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Factors Influencing the Adoption of Digital Banks Among Generation Z in Indonesia: Based on Extended Unified Theory of Acceptance and Use of Technology (UTAUT2)

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Abstract – **In the past several years the digital bank has started to disrupt the banking landscape in Indonesia, aiming for the younger generation, the advancement of technology and the shifting habit in using banking services among the customers has driven banks in Indonesia to provide digital banking service. Many digital banks are still trying to implement strategies and combinations to provide a well-adopted product while some result in the decline in adoption number from year to year. Therefore, this study aims to investigate the factors influencing Generation Z preference in adopting digital banks in Indonesia to give digital banks in Indonesia a better understanding. This research uses UTAUT2 since it is suitable to clarify the technology acceptance from the customer perspective. The data is gathered from 400 digital bank users among Generation Z in Indonesia and analyzed using Partial Least Square – Structural Equation Modelling (PLS-SEM). The result showed that behavioral intention, habit and facilitating conditions significantly affect the use behavior while performance expectancy, trust and habit significantly affect the behavioral intention among generation Z in using digital bank.**

Keywords – **Customer adoption, digital bank, generation Z, Extended Unified Theory of Acceptance and Use of Technology, Indonesia**

I. INTRODUCTION

In the past several years, digital banking has started to disrupt the banking landscape in Indonesia. This new concept of digital banking service interacts with the customer or client seamlessly via digital channels, reducing the need for the customer to come to the physical branch, and allowing people to use banking services from anywhere and anytime. The rise of these digital banking services mainly considers that the habit among customers has shifted along with the evolution and development of technology [1]. Many digitized services are changing how we do our daily activities, while at the same time, they are also forming a digital ecosystem, requiring every aspect related to them to be digitized, and no exception, the banking service. This new model of banking has several benefits for the bank, such as reducing cost and risk, accelerating the transaction process, enhancing service quality, providing customized services, and adding value to competitiveness in the market [2]. Digital banking services also increase customer loyalty, since almost 20% of customers are eager to switch to another financial institution if there is no online banking services provided by their current bank [3]. On the other hand, the usage of digital banking services also increases customer satisfaction [4] since it is more efficient and effective [5].

Digital banks have set their eyes on Generation Z and Millennials as their main target market due to several factors. First, they are considered to be digital natives [6], whereby they are accustomed to use technology since their early stage of life. The second factor is considering that internet penetration among Indonesians has led to the growth and penetration of this new banking model in Indonesia. The penetration of the internet among the generation Z and millennials is the highest, compared to the other age range. The third factor is considering that these two generations are dominating the population in Indonesia. According to the Indonesia population census in 2020, Generation Z is amounted to 75,49 million or 27,94% of the population, followed by the Millennial generation, 69,38 million or 25,87% of the population. Generation Z and Millennial. Easier technology and internet adoption, while supported with being the biggest market segment available, banks are trying to grab the opportunities as much as they could.

Total new downloads of digital banking service applications in Indonesia has grown by 7% YoY amounted to 4,1 million new users, compared to 3,8 million new users in 2019, while for the newcomers, they are growing at an even faster pace through innovative gamification features and incentive effect help [7]. Many digital banking service providers are still trying to test their product mix, implementing strategies and combinations to have their products well adopted in the market. Among the overall growth of digital bank service in Indonesia, there are banks that experience declines in new adopters [7], due to their strategy and product mix. On the other hand, digital bank adopters are mostly younger generation, most of them are Millennials rather than generation Z due to the age restriction in opening a bank account. Thus, digital banks could consider to benefit from the rising generation Z market from year to year. Therefore, this research is meant for the current and future digital banking service providers to understand better about the customer preferences especially generation Z in adopting digital banking services so they could have a strong product and customer base to be able to compete with the market now and the future.

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II. METHODOLOGY

In this research, the variables and framework are following UTAUT2 [7] with additional variable which is trust. Thus, this conceptual framework shows the relationship between performance expectancy, effort expectancy, social influence, facilitating condition, hedonic motivation, price value, habit, trust towards the behavioral intention of adopting digital banking.

