

A Study of Consumer's Perspective on Neo-Banking

Manoj S U¹, Dr. Shubhashree P K Acharya²

¹Student, CHRIST(Deemed to be University)

ABSTRACT

In today's digital landscape, technological advancements are transforming traditional industries, including banking. Neo banks, fully digital financial institutions without physical branches, have emerged as cost-effective and streamlined alternatives to conventional banking. This study examines consumer perceptions of neo banking in comparison to traditional banking and explores its impact on the financial industry.

A structured questionnaire was used to collect primary data from 157 participants with experience in both digital and conventional banking. The research employs a descriptive design to assess key factors such as ease of use, cost efficiency, security, and overall satisfaction. Additionally, it evaluates how neo banks are challenging traditional banking models. The sample, recruited through online platforms, represents diverse demographic segments, ensuring comprehensive insights into consumer preferences. Descriptive statistical techniques were applied to analyse the data and identify emerging trends.

The findings provide valuable insights into the drivers of digital banking adoption and the challenges neo banks face in reshaping the financial sector. This research contributes to understanding consumer behaviour and offers recommendations for financial institutions and policymakers to enhance digital banking adoption. Understanding consumer sentiment will be crucial in shaping the future of banking as neo banks continue to disrupt traditional models.

Keywords: Neo banking, Open banking, Fintech, Banking system, Consumer's perspective.

1. INTRODUCTION

1.1 The Rise and Adoption of Neo Banks in the Digital Era

Technological advancements have paved the way for new industries while significantly transforming traditional ones. In the era of global economic digitization, banks utilize modern financial technology to offer new methods of connecting with consumers and finer unique goods and services accessible from anywhere in the globe (Bouteraa et al., 2023).

Since 2017, the term "Neo banks"—also known as virtual, digital, or internet banks—has gained widespread recognition. neobank is a type of direct bank that is entirely digital and offer services to consumers via mobile applications and personal computers. Digital banks are seen as an online extension of a bigger bank in the financial industry, whereas neobanks are entirely digital and operate independently of traditional banks (Knewton & Rosenbaum, 2020). Neo banks provide seamless access to banking operations, offering customers a hassle-free experience where transactions can be completed with just a few clicks. Their mobile applications are designed to be intuitive and user-friendly, making financial management more accessible and efficient.

By the end of December 2020, there were approximately 256 Neo banks worldwide, with several more in development (Stagmeier, C., & Friedental, G. 2020). Collectively, over 250 Neo banks served nearly 350 million customers in 2020 (*The Next Generation of Banks*, 2021). The increasing number of Neo banks has intensified competition within the banking sector, making customer acquisition and retention crucial for both traditional and digital banking institutions (Yong Jae Shin, I. 2021).

Neo banks can operate without a full banking license but may obtain licenses for specific financial services. They often collaborate with traditional banks to offer a broader range of banking activities (Naser, 2019). For example, in Europe, certain Neo banks with an Electronic Money Institution (EMI) license can issue payment cards, facilitate fund transfers, and manage digital transactions (Electronic Money Institution, 2021).

The rapid expansion of Neo banks is primarily driven by their cost-efficient model, which provides banking services with minimal or no fees for essentials such as balance maintenance, deposits, and withdrawals. Their growing adoption among millennials, micro, small, and medium enterprises (MSMEs), and individuals with irregular incomes has further fuelled their success. Additionally, the increasing embrace of digital innovations and changing consumer preferences have contributed to their widespread acceptance (Nilesh Jaiswal, 2023).

Industry analysts predict that Neo banks could replace nearly 40% of traditional bank branches by 2032. The global Neo bank market, valued at approximately \$18.6 billion in 2018, is expected to grow at a rapid pace, with a projected market value of around \$394.6 billion by 2026 (Raghav Aggarwal, A. S., 2020). The rise of mobile-first banking is further accelerated by the increasing use of digital payment systems. In India, for instance, UPI transactions surged by over 105% in 2020, while overall digital transactions increased by nearly 120%. Many multinational corporations are turning to Asia as a key market for fintech expansion, solidifying the region's role in the global financial technology landscape (Raghav Aggarwal, A. S., 2020).

