

Determinants of continuance usage intention of fintech services (digital banking) in Malaysia: A conceptual framework

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Abstract

Purpose: This research aims to develop a conceptual framework to understand the determinants of continuance usage intention among consumers in the Malaysian banking industry.

Design/methodology/approach: A cross-sectional study will evaluate Gen Y and Z in Malaysia using a quantitative approach. Data will be collected through a survey questionnaire, and PLS will be used to validate hypotheses from a sample of 300 respondents.

Findings: It is expected that trust will emerge as a significant determinant of continuance usage intention, indicating that consumers who perceive a higher level of trust in fintech services are more likely to continue using digital banking platforms.

Research limitations/implications: This research relies on cross-sectional data, which may limit the ability to establish causal relationships among variables.

Practical implications: The findings can offer practical insights to Malaysian banks and fintech providers, helping them enhance their services based on identified determinants. Policymakers can use the findings to formulate regulations that promote trust and encourage the continued usage of fintech services in Malaysia.

Originality/value: To identify factors that influence the continued usage intention of fintech services in Malaysia's banking industry, we can consider several dimensions. These include perceived usefulness, ease of use, trust and security, user experience, social influence, technology readiness, and perceived cost and value. By incorporating these dimensions into a conceptual framework, researchers can provide a comprehensive analysis of the determinants of continuance usage intention of fintech services. The framework should be adapted and refined as research progresses and new insights emerge.

Keywords: Continuance Usage, Fintech Services, Digital Banking, Consumption Values, Generation Y, Generation Z.

Introduction

The advanced technology that emerges through the financial and banking industries changed many traditional banking processes and procedures. There is a moving trend in the development of "Digital-only banks", whereby it is a virtual bank whereby all those banking operations and activities will be operating through mobile applications, which will be

downloaded from Play Store or Apple Store (Murinde et al., 2022). An entirely computerized banking operations may change how individuals experience the service and use the applications and subsequently monitor closely on their financial habits at the tip of their fingers. As discussed, the new technology is influencing the banking and financial industries, and it has changed many traditional or better known as conventional banking processes and practices. Elements such as online banking, self-service kiosk and 24-hour access virtual assistance have diverse outlooks regarding the requirement for digitalized banking (Chauhan, 2018).

One of them is Malayan Banking Berhad (Maybank). Maybank has come up with their new online application which is known as “MAE (Maybank E-Wallet)”. Previously, Maybank only had one application which is “Maybank2u”. The “MAE” application has many features whereby it supports “Contactless Withdrawal”, which means we do not have to use our Automated Teller Machine (ATM) card to withdraw cash. Moreover the “MAE” application helps customers set aside monthly funds and automatically keep track of their expenses (Malayan Banking Berhad, 2021).

Furthermore, because it allows for financial services and the creation of a digital wallet, digital-only banking is likely distinct from other forms of mobile and internet banking (Shaikh and Karjalainen, 2016). Because it provides faster and more convenient banking services, a digital-only bank has various advantages for both banks and their customers. It also serves some of the same tasks as physical wallets, such as storing personal information, allowing cash and credit payments, and storing temporary tokens (such as coupons and transportation tickets) (Ebringer et al., 2000).

Even though digitalized banking has its benefits and convenience, it also has its own risk benefit calculations for its users. Financial decision-making is crucial for each individual due to privacy concern, various perceived risks that may be experienced by bank customers and considering on trust issues (Alkhowaiter, 2020). In this digital transition, banks face a profound responsibility to ensure that their customers experience consistent service quality and reliability, irrespective of their digital metamorphosis.

Trust stands as a cornerstone in the realm of digital banking, especially when considering user engagement and long-term adoption (Liu et al., 2016). This unwavering confidence in a platform’s capabilities to manage financial transactions and user data securely has ramifications far beyond the immediate functionalities it offers. With the rapid evolution of fintech, platforms will inevitably roll out innovative features, however, their successful adoption by users is contingent upon the foundational trust established by the banks (Zhou, 2012). Notably, among Gen Y and Gen Z in Malaysia, where peer recommendations significantly influence technology adoption, trust in a platform becomes vital. A trusted service is more likely to be endorsed and shared within these circles, amplifying user growth and retention (Tan and Teo, 2000). As the digital banking landscape in Malaysia and elsewhere transforms, this trust emerges as a critical, overarching determinant that underpins long-term user relationship with the platform (Lee and Turban, 2001).