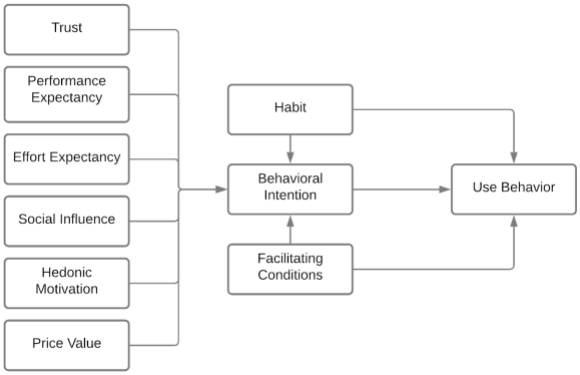

Fig. 1. Conceptual Framework.

This research scope is the customers of digital banks, specified on the user of Jenius, Digibank, Tyme Digital, Wokee, Nyala, TMRW, Bank Jago, BCA digital, Bank Neo Commerce and MotionBanking since those are the current digital banks that specifically set their eyes on young generation in Indonesia. This research is limited to the factors of people adopting digital banking in Indonesia, other than that, it is not covered in this research. The respondents for this study are also limited to generation Z online rather than together with the Millennial generation. Although generation Z dominates the population in Indonesia and has a technology-savvy nature like Millennials, the adoption of digital banks is still dominated by the Millenials [8][9]. One of the main reasons is due to age consent in opening a bank account, since the customers need to be 17 years old. Therefore, considering that the adoption of digital banking in generation Z would rise exponentially in the upcoming years, the author decides to identify specifically the adoption factors among generation Z.

For the sampling technique, judgemental sampling is used to make sure that the respondents are the user of digital banking and they are part of generation Z in Indonesia. Through this method, the author could decide what needs to be learned and afterwards set out to find people who could provide the data based on their knowledge and experience. Considering that this research population is the generation Z in Indonesia, therefore, based on a population census, the population would be 74,93 million. To determine the sample size, the author used the sampling technique provided by Yamane in 1967 [10].

$$n = N / (1 + N(e)^2) \quad (1)$$

To simplify the formula, Yamane proposed an equation shown above, with n stands for the sample size, N stands for the total population and e stands for precision. Using this technique, with the confidence level of 95%, the sample size is determined to be 400. To gather the data, the author decided to use an online survey since it could reach a broader audience and the usage of survey itself is commonly used for research to answer who, what, how much/how many questions.

In this research, the author decides to use Smart PLS tools for Structural Equation Modelling (SEM) technique to statistically analyze the structural and measurement models [11]. In SEM, the structural model captures and hypothesizes causal relationships among the research constructs whereas the measurement model refers to the linkages between the latent variables and their manifest variables in SEM [12]. In this research, Smart PLS is utilized to construct reliability test, validity test, collinearity test, structural path significance, goodness of fit, hypothesis testing, F square effect size, total indirect and total effect, and lastly mediating result.

III. RESULTS

A. Respondent Demographic

TABLE I
RESPONDENT PROFILE BASED ON GENDER

Gender	Amount	Percentage
Male	171	42.8%
Female	229	57.3%
Total	400	100%

From the total gathered data of 400 respondents, the majority of respondents is female as shown in the table above. Female respondents amounted to 229 people or making up to 57,3% while the male respondents amounted to 171 people or 42,8% of the total respondents.

TABLE II
RESPONDENT PROFILE BASED ON YEAR OF BIRTH

Date of Birth	Amount	Date of Birth	Amount
1995	2	2001	176
1998	2	2002	128
1999	10	2003	7
2000	74	2004	1

From the table above, all of the respondents are born in and after 1995, thus all of the respondents could be determined as part of generation Z. The majority of respondents were born in 2001, amounted to 176 people and make up 44.00% of the population. In second place, there are respondents born in 2002, which amounted to 128 people or 32.00% of

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the total population, followed by respondents born in 2000, 1999, 2003, 1995, 1998 and 2004 respectively.

