Determinants of Digital-Only Banking Adoption and Continuance Intentions in the Philippines

Hazel Ann P. Perez

hazel_ann_perez@dlsl.edu.ph
De La Salle Lipa, 1962 J.P. Laurel National Highway, Mataas na Lupa Lipa City 4217, Philippines

Abstract

Digital-only banks, operating solely through online and mobile channels, have shown promise in cutting operating costs, expanding accessibility, lowering client fees, and enhancing interest rates, thereby contributing to financial inclusion. This study aimed to investigate the factors affecting the adoption intention of potential users and the continuance intention of existing users of digital-only banking in the Philippines. These factors include convenience, economic efficiency, functional risk, security risk, critical mass, number of services, trust, and technology competency. Respondents included members of digital-only banking social media groups residing within Metro Manila, the financial hub of the country. Data was collected through a survey via Google Forms, followed by multiple regression analysis and *t*-tests to validate the significance of relationships and differences among variables. The results revealed differing perceptions between potential users and existing users of digital-only banking services, with existing users exhibiting more positive perceptions. The study identified distinct determinants affecting behavioral intentions during different phases of the customer lifecycle. Economic efficiency, critical mass, trust, and technology competency affected the adoption intention of potential users, while convenience, economic efficiency, number of services, trust, and technology competency affected the continuance intention of existing users. Continuous improvement is imperative for digital-only banks to stay competitive and meet user expectations. By strategically addressing these factors, digital-only banks can attract new users and foster long-term engagement and loyalty among existing users, ultimately driving success in digital-only banking.

Keywords: Digital-only banks; adoption intention; continuance intention; digital innovation

1. Introduction

1.1. Background of the Study

Digital-only banks operate exclusively online or through digital channels providing mobile-first experience without physical branches or face-to-face interactions (Yoon and Lim, 2020; Windasari et al., 2022). This digital approach results in decreased operating costs, reduced client fees, and improved interest rates. Playing a crucial role in the economy, digital-only banking promotes financial inclusion, particularly in areas where traditional banks are less accessible. Digital banks hold a distinct advantage over their traditional counterparts as they can implement innovative application review procedures using technologies such as real-time digital customer verification and data-driven credit scoring. Applications are completed online through the mobile application or website, making financial services more accessible to consumers.

Globally, the market size of digital-only banks was valued at approximately $47.4 billion in 2021, with a projected increase to $2.05 trillion by 2030, as reported by Statista (2023). Bloomberg (2023) emphasized a significant opportunity for both traditional and digital banks to extend their reach across Southeast Asia, where approximately 70% of the population is unbanked or underbanked. Moreover, the region hosts over 70 million micro, small, and medium-sized enterprises facing substantial funding gaps, presenting a unique opportunity to address financial needs.

In Southeast Asia, including the Philippines, digital transformation efforts within the banking sector are intensifying, focusing on goals such as enhancing profitability, elevating customer engagement, and improving overall customer experience and operational efficiency (PwC, 2023). However, despite the formulation of digital strategies, a gap exists between planned strategies and actual implementation, with many banks struggling to achieve their digitalization targets.

Against this backdrop, data from the Philippine Statistics Authority in 2020 reveals that 56.1% of households in the country have internet access, with the National Capital Region (NCR) leading at 74.6%. However, it is important to note the existing challenges in digital literacy skills among Filipinos, as only 40% are equipped with at least one of the six key information and communications technology skills monitored for the Sustainable Development Goals (Philippines Institute of Development Studies, 2021). This data is fundamental to the adoption of digital banking, as it lays the groundwork for the accessibility of these financial services.

In the Philippines, McKinsey and Company (2023) reported that the traditional banks' focus on corporate clients and limited digital investments left many potential customers underserved. This aligns with Toonkitaki's (2023) observation that 40% of adults lack access to traditional banks. Moreover, Bangko Sentral ng Pilipinas' (BSP) (2020) claims that while 51% of adults have bank accounts, only 25.2% of these are digital. Traditional banks allocate less than 10% of their revenues to information technology (IT), with digital channels contributing only 5-15% of their income, a figure considerably lower compared to the average of 25% among their peers in the Asian markets (McKinsey and Company, 2023). Meanwhile, local fintech companies primarily focus on payment services. As banking penetration rates remain low and traditional institutions prioritize commercial lending, digitally savvy populations are left with limited access to suitable financial services.

Recognizing the need for change, regulators are working to promote fintech innovation and enhance financial inclusion. Recent developments include the launch of the real-time payment system InstaPay and the standardized QR code payment network, QR Ph Electronic Money Issuers (EMIs), which have further facilitated efficient digital transactions. To ensure compliance and maintain stability, regulators have revised requirements for e-money and EMIs, focusing on risk management, interoperability, transaction limits, and liquid assets. A moratorium on non-bank EMI licenses has also been put in place to allow for thorough regulatory assessment (Fintech Philippines, 2023). These trends, coupled with the digital bank licenses issued by BSP in 2021, each requiring a minimum capitalization of P1 billion to UnionDigital Bank, Overseas Filipino Bank, Tonik Digital Bank, UNObank, GoTyme Bank, and Maya Bank (Chipongian, 2023), further emphasize the increasing significance of digital banking in driving economic growth and innovation. The BSP's Digital Payments Transformation Roadmap aims to move 50% of all retail transactions to digital channels and get 70% of adult Filipinos to have bank accounts by 2023. Furthermore, BSP (2024) reported that only two out of the six licensed digital banks in operation are presently profitable. Forecasts suggest that the remaining banks will continue to incur losses in the medium term. This trend reflects the challenges faced

by the emerging industry in tailoring an optimal business model for their primary client base, predominantly individuals with untested credit profiles.

This research aimed to investigate the determinants affecting adoption and continuance intentions toward digital-only banking in the Philippines. Notably, digital-only banking serves as an instrumental platform to empower Filipinos to better manage their finances through decreased client fees, lower or no maintaining balances, and improved interest rates compared to traditional banks. Understanding these factors is fundamental to gather insights into the evolving consumer preferences in the dynamic digital-only banking landscape. The study focused on how digital-only banking services can attract and retain users, offering practical insights for customer acquisition and sustained engagement. Unlike existing studies, which often combine users of digital-only banks and those using digital services offered by traditional banks, this research specifically addressed the intention to adopt and continue using digital-only banking in the Philippines, filling a notable gap in the literature.

1.2. Review of Related Literature

This proposed research built upon the findings of Lee and Kim (2020) who examined the effects of benefit-risk factors, network externality factors, and trust on the intention to adopt digital banking services among potential users and the intention to continue usage among existing users. They asserted that both trust and the number of services offered positively affect customers' adoption and continuance intentions. For potential users, critical mass exhibited a positive effect on adoption intention, whereas security risks demonstrated a negative effect. Subsequently, for existing users, convenience and economic efficiency positively affected the intention to continue using digital-only banking services.

1.2.1 Benefit-Risk Factors

In this study, the benefit-risk factors consist of convenience, economic efficiency, functional risk and security risk. The subsequent studies affirm the effect of these factors on adoption and utilization of digital banks. Nguyen's (2020) study in Vietnam employed multivariate data analysis techniques to evaluate factors influencing the intention to use digital banking services and the findings revealed that perceived usefulness and attitude positively influenced the intention to use digital banking. However, perceived risk negatively influenced attitude, indirectly affecting the intention to use. Trust had an indirect effect on attitude through perceived risk. The study concluded that enhancing perceived usefulness and addressing perceived risks are crucial for promoting the adoption of digital banking services.

In the Philippines, Tugade et al. (2021) conducted a quantitative study targeting Generation Y and Z. The research demonstrated that perceived usefulness, perceived ease of use, and convenience positively influenced the intention to use digital banking. However, perceived risk had a negative impact on this intention. This is consistent with Saif et al. (2022), who found that perceived economic efficiency significantly and positively influences the intention to adopt digital-only banks in Malaysia.