Understanding consumer perception of Neo banks is crucial in evaluating their adoption and long-term viability. Consumers generally view Neo banks as a convenient and technologically advanced alternative to traditional banking, offering seamless digital experiences, low-cost banking solutions, and user-friendly mobile interfaces. However, concerns regarding security, trust, regulatory uncertainty, and the absence of physical branches may influence their willingness to transition fully to digital banking. The level of acceptance largely depends on factors such as awareness, digital literacy, ease of use, and the perceived reliability of Neo banks.

1.2 Structure of Neo Banks

A Neo bank is a fully digital banking institution that operates without any physical branches, utilizing advanced infrastructure and artificial intelligence to provide seamless financial services. These banks are built on Application Programming Interfaces (APIs), which act as a bridge between backend banking operations and front-end services offered by the bank itself or third-party providers. This API-driven framework allows banks to experiment with emerging technologies, such as blockchain, at a minimal cost while enabling the adoption of innovative business models. Additionally, APIs help future-proof banking systems by creating a separation between the front-end user experience and backend processes (Nilesh Jaiswal, 2023).

However, API access is restricted to entities that have partnered with licensed banks, which can be a limitation for Neo banks or open banking platforms. (Palepu, A. R., 2019). For example, Yono operates as an open banking platform. In India, Neo banks do not function independently and must collaborate with

traditional banks. As a result, APIs play a crucial role in helping Neo bank acquire customers and expand their reach through third-party platforms. Neo banks focus more on platform efficiency rather than product offerings, as their appeal primarily lies in their seamless digital experience. With an open technical architecture that allows third-party developers to contribute, Neo banks foster a high level of community engagement. They prioritize a customer-centric approach by providing real-time transaction management and instant customer support.

The structure of a Neo bank consists of three key components (Raghav Aggarwal, A. S., 2020):

Core Infrastructure: Neo banks rely on banking partners that enable them to offer a wide range of financial services. This layer primarily operates in the backend and includes a payment gateway that connects Neo banks with traditional banking institutions.

B2B/B2C Modules: This serves as the front-end interface of a Neo bank, showcasing the various financial services available to consumers.

Customers: Neo banks cater to a diverse clientele, including businesses from industries such as IT outsourcing, travel, e-commerce, education, marketplaces, and non-governmental organizations.

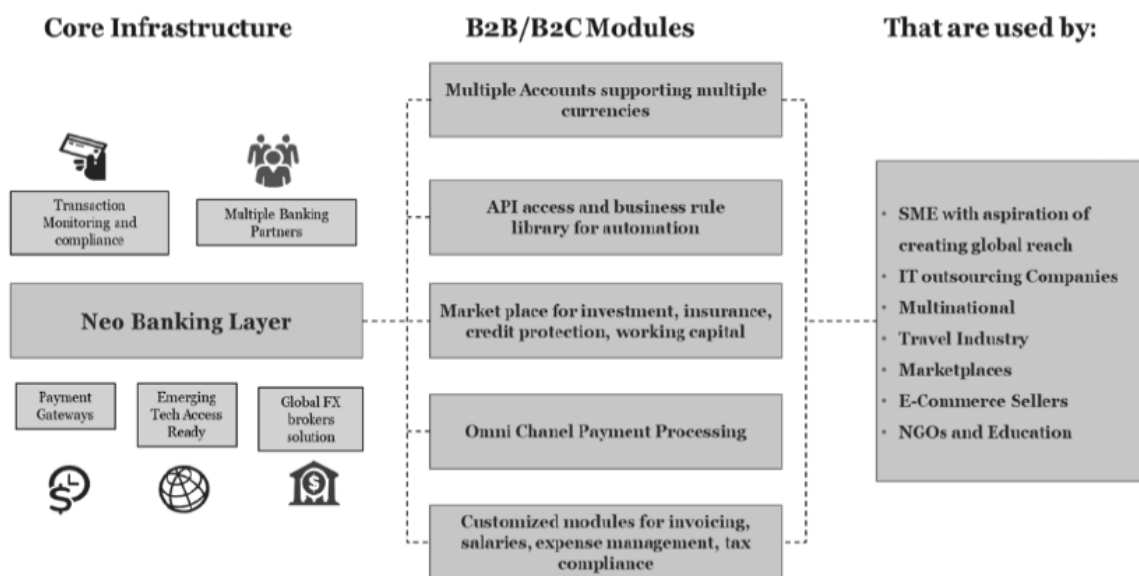


Fig 1: Structure of Neo Bank (Nilesh Jaiswal, 2023)