TABLE III
RESPONDENT PROFILE BASED ON DIGITAL BANK USED

Digital Bank	Amount	Digital Bank	Amount
Jenius	216	Bank Jago	6
Digibank	18	My BCA	223
Tyme Digital	1	Neo Commerce	1
Wokee	1	Motion Banking	8
Nyala	3	Livin by Mandiri	8
TMRW	5		

Most of the respondents use My BCA as their digital bank, amounted to 223 users, followed by Jenius, currently digital bank with the most user in Indonesia with 216 users. In third place is digibank by DBS with 18 users, followed by motion banking and livin by Mandiri with 8 users each, Bank Jago with 6 users, and TMRW with 5 users.

A. Indicator Reliability Test

TABLE IV
INDICATOR RELIABILITY TEST

Variables	Labels	Outer Loadings	Reliability
Performance Expectancy	PE1	0.859	Reliable
	PE2	0.796	Reliable
	PE3	0.861	Reliable
	PE4	0.860	Reliable
	PE5	0.859	Reliable
	PE6	0.751	Reliable
	PE7	0.736	Reliable
	PE8	0.852	Reliable
Effort Expectancy	EE1	0.864	Reliable
	EE2	0.831	Reliable
	EE3	0.890	Reliable
	EE4	0.837	Reliable
	EE5	0.891	Reliable
	EE6	0.820	Reliable
Social Influence	SI1	0.893	Reliable
	SI2	0.886	Reliable
	SI3	0.862	Reliable
	SI4	0.824	Reliable
	SI5	0.765	Reliable
Facilitating Condition	FC1	0.861	Reliable
	FC2	0.889	Reliable
	FC3	0.818	Reliable
Hedonic Motivation	HM1	0.870	Reliable
	HM2	0.804	Reliable
	HM3	0.836	Reliable
Price Value	PV1	0.871	Reliable
	PV2	0.891	Reliable
	PV3	0.875	Reliable
Habit	HT1	0.849	Reliable
	HT2	0.845	Reliable
	HT3	0.894	Reliable
Trust	TR1	0.848	Reliable
	TR2	0.827	Reliable
	TR3	0.852	Reliable
	TR4	0.805	Reliable
	TR5	0.819	Reliable
Behavioral Intention	BI1	0.870	Reliable
	BI2	0.854	Reliable
	BI3	0.901	Reliable
	BI4	0.855	Reliable
	BI5	0.840	Reliable
Use Behavior	UB1	0.896	Reliable
	UB2	0.885	Reliable
	UB4	0.812	Reliable
	UB5	0.833	Reliable

Considering that there are unreliable indicators which is UB3, UB6, UB7, UB8 and UB9 since their outer loadings value is below 0.7, therefore researcher decided to remove those unreliable indicators and rerun the calculation.

B. Internal Consistency Reliability

TABLE V
INTERNAL CONSISTENCY RELIABILITY

Variables	Composite Reliability	Reliability
Behavioral Intention	0.937	Reliable
Effort Expectancy	0.943	Reliable
Facilitating Condition	0.892	Reliable
Habit	0.897	Reliable
Hedonic Motivation	0.875	Reliable
Use Behavior	0.917	Reliable
Performance Expectancy	0.944	Reliable
Price Value	0.911	Reliable
Social Influence	0.927	Reliable
Trust	0.917	Reliable

Since all of the variable values are greater than the preferred score of 0.7, thus all of the variables could be considered as reliable.

C. Convergent Validity

TABLE VI
CONVERGENT VALIDITY

Variables	Average Variance Extracted (AVE)	Validity
Behavioral Intention	0.747	Valid
Effort Expectancy	0.733	Valid
Facilitating Condition	0.733	Valid
Habit	0.744	Valid
Hedonic Motivation	0.701	Valid
Use Behavior	0.734	Valid
Performance Expectancy	0.678	Valid
Price Value	0.773	Valid
Social Influence	0.718	Valid
Trust	0.690	Valid

According to the value presented on the table above, all variables are considered valid based on convergent validity since the Average Variance Extracted or AVE is greater than 0.5.