Susanto (2023) asserted in Indonesia that convenience and security significantly influence customer satisfaction and loyalty in digital banking. Increased convenience not only saves time and effort but also contributes to heightened customer satisfaction. Simultaneously, heightened security proves imperative for safeguarding financial information and preventing unauthorized access, fostering loyalty. Additionally,

Alzaidi and Qamar (2018) underscored that customers prioritize security as the foremost factor in adopting digital banking services, necessitating robust security measures.

Moreno-García (2023) confirmed in Mexico that perceived usefulness, security, and self-efficacy positively influence the intention to use internet banking services. The study also highlighted factors contributing to the perception of internet banking services, including service quality, website design, content, security, privacy, convenience, and speed.

In Mufarih's (2020) study in Indonesia, perceived risk had a negative impact on the intention to use digital banking applications. This indicated that heightened user concerns reduced interest in usage, emphasizing the need to address apprehensions to encourage adoption. The authors advocated prioritizing security and trust-building strategies within digital banking applications, emphasizing effective communication to alleviate user concerns and promote trust for increased adoption and usage. Egala et al. (2021) demonstrated that customer satisfaction significantly influences the decision to continue using digital banking, with service quality factors playing a key role in influencing customer satisfaction and their intentions to continue using digital banks.

1.2.2. Network Externality Factors

Network externality factors cover critical mass and number of services available in digital-only banking platforms, and the following studies support the effect of these determinants on digital-only banking adoption and continued usage. In Korea, Yoon and Lim (2020) observed a positive influence of perceived critical mass on both the perceived usefulness and perceived enjoyment of using internet-only banks. Perceived critical mass, defined as the perceived number of users of a technology, is considered as evidence of its diffusion. In the context of internet-only banks, widespread usage is deemed objective evidence of their utility, and the study emphasized the significant role of image in shaping the acceptance of internet-only banks. A positive image has been shown to have a substantial effect on perceived usefulness and a significant influence on perceived enjoyment. Strategic initiatives to enhance the image of internet-only bank users, such as creating a brand community, could prove beneficial in cultivating positive perceptions.

Duasa et al. (2018) highlighted the importance of achieving critical mass, particularly among educated and private sector users, as essential for the widespread acceptance and utilization of online banking services. They suggested that reaching a certain level of adoption within these target groups can initiate a self-reinforcing cycle of increased adoption and usage in Malaysia. The study also emphasized the need to understand and address the specific factors that influence different consumer segments in their decision-making processes regarding the adoption of online banking services to achieve critical mass.

Sikarwar (2019) found that social influence plays a significant role in shaping individual financial behavior in the context of digital banking, with individuals influenced by their social networks, including family, friends, and colleagues, being likely to adopt and use digital banking services. The findings support the need to develop targeted approaches to promote digital banking in the local community. Moreover, Prastiawan et al. (2021) cited that social influence has both a direct impact on mobile banking usage and an indirect effect through its influence on the overall attitude toward mobile banking use. Khan (2022) noted that customers are drawn to digital banking due to societal influence, cost factors, habitual work, and

banks' mechanisms for supporting their customers. The cultural effect was also found to be significant in determining the ultimate use of digital banking.

Lastly, Saif et al. (2022) asserted that the variety of services provided by digital-only banks significantly affects the intention to adopt, emphasizing that offering diverse services catering to customers' needs positively influences adoption intentions. This includes a range of services like payments, ticketing, booking, messaging, shopping, chatbot, articles, and games.

1.2.3. Trust

Trust is integral in all forms of financial services and assumes heightened significance in the context of digital-only banking, and this claim is supported by the subsequent studies. In Indonesia, Mufarih (2020) emphasized the positive impact of perceived trust on the attitude toward using digital banks. The study unveiled that perceived trust significantly and positively influences the attitude toward using digital banking applications, suggesting that the greater the consumer's confidence in the digital banking application, the more positive their perception of using it becomes. Furthermore, the research identified a positive and significant association between perceived trust and perceived ease of use, indicating that a higher level of customer trust in the digital banking application is linked to an increased perception of its usability. To enhance adoption and usage, the authors recommend that digital banking applications prioritize building trust with their users, proposing effective communication and strategies, such as transparent and secure data handling practices

Ramli et al. (2021) highlighted the importance of trustworthiness in shaping customers' perceptions and attitudes toward mobile banking services, asserting that trust positively influences the decision to use mobile banking applications. The study emphasized the importance of building and maintaining trust in the context of mobile banking, as it directly influences customers' willingness to utilize these digital financial services.

Chiu et al. (2017) investigated the challenges and factors influencing initial trust and behavioral intention to use mobile banking services in the Philippines. The antecedents of initial trust, including disposition to trust, infrastructure quality, perceived costs, privacy, and security, were found to have a significant positive relationship with both initial trust and behavioral intention to use mobile banking services. Financial institutions can enhance individuals' trust and intention to use mobile banking services by improving the antecedents of initial trust, such as infrastructure quality and security, and by building initial trust through effective marketing and communication strategies.

Expanding on this insight, Tugade et al. (2021) in the Philippines identified a significant effect of trust on the intention to use digital banking. The findings underscore the importance of building trust among customers by providing personalized services and identifying different customer segments to offer the right channel mix for the adoption of digital banking. Moreover, Kumar and Mehrotr (2022) highlighted that digital banking adoption is influenced either by customer satisfaction or dissatisfaction, with lack of trust in the system, security concerns, and technical issues emerging as common concerns reported by customers. Additionally, Bhatt et al. (2023) found that customers extensively use digital banking to save time, protect personal information, and avoid crowded areas in India. However, despite overall satisfaction with digital banking services, results indicate a lack of trust and confidence in digital payment methods.

1.2.4. Technology Competency

Akhter's (2020) study found that technology competency significantly influences the behavioral intention to adopt mobile banking services in Bangladesh, specifically, a higher level of technology competency among customers was found to significantly influence their willingness to adopt mobile banking. The research also claimed that self-confidence in technology positively impacts acceptance and utilization of technological applications and services.

Bavadekar (2023) supported that technology literacy, which covers internet proficiency, device handling, and computer usage skills, was a key factor in building trust in the security and reliability of mobile banking apps. The study found that users with higher levels of digital literacy were more likely to trust the features and functionalities of the application, leading to increased confidence in using financial technology services. Additionally, Suparno et al. (2023) claimed that technology competency has a positive effect on the interest of the Generation Z in Islamic digital banks and that individuals with higher technology competency are more inclined to use these platforms.

Munari (2021) noted that digital literacy significantly influences the adoption and usage of e-banking services and that individuals with higher levels of digital literacy are more likely to feel comfortable using online banking platforms, conducting transactions electronically, and managing their finances digitally. This proficiency in utilizing technological devices enables individuals to navigate e-banking services with ease, leading to increased usage and engagement with digital banking applications.

Although several studies have investigated digital banking adoption in Asia and the Philippines, it is important to note that most of them have examined a combination of digital-only bank users and individuals who utilize digital services offered by traditional banks. This creates a gap in the existing literature, underscoring the need for more focused research on the intention to adopt digital-only banking and its continued usage among consumers in the Philippines.

1.3. Research Frameworks

1.3.1. Conceptual Framework

This proposed study employed Lee and Kim's (2020) research framework which covers benefit-risk factors, network externality factors, trust, adoption intention and continuance intention. The purpose of the study was to investigate the factors influencing consumers' intention to adopt or continue using internet-only banks and to examine potential differences in determinants for both potential and existing users. The study was conducted through an online survey in South Korea, with a sample size of 321 potential users and 351 existing users. Lee and Kim found that trust, number of services, and critical mass positively affected consumers' intention to adopt internet-only banks, while perceived security risk had a negative impact. For existing users, economic efficiency, number of services, trust, and perceived convenience were significantly related to existing users' intention to continue using internet-only banks. The study highlighted the importance of economic efficiency and security risk in influencing consumers' behavioral intentions of both potential and existing users, emphasizing the need for internet-only banks to address these factors to increase adoption and retention rates among consumers.