1.3 Problem Statement and Research Gap

Extensive research has been conducted on Neo banks globally. However, there is a noticeable lack of studies focusing on the Indian market, particularly regarding consumer perceptions of Neo banks. Understanding how Indian consumers perceive and respond to Neo banks is crucial for evaluating their potential adoption and success. This study aims to bridge this gap by exploring consumer perspectives, analysing key factors influencing their acceptance, and assessing the overall impact of Neo banking services in India.

1.4 Research Objectives

1. To analyse the consumer's perspective on neo banking over traditional banking.
2. To Analyse how neo-banks are disrupting and reshaping the financial industry.

2. LITERATURE REVIEW

1. **Murinde, V., Rizopoulos, E., & Zachariadis, M. (2023). The impact of the FinTech revolution on the future of banking: Opportunities and risks** explores how FinTech innovations are reshaping traditional banking, creating new opportunities for efficiency and customer service while also introducing challenges such as regulatory hurdles and cybersecurity risks. The authors emphasize the need for a balanced approach to harness technological advances while mitigating inherent risks.
2. **Thomas, R. (2022). Revolutionizing banking- Exploring the Neo-banking phenomenon** examines the emergence of Neo banks, focusing on their digital-first operational model and the cost efficiencies they offer. The study highlights how these banks deliver streamlined, user-friendly experiences, while also addressing the limitations imposed by their reliance on partnerships with traditional banks.
3. **Jaiswal, N. (2023). A comprehensive study of Neo banks model and consumer perceptions in India** research delves into the structural and operational characteristics of Neo banks in India, noting their dependence on conventional banks due to regulatory requirements. The study also investigates consumer perceptions, providing insights into the factors that influence trust and acceptance of digital banking services in the Indian market.
4. **Monis, E., & Pai, R. (2023). Neo banks: A paradigm shift in banking** present a detailed analysis of how Neo banks are driving a paradigm shift in the financial sector by transitioning from traditional banking models to digital-first approaches. Their work focuses on the role of technology in enhancing consumer trust and simplifying banking experiences, ultimately influencing digital adoption trends.
5. **Omarini, A. E. (2023). Banks and Fintechs: How to develop a digital open banking approach for the bank's future** discusses the integration of FinTech innovations with traditional banking to create a digital open banking framework. The paper outlines strategies that leverage APIs and collaborative models to enhance customer engagement and build seamless digital ecosystems, ensuring that banks remain competitive in a rapidly evolving market.
6. **Gnanakumar, B., Subramanian, U., & Baby, M. K. (2023). Debunking Indian Neo-banks' customer effort score and ESG values** evaluates Indian Neo banks using customer effort scores and ESG metrics, focusing on the ease of use and sustainability aspects of digital banking. The authors find that while Neo banks offer significant convenience, improvements in security and trust are necessary to enhance overall customer satisfaction.
7. **Bradford, T. (2023). Neobanks: Banks by any other name?** Terri Bradford critically examines whether Neo banks truly fulfil the role of traditional banks, given their operational reliance on third-party collaborations. The paper questions the long-term sustainability of the digital-only banking model and discusses the challenges associated with redefining what constitutes a bank in the modern financial landscape.
8. **Galazova, S. S., & Magomaeva, L. R. (2023). The transformation of traditional banking activity in digital** explore how traditional banks are transforming their operations to compete with digital-only institutions. Their analysis reveals that the digital shift enhances customer engagement and operational efficiency, while also highlighting the pressure that established banks face from innovative digital competitors.
9. **Sloboda, L. Y., & Demianyk, O. M. (2023). Prospects and risks of the FinTech initiatives in a global banking industry** provides a global perspective on the FinTech revolution, discussing both the promising prospects and the potential risks of digital-only banking initiatives. The authors underscore the importance of addressing regulatory gaps and cybersecurity challenges to ensure the stability and

long-term viability of FinTech-driven banking models.