D. Discriminant Validity

TABLE VII
DISCRIMINANT VALIDITY

	BI	EE	FC	HT	HM
BI	**0.864**				
EE	0.756	**0.856**			
FC	0.715	0.789	**0.856**		
HT	0.729	0.596	0.537	**0.863**	
HM	0.703	0.692	0.709	0.659	**0.837**
PE	0.772	0.816	0.704	0.624	0.666
PV	0.723	0.705	0.688	0.699	0.705
SI	0.611	0.581	0.456	0.747	0.654
TR	0.821	0.751	0.757	0.631	0.685
UB	0.544	0.621	0.530	0.532	0.503
	PE	**PV**	**SI**	**TR**	**UB**
PE	**0.823**				
PV	0.695	**0.879**			
SI	0.579	0.596	**0.847**		
TR	0.716	0.731	0.516	**0.830**	
UB	0.691	0.559	0.430	0.534	**0.857**

Since all of the AVE's square root value in the table above is greater than the value of correlation value, therefore all variables passed the discriminant validity test.

E. Collinearity Test

TABLE VIII
COLLINEARITY TEST

Labels	VIF	Labels	VIF	Labels	VIF
BI1	2.754	HM2	1.593	PV3	2.072
BI2	2.480	HM3	1.649	SI1	3.178
BI3	3.357	HT1	1.661	SI2	3.228
BI4	2.509	HT2	2.063	SI3	2.684

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BI5	2.365	HT3	2.281	SI4	2.289
EE1	2.848	PE1	3.229	SI5	1.674
EE2	2.451	PE2	2.272	TR1	2.319
EE3	3.325	PE3	3.326	TR2	2.095
EE4	2.444	PE4	3.610	TR3	2.382
EE5	3.407	PE5	3.034	TR4	1.968
EE6	2.293	PE6	1.929	TR5	2.008
FC1	1.974	PE7	1.992	UB1	2.913
FC2	2.153	PE8	2.960	UB2	2.747
FC3	1.591	PV1	2.045	UB4	1.938
HM1	1.724	PV2	2.226	UB5	1.961

Since there are not any indicators VIF's that exceed the recommended value which is 5 or less, therefore it could be concluded that there are no collinearity issues between independents variables in this research.

F. Path Coefficient

TABLE IX
PATH COFFICIENT

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)
Behavioral Intention -> Use Behavior	0.137	0.131	0.075	1.829
Facilitating Condition -> Use Behavior	0.278	0.279	0.068	4.086
Habit -> Use Behavior	0.284	0.292	0.068	4.147
Effort Expectancy -> Behavioral Intention	0.064	0.060	0.070	0.917
Facilitating Condition -> Behavioral Intention	0.050	0.050	0.051	0.978
Habit -> Behavioral Intention	0.247	0.246	0.051	4.841
Hedonic Motivation -> Behavioral Intention	0.042	0.043	0.046	0.905
Performance Expectancy -> Behavioral Intention	0.217	0.218	0.056	3.896
Price Value -> Behavioral Intention	-0.005	-0.004	0.048	0.104
Social Influence -> Behavioral Intention	0.015	0.014	0.040	0.389
Trust -> Behavioral Intention	0.390	0.393	0.070	5.569

From the table above, there are six path coefficients that are considered not significant since the value of T-statistics is below 1.96. The "Behavioral Intention -> Use Behavior" T-statistics value is 1.829, "Effort Expectancy -> Behavioral Intention" T-statistics value is 0.917, "Facilitating Condition -> Behavioral Intention" T-statistics value is 0.978, "Hedonic Motivation -> Behavioral Intention" T-statistics value is 0.905, "Price Value -> Behavioral Intention" T-statistics value is 0.104, "Social Influence -> Behavioral Intention" T-statistics value is 0.389. The other path coefficients in the inner model are significant since they have T-statistics value greater than 1.96

G. Goodness of Fit

TABLE X
GOODNESS OF FIT

Variable	R^2	Q^2
Use Behavior	0.373	0.266
Behavioral Intention	0.788	0.583
Average	0.5805	0.4245
GoF	0.323	

R^2 or Coefficients of Determination is used to evaluate the percentage of dependent variable variances which are explained by structural model [14]. According to [15], R^2 could be separated into three levels which are high if the value is 0.75, moderate if the value is 0.50 and low if the value is 0.25. The R^2 of use behavior is 0.373 which means that behavioral intention, facilitating condition, and habit explain 37.3% of the variance in use behavior. While the other R^2 of behavioral intention is 0.788 which means that performance expectancy, effort expectancy, social influence, facilitating condition, hedonic motivation, price value, habit and trust explain 78.8% of the variance in behavioral intention.