The benefit-risk framework suggests that customers assess the advantages and disadvantages of a product or service before deciding to use it or continue using it. In general, higher perceived benefits tend to increase customer inclination towards a service. Nevertheless, even with substantial benefits, an increased perception of risk can negatively impact behavioral intentions (Li et al., 2016; Ahn and Lee, 2019). In the context of digital-only banking, the main benefits are convenience and economic efficiency while key risks are functional and security risks. According to the network externality theory, adoption is influenced not only by a product or service's inherent value but also by the perceived number of other people using it. A significant market presence serves as a benchmark for consumers to evaluate the service's quality, potentially leading to a bandwagon effect (Zhang et al., 2017).

The process of innovation diffusion occurs across pre-adoption and post-adoption stages as consumers make distinct decisions in each phase (Montazemi and Qahri-Saremi, 2015). Adoption involves consumers deciding to use the innovation initially, while continuance entails choosing to sustain the innovation after adoption (Bhattacherjee, 2001). Ensuring the retention of existing users in the post-adoption stage and attracting potential users in the pre-adoption stage are critical for the successful growth of the digital-only banking sector.
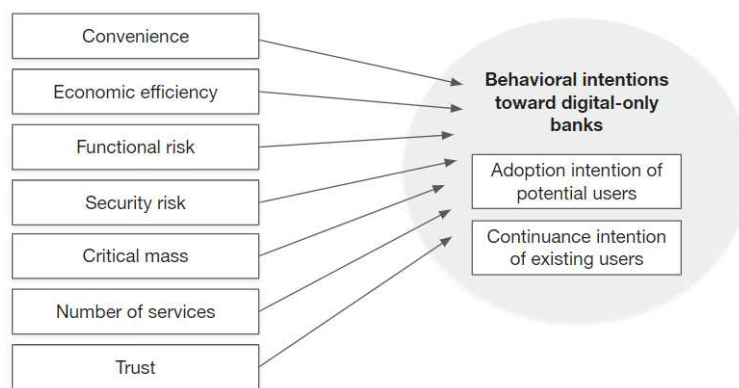

Figure 1. Conceptual Framework (Lee and Kim, 2020)

1.3.2. Operational Framework

The operational framework of this study was adapted from Lee and Kim's (2020) research titled "Factors affecting customers' acceptance of internet-only banks in Korea." This study examined the adoption intention of potential users and the continuance intention of existing users of digital-only banking platforms in Metro Manila. The independent variables consist of benefit-risk factors, network externality factors, and trust. The dependent variables are digital-only banking behavioral intentions, encompassing both adoption intention and continuance intention. Additionally, the study investigated differences between factors within the pre-adoption stage, which includes potential users, and the post-adoption stage, covering existing users. The operational definitions of the variables are provided in the succeeding paragraphs.

The benefit-risk factors consist of convenience, indicating the ease of accessing and utilizing digital-only banking, and economic efficiency, assessing the perceived effectiveness of digital-only banking in managing financial transactions including cost-effectiveness with reduced fees as well as time-saving

benefits. Functional risk addresses concerns related to operational issues, such as the reliability of financial services, while security risk explores perceptions of potential threats to the safety of sensitive information, covering concerns about data security and unauthorized access.

Network externality factors include critical mass, capturing perceptions of the prevalence of digital-only banking, and the number of services, referring to the perceived variety and extent of financial services provided on digital-only banking platforms. This is followed by trust which denotes confidence in the credibility of the reputation of digital-only banks, reliability of services, and confidentiality of digital-only banking systems.

The researcher modified the referenced framework to include technology competency as the last independent variable based on the study "Exploring customer intentions to adopt mobile banking services: evidence from a developing country" by Akhter et al. (2020). Technology competency refers to the degree to which an individual is well-versed in efficiently leveraging technology to handle and organize information.

The dependent variables cover digital-only banking behavioral intentions, involving both adoption intention and continuance intention. Adoption intention conveys the willingness of individuals to integrate digital-only banking into their future financial practices, demonstrating a positive inclination toward using these services. On the other hand, continuance intention represents individuals' plans to sustain the use of digital-only banking in the future, indicating a commitment to long-term engagement with these platforms. The research variables and their relationships are visually represented in the succeeding diagrams.
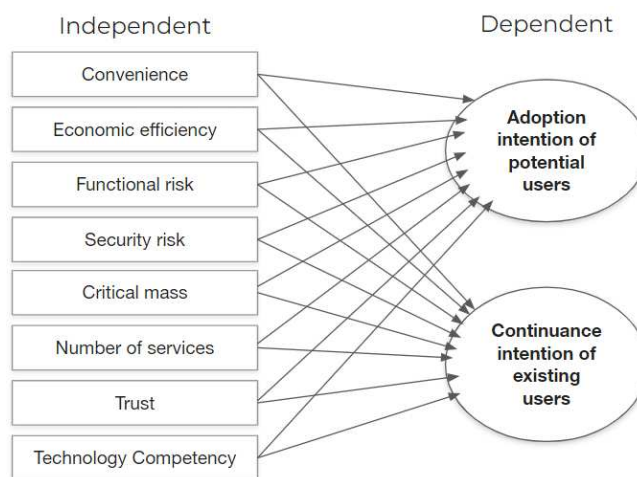
Figure 2. Operational Framework

1.3.3. Significance of the Study

This study sought to understand the factors that drive individuals in the Philippines to adopt and continue using digital-only banks. It analyzed how various factors affect the adoption and continuance intentions toward digital-only banking. By comparing the behaviors of potential and existing users, the objective was to offer a comprehensive assessment of consumer behavioral intentions. This approach

provides critical insights that banks and policymakers can utilize to enhance user experiences and increase both adoption and retention rates. Findings may help facilitate tailored product development, targeted marketing, literacy program enhancement, regulatory and policy framework assessment, risk mitigation, and overall continuous improvement in the digital-only banking sector of the Philippines.

1.3.4. Objectives of the Study

This study aimed to examine how perceived convenience, economic efficiency, functional risk, security risk, critical mass, number of services, trust, and technology competency affect digital-only banking adoption and continuance intentions. Additionally, it sought to identify differences in perceptions of these factors between potential users and existing users, as well as explore variations in the factors affecting digital-only banking adoption and continuance intentions. Assessing both adoption and continuance intentions is essential for a thorough understanding of consumer behavior in the context of digital-only banking, offering insights into initial decisions and ongoing usage considerations. Specially, it aimed to investigate:

1. Whether perceived convenience, economic efficiency, functional risk, security risk, critical mass, number of services, trust, and technology competency significantly affect digital-only banking adoption intentions.

2. Whether perceived convenience, economic efficiency, functional risk, security risk, critical mass, number of services, trust, and technology competency significantly affect digital-only banking continuance intentions.

3. Whether differences exist in perceptions of convenience, economic efficiency, functional risk, security risk, critical mass, number of services, trust, and technology competency factors between the potential users and existing users.

1.3.5. Hypotheses

This study explored hypotheses on the effect of convenience, economic efficiency, functional risk, security risk, critical mass, number of services, trust, and technology competency on digital-only banking adoption and continuance intentions. Additionally, it explored potential differences in the perceptions of these factors between potential users and existing users. Specifically, the following hypotheses were examined:

H_{01}: Perceived convenience, economic efficiency, functional risk, security risk, critical mass, number of services, trust, and technology competency do not significantly affect digital-only banking adoption intentions.