10. **Maity, A., & Mukherjee, S. (2023). Neobanking in India: Strategies for marketing, customer engagement, and trustworthiness** Focusing on the Indian market this paper explores effective strategies for enhancing the adoption of Neo banks through targeted marketing and customer engagement. Their study emphasizes the role of digital branding, personalized financial services, and trust-building measures in overcoming market challenges and fostering long-term customer loyalty.

3. RESEARCH METHODOLOGY

3.1 Research Design

A. Descriptive Research Design

The study utilizes a descriptive research design, which is well-suited for capturing detailed insights into consumer attitudes, behaviours, and perceptions. This approach involves the systematic collection and analysis of data to describe the current state of neo banking relative to traditional banking. Descriptive research is particularly beneficial for:

- Providing a snapshot of consumer preferences and experiences.
- Identifying trends and patterns in the adoption of digital banking.
- Understanding the disruptive impact of neo banks on the financial industry.

Given that the primary aim is to explore perceptions and evaluate industry disruption, a descriptive approach allows for the collection of rich, quantifiable data. This data can then be used to generate statistical summaries, compare segments within the sample, and draw inferences about broader consumer trends.

B. Data Collection Method

Primary Data Collection via Questionnaire - Primary data was collected using a structured questionnaire specifically designed to address the research objectives. The questionnaire will include:

- Closed-ended questions: These captured quantifiable data, such as frequency of digital banking use, satisfaction levels, and preferences for neo banking features over traditional banking.
- Demographic questions: These gathered background information (e.g., age, income level, education, banking experience) to help segment the data and provide context to consumer responses.

Questions were designed to be clear and directly relevant to the study's objectives. They will be pilot tested on a small subset of respondents to ensure reliability and validity. The survey will be anonymous to encourage honest responses, with assurances of confidentiality provided to all participants.

3.2 Sampling Methodology

A. Target Population

The study targeted consumers who have experience with both traditional and digital banking services. This includes individuals who have engaged with neo banks either directly or through partnerships with traditional banks offering digital services.

B. Sampling Technique

A non-probability sampling method, specifically convenience sampling, was employed. This method is chosen due to:

- **Accessibility:** Participants were recruited through online platforms, social media, and digital banking forums where potential respondents are readily accessible.

- Cost-effectiveness and Efficiency: Convenience sampling allows for rapid data collection within the constraints of available resources.

C. Sample Size

The study involved 157 participants. This sample size is deemed sufficient to provide statistically relevant insights while balancing the practical constraints of data collection and analysis.

D. Sampling Process

- Recruitment: Participants were invited to complete the questionnaire through online distribution channels. Efforts were made to ensure diversity in demographics to capture a representative spectrum of consumer opinions.
- Inclusion Criteria: Only those who have experience with either or both neo banking and traditional banking were included, ensuring that all responses are informed by personal experience.

3.3 Data Analysis Methodology

A. Descriptive Statistics

To gain an initial understanding of consumer perspectives on neo-banking compared to traditional banking, descriptive statistical techniques was applied. These methods help summarize data, identify trends, and provide a foundation for further analysis. The key techniques include:

- **Frequency Distributions:** This determined the proportion of participants who prefer neo-banking over traditional banking, providing a clear overview of consumer inclination.
- **Means and Standard Deviations:** These measures assessed the central tendency and variability in consumer attitudes toward neo-banking services, offering insights into overall satisfaction and trust.
- **Cross-tabulation:** This method was employed to explore relationships between demographic factors, such as age, and banking preferences, helping to identify key consumer segments adopting neo-banking.

B. Inferential Statistical Analysis

To derive meaningful conclusions from the data, inferential statistical tests were conducted. These tests helped establish relationships between key variables and provide statistical validation for the findings. The data was analysed using **SPSS** and **Excel** to ensure accuracy and reliability.

1. Mann-Whitney U Test

The **Mann-Whitney U Test** was used to assess whether significant differences exist between consumer perceptions based on age. This test is appropriate as the dependent variables (consumer opinions on neo-banking) are ordinal, and the independent variable (age group) consists of two or more independent categories.