Additionally, prior research (Larsson et al., 2018) in well-established contexts in industrialized nations places a strong emphasis on customer loyalty and bank performance. By gaining empirical understanding of the utilization of digital-only banking from customer experience aspects, this research seeks to close this knowledge gap. This study focuses on young consumers, specifically Gen Y and Gen Z (Gen Y users’ range in age from 26 to 35; Gen Z users’ range in age from 17 to 25). Both generations are considered tech-savvy and constitute the major target market for digital banking services in Indonesia, where the minimum customer age is 17. (Lipton et al., 2016). According to predictions, generations Y and Z will consume differently from older generations, especially when it comes to digital platforms (Eastman et al., 2013). The current study aims to encourage Malaysian Generation Z to utilize digital

banking, which is still underdeveloped. According to (Aseng, 2020), there is a limited amount of study on generation Z. According to (Suhaimi and Hassan, 2018), numerous studies focused solely on generation Y.

Literature Review

In a recent study, researchers looked at the relationship between users' perceived financial rewards and their attitudes. This method diverged from earlier research, such as (Turel et al., 2007) investigation of user acceptability of hedonistic digital objects. (Turel et al., 2007) investigated a wide range of perceived value variables, including visual and auditory values, social values, playfulness values, and value for money.

This study, on the other hand, was entirely concerned with consumer values. Sheth's first consumption values model served as the cornerstone for the research model. They held different values from Sheth's initial consumption values model (Sheth et al., 1991). According to Sheth's paradigm, consumption values are classified into five categories: functional, conditional, social, emotional, and epistemic. According to the proposed model, these consumption values influence users' behavioural intentions and are independent of what is delivered vs received. This study is distinct from that of (Kim et al., 2007).

The study also had a different understanding of values than (Turel et al., 2007) second-order composite value with first-order formative components for their overall assessment value model. Figure 1 shows the research model in detail. It highlights the connection between users' consumption values and their behavioural intentions. The model suggests that functional values, such as usability and performance, have a direct impact on users' perceived financial benefits.

On the other hand, social values, such as community building and relationships, indirectly impact users' perceived financial benefits through their impact on emotional values, such as enjoyment and pleasure. In conclusion, this recent study highlights the importance of understanding consumer values in predicting users' behavioural intentions. By utilizing Sheth's consumption values model and employing first-order receptive structures, the researchers were able to develop a detailed research model that sheds light on the relationship between users' consumption values and their perceived financial benefits. This research provides valuable insights for companies looking to design products and services that appeal to their target audience's values and behavioural intentions.

Consumption Value Models

According to (Biswas and Roy, 2015), consumption value describes how well a product satisfies a consumer's net utility or satisfaction following a purchase. It is impacted by the values that consumers believe are inherent in the good or service, which might be difficult to articulate (Dodds and Monroe, 1985). (Sheth et al., 1991) divided consumption values into five categories: functional, conditional, social, emotional, and epistemic. Functional value is the perceived benefit gained from an alternative's capacity to execute in a functional, utilitarian, or physical manner. The presence of notable traits influences this value, as stated by standard economic utility theory. This viewpoint, however, may not sufficiently account for consumer altruism behaviour. Recognizing the value of consumption is critical in general.

Social values enable people to build strong relationships with a community or group, which is often in the form of a reference group. Emotional value is the perceived benefit of a choice's potential to trigger feelings or affective states. Both the product and the context or environment around it contain emotional values. Customer curiosity or the desire to learn, which is frequently evident in the purchase of novelty goods, are related with epistemic value. Although commonly used in studies of consumer behaviour with reference to products, conditional

values have received less attention in studies on how people use technology (Lin et al., 2012) discovered that consumer preference for green products was favourably influenced by emotional and epistemic factors. All five value kinds were found to be predictive of customer value by (Ledden et al., 2007). In technology adoption, the consumption values framework has been empirically confirmed.

