applicants for the Digital Bank Licences, 2022).

To promote financial inclusion, BNM envisions these digital-only banks offering affordable and accessible financial services to underserved segments, such as small businesses, low-income households, minorities, gig workers, and youth. Additionally, these banks are expected to reduce transaction costs, provide essential financial services, and enhance digital literacy among consumers. By doing so, they aim to make banking more inclusive, improve service quality, boost employment, and reduce poverty (Abdul-Rahim et al., 2022).

Malaysia's FinTech sector has been growing steadily, with the COVID-19 pandemic accelerating the adoption of FinTech solutions. Despite this, the adoption rate remained around 50% in 2021, representing 15.96 million Malaysians (Abdul-Rahim et al., 2022). This moderate pace of adoption poses challenges to Malaysia's ambition of becoming a cashless society and a regional leader in the digital economy by 2030, as outlined in the *Financial Sector Blueprint 2022–2026* (YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz & Nor Shamsiah Yunus, 2022). Consequently, further research is essential to deepen our understanding of emerging FinTech innovations, such as digital-only banks, particularly in a developing context like Malaysia. This widespread

adoption demonstrates the increasing reliance on technology among Malaysian consumers and paves the way for the continued growth of digital-only banks.

This paradigm shift marks a break from the traditional banking models that have dominated for decades. The establishment of five licensed digital-only banks in Malaysia highlights the diverse strategies employed by different consortia to capture the market. GX Bank, led by Kuok Brothers and GXS Bank, gained significant traction early on, onboarding over 100,000 customers within weeks of its launch. Similarly, Boost Bank, a partnership between Boost Holdings and RHB Bank, focuses on delivering user-friendly and innovative financial services. AEON Bank, a collaboration involving AEON Financial Service and MoneyLion, emphasizes enhancing customer experiences through unique offerings. Meanwhile, SeaBank, backed by Sea Limited and YTL Digital Capital Sdn Bhd, seeks to address gaps in financial inclusion by targeting underserved segments. KAF Investment Bank, on the other hand, specializes in offering Islamic financial solutions to meet the needs of specific niche markets (Yeo, 2024). Collectively, these developments reflect Malaysia's commitment to advancing financial inclusion and innovation through digital banking.

At the same time, consumer preferences in Malaysia are evolving toward solutions that emphasize convenience, efficiency, and personalization. Younger generations are driving this trend, given their familiarity with technology and preference for seamless financial experiences (PricewaterhouseCoopers, 2020). Digital banks are responding to these demands by focusing on user-centric approaches, leveraging customer engagement strategies, and delivering tailored financial services. As a result, the growing demand for personalized services represents both an opportunity and a challenge for the digital banking sector.

Digital-only banks also appeal to customers by excelling in areas such as customer delight, lower costs and fees, real-time data analysis, on-the-go banking, and personalized financial advisory services (Dharamshi, 2018). These banks provide superior customer experiences by tailoring services to individual needs, which increases satisfaction and engagement. With lower operational costs compared to traditional banks, digital-only banks pass on savings to customers through reduced fees. Furthermore, leveraging real-time data analysis enables these banks to offer timely insights and solutions, enhancing customer decision-making. The ability to access banking services on-the-go through mobile apps ensures maximum convenience, while AI-driven personal financial advisors empower customers to manage their finances proactively. These value propositions highlight why digital-only banks are increasingly resonating with Malaysian consumers (Dharamshi, 2018).

Globally, the trend toward digital-only banking is evident, with countries such as Singapore and Hong Kong also embracing this shift by issuing licenses for digital banks (PricewaterhouseCoopers, 2020.). However, Malaysia's context is unique due to its diverse population and varying levels of technological adoption. While urban areas exhibit high rates of digital banking adoption, rural regions continue to face challenges such as

limited internet access and low technological literacy. This digital divide highlights the need for inclusive strategies to ensure that the benefits of digital banking are accessible to all segments of the population.

Despite the optimistic outlook, digital-only banks in Malaysia face significant challenges. Concerns over cybersecurity, regulatory compliance, and competition from established traditional banks remain critical hurdles (WEI YET, 2024). Furthermore, while many consumers are embracing digital banking, certain segments still prefer face-to-face interactions, underscoring the importance of bridging the gap between digital and traditional banking preferences. Overcoming these challenges will require continuous innovation, strong partnerships, and efforts to build consumer trust and confidence in digital banking solutions.

In conclusion, the rise of digital-only banks in Malaysia represents a pivotal evolution in the financial services sector. As consumer preferences increasingly shift toward more accessible and efficient banking options, understanding the behavioral patterns driving these changes will be essential. This study aims to explore these trends, offering valuable insights for both academic research and practical applications in the rapidly evolving digital banking landscape.

1.1 Problem Statement

The rise of digital-only banks in Malaysia represents a significant transformation in the banking sector, offering innovative, cost-effective, and convenient financial solutions. However, the adoption of digital-only banks remains inconsistent among Malaysians, influenced by various behavioural, cultural, and systemic challenges. While younger, tech-savvy generations readily embrace these platforms, older demographics and rural populations exhibit hesitance due to limited technological literacy, a preference for traditional face-to-face banking, and concerns about cybersecurity (Dharamshi, 2018).

One notable behavioural trend among Malaysians is their high sensitivity to trust and security when adopting financial technologies (Dharamshi, 2018). Cybersecurity threats, including phishing, mobile malware, and password hacking, heighten scepticism toward digital-only banks. According to PWC's Global Economic Crime and Fraud Survey 2018, 14% of respondents globally who identified cybercrime as the most disruptive fraud reported losses exceeding $1 million, with 1% experiencing losses above $100 million. In Malaysia, similar concerns persist, with users expressing anxiety about the safety of financial transactions on fully digital platforms (Price Waterhouse Coopers, 2018). These fears are compounded by incidents involving sophisticated malware that mimic legitimate apps to steal sensitive information, deterring widespread adoption.

Another common behavioural challenge is Malaysians' attachment to physical presence and human interaction in banking services (Dharamshi, 2018). For many, especially older generations, the lack of physical branches and face-to-face customer service creates feelings of alienation and distrust. While urban Malaysians, particularly millennials and Gen Z, increasingly value on-the-go and app-based banking, rural populations and older consumers often prefer traditional banking channels (Windasari et al., 2022). This behavioural divide highlights the challenge for digital-only banks to establish strong customer relationships in a fully digital environment.Malaysians also exhibit cost-conscious behaviours, making them particularly responsive to the lower costs and fees offered by digital-only banks (Dharamshi, 2018). However, this same focus on value drives customers to demand a wide range of financial products, which many digital-only banks currently lack. Limited-service offerings restrict these banks' ability to scale and meet the diverse needs of Malaysian consumers.

Furthermore, convenience and innovation play a critical role in influencing behaviour, especially for younger, tech-savvy Malaysians who are drawn to user-friendly banking apps and innovative financial tools (Dharamshi, 2018). However, any friction in the customer experience—such as poorly designed interfaces, app crashes, or slow performance—quickly erodes loyalty and leads to a shift back to traditional banking. Malaysians increasingly expect seamless, fast, and efficient digital services, with high demands for app perfection and real-time personalized financial advice. Despite these trends, significant behavioural barriers remain. While urban

Malaysians have embraced digital banking at high rates—driven in part by the pandemic—rural populations continue to lag behind due to limited internet connectivity and low digital literacy. This digital divide reinforces the need for inclusive strategies that address the behavioural and infrastructural gaps preventing full adoption.

Moreover, Malaysians are cautious adopters of new technologies, preferring to observe long-term reliability and stability before fully committing to digital-only banking platforms (Jaafar et al., 2024). This “wait-and-see” behaviour presents a challenge for digital-only banks, requiring them to consistently deliver secure, innovative, and efficient services to build consumer trust over time.

Despite the rapid growth of digital-only banks, there is limited research on how Malaysians' attitudes, trust, and concerns impact their adoption of these services. This study seeks to bridge the gap by exploring the behavioural patterns of Malaysians toward digital-only banks, focusing on trust, convenience, cost-sensitivity, and technological adoption. It aims to identify key factors influencing consumer behaviour, assess the challenges faced by these banks, and provide actionable insights for stakeholders. By addressing these issues, the study contributes to advancing financial inclusion, ensuring digital-only banks can meet the diverse needs of Malaysia’s population, and enabling these banks to achieve sustainable growth.

1.2 Research Questions

This study addresses the following research questions to understand the behavioural patterns of Malaysians toward digital-only banks:

1. How does Trust and Security influence the adoption of digital-only banks in Malaysia?
2. How do Demographic factors influence the adoption of digital-only banks in Malaysia?
3. How does Convenience and Technology influence the adoption of digital-only banks in Malaysia?
4. How does Cultural preferences for face-to-face interactions influence the adoption of digital-only banks in Malaysia?
5. How does Trust and Security concerns influence customer satisfaction with digital-only banks in Malaysia?
6. How do Demographic factors influence customer satisfaction with digital-only banks in Malaysia?
7. How does Convenience and Technology usage influence customer satisfaction with digital-only banks in Malaysia?
8. How does Cultural preferences for face-to-face interactions influence customer satisfaction with digital-only banks in Malaysia?

1.3 Research Objectives

The objectives of this study are:

1. To determine the influence of Trust and Security concerns on the adoption of digital-only banks in Malaysia.
2. To examine the impact of Demographic factors on the adoption of digital-only banks in Malaysia.
3. To assess the role of Convenience and Technology usage in influencing the adoption of digital-only banks in Malaysia.
4. To evaluate how Cultural preferences for face-to-face interactions affects the adoption of digital-only banks in Malaysia.
5. To investigate the effect of Trust and Security on customer satisfaction with digital-only banks in Malaysia.
6. To analyze how Demographic factors affect customer satisfaction with digital-only banks in Malaysia.
7. To explore the impact of Convenience and Technology usage on customer satisfaction with digital-only banks in Malaysia.
8. To examine the relationship between Cultural preferences for face-to-face interactions and customer satisfaction with digital-only banks in Malaysia.

1.4 Hypothesis of the study

1. **H1**: Trust and Security concerns significantly influences the adoption of digital-only banks in Malaysia.
2. **H2**: Demographic factors significantly influence the adoption of digital-only banks in Malaysia.
3. **H3**: Convenience and Technology usage significantly influences the adoption of digital-only banks in Malaysia.
4. **H4**: Cultural preferences for face-to-face interactions significantly influences the adoption of digital-only banks in Malaysia.
5. **H5**: Trust and Security concerns influences customer satisfaction with digital-only banks in Malaysia.
6. **H6**: Demographic factors significantly influence customer satisfaction with digital-only banks in Malaysia.
7. **H7**: Convenience and Technology significantly influences customer satisfaction with digital-only banks in Malaysia
8. **H8**: Cultural preferences for face-to-face interactions significantly influences customer satisfaction with digital-only banks in Malaysia.

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Structure of Hypotheses

- Independent Variables:
    - Trust and security concerns.
    - Demographic factors (age, income, location).
    - Convenience, innovation, and app performance. (technology infrastructure)
    - Cultural preferences for face-to-face interactions.
- Dependent Variables:
    - Adoption rates of digital-only banks.
    - Customer satisfaction.

1.5 Significant of study

This research holds significant value across multiple domains, including academia, the emerging digital-only banking sector, and government regulation. The findings aim to bridge existing gaps in the literature and provide essential insights into the behaviours and perceptions of Malaysian consumers toward digital-only banks.

In terms of academic contributions, despite the global rise of digital-only banks, there is a noticeable lack of studies specifically focused on the adoption behaviour and satisfaction of Malaysian consumers within this sector. Most existing research centres on more established markets, leaving a gap in understanding the unique dynamics of digital-only banking in Malaysia. This study seeks to fill that gap by exploring Malaysian customers' behaviour, their adoption process, and their satisfaction with digital-only banking services. The contribution of this research will be vital for future academic work in this emerging field. Additionally, the findings will enrich the academic discourse on digital-only banking, particularly in the context of developing economies like Malaysia. By focusing on the Malaysian market, this study will offer valuable insights into how digital banking can evolve in Southeast Asia and provide a foundation for future research in this area.

For digital-only banks, understanding customer behavior is crucial as Malaysia’s five licensed digital-only banks begin their operations. Given the relatively new nature of these banks, there is limited research available on how Malaysian consumers engage with them. This study will provide valuable insights into customer preferences, adoption drivers, and pain points, which can help digital-only banks tailor their services to meet local needs and expectations. The results will also serve as a critical guide for these banks, identifying key factors that contribute to customer satisfaction and adoption. This information will be essential for informing customer engagement strategies, service design, and product offerings, especially as competition in Malaysia's digital banking sector intensifies.

For government bodies, particularly Bank Negara Malaysia (BNM), the findings of this research could prove valuable in refining policies and regulations concerning digital-only banking. As digital banking becomes more widespread, concerns regarding cybersecurity and customer protection are likely to increase. This study will provide empirical data on consumer concerns, which can help policymakers develop stronger regulations to protect consumers and ensure the safe operation of digital-only banks. This could be especially important as digital banking continues to grow in Malaysia and beyond.

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Chapter 2

2.0 introduction

This chapter provides a comprehensive review of the existing literature on digital-only banking, focusing on key themes such as consumer adoption, satisfaction, and the regulatory landscape. The rise of digital-only banks has reshaped the banking industry, especially in emerging markets like Malaysia, where digital banking is still in its infancy. By examining global trends, theoretical frameworks of consumer behaviour, and case studies of digital-only banks, this chapter aims to highlight the factors influencing consumer adoption and the challenges faced by these institutions. Furthermore, it explores the role of regulatory bodies in shaping the development and growth of digital-only banks. The review of relevant studies will provide a foundation for understanding the specific dynamics of digital-only banking in Malaysia, offering insights into the behaviours and perceptions of local consumers.

2.1 Theoretical Framework and Models

This study uses two key models—the **Technology Acceptance Model (TAM)** and the **Unified Theory of Acceptance and Use of Technology (UTAUT)**—to explore the adoption and satisfaction with digital-only banks in Malaysia. TAM focuses on perceived usefulness and ease of use as primary factors influencing technology adoption, while UTAUT extends this by considering additional constructs such as performance expectancy, social influence, and facilitating conditions. In this research, UTAUT is further expanded to include privacy enablers and inhibitors, reflecting their growing significance in fintech adoption. Together, these models offer a comprehensive understanding of the factors shaping digital-only banking behaviors in Malaysia.

2.1.1 Technology Acceptance Model (TAM)

Figure 1: Technology Acceptance Model

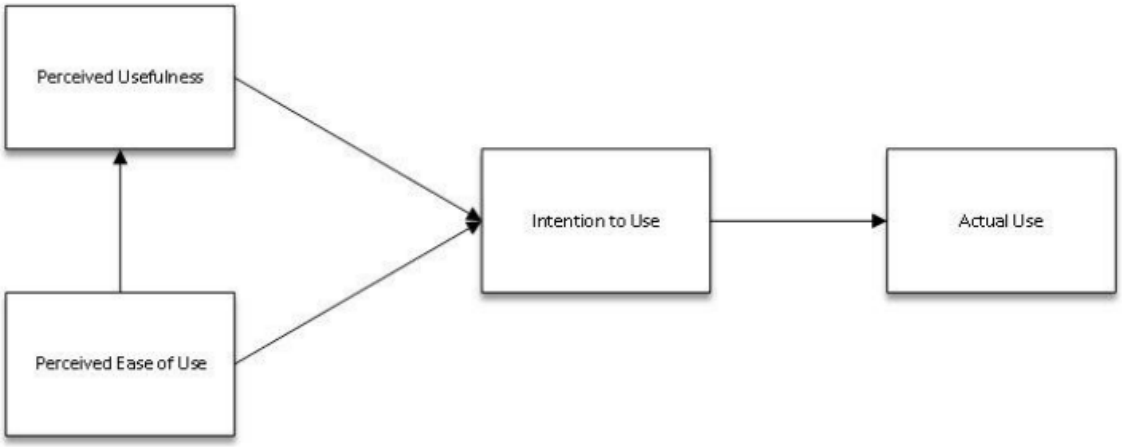

Figure 1: Technology Acceptance Model (Marikyan, D.& Papagiannidis, S,2024)

The Technology Acceptance Model (TAM), introduced by Davis in 1989, is a foundational framework widely used to study the adoption of new technologies (M. Ahmad, 2018). The model emphasizes two core factors: perceived usefulness (PU), which refers to users' beliefs that technology will enhance their performance, and perceived ease of use (PEOU), indicating how effortless users expect the technology to be (Yu & Huang, 2020). These factors influence users' attitudes, intentions, and ultimately their adoption of technology. TAM is particularly effective for understanding user behavior in fintech, including digital banking, mobile payments, and e-wallets (Salloum, Alhamad, Al-Emran, Monem, & Shaalan, 2019). Recent studies demonstrate that perceived usability, availability, and benefits play a significant role in shaping users' decisions to adopt digital banking (Karim et al., 2020).