Application in the study:

- Determines if age influences the likelihood of recommending neo-banking services.
- Assesses whether perceptions of neo-banking's long-term future vary by age group.

Since consumer responses are ranked on a Likert scale and may not follow a normal distribution, a non-parametric test like Mann-Whitney U is more suitable than a t-test.

2. Chi-Square Test

The **Chi-Square Test** was conducted to determine if there is a significant association between age and key consumer perceptions regarding neo-banking. This test is ideal for analysing categorical data and identifying relationships between different demographic segments and their banking preferences.

Application in the study:

- Evaluates whether age significantly affects perceptions of neo-banking’s role in disrupting the financial industry.
- Identifies whether age influences confidence in the long-term future of neo-banking.

The Chi-Square test is effective in determining whether observed differences between groups (age categories) occur due to chance or indicate a meaningful relationship.

C. Data Visualization

To enhance the interpretability of the findings, graphical representations such as **bar charts, histograms, and cross-tabulated tables** was used. These visual aids provided clear insights into how different age groups perceive neo-banking, facilitating an intuitive understanding of the data.

- **Bar Graphs:** To illustrate variations in consumer recommendations of neo-banking across age groups.
- **Cross-tabulations:** To provide a structured view of the relationship between demographic characteristics and banking preferences.

This research combines **descriptive and inferential statistics** to ensure a **comprehensive and statistically validated** analysis of consumer perceptions toward neo-banking. The approach provides both high-level trends and deeper insights into how age influences these perceptions. By employing **Mann-Whitney U and Chi-Square tests**, this study ensures that conclusions are data-driven and reliable. Furthermore, **visual representation** of the results will make the findings more accessible for academic and business purposes.

4. DATA ANALYSIS AND INTERPRETATION

4.1 Descriptive Statistics

Interpretation of Cross-Tabulations

Cross-tabulation analysis was conducted to examine the relationships between demographic factors and key banking preferences. The key findings are:

Age and Neo-Banking Adoption

Awareness of banking services Crosstabulation				
		Awareness of banking services		Total
		No	Yes	
Age Group	18-25	24	90	114
	26-35	4	11	15
	36-50	11	4	15
	Above 50	10	3	13
Total		49	108	157

Younger respondents (18-25) are more likely to use and recommend neo-banking services compared to older age groups. Traditional banking remains dominant among respondents above 50.

Gender and Banking Preferences

Type of Bank Preference Crosstabulation					
		Type of Bank Preference			Total
		Traditional Bank Account	Neo-Bank Account	Both	
Gender	Male	41	10	64	115
	Female	31	1	10	42
Total		72	11	74	157

Both male and female respondents show a strong inclination toward digital banking, but male respondents exhibit a higher likelihood of adopting neo-banking solutions.

Occupation and Online Banking Usage

Occupation and Online Banking Usage Crosstabulation						
		Occupation and Online Banking Usage				Total
		Daily	Weekly	Monthly	Rarely	
Occupation	Student	75	9	5	3	92
	Self-employed	1	4	0	1	6
	Salaried Employee	20	4	6	3	33
	Business Owner	1	4	0	3	8
	Retired	2	3	2	6	13
	Other	3	1	1	0	5
Total		102	25	14	16	157

Professionals and business owners tend to use online banking services more frequently than students, indicating a higher reliance on digital financial solutions.

Trust in Neo-Banks Across Age Groups

Trust in Neo-Banks Across Age Groups Crosstabulation						
		Trust in Neo-Banks Across Age Groups				Total
		It will grow and dominate the market	It will co-exist with traditional banks	It will remain niche	It may not sustain in the long term	
Age Group	18-25	16	81	10	7	114
	26-35	3	2	5	5	15
	36-50	7	4	0	4	15
	Above 50	2	1	7	3	13
Total		28	88	22	19	157

While younger respondents believe in the future of neo-banking, skepticism remains among older respondents due to concerns about security and lack of physical branches.