All in all, this research will help to identify the exact factors influencing the continuance intention to use Fintech services (digital banking) in Malaysia banking industry among Generation Y and Generation Z and coming out with certain recommendations to improve the usage of Fintech services (digital banking) in Malaysia banking industry, in respect to the Sustainable Development Goals (SDG).

Development of Propositions

This research explores consumer values and their connection to financial benefits. It differs from previous research in its approach to values and use of first-order receptive structures. The model suggests that consumption values influence user behaviour and are independent of what is provided vs received.

Functional Value

Functional value was defined by (Sheth et al, 1991) as the perceived utility of an alternative's ability to operate in a functional, utilitarian, or physical manner. These characteristics affect consumer decision-making, and in digital banking, higher perceived usefulness boosts adoption rates. grasp consumer behavior in digital banking requires a grasp of this notion.

H1: Functional value will positively influence user's continuance intentions to use Fintech services (digital banking).

Emotional Value

Emotional value refers to the perceived utility of an alternative's ability to evoke emotions or affective states, representing the mental and psychological needs of users (Sheth et al, 1991). Positive emotions from a product or service increase consumer loyalty (Sweeney and Soutar, 2001; Tang and Forster, 2007). In digital banking, customer loyalty is based on being treated like a person, not an account, which is rare but important for maintaining customer trust.

H2: Emotional value will positively influence user's continuance intentions to use Fintech services (digital banking).

Epistemic Value

The innovative goods and unique services offered by mobile banking attract the interest of early adopters, affecting their behavior. Consumers' variety-seeking and novelty-seeking actions relate to epistemic value, or perceived utility of an option. Mobile banking is a new and intriguing service that is likely to grab people's interest, particularly in the context of digital banking. (Sheth et al., 1991; Hung and Hsieh, 2010).

H3: Epistemic value positively affects user's continuance intention to use Fintech services (digital banking).

Conditional Value

Consumers frequently make judgments based on functional or social values, and this is especially true under certain settings (Sheth et al., 1991). The perceived utility of an alternative based on the unique event or circumstances is referred to as conditional value. It can either encourage or inhibit a decision (Hung and Hsieh, 2010). For example, when time is of the

essence or avoiding long lines, internet banking becomes more advantageous. The higher the perceived conditional value, the more probable it is that a consumer will embrace the system.

H4: Conditional values positively affect user's continuance intention to use Fintech services (digital banking).

Social Value

The adoption of new technologies is significantly hindered by a lack of human interaction (Marr and Prendergast, 1993). Social value (SV) is influenced by environmental factors like user opinions and social group connections (Venkatesh et al., 2003). Research has shown a positive relationship between social value and the intention to use digital banking services, suggesting that users acquire SV when they feel connected to a social group (Yaseen and Qirem, 2018).

H5: Social value positively affects user's continuance intention to use Fintech services (digital banking).

Trust

The banking sector depends on customers' voluntary transfers of significant sums of cash to banks which they trust. Consumers' perceptions of banks' dependability, however, may be impacted by recent developments in the banking sector. Customers used to conduct transactions at local branches, which offered a human teller and obvious accountability, until twenty years ago. Automatic teller machines (ATMs) became more widely accepted by consumers in the 1980s, which had an impact on how trustworthy banks were seen to be.

Due to the necessity for trust in transactions like deposits and transfers, the use of depersonalized machines in banking at first caused consumers' distrust and concern. Banks have historically enforced internal policies to protect transactions but using online banking places more responsibility on users to protect account balances and other personal data. They only get an on-screen confirmation of a successful transaction, which illustrates how technology further depersonalizes a procedure that needs reassurance they can trust. Online banking exemplifies the growing depersonalization of banking using technology.

H6: Trust positively affects user's continuance intention to use Fintech services (digital banking).

