

Gen Zs and the Future of Digital Banking: Behaviours, Preferences, and Marketing Implications for Digital Banking in Canada.

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Abstract

Like most businesses, banking has moved towards cashless payments. While this presented a challenge to some older customers, Generation Z have been brought up in a digital-first environment. This research examines the unique digital banking behaviours and preferences of Generation Z in Canada, focusing on individuals born between 1997 and 2001.

This article assesses how well digital banking services align with Generation Z's expectations and outlines critical areas for improvement. A striking finding from this study, includes the heightened influence of family members on Generation Z's trust of choosing a digital banking provider. The data suggests family influence is markedly higher than the influence of social media on Generation Z, which has a much higher influence for other forms of consumption. A sample of 316 respondents was used via an online survey of Generation Z individuals aged 23 to 27 (as of 2023) within Canada's three major regions: Central Canada, the Prairies, and the West Coast. Recommendations emphasize enhancing mobile platforms, maintaining security trust, offering culturally responsive features, and leveraging personal recommendations. The research underscores the need for financial institutions to refine their strategies continuously to meet the evolving demands of this digitally adept generation, which is at the forefront of transforming digital finance.

Introduction

The digital banking landscape has evolved over the past decade, shaped by advancements in technology and shifting consumer demographics. Among these consumers, Generation Z (Gen Z) represents a pivotal group whose banking behaviours and preferences are influenced by their upbringing in a digital-first environment. This demographic, born between the mid-1990s and early 2010s, has grown up amidst rapid technological changes, including the proliferation of internet services, smartphones, and social media. Their interaction with technology is intuitive, setting them apart from previous generations in terms of how they access and use banking services.

In Canada, Gen Z comprises a significant portion of the population, characterized by their diverse backgrounds and a high level of tech-savviness. This study seeks to understand how digital banking has adapted to meet the needs of this unique cohort, focusing on their preferences for mobile banking, expectations of personalization, responsiveness to marketing strategies, and the influence of ethical considerations on their banking choices. Research indicates that Gen Z values efficiency, security, and ethical practices in their banking interactions, preferences that demand a shift from traditional banking methods to more dynamic, digital-first approaches.

Canada's financial sector has been at the forefront of embracing digital transformation, influenced by regulatory environments that support innovation and a societal inclination towards embracing new technologies. The rapid evolution of digital banking in Canada reflects broader global trends, yet it is uniquely influenced by the country's significantly diverse demographic makeup and progressive technological adoption. This diversity necessitates a banking approach that is flexible, inclusive, and responsive to a range of cultural expectations and financial behaviours. Generation Z, in this mix, stands out as a particularly influential group due to their size and distinctive preferences shaped by digital immersion from a young age.

This background establishes the foundation for exploring the complex interplay between Gen Z's characteristics and their digital banking behaviours. By examining a sample of 316 participants, in collaboration with Centiment, this study aims to provide insights that will help Canadian financial institutions better cater to this emerging demographic, ensuring their services align with the expectations and behaviours of Gen Z consumers.

The research objectives of this article are:

- 1. To identify and analyze the digital banking behaviours and preferences of Generation Z in Canada**
- 2. To assess the influence of marketing strategies on Generation Z's banking decisions**
- 3. To understand the impact of social and ethical factors on Generation Z's banking choices**

4. To provide actionable insights for the banking industry on engaging with Generation Z

Each of these objectives contributes to building a robust framework that will help Canadian financial institutions better understand and serve Generation Z, a demographic that is set to become increasingly dominant in the consumer market.

Literature Review

Gen Z's Generational Characteristics and the Canadian Context

Generation Z (Gen Z), typically identified as those born from the mid-1990s to the early 2010s, marks a unique cohort shaped by momentous societal and technological shifts. Various sources suggest starting between 1995 and 1996 (Dolot, 2018; Fromm and Read, 2018; Witt and Baird, 2018). However, there's a consensus on the end year being around 2012, as noted in "Zconomy" by Dorsey and Villa, as well as sources like The Center for Generational Kinetics (CGK) and the Pew Research Center. These birth years are significant, enveloping critical events like the digital revolution, globalization, and the 2008 financial crisis, which have profoundly influenced Gen Z's perspectives and interactions, particularly in the digital banking sector (The Center for Generational Kinetics, 2016; Pew Research Center, 2020).

