

CHAPTER I

INTRODUCTION

1.1 Background of the Research

Indonesian banking industry has entered a period of rapid digital transformation (Daeli, 2025). Bank Indonesia stated that the total amount of digital banking transactions was Rp58,478 trillion, which was 13.48% more than the amount of transactions in the past year (Multianatha, 2024). In term of volume transaction on delivery channel, more than 70% of e-banking transaction volume is now conducted via mobile banking, indicating that customer interaction with banks increasingly occurs through digital applications rather than physical branches (ASPI, 2022). Thus, mobile applications are no longer considered merely operational tools, but have become critical customer touchpoints in the digital banking landscape.

Among the banks driving this digital transformation is Bank Negara Indonesia (BNI). BNI appears with decent digital growth. In recent years, BNI's management has made a strong commitment to digital innovation, accelerating the development of user-friendly electronic banking services (BNI, 2022). At the national level, in March 2025 BNI Mobile Banking had 24.4 million active users on board, increased by 53.8 percent over a year (BNI, 2025). With this growth BNI's digital services have been consistently recognized with numerous awards. For example, in 2023 BNI swept the Infobank Digital Brand Recognition Awards, securing 3 Platinum Trophies (for Corporate Brand, Mortgage Loan, and Internet Banking), 1 Golden Trophy, and 16 other category awards (BNI, 2023). This recognition reflects public trust and positive social media feedback on BNI's digital products and services. As stated by the Corporate Secretary of BNI, these awards are part of the promise by the company to keep innovating with digital solutions that are rapid, convenient and secure (BNI, 2023).

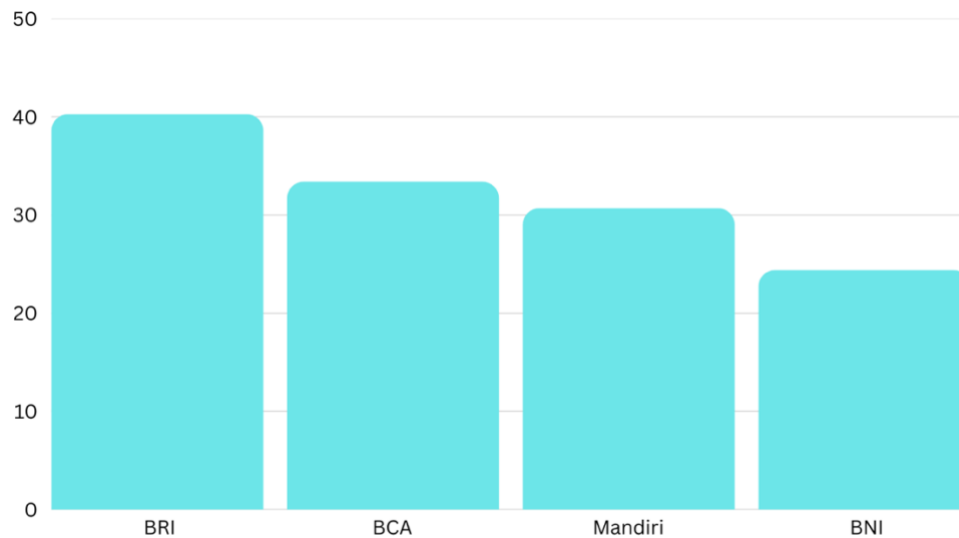


Figure 1.1 Figure 1.1 Number of mobile banking users among Core Capital-Based Bank Groups (KBMI) in Indonesia (million)

Source: Bisnis.com (2025)

Therefore, even though BNI's national usage figures are still below its top competitors (Fajarihza, 2025). The launch of wondr by BNI, a rebranded and upgraded version of BNI Mobile Banking, has gained positive reception. The app has received a 4.8-star rating with more than 750,000 reviews and it is downloaded more than 10 million times in Google Play (Google Play, 2025). This indicates that the modernization of BNI mobile platform has been effective in ensuring increased user satisfaction and loyalty. Such preference can be explained by the practicality of the app, its ease of use, extensive features, and the good digital image.