H_{02}: Perceived convenience, economic efficiency, functional risk, security risk, critical mass, number of services, trust, and technology competency do not significantly affect digital-only banking continuance intentions.

H_{03}: The perceptions of convenience, economic efficiency, functional risk, security risk, critical mass, number of services, trust, and technology competency are not significantly different between the potential users and existing users.

2. Methods

2.1. Research Design

The study used a quantitative and descriptive causal research design to systematically collect numerical data and subsequently perform statistical analyses. The aim was to investigate patterns and attain a comprehensive understanding of the factors affecting both digital-only banking adoption and continuance intentions. This approach examined the effect of the benefit risk factors, network externality factors, trust, and technology competency on consumers' behavioral intentions. Additionally, the study assessed variations in the perceptions of these determinants among potential users and existing users.

2.2. Locale of the Study

This research investigated the digital-only banking sector in Metro Manila, also known as the Philippines' National Capital Region (NCR). As the financial and economic hub of the country, Metro Manila offered a concentrated and representative environment for examining the adoption and continuance intentions of digital-only banking services. The trends and behaviors observed in this region may provide insights into factors influencing the broader national context.

2.3. Research Design

The respondents were potential and existing users of digital-only banking in Metro Manila, specifically members of digital-only banking social media groups. These groups, centered on digital banking discussions, provide a valuable opportunity to involve individuals with direct experience, curiosity, and familiarity with these services. Opting for these communities ensured a wide array of perspectives for a thorough analysis of digital-only banking adoption and retention intentions.

2.4. Sampling Design

A purposive sampling design was employed to reach a minimum of 140 digital-only banking potential users and 140 existing users, resulting in a total sample size of 280 participants. Sample size was calculated based on eight independent variables and a power of 0.90 to enhance the likelihood of identifying true effects. This approach involved connecting with members of social media groups focused on digital-only banking, ensuring a targeted study that includes an informed respondent pool with direct experience, interest, and basic understanding of these platforms.

2.5. Research Tools and Instruments

The survey questionnaire, based on the instrument developed by Lee and Kim (2020), was distributed via social media and Google Forms to target respondents. It covers constructs and measurement items outlined below. The constructs were rated on a 5-point Likert scale from "strongly disagree" (1) to "strongly agree" (5). It started with a brief research introduction outlining the study's purpose and locale, along with a

confidentiality clause and consent confirmation. This is followed by the demographic profile and a qualifying section that categorizes respondents as either a potential user or an existing user of digital-only banks. The subsequent sections covered the examined constructs, each comprising two to three questions. These constructs include convenience, economic efficiency, functional risk, security risk, critical mass, number of services, trust, technology competency, adoption intention for potential users, and continuance intention for existing users.

The instrument evaluated how respondents perceived the ease of digitally accessing financial services compared to traditional methods, their expectations of quicker transactions, and concerns about the stability, privacy, and safety of digital-only banking platforms. Moreover, it explored perceptions of critical mass, capturing views on the current and future prevalence of digital-only banking, while assessing expectations on the variety and availability of services. Trust-related questions sought to understand beliefs in the reliability, confidentiality, and trustworthiness of digital-only banks while technology competency assessed willingness to learn and use new technology. Lastly, the adoption and continuance intention sections uncovered consumers' plans and expectations for integrating and consistently using digital-only banks.

2.6. Data Analysis and Interpretation

The presentation of survey results involved the use of descriptive statistics, including frequency distributions, means, and standard deviations. To evaluate the instrument's internal consistency reliability, the researcher used Cronbach's Alpha values during pilot testing with 30 respondents. Multiple regression analysis was employed to validate the effect of the independent variables: convenience, economic efficiency, functional risk, security risk, critical mass, number of services, trust, and technology competency, on the dependent variables: adoption intention and continuance intention toward digital-only banking. Additionally, differences in perceptions of factors between potential users and existing users were examined using a *t*-test.

Table 1. Verbal interpretation of responses

Mean Range	Respondent Rating	Verbal Interpretation
1.00 - 1.50	Strongly disagree	Very low
1.51 - 2.50	Disagree	Low
2.51 - 3.50	Neutral	Moderate
3.51 - 4.50	Agree	High
4.51 - 5.00	Strongly agree	Very high

2.7. Ethical Considerations

Prior to participation, a clear notice was posted on the social media groups dedicated to digital-only banking, outlining the research objectives and clarifying the voluntary nature of participation. It specified its focus on Metro Manila residents, ensuring potential participants were well-informed before deciding to take part. The Google Form used for data collection had a detailed research introduction section, elaborating the purpose of the study, the significance of the research topic, and the expected time commitment for completing the survey. Additionally, a confidentiality clause assured participants that their responses would be kept confidential and used solely for research purposes. To maintain participant anonymity, responses were securely handled, with data access restricted to the authorized researcher and statistician.

3. Results and Discussion

3.1. Demographic Information

Table 2. Respondent's demographics

Demographic Profile		Potential users		Existing users	
		N	%	N	%
Age	18 to 27 years old - Generation Z	38	27.1	55	39.3
	28 to 43 years old - Millennials	59	42.1	65	46.4
	44 to 59 years old - Generation X	40	28.6	18	12.9
	60 to 69 years old - Baby Boomers	3	2.1	2	1.4
Education Level	High school graduate or below	11	7.9	17	12.1
	College degree	105	75.0	92	65.7
	Graduate degree	24	17.1	26	18.6
Monthly Income	P10,957 but less than P21,194 - Poor	19	13.6	24	17.1
	P10,957 but less than P21,194 - Low income	35	25.0	26	18.6
	Greater than or equal to P21,194 but less than P43,828 - Lower middle class	47	33.6	54	38.6
	Greater than or equal to P43,828 but less than P76,669 - Middle class	24	17.1	13	9.3
	Greater than or equal to P76,669 but less than P131,484 - Upper middle income	13	9.3	15	10.7
	Greater than or equal to P131,484 but less than P219,140 - High income class	1	0.7	6	4.3
	Greater than or equal to P219,140 - Rich	1	0.7	2	1.4

The table below presents the demographic profile of respondents, categorizing them by age, education level, and monthly income. For potential users, in terms of age distribution, the majority are Millennials (28 to 43 years old) with 42.1% of the sample, followed by Generation X (44 to 59 years old) at 28.6%. Generation Z (18 to 27 years old) represents 27.1%, while Baby Boomers (60 to 69 years old) make up 2.1%. For education level, the highest proportion of respondents hold a college degree (75.0%), followed by those with a graduate degree (17.1%), and those with high school education or below (7.9%). For monthly income, the largest segment of respondents earns between P21,194 but less than P43,828, categorized as lower middle class (33.6%), followed by low income (25%), middle class (17.1%), poor (13.6%), upper middle income (9.3%), high income class (0.7%), and Rich (0.7%).

Among existing users, the demographic profile reveals a predominant representation of Millennials (28 to 43 years old) comprising 46.4% of the sample, followed by Generation Z (18 to 27 years old) at 39.3%. Generation X (44 to 59 years old) accounts for 12.9%, while Baby Boomers (60 to 69 years old) constituted a smaller percentage at 1.4%. For education, the majority hold a college degree (65.7%), followed by those with a graduate degree (18.6%), and those with a high school education or below (12.1%). Regarding monthly income, the highest proportion of existing users falls within the low income category (18.6%), followed by lower middle class (38.6%), poor (17.1%), middle class (9.3%), upper middle income (10.7%), high income class (4.3%), and rich (1.4%).