This research focuses on Generation Z due to their unique characteristics and growing influence in various domains. This generation is characterized by their digital nativity, with a strong reliance on digital platforms for social interactions and community engagement, as described in "Zconomy" by Dorsey and Villa (2020) and "Marketing to Gen Z" by Fromm and Read (2018). They exhibit a hyper-cognitive nature, continually acquiring skills to navigate the digital world (Hernandez-de-Menendez, Escobar Díaz and Morales-Menendez, 2020). Their perspectives on gender and sexual identities are fluid and expansive, challenging traditional binaries (Hammack et al., 2022). De Witte (2022) and D'Arco et al. (2023) highlight Gen Z's pragmatic approach to global challenges like climate change and their strong pro-environmental behaviour.

Diverse travel experiences and engagement with different cultures further emphasize Gen Z's global consciousness (Robinson and Schanzel, 2019). Johns Hopkins University underscores Gen Z's quest for truth and exploration, shaping their values and societal norms. In terms of entrepreneurship and employment, Gen Z shows a marked preference for job security and value-aligned organizations, showcasing their entrepreneurial spirit and risk-averse nature in the workforce (Lev, 2021).

In Canada, Generation Z forms a notable segment of the population, representing 18.2%, as detailed in Statistics Canada's 2021 Census report. This group is overshadowed only by Millennials and Baby Boomers in terms of size. The demographic distribution of Gen Z varies significantly across regions; for example, they constitute 19.7% in Alberta, 16.1% in Newfoundland and Labrador, and a striking 28.7% in Nunavut. These figures illustrate not just the substantial presence of Gen Z in Canada's demographic landscape but also the diverse geographic distribution across provinces and territories.

Gen Z in Canada, individuals aged 9 to 24 as of 2021, is marked by higher levels of education and diversity compared to preceding generations (Statistics Canada, 2022). This diversity encompasses a broad spectrum of ethnicities, religious beliefs, and gender identities, reflecting their upbringing in a globally connected, technologically advanced environment (Statistics Canada, 2022). This cohort, along with Millennials, is gradually becoming a substantial part of the working-age population, influencing changes in the Canadian labour market (Statistics Canada, 2022). Projections by the Government of Canada suggest that by 2032, GenZ could outnumber Baby Boomers and, by 2045, surpass Millennials, indicating a significant demographic shift driven by the aging of Baby Boomers and sustained immigration (Statistics Canada, 2022). Despite a notable decline in population growth during the 2020/2021 period due to the COVID-19 pandemic, Millennials and Gen Zs are expected to constitute a major portion of the working-age population by 2031, with Millennials accounting for 34.6% and Gen Z for 31.5% (Statistics Canada, 2022).

Digital Banking

Digital banking, defined by Haralayya B. (2021) as the computerization of traditional banking services, has significantly evolved, transforming how financial services are delivered and experienced. This evolution represents a shift from the need for physical banking locations to online platforms, enabling users to access banking services remotely. However, digital-only banks have often featured interchangeably in the literature on digital banking, which has presented some challenges in distinguishing them from a digital service provided by traditional banks (Windasari et al. 2022).

In recent years, the landscape of digital banking has undergone a significant transformation, deeply influenced by technological advancements. The shift towards digital banking can be traced back to early forms of electronic banking, like ATMs and cards, in the 1960s, but it gained considerable momentum in the past decade (Osei, Cherkasova and Oware, 2023). Since 2014, there has been a substantial increase in scholarly attention to Digital Banking Transformation (DBT), with a notable quantum leap in research publications (Osei, Cherkasova and Oware, 2023). This period marked the introduction of disruptive technologies such as FinTech, blockchain, and artificial intelligence into the banking sector, fundamentally altering traditional banking models and practices. The rapid adoption of digital banking over conventional methods has been a key feature of this evolution, driven by the need to enhance customer experience and operational efficiency (Osei, Cherkasova and Oware, 2023).