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On the other hand, Stone-Geisser Indicator or Q^2 helps to assess the quality or accuracy of the model prediction [13]. To obtain this value, blindfolding procedure could be utilized by reading the model's general redundancy in SmartPLS application. A model could be declared as perfect (reflects the reality) if the value of Q^2 is equal to one. Based on the table above, the Q^2 of use behavior is 0.266 while Q^2 of behavioral intention is 0.583.

Based on the calculation above, the GoF value is 0.323 which means that this model is able to explain the empirical data. On the other hand, the standardized root mean square residual or SRMR is 0.058 for the saturated model and 0.065 for the estimated model. Since the SRMR is still below 0.08, it could be concluded that the model is a quite good model fit [15].

H. Hypothesis Testing

TABLE XI
HYPOTHESIS TESTING

Hypothesis	Structural Path	T-Values	P-Values	Result
H1	Trust -> Behavioral Intention	5.569	0.000	Accepted
H2	Performance Expectancy -> Behavioral Intention	3.896	0.000	Accepted
H3	Effort Expectancy -> Behavioral Intention	0.917	0.359	Rejected
H4	Social Influence -> Behavioral Intention	0.389	0.697	Rejected
H5	Hedonic Motivation -> Behavioral Intention	0.905	0.366	Rejected
H6	Price Value -> Behavioral Intention	0.104	0.918	Rejected
H7	Habit -> Behavioral Intention	4.841	0.000	Accepted
H8	Habit -> Use Behavior	4.147	0.000	Accepted
H9	Facilitating Condition -> Behavioral Intention	0.978	0.328	Rejected
H10	Facilitating Condition -> Use Behavior	4.086	0.000	Accepted
H11	Behavioral Intention -> Use Behavior	1.829	0.068	Accepted

Based on table VII, there are five accepted hypotheses on the confidence level of 99%, since the T-value is greater than 2.57 while P-value is less than 0.01. Those hypotheses are trust towards behavioral intention, performance expectancy towards behavioral intention, habit towards behavioral intention, habit towards use behavior and facilitating condition towards use behavior. There is one accepted hypothesis on the confidence level of 90% which is behavioral intention towards use behavior since the T-value is greater than 1.64 and P-value is less than 0.1.

I. F Square Effect Size

TABLE XII
F SQUARE EFFECT SIZE

	Behavioral Intention	Use Behavior
Behavioral Intention		0.010
Effort Expectancy	0.004	
Facilitating Condition	0.003	0.060
Habit	0.093	0.060
Hedonic Motivation	0.003	
Performance Expectancy	0.064	
Price Value	0.000	
Social Influence	0.000	
Trust	0.215	

Based on [16], the effect size could be separated into three levels of strength which if the F^2 value of 0.35 indicated as high, 0.15 as medium and 0.02 as small. Therefore, according to the effect size established by Cohen, performance expectancy, effort expectancy, social influence, facilitating condition, hedonic motivation, price value, and habit have small effects on behavioral intention. There is only one variable that has a medium effect on behavioral intention which is trust. In term effect size towards use behavior, habit, facilitating condition and behavioral intention has a small effect.

J. Total Indirect and Total Effect

TABLE XIII
TOTAL INDIRECT AND TOTAL EFFECT

	Original Sample

Behavioral Intention -->Use Behavior	0.137
Effort Expectancy -->Use Behavior	0.009
Facilitating Condition -->Use Behavior	0.285
Habit -->Use Behavior	0.318
Hedonic Motivation -->Use Behavior	0.006
Performance Expectancy -->Use Behavior	0.030
Price Value -->Use Behavior	-0.001
Social Influence -->Use Behavior	0.002
Trust -->Use Behavior	0.053

The result of the total effect assesses the percentage of influence based on the effect from independent and mediating variables towards dependent variables. Behavioral intention affects use behavior by 13.7%, effort expectancy affects use behavior by 0.9% through behavioral intention, facilitating condition affects use behavior by 28.5%, habit affects use behavior by 31.8%, hedonic motivation affects use behavior by 0.6% through behavioral intention, performance expectancy affects use behavior by 3% through behavioral intention, price value affects use behavior by -0.01% through behavioral intention, social influence affects use behavior by 0.02% through behavioral intention, trust affects use behavior by 5.3% through behavioral intention.