Digital banking is not only increasing because of technological advancement, but also due to generational changes in financial habit. According to Santia, (2024) 60 percent of the Generation Z has been engaging in mobile banking as a primary tool to handle their financial transactions. Consistent with this Feger, (2025) emphasizes that brands that are keen on connecting well with the Gen z need to aim at providing smooth mobile experience, where all digital touch points are made to be user-friendly and convenient. In line with this view, Windasari et al. (2022) also state that a beautiful and

simple online interface is critical in offering comfortability of use to Gen Z consumers, whose interaction with banking service provision is highly influenced by mobility and utility.

Nevertheless, limiting the analysis to the group of Generation Z mobile banking users in particular, BNI and its wondr application are not current top-of-mind brands in the specific segment. Scuderia, (2024) recent survey on Gen Z mobile banking brand preferences in Indonesia, indicates that Gen Z prefers the three top brands in Blu by BCA Digital (75 percent), SeaBank (68 percent), and Livin by Mandiri (60 percent) followed by BNC (18 percent). Interestingly, wondr by BNI is not included in this preference list, which means that its brand preference of Gen Z does not exceed 18 percent. This finding is somewhat paradoxical because, according to Hutauruk, (2024) wondr by BNI was explicitly designed and marketed as a youth-oriented mobile banking application aimed at attracting Gen Z users. The misalignment between BNI's strategic intention and Gen Z's actual brand preferences suggests that wondr has not yet been fully successful in positioning itself as a preferred mobile banking platform for this generation.

Statistics Indonesia Gen Z state that the largest representative of the Indonesian population is the group born between 1997 and 2012, which constitutes 27.94% of the national population, or approximately 74.93 million individuals (IDN Research Institute, 2024). In other words, more than one in four Indonesians belongs to Gen Z which emphasizes their population density and the ability to shape the future of social trends, labour, and consumer behaviour.

Besides being very numerous, Generation z is likely to possess unprecedented purchasing power. According to recent estimates of the Bank of America Institute, the generation Z is set to be the most wealthy generation of all time (*NBC10 Philadelphia*, 2025). In particular, the collective incomes of Gen Z are expected to reach about US36 trillion in the coming five years, which will almost reach US74 trillion by 2040 (Bank of America Institute, 2025). This financial and demographic trend positions Gen Z as the richest generation of the future, so they are a desirable target of banks.

Moreover, in Indonesia, Generation Z stands as the backbone of the country's demographic bonus and plays a crucial role in the nation's journey toward *Indonesia Emas 2045* a vision of becoming an advanced, prosperous, and globally competitive nation (Rasminto, 2024). According to the World Bank (2025), Indonesia is projected to reach its peak demographic bonus around 2030, when approximately 68.6% of the population will be in the productive age group. Generation z will be aged 18 between 33 years in 2030, and this portion of the population is the most efficient and economically dynamic in society. This age advantage will see them become the leaders in innovation, entrepreneurship, and digital revolution in various sectors and will have a central role to play in propelling Indonesia to the Golden Age 2045(Nugroho, 2025). By the year 2045 when this generation will be fully matured, a good number of them will be in a position of leadership and decisions making positions with robust digital capital and financial capabilities.