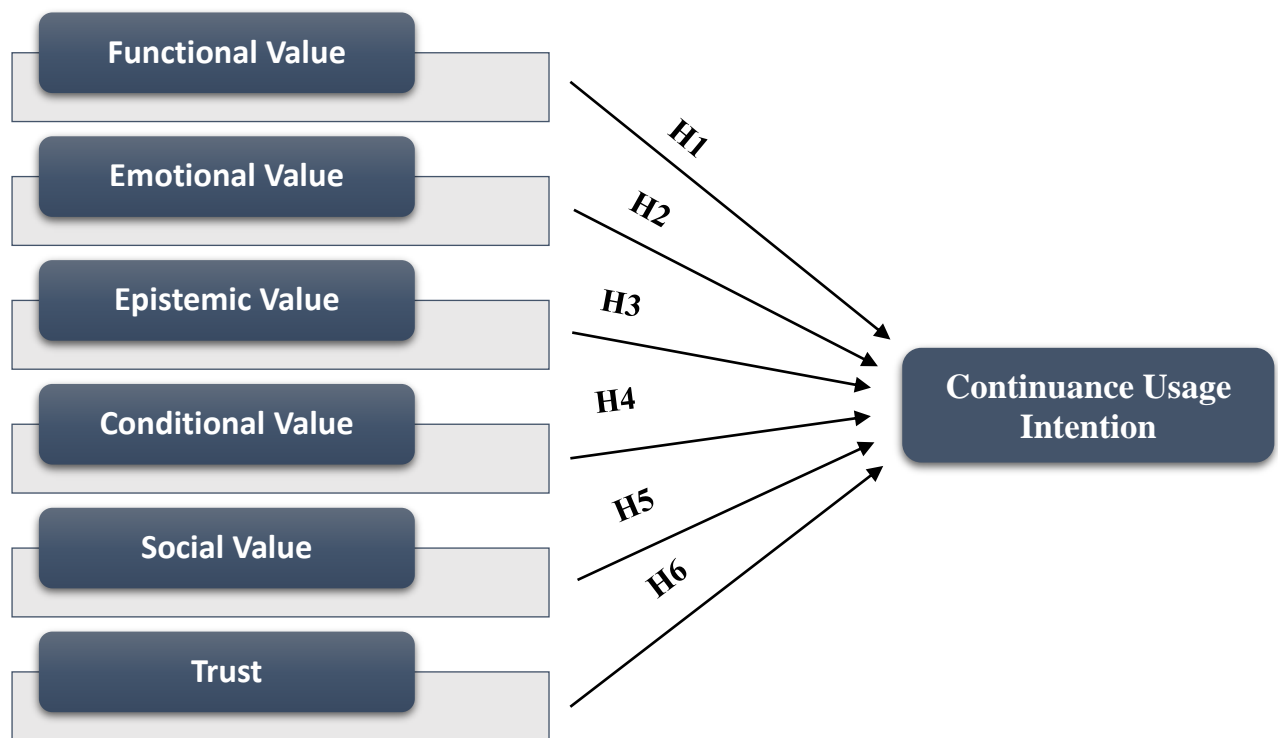


Figure 1: Conceptual framework for the factors influencing the continuance usage intention of fintech services (digital banking) in Malaysia.

Methods

The proposed model is represented by seven elements, and the dependent variable is represented by six independent variables. This study's total sample size is 300, which is regarded appropriate for *PLS (Partial Least Square)* estimation methodologies. The model's complexity is further enhanced by the large number of independent variables for the dependent variable. This method delivers a complete and accurate PLS estimate model.

A quantitative survey will be conducted in Malaysia to examine the continuance usage intention of Fintech services among Generation Y and Z. A sample of 300 respondents, consisting of Generation Y and Generation Z individuals who are currently users of fintech services (digital banking), will be collected and analysed using the partial least square method. The survey will focus on the independent variables of functional, emotional, epistemic, conditional, social, and trust values, and the dependent variable of continuance usage intention. The study will utilize an online questionnaire in English language, distributed through social media, to collect primary data. For the *Partial Least Squares (PLS)* approach, the software "Smart PLS" will be utilized. To test reliability, '*Cronbach's Alpha*' will be evaluated as well. The results will be presented in tables, forms, and diagrams. The study aims to provide a descriptive analysis of the variables and validate hypotheses. The research will help understand the behaviour of the open society in Malaysia towards digital banking services and contribute to the banking industry in Malaysia.