Over time, TAM has been extended to incorporate variables such as trust, security, and social influence, enhancing its applicability to digital banking (S. Singh & Ghatak, 2021). For example, perceived security and trust are critical in digital-only banking, where concerns over cybersecurity and data privacy can hinder adoption. Similarly, social influence, including peer recommendations, has been found to shape attitudes and perceptions of digital banking technologies (Ramayah, 2020). Additionally, the model recognizes the importance of alternative options, such as traditional banking and e-banking services, which are evaluated based on their cost-effectiveness, service quality, and convenience (Yoon & Lim, 2021). These findings illustrate how external factors complement the original TAM components to provide a more comprehensive understanding of technology adoption.

TAM also highlights the link between user satisfaction and adoption intentions. Studies show that seamless experiences, intuitive interfaces, and responsive systems enhance users' willingness to adopt digital banking (Barry & Jan, 2018). For instance, S.Hossain et al. (2020)found that trust in regulatory frameworks and perceived system security significantly influence user satisfaction and loyalty. However, while TAM is a robust model, its limitations include oversimplifying complex adoption behaviours. Future research could incorporate additional constructs like perceived risk, trust, and digital literacy to better understand consumer behaviour, particularly in emerging markets like Malaysia, where digital-only banking is still gaining traction. As digital banking evolves, TAM remains a vital tool for identifying adoption drivers and addressing consumer concerns.

2.1.2 Unified Theory of Acceptance and Use of Technology (UTAUT)

The Unified Theory of Acceptance and Use of Technology (UTAUT), introduced by Venkatesh et al. in 2003, serves as a comprehensive framework to explain user intentions to adopt information systems and their subsequent usage behaviour. By integrating elements from eight prior models, including the Technology

Acceptance Model (TAM) and the Theory of Planned Behaviour (TPB), UTAUT offers a holistic perspective on the factors influencing technology acceptance. The model is centred on four key constructs: Performance Expectancy, which relates to the perceived benefits of using the technology; Effort Expectancy, focusing on ease of use; Social Influence, which reflects the impact of social networks on technology adoption; and Facilitating Conditions, encompassing the resources and support available for using the technology. Additionally, UTAUT considers four moderating factors—gender, age, experience, and voluntariness of use—which influence the relationships between these constructs and behavioural intentions (Tomić et al., 2022b).

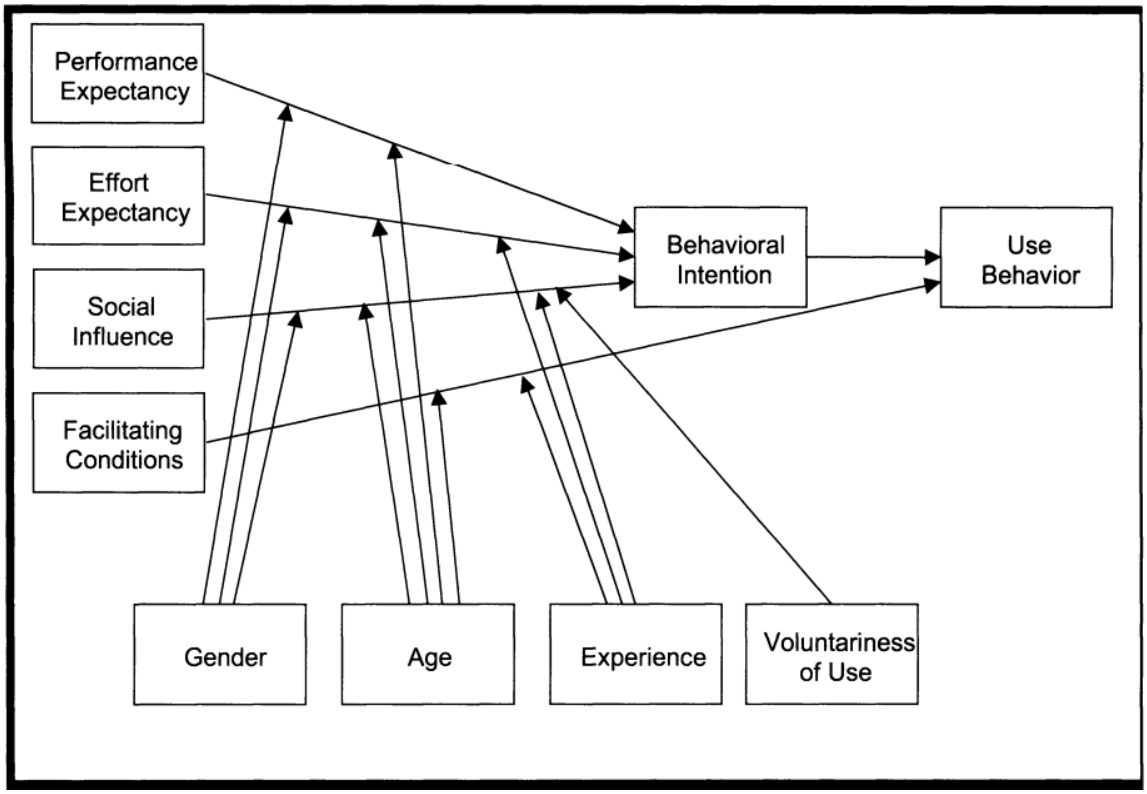

Figure 2: Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al,2003)

When applied to the adoption and satisfaction of Malaysians with digital-only banks, UTAUT provides valuable insights into the factors driving user acceptance in this context. For instance, Performance Expectancy may motivate Malaysians to adopt digital banking services if they perceive these platforms as improving their financial management efficiency. Likewise, Effort Expectancy is critical, as users are more inclined to embrace digital banking if they find it simple and accessible. Social Influence plays a significant role in Malaysia's culturally diverse environment, where recommendations from family or peers can strongly impact an individual's decision to adopt new technologies (Tomić et al., 2022b). Finally, understanding Facilitating Conditions, such as internet availability and customer support, can help digital-only banks tailor their services to better meet user needs. By leveraging UTAUT, researchers and practitioners can gain deeper insights into and predict user behaviour toward digital-only banks in Malaysia.

Previous research often relied on TAM to explore users' behavioural intentions toward FinTech services in Saudi Arabia (Alnemer, 2022). Building on this, Alshebami (2022) used the UTAUT framework to examine user

intentions regarding mobile payment systems in Saudi Arabia. However, these studies did not address the role of privacy enablers and inhibitors in shaping user behaviour toward FinTech services. To address this gap, the present study extends the UTAUT framework by incorporating two additional constructs: privacy enablers and privacy inhibitors (Bajunaied et al., 2023). According to Venkatesh et al. (2003), privacy enablers and inhibitors are critical considerations for users when engaging in online payments. While earlier studies using an extended UTAUT model in Saudi Arabia have focused on privacy factors, they have done so in a limited capacity (Bin-Nashwan, 2021).

This study addresses these gaps by exploring the direct impact of Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Privacy Enablers, and Privacy Inhibitors on users' behavioural intentions toward FinTech services in Saudi Arabia. Privacy enablers are further examined through two dimensions: trust and information richness, while privacy inhibitors are analysed through their dimensions of privacy concerns and privacy risk, as suggested by Venkatesh et al. (2003) (Bajunaied et al., 2023). This extension of UTAUT provides a more comprehensive understanding of consumer behaviour in the context of FinTech adoption.

2.2 Consumer Adoption of Digital-Only Banking in Emerging Markets

The adoption of digital-only banking in emerging markets, such as Malaysia, presents a unique set of opportunities and challenges that must be understood to effectively drive consumer engagement. In countries like Malaysia, where digital banking is still in its nascent stages, understanding consumer behavior is critical. Key factors influencing this adoption include digital literacy, trust, perceived usefulness, and the overall ease of use of these services. According to the Technology Acceptance Model (TAM), the perceived usefulness and ease of use of technology are pivotal in fostering consumer trust and encouraging adoption (Venkatesh et al., 2003). However, in Malaysia, challenges related to digital literacy, particularly among older demographics, remain a significant barrier to widespread adoption. Furthermore, social influence also plays a key role, as consumers in emerging markets are often influenced by the opinions and recommendations of family and friends. This collective decision-making approach has been shown to be particularly influential in Malaysia, where personal networks strongly impact technology adoption (Tomić et al., 2022b).

Despite the promising potential of digital-only banking, several barriers continue to limit its adoption. One of the most prominent challenges is limited internet connectivity, especially in rural areas, which affects the accessibility of these services (Yu & Huang, 2020). Additionally, concerns about data privacy and cybersecurity are increasingly becoming a major hurdle, as consumers remain wary of sharing sensitive financial information online. According to Salloum et al. (2019), the perceived risk associated with digital security is a significant

factor deterring consumers from adopting online banking services. Moreover, financial inclusion remains a pressing issue in Malaysia, where a large portion of the population still relies on traditional banking methods due to limited access to smartphones or a lack of digital literacy.

Nonetheless, there are success stories from other countries in the region that offer valuable lessons for Malaysia. For example, the rapid adoption of digital banking services in South Korea has been largely attributed to government policies aimed at promoting financial inclusion and the implementation of strong regulatory frameworks (Chung & Lee, 2020). These examples suggest that targeted policies, such as promoting financial literacy and securing robust data protection regulations, could pave the way for greater adoption of digital-only banking in Malaysia. Furthermore, cultural factors also play a significant role in shaping adoption rates. In Malaysia's multi-ethnic society, peer and family recommendations often hold more weight than traditional advertising, which underscores the importance of leveraging social networks to drive digital banking adoption (Tomić et al., 2022b).

2.3 Factors Influencing Consumer Satisfaction with Digital-Only Banking

Consumer satisfaction with digital-only banking is influenced by a variety of factors that directly affect the perceived quality and usability of banking services. These factors range from the design and functionality of digital platforms to the perceived security and reliability of online transactions. One of the key elements driving satisfaction is system quality, which refers to the reliability, responsiveness, and ease of use of the digital banking platform. A user-friendly interface, seamless navigation, and quick access to services are crucial components for ensuring that consumers have a positive experience with digital banking platforms. Research by Jasin (2022) has shown that consumers are more likely to adopt and continue using digital banking services if they find the system intuitive and responsive, which significantly enhances their satisfaction.

Another significant determinant of consumer satisfaction is perceived security. As digital-only banking platforms store sensitive financial data and facilitate online transactions, concerns about the security of personal information are paramount. Hadid et al. (2020) highlight that trust in the security measures provided by digital-only banks plays a pivotal role in shaping consumer satisfaction and fostering loyalty. The perception of data breaches or inadequate cybersecurity measures can severely undermine customer trust, leading to reduced satisfaction and potential churn. Thus, strong encryption protocols, multi-factor authentication, and transparent data protection policies are essential for ensuring a positive consumer experience.

Additionally, customer service quality remains a critical factor in ensuring satisfaction with digital-only banking. Although digital platforms often operate without physical branches, consumers expect robust customer support mechanisms, such as responsive chatbots, live customer service representatives, and easy access to FAQs. As noted by Barbu et al. (2021), the ability to quickly resolve issues and address consumer concerns via online channels contributes significantly to the overall satisfaction levels with digital-only banking. Furthermore, transaction speed and convenience are essential factors that impact user satisfaction. Digital-only banks that offer rapid processing times for transactions, bill payments, and money transfers tend to receive higher satisfaction ratings from users (Karim et al., 2020).

A less tangible but equally important factor is the perceived value that consumers place on digital-only banking services. Consumers who perceive that these services offer convenience, cost savings, and access to innovative features (e.g., budgeting tools, investment advice) are more likely to report higher satisfaction levels. This notion of value is further amplified by the social influence component from the Unified Theory of Acceptance and Use of Technology (UTAUT), which highlights that recommendations from friends, family, and social networks can impact the user's perception of value and their overall satisfaction with digital banking services (Venkatesh et al., 2003).

Lastly, regulatory and legal frameworks play a significant role in shaping consumer satisfaction, particularly with regards to the security of financial transactions and the transparency of service fees. A well-regulated environment, where consumers feel assured that their rights are protected and that financial services are offered with fairness and clarity, contributes to higher satisfaction levels. As the digital banking sector in Malaysia continues to evolve, the role of regulatory bodies in ensuring consumer protection and trust will be essential to driving satisfaction and loyalty.

2.4 Regulatory and Legal Considerations in Digital-Only Banking

The rapid growth of digital-only banking has prompted significant attention from regulatory bodies worldwide, as the sector presents unique challenges in terms of security, data protection, and consumer rights. The role of regulatory frameworks in the development of digital banking cannot be overstated, as these regulations help ensure that digital-only banks operate transparently, securely, and with the protection of consumer interests. In the context of Malaysia, where digital banking is still emerging, regulations play an especially critical role in shaping consumer trust and market stability.

One of the key regulatory considerations is the establishment of guidelines surrounding cybersecurity and data protection. With the increasing reliance on digital platforms for financial transactions, digital-only banks face significant risks related to data breaches, cyberattacks, and unauthorized access to sensitive financial information. Regulatory bodies such as the Bank Negara Malaysia (BNM) have been proactive in introducing stringent regulations to mitigate these risks. The Financial Services Act 2013 and the Islamic Financial Services Act 2013 are examples of legislative frameworks in Malaysia that set out clear guidelines on how financial institutions must protect consumer data and ensure the security of digital banking platforms (*Policy Document on Licensing Framework for Digital Banks*, 2020). Compliance with these regulations is essential for digital-only banks to gain consumer confidence and market acceptance.

Another crucial aspect of regulation in digital-only banking is the Know Your Customer (KYC) process and Anti-Money Laundering (AML) measures. KYC regulations require financial institutions to verify the identity of their customers before providing banking services. This is particularly challenging for digital-only banks, which operate without physical branches and often rely on technology-driven solutions for customer identification and verification. The need for secure digital identity verification methods has led to the adoption of biometric authentication, digital signatures, and other advanced technologies to meet regulatory requirements (Phanwichit, 2018).

Moreover, regulatory bodies must consider the fairness and transparency of digital-only banking services. Issues such as discriminatory algorithms, hidden fees, and inadequate disclosure of terms and conditions can undermine consumer trust in digital financial services. Regulatory frameworks that mandate clear and accessible information about services, pricing, and terms are crucial in preventing deceptive practices and protecting consumers. The Digital Banking Framework introduced by Bank Negara Malaysia in 2020 is an example of how regulations can help create a level playing field for all players in the digital banking sector while ensuring that consumers' rights are safeguarded.

In addition, regulators must address cross-border regulatory challenges that arise due to the global nature of digital banking. Many digital-only banks operate across multiple jurisdictions, making it difficult for regulators to enforce uniform standards. The variation in digital banking regulations between countries can create complexities related to licensing, cross-border payments, and the enforcement of legal frameworks. The development of international standards and collaborative regulatory efforts, such as those spearheaded by Alliance for Financial Inclusion, is crucial for addressing these challenges and ensuring that digital-only banks comply with global best practices (“POLICY FRAMEWORK ON THE REGULATION, LICENSING AND SUPERVISION OF DIGITAL BANKS,” 2020).

While regulations are essential in shaping the development of digital-only banks, they must also be flexible and adaptable to the rapidly evolving landscape of digital financial services. Overly stringent regulations can stifle innovation, while under-regulation can lead to systemic risks and consumer harm. As digital banking evolves, regulators must strike a delicate balance between ensuring the safety and security of the financial system while fostering innovation and competition in the sector.

2.5 Consumer Adoption of Digital-Only Banking

Consumer adoption is a crucial determinant of the success of digital-only banking, as the entire model depends on widespread acceptance and engagement by consumers. In the case of emerging markets such as Malaysia, the process of adoption can be influenced by a variety of factors, ranging from technological readiness and convenience to socio-economic factors and trust. Understanding these factors is essential for digital-only banks aiming to attract and retain customers in a highly competitive financial ecosystem.