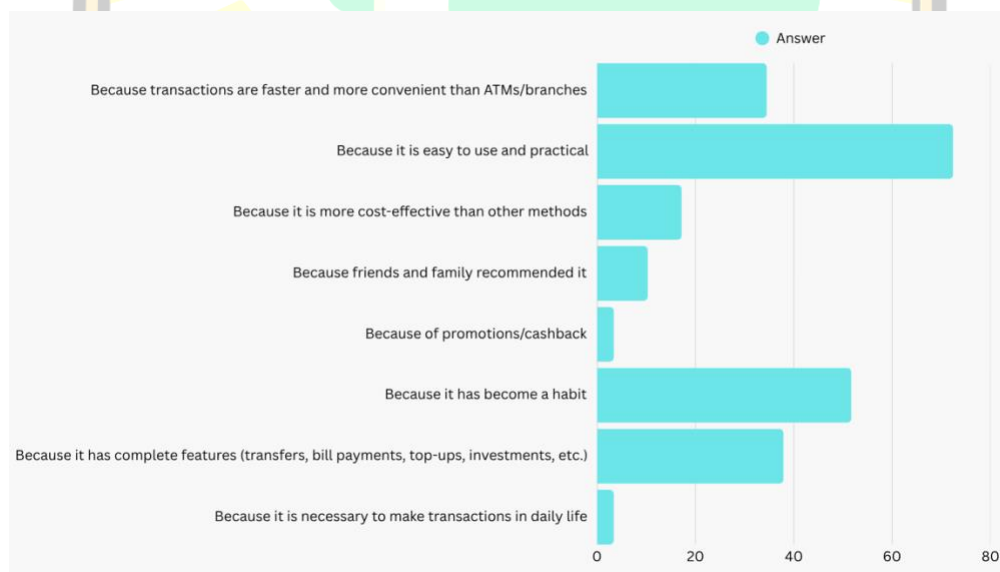


Figure 1.2 Main Motivations of Gen Z in for Using Mobile Banking

Source: Pilot Survey by Researcher, 2025

To understand the mobile banking experience of Generation Z (aged 17–27), a short pilot survey was conducted. Interestingly, the findings showed that their main motivations for using mobile banking, as presented in Figure 3, are practicality, reliance on habit, and the belief that mobile banking offers fast and comprehensive features. These motivations are conceptually similar to the factors described in the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2), which explains user acceptance and continuance behaviour toward technology.

Construct of practicality generally implies how easily and conveniently a digital system is perceived to be used by users. This principle is associated with Effort Expectancy that explains how easily a person believes the technology to be used (Venkatesh et al., 2003). Recent empirical studies have emphasized that Effort Expectancy is a crucial component of evaluating digital services among users, and this specifically applies to the situation in mobile banking and fintech (Naruetharadhol et al., 2021; Tam et al., 2020). When an application is seen as easy and convenient, people would be more likely to remain in its use because it would minimize the effort needed to make transactions successful. In the case of Gen Z, they are practical as they show preference to the mobile banking apps that enable them to transfer the funds efficiently and effectively, pay bills and make balance inquiries.

Dependence on habit is the degree of automaticity of repetitive behaviour that results out of regular exposure to technology. This idea can be linked to the Habit construct of the UTAUT2 model that introduces the notion of automaticity of behaviour that is acquired after repeated use of technology (Venkatesh et al., 2012). Empirical studies prove that habit is one of the key elements to continue the technology engagement process because repeated use creates awareness and reduces cognitive load (Foroughi et al., 2024; Wang & Lin, 2021). The high mobile banking usage among Gen Z consumers has made habitual banking tasks, including checking balances and e wallet top-ups, automatic and daily habits among them, which maintain their use of the platform.

Lastly, the perception that mobile banking is fast and comprehensive correlates with Performance Expectancy that is the degree to which people consider the use of a system to enhance their performance in an activity (Venkatesh et al., 2003). Customers who feel that mobile banking can enhance their productivity and offer them various integrated functions will tend to continue using it. The recent empirical data point out that the expectancy of performance is among the factors that condition the manner in which users evaluate the quality of digital services and tend to be satisfied with the mobile banking apps. (Baabdullah et al., 2019; Fedorko et al., 2021). Among Gen Z mobile phone users in, mobile banking is not merely a product that is considered to be able to save time, but also a multi-purpose platform that can consolidate a number of different transactions in one application thus strengthening its purpose as a part of a financial lifestyle.

However, this high adoption rate does not necessarily indicate clearly explanation. Prior international studies also provide inconsistent findings. In Kuwait, Performance Expectancy and Effort Expectancy significantly influenced satisfaction and continuance intention (Rabaa'i & ALMaati, 2021). In India, Performance Expectancy did not necessarily play a significant role whereas Effort Expectancy did play a greater role (Samartha et al., 2022). In the United Kingdom, Effort Expectancy, Habit, and Price Value had a stronger role in influencing continuance, but Performance Expectancy was again not significant (Apau et al., 2025). Such inconsistencies point to the fact that the effects of UTAUT2 constructs differ among situations, cultures, and populations. However, no study has explicitly studied such dynamics among Gen Z and wondr by BNI in particular.