3.2. Confirmatory Factor Analysis

Table 3. Confirmatory factor analysis

Construct	Item	Factor Loading	Interpretation (p-value)
Convenience	C1	0.808	Significant
	C2	0.838	Significant
	C3	0.869	Significant
Economic Efficiency	EE1	0.878	Significant
	EE2	0.841	Significant
	EE3	0.855	Significant
Functional Risk	FR1	0.796	Significant
	FR2	0.841	Significant
Security Risk	SR1	0.806	Significant
	SR2	0.772	Significant
	SR3	0.719	Significant
Critical Mass	CM1	0.868	Significant
	CM2	0.904	Significant
	CM3	0.857	Significant
Number of Services	NS1	0.866	Significant
	NS2	0.920	Significant
Trust	T1	0.890	Significant
	T2	0.893	Significant
	T3	0.871	Significant
Technology Competency	TC1	0.868	Significant
	TC2	0.927	Significant
	TC3	0.903	Significant

All factor loadings are significant at p-value < 0.001

As presented in Table 3, all standardized factor loadings exceeded the recommended threshold of 0.70, ranging from 0.719 to 0.927, and were statistically significant (p-value < 0.001), confirming strong construct validity. This demonstrates that the constructs are accurately represented by their respective items, ensuring precise measurement of the theoretical concepts.

Table 4. Confirmatory factor analysis – Correlations

Constructs	Correlation Coefficient
C - TC	0.737
C - T	0.890
C - NS	0.844
C - CM	0.801
C - SR	0.821
C - FR	0.815
C - EE	0.969
EE - TC	0.742
EE - T	0.872
EE - NS	0.804
EE - CM	0.818
EE - SR	0.774
EE - FR	0.815
FR - SR	0.862
FR - CM	0.775
FR - NS	0.800

FR - T	0.889
FR - TC	0.638
SR - CM	0.816
SR - NS	0.774
SR - T	0.944
SR - TC	0.664
CM - NS	0.844
CM - T	0.851
CM - TC	0.660
NS - T	0.887
NS - TC	0.699
T - TC	0.718

As shown in Table 4, the correlation estimates between constructs were generally high, with all correlations exceeding the recommended threshold of 0.70. This confirms the strong relationships between constructs. These strong correlations demonstrate that the constructs are closely related and interact significantly with each other, ensuring that the theoretical concepts are accurately represented and measured.

3.3. Reliability Test

Table 5 Reliability test of survey questionnaire

Construct	Cronbach's Alpha
Convenience	0.914
Economic Efficiency	0.924
Functional Risk	0.869
Security Risk	0.846
Critical Mass	0.870
Number of Services	0.849
Trust	0.910
Technology Competency	0.918
Adoption intention	0.864
Continuance intention	0.891

The reliability test results from the pilot test of the survey questionnaire affirmed the measurement instrument's reliability, indicating strong internal consistency across variables. Each construct surpassed the recommended threshold of 0.70 for internal consistency reliability, with values ranging from 0.0846 to 0.924. This outcome supports confidence in the validity of the data gathered for the study.

3.4. Descriptive Analysis

Table 6. Means and standard deviations between potential users and existing users

Construct	Potential user			Existing user		
	Mean	Std. Deviation	Interpretation	Mean	Std. Deviation	Interpretation
Convenience	3.895	0.785	High	4.460	0.505	High
Economic Efficiency	3.895	0.759	High	4.462	0.540	High
Functional Risk	3.539	0.775	High	3.968	0.465	High
Security Risk	3.321	0.834	Moderate	3.521	0.480	High
Critical Mass	3.591	0.786	High	4.200	0.434	High
Number of Services	3.754	0.741	High	4.246	0.580	High
Trust	3.633	0.863	High	4.107	0.511	High
Technology Competency	3.855	0.920	High	4.286	0.661	High
Intention	3.810	0.774	High	4.357	0.515	High

Potential users demonstrated a high level of positive perceptions across various constructs, with convenience (Mean = 3.895) and economic efficiency (Mean = 3.895) leading the rankings. These were followed by number of services (Mean = 3.754), trust (Mean = 3.633), critical mass (Mean = 3.591), and capability to manage functional risk (Mean = 3.539) of digital-only banks, while maintaining a moderate stance (Mean = 3.321) on capability of digital-only banks to manage security risk. Additionally, they exhibited confidence in their technology competency (Mean = 3.855). Lastly, they had a high level of adoption intention with a mean of 3.810.

Existing users exhibited high positive perceptions across several constructs within digital-only banks. Economic efficiency (Mean = 4.462) ranked the highest, followed by convenience (Mean = 4.460), number of services (Mean = 4.246), critical mass (Mean = 4.200), trust (Mean = 4.107) and the capability of digital-only banks to manage functional risk (Mean = 3.968) and security risk (Mean = 3.521). Furthermore, existing users demonstrated high confidence in their technology competency (Mean = 4.286) and had a strong intention to continue using the service with a mean of 4.357.

The higher positive perceptions of existing users over potential users indicate a higher level of satisfaction with the services provided, contributing to their intention to continue using the platform. This is consistent with findings from Lee and Kim (2020) and could be linked to the familiarity and experience existing users have gained with these services. In comparison, while potential users also exhibited positive perceptions across various constructs, their mean scores tended to be lower compared to existing users, indicating a slightly lower level of satisfaction in these aspects.

3.5. Hypothesis Testing

Table 7. Regression predicting digital-only banking adoption intention

Construct	Unstandardized Coefficient		Standardized Coefficient	t-value	p-value	Interpretation
	β	Std. Error	β			
(Constant)	.412	.187		2.197	.030	
Convenience	.002	.108	.002	.022	.982	Not significant
Economic Efficiency	.234	.110	.229	2.114	.036	Significant
Functional Risk	.002	.073	.002	.022	.982	Not significant
Security Risk	.025	.093	.027	.266	.791	Not significant
Critical Mass	.163	.076	.166	2.145	.034	Significant
Number of Services	.010	.086	.010	.120	.905	Not significant
Trust	.294	.109	.328	2.714	.008	Significant
Technology Competency	.181	.051	.215	3.553	.001	Significant
$R^2 = .783$	$F\text{-value} = 58.950$					

The multiple regression analysis yielded a substantial R² value of 0.783, indicating that approximately 78.3% of the variance in digital-only banking adoption intentions can be explained by the included independent variables. Furthermore, the associated F-value of 58.950 suggests a statistically significant relationship between the independent and dependent variables, supporting the robustness of the regression model. Since p-values for economic efficiency, critical mass, trust, and technology competency are all less than 0.05, indicating their significant effect on adoption intention, the null hypothesis (H01) is rejected.

The results revealed that four key determinants significantly affected consumer adoption intentions comprising economic efficiency (p-value=0.036), critical mass (p-value=0.034), trust (p-value=0.008), and technology competency (p-value=0.001). Among these factors, trust emerged as the strongest predictor, with a beta coefficient of 0.328, indicating its significant impact on adoption intentions. This was followed by economic efficiency (β = 0.229), technology competency (β = 0.215), and critical mass (β = 0.166), respectively. These findings suggest that higher levels of perceived trust, economic efficiency, and critical mass associated with digital-only banks, coupled with increased technology competency, are positively associated with greater adoption intentions. Conversely, convenience (p-value=0.982), functional risk (p-value=0.982), security risk (p-value=0.791), and the number of services (p-value=0.905) did not demonstrate statistically significant effects on digital-only banking adoption intentions.

The research reaffirmed the significant effect of economic efficiency as a determinant of adoption intention, as evidenced by research conducted by Tugade et al. (2021), Saif et al. (2022), and Nguyen (2020). Tugade et al. (2021) investigated the readiness of Generation Y and Generation Z in the Philippines to adopt digitalization in the financial sector, revealing that perceived usefulness affects the intention to use digital banking. Similarly, Saif et al. (2022) delved into attitudes on digital-only banks in Malaysia and findings underscored the positive influence of economic efficiency on adoption intention. Additionally, Nguyen (2020) affirmed the positive impact of perceived usefulness in the intention to use digital banks in Vietnam.