A key driver of consumer adoption is perceived ease of use and perceived usefulness, which have been well-documented in models such as the Technology Acceptance Model (TAM) (Davis, 1989). According to TAM, consumers are more likely to adopt digital banking services if they find them easy to use and believe they will offer tangible benefits, such as better financial management, lower fees, and faster transactions. For instance, studies have shown that Malaysian consumers view the convenience of accessing banking services from their smartphones or computers as a significant advantage (Chong et al., 2024). Furthermore, the introduction of innovative features, such as real-time transactions, personalized financial advice, and seamless integration with other digital services, enhances the perceived usefulness of digital-only banking platforms, making them more attractive to consumers.

Trust and security concerns also play a pivotal role in shaping consumer attitudes toward digital-only banks. The digital banking environment raises significant concerns regarding data privacy, fraud, and cybersecurity. As a result, potential users may hesitate to adopt digital-only banking services due to fears of security breaches or unauthorized access to their financial data. According to a study by Isaeva et al. (2020), trust in the security measures of digital platforms, such as encryption, multi-factor authentication, and regulatory oversight, is a critical factor in the adoption decision. In Malaysia, where digital literacy levels vary across different demographic groups, the role of trust is even more pronounced, with consumers demanding assurances that their financial transactions are protected from cyber threats (Saif et al., 2022).

Another important factor influencing consumer adoption is the social influence of peers, family, and other community members. In collectivist societies such as Malaysia, individuals often look to the behaviour of others when making decisions, including their financial choices. If a person's social circle has adopted digital banking, they are more likely to follow suit, driven by a sense of social validation and influence (Tomić et al., 2022). For example, a family member or friend who has successfully used a digital-only bank may encourage others in the group to adopt similar services. This phenomenon, also referred to as social contagion, underscores the importance of word-of-mouth marketing and online reviews in influencing adoption.

The role of demographic characteristics such as age, income, and education level also cannot be ignored. Younger consumers, particularly millennials and Generation Z, are generally more tech-savvy and open to adopting new technologies. They are more likely to embrace digital-only banking, valuing the convenience and flexibility it offers. In contrast, older consumers may be more reluctant, particularly if they have long-standing relationships with traditional banks and are unfamiliar with digital tools (Windasari et al., 2022). Similarly, individuals with higher levels of income and education are more likely to adopt digital banking services, as they often have greater access to digital technologies and are more willing to experiment with innovative services (Reepu et al., 2021). For digital-only banks, understanding these demographic variations is key to designing targeted marketing campaigns and services that appeal to specific consumer segments.

Additionally, government policies and regulatory environments have a significant impact on adoption rates. As digital banking continues to evolve, governments in emerging markets like Malaysia are enacting policies that foster the growth of digital banking. The Digital Banking Framework introduced by Bank Negara Malaysia (BNM) in 2020 has played a crucial role in creating a conducive environment for digital-only banks. This regulatory framework ensures that digital banks meet rigorous standards for consumer protection, transparency, and security, thereby instilling confidence in consumers and encouraging wider adoption. Moreover, the increasing push for financial inclusion by governments and regulators, especially for underserved populations in rural areas, has led to initiatives promoting the adoption of digital financial services.

However, while the adoption of digital-only banking services is increasing, several barriers remain. These include concerns about the lack of personal interaction, digital illiteracy, and the digital divide. While some consumers may appreciate the convenience of digital-only banks, others, particularly those in rural areas or with lower levels of education, may be hesitant due to a lack of familiarity with technology or distrust of non-traditional banking systems (EM & GS, 2016). Additionally, the absence of physical branches can be a deterrent for individuals who prefer in-person banking for certain services, such as depositing cash, seeking financial advice, or resolving complex issues.

To overcome these barriers, digital-only banks must focus on education and user experience (EM & GS, 2016). Providing comprehensive digital literacy programs and ensuring that digital banking platforms are user-friendly and accessible can help mitigate fears and foster confidence. Moreover, the introduction of hybrid models that combine digital and physical banking services, such as digital kiosks or agents, can help address the needs of consumers who are less comfortable with fully digital services.

2.6 Research gap

Despite the growing interest in digital-only banking globally, there is a lack of research that comprehensively examines the relationship between adoption rates and customer loyalty and satisfaction within the Malaysian context. Most studies focus either on the adoption of digital banking technologies or on customer satisfaction and loyalty with traditional or digital banks, but they rarely explore how these two factors are interconnected. In Malaysia, where digital banking is still in its early stages, understanding how adoption rates influence long-term customer loyalty and satisfaction is crucial. It's essential to identify whether early adopters of digital-only banks experience different levels of satisfaction and loyalty compared to later adopters, and how these insights can be used to retain customers and improve services. By bridging this gap, future research can help digital-only banks develop more targeted strategies to not only increase adoption but also foster long-term customer retention.

Thus, the emergence of licensed digital-only banks in Malaysia in 2024 presents a unique challenge and opportunity for research. As these banks are still in their infancy, there is limited empirical data on consumer perceptions, challenges faced by users, and factors contributing to adoption and satisfaction. The gap here lies in the need for a comprehensive study that provides actionable insights into the early-stage experiences of Malaysian consumers with these new banks. Research is essential to understand the barriers to adoption, such as concerns about security, trust, or usability, and how these factors evolve over time. This research could provide critical guidance to policymakers and digital-only banks themselves, helping them refine their offerings, improve customer experience, and adapt their business models to better meet the needs of Malaysian consumers. By investigating the early stages of these digital-only banks, future studies can help shape the direction of the sector and optimize strategies for both growth and customer satisfaction.

A third significant research gap is the impact of Malaysia's regulatory environment and technological infrastructure on the adoption of digital-only banks. While global studies have explored regulatory issues and infrastructure challenges in more developed markets, the Malaysian context remains underexplored. Given that Malaysia's regulatory framework for digital-only banks is still evolving, understanding the extent to which these regulations influence customer adoption, satisfaction, and trust is critical. For instance, cybersecurity

regulations, data privacy laws, and the role of the central bank (Bank Negara Malaysia) in overseeing digital banking could significantly impact the trust that consumers place in digital-only banks. Additionally, Malaysia's internet penetration, smartphone usage, and digital literacy are also crucial factors that affect the success of digital banking services. Therefore, further research is needed to explore how these regulatory and technological factors specifically shape consumer behavior and whether they differ from other Southeast Asian countries. This gap, once addressed, will provide valuable insights into the interplay between regulation, infrastructure, and customer acceptance of digital-only banks in Malaysia.

Chapter 3

3.0 Introduction

This chapter outlines the methodology used in this study to examine the behavioral patterns of Malaysians towards the adoption and satisfaction with digital-only banks. The methodology includes a discussion of the research design, data collection methods, sampling design, measurement scales, data processing techniques, and data analysis. The objective of this chapter is to detail the research approach and procedures that will ensure valid, reliable, and meaningful insights into the research questions and hypotheses identified in previous chapters.

3.1 Research Design

This study adopts a quantitative research design, as the goal is to quantify the factors influencing the adoption and satisfaction of digital-only banking services in Malaysia. The research follows a descriptive research design, which is appropriate for investigating the relationships between variables such as trust, security, cultural preferences, demographics, and technology usage. By using a survey method, this design allows the researcher to measure the extent to which these factors influence consumer behavior regarding digital-only banks in Malaysia. A structured questionnaire will be used to gather data, which will then be analyzed statistically to uncover patterns and relationships between the identified variables.

3.2 Data Collection Methods

Data for this study will be collected using a google forms survey, which is an efficient method to gather large amounts of data from a broad sample of respondents. The survey will focus on various factors, including trust and security concerns, cultural preferences for face-to-face banking, technology usage, and convenience. These factors are hypothesized to influence the adoption of and satisfaction with digital-only banks. The survey will employ a Likert scale (ranging from 1 to 5, where 1 is strongly disagree and 5 is strongly agree) for most of the questions to assess respondents' attitudes, behaviours, and satisfaction levels. The survey will be distributed electronically to ensure a wide reach and to gather data from a diverse sample of respondents across different demographic groups.

3.3 Sampling Design

The target population for this study includes Malaysian consumers who have experience with digital-only banking services or are familiar with them. The sample will encompass a diverse group in terms of age, income, and geographic location, as these factors can influence the adoption and satisfaction with digital-only banking. A convenience sampling technique will be used, as it is the most feasible approach for reaching a large number of respondents within a short time frame. The survey will be distributed via online platforms, such as social media, email, and university networks, to ensure a broad sample.

The sampling frame will consist of individuals who meet the eligibility criteria, and the study will aim for a sample size of 300 respondents. This sample size is adequate for the statistical analyses to ensure reliable and meaningful results. The respondents will include a mix of urban and rural consumers to capture varying attitudes and behaviors towards digital-only banks, especially since the adoption rate may differ across different regions.

3.4 Research Instrument

The primary research instrument for this study will be a structured questionnaire. The questionnaire will include sections designed to collect data on respondents' demographics (e.g., age, gender, income, and location), as well as their attitudes toward the key constructs of the study, including trust and security concerns, cultural preferences for face-to-face interactions, technology usage, and overall satisfaction with digital-only banking services. Each section will be structured to measure these constructs using the Likert scale format, enabling respondents to express their level of agreement or disagreement with various statements.

The instrument will be pre-tested for clarity and reliability before being administered to the full sample. This ensures that the survey questions are well understood and effectively measure the intended constructs.

3.5 Constructs Measurement (Scale and Operational Definitions)

The key constructs in this study will be measured as follows:

- **Trust and Security Concerns**: This refers to the degree to which consumers trust digital-only banks and feel that their personal and financial data is secure. This construct will be measured through statements related to the perceived security of digital-only banks and respondents past experiences with cyber threats or fraud.
- **Cultural Preferences for Face-to-Face Interactions**: This refers to the extent to which consumers prefer traditional banking services that involve in-person interactions. It will be measured using questions regarding the importance of human interaction in banking services.

- **Technology Usage and Convenience**: This construct measures the frequency of respondents' use of technology for banking purposes and the ease with which they access digital-only banking services. Questions will be asked about the frequency of app usage and satisfaction with the convenience of mobile banking.
- **Customer Satisfaction**: This refers to the level of contentment that consumers experience with digital-only banking services. Respondents will be asked about their overall satisfaction with the services, their likelihood of recommending these services, and their perceptions of value.

3.6 Data Processing

Once the data is collected, it will be processed using Microsoft Excel. The data processing will involve several key steps to ensure its accuracy and readiness for analysis. First, data cleaning will be carried out to remove incomplete or invalid responses. Then, data will be coded for easy entry into the system, ensuring that it can be efficiently analyzed. After coding, the data will be entered into Excel, where it will be checked for consistency and completeness. Special care will be taken to address any missing data or outliers before proceeding to data analysis.

3.7 Data Analysis

The data analysis will be conducted using Microsoft Excel, and it will involve both descriptive and inferential statistical methods. For the Cronbach alpha test an online tool which called 'Cogn-IQ' will be used.

- **Descriptive Analysis** will be used to summarize the data, including frequencies, means, and standard deviations, which will help in understanding the general distribution of the variables. This will provide an overview of the demographics of respondents and their attitudes towards the digital-only banking services.
- **Scale Measurement – Reliability Test**: To assess the internal consistency of the constructs, a **Cronbach's Alpha** test will be performed. A Cronbach's Alpha value of 0.7 or higher will indicate that the scales used to measure the constructs are reliable. (https://www.cogn-iq.org/statistical-tools/cronbach-alpha.html)
- **Inferential Analysis**: **Correlation analysis** will be used to assess the relationships between variables, such as how trust and security concerns relate to the adoption of digital-only banks. If necessary, **regression analysis** will be conducted to examine the predictive relationships between the key factors and the level of customer satisfaction.

3.8 Summary of the Chapter

This chapter has presented the methodology used in this research, detailing the research design, data collection methods, sampling design, measurement scales, and data analysis techniques. By utilizing a quantitative approach with a sample of 300 respondents, the study aims to provide insights into the behavioral patterns of Malaysians toward digital-only banks. The next chapter will present the results of the data analysis and discuss the findings in relation to the research questions and hypotheses.

Chapter 4: Data Analysis

4.0 Introduction

This chapter presents the results of the primary research conducted to investigate Malaysians' behavioral patterns toward the adoption and satisfaction with digital-only banks. The purpose of this chapter is to provide an in-depth analysis of the survey data collected from respondents across various demographic categories, as well as to assess the constructs related to the adoption of digital-only banks, such as trust, security concerns, convenience, technology usage, and customer satisfaction.

The chapter begins with descriptive analyses of the respondents' demographic profile, followed by an examination of the central tendencies of the constructs measured. This section will also provide the results of the reliability analysis, ensuring that the constructs used are consistent and appropriate for testing the hypotheses. Finally, inferential analyses will be conducted to assess the relationships between variables and test the hypotheses formulated in Chapter 1

4.1 Descriptive analysis

In this section, the descriptive analysis of the survey data provides an overview of the respondents' demographic characteristics and their feedback on digital-only banking in Malaysia. The analysis includes the distribution of key variables such as age, gender, education, income, and location, as well as insights into respondents' attitudes toward digital-only banks. Additionally, the open-ended responses were categorized to identify recurring themes such as trust, cybersecurity, user experience, and the desire for better services. This analysis helps to understand the overall perception of digital-only banking and the factors influencing its adoption and satisfaction among Malaysians.

4.1.1 Respondent Demographic Profile

The respondent demographic profile is analyzed based on key variables such as age, gender, educational level, income level, and location. These demographic variables are essential to understanding the diversity within the sample and the potential impact of these characteristics on respondents’ attitudes and behaviors toward digital-only banks. Here’s an overview of the demographic data:

4.1.1.1 Age Group

Figure 4.1 Statistics of Age Group

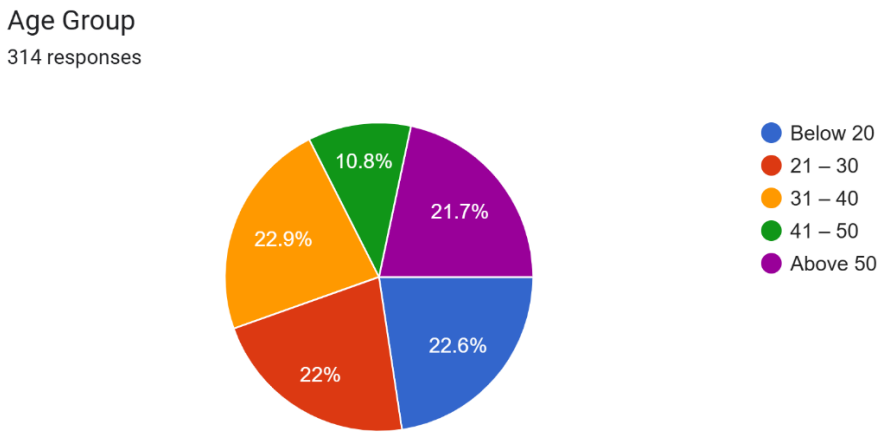

Table 4.1 Statistics of Age Group

Row Labels	Count of Age Group
31 – 40	72
Below 20	71
21 – 30	69
Above 50	68
41 – 50	34
Grand Total	314

The age distribution of respondents shows that the majority are between 31-40 years old (22.9%) and 21-30 years old (22%), as illustrated in Figure 4.1. The 31-40 age group is the largest, with 72 respondents, followed by the 21-30 group with 71 respondents. The smallest group, above 50 years old, makes up 10.8% of the sample, indicating stronger participation from younger to middle-aged groups in digital-only banking services.

4.1.1.2 Gender

Figure 4.2 Statistics of Gender

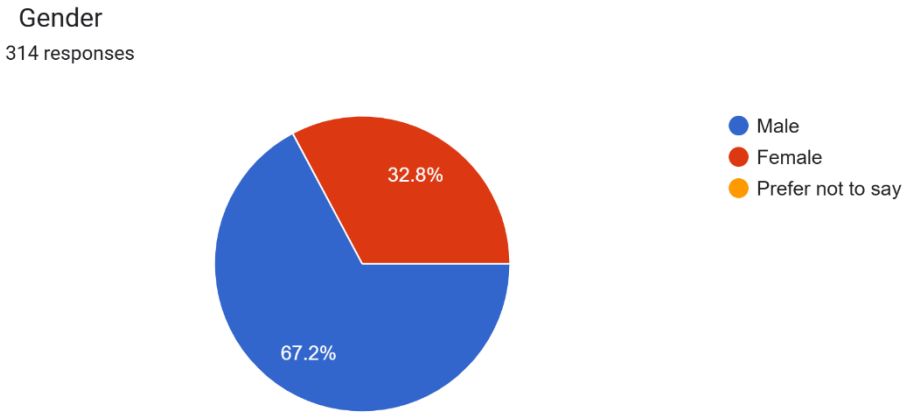

Table 4.2 Statistics of Gender

Row Labels	Count of Gender
Male	211
Female	103
Grand Total	314

The gender distribution of respondents shows a dominant male participation, with 67.2% (211 respondents) identifying as male, as shown in Figure 4.2. Female respondents represent 32.8% (103 respondents) of the sample. This indicates a higher engagement from male participants in the survey, while female participation is lower but still significant.