Mean and Standard Deviation Analysis

Descriptive statistics were used to compute the mean and standard deviation of key variables, providing insights into the variability of consumer opinions:

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
Age Group	157	1	4	1.54	.971
Gender	157	0	1	.27	.444
Occupation	157	0	5	1.10	1.503
Educational Qualification	157	0	3	1.14	.512
How long have you been using banking services	157	0	3	2.45	.828
How often do you visit a Bank Physically	157	0	3	.80	.959
What type of bank account do you primarily use	157	0	2	1.01	.967
How often do you use online banking services	157	0	3	.64	1.013
Will you want to open an account in a bank with almost no fees	157	0	3	1.11	.931
Are you aware of neo banking services	157	0	1	.69	.465
Do you feel traditional banks are adapting well to technology	49	0	2	.94	.719
How likely are you to recommend neo banking services to others	108	0	4	.77	1.029
Do you believe neo banks are disrupting the financial industry	157	0	2	.96	.710
How do you feel about the long-term future of neo banking	157	0	3	1.20	.875

- **Likelihood to Recommend Neo-Banking:** The mean score indicates a generally positive inclination, with younger consumers showing higher recommendations. The standard deviation suggests moderate variability in opinions across age groups.
- **Perceived Disruption of the Financial Industry:** The responses exhibit a moderate mean, indicating mixed perceptions, with a higher standard deviation suggesting diverse opinions across different consumer groups.
- **Confidence in the Long-Term Future of Neo-Banking:** The mean response leans toward optimism, but the higher standard deviation highlights concern among certain segments, particularly older consumers.

4.2 Mann-Whitney U Test Analysis

The Mann-Whitney U test was conducted to assess whether there are significant differences in consumer perceptions regarding neo-banking across different age groups. This test was chosen as the data is ordinal, and the independent variable (age) consists of multiple independent categories, making it appropriate for non-parametric analysis.

Test Variables

The following key dependent variables were analysed against the independent variable (age group):

- How likely are you to recommend neo-banking services to others?
- Do you believe neo-banks are disrupting the financial industry?

- How do you feel about the long-term future of neo-banking?

Results of Mann-Whitney U Test

Variable	Mann-Whitney U	Wilcoxon W	Z-Score	p-value (Asymp. Sig. 2-tailed)	Interpretation
Likelihood of Recommending Neo-Banking (@14a)	91.500	4186.500	-5.060	0.000 (Significant)	Age significantly influences the likelihood of recommending neo-banking.
Belief in Neo-Banks Disrupting Finance (@17)	783.000	903.000	-0.584	0.559 (Not Significant)	No significant difference across age groups in believing neo-banks are disrupting finance.
Perception of Neo-Banking’s Long-Term Future (@18)	510.500	7065.500	-2.966	0.003 (Significant)	Age significantly influences how people feel about the long-term future of neo-banking.

Interpretation of Results

- **Likelihood of Recommending Neo-Banking:** The significant result ($p = 0.000$) suggests that age strongly influences whether consumers are likely to recommend neo-banking services.
- **Belief in Neo-Banks Disrupting Finance:** The non-significant result ($p = 0.559$) indicates that opinions on neo-banking disruption are similar across age groups.
- **Perception of Neo-Banking’s Long-Term Future:** The significant result ($p = 0.003$) shows that age plays a crucial role in shaping views on the sustainability of neo-banking.

The Mann-Whitney U test results highlight that while age significantly impacts recommendations and long-term confidence in neo-banking, it does not affect whether consumers believe neo-banks are disrupting the financial industry. These insights provide valuable direction for targeted marketing strategies and policy development within the financial sector.

4.3 Chi-Square Test Analysis

The Chi-Square test was conducted to determine whether there is a statistically significant association between age group and key consumer perspectives on neo-banking. This test is appropriate for analysing relationships between categorical variables and helps identify whether differences in perceptions are due to chance or represent meaningful trends.

Test Variables

The following dependent variables were analysed against the independent variable (age group):

- How likely are you to recommend neo-banking services to others?
- Do you believe neo-banks are disrupting the financial industry?
- How do you feel about the long-term future of neo-banking?