Following this context, the research is significant to undertake. Since generation Z will become the richest generation in history and become a backbone of this country between 2030 – 2045. Banks must secure Gen Z as future customers, not only because of their current dominance in digital adoption but also because of their unparalleled future financial capacity. At the same time, empirical evidence discussed in the background of this study shows that wondr by BNI, although explicitly designed

and marketed as a youth-oriented mobile banking application, has not yet emerged as a leading brand among Generation Z mobile banking users in Indonesia (Hutauruk, 2024; Scuderia, 2024).

This misalignment between BNI's strategic intention and Gen Z's actual brand preferences indicates that further investigation is needed into what drives Gen Z users to continue using such applications. Since mobile banking is already the main point of contact between banks and Gen Z, it becomes necessary to identify what contributes to their continuance intention. By examining the continuance intention of Generation Z users of wondr through the UTAUT2 framework, this study directly addresses that gap and generates insights that can be generalized to similar youth-focused mobile banking services in Indonesia. These studies have potential to contribute to the academic community by informing the current literature on digital consumer behaviour and developing the use of the UTAUT2 framework in the Indonesian context by determining which one has the greatest impact on the continuance decision, i.e., practicality (Effort Expectancy), habitual use (Habit), or perceived performance benefits (Performance Expectancy). Simultaneously, the results should have practical implications on the banking sector that can be used by other organizations as a benchmark to develop more efficient digital strategies that will keep Gen Z loyal customers in the long term.

1.2 Research Problem

According to the background outlined, the research issues can be stated as follows:

1. Does Effort Expectancy significantly influence the continuance intention of Gen Z users of wondr by BNI Mobile Banking?
2. Does Habit significantly influence the continuance intention of Gen Z users of wondr by BNI Mobile Banking ?
3. Does Performance Expectancy significantly influence the continuance intention of Gen Z users of wondr by BNI Mobile Banking ?

1.3 Research Objectives

In line with the research problems, the study objectives will be as follows:

1. To analyze the influence of Effort Expectancy on the continuance intention of Gen Z users of wondr by BNI Mobile Banking.
2. To analyze the influence of Habit on the continuance intention of Gen Z users of wondr by BNI Mobile Banking.
3. To analyze the influence of Performance Expectancy on the continuance intention of Gen Z users of wondr by BNI Mobile Banking.

1.4 Research Benefit

This study will be useful to several stakeholders in terms of its findings. The benefits are addressed as follows:

1.4.1 For Academic Development

The study will augment the literature on the topic of digital consumer behavior and UTAUT2 model. By examining the relationships between the impact of effort expectancy, the habit, and performance expectancy on continuance intention on Gen Z, the study presents empirical evidence in an Indonesia-based context as well as supports applicability of the constructs to emerging markets.

1.4.2 For Banking Industry and Management Practice

This research can find application to the banking industry particularly to digital banking managers and practitioners who have the role of designing and enhancing mobile banking services. Knowing about the influences that motivate Gen Z to keep using mobile banking, the managers will have an opportunity to work on product features, service quality enhancement, and creation of customer engagement strategies, which correspond to the e-related habits and expectations of young consumers. These results may allow banks to tighten the belt through retaining the customers and remaining competitive in the age of digital transformation.

1.4.3 For Future Researchers

The study also advances the academic progress in the burden of offering the research with empirical data concerning the continuance intention of Gen Z to adopt mobile banking i.e. Mobile Banking. Given that mobile applications have evolved as the primary touchpoint of banking services, the reason as to why Gen Z still uses such apps is of useful reference when conducting further research in the future. The outcomes of the study may be followed by the researchers who are going to dive deeper into the digital consumer behavior and suggest their studies that may be based on the exploration of other variables within the UTAUT2 framework, on different generations of consumers, or on some cross-institutional studies of various banks. Through this, the research not only contributes to the already extant body of research on mobile banking adoption and continuance intention, but also creates an opportunity of future research that can be in tandem with the current role of digital banking in customer interaction.