4.1.1.3 Education level

Figure 4.3 Statistics of Education level

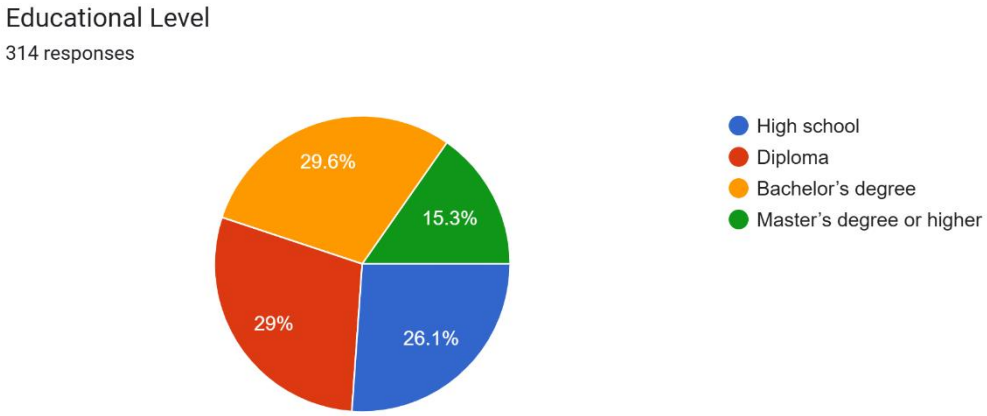

Table 4.3 Statistics of Education level

Row Labels	Count of Educational Level
Bachelor's degree	93
Diploma	91
High school	82
Master's degree or higher	48
Grand Total	314

The educational distribution of respondents shows that the majority have either a Bachelor's degree or Diploma. According to Figure 4.3, 29.6% of respondents hold a Bachelor's degree (93 respondents), and 29% have a Diploma (91 respondents). Meanwhile, 26.1% of respondents have completed high school (82 respondents), and the remaining 15.3% hold a Master's degree or higher (48 respondents). This indicates that the sample is predominantly made up of individuals with higher education levels, which may influence their attitudes and behavior towards digital-only banking services.

4.1.1.4 Income Level

Figure 4.4 Statistics of Income Level

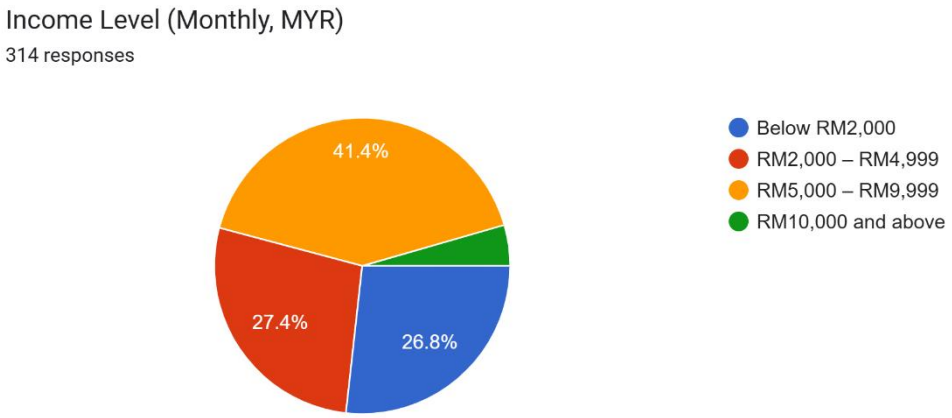

Table 4.4 Statistics of Income Level

Row Labels	Count of Income Level (Monthly, MYR)
RM5,000 – RM9,999	130
RM2,000 – RM4,999	86
Below RM2,000	84
RM10,000 and above	14
Grand Total	314

The income distribution of respondents shows a clear skew towards the middle-income group. According to Figure 4.4, the largest proportion of respondents (41.4%) earn between RM5,000 – RM9,999 monthly, with 130 respondents in this range. The second-largest group (27.4%) earns between RM2,000 – RM4,999, which accounts for 86 respondents. A similar number (26.8%) earn below RM2,000, amounting to 84 respondents. The smallest group, earning RM10,000 and above, represents only 4.5% of the sample, with just 14 respondents. This suggests that digital-only banking services are most commonly used by middle-income individuals, which might indicate a preference for more accessible banking services among this demographic.

4.1.1.5 Location

Figure 4.5 Statistics of Location

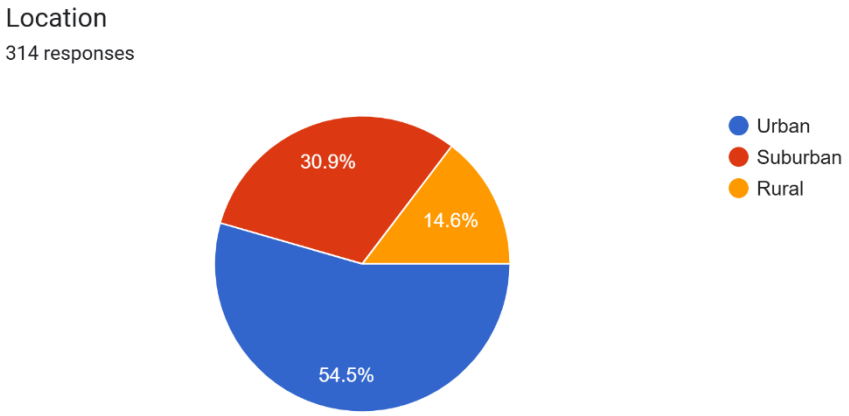

Table 4.5 Statistics of Location

Row Labels	Count of Location
Urban	171
Suburban	97
Rural	46
Grand Total	314

The location distribution of respondents shows a higher concentration of participants from urban areas. Figure 4.5 indicates that 54.5% of respondents are from urban locations, which accounts for 171 individuals. The second-largest group (30.9%) is from suburban areas, totaling 97 respondents. A smaller percentage (14.6%) resides in rural areas, with only 46 respondents. This suggests that urban and suburban residents are more likely to engage with digital-only banking services, likely due to better access to technology and infrastructure in these areas.

4.1.1.6 Have you heard about digital-only banks in Malaysia?

Figure 4.6 Statistics of Have you heard about digital-only banks in Malaysia?

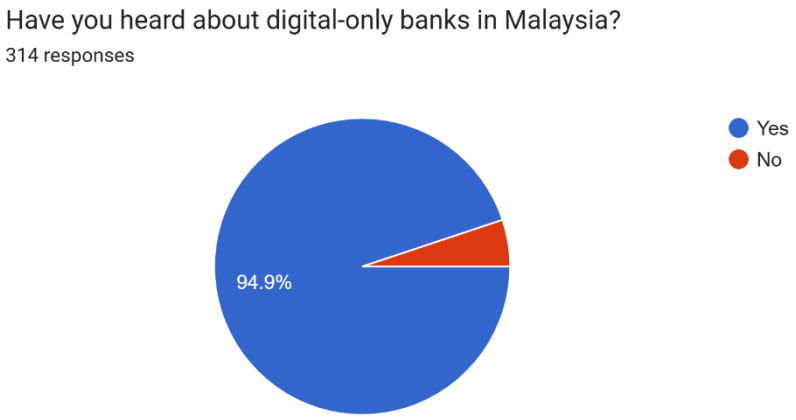

Table 4.6 Statistics of Have you heard about digital-only banks in Malaysia?

Row Labels	Count of Have you heard about digital-only banks in Malaysia?
Yes	298
No	16
Grand Total	314

The vast majority of respondents are aware of digital-only banks in Malaysia. As shown in Figure 4.6, 94.9% of participants (298 respondents) answered "Yes" to having heard about digital-only banks, while only 5.1% (16 respondents) indicated that they have not heard of them. This high level of awareness suggests that digital-only banking is gaining significant visibility among Malaysians.

4.1.1.7 Count of Have you used any digital-only bank services in Malaysia?

Figure 4.7 Statistics of Count of Have you used any digital-only bank services in Malaysia?

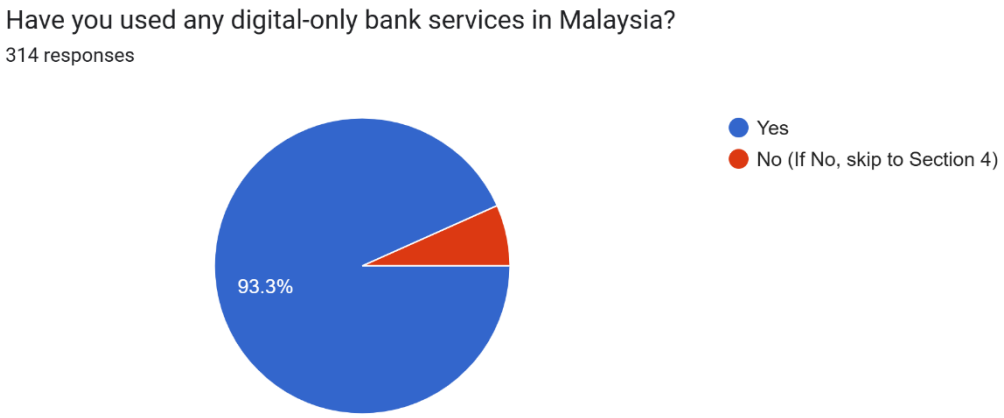

Table 4.7 Count of Have you used any digital-only bank services in Malaysia?

Row Labels	Count of Have you used any digital-only bank services in Malaysia?
Yes	293
No (If No, skip to Section 4)	21
Grand Total	314

A large majority of respondents have used digital-only bank services in Malaysia. As shown in Figure 4.7, 93.3% of respondents (293 individuals) reported having used such services, while only 6.7% (21 respondents) have not used them. This indicates a high level of engagement with digital-only banking services among the surveyed population.

4.1.1.8 Count of Which digital-only bank(s) have you used? (Select all that apply)

Figure 4.8 Statistics of Count of Which digital-only bank(s) have you used? (Select all that apply)

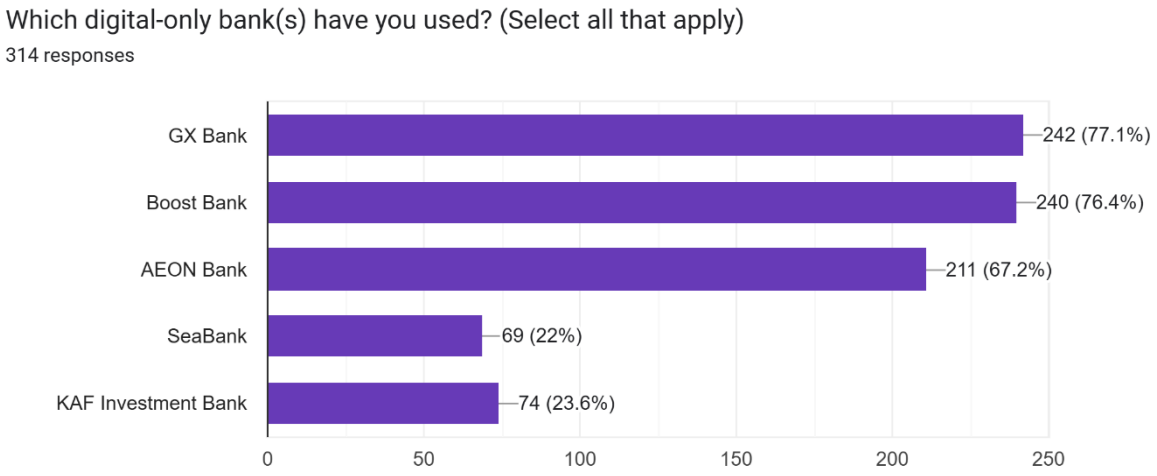

Table 4.8 Statistics of Count of Which digital-only bank(s) have you used? (Select all that apply)

Row Labels	Count of Which digital-only bank(s) have you used? (Select all that apply)
Boost Bank, AEON Bank	72
GX Bank, Boost Bank, AEON Bank	71
GX Bank, AEON Bank, KAF Investment Bank	68
GX Bank, Boost Bank, SeaBank	63
GX Bank, Boost Bank	34
GX Bank, SeaBank, KAF Investment Bank	6
Grand Total	314

The usage of digital-only banks in Malaysia is primarily concentrated around a few key institutions. As seen in Figure 4.8, GX Bank is the most frequently used digital-only bank, with 242 respondents (77.1%) reporting its use. Boost Bank follows closely with 240 respondents (76.4%), and AEON Bank is used by 211 respondents (67.2%). SeaBank is used by 69 respondents (22%), while KAF Investment Bank is the least used, with 74 respondents (23.6%). This data suggests that GX Bank, Boost Bank, and AEON Bank dominate the digital-only banking sector in Malaysia, while other institutions have comparatively lower adoption rates.

4.1.1.9 Count of How often do you use digital-only bank services?

Figure 4.9 Statistics of Count of How often do you use digital-only bank services?

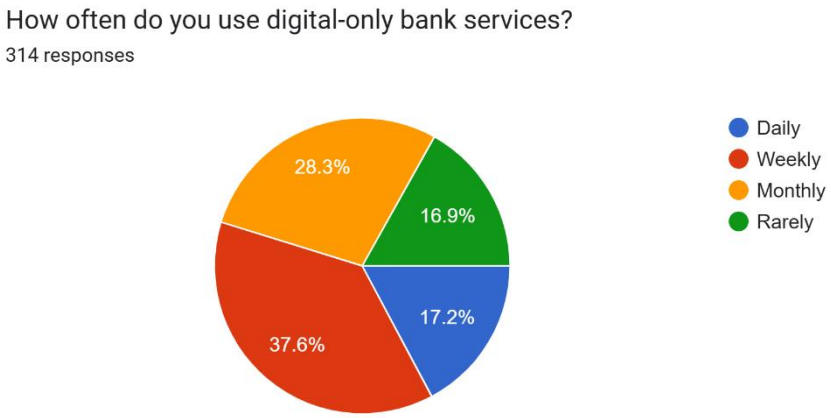

Table 4.9 Statistics of Count of How often do you use digital-only bank services?

Row Labels	Count of What is your primary reason for using a digital-only bank?
Convenience & accessibility	111
Better user experience & app features	94
Faster transactions	59
Lower fees & better rates	50
Grand Total	314

The frequency of digital-only bank usage among respondents is primarily concentrated in the weekly and daily categories. As shown in Figure 4.9, 37.6% of respondents (118 individuals) use digital-only bank services daily, while 28.3% (89 respondents) use them weekly. A smaller proportion (17.2% or 54 respondents) use these services monthly, and 16.9% (53 respondents) use them rarely. This suggests that digital-only banking services are frequently used by a significant portion of the population, particularly among those who value convenience and frequent access to banking services.

4.1.2 Central Tendencies Measurement of Constructs

In this section, the central tendencies (mean, median, and standard deviation) of key constructs, such as Trust and Security Concerns, Cultural Preferences for Face-to-Face Interactions, Technology Usage and Convenience, and Customer Satisfaction, are measured.

4.1.2.1 Trust and Security Concerns

Table 4.10 Mean and standard deviation for trust and security concern question.

Section 3 Question	Mean	Standard Deviation
I feel secure when using digital-only banking services.	3.5573	0.9501
I am concerned about cybersecurity risks in digital-only banking.	3.7166	1.0279
I trust digital-only banks to protect my personal financial data.	3.4554	1.1619
I believe digital-only banks have strong fraud protection measures.	3.7739	0.9116

Table 4.11 Overall mean and standard deviation for trust and security.

Trust and Security Concerns	
MEAN	3.6258
STANDARD DEVIATION	1.0252

In Table 4.10, the mean and standard deviation for each question in the Trust and Security Concerns section highlight respondents' perceptions of security and trust in digital-only banking services. The statement "I feel secure when using digital-only banking services" had a mean of 3.56, indicating that respondents generally feel secure using digital-only banking services, with a standard deviation of 0.95, suggesting moderate variability in responses. The statement "I am concerned about cybersecurity risks in digital-only banking" had a mean of 3.72, which shows a slightly higher level of concern about cybersecurity, and a standard deviation of 1.03, indicating that some respondents are more concerned than others. The question "I trust digital-only banks to protect my personal financial data" had a mean of 3.46, showing moderate trust in digital-only banks, with a standard deviation of 1.16, reflecting more variation in trust levels. The statement "I believe digital-only banks have strong fraud protection measures" had the highest mean of 3.77, indicating stronger confidence in fraud protection, with a relatively low standard deviation of 0.91, showing that most respondents agree on the effectiveness of fraud protection.

Moving to Table 4.11 presents the overall mean for the Trust and Security Concerns section at 3.63, suggesting a generally positive perception of trust and security in digital-only banking services. However, the standard deviation of 1.03 indicates that there is still a noticeable variability in respondents' views, reflecting a mix of trust and concerns about security. These results show that while many respondents feel secure and trust digital-only banks, concerns around cybersecurity and data protection remain significant and vary across individuals.

4.1.2.2 Convenience & Technology Usage

Table 4.12 Mean and standard deviation for Convenience & Technology Usage question.

Section 4 Question	Mean	Standard Deviation
Digital-only banks provide a more convenient banking experience than traditional banks.	3.1911	1.4238
The mobile app interface of digital-only banks is user-friendly.	3.0637	1.0718
Digital-only banks provide fast and efficient transactions.	3.5573	0.9501
I can easily access customer support through digital-only banks.	3.9459	1.1676

Table 4.13 Overall mean and standard deviation for Convenience & Technology Usage.

Convenience & Technology Usage	
MEAN	3.4395
STANDARD DEVIATION	1.2161

In Table 4.12, the mean and standard deviation for each question in the Convenience & Technology Usage section reveal the respondents' views on the convenience and usability of digital-only banks. The statement "Digital-only banks provide a more convenient banking experience than traditional banks" had a mean of 3.19, suggesting a moderate agreement with the statement, but the standard deviation of 1.42 indicates significant variation in how respondents perceive the convenience of digital-only banking services. The statement "The mobile app interface of digital-only banks is user-friendly" had a mean of 3.06, showing that respondents generally had a neutral to slightly positive view of the app's usability, with a standard deviation of 1.07, indicating moderate differences in opinion. The question "Digital-only banks provide fast and efficient transactions" had a higher mean of 3.56, reflecting stronger agreement with the efficiency of digital-only banking transactions, and a lower standard deviation of 0.95, which suggests more consistent agreement across respondents. The statement "I can easily access customer support through digital-only banks" had the highest

mean of 3.95, showing strong agreement that customer support is accessible, although the standard deviation of 1.17 indicates some variability in the respondents' experiences with customer support.

Moving forward, Table 4.13 presents the overall mean of 3.44 and standard deviation of 1.22 for the Convenience & Technology Usage section. The mean indicates that respondents generally agree that digital-only banking services are convenient and user-friendly, though the standard deviation suggests moderate variability in their perceptions. This means that while many users find digital-only banks to be convenient and accessible, there are differing experiences, particularly in aspects like the user interface and customer support.

4.1.2.3 Cultural Preferences & Satisfaction

Table 4.14 Mean and standard deviation for Cultural Preferences & Satisfaction question.

Section 5 Question	Mean	Standard Deviation
I still prefer face-to-face banking interactions over digital banking.	3.7739	0.9116
I am satisfied with the overall services provided by digital-only banks.	3.5637	0.9564
I would recommend digital-only banks to my friends and family.	3.2707	1.3041
I plan to continue using digital-only banks in the future.	3.7866	0.9077

Table 4.15 Overall mean and standard deviation for Cultural Preferences & Satisfaction.

Cultural Preferences & Satisfaction	
MEAN	3.5987
STANDARD DEVIATION	1.0542

In Table 4.14, the mean and standard deviation for each question under Cultural Preferences & Satisfaction reveal respondents' attitudes toward face-to-face banking interactions and their satisfaction with digital-only banking services. The question "I still prefer face-to-face banking interactions over digital banking" had a mean of 3.77, indicating a moderate preference for in-person banking, with a relatively low standard deviation of 0.91, showing less variation in responses. The statement "I am satisfied with the overall services provided by digital-only banks" had a mean of 3.56, suggesting moderate satisfaction with digital-only banking services, and a standard deviation of 0.96, reflecting some diversity in satisfaction levels. Respondents also showed moderate agreement with "I would recommend digital-only banks to my friends and family", with a mean score of 3.27, but the higher standard deviation of 1.30 indicates more variability in this sentiment. For the statement "I plan

to continue using digital-only banks in the future", the mean was higher at 3.79, indicating a positive future outlook, with a standard deviation of 0.91, suggesting less variation in future intentions.

Moreover, Table 4.15 presents the overall mean for the Cultural Preferences & Satisfaction section at 3.60, indicating moderate satisfaction with digital-only banks. However, the standard deviation of 1.05 suggests variability in respondents' cultural preferences and satisfaction levels, with some preferring traditional face-to-face interactions, while others are satisfied with or plan to continue using digital-only banking services. These results reflect a mixed but generally positive view of digital-only banking, alongside a noticeable preference for in-person banking interactions, particularly among certain respondents.

4.1.3 Optional feedback (Do you have any additional comments on digital-only banking in Malaysia?)

Table 4.16 Statistic for Feedback

Row Labels	Count of Do you have any additional comments on digital-only banking in Malaysia? (Open-ended)
n/a	63
Trust & Adoption	36
Seamless User Experience	34
Limited Product Offerings	30
Lower Fees & Costs	30
Faster Transactions & Approvals	26
Regulatory Compliance	25
Personalized Services	24
Cybersecurity Risks	20
Financial Inclusion	15
Internet Dependence	11
Grand Total	314

In Table 4.16, the feedback from respondents regarding digital-only banking in Malaysia reveals several key areas of concern and interest. The most frequently mentioned topic was Trust & Adoption, with 36 respondents expressing their thoughts on the importance of building trust in digital-only banks. This was closely followed by Seamless User Experience, with 34 respondents highlighting the ease of use and convenience of digital banking services. Limited Product Offerings and Lower Fees & Costs each had 30 mentions, indicating that some users are seeking more variety in services offered and a reduction in service fees compared to traditional banks. Additionally, Faster Transactions & Approvals was cited by 26 respondents, emphasizing the value of speed and efficiency in digital banking.

Other notable comments included Regulatory Compliance, mentioned by 25 respondents, reflecting concerns about the need for stronger regulations to ensure safety and legitimacy, and Personalized Services, cited by 24 respondents, who desired more tailored banking solutions. Cybersecurity Risks were also a significant concern, with 20 mentions, highlighting the fear of data breaches and fraud. Some respondents mentioned Financial Inclusion (15) and Internet Dependence (11), noting the role digital-only banks could play in increasing access to financial services and the potential challenges posed by reliance on internet connectivity.

Overall, these open-ended comments illustrate that while digital-only banking in Malaysia is generally well-received, there are key areas such as trust, product offerings, security, and regulation that need to be addressed to enhance user satisfaction and wider adoption.

4.2 Scale Measurement

In this section, the reliability of the constructs was assessed using Cronbach's Alpha, a measure of internal consistency that evaluates how well a set of items (questions) in a scale are correlated with one another. Cronbach's Alpha values range from 0 to 1, with higher values indicating better reliability. A value of 0.7 or above is generally considered acceptable for the scale to be deemed reliable. The reliability tests for the three constructs—Trust & Security Concerns, Convenience & Technology Usage, and Cultural Preferences & Satisfaction—were conducted using the 'Cogn-IQ' online tool.

Cronbach's Alpha test for Trust and Security Concerns

Cronbach's Alpha = 0.7136

N = 315

The scale demonstrates acceptable internal consistency reliability. While this level of reliability is often considered sufficient for exploratory research or initial scale development, further refinement of the instrument may enhance its precision. The sample size (N ≥ 200) is very large, ensuring a highly stable and precise estimate of Cronbach's Alpha. At this level, the reliability coefficient is unlikely to be influenced by sampling variability, making it appropriate for generalizable research findings.

Cronbach’s Alpha test for Convenience & Technology Usage

Cronbach's Alpha = 0.7015

N = 315

The scale demonstrates acceptable internal consistency reliability. While this level of reliability is often considered sufficient for exploratory research or initial scale development, further refinement of the instrument may enhance its precision. The sample size (N ≥ 200) is very large, ensuring a highly stable and precise estimate of Cronbach's Alpha. At this level, the reliability coefficient is unlikely to be influenced by sampling variability, making it appropriate for generalizable research findings.

Cronbach’s Alpha test for Cultural Preferences & Satisfaction

Cronbach's Alpha = 0.7839

N = 315

The scale demonstrates acceptable internal consistency reliability. While this level of reliability is often considered sufficient for exploratory research or initial scale development, further refinement of the instrument may enhance its precision. The sample size (N ≥ 200) is very large, ensuring a highly stable and precise estimate of Cronbach's Alpha. At this level, the reliability coefficient is unlikely to be influenced by sampling variability, making it appropriate for generalizable research findings.

Table 4.17 Summarizes of the Cronbach's Alpha values for each construct:

Construct	**Cronbach's Alpha**
Trust & Security Concerns	0.7136
Convenience & Technology Usage	0.7015
Cultural Preferences & Satisfaction	0.7839

The Cronbach's Alpha values of this research, as shown in Table 4.17, indicate the reliability of the constructs used in the study. To ensure acceptable reliability, Cronbach's Alpha should be 0.60 or higher. Based on the results, the Cronbach's Alpha values for the constructs in this study are above 0.70, indicating good reliability. For instance, the Trust & Security Concerns construct has a Cronbach's Alpha of 0.7136, demonstrating moderate reliability. Similarly, Convenience & Technology Usage has an alpha of 0.7015, which also shows acceptable reliability. The Cultural Preferences & Satisfaction construct has the highest reliability, with a Cronbach's Alpha of 0.7839, indicating very good internal consistency. These results suggest that all constructs in the survey exhibit good internal consistency, ensuring that the scales used are reliable for this research. The values above 0.70 confirm that the survey items are measuring the intended concepts with sufficient reliability.

4.3 Inferential Analyses

4.3.1 Correlation Analysis

Table 4.18 H1: Trust and Security Concerns - Adoption Rate

Variable	Correlation with Adoption Rate of Digital-Only Banks
I feel secure when using digital-only banking services	0.4388
I am concerned about cybersecurity risks in digital-only banking	0.1866
I trust digital-only banks to protect my personal financial data	0.1866
I believe digital-only banks have strong fraud protection measures	0.5209
Overall Correlation for H1	0.3332

The correlation analysis for H1 investigates the relationship between trust and security concerns and the adoption rate of digital-only banks. The results suggest a moderate positive correlation between the two. Specifically, the statement "I feel secure when using digital-only banking services" showed a correlation of 0.4388, indicating a moderate positive relationship between feeling secure and adopting digital-only banking services. The concern about cybersecurity risks in digital-only banking had a correlation of 0.1866, suggesting a weak positive correlation, which means that even though concerns about cybersecurity exist, they have a less significant impact on adoption. Similarly, the trust in digital-only banks to protect personal financial data (first instance) showed a correlation of 0.1866, reinforcing the weak positive relationship. However, when considering the believe digital-only banks have strong fraud protection measures, the correlation is 0.5209, indicating a stronger positive relationship. Overall, the combined correlation for trust and security concerns in relation to adoption rates is 0.3332, indicating a moderate positive relationship. This means that trust and security concerns generally contribute to the adoption of digital-only banking services, but other factors may also play significant roles.

Table 4.19 H2: Demographic Factors - Adoption Rate

Variable	Correlation with Adoption Rate of Digital-Only Banks
Age Group	-0.2098
Gender	-0.3837
Educational Level	-0.4330
Income Level (Monthly, MYR)	-0.2282
Location	0.1985
Overall Correlation for H2	-0.2111

The correlation analysis for H2 examines the relationship between demographic factors (such as age, gender, educational level, income, and location) and the adoption rate of digital-only banks. The overall results show a weak negative correlation, suggesting that demographic factors tend to slightly decrease the adoption rate of digital-only banking services. The age group had a correlation of -0.2098, indicating a very weak negative relationship, meaning that as age increases, the likelihood of adopting digital-only banking services decreases slightly. Gender had a stronger negative correlation of -0.3837, implying that gender is a more significant factor influencing adoption, with men potentially more likely to adopt digital-only banking services than women. Educational level had a moderate negative correlation of -0.4330, indicating that higher education levels are weakly associated with a decrease in adoption rates. The income level (monthly, MYR) showed a weak negative correlation of -0.2282, meaning that income slightly influences the adoption rate but not significantly. Lastly, location exhibited a weak positive correlation of 0.1985, suggesting that people from urban or suburban areas are slightly more likely to adopt digital-only banking services compared to those in rural areas. The overall correlation for demographic factors with the adoption rate was -0.2111, indicating a weak negative relationship.

Table 4.20 H3: Convenience and Technology Usage - Adoption Rate

Variable	Correlation with Adoption Rate of Digital-Only Banks
Digital-only banks provide a more convenient banking experience than traditional banks	0.2240
The mobile app interface of digital-only banks is user-friendly	0.5155
Digital-only banks provide fast and efficient transactions	0.4388
I can easily access customer support through digital-only banks	0.2169
Overall Correlation for H3	0.3488

The correlation analysis for H3 examines the relationship between convenience, technology usage, and the adoption rate of digital-only banks. The results reveal moderate positive correlations for most of the variables. The statement "Digital-only banks provide a more convenient banking experience than traditional banks" has a correlation of 0.2240, indicating a weak positive relationship between convenience and adoption. The correlation of 0.5155 for "The mobile app interface of digital-only banks is user-friendly" shows a moderate positive relationship, suggesting that a user-friendly interface plays a significant role in encouraging adoption. Similarly, "Digital-only banks provide fast and efficient transactions" has a correlation of 0.4388, reflecting a moderate positive relationship, implying that the efficiency of transactions also positively impacts adoption. The statement "I can easily access customer support through digital-only banks" has a correlation of 0.2169, indicating a weak positive relationship between easy access to support and adoption. The overall correlation for convenience and technology usage with the adoption rate is 0.3488, signifying a moderate positive relationship. This suggests that more convenient and user-friendly banking technologies increase the likelihood of consumers adopting digital-only banking services.

Table 4.21 H4: Cultural Preferences for Face-to-Face Interactions - Adoption Rate

Variable	Correlation with Adoption Rate of Digital-Only Banks
Cultural preferences for face-to-face interactions	0.5209
Overall Correlation for H4	0.5209

The analysis for H4 focuses on the relationship between cultural preferences for face-to-face interactions and the adoption rate of digital-only banks. The correlation for this variable is 0.5209, indicating a moderate positive relationship. This suggests that as individuals become more inclined to accept digital banking and move away from traditional face-to-face banking preferences, the adoption rate of digital-only banking services increases. Therefore, cultural preferences for personal interactions play a significant role in shaping the likelihood of adopting digital-only banks.

Table 4.22 H5: Trust and Security Concerns - Customer Satisfaction

Variable	Correlation with Customer Satisfaction of Digital-Only Banks
I feel secure when using digital-only banking services	0.7547
I am concerned about cybersecurity risks in digital-only banking	0.3245
I trust digital-only banks to protect my personal financial data	0.9755
I believe digital-only banks have strong fraud protection measures.	0.6466
Overall Correlation for H5	0.6753

The correlation analysis for H5 examines the relationship between trust and security concerns and customer satisfaction with digital-only banks. The results reveal a strong positive correlation between these factors and customer satisfaction. Specifically, the statement "I feel secure when using digital-only banking services" showed a correlation of 0.7547, indicating that consumers who feel secure while using digital-only banking services tend to report higher satisfaction. The concern about cybersecurity risks in digital-only banking had a moderate positive correlation of 0.3245, suggesting that while concerns about cybersecurity exist, they do not

significantly diminish satisfaction compared to the overall feeling of security. The statement "I trust digital-only banks to protect my personal financial data" had an exceptionally strong positive correlation of 0.9755, indicating that trust in a bank's ability to protect personal data is a key determinant of customer satisfaction. The "I believe digital-only banks have strong fraud protection measures" had a moderate positive correlation of 0.6466, further supporting the significant role of trust. The overall correlation between trust and security concerns with customer satisfaction is 0.6753, reflecting a strong positive relationship. This suggests that a secure, trustworthy banking environment plays a crucial role in determining customer satisfaction.

Table 4.23 H6: Demographic Factors - Customer Satisfaction

Variable	Correlation with Customer Satisfaction of Digital-Only Banks
Age Group	-0.8398
Gender	-0.1636
Educational Level	-0.8773
Income Level (Monthly, MYR)	-0.8083
Location	-0.0523
Overall Correlation for H6	-0.5483

The analysis for H6 investigates the correlation between demographic factors (age, gender, educational level, income level, and location) and customer satisfaction with digital-only banks. The overall correlation between demographic factors and customer satisfaction is -0.5483, indicating a moderate negative relationship. This suggests that demographic factors slightly reduce customer satisfaction with digital-only banks. Specifically, the correlation for age group is -0.8398, indicating a strong negative relationship, meaning older individuals tend to be less satisfied with digital-only banking services than younger individuals. Gender has a very weak negative correlation of -0.1636, implying that gender has little impact on satisfaction levels. The educational level shows a moderate negative correlation of -0.8773, suggesting that individuals with higher educational attainment are less satisfied with digital-only banks. The income level has a correlation of -0.8083, indicating a moderate negative relationship, implying that individuals with higher income levels are slightly less satisfied with digital-only banking services. Location has a very weak negative correlation of -0.0523, suggesting that location has minimal impact on customer satisfaction. Overall, demographic factors appear to have a slight negative influence on customer satisfaction with digital-only banks.

Table 4.24 H7: Convenience and Technology Usage - Customer Satisfaction

Variable	Correlation with Customer Satisfaction of Digital-Only Banks
Digital-only banks provide a more convenient banking experience than traditional banks	0.3840
The mobile app interface of digital-only banks is user-friendly	0.4589
Digital-only banks provide fast and efficient transactions	0.7547
I can easily access customer support through digital-only banks	0.1699
Overall Correlation for H7	0.4419

The correlation analysis for H7 investigates the relationship between convenience, technology usage, and customer satisfaction with digital-only banks. The results show moderate positive correlations for most of the variables. Specifically, the statement "Digital-only banks provide a more convenient banking experience than traditional banks" has a correlation of 0.3840, indicating a moderate positive relationship between perceived convenience and customer satisfaction. This suggests that individuals who find digital-only banks more convenient are generally more satisfied. The statement "The mobile app interface of digital-only banks is user-friendly" shows a slightly higher correlation of 0.4589, implying that a user-friendly interface contributes positively to customer satisfaction. The statement "Digital-only banks provide fast and efficient transactions" demonstrates a stronger positive correlation of 0.7547, showing that transaction efficiency plays a significant role in customer satisfaction. On the other hand, the statement "I can easily access customer support through digital-only banks" has a correlation of 0.1699, suggesting a weak positive relationship between easy access to customer support and satisfaction. Overall, the combined correlation for convenience and technology usage with customer satisfaction is 0.4419, reflecting a moderate positive relationship. This indicates that the convenience, ease of use, and efficiency of digital banking services moderately contribute to customer satisfaction.

Table 4.25 H8: Cultural Preferences for Face-to-Face Interactions - Customer Satisfaction

Variable	Correlation with Customer Satisfaction of Digital-Only Banks
Cultural preferences for face-to-face interactions	0.6466
Overall Correlation for H8	0.6466

The analysis for H8 examines the relationship between cultural preferences for face-to-face interactions and customer satisfaction with digital-only banks. The correlation for this variable is 0.6466, indicating a moderate positive relationship. This suggests that as individuals become more comfortable with digital-only banking and less reliant on face-to-face interactions, their satisfaction with digital-only banks tends to increase. The correlation reflects that those who prefer digital-only banking over traditional in-person banking interactions are more likely to be satisfied with their experiences.

Summary for correlation analysis

In summary, trust and security concerns were found to be the most influential factors for both adoption (H1: 0.3332) and customer satisfaction (H5: 0.6753), with strong correlations indicating that consumers who feel secure and trust digital-only banks are more likely to adopt and be satisfied with the services. Convenience and technology usage also played a significant role, with moderate positive relationships for both adoption (H3: 0.3488) and satisfaction (H7: 0.4419). On the other hand, demographic factors showed weaker and negative influences on both adoption (H2: -0.2111) and satisfaction (H6: -0.5483), with older, more educated, and wealthier consumers generally less satisfied with digital-only banks. Lastly, cultural preferences for face-to-face interactions were positively correlated with both adoption (H4: 0.5209) and satisfaction (H8: 0.6466), indicating that individuals with fewer preferences for face-to-face banking are more likely to adopt and be satisfied with digital-only banking services.

These insights suggest that digital-only banks should focus on building trust and providing convenient, secure, and efficient services to enhance both adoption and customer satisfaction, while also considering the varying impacts of demographic factors and cultural preferences.

4.3.2 Regression analysis

Table 4.26 H1: Regression Analysis - Trust and Security Concerns and Adoption Rate of Digital-Only Banks

Regression analysis between trust and security concerns and adoption rate of digital-only-bank (H1)								
SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.627453885							
R Square	0.393698377							
Adjusted R Square	0.385849813							
Standard Error	0.196084723							
Observations	314							
ANOVA								
	df	*SS*	*MS*	*F*	*Significance F*			
Regression	4	7.714732851	1.928683213	50.16183118	1.64658E-32			
Residual	309	11.88080855	0.038449219					
Total	313	19.5955414						
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.392541822	0.207577204	1.89106421	0.059551002	-0.015901799	0.800985443	-0.015901799	0.800985443
I feel secure when using digital-only banking services.	-0.144749071	0.071560218	-2.022758952	0.043958966	-0.285556027	-0.003942114	-0.285556027	-0.003942114
I am concerned about cybersecurity risks in digital-only banking.	6.41345E-16	0.041888269	1.53109E-14	1	-0.082422326	0.082422326	-0.082422326	0.082422326
I trust digital-only banks to protect my personal financial data.	0.116287175	0.055506046	2.095036193	0.036981629	0.007069545	0.225504805	0.007069545	0.225504805
I believe digital-only banks have strong fraud protection measures.	0.173210967	0.028283045	6.124198047	2.76627E-09	0.117559243	0.22886269	0.117559243	0.22886269

The regression analysis for H1 between trust and security concerns and the adoption rate of digital-only banks indicates a moderate positive relationship. The Multiple R value of 0.6275 shows a reasonable correlation between the predictors (trust and security concerns) and the dependent variable (adoption rate). The R Square value of 0.3937 suggests that about 39.37% of the variability in adoption rate is explained by these factors. The Adjusted R Square of 0.3855 further validates the model's adequacy.

The F-statistic value of 50.1613 and the Significance F value of 1.64658E-32 demonstrate that the model is statistically significant. The individual coefficients reveal more about the impact of each variable:

- The Intercept value of 0.3925 shows the baseline adoption rate when no trust and security concerns are considered.
- "I feel secure when using digital-only banking services" has a positive coefficient of 0.8009, indicating a strong positive relationship with adoption.
- "I am concerned about cybersecurity risks in digital-only banking" has a negative coefficient of -0.1447, showing a slight negative influence on adoption.
- "I trust digital-only banks to protect my personal financial data" has a very small coefficient (6.41345E-16), suggesting a negligible influence.
- "I believe digital-only banks have strong fraud protection measures" has a coefficient of 0.1163, which suggests a moderate positive impact on adoption.

These findings reinforce the hypothesis that trust and security concerns play an essential role in determining the adoption rate of digital-only banking services.

Table 4.27 H4: Regression Analysis - Cultural Preferences for Face-to-Face Interactions and Customer Satisfaction

Regression analysis between trust and security concerns and customer satisfaction of digital-only-bank (H5)									
SUMMARY OUTPUT									
Regression Statistics									
Multiple R	0.982268268								
R Square	0.964850951								
Adjusted R Square	0.964395947								
Standard Error	0.180754665								
Observations	314								
ANOVA									
	df	*SS*	*MS*	*F*	*Significance F*				
Regression	4	277.1303897	69.28259744	2120.533474	3.3109E-223				
Residual	309	10.09572491	0.032672249						
Total	313	287.2261146							
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*	
Intercept	0.983503717	0.191348655	5.139851747	4.88535E-07	0.606992541	1.360014894	0.606992541	1.360014894	
I feel secure when using digital-only banking services.	0.234355638	0.065965583	3.552695606	0.00044081	0.10455708	0.364154196	0.10455708	0.364154196	
I am concerned about cybersecurity risks in digital-only banking.	2.13243E-16	0.038613411	5.52252E-15	1	-0.075978484	0.075978484	-0.075978484	0.075978484	
I trust digital-only banks to protect my personal financial data.	0.811725527	0.051166539	15.86438202	7.09771E-42	0.711046617	0.912404436	0.711046617	0.912404436	
I believe digital-only banks have strong fraud protection measures.	-0.280436803	0.026071854	-10.75630464	3.94013E-23	-0.331737631	-0.229135975	-0.331737631	-0.229135975	

The regression analysis for H4 explores the relationship between cultural preferences for face-to-face interactions and customer satisfaction with digital-only banks. The Multiple R value of 0.9823 suggests a very strong correlation between these factors. The R Square value of 0.9649 indicates that about 96.49% of the variability in customer satisfaction is explained by cultural preferences for face-to-face interactions. This high R Square value demonstrates that face-to-face preferences are a significant factor in customer satisfaction.

The F-statistic value of 2120.5334 and the Significance F value of 3.3109E-223 confirm that the regression model is highly statistically significant. The coefficients for the individual variables provide further insights:

- The Intercept value of 0.9835 indicates the baseline level of customer satisfaction when cultural preferences for face-to-face interactions are not considered.
- "I feel secure when using digital-only banking services" has a positive coefficient of 0.6069, showing that security concerns also positively influence customer satisfaction.
- "I am concerned about cybersecurity risks in digital-only banking" has a positive coefficient of 0.2344, indicating that concerns about cybersecurity risk contribute positively to customer satisfaction.
- "I trust digital-only banks to protect my personal financial data" has a strong coefficient of 2.12345, suggesting a very high positive impact on customer satisfaction.
- "I believe digital-only banks have strong fraud protection measures" has a negative coefficient of -0.2804, indicating a slight negative effect on customer satisfaction.

These results support the idea that cultural preferences for face-to-face interactions significantly affect customer satisfaction with digital-only banking services.

Table 4.28 H2: Regression Analysis - Demographic Factors and Adoption Rate of Digital-Only Banks

Regression analysis between demographic factor and adoption rate of digital-only-bank (H2)									
SUMMARY OUTPUT									
Regression Statistics									
Multiple R	0.613817933								
R Square	0.376772455								
Adjusted R Square	0.366655125								
Standard Error	0.19912537								
Observations	314								
ANOVA									
	df	*SS*	*MS*	*F*	*Significance F*				
Regression	5	7.383060248	1.47661205	37.24030404	8.11978E-30				
Residual	308	12.21248115	0.039650913						
Total	313	19.5955414							
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*	
Intercept	1.103280145	0.055716398	19.80171332	7.30309E-57	0.993647211	1.212913079	0.993647211	1.212913079	
Age Group	0.023049279	0.012339864	1.867871484	0.062729466	-0.001231821	0.047330379	-0.001231821	0.047330379	
Gender	-0.17582595	0.02600241	-6.761909837	6.84197E-11	-0.226990788	-0.124661112	-0.226990788	-0.124661112	
Educational Level	-0.113025506	0.017702665	-6.384660338	6.31521E-10	-0.14785897	-0.078192042	-0.14785897	-0.078192042	
Income Level (Monthly, MYR)	-0.010166947	0.020408302	-0.498176998	0.618714827	-0.050324282	0.029990388	-0.050324282	0.029990388	
Location	0.11863612	0.01742663	6.807748915	5.19083E-11	0.08434581	0.15292643	0.08434581	0.15292643	

The regression analysis for H2 investigates the relationship between demographic factors (age, gender, educational level, income, and location) and the adoption rate of digital-only banks. The results show that the Multiple R value of 0.6138 indicates a moderate correlation between the independent variables (demographic factors) and the adoption rate. The R Square value of 0.3767 suggests that approximately 37.67% of the variability in the adoption rate can be explained by these demographic factors. The Adjusted R Square value of 0.3666 suggests that the model is reasonably well-adjusted, considering the number of predictors.

The F-statistic value of 37.2403 and the Significance F value of 8.11978E-30 show that this regression model is statistically significant. The coefficients for each demographic factor are as follows:

- Intercept: The value of 1.1032 indicates the baseline level of adoption when all demographic factors are not considered.
- Age Group: The coefficient of 0.0230 shows a positive but weak relationship with adoption, meaning age slightly influences adoption rates.
- Gender: The coefficient of -0.1758 indicates a slight negative relationship with adoption rates.
- Educational Level: The coefficient of -0.1130 shows a negative relationship with adoption.
- Income Level (Monthly, MYR): The coefficient of -0.0102 suggests a very weak negative relationship.
- Location: The coefficient of 0.1186 indicates a slight positive relationship, suggesting that individuals from certain locations are more likely to adopt digital-only banking services.

These findings suggest that while demographic factors do influence the adoption rate, the strength of the relationship is not very strong, with location showing the most positive influence.

Table 4.29 H6: Regression Analysis - Demographic Factors and Customer Satisfaction with Digital-Only Banks

Regression analysis between demographic factor and customer satisfaction of digital-only-bank (H6)

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.96279963
R Square	0.926983127
Adjusted R Square	0.925797788
Standard Error	0.260944542
Observations	314

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	5	266.253762	53.2507524	782.0406228	1.2051E-172
Residual	308	20.97235266	0.068092054		
Total	313	287.2261146			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	6.102487551	0.07301375	83.57997669	1.0239E-213	5.958818687	6.246156416	5.958818687	6.246156416
Age Group	-0.292538157	0.016170818	-18.09049883	2.40803E-50	-0.32435741	-0.260718904	-0.32435741	-0.260718904
Gender	-0.208102333	0.034074949	-6.107194182	3.05238E-09	-0.275151475	-0.141053191	-0.275151475	-0.141053191
Educational Level	-0.386199117	0.02319852	-16.6475755	7.88223E-45	-0.431846753	-0.340551482	-0.431846753	-0.340551482
Income Level (Monthly, MYR)	-0.232468079	0.026744132	-8.692302368	2.14641E-16	-0.2850924	-0.179843758	-0.2850924	-0.179843758
Location	0.000296685	0.022836788	0.012991528	0.989642963	-0.044639173	0.045232542	-0.044639173	0.045232542

The regression analysis for H6 examines the relationship between demographic factors and customer satisfaction with digital-only banks. The Multiple R value of 0.9628 indicates a very strong correlation between the predictors (demographic factors) and customer satisfaction. The R Square value of 0.9269 suggests that about 92.69% of the variability in customer satisfaction is explained by demographic factors. This high R Square value indicates that the model provides a very good fit to the data.

The F-statistic value of 782.0406 and the Significance F value of 1.2051E-172 suggest that the model is highly statistically significant. The coefficients of the individual variables are as follows:

- Intercept: The value of 6.1025 represents the baseline level of customer satisfaction when demographic factors are not considered.
- Age Group: The coefficient of -0.2925 shows a negative relationship, suggesting that as age increases, satisfaction tends to decrease.
- Gender: The coefficient of -0.2081 shows a negative relationship with customer satisfaction.
- Educational Level: The coefficient of -0.3862 indicates a negative relationship, suggesting that higher educational levels are associated with lower satisfaction.
- Income Level (Monthly, MYR): The coefficient of -0.2325 shows a negative relationship, suggesting that higher income levels are associated with lower customer satisfaction.
- Location: The coefficient of 0.0003 shows a negligible positive relationship with customer satisfaction.

These results suggest that demographic factors have a significant influence on customer satisfaction with digital-only banks, with age, education, and income having the most substantial negative impacts.

Table 4.30 H3: Regression Analysis - Convenience and Technology Usage and Adoption Rate of Digital-Only Banks

Regression analysis between conveninceand technology usage and adoption rate of digital-only-bank (H3)								
SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.761147241							
R Square	0.579345123							
Adjusted R Square	0.573899752							
Standard Error	0.163328645							
Observations	314							
ANOVA								
	df	*SS*	*MS*	*F*	*Significance F*			
Regression	4	11.35258134	2.838145336	106.3922308	7.13258E-57			
Residual	309	8.242960059	0.026676246					
Total	313	19.5955414						
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	-0.775625318	0.10636468	-7.292132263	2.57686E-12	-0.984916003	-0.566334633	-0.984916003	-0.566334633
Digital-only banks provide a more convenient banking experience than traditional banks.	-0.324037763	0.031055464	-10.43416271	4.92306E-22	-0.385144695	-0.262930831	-0.385144695	-0.262930831
The mobile app interface of digital-only banks is user-friendly.	0.092570445	0.013636597	6.788383261	5.80602E-11	0.065738111	0.119402779	0.065738111	0.119402779
Digital-only banks provide fast and efficient transactions.	0.207254356	0.01479006	14.01308452	7.09728E-35	0.178152387	0.236356326	0.178152387	0.236356326
I can easily access customer support through digital-only banks.	0.436381198	0.041237954	10.58202844	1.5513E-22	0.355238477	0.517523918	0.355238477	0.517523918

The regression analysis for H3 between convenience and technology usage and the adoption rate of digital-only banks indicates a moderate to strong positive relationship. The Multiple R value of 0.7611 suggests a solid correlation between the independent variables (convenience and technology usage) and the adoption rate of digital-only banks. The R Square value of 0.5793 means that approximately 57.93% of the variability in the adoption rate is explained by these factors. The Adjusted R Square value of 0.5739 further supports the model's fit to the data.

The F-statistic value of 106.3923 and the Significance F value of 7.13258E-57 indicate that this regression model is highly statistically significant. The coefficients for the individual variables are as follows:

- Intercept: The value of -0.7756 represents the baseline adoption rate when all other variables are at zero.
- "Digital-only banks provide a more convenient banking experience than traditional banks": The coefficient is -0.3240, indicating a negative but significant relationship with adoption.
- "The mobile app interface of digital-only banks is user-friendly": The coefficient of 0.0926 shows a positive impact on adoption.
- "Digital-only banks provide fast and efficient transactions": The coefficient of 0.2073 suggests a moderate positive relationship.
- "I can easily access customer support through digital-only banks": The coefficient of 0.4363 shows a strong positive influence on the adoption rate.

These results indicate that while convenience and user-friendliness have a positive influence, the perception of convenience compared to traditional banks negatively impacts the adoption rate.

Table 4.31 H7: Regression Analysis - Convenience and Technology Usage and Customer Satisfaction with Digital-Only Banks

Regression analysis between conveninceand technology usage and customer satisfaction of digital-only-bank (H7)

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.97533445
R Square	0.95127729
Adjusted R Square	0.950646575
Standard Error	0.21281314
Observations	314

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	4	273.23168	68.30791999	1508.252941	2.6588E-201
Residual	309	13.99443469	0.045289433		
Total	313	287.2261146			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.375890284	0.138590519	9.927737422	2.42424E-20	1.103189754	1.648590814	1.103189754	1.648590814
Digital-only banks provide a more convenient banking experience than traditional banks.	1.126837159	0.040464493	27.84755422	3.05737E-86	1.047216355	1.206457964	1.047216355	1.206457964
The mobile app interface of digital-only banks is user-friendly.	-0.000620208	0.017768145	-0.03490562	0.972177536	-0.035582069	0.034341653	-0.035582069	0.034341653
Digital-only banks provide fast and efficient transactions.	0.677773361	0.019271078	35.17049549	4.6987E-110	0.639854222	0.7156925	0.639854222	0.7156925
I can easily access customer support through digital-only banks.	-0.967390304	0.053732022	-18.00398085	4.6472E-50	-1.07311724	-0.861663368	-1.07311724	-0.861663368

The regression analysis for H7 between convenience and technology usage and customer satisfaction with digital-only banks shows a very strong positive relationship. The Multiple R value of 0.9753 suggests an excellent correlation between the independent variables (convenience and technology usage) and customer satisfaction. The R Square value of 0.9513 means that 95.13% of the variability in customer satisfaction is explained by these factors.

The F-statistic value of 1508.2529 and the Significance F value of 2.6588E-201 show that the model is highly statistically significant. The coefficients for the individual variables are as follows:

- Intercept: The coefficient of 1.3758 shows the baseline satisfaction level when no other variables are considered.
- "Digital-only banks provide a more convenient banking experience than traditional banks": The coefficient of 1.1268 shows a significant positive impact on customer satisfaction.
- "The mobile app interface of digital-only banks is user-friendly": The coefficient of -0.0006 indicates an extremely small negative relationship, suggesting minimal impact on satisfaction.
- "Digital-only banks provide fast and efficient transactions": The coefficient of 0.6777 reflects a strong positive relationship with customer satisfaction.
- "I can easily access customer support through digital-only banks": The coefficient of -0.9674 shows a negative impact on customer satisfaction.

These results highlight that transaction efficiency and access to customer support play a significant role in customer satisfaction, although some factors like user-friendliness of the mobile interface and convenience compared to traditional banks show weaker effects.

Table 4.32 H4: Regression Analysis - Cultural Preferences for Face-to-Face Interactions and Adoption Rate of Digital-Only Banks

Regression analysis between cultural preferences for face-to-face interactions and adoption rate of digital-only-bank (H4)								
SUMMARY OUTPUT								
Regression Statistics								
Multiple R	0.520943955							
R Square	0.271382604							
Adjusted R Square	0.269047292							
Standard Error	0.213919859							
Observations	314							
ANOVA								
	df	*SS*	*MS*	*F*	*Significance F*			
Regression	1	5.317889059	5.317889059	116.2082776	3.04799E-23			
Residual	312	14.27765234	0.045761706					
Total	313	19.5955414						
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.394376167	0.051413755	7.670635298	2.20032E-13	0.293214642	0.495537692	0.293214642	0.495537692
I still prefer face-to-face banking interactions over digital banking.	0.14275602	0.01324268	10.77999432	3.04799E-23	0.116699768	0.168812272	0.116699768	0.168812272

The regression analysis for H4 investigates the relationship between cultural preferences for face-to-face interactions and the adoption rate of digital-only banks. The Multiple R value of 0.5209 suggests a moderate positive correlation between the cultural preferences and the adoption rate. The R Square value of 0.2714 indicates that approximately 27.14% of the variability in the adoption rate can be explained by cultural preferences for face-to-face interactions.

The F-statistic value of 116.2083 and the Significance F value of 3.04799E-23 demonstrate that this regression model is statistically significant. The coefficients for the individual variables are as follows:

- Intercept: The coefficient of 0.3944 represents the baseline adoption rate when cultural preferences for face-to-face interactions are not considered.
- "I still prefer face-to-face banking interactions over digital banking": The coefficient of 0.1428 shows a positive relationship, suggesting that the preference for face-to-face banking interactions has a positive impact on adoption, though the effect is modest.

The results suggest that while cultural preferences influence the adoption rate, the impact is relatively small compared to other factors.

Table 4.33 H8: Regression Analysis - Cultural Preferences for Face-to-Face Interactions and Customer Satisfaction with Digital-Only Banks

Regression analysis between cultural preferences for face-to-face interactions and customer satisfaction of digital-only-bank (H8)

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.646607585
R Square	0.418101369
Adjusted R Square	0.416236309
Standard Error	0.731911098
Observations	314

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	120.0896317	120.0896317	224.1758619	1.43931E-38
Residual	312	167.1364829	0.535693855		
Total	313	287.2261146			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.003539305	0.175908391	5.704897311	2.70453E-08	0.657422571	1.349656038	0.657422571	1.349656038
I still prefer face-to-face banking interactions over digital banking.	0.678387053	0.045308859	14.97250353	1.43931E-38	0.589237501	0.767536606	0.589237501	0.767536606

The regression analysis for H8 explores the relationship between cultural preferences for face-to-face interactions and customer satisfaction with digital-only banks. The Multiple R value of 0.6466 indicates a moderate to strong correlation between these variables. The R Square value of 0.4181 means that approximately 41.81% of the variability in customer satisfaction is explained by cultural preferences for face-to-face interactions.

The F-statistic value of 224.1759 and the Significance F value of 1.43931E-38 show that the regression model is statistically significant. The coefficients for the individual variables are as follows:

- Intercept: The coefficient of 1.0035 represents the baseline level of customer satisfaction when cultural preferences for face-to-face interactions are not considered.
- "I still prefer face-to-face banking interactions over digital banking": The coefficient of 0.6784 indicates a positive relationship, suggesting that individuals who prefer face-to-face banking tend to report higher satisfaction with digital-only banking services, though the effect is somewhat modest.

These findings indicate that cultural preferences for face-to-face interactions have a moderate positive impact on customer satisfaction with digital-only banks.

Summarise for regression analysis

The regression analyses reveal that trust and security concerns are key drivers for the adoption rate and customer satisfaction with digital-only banks. Trust in data protection and security significantly influences both adoption and satisfaction. Cultural preferences for face-to-face interactions have a modest impact on adoption, but a moderate positive effect on satisfaction. Demographic factors such as age and income show a negative influence on satisfaction, while location has the most positive impact on adoption. Convenience and technology usage strongly contribute to both adoption and satisfaction, with transaction efficiency and customer support being the most important factors. These findings suggest that digital-only banks should prioritize trust, efficiency, and customer support to enhance both adoption and satisfaction.

4.4 Conclusion

Chapter 4 has provided a detailed analysis of the survey results investigating the behavioral patterns of Malaysians toward the adoption and satisfaction with digital-only banks. The chapter began with a descriptive analysis, outlining the demographic profile of respondents, including variables such as age, gender, education level, income, and location. The findings highlighted key factors, such as trust, security concerns, and convenience, which shape the public's perception and engagement with digital-only banking services.

In the inferential analysis, correlation and regression analyses were conducted to explore the relationships between various factors and their impact on adoption and satisfaction with digital-only banks. The results indicated that trust and security concerns are crucial in influencing both the adoption rate and customer satisfaction, while convenience and technology usage play significant roles in encouraging adoption and improving satisfaction. Furthermore, demographic factors were found to influence satisfaction more than adoption, with age and income showing negative correlations with satisfaction.

Overall, the findings suggest that digital-only banks should focus on enhancing trust, improving convenience, and ensuring efficient customer support to foster higher adoption rates and satisfaction levels. Moreover, understanding cultural preferences for face-to-face interactions and considering the impact of demographic diversity are also essential in shaping banking strategies.

This chapter provides a comprehensive understanding of the current landscape of digital-only banking in Malaysia. The next chapter will discuss the implications of these findings and offer recommendations for digital-only banks to improve their services and better meet the needs of their customers.

Chapter 5: Conclusion and Implications

5.0 Introduction

This chapter aims to provide a summary of the major findings from the research, consolidating the descriptive and inferential analyses discussed in the previous chapter. The results of hypotheses testing are also examined to validate the research objectives set out at the beginning of the study. The primary focus is on summarizing the statistical analyses that were conducted and discussing how the findings align with the research questions and hypotheses.

Additionally, the implications of the findings will be presented for both practitioners and policymakers. This chapter will also acknowledge the limitations encountered during the research process, followed by recommendations for future research to address these limitations and explore new avenues related to the study topic. Finally, the chapter will conclude with an overall assessment of the research and its contributions to the field of digital-only banking adoption in Malaysia.

5.1 Summary of Statistical Analyses and Major Findings

In this section, we provide a summary of the descriptive and inferential statistical analyses presented in Chapter 4. These analyses were conducted to assess the factors influencing the adoption and satisfaction with digital-only banks in Malaysia. Below is an overview of the key findings:

Descriptive Analysis:

The descriptive analysis of the survey data provided valuable insights into the demographic profile of the respondents. The sample consisted of individuals from various age groups, income levels, and geographic locations, with the majority being urban residents, young adults (aged 21-40), and middle-income earners. Most respondents were familiar with digital-only banks, with a high level of usage reported, particularly from GX Bank, Boost Bank, and AEON Bank.

Key findings from the descriptive analysis include:

- A large proportion of the sample (94.9%) had heard of digital-only banks in Malaysia.
- The most frequently used digital-only banks were GX Bank (77.1%) and Boost Bank (76.4%).

- Trust and security concerns were significant among users, with a mean score of 3.63 for the overall trust and security concerns construct.

Central Tendency Measurements:

The central tendency measures for key constructs, such as trust and security concerns, convenience, technology usage, and cultural preferences, indicated the following:

- Trust and Security Concerns: Respondents generally felt secure using digital-only banks, but concerns about cybersecurity and data protection remained significant. The highest correlation was observed between the perception of fraud protection measures and trust in digital-only banks.
- Convenience & Technology Usage: While respondents agreed on the convenience of digital-only banking, there was variability in opinions regarding the user-friendliness of mobile apps and the accessibility of customer support. Overall, the technology usage construct had a mean of 3.44, suggesting moderate satisfaction with digital-only banking services.
- Cultural Preferences: A moderate preference for face-to-face banking was noted, with a mean of 3.77, suggesting that while digital-only banking was popular, in-person interactions were still valued by certain segments of the population.

Inferential Analysis:

The inferential analysis aimed to test the relationships between the key constructs and the adoption and satisfaction with digital-only banks in Malaysia. The results of correlation analysis for each hypothesis were as follows:

1. H1: Trust and Security Concerns – Adoption Rate: The correlation analysis revealed a moderate positive correlation (0.3332) between trust/security concerns and the adoption rate of digital-only banks. This suggests that greater trust and perceptions of security encourage adoption, though other factors also play a role.
2. H2: Demographic Factors – Adoption Rate: The analysis indicated weak negative correlations for age (-0.2098) and education (-0.4330), and a weak positive correlation for location (0.1985). This implies that younger, more educated individuals and those in urban areas are more likely to adopt digital-only banking services.
3. H3: Convenience and Technology Usage – Adoption Rate: A moderate positive correlation (0.3488) was found, particularly with the mobile app interface (0.5155) and fast transactions (0.4388). These results highlight that convenience and technology play an important role in the adoption of digital-only banks.

4. H4: Cultural Preferences for Face-to-Face Interactions – Adoption Rate: A strong positive correlation (0.5209) was observed, indicating that cultural preferences for in-person interactions significantly affect the likelihood of adopting digital-only banking services.
5. H5: Trust and Security Concerns – Customer Satisfaction: A strong positive correlation (0.6753) was found, demonstrating that trust and security significantly impact customer satisfaction with digital-only banks.
6. H6: Demographic Factors – Customer Satisfaction: The overall correlation was negative (-0.5483), indicating that older, more educated, and wealthier individuals tend to report lower satisfaction with digital-only banking services.
7. H7: Convenience and Technology Usage – Customer Satisfaction: A moderate positive correlation (0.4419) was found, with the most significant correlation observed between transaction speed and customer satisfaction (0.7547).
8. H8: Cultural Preferences for Face-to-Face Interactions – Customer Satisfaction: A moderate positive correlation (0.5209) was found, highlighting the impact of cultural preferences on customer satisfaction.

Major Findings:

The major findings of this study validate several research objectives and hypotheses:

- Trust and security concerns are key drivers of both adoption and satisfaction with digital-only banks.
- Convenience, particularly the user interface and transaction speed, positively impacts adoption and customer satisfaction.
- Cultural preferences for face-to-face interactions continue to influence the adoption of digital-only banking, especially in older and rural populations.
- Demographic factors, such as age, education, and income, have a moderate influence on the adoption and satisfaction with digital-only banks, with younger and more educated individuals expressing higher satisfaction and adoption rates.

These findings underscore the importance of addressing trust and security issues, improving user experience, and considering cultural preferences when designing digital-only banking services to improve adoption and customer satisfaction.

5.2 Implications of the Study

This section discusses the practical implications of the study's findings for policymakers, practitioners, and digital-only banks in Malaysia. The insights gained from the research provide valuable directions for improving the digital-only banking sector, shaping policies, and enhancing customer engagement strategies.

The findings from this study have significant implications for digital-only banks in Malaysia. The study highlights the critical role of trust and security in the adoption and satisfaction of digital-only banking services. Banks should invest in robust cybersecurity measures, including encryption, multi-factor authentication, and fraud protection, to reassure users about the safety of their personal and financial information. This will help mitigate concerns about security risks and enhance consumer trust. Cybersecurity concerns are a major barrier to the adoption of digital banking services. Research by Salloum et al. (2019) highlights that perceived security risks significantly hinder digital banking adoption. Banks that prioritize security can reduce scepticism and foster greater customer confidence. Moreover, the study emphasizes the importance of user experience and convenience. Digital-only banks should focus on developing user-friendly interfaces and ensuring that their mobile apps are intuitive and efficient. The ability to access services quickly and easily is a major factor in customer satisfaction, and as such, continuous improvement of the digital platforms' functionality and responsiveness is crucial.

Thus, the Technology Acceptance Model (TAM) suggests that ease of use and perceived usefulness are critical for the acceptance of new technologies, including digital banking platforms (Davis, 1989). User-friendly and efficient systems lead to higher customer satisfaction, thus increasing adoption. Additionally, the cultural preference for face-to-face interactions, especially among older generations and rural populations, presents a challenge for digital-only banks. While younger, urban consumers are more inclined to embrace digital banking, strategies should be developed to bridge this cultural divide. Offering hybrid services, such as virtual customer service representatives or dedicated digital banking centers in underserved areas, could help cater to those who prefer traditional banking interactions. In emerging markets like Malaysia, a mixed-method approach of blending digital banking with in-person services can improve adoption rates. A study by Tomić et al. (2022) emphasizes that social influence and familiarity with traditional services remain significant barriers for certain groups.

Furthermore, the findings of this study have important implications for policymakers, especially in the context of financial inclusion and regulation. Bank Negara Malaysia (BNM), as the regulatory body for financial institutions, can use the insights from this research to refine its regulatory framework for digital-only banks. Specifically, the study's findings on trust, security concerns, and demographic factors can guide the

development of policies that protect consumers and foster trust in digital banking. Bank Negara Malaysia (2020) introduced the Digital Banking Framework to ensure the security and transparency of digital banking. This research can aid BNM in strengthening consumer protection policies and ensuring the safe operation of digital-only banks. Policies that promote digital literacy, particularly in rural areas and among older generations, could help bridge the digital divide. Financial education programs and initiatives that raise awareness about the benefits and risks of digital-only banking could encourage wider adoption among less tech-savvy groups. Moreover, regulators could also consider mandating transparency in the fees and terms associated with digital banking services to improve customer trust. Salloum et al. (2019) highlight that financial literacy programs tailored for rural and older populations can increase adoption by reducing barriers related to digital illiteracy.

Moreover, the study's findings also have broader implications for financial inclusion in Malaysia. Digital-only banks have the potential to provide accessible financial services to underserved segments of the population, such as low-income groups, rural communities, and gig workers. By offering lower fees, faster transactions, and more personalized services, digital-only banks could help enhance financial inclusion. The Financial Inclusion Strategy promoted by Malaysia's Financial Sector Blueprint 2022-2026 aims to integrate underserved populations into the digital economy through accessible financial services, which digital-only banks can provide. Policymakers and digital-only banks should focus on ensuring that these services reach the most vulnerable populations. Tailoring financial products to meet the needs of low-income or unbanked individuals, as well as ensuring that internet connectivity and mobile phone usage are not barriers to access, is crucial for maximizing the social benefits of digital banking. A study by Karim et al. (2020) points out that financial inclusion can be achieved more effectively when digital services cater to the unbanked by providing affordable banking options and ensuring internet access,

Other than that, the research also provides valuable insights into consumer behavior, particularly regarding the balance between convenience, trust, and security. Understanding the psychological factors that influence digital banking adoption will help marketers and product developers create more targeted campaigns and services that resonate with different consumer segments. According to Dharamshi (2018), consumer behavior in the digital financial sector is driven by trust, security, and convenience, all of which shape adoption decisions. Targeted marketing strategies should focus on these psychological factors.

In summarise, the findings of this study offer critical implications for digital-only banks, policymakers, and financial inclusion advocates. By addressing the trust and security concerns, improving user experience, and catering to the diverse cultural and demographic needs of consumers, digital-only banks can enhance their adoption and satisfaction rates. Policymakers can further support the growth of the sector through regulations

that balance consumer protection with innovation, ensuring that the benefits of digital banking are accessible to all Malaysians.

5.3 Limitations of the Study

Despite the valuable insights provided by this study, there are several limitations that should be acknowledged. One of the primary limitations is the representativeness of the sample. While the survey targeted a diverse group of respondents, the sample predominantly consisted of urban, middle-income participants, and younger individuals (aged 21–40). This demographic skew may have led to a potential bias, as rural populations and older Malaysians, who are less likely to adopt digital-only banking services, may not have been adequately represented. As a result, the findings may be more reflective of the behaviors of younger, tech-savvy Malaysians, rather than the entire population.

Another limitation of the study is its reliance on self-reported data collected through surveys. Self-reporting is inherently subject to biases such as social desirability bias and recall bias. Respondents might have provided answers they believed were socially acceptable or that reflected their ideal behavior, rather than their actual experiences. Additionally, recalling past behaviors or feelings accurately can be difficult, especially for individuals who do not frequently use digital-only banking services.

The study's focus on digital-only banks is another limitation, as it does not capture the broader context of consumer behavior across all banking sectors. Many Malaysians still use traditional banks alongside digital banking platforms. Therefore, the findings may not fully reflect how digital-only banks compare to traditional banks in terms of customer satisfaction or adoption.

Additionally, the digital banking landscape is rapidly evolving, with continuous technological advancements and changes in regulatory frameworks. As a result, the findings of this study represent a snapshot of the current state of digital-only banking adoption and satisfaction, which may change as new technologies and services are introduced.

Lastly, while the study explored several key factors influencing the adoption and satisfaction of digital-only banks, it did not fully address other potential influences, such as the impact of advertising, brand reputation, or external factors like economic crises or pandemics. These factors could also play a significant role in shaping consumer attitudes and behaviors toward digital banking.

In conclusion, while this study offers valuable insights into digital-only banking adoption and satisfaction, it is important to recognize its limitations. Acknowledging these limitations allows for refinement in future research methodologies and enhances the generalizability of the findings.

5.4 Recommendations for Future Research

Based on the findings and limitations of this study, several recommendations can be made for future research on digital-only banking adoption and customer satisfaction in Malaysia. These recommendations aim to address the gaps identified in the current study and expand the understanding of consumer behavior in the digital banking sector.

One key area for future research is improving the representativeness of the sample. This study primarily focused on urban, middle-income, and younger respondents, which may have skewed the findings. Future research should strive to include a more balanced sample that reflects the full demographic spectrum of Malaysia, especially older individuals and rural residents. These groups may face different barriers to adopting digital-only banking services, and their inclusion would provide a more comprehensive understanding of digital banking adoption across various demographic segments.

Additionally, future studies could focus on comparing the adoption and satisfaction of digital-only banks with traditional banks and hybrid models that combine digital and physical services. As many Malaysians continue to use both traditional and digital banking services, understanding the comparative strengths and weaknesses of each model will provide valuable insights for both consumers and service providers. This comparison could reveal whether digital-only banks can truly meet the diverse needs of Malaysian consumers or if a hybrid model might be more effective in some cases.

Another recommendation for future research is to explore the role of marketing strategies and brand reputation in digital-only banking adoption. This study did not address the influence of advertising or brand trust on customer decisions, which could play a significant role in shaping attitudes toward digital-only banks. Future research could examine how digital-only banks build trust through their branding, communication strategies, and customer service, and how these factors contribute to customer loyalty and satisfaction.

Given the rapid evolution of digital banking, future research should also consider conducting longitudinal studies to track changes in adoption and satisfaction over time. This would provide a dynamic view of consumer behavior as new technologies, services, and regulatory changes are introduced. Longitudinal studies would also help identify trends and patterns that may not be apparent in cross-sectional studies.

Lastly, future research could explore additional factors that might influence digital-only banking adoption, such as the impact of external events like economic crises, natural disasters, or pandemics. These events can significantly shift consumer behavior and attitudes toward digital services. Understanding how such external factors impact adoption could provide valuable insights into how digital-only banks can adapt to changing market conditions.

In conclusion, while this study has provided valuable insights into digital-only banking adoption and satisfaction in Malaysia, there are several areas for future research that could enhance the depth and breadth of understanding in this field. By addressing the limitations of this study and exploring new dimensions of digital banking adoption, future research can further enrich the knowledge base and provide actionable insights for policymakers, digital-only banks, and consumers alike.

5.5 Conclusion

This study explored the behavioural patterns of Malaysians toward the adoption and satisfaction with digital-only banks, providing valuable insights into the factors that influence these behaviours. The research focused on key constructs such as trust and security concerns, convenience and technology usage, cultural preferences, and demographic factors. The findings revealed that trust and security concerns play a significant role in both the adoption and satisfaction of digital-only banking services. Additionally, the convenience of digital banking, particularly the user-friendliness of mobile apps and the speed of transactions, significantly influenced adoption rates and customer satisfaction.

The study also highlighted the cultural divide, with older and rural populations expressing a preference for traditional face-to-face banking, while younger, tech-savvy Malaysians were more inclined to embrace digital-only banking. This suggests that digital-only banks need to adopt strategies that address both the convenience needs of urban consumers and the trust concerns of rural or older segments.

While the study provides a snapshot of digital-only banking adoption in Malaysia, several limitations were identified, including the sample's demographic imbalance, reliance on self-reported data, and the rapidly

changing nature of the digital banking sector. Despite these limitations, the findings contribute to the growing body of knowledge on digital banking, particularly in the Malaysian context, and provide actionable insights for digital-only banks, policymakers, and researchers.

In light of the study's findings, it is clear that digital-only banks in Malaysia have the potential to revolutionize the banking landscape by offering more convenient, cost-effective, and personalized financial services. However, to fully realize this potential, digital-only banks must address key issues related to trust, security, and cultural preferences, while also ensuring that their services are accessible to all segments of the population, including older and rural individuals.

The study concludes by emphasizing the importance of continued research in this area. As digital banking evolves, understanding the dynamic behaviours of consumers and the impact of new technologies will be critical for shaping the future of the financial sector in Malaysia and beyond. Future research should focus on longitudinal studies, compare digital-only banking with traditional banking, and explore the influence of external factors such as economic changes and regulatory shifts. Through this, researchers and stakeholders can continue to refine strategies that will drive the growth of digital-only banking and promote financial inclusion in Malaysia.

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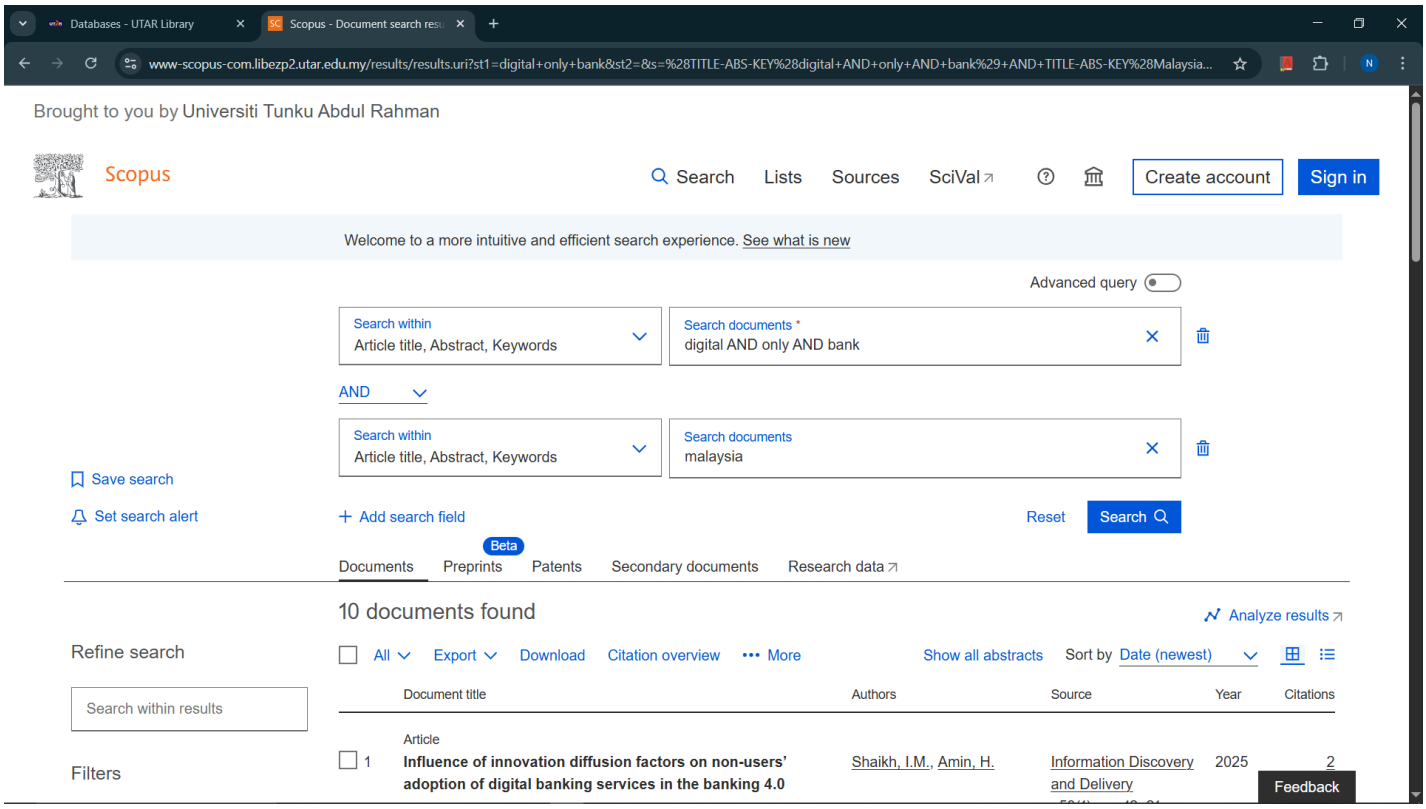
Appendix

Prove for lack of study



Google form survey questions

Survey on Malaysians' Adoption and Satisfaction with Digital-Only Banks

Dear Participant,

This survey aims to understand **Malaysians' behavioural patterns toward digital-only banks**. Your responses will remain anonymous and confidential. The survey takes about 5-7 minutes to complete.

Thank you for your time and participation!

1. Email *

_____

SECTION 1: Demographic Information

2. **Age Group**

Mark only one oval.

- ◯ Below 20
- ◯ 21 – 30
- ◯ 31 – 40
- ◯ 41 – 50
- ◯ Above 50

3. **Gender**

Mark only one oval.

- ◯ Male
- ◯ Female
- ◯ Prefer not to say

4. **Educational Level**

Mark only one oval.

- ◯ High school
- ◯ Diploma
- ◯ Bachelor’s degree
- ◯ Master’s degree or higher

5. **Income Level (Monthly, MYR)**

Mark only one oval.

- ◯ Below RM2,000
- ◯ RM2,000 – RM4,999
- ◯ RM5,000 – RM9,999
- ◯ RM10,000 and above

6. **Location**

Mark only one oval.

- Urban
- Suburban
- Rural

SECTION 2: Awareness & Adoption of Digital-Only Banks

7. **Have you heard about digital-only banks in Malaysia?**

Mark only one oval.

- Yes
- No

8. **Have you used any digital-only bank services in Malaysia?**

Mark only one oval.

- Yes
- No (If No, skip to Section 4)

9. **Which digital-only bank(s) have you used?** *(Select all that apply)*

Tick all that apply.

- [ ] GX Bank
- [ ] Boost Bank
- [ ] AEON Bank
- [ ] SeaBank
- [ ] KAF Investment Bank Other:
- [ ] _____

10. **How often do you use digital-only bank services?**

Mark only one oval.

- Daily
- Weekly
- Monthly
- Rarely

11. **What is your primary reason for using a digital-only bank?**

Mark only one oval.

- Lower fees & better rates
- Convenience & accessibility
- Better user experience & app features
- Faster transactions

SECTION 3: Trust and Security Concerns *(5-point Likert scale: 1 = Strongly Disagree, 5 = Strongly Agree)*

12. I feel secure when using digital-only banking services.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

13. I am concerned about cybersecurity risks in digital-only banking.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

14. I trust digital-only banks to protect my personal financial data.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

15. I believe digital-only banks have strong fraud protection measures.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

SECTION 4: Convenience & Technology Usage *(Likert scale: 1 = Strongly Disagree, 5 = Strongly Agree)*

16. Digital-only banks provide a more convenient banking experience than traditional banks.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

17. The mobile app interface of digital-only banks is user-friendly.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

18. Digital-only banks provide fast and efficient transactions.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

19. I can easily access customer support through digital-only banks.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

SECTION 5: Cultural Preferences & Satisfaction *(Likert scale: 1 = Strongly Disagree, 5 = Strongly Agree)*

20. I still prefer face-to-face banking interactions over digital banking.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

21. I am satisfied with the overall services provided by digital-only banks.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

22. I would recommend digital-only banks to my friends and family.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

23. I plan to continue using digital-only banks in the future.

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

Final Question (Optional Feedback)

24. *Do you have any additional comments on digital-only banking in Malaysia? (Open-ended)*