

MILENIAL DEPOSITOR BEHAVIOR IN ADOPTING DIGITAL BANKING

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ABSTRACT---The population of millennials in Indonesia has reached 63 million, this number is a fairly large number that is 24% of the productive population and constitutes the majority group. Millennial generation is an active user of digital technology devices. This generation is faster and better understands services based on digital technology than the previous generation. As active users of digital technology devices, they are more focused on convenience and benefits and can be seen as a lucrative target market for digital banking. Millennial generation preferences will quickly change if it turns out that digital banking has poor performance. This study aims to determine the behavior of millennial generation in adopting digital banking This study seeks to explore and determine the behavior of millennial depositors in adopting digital banking, using descriptive research designs. A questionnaire was used to determine the behavior of millennial depositors in adopting Digital Banking. The population in this study consisted of millennials residing in the city of Bandung, Indonesia, amounting to 912 thousand inhabitants. Samples to be taken are as many as 250 people. This study uses probability sampling where all elements in the population are expected to have the same opportunity to be chosen. The results showed that in the behavior of depositors, behavioral control factors are very encouraging in the adoption of digital banking in millennial generation. The attitude factor has a fairly high impetus on the adoption of digital banking. Subjective norm factors provide a small impetus in the adoption of digital banking.

Keywords---depositors, millennial generation, digital banking, Bandung City

I. Introduction

Based on data from Ministry of National Development Planning of the Republic of Indonesia, at present there are 63 million millennials in Indonesia. Millennial generation is a population aged between 20 and 35 years. This number is a significant amount, which is around 24% of the productive population. This millennial generation is the majority group. Millennial generation consists of two groups, namely junior millennial groups and senior millennial groups. The junior millennial group is the population born between 1991-1998, while the senior millennial group is the population born between 1983-1990. This generation is the generation that will play an important role in Indonesia in the demographic bonus period (population dominated by productive age) namely (2025-2030) (IDN Research Institute, 2019).

Based on research conducted by the IDN Research Institute (2019) 70% of millennials access information using digital media. This information can be easily accessed and information dissemination can be done quickly. According to data from the Association of Indonesian Internet Service Providers (APJII), there were 171.17 million Indonesian internet users in 2018. When viewed by age, internet users are dominated by millennial generation. This internet user has experienced

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growth in one year which is equal to 27.9 million internet users. Penetration of internet users based on age can be seen in Figure 1.

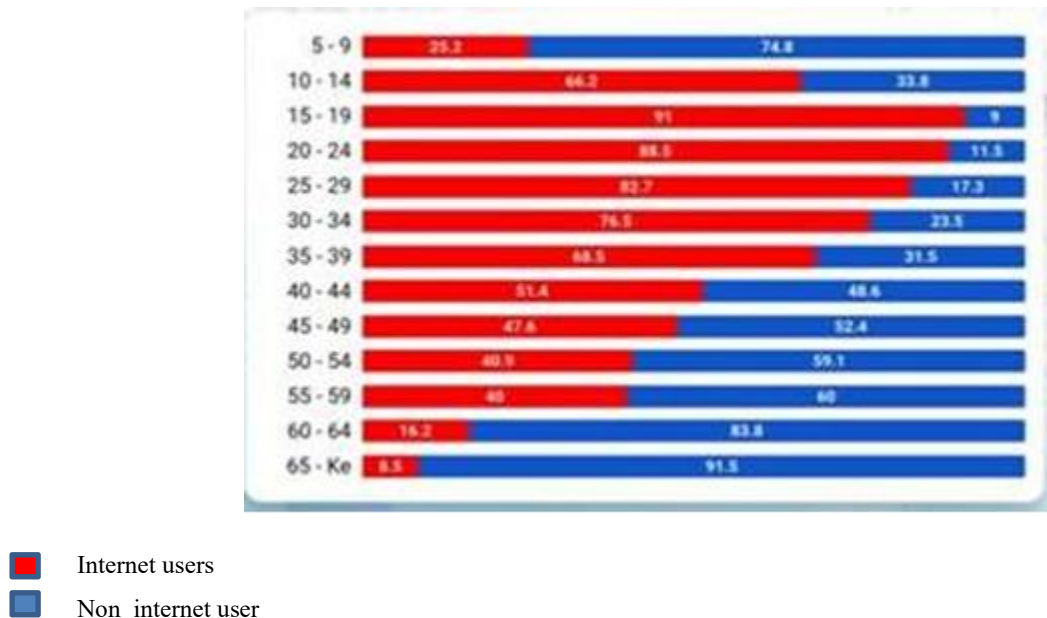


Figure 1. Penetration of internet users based on age

Source: Haryanto (2019)

This situation also occurs in the banking world. Almost 47% of millennial generations use digital banking. Digital banking is the latest technological achievement in the banking industry. This technology provides many advantages for banks and their customers. The advantage of digital banking is it provides a competitive environment through reduced costs, easier communication and access, and speed in service (Ahmadi, 2018).

Several banks in Indonesia experienced an increase in transactions through digital banking. PT Bank Negara Indonesia Tbk (BNI) as of the first semester of 2019, m-banking transactions increased by 154.9% annually or year on year (yoy) to 90 million transactions. Most of the transactions carried out through digital banking are for the purchase and payment of bills, transfers, bill payments such as electricity fees and refills (for telecommunications and electronic money). Digital Banking PT Bank Central Asia Tbk (BCA) also experienced a growth of 51.5% yoy from Rp 606 trillion to Rp 918 trillion at the end of the first semester of 2019. The majority of transactions through digital banking were mostly for transfers, checking balances and payments. PT Bank Mandiri Tbk also recorded an increase in the number of digital banking customers or Mandiri Online. As of June 2019 the number of users of this service has reached 2.51 million customers, up 98.6% from the previous year of 1.26 million (Sitanggang, 2019).

Millennial generation focuses more on comfort and benefits. Various benefits that can be accessed easily through digital banking are being able to transfer funds between accounts, and checking transaction details. Millennial generation preferences quickly change if it turns out that digital banking has poor performance. As many as 38% of millennials will leave and switch to other digital banking just because they provide too long service (Lake, 2019)

In addition, millennials want products and services from digital banking that can also provide additional benefits. This generation will be willing to switch if there are other banks that provide higher interest rates, cash returns for purchases and also free banking (Lake, 2019).

The obstacle that is often felt by digital banking users is security issues in transactions. Some users complain about the loss of money in their accounts after transacting through digital banking. An example is TSB Bank located in the United Kingdom. As many as 1.9 million of all 5.2 million TSB customers have experienced problems with digital banking services since April 23 this year. This happened after a result of the replacement of the IT system. The old system is a system belonging to Llyods Banking Group which was then transferred to Sabadell's Spanish technology operations (Deil, 2019).

In Indonesia, the IT system has caused hundreds of PT Bank Mandiri customer accounts to experience a savings balance loss. According to Bank Mandiri Corporate Secretary, Rohan Hafas, it was not caused by an element of fraud in the change in the account balance, but was caused by a system disruption. The change occurred when the process moved from the core system to the backup system, resulting in an error in the 10 percent Bank Mandiri customer balance data. Therefore, in the information strategy through modern technology as it is today, the banking system must consider security reform in all structures and elements of monetary transactions and banking structures. The banking system must provide the system with the best tools and services to optimize workflows (Gorgani, 2016)

Based on the description above, digital banking can provide convenience and comfort in the transaction. However, security issues in transactions are still an obstacle in using digital banking. Therefore, this study aims to find out how the behavior of millennial generation in adopting digital banking. By knowing the millennial generation's behavior in adopting digital banking, banking managers can make decisions related to digital banking development strategies.

II. Literature Review

Definition of Digital Banking

In a simple form, a digital banking service is a service that allows users to receive information about their account balances via SMS. In its development, WAP (Wireless Application Protocol) and Java allow users to use GPRS (General Packet Radio Service) support in conducting broader banking transactions such as transferring funds between accounts, buying and selling shares, and confirmation of direct payments through microbrowser phones (Rossi and Tuunainen, 2019).

Digital banking can also be defined as a network of advanced technology, telecommunications networks to transmit sources (money) in the banking system. Many electronic communication devices including cellular, telephone, PC, laptop, ATM and PoS devices play an important role in completing the electronic banking process so that there is transparency of information, communication and data transactions (Gorgani, 2016).