Critical mass emerged as another key factor, consistent with the results by Yoon and Lim (2020), Duasa et al. (2018), Sikarwar (2019), and Lee and Kim (2020). Yoon and Lim (2020) observed a favorable impact of

perceived critical mass on both the perceived utility and enjoyment derived from using internet-only banking platforms. Duasa et al. (2018) emphasized the importance of attaining critical mass, especially among educated individuals and those in the private sector, for the widespread acceptance of online banking services. They suggested that reaching a certain adoption level within these demographics could initiate a self-reinforcing cycle of increased utilization in Malaysia. Sikarwar (2019) demonstrated the significant role of social influence in shaping financial behavior in digital banking, indicating that individuals were more likely to adopt digital banking services when influenced by their social circles, including family, friends, and colleagues. Furthermore, Lee and Kim (2020) confirmed critical mass's significant impact on digital-only banking adoption intention, noting potential users' tendency to follow trends to avoid social isolation.

Trust emerged as another significant predictor, consistent with findings from research conducted by Tugade et al. (2021), Mufarih (2020), Ramli et al. (2021), Chiu et al. (2017), and Lee and Kim (2020). Tugade et al. (2021) validated the role of trust in digital-only banking applications and confidence in the perceived benefits of these services as critical determinants of intention to use these platforms. Mufarih (2020) determined that higher levels of trust in digital banks correspond to lower concerns about risk, thereby increasing the likelihood of using these services. Similarly, Ramli et al. (2021) affirmed the positive and significant influence of trust on the decision to utilize digital banks in Indonesia. Chiu et al. (2017) suggested that financial institutions can enhance trust and intention to use mobile banking by improving initial trust factors like infrastructure quality and security, along with effective marketing and communication. Lastly, Lee and Kim (2020) highlighted the significant impact of trust on the intention to use digital-only banking services in South Korea.

Lastly, technology competency emerged as another significant factor influencing the intention to use digital-only banking platforms, consistent with the findings of Akhter (2020), Bavadekar (2023), Munari (2021), and Suparno et al. (2023). Akhter's (2020) study in Bangladesh demonstrated that higher technology competency correlates with a greater willingness to adopt mobile banking services. Bavadekar (2023) found that advanced digital literacy increases trust in digital applications, promoting their usage. Similarly, Munari (2021) in Indonesia linked technological proficiency to higher engagement in digital banking, as it facilitates easier navigation through online platforms. Moreover, Suparno et al. (2023) suggested that technology competency positively impacts the interest of Generation Z in Islamic digital banks, indicating that those with higher competency are more likely to utilize such platforms.

Table 8. Regression predicting digital-only banking continuance intention

Construct	Unstandardized Coefficient		Standardized Coefficient	*t*-value	*p*-value	Interpretation
	β	Std. Error	β			
(Constant)	.380	.349		1.090	.278	
Convenience	.174	.081	.170	2.158	.033	Significant
Economic Efficiency	.165	.078	.173	2.123	.036	Significant
Functional Risk	.009	.075	.008	.120	.905	Not significant
Security Risk	.038	.073	.036	.526	.600	Not significant
Critical Mass	.015	.091	.012	.163	.871	Not significant
Number of Services	.153	.074	.172	2.073	.040	Significant
Trust	.183	.089	.182	2.062	.041	Significant
Technology Competency	.194	.057	.249	3.426	.001	Significant
R^2 = .610	*F-value = 25.642*					

The multiple regression model, with an R² of 0.610, explains 61.0% of the variance in the dependent variable. Additionally, the significant F-value of 25.642 confirms a meaningful relationship between the independent and dependent variables. Since the p-values for convenience, economic efficiency, number of services, trust, and technology competency are all less than 0.05, indicating a significant effect on digital-only banking continuance intention, the null hypothesis (H02) is rejected.

The analysis revealed that five factors including convenience (p-value=0.033), economic efficiency (p-value=.036), number of services (p-value=0.040), trust (p-value=0.041), and technology competency (p-value=0.001), significantly affect consumer continuance intentions. Notably, technology competency exhibits the strongest effect with a beta value of 0.249, followed by trust (β = 0.182), economic efficiency (β = 0.173), number of services (β = 0.172), and convenience (β = 0.170). The analysis underscores that higher individual technology competency, and higher levels of perceptions of trust, economic efficiency, number of services, and convenience with digital-only banks correspond to enhanced continuance intentions. On the other hand, perceptions of digital-only banks' functional stability, security, and critical mass did not demonstrate statistically significant effects on consumer continuance intentions.

Convenience and economic efficiency significantly affected the intention to continue using digital-only banks, as supported by Tugade et al. (2021), Saif et al. (2022), Nguyen (2020), Susanto (2023), and Lee and Kim (2020). Tugade et al. (2021) studied the willingness of Gen Y and Gen Z in the Philippines to accept financial digitalization and results indicated that perceived ease of use, usefulness, and convenience significantly influence the intention to use digital banks. Saif et al. (2022) affirmed that convenience and economic efficiency positively influence adoption of digital-only banks in Malaysia. Similarly, Nguyen (2020) confirmed that perceived usefulness and convenience positively affect the intention to use digital banks in Vietnam. Additionally, Susanto (2023) collected customer feedback from digital bank customers, revealing that convenience drives satisfaction and predicts loyalty in Indonesia. Lastly, Lee and Kim (2020) affirmed that convenience and economic efficiency influenced continuance intention of digital-only banking users in South Korea.

The number of services available also had a significant effect on continuance intention, consistent with the study by Saif et al. (2022) and Lee and Kim (2020). Saif et al. (2022) argued that the range of services offered by digital-only banks has a notable impact on adoption intention and emphasized that providing diverse services tailored to meet customer needs positively influences intention to adopt digital banks. These services include payments, ticketing, booking, messaging, shopping, chatbot assistance, informative articles, and gaming options. Moreover, Lee and Kim (2020) claimed that the number of services was significantly related to existing users' intention to continue using internet-only banks.

Trust was identified as another significant factor, consistent with Tugade et al. (2021), Mufarih (2020), Ramli et al. (2021), and Lee and Kim (2020). Tugade et al. (2021) confirmed that trust in the digital-only banks and confidence in the perceived benefits of the platform are deciding factors in the intention to use these services. Mufarih (2020) supported the notion that the higher the user's trust in the digital banking application, the lower their concerns about risk, thus making them more likely to use the system. Ramli et al. (2021) affirmed that trust has a positive influence on the decision to use digital-banks in Indonesia. Finally, Lee and Kim (2020) claimed that trust significantly affects the intention to continue using digital-only banking services.

Finally, technology competency was a significant determinant of the intention to continue using digital-only platforms, aligned with Akhter (2020), Bavadeka (2023), Munari (2021), and Suparno et al. (2023). Akhter (2020) noted that higher technology competency is linked to increased willingness to use mobile banking services in Bangladesh. Similarly, Bavadeka (2023) noted that individuals with higher levels of digital literacy were more likely to trust the features of the digital bank application, leading to increased confidence in using the platform. Munari (2021) found that greater technology proficiency increases the likelihood of using digital banks in Indonesia and enables easier navigation of online platforms, leading to higher usage and engagement. Additionally, Suparno et al. (2023) claimed that technology competency has a positive effect on the interest of the Generation Z in Islamic digital banks and that individuals with higher technology competency have greater propensity to use these platforms.