Results of the Chi-Square Test

A. Age Group vs. Likelihood of Recommending Neo-Banking

Statistic	Value
Pearson Chi-Square	51.549
Degrees of Freedom (df)	12
p-value (Asymptotic Sig. 2-sided)	0.000 (Significant)

Interpretation: There is a statistically significant association between age group and the likelihood of recommending neo-banking services ($p < 0.05$). This suggests that different age groups exhibit varying levels of enthusiasm toward recommending neo-banking.

B. Age Group vs. Belief in Neo-Banking’s Disruptive Potential

Statistic	Value
Pearson Chi-Square	12.608
Degrees of Freedom (df)	6
p-value (Asymptotic Sig. 2-sided)	0.050 (Marginally Significant)

Interpretation: The association between age group and the belief that neo-banking is disrupting the financial industry is marginally significant ($p = 0.050$). While there is some variation among age groups, the evidence is weaker compared to the recommendation variable.

C. Age Group vs. Long-Term Future Perception of Neo-Banking

Statistic	Value
Pearson Chi-Square	61.104
Degrees of Freedom (df)	9
p-value (Asymptotic Sig. 2-sided)	0.000 (Highly Significant)

Interpretation: The relationship between age group and perceptions of neo-banking’s long-term future is highly significant ($p < 0.05$). This suggests that different age groups hold distinct opinions on whether neo-banking will grow, co-exist, or remain a niche service.

Interpretation Summary

- Age significantly influences the likelihood of recommending neo-banking services. Younger consumers are more likely to recommend neo-banks compared to older age groups.
- There is only weak evidence that age impacts beliefs about neo-banking’s disruption of the financial industry. While some variation exists, it is not strongly conclusive.
- Age has a strong impact on perceptions of the long-term future of neo-banking. Different age groups have distinct views on whether neo-banking will grow, remain niche, or fail in the long run.

5. RECOMMENDATIONS

Based on the findings, the following recommendations are proposed for financial institutions, policymakers, and fintech companies:

- **Strengthening Security and Trust:** Neo-banks should enhance cybersecurity, implement transparent policies, and educate consumers on data protection measures to address security concerns.
- **Integrating Hybrid Banking Models:** Traditional banks can incorporate neo-banking features to offer a blended model that provides both digital convenience and in-person banking services.

- **Targeted Consumer Education:** Financial institutions should develop age-segmented marketing campaigns to educate different consumer groups on the benefits, risks, and usability of neo-banking services.
- **Regulatory Support for Fintech Growth:** Policymakers should develop balanced regulations that support fintech innovation while ensuring consumer protection and financial stability.
- **Enhanced Customer Support & User Experience:** Neo-banks should invest in AI-driven customer service, personalized financial management tools, and user-friendly mobile interfaces to enhance customer satisfaction.

5.1 Future Research Directions

While this study provides valuable insights into consumer perspectives on neo-banking, further research can explore the following areas:

- **Company-Specific Analysis:** Future research should shift towards analysing individual neo-banking companies to evaluate their market strategies, customer engagement, and performance compared to competitors.
- **Long-Term Impact of Neo-Banking:** Conducting longitudinal studies will help understand how consumer behaviour towards neo-banking evolves over time with technological advancements and regulatory changes.
- **Comparative Studies Across Regions:** Expanding research across different geographical and economic contexts can reveal how banking preferences vary based on local financial ecosystems and regulatory environments.
- **Customization of Neo-Banking Services:** Understanding how consumers prefer personalized financial products and AI-driven banking solutions can help fintech firms design better user experiences.

6. CONCLUSION

The study reveals a growing acceptance of neo-banking, particularly among younger consumers who prioritize convenience, affordability, and digital accessibility. However, adoption is influenced by demographic factors such as age, occupation, and digital literacy. While younger consumers embrace neo-banking for its seamless experience, older consumers remain cautious, citing security concerns, lack of physical branches, and reliability issues as barriers to adoption. Trust remains a decisive factor in neo-banking adoption. Although fintech companies have introduced innovative financial solutions, skepticism around data security, fraud risks, and regulatory compliance persists. Traditional banks continue to hold an advantage in this area, particularly among risk-averse consumers who prefer well-established institutions.