Advantages of Digital Banking

Digital banking is the most effective method of banking transactions, because it has many advantages that cannot be offered by offline channels. There are two types of benefits that can be categorized as direct and indirect benefits. Direct profit refers to the benefits enjoyed by customers directly and visibly, such as faster transaction speeds, and increased information transparency.

The immediate benefits are: this wider range of financial benefits includes lower transaction handling fees, higher deposit rates, opportunities to win prizes and additional credit card bonus points. Another advantage is that the transaction is faster. With faster transactions, more time can be saved. These cost savings can occur because online banking does not require paper documents, the absence of processing activities that can cause errors and delays, and which also requires more personnel. Digital banking automates this process by mediating exchange transactions through websites and electronic data and can also reduce the need for customers to communicate with bank staff regarding transactions details because this information can be obtained from the website. Third, during transactions, digital banking allows customers to monitor contract performance anywhere, or to confirm delivery automatically. In other words, more relevant information is immediately available and transparent to customers.

Indirect benefits are benefits that are intangible and difficult to measure. Digital banking allows customers to conduct banking transactions anywhere in the world with full 24-hour service, and offers customers more investment opportunities and services, such as stocks and the latest information.

Millennial Generation as a Digital Banking Consumer

Millennial generation is a generation that is faster and better understands services based on digital technology. Millennial generation is more likely to use digital banking compared to the previous generation. As an active user of digital technology devices, millennials can be seen as online consumers and are a lucrative target market for digital banking.

Online consumers are different from the general consumer population. The most fundamental difference is that online consumers have access to computers. With this access, a new market is created which has an impact on the emergence of new product creation opportunities and the emergence of consumer behavior that is different from before. Online consumers are more looking for comfort, innovative, impulsive, and less risk-averse than ordinary consumers. In addition, online consumers pay less attention to product brands and pay more attention to prices than ordinary consumers (Arunkumar, 2008).

Millennial Generation Behavior in adopting digital banking

Millennial generation behavior in adopting digital banking is based on Theory of Planned Behavior (TPB). Theory of Planned Behavior (TPB) is an extension of Theory of Reasoned Action (TRA) developed by Fishbein & Ajzen in 1975. Both models are based on the premise that individuals make logical and reasonable decisions to engage in certain behaviors by evaluating available information for them. Both theories can also be applied in digital banking. This theory uses the assumption that there are three factors that will influence depositors interested in using digital banking. These factors are: (1) attitude, which describes a person's perception of internet banking (2) subjective norms, which describe social influences that can affect one's intention to use digital banking (3) behavioral control, which refers to the presence of factors which encourages or inhibits action (Aristeidis and Ioannis, 2010).

Attitude

Attitude is defined as a person's positive or negative feelings about something. A person's attitude related to the use of digital banks has several attributes such as (Gorgani, 2016):

- Accessibility; includes ease of access, ease of conducting transactions, ease of communication, ease of filing complaints
- Service and product quality; services are provided in a timely manner, can be trusted, innovative and creative products, guaranteed safety
- Quality of after sales service: is the ability and behavior of personnel in after sales service, in providing information and advice needed and able to handle customer complaints
- Customer satisfaction ; banks can provide certainty that customers will be satisfied so that customers feel valued

Subjective Norms

Subjective norms refer to a depositor's perception of whether a person is an important thing so that it can influence the attitude of the depositor to do or not perform certain behaviors. Someone who is considered important in this case is a friend, family, colleague, community who has the potential to influence depositors in adopting digital banking

Behavioral Control

Behavioral control refers to the existence of factors that encourage or inhibit an action. There are two elements related to behavioral control namely behavioral control, "self efficacy" and "facilitating conditions".

Self-efficacy implies one's belief that he has the capacity to carry out certain activities. In relation to the adoption of digital banking, self-efficacy can be defined as an individual's beliefs about his ability to use digital banking services. Consumers with higher self-efficacy are more likely to learn and adopt new technologies. Someone with the ability to confidently use the internet is more likely to adopt digital banking (Onyango, 2016).