Table 9. Differences in perceptions of potential users and existing users

Construct	Potential user Mean	Existing user Mean	*t*-value	*p*-value	Interpretation
Convenience	3.895	4.460	-7.156	.000	Significant
Economic Efficiency	3.895	4.462	-7.198	.000	Significant
Functional Risk	3.539	3.968	-5.068	.000	Significant
Security Risk	3.321	3.521	-2.458	.015	Significant
Critical Mass	3.591	4.200	-8.033	.000	Significant
Number of Services	3.754	4.246	-6.199	.000	Significant
Trust	3.633	4.107	-5.588	.000	Significant
Technology Competency	3.855	4.286	-4.501	.000	Significant

The differences in means of the study variables between potential users and existing users were verified using a *t*-test. The t-values and p-values indicate significant differences in perceptions between the two groups for all constructs, with $p < 0.05$, supporting the rejection of the null hypothesis (H03). These findings support the claim that there are significant differences in how potential users and existing users perceive these factors.

Existing users had higher levels of perceived convenience, economic efficiency, capability of the platform to manage functional risk and security risk, number of services, and trust on digital-only banks and individual technology competency compared to potential users as indicated by the negative t-values. The highest disparity in t-value for critical mass suggests that existing users perceive digital-only banks as more widely used by their peers and the community. Conversely, the least disparity in t-value for security risk indicates a relatively similar perception of security risk management between potential and existing users, suggesting similar confidence in the security measures of digital-only banking platforms among both groups. This study uncovered significant differences in the perceptions of potential users and existing users of digital-only banking services, supporting the claim of Montazemi and Qahri-Saremi (2015) that consumers make distinct decisions in the pre-adoption and post-adoption stages.

4. Conclusion and Recommendations

Digital banks face the dual challenge of attracting potential users while retaining existing ones in a highly competitive market. This study underscores the importance of understanding how various factors affect adoption and continuance intentions, which are critical for formulating effective strategies tailored to different stages of the customer lifecycle. For the first objective, regression findings indicated that economic efficiency, critical mass, trust, and technology competency were significant predictors of adoption intention among potential users. Trust emerged as the strongest predictor, highlighting its crucial role in building confidence in digital platforms to attract new users. Economic efficiency and technology competency emphasized consumer priorities on value and usability, while critical mass illustrated the impact of social influence on adoption decisions.

The analysis for the second objective revealed that convenience, economic efficiency, the number of services, trust, and technology competency significantly affected the continuance intentions of existing users. This suggests that continued engagement depends on ongoing satisfaction with the efficiency, ease of use, and diversity of services offered by digital banks, coupled with sustained trust in the platform. Lastly, the third objective unveiled significant perceptual differences between potential and existing users across all constructs. This demonstrated how experience with digital-only banking distinctly shapes user perceptions. Existing users perceived greater benefits and fewer risks, reflecting the importance of actual user experience in molding perceptions and the effectiveness of positive word-of-mouth in attracting new users.

Continuous process improvement is essential for digital-only banks aiming to stay competitive and adapt to the rapidly changing user expectations. Strategic focus on these key factors can help digital-only banks not only attract new users but also ensure the long-term engagement and loyalty of existing ones, thereby driving sustainable growth and success within the sector. Implementing a data-driven approach to personalize services can significantly enhance user experience by making banking more relevant, convenient, and responsive to individual needs. Moreover, fostering a user-centric culture may lead to substantial improvements in customer acquisition, retention, and satisfaction. This involves continuously soliciting feedback from users, engaging them in the development process, and quickly adapting services to meet their evolving needs.

To boost economic efficiency, digital-only banks should conduct comprehensive user surveys and market analysis to identify specific pain points and opportunities for cost savings. These insights should inform the implementation of strategies such as adjusting interest rates on savings accounts based on user behavior and preferences. Additionally, leveraging machine learning algorithms to analyze transaction data can help identify patterns and trends, enabling banks to offer personalized recommendations for optimizing spending habits and maximizing savings. Furthermore, implementing loyalty programs that reward users for frequent transactions or maintaining higher account balances can incentivize users to consolidate their banking activities with the digital-only bank, further driving economic efficiency.

Prioritizing convenience involves optimizing the user experience across all touchpoints, from account sign-up and onboarding to day-to-day banking activities and customer support interactions. Digital-only banks can achieve this by implementing seamless omnichannel experiences that allow users to seamlessly transition between different devices and channels without losing context or functionality. This includes offering intuitive mobile app interfaces with built-in search functionality, personalized recommendations, and predictive analytics to anticipate user needs and streamline navigation. Moreover, integrating with popular third-party platforms and services, such as digital wallets, payment gateways, and financial management apps, can further enhance convenience by providing users with a unified ecosystem of tools and services to manage their finances seamlessly.

To build critical mass, digital-only banks can deploy a multifaceted approach that combines targeted marketing campaigns with strategic partnerships and community-building initiatives. This includes leveraging data analytics to identify high-potential user segments and tailoring marketing messages and incentives to resonate with their specific needs and preferences. Collaborating with popular social media figures or industry experts to endorse the platform and engage with their followers can help amplify the bank's reach and credibility. Additionally, hosting virtual events or online forums where users can share their experiences and connect with one another can foster a sense of community and encourage word-of-mouth referrals, further accelerating user acquisition and building critical mass.

To expand the number of services offered, digital-only banks should adopt an agile and iterative approach to product development and innovation, focusing on user-centric design principles and continuous feedback loops to ensure new services meet user needs and expectations. This includes conducting regular user testing and validation exercises to gather insights and iterate on new feature concepts quickly. Moreover, forming strategic partnerships with fintech startups and industry incumbents can provide digital-only banks with access to cutting-edge technologies and expertise, accelerating the development and deployment of new services.

To bolster trust, digital-only banks should prioritize clear communication regarding security measures and transaction reliability. This entails providing transparent information on security protocols and promptly addressing any transaction-related issues to ensure user confidence in the platform's reliability. Regular security audits and swift resolution of identified vulnerabilities demonstrate the bank's dedication to maintaining service integrity and security. Additionally, offering accessible customer support channels and AI-powered chatbots facilitates efficient query resolution, contributing to a positive user experience. A consistent brand image, visually appealing design, and stable performance across all digital platforms enhance the bank's credibility and trustworthiness. Leveraging social proof, such as customer testimonials and positive

reviews, enhances the bank's reputation and validates its commitment to providing reliable and secure financial services.

To enhance technology competency, digital-only banks should invest in ongoing user education and support initiatives to ensure users are proficient in leveraging the platform's features and capabilities. This includes offering comprehensive online tutorials, video demos, and interactive guides within the banking app to help users navigate complex transactions and utilize advanced tools effectively. Additionally, providing dedicated customer support channels, such as live chat, email, and phone support, staffed by knowledgeable agents who can provide real-time assistance and troubleshooting, can further empower users to overcome technical challenges and maximize the value of the platform.

5. Limitations of the Study

The study's limitations stem from the method of categorizing respondents as either potential users or existing users to analyze the factors influencing their behavioral intentions at a specific moment. Conducting a longitudinal study could offer deeper insights by tracking individuals' decisions and behavioral patterns before and after adopting digital-only banking services. This approach would provide a more comprehensive understanding of how various determinants affect intentions over time, enhancing the dynamics driving user behavior in the digital banking landscape.

Another limitation is the relatively modest sample size of 280 respondents, which may restrict the generalizability of the findings. Increasing the sample size could enhance the statistical power of the study and allow for more accurate estimations of the relationships between variables. Additionally, expanding the study to encompass a diverse range of participants from various demographic backgrounds and geographic regions could offer richer insights into factors influencing digital banking adoption and ensure broader applicability across different contexts.

Furthermore, there exists an opportunity to deepen understanding by potentially partnering with a digital-only bank to gather feedback directly from their customers. This collaboration could provide access to real-time data and user interactions, offering a richer, more accurate dataset for analyzing user behavior and preferences. This approach would not only mitigate the constraints of a generic perception study but also provide invaluable insights into tangible experiences and nuanced preferences within a targeted digital-only banking ecosystem.