Moreover, consumer opinions on neo-banking's role in disrupting the financial sector remain divided. While some believe that neo-banks will either dominate or co-exist with traditional banks, others question their long-term sustainability, emphasizing the need for stronger regulatory frameworks and competitive strategies to ensure their growth. To accelerate adoption and build trust, the financial sector must focus on hybrid banking models, enhanced cybersecurity measures, and targeted consumer awareness campaigns. As digital banking continues to evolve, financial institutions have a unique opportunity to develop innovative, customer-centric financial solutions that blend the advantages of both traditional and neo-banking models to meet the diverse needs of modern consumers.

REFERENCE

1. Banerjee, R., Majumdar, S., & Albastaki, M. (2022). *Ideal self-congruence: Neobanking by traditional banks and the impact on market share - A case of UAE banks*. International Journal of Professional Business Review, 7(4), 1-21. <https://doi.org/10.26668/businessreview/2022.v7i4.e779>.
2. Stagmeier, C., & Friedental, G. (2020). Neobank 2021: in races to profitability. Strategy and Management. Retrieved from <https://extonconsulting.com/it/2020/12/09/neobank-2021/>
3. The Next Generation of Banks. (2021). Retrieved 26 August 2021, from <https://fincog.nl/publications/14/the-next-generation-of-banks>.
4. Naser, N. (2019). The Interaction between Profitability and Macroeconomic Factors for Future Examinations of European Banks Soundness—Theoretical Study.
5. Yong Jae Shin, I. (2021). Harvard Business Publishing Education. Retrieved 26 August 2021, from <https://hbsp.harvard.edu/product/BH865-PDF-ENG>
6. Raghav Aggarwal, A. S. (2020). Neobanks and the next banking revolution. PwC India. Retrieved from PwC India.
7. Palepu, A. R. (2019). India's Neo-Banks: What's So 'Neo' About Them? Electronic source: <https://www.bloombergquint.com/business/fintech-news-indias-neo-banks-whats-so-neo-about-them>.
8. Bhatnagr, P., Rajesh, A., & Misra, R. (2024). *A study on online brand experience in Indian neobanking*. International Journal of Systems Assurance Engineering and Management. <https://doi.org/10.1007/s13198-024-02383-y>.
9. Bradford, T. (2020). *Neobanks: Banks by any other name?* Federal Reserve Bank of Kansas City. Retrieved from <https://www.kansascityfed.org>.
10. Gnanakumar, B., Subramanian, U., & Baby, M. K. (2024). *Debunking Indian Neo-banks' Customer Effort Score and ESG Values*. ASEAN Journal on Science and Technology for Development. <https://doi.org/10.61931/2224-9028.1565>.
11. Galazova, S. S., & Magomaeva, L. R. (2019). *The transformation of traditional banking activity in digital*. International Journal of Economics and Business Administration, 7(Special Issue 2), 41-51.
12. Jaiswal, N. (2022). *A comprehensive study of Neo Banks model and consumer perceptions in India*. International Journal of Innovative Science and Research Technology, 7(4), 821-826.
13. Monis, E., & Pai, R. (2023). *Neo Banks: A Paradigm Shift in Banking*. International Journal of Case Studies in Business, IT, and Education (IJCSBE), 7(2), 318-332. <https://doi.org/10.5281/zenodo.8011125>.
14. Murinde, V., Rizopoulos, E., & Zachariadis, M. (2022). *The impact of the FinTech revolution on the future of banking: Opportunities and risks*. International Review of Financial Analysis, 81, 102103. <https://doi.org/10.1016/j.irfa.2022.102103>.
15. Shabu, K., & Vasanthagopal, R. (2024). *Neobanking in India: Opportunities and challenges from a customer perspective*. SSRN Electronic Journal. <https://doi.org/10.2139/ssrn.4037656>.
16. Sloboda, L. Y., & Demianyk, O. M. (2020). *Prospects and risks of fintech initiatives in a global banking industry*. Problems of Economics, 1(43), 275-289.
17. Knewtson S., H., & Rosenbaum, Z. A. (2020). Toward understanding FinTech and its industry. Managerial Finance, 46(8), 1043–1060. <https://doi.org/10.1108/MF-01-2020-0024>