IV. DISCUSSION

According to the result above, the first hypothesis which is the relationship between trust and behavioral intention is accepted. In this research, there are three types of trust which is trust in the bank, trust in the internet, and also trust in banking information. This result is in line with the previous researches such as conducted by Kusumawati and Rinaldi in 2020 [17] and research conducted by Alnsour and Al-Hyari in 2011 [18**]**. Therefore, by getting trust from the customer, which is generation Z, it could increase the behavioral intention in using digital banks significantly.

The second hypothesis is the relationship between trust and behavioral intention, based on the result from hypothesis testing, the hypothesis is accepted. Preceding researches show that the users or customers are seen to be motivated to accept and use new technologies if they recognize that the technologies are more beneficial and useful in their daily life [19] [20] since the purpose of the technology itself is to make our lives easier. The result is in line with the result from research conducted by Nguyen in 2020 [21] and research conducted by Pratiwi in 2014 [22] and by Ananda et al. in 2020 [23].

The third hypothesis is the relationship between effort expectancy and behavioral intention, based on the result from hypothesis testing, the hypothesis is rejected. The same result is also found in the previous research conducted by Al-Jabri and Sohail in 2012 [24] and Wang et al. in 2003 [25]. This result might be possible since respondents in the younger generation may have experienced several technological changes and development which become the foundation of knowledge and skills on how to use and interact with digital banking [24]. Since it's possible for them to learn how to use digital banking easily and execute daily banking activity in a short amount of time, effort expectancy does not play a significant role in affecting the decision in adopting digital banking.

The fourth hypothesis is the relationship between social influence and behavioral intention, based on the result from hypothesis testing, the hypothesis is rejected. There are researches conducted by Riffai et al. in 2012 [26], Gerrard and Cunningham in 2003 [27] and Alalwan et al. in 2016 [28]. Therefore, it indicates that even though the important and influential others among the respondents use digital banks, they do not see the need to follow the others to improve their status while at the same time, using digital banks does not become a status symbol either.

The fifth hypothesis is the relationship between hedonic motivation and behavioral intention, based on the result from hypothesis testing, the hypothesis is rejected. This result is in line with research conducted by Owusu et al. in 2019 [29] and Arenas in 2015 [30] It is true that orienting the technology towards hedonic value could increase the intention to adopt the technology [31]. However, generation Z has a ton of experience in using digital technology and according to Venkatesh et al. in 2012 [32], when the experience increases, the value of novelty that contributes to hedonic motivation decreases and leaves the customers using new technology only for practical purposes, stepping hedonic motivation aside. Therefore, hedonic motivation could be described as a non-significant factor among generation Z in using a digital bank in Indonesia.

The sixth hypothesis is the relationship between price value and behavioral intention, based on the result from hypothesis testing, the hypothesis is rejected. This result is the same as the result from research conducted by Nguyen et al. in 2020 [33]. This situation might be possible since there are daily-used alternative products such as e-wallet that are also low-cost and offer the same service such as transferring money and paying bills. Since the digital wallet is also well accepted among the young generation, therefore the price value might not be significant in increasing the intention to use digital banks since there are a lot of alternative products that offer the same service for the same price as a benchmark.

The seventh hypothesis is the relationship between habit and behavioral intention, based on the result from hypothesis testing, the hypothesis is accepted. The result of

this study is in line with the results from previous studies such as research conducted by Nguyen et al. in 2020 [33] and Owusu in 2018 [29]. This situation might be possible since in the last several years, there has been a lot of technology expansion in the banking sector to provide advanced banking services such as internet, mobile and digital banking. There are a lot of banks that provide these advanced banking services that could be accessed digitally which are then accepted and repeatedly performed by the customer [33]. This repeated action later resulted in well-established attitudes and intention [34], which in this case, is about the behavioral intention in using digitally advanced banking services.