References

Ahn, S.J. and Lee, S.H. (2019), The effect of consumers' perceived value on acceptance of an internet only bank service. Sustainability, Vol. 11 No. 17, 1-9.

Akhter, A., Al Asheq, A., Hossain, M. U., & Karim, M. M. (2020). Exploring customer intentions to adopt mobile banking services: Evidence from a developing country. Banks and Bank Systems, 15(2), 105-116.

Alzaidi, A., & Qamar, S. (2018). Factors affecting the adoption of internet Banking. International Journal of Business Information Systems (IJBIS), 28(1).

Bavadekar, A. (2023). Study on Effect of Perceived Efficiency of Features of Mobile Banking App and Digital Literacy of User on Perceived Trust In the App. The Online Journal of Distance Education and e-Learning, 11(2), 1-7.

Bhattacherjee, A. (2001), Understanding information systems continuance: an expectation confirmation model, MIS Quarterly, Vol. 25 No. 3, 351-370.

Bhatt, M., Shaikh, N., & Patel, M. (2023). A Study of Customer Perception toward Digital Banking Payments. International Journal of Banking Risk and Insurance, 11(2), 26-31.

Chipongian, L. (2023, August 21). War is On: PH Digital Banks Compete for No. 1 Spot. https://mb.com.ph/2023/8/21/war-is-on-ph-digital-banks-compete-for-no-1-spot

Chiu, J. L., Bool, N. C., & Chiu, C. L. (2017). Challenges and factors influencing initial trust and behavioral intention to use mobile banking services in the Philippines. Asia Pacific Journal of Innovation and Entrepreneurship, 11(2), 246-278.

Duasa, J., Nazri, N. J. Z., & Zainal, N. H. (2018). Likelihood of using online banking services among consumers: Application of the logit model. Malaysian Journal of Consumer and Family Economics, 21, 220-236.

Egala, S. B., Boateng, D., & Mensah, S. A. (2021). To leave or retain? An interplay between quality digital banking services and customer satisfaction. International Journal of Bank Marketing, 39(7), 1420-1445.

Fintech News. (2023). Fintech Philippines Report 2023. https://fintechnews.ph/wp-content/uploads/2023/08/Fintech-Philippines-Report-2023.pdf

Lee, J., & Kim, H.J. (2020). Determinants of adoption and continuance intentions toward digital-only banks. International Journal of Bank Marketing, 38, 843-865.

Kumar, N., & Mehrotra, R. (2022). A study of customer perception regarding issues and challenges in digital banking. Journal of Positive School Psychology, 1874-1878.

Li, H., Wu, J., Gao, Y. and Shi, Y. (2016), Examining individuals' adoption of healthcare wearable devices: an empirical study from privacy calculus perspective. International Journal of Medical Informatics, Vol. 88, 8-17.

Library of Congress. (2023, December). Doing Consumer Research: A Resource Guide. https://guides.loc.gov/consumer-research/market-segments/generations

Khan, I. U. (2022). How does culture influence digital banking? A comparative study based on the unified model. Technology in Society, 68, 101822.

McKinsey & Company. (2023, September 30). On the Verge of a Digital Banking Revolution in the Philippines. https://www.mckinsey.com/industries/financial-services/our-insights/on-the-verge-of-a-digital-banking-revolution-in-the-philippines

Montazemi, A.R. and Qahri-Saremi, H. (2015), Factors affecting adoption of online banking: a metaanalytic structural equation modeling study, Information & Management, Vol. 52 No. 2, 210-226.

Moreno-García, E. (2023). Internet Banking Service Perception in Mexico. Journal of Risk and Financial Management, 16(8), 364. https://doi.org/10.3390/jrfm16080364

Mufarih, M., Jayadi, R., & Sugandi, Y. (2020). Factors influencing customers to use digital banking: Evidence from Yogyakarta, Indonesia. Journal of Asian Finance, Economics and Business, 7(10), 897-907.

Munari, S. A. L. H., & Susanti, S. (2021). The Effect of Ease of Transaction, Digital Literacy, and Financial Literacy on The Use of E-Banking. Economic Education Analysis Journal, 10(2), 298-309.

Nguyen, O. T. (2020). Factors affecting the intention to use digital banking in Vietnam. Journal of Asian Finance, Economics and Business, 7(3), 303-310.

Norveel, J., Gonzalez, R., & Presthus, W. (2021). Basic digital competence in Norwegian banking. Procedia Computer Science, 00, 000-000. https://doi.org/10.1016/j.procs.2021.12.004

Prastiawan, D. I., Aisjah, S., & Rofiaty, R. (2021). The effect of perceived usefulness, perceived ease of use, and social influence on the use of mobile banking through the mediation of attitude toward use. APMBA (Asia Pacific Management and Business Application), 9(3), 243-260.

Philippines Institute for Development Studies (PIDS). (2022). How much does the middle class contribute to taxes?. https://pids.gov.ph/details/news/in-the-news/how-much-does-the-middle-class-contribute-to-taxes

Philippine Statistics Authority. (2020) More than 50 million have Access to the internet (2020 Census of Population and Housing). https://psa.gov.ph/content/more-50-million-have-access-internet-2020-census-population-and-housing

PwC. (2023). Digital Banking Survey Southeast Asia. PwC. https://www.pwc.com/gx/en/services/consulting/south-east-asia-consulting/digital-banking-survey-southeast-asia.html

Ramli, Y., Harwani, Y., Soelton, M., Hariani, S., Usman, F., & Rohman, F. (2021). The Implication of Trust that Influences Customers' Intention to Use Mobile Banking. Journal of Asian Finance, Economics and Business, 8(1), 353-361. doi: 10.13106/jafeb.2021.vol8.no1.353

Saif, M. A., Hussin, N., Husin, M. M., Alwadain, A., & Chakraborty, A. (2022). Determinants of the intention to adopt digital-only banks in Malaysia: The extension of environmental concern. Sustainability, 14(17), 11043.

Sikarwar, T. S. (2019). Social Influence and Individual Financial Behavior for Digital Banking: A Causal Study. International Journal of Accounting and Financial Reporting, 9(4), 242-159.

Statista Research (2023) Online banking users worldwide in 2020 with forecasts to 2024, by region. https://www.statista.com/statistics/1228757/online-banking-users-worldwide/

Suparno, D., Tjahjawulan, I., Martodiryo, S., & et al. (2023). The influence of financial literacy, digital literacy, digital marketing, brand image and word of mouth on the Z generation's interest in Islamic banks. International Journal of Data and Network Science, 7(6), 1975-1982.

Susanto, S. A., Manek, M. V., Setiawan, R. A., & Mustikasari, F. (2023). Customer experience in digital banking: The influence of convenience, security, and usefulness on customer satisfaction and customer loyalty in Indonesia. Devotion, 4(8), 1675-1683.

Tookitaki. (2023, April 27). The Future of Digital Banking in the Philippines and Tookitaki's Role. https://www.tookitaki.com/blog/future-digital-banking-philippines-tookitakis-role

Tugade, C., Reyes, J., & Nartea, M. (2021). Components Affecting Intention to Use Digital Banking Among Generation Y and Z in the Philippines. Journal of Asian Finance, Economics, and Business, 8(12), 509-518.

Windasari, N. A., Kusumawati, N., Larasati, N., & Amelia, R. P. (2022). Digital-only banking experience: Insights from gen Y and gen Z. Journal of Innovation & Knowledge, 7(2), 100170.

Yoon, C., & Lim, S. (2020). Factors affecting customers' acceptance of internet-only banks in Korea. Cogent Business & Management, 7(1), 1792259.

Zhang, C.B., Li, Y.N., Wu, B. and Li, D.J. (2017), How WeChat can retain users: roles of network externalities, social interaction ties, and perceived values in building continuance intention. Computers in Human Behavior, Vol. 69, 284-293.