"Facilitating conditions". Facilitation conditions refer to the level at which an individual believes that there is an organizational and technical infrastructure to support the use of a system. "Facilitating conditions" also refers to easy access to resources and technology infrastructure. In order for technology infrastructure to become easy and available, digital banking service applications will also make it easier for users to use it. In digital banking it is also expected that the government can play an important role and intervene in the provision of infrastructure and determination of banking regulations.

Research Framework

Millennial generation is an active user of digital technology devices, because of this generation faster and better understand services based on digital technology than the previous generation. As an active user of digital technology devices, the millennial generation can be seen as a lucrative target market for digital banking. Factors that can support the millennial generation to adopt digital banking in terms of Theory of Planned Behavior (TPB), are:

(1) attitudes, which describe a person's perception of internet banking (2) subjective norms, which describe social influences that can affect one's intention to use digital banking (3) behavioral control, which refers to the factors that encourage or inhibit to do an action.

Based on the TPB, there are 3 research hypotheses:

H1: Attitudes encourage the adoption of digital bank by millennial generation

H2: Subjective norms encourage digital adoption of banks by millennial generation

H3: Behavioral control encourages the adoption of digital bank by millennial generation

The framework of thought in this study is shown in Figure 2.

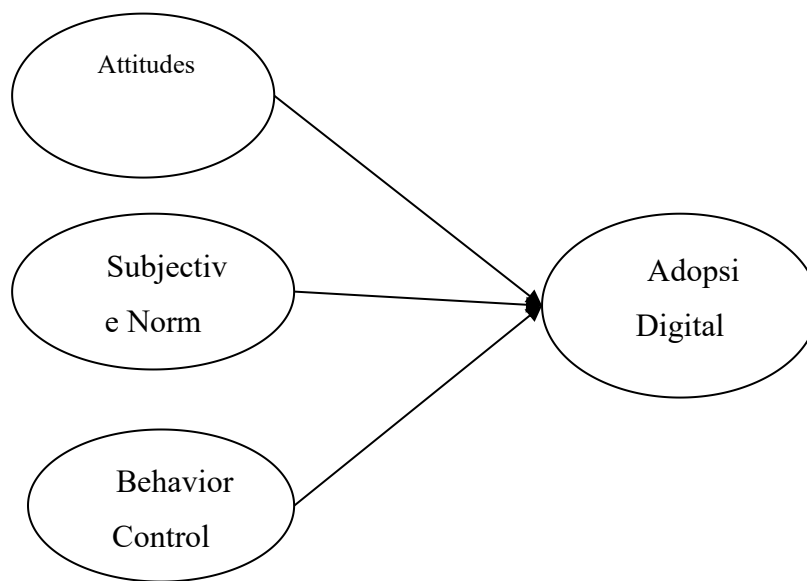


Figure 2: Research Framework

III. Research Methods

This study seeks to explore and determine the behavior of millennial depositors in adopting digital banking. This research uses descriptive research design. To find out the factors that drive the behavior of millennial depositors in adopting Digital Banking, a questionnaire was used.

The population in this study consisted of millennials residing in the city of Bandung, amounting to 912 thousand inhabitants. Samples to be taken are as many as 250 people. This study uses probability sampling where all elements in the population are expected to have the same opportunity to be chosen.

To get research data, a questionnaire was used. The questionnaire will be distributed to respondents who are research samples. Questionnaire statements are closed questions relating to factors that will encourage depositors' behavior in adopting digital banking. These factors are attitude, normative and behavioral control. Each statement is given a score of 1-5. The statement is given a score to facilitate analysis. For each strongly agree answer was given a score of 5, the agree answer was given a score of 4, neutral answer was given a score of 3, the disagree answer was given a score of 2 and the Very Disagree answer was given a score of 1

To test the hypothesis descriptive analysis is used

IV. Results and Discussion

To find out how the millennial behavior in adopting digital Banking, researchers have distributed 250 questionnaires, but the total answer is 212 questionnaires. The results of the study based on the questionnaire are presented in table 1.