The eighth hypothesis is the relationship between habit and use behavior, based on the result from hypothesis testing, the hypothesis is accepted. The result of this study is in line with the results from previous studies such as research conducted by Nguyen et al. in 2020 [33] and Owusu in 2018 [29]. To be continued from habit that resulted with behavioral intention, the intention itself could be triggered by attitude or cues in the environment [34]. In this case, if generation Z experiences the urge to do banking activities such as transferring money, saving money or paying bills on some occasion, they would spontaneously use advanced banking services such as digital banks to accomplish.

The ninth hypothesis is the relationship between facilitating conditions and behavioral intention, based on the result from hypothesis testing, the hypothesis is rejected. Facilitating conditions in this context cover the possession of resources and skills to use digital banks, compatibility of gadgets and also a place to get information if the user has trouble in operating digital banking services. This result is in line with the findings from preceding research conducted by Nguyen et al. in 2020 [33]. More experience could lead to more familiarity with the technology while also providing a better understanding that reduces user dependence on external support [35] and for users with less familiarity and experience, they would depend more on external support [36]. Therefore, for the younger generation that is familiar with the technology, such as generation Z, the availability of external support or facilitating conditions is less significant towards the behavioral intention since they have less dependence on it.

The tenth hypothesis is the relationship between facilitating conditions and use behavior, based on the result from hypothesis testing, the hypothesis is accepted. This situation might be possible since to use digital banking services, the users are needed to have the resources necessary such as internet access and compatible gadgets while at the same time, generation Z has the access for those resources. The result of this study is in line with the results from previous studies such as research conducted by Nguyen et al. in 2020 [33], Alalwan in 2016 [28], Yu in 2012 [37], and Zhou in 2010 [38].

The eleventh hypothesis is the relationship between behavioral intention and use behavior, based on the result from hypothesis testing, the hypothesis is accepted. This result is in line with the findings from preceding research such as conducted by Alalwan in 2016 [28] that indicates that there is a significant effect of behavioral intention towards the use behavior. Research conducted by Nguyen et al. in 2020 [3] regarding the adoption of digital banks in Vietnam also shows a significant result.

V. CONCLUSION

The main objective of this research is to identify which factor significantly affects the adoption of digital banks while also providing a recommendation based on the findings for the digital bank so their product could be well adopted in the market, especially among generation Z. All of the data in this research is collected from 400 digital bank users which all of them are considered as generation Z and then the data is processed using PLS in order to see the significance of each variable in UTAUT2 towards the behavioral intention and use behavior of digital bank.

Based on the result from the analyzed data using PLS, habit, facilitating conditions and behavioral intention are the significant variables to increase the use behavior or adoption of digital banks among the generation Z in Indonesia. Habit affects the use behavior of digital banks by 31.8%, facilitating conditions affect use behavior by 28.5%, and behavioral intention of using digital banks affecting the use behavior by 13.7%. To increase the behavioral intention in using digital banks, there are three variables that significantly affect the behavioral intention which are performance expectancy, trust and habit.

Therefore, it is recommended for digital banks to provide services that could fit in customer's habits since this variable significantly affects the use behavior. For example, if their customers are mainly using digital banks for top up e-wallet, digital banks could provide an enhanced service such as they could place instant navigation on the application or even connect the e-wallet to a digital bank account so the user consumes less time in performing their habit. Or if their customers are mainly using digital banks for saving regularly, digital banks could provide a separate saving account based on the goals of saving or provide an automated saving service that takes the money from the main account to the saving account every start or end of the month. On the other hand the digital bank should ensure that their target market has the facilitating conditions needed such as knowledge, internet connection and gadgets. They could also align the minimum requirement of their application towards the general gadgets that their target market uses such as the minimum hardware requirement or minimum operating system version required. To increase the behavioral intention, digital banks should empathize on providing better services compared to the competitor, since performance expectancy has a significant impact towards the behavioral intention. Digital banks should also gain

trust from the customer in terms as a bank and also on their product to work properly even not monitored.

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