Findings

In Malaysia's banking industry, trust has a significant impact on the determinants of continued usage intention of fintech services. Functional, emotional, epistemic, conditional, and social value can all influence the desire to use fintech services indefinitely, and trust can mitigate this impact. Customers who see high functional value in digital banking services are more inclined to use them again, but trust in the service provider is also vital. Consumers are likely to utilize these digital banking services more frequently if they feel them to be very functional. This emphasizes how crucial it is to create digital platforms that are effective, user-friendly, and meet consumers' real-world demands. To encourage continuous usage of fintech services, businesses should focus on giving functional value and creating trust with clients. Providing transparent and secure banking processes, effective customer service, and personalized banking experiences can help foster a positive customer experience.

Emotional value is the satisfaction and enjoyment customers derive from using fintech services, such as digital banking, in the Malaysian banking industry. Positive emotions from digital banking services are more likely to continue using them. Factors like convenience, personalization, and user experience contribute to emotional value such as like commemorating holidays or using well-known icons—can improve the emotional resonance of digital financial services. Trust is a crucial factor, and providers in Malaysia should focus on building and maintaining trust while providing an emotionally valuable user experience.

Epistemic value refers to the intellectual and informational benefits customers derive from a service or brand, such as access to financial information, financial education, and financial planning tools. Trust plays a crucial role in building and maintaining trust with customers, which can be achieved through transparent communication, accurate financial information, and user-friendly financial planning tools. This approach increases customer satisfaction and loyalty, ultimately leading to higher continuance usage intention and a more successful digital banking service.

Conditional value refers to the condition's customers are willing to use digital banking services, such as security, accessibility, and reliability. High conditional value leads to increased usage intention. Trust is crucial for fintech adoption, as customers need to feel secure and reliable. In Malaysia, conditional value influences customer satisfaction, but this effect may be moderated by trust in the service provider.

The social value of fintech services, such as digital banking in Malaysia, is influenced by customers' perception of the service's social responsibility and environmental impact. Trust in the service provider can influence its continuance usage intention. If customers perceive the service as socially responsible, they are more likely to continue using it. However, this effect may be moderated by trust. Fintech providers must demonstrate social responsibility and transparency to maintain customer trust.

Trust in service providers is crucial for their continued usage. Trust-building is essential for continued usage, as they are sceptical of traditional banks. Service providers that maintain trust with these generations, offer transparent services, provide personalized content, and demonstrate social responsibility, are more likely to create loyal customer bases.

Discussion and Conclusion

Theoretical Implications

By incorporating trust as an essential component of the consumption value theory framework, this research contributes to the theoretical foundation of consumer behaviour in the fintech context. This research also advances the trust literature within the context of fintech by providing a comprehensive view of how trust impacts continuance usage intention. It may inspire further research on the nuances of trust-building mechanism, including the role of digital identity, privacy, and regulatory frameworks.

Practical and Social Implications

This research will help to identify the exact factors influencing the continuance intention to use Fintech services (digital banking) in Malaysia banking industry among Generation Y and Generation Z and coming out with certain recommendations to improve the usage of Fintech services (digital banking) in Malaysia banking industry, in respect to the Sustainable Development Goals (SDG). The research's insights can also inform the development of new fintech products and features that align with consumers' preferences, values, and trust concerns. For example, designing digital banking tools that emphasizes security features, transparent data practices and personalized recommendations can enhance trust and user satisfaction. Understanding the factors driving continuance usage intention can contribute to financial inclusion efforts. Policymakers can leverage this knowledge to encourage the use of digital banking among underserved population, thereby promoting financial access and economic development.

Limitations and Suggestions for Future Research

Fintech and digital banking are continually evolving with rapid technological advancements. The present conceptual framework may not account for theoretical integration such as combining the consumption value theory with theories related to technology adoption. Future research may consider theories like the Technology Acceptance Model (TAM), the Unified Theory of Acceptance and Use of Technology (UTAUT), and the Innovation Diffusion Theory. Future research may also expand the research to include cross-country or cross-cultural comparisons. It can provide valuable insights into how trust and consumption values vary in different contexts. Comparative studies can uncover unique patterns and challenges in the use of fintech services.

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