Table 1: Results

	Statement	Percentage					Average Score
		SA	A	N	D	SD	
	Attitudes						
	Accessibility						
	Depositors will adopt digital banking because:						
1.	Digital banking services offered are easily accessible	52.4	1.6	14.6	0.9	0.5	4.3
2.	Digital banking services offered make it easy for depositors to make transactions	50.9	33.5	14.6	0.5	0.5	4,3
3.	Digital services offered make it easy for depositors to file complaints	36.3	29.7	30.7	1.9	1.4	4.0
	Service and product quality						
	Depositors will adopt digital banking because:						
4.	Services provided by digital banking can be trusted	33.5	38.2	27.8	0.5	0	4.0
	The services provided by digital can be						

5.	guaranteed security	34.4	34.9	28.3	2.4	0	4.0
	Quality after sales service:						
	Depositors will adopt digital banking because:						
6.	Service personnel in digital banking can provide information and advice needed by depositors	29.2	28.2	28.8	3.3	0.5	3.5
7.	Service personnel in digital banking are able to handle customer complaints	29.2	28.3	36.8	4.7	0.9	3.8
	Customer certainty						
	Depositors will adopt digital banking because:						
8.	Digital banking can provide assurance that depositors will feel satisfied	27.4	37.3	32.5	2.4	0.5	3.9
9.	Digital banking can give depositors a feeling of being valued	27.8	33.5	35.4	2.4	0.9	3.8
	SUBJECTIVE NORMAL						
	Depositors will adopt digital banking because:						
10.	Friends influence						
	Family Influence	16	25.5	25.9	17.5	15.1	3.1
11.	Influence of Colleagues	24.5	21.2	33.5	10.8	9.9	3.4
12.	Community Influence	11.8	24.1	37.3	15.1	11.8	3.1
13.		15.1	22.6	32.1	14.6	15.6	3.1
	BEHAVIOR CONTROL						
	Depositors will adopt digital banking because:						
14.	Depositors' confidence about their ability to use digital banking services	47.2	33.5	17.9	1.4	0	4.3
15.	Depositors' confidence in learning and adopting new technologies	43.4	35.4	18.9	1.9	0.5	4.2
16.	Easy access to resources and technological infrastructure in using digital banking						
	The digital banking service application makes	39.6	38.2	22.2	0	0	4.2
17	easy for depositors to use it	45.3	34	19.8	0.5	0.5	4.2

SA : strongly agree
A : agree
N : neutral
D : disagree
SD : strongly disagree

The results showed that the behavior of depositors with behavioral control scores had a high average score (> 4). This means that these factors encourage millennial generation in adopting digital banking. Millennials have high confidence that they have the ability to adopt digital banking. Only two elements can encourage depositors' behavior for attitude factors, namely ease of access and quality in service.

After sales service quality factors and customer certainty are not too encouraging millennial generation in adopting digital banking. These factors are considered not very important because the millennial generation is lazy to file complaints. This might be because customer complaints are rarely responded to or if responded to takes a long time. Millennial generation prefers something practical. Another thing that makes it possible for millennials to be reluctant to file a complaint is because of the Electronic Information and Transaction Law that allows for prosecution of defamation if the customer submits a complaint.

Another behavioral factor that does not encourage the adoption of digital banking is subjective norms. The adoption of digital banking by millennial generation is not encouraged by friends, family, colleagues or the community. This is because millennials have a high level of trust and are not easily influenced by others around them.

V. Conclusions and Suggestions

Technological developments also have an impact on the banking world. The banking industry develops a digital banking system, which is a banking service through the internet. Almost 47% of millennial generation use digital banking. This study aims to determine the behavior of millennial generation in adopting digital banking. The results showed that in the behavior of depositors, behavioral control factors strongly encourage the adoption of digital banking in millennial generation. The attitude factor has a fairly high impetus on the adoption of digital banking. Subjective norm factors provide little impetus in the adoption of digital banking.

The behavior of depositors who do not encourage the adoption of digital banking by millennial generation is a factor of after sales service, customer certainty and subjective norms. This relates to customer complaints and certainty. This factor is not considered important because millennial generation is more practical. Therefore, the bank needs to be careful if there are no complaints. This does not mean that the services provided by the bank are good, but because the millennial generation is reluctant to file complaints.

Another behavior that does not encourage the adoption of digital banking by millennial generation is the subjective norm factor. This happens because millennials have a high level of confidence that does not encourage the surrounding

environment. Therefore, in conducting the promotion of banking products, the bank must be able to provide confidence directly to prospective depositors.

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