The digital transformation in banking has impacted business processes and revolutionized the relationship between financial institutions and their customers. Digital platforms have enabled financial institutions to provide a variety of services simultaneously, catering to a diverse customer base while improving operational efficiency. The integration of mobile technologies and social media has played a crucial role in digitizing bank value chains and addressing and influencing customer demands and expectations. This period also witnessed a significant shift in the banking industry, moving towards more customer-centric and digitally enabled business models. Banks of all sizes have invested heavily in digital initiatives to maintain competitiveness and meet customer needs more effectively, leading to greater customization and a more intimate customer experience efficiency (Osei, Cherkasova and Oware, 2023).

In recent years, the banking sector has experienced a significant integration with FinTech and technology organizations, leading to joint ventures, mergers, and acquisitions. This integration has been a driving force in the evolution of digital banking, paving the way for a more digitally transformed financial environment (Broby, D., 2021). Notable milestones include the emergence of online banks like ING Direct in the 1990s and major tech companies' introduction of e-commerce and social network-based banking services (Osei, Cherkasova and Oware, 2023). The advent of mobile banking apps, direct deposit to Peer-to-Peer (P2P) payments, and cloud-based banking platforms with AI integration have become commonplace, reflecting the industry's rapid adaptation to digital trends. This phase of evolution underscores a significant shift from traditional branch-based banking models to a digitally dominated landscape, highlighting the growing importance of digital technologies in shaping the future of banking efficiency (Osei, Cherkasova and Oware, 2023).

Factors Influencing Consumer Behaviour in Digital Banking

Technological Attributes and Consumer Behaviour in Digital Banking

The technological attributes of digital banking platforms, including usability, functionality, and integration, play a critical role in shaping consumer behaviour. Usability, defined by Nielsen (1993) as the ease of learning, utilizing, and remembering a system, directly influences customer satisfaction and the likelihood of repeated use. As Broby (2021) points out, functionality is pivotal in consumer engagement within the financial sector, with advancements like mobile banking and robotics revolutionizing service delivery. King (2019), in his book "Bank 4.0: Banking Everywhere, never at a Bank", emphasizes the integration of technology in banking, advocating for an always-on, frictionless banking environment that meets modern consumer expectations for instant and ubiquitous services.

Trust and Security Perceptions in Digital Banking

In the realm of digital banking, trust and security are of utmost importance. Studies like the "US Banking Digital Trust Benchmark 2022" by Elm (2022) and a 2021 PYMNTS study underline the importance of trust, which encompasses reliability, security, and ethical standards. Consumers' perceived risks now include concerns about data security and identity theft, affecting their engagement with digital platforms. Financial institutions communicating their commitment to security effectively can alleviate these concerns, fostering trust and encouraging the adoption of digital banking (Elm, 2022; PYMNTS, 2021).

Influence of Social Media on Digital Banking

Social media platforms significantly influence consumer behaviour in the digital banking sector. Kotler et al. (2010), in their book "Marketing 3.0: From Products to Customers to the Human Spirit," discuss the impact of expressive social media (like Facebook, Twitter, and YouTube), shaping consumer perceptions and preferences. Another platform, TikTok, has emerged as a critical source of information for Generation Z. Statista's 2022 report indicates that 40% of the world's Gen Z population utilizes TikTok for information, primarily because its content is entertaining, educational and creator-driven (Geyser, 2023). This generation places a high value

on authenticity and relatability (Francis and Hoefel, 2018). Consequently, these platforms have catalyzed a shift in marketing strategies, fostering more authentic and engaging consumer interactions (Kotler et al., 2010; Francis and Hoefel, 2018). However, it's important to note that all social media platforms can be unreliable sources of information due to the spread of misinformation and lack of rigorous content verification (Pennycook and Rand, 2020).

Cultural and Economic Factors Influencing Digital Banking

Cultural and economic factors are integral in shaping consumer behaviour in digital banking. Solomon et al. (2023) emphasize the role of culture in consumer choices, with enculturation and acculturation affecting consumption patterns. As highlighted by Francis and Hoefel (2018) and Toit et al. (2023), economic factors include fees, interest rates, and the appeal of digital-native banks, influencing consumer preferences toward cost-effective and personalized banking solutions.

The Role of Personality, Lifestyle, and Values

Solomon et al. (2023) explore how personality, lifestyle, and values impact consumer behaviour. Personality traits influence decision-making processes, lifestyles determine preferences for specific banking features, and values affect attitudes toward services like digital banking. Understanding these factors is crucial for digital banking platforms to align their services with the needs and expectations of their users, particularly in catering to the unique preferences of digital-native generations like Gen Z.

In summary, the evolution of consumer behaviour in digital banking is influenced by a complex interplay of technological attributes, trust and security perceptions, social media influence, cultural and economic factors, and individual personality traits, lifestyles, and values. These aspects collectively shape how consumers perceive, interact with, and adopt digital banking services, highlighting the need for a nuanced understanding of these diverse influences in the rapidly evolving digital banking landscape.

Behavioural Economics and its Implications in Digital Banking

Behavioural economics, a subfield that intersects economics and psychology, critically examines the classical economic assumption of rational agents in markets (Kahneman, 2011). Unlike traditional economics, which assumes that individuals always make decisions to maximize their utility, behavioural economics highlights how humans are subject to cognitive biases, possess limited self-control, and are influenced by social and emotional factors, leading to decisions that often deviate from strict rationality (Kahneman, 2011).

In "Thinking, Fast and Slow," published in 2011, Daniel Kahneman elaborates on these concepts, introducing a detailed analysis of the dual-process theory of human thought, which affects decision-making processes. This perspective is particularly relevant when analyzing the financial behaviours of Generation Z, who predominantly interact with financial institutions via digital banking platforms. Drawing from Thaler and Sunstein's nudge theory (2008), digital banking can be strategically designed to guide Gen Z toward more prudent financial behaviours. By incorporating elements that

promote savings, investment, and responsible spending, these platforms can 'nudge' Gen Z users towards better financial decisions while preserving their choice autonomy.

For digital banking in Canada, these behavioural insights have critical implications. Financial institutions can leverage this understanding to design digital interfaces and banking experiences that resonate with Gen Z's behavioural patterns. For instance, incorporating gamification elements can effectively nudge this cohort towards desirable financial behaviours, such as saving (Thaler and Benartzi, 2004). Simplifying the presentation of financial options caters to their desire for ease of use and clarity, mitigating the paradox of choice (Schwartz, 2004) that can overwhelm users with too many options. Moreover, showcasing community savings goals and successes could capitalize on Gen Z's inclination towards communal and social influences. By integrating these behavioural economics principles, Canadian financial institutions can attract Gen Z users and foster a more financially literate and responsible generation equipped to navigate the complexities of the modern economic landscape.

Gen Z's Adoption of Digital Banking

Canadian and International Perspectives

The ascent of digital banking has been significantly shaped by Generation Z's embrace of technological solutions for their financial needs. In Canada, this trend is manifested by a substantial increase in mobile app-based banking usage, rising from 56 percent in 2018 to 65 percent in 2021, with Gen Z and Millennials leading this digital charge (Canadian Bankers Association, 2022). The broader adoption of digital channels for banking transactions is notable, with 78 percent of Canadians managing their banking online, up from 68 percent in 2016. This shift is further affirmed by the 90 percent of consumers who recognize the enhanced convenience of new technologies, and 86 percent of Canadians believe their bank's services have improved due to technological advancements (Canadian Bankers Association, 2022).

Globally, the United States reflects a parallel trend, where a significant 95 percent of Gen Z individuals utilize mobile banking, highlighting a generational shift toward digital financial management (Statista, 2023). This proclivity for digital banking is catalyzed by integrating gamification and interactive, user-centric service design, resonating with Gen Z's affinity for engaging and seamlessly integrated digital experiences (Witt and Baird, 2018). Such innovations not only cater to the expectations of the younger demographic but also signal a universal transition in banking behaviours, indicative of potential growth in the digital financial services sector globally (Witt and Baird, 2018).

In summary, the digital banking landscape in Canada, as influenced by Generation Z, underscores a definitive trend toward mobile, app-based solutions. This generation's reliance on digital banking, with nearly half of Gen Z (46 percent) preferring apps for their banking needs, reflects comfort with technology that is reshaping the financial sector (Canadian Bankers Association, 2022). As the industry evolves to meet these digital expectations, mobile transactions are anticipated to become increasingly prevalent, with current satisfaction levels at 80 percent and expected to rise (Canadian Bankers Association, 2021). The Canadian experience, therefore, is emblematic of an international movement, with Gen Z at the helm of a future where digital banking is the norm.

Marketing Strategies for Digital Banking Targeted at Gen Z

Integrating Effective Communication

Gen Z, a digitally native and trendsetting demographic, requires innovative, direct, and digital-first communication strategies (Dorsey and Villa, 2020). Brands must embrace platforms and media that resonate with Gen Z, such as social media, influencer marketing, and interactive digital experiences (Dorsey and Villa, 2020). Authenticity and transparency are essential, as this generation values genuine brand interactions over traditional advertising. Utilizing storytelling and content that reflects their values and interests is crucial for effective engagement (Dorsey and Villa, 2020).

Personalization

Personalization is paramount in attracting and retaining Gen Z customers. This generation expects services and marketing to be tailored to their individual preferences and needs (Dorsey and Villa, 2020; Fromm and Read, 2018). Digital banking platforms can leverage data analytics and AI to provide personalized financial advice, product recommendations, and customer service. Personalization also extends to user experience design, ensuring that banking apps and websites are intuitive, user-friendly, and customizable (Dorsey and Villa, 2020; Fromm and Read, 2018).

Customer Experience

Customer experience for Gen Z goes beyond mere transactions. It encompasses a seamless, engaging, and hassle-free journey across all digital touchpoints (Dorsey and Villa, 2020; Fromm and Read, 2018). This includes fast and efficient online services, 24/7 customer support, and a strong mobile presence (Fromm and Read, 2018). Ensuring data security and privacy is also vital, as Gen Z is highly aware of these aspects (Dorsey and Villa, 2020; Fromm and Read, 2018; Witt and Baird, 2018). Creating an omnichannel experience that smoothly transitions between online and offline channels can further enhance customer satisfaction (Dorsey and Villa, 2020; Fromm and Read, 2018; Witt and Baird, 2018).

Brand Loyalty

To foster brand loyalty among Gen Z, digital banks need to consistently deliver value and align with their social and environmental values (Fromm and Read, 2018). Loyalty programs that reward engagement and transactions can be effective, but they must be coupled with a more profound brand mission that resonates with this generation's desire for social change (Dorsey and Villa, 2020; Fromm and Read, 2018). Engaging Gen Z through community initiatives, sustainable practices, and corporate responsibility can strengthen loyalty (Dorsey and Villa, 2020; Fromm and Read, 2018).

Advocacy

Gen Z's influence in their networks can be harnessed to turn satisfied customers into brand advocates (Dorsey and Villa, 2020). Encouraging social sharing, creating referral programs, and engaging them in co-creating services or products can promote advocacy. User-generated content and positive online reviews can also amplify the

brand's reach and credibility among Gen Z audiences (Dorsey and Villa, 2020; Witt and Baird, 2018).

Prospects of Digital Banking for Gen Z in Canada

Financial Behaviour of Gen Z in Canada

Generation Z in Canada has shown a notable shift towards prudent financial behaviour, influenced significantly by economic upheavals such as the 2008-09 financial crisis and the COVID-19 pandemic (Canadian Bankers Association, 2021). These events have fostered a strong ethos of savings and budgeting within this demographic. According to the Canadian Bankers Association (2021), Gen Z actively engages in budgeting, with 71 percent of them practicing some form of expense management. A significant portion (58 percent) uses formal methods like written records, spreadsheets, and digital tools to maintain their budgets. Despite facing barriers such as low income and unexpected expenses, 77 percent consistently allocate a portion of their income to savings, averaging around nine percent. This generation also demonstrates a cautious approach towards debt, with 73 percent carrying some form of debt and actively managing it yet experiencing anxiety over their financial obligations (Canadian Bankers Association, 2021). The robust trust Gen Z places in banks (80%) and their proactive seeking of financial advice (69 percent) highlight their commitment to financial stability and informed decision-making (Canadian Bankers Association, 2021; Valenti and Alderman, 2021).

The COVID-19 pandemic's disproportionate impact on Gen Z in Canada, especially those in the service sector, has disturbed their educational and career trajectories, alongside financial stability (Canadian Bankers Association, 2021). However, this demographic exhibits a resilient outlook toward their financial future, actively strategizing to enhance their financial resilience (Canadian Bankers Association, 2021). This resilience is manifest in their savings behaviour. The Canadian Banker's Association survey (2021) indicates that three-quarters of Gen Z participants possess a savings account, and a similar proportion (77 percent) consistently allocate a portion of their income to savings, averaging nine percent. Notably, this savings mindset persists even among those in precarious financial conditions (68 percent), underscoring a generational shift towards financial prudence. Gen Z's top saving priorities are emergency funds and financial independence, a response shaped by the pandemic's unpredictability and economic shock (Canadian Bankers Association, 2021).

Digital banking strategies in Canada must concentrate on features that facilitate resilience-building, such as adaptable financial solutions and tools for managing emergency funds. Additionally, in various articles, PwC Canada (2023) underscores the ongoing digital transformation in Canadian banks, highlighting the critical need to develop distinctive customer experiences and new efficiencies to meet the demands of Gen Z.

Technology and Innovation

Gen Z's proficiency with routine financial responsibilities has matured, pivoting towards a need for assistance with overarching financial objectives like investment and emergency fund accrual (Reich G., 2023). This generational transition

accentuates the necessity for digital banking platforms to offer extensive financial planning tools and tailored educational resources. Additionally, Gen Z's preference for tech-centric solutions, including mobile banking apps and contactless payments, necessitates continual innovation in these domains (Canadian Bankers Association, 2022). Valenti and Alderman (2021) suggest that integrating human elements into digital banking can enhance Gen Z's satisfaction and loyalty, indicating that a blend of human and digital banking features is crucial for future banking strategies.

Inclusion and Accessibility

Gen Z in Canada represents a heterogeneous demographic with diverse financial experiences and challenges. Notably, members of Gen Z, including women, Black, and Hispanic individuals, often confront more pronounced financial difficulties compared to their White or male counterparts (Reich, 2023). Consequently, digital banking solutions must prioritize inclusivity and accessibility, catering to the varied financial needs of Gen Z's various segments globally (Reich, 2023).

Local and Global Connectivity

The growing preference for digital banking channels among Canadians, particularly Gen Z, signifies a shift towards more globally integrated financial services. Gen Z's affinity for online and mobile banking, coupled with their receptiveness to private cryptocurrencies, indicates the necessity for digital banking platforms that enable seamless international transactions and offer diverse currency options (Canadian Bankers Association, 2021).

Future Challenges and Opportunities

The swift evolution of banking technology presents both challenges and opportunities for the realm of digital banking in Canada. Financial institutions must persist in innovating and adapting to Gen Z's evolving preferences, ensuring services maintain flexibility, security, consistency, and accessibility. As consumer behaviours and expectations continue to transform, influenced by technological advancements and the pandemic, Canadian banks need to stay agile and responsive (Canadian Bankers Association, 2021). PwC Canada (2023) underscores the importance of banks continuing to embrace emerging technologies and new business models to maintain relevance and build trust in an increasingly digitalized world.

Synthesis of Literature and Research Implications

The extensive literature review on Generation Z's engagement with digital banking in Canada offers insights into this unique cohort's impact on the financial sector. Identified as individuals born from the mid-1990s to the early 2010s, Gen Z has experienced significant societal and technological shifts, including the digital revolution and the 2008 financial crisis. These events have profoundly influenced their attitudes and behaviours, especially in digital banking.

Gen Z's digital nativity is a defining characteristic. Accustomed to rapid technological progress, they expect comprehensive digital integration in their lives, including banking. Their comfort with digital platforms extends to social interactions and

community engagement, emphasizing their reliance on technology for various facets of life.

Their hyper-cognitive nature and adaptable perspectives, particularly on gender and sexual identity, challenge traditional norms. These traits necessitate digital banking platforms that are not only technologically advanced but also socially and ethically conscious. In Canada, Gen Z represents a significant demographic segment characterized by high education levels and diversity. Their growing influence in the labour market suggests a corresponding impact on the digital banking sector.

Digital banking has evolved remarkably, shifting from traditional methods to a digitized model driven by FinTech, blockchain, and AI innovations. This evolution aligns with Gen Z's preference for mobile and app-based banking solutions, prioritizing efficiency and accessibility.

Marketing to Generation Z requires innovative and digital-first strategies. This generation values authenticity, transparency, and personalized experiences. They engage with brands that mirror their values and interests, emphasizing the importance of relatable content and storytelling. A seamless, engaging customer experience across digital platforms, coupled with stringent data security and privacy measures, is crucial for Gen Z.

In conclusion, the literature review highlights Gen Z's unique characteristics and their significant influence on the future of digital banking in Canada. Their digital nativity and expectations for efficient, socially responsible banking experiences are reshaping the sector. As they gain economic prominence, their preferences and behaviours will crucially shape the financial sector's trajectory, underlining the need for ongoing research and adaptation in digital banking.

Despite the extensive analysis, gaps and opportunities for further research remain in this dynamic field. One area is the exploration of Gen Z's long-term financial behaviours as they age and their economic power increases. Understanding how their early experiences and preferences evolve could offer valuable insights into future banking trends and consumer needs.

There is also a need for more nuanced research into the diverse segments within Gen Z, particularly how cultural, economic, and regional differences within Canada impact their digital banking preferences and behaviours. This could help in designing more inclusive and tailored banking solutions.

Another potential area of research is the impact of emerging technologies like cryptocurrencies and blockchain on Gen Z's banking habits. As these technologies gain traction, it's crucial to understand how Gen Z perceives and interacts with these innovations.

Further research could also delve into the psychological and behavioural aspects of Gen Z's digital banking experience, exploring how trust, security perceptions, and user interface design influence their banking choices and satisfaction.

Lastly, with the rapid pace of technological advancements, continuous research is needed to keep abreast of new trends and tools in digital banking, ensuring that

financial institutions can adapt and meet the evolving needs of Gen Z consumers. This includes the potential impact of AI and machine learning on personalizing banking experiences and enhancing customer service efficiency.

In conclusion, while the current literature provides a substantial foundation of knowledge, the dynamic nature of technology, economics, and generational behaviours presents ongoing opportunities for further exploration and understanding of Gen Z's relationship with digital banking.

Methodology

This research integrates a multi-dimensional approach to theoretical frameworks, addressing various facets of digital banking behaviour among Generation Z. The Extended Technology Acceptance Model (TAM), as elaborated by Davis (1989) and further developed by Venkatesh and Bala (2008), provides a foundational perspective on technological attributes influencing technology adoption, pertinent for exploring Gen Z's interactions with digital banking platforms (Davis, 1989; Venkatesh and Bala, 2008). Complementing this, the Unified Theory of Acceptance and Use of Technology (UTAUT), proposed by Venkatesh et al. (2003), offers an expanded view, incorporating social influence and facilitating conditions, vital in understanding the effects of social media and cultural factors (Venkatesh et al., 2003).

To address the crucial aspect of trust in digital banking, McKnight, Choudhury, and Kacmar's Trust in E-Commerce model (2002) is employed, focusing on factors like perceived website quality and company reputation, key in analyzing how design and functionality influence Gen Z's trust in digital banking platforms (McKnight, Choudhury, and Kacmar, 2002). Additionally, Gefen et al.'s framework on Trust and TAM in Online Shopping (2003) is integrated to understand the role of familiarity and social presence in the development of trust (Gefen, Karahanna and Straub, 2003).

Furthermore, applying the Nudge Theory, grounded in behavioural economics articulated by Thaler and Sunstein (2008), is vital for exploring strategic influences on Gen Z's financial behaviours through digital banking platforms (Thaler and Sunstein, 2008). The Consumer Decision-Making Model will also be used to comprehend the decision-making processes specific to Gen Z in the context of digital banking (Blackwell et al., 2006). Moreover, as discussed by Solomon et al. (2023), Cultural Theory facilitates an analysis of how cultural influences affect Gen Z's banking choices, aligning with Canada's multicultural landscape (Solomon et al., 2023).

Additionally, this research incorporates O'Toole *et al.* (2021) insights on the technological empowerment and behavioural shifts during the Covid-19 pandemic, online shopping behaviour insights by Dorsey and Villa (2020) and the ethical consumption and marketing framework relevant to Generation Z by Djafarova and Foots (2022).

These frameworks provide a comprehensive lens to analyze the complex interplay of technological, social, cultural, economic, and psychological factors, along with trust dynamics, in influencing digital banking adoption and usage among Generation Z. This integration of diverse perspectives aims to offer a nuanced understanding of the factors driving Gen Z's engagement with digital banking services in the Canadian context.

A quantitative approach is particularly suitable for this research due to its capability to systematically gather and statistically analyze data across a broad demographic. The focus on Canadian Gen Z individuals born within this five-year span is not only demographically significant but also practically driven, acknowledging the constraints of time and resources in conducting expansive research. By narrowing down the age range, the study can delve deeper into the unique digital banking behaviours and preferences of this specific cohort, offering more targeted and relevant insights.

Data Collection Methods

This study employs an online survey methodology, initially intended to be distributed via Google Forms to Generation Z individuals aged 23 to 27 (as of 2023) within Canada's three major regions: Central Canada, the Prairies, and the West Coast. These regions were selected for their demographic significance, representing the diverse cultural and population dynamics of Canada's urban centers. The aim was to conduct the survey across the ten largest Census Metropolitan Areas (CMAs) identified by the 2021 Census, ensuring a broad understanding of digital banking trends within this demographic. The specific demographic breakdown and targeted areas for the survey are detailed in **Table 1: Sample Calculations**, which lists the population of Canada's largest CMAs and the number of individuals aged 20 to 24 in these areas, providing a foundational demographic context for the study's sampling strategy.

Table 1: Sample Calculations.

Province	Canada's 10 largest Census Metropolitan Areas (CMAs), in 2021 and their total number populations	# of people between 20 and 24 years old as of 2021 in each CMA
Central Canada		
Quebec	Québec: 839,311	45,550
Quebec	Montréal: 4,291,732	257,910
Ontario	Toronto: 6,202,225	418,430
Ontario	Hamilton: 785,184	47,580
Ontario	Kitchener - Cambridge - Waterloo: 575,847	41,905
Ontario	Ottawa - Gatineau: 1,488,307	95,520
Total		906,895
Prairies		
Alberta	Calgary: 1,481,806	86,665
Alberta	Edmonton: 1,418,118	88,190
Manitoba	Winnipeg: 834,678	61,050
Total		235,905
West Coast		

British Columbia	Vancouver: 2,642,825	174,255
Total		174,255
Total Gen Z population between 20 and 24 years of age as of 2021 in the 3 Canadian regions		1,317,055

In determining the required sample size for this study, several online calculators were utilized to ensure the accuracy and reliability of the results. These tools included the Sample Size Calculator from OmniCalculator, Creative Research Systems, and Conjointly, which provided comprehensive calculations considering the desired confidence level and margin of error. These resources enabled the precise estimation of a sample size of 385 participants, reflecting the population distribution across Canada's major regions and ensuring the sample's representativeness for a robust analysis of Generation Z's digital banking behaviours.

To allocate the calculated sample size accurately across the regions, the proportions of the Generation Z population in each major region were computed to ensure representativeness across differing demographic densities. **Table 2: Calculating the proportions for each region** details these calculations, highlighting the percentage allocations based on the population data of Generation Z between 20 and 24 years old in each region. Central Canada, comprising the largest portion of the population, was allocated 68.86 percent of the sample, followed by the Prairies at 17.91 percent and the West Coast at 13.23 percent. These proportions were calculated using the total Gen Z population eligible for the study within these regions, ensuring that each region's sample size is proportionate to its population, thereby maintaining demographic integrity in the survey results.

Table 2: Calculating the Proportions for each Region.

Region	Calculation	%
Central Canada	$= 906,895/1,317,055*100$	68.86%
Prairies	$=235,905/1,317,055*100$	17.91%
West Coast	$=174,255/1317,055*100$	13.23%

Despite initial plans for wide-reaching recruitment through social media and academic platforms, the response was less than anticipated. To address this challenge and ensure a viable sample size, this study partnered with Centiment, a company specializing in sourcing research participants. Due to budget constraints, this collaboration enabled the acquisition of 316 participants, a deviation from the initially targeted 385. The sample was still stratified to reflect the regional distribution of Canada's Gen Z population, although with adjusted proportions based on the available

budget. While every effort was made to avoid selection bias because of the reduced sample size, it cannot be guaranteed.

The recruitment adjustment ensured adherence to ethical standards, including informed consent, with participants receiving detailed information about the study's purpose and their rights. The survey, developed on the company's online platform, remained unchanged, consisting of structured questions to elicit insights into Gen Z's experiences with digital banking.

Research Objectives and Variables

The primary objective of this research is to examine the digital banking behaviours, preferences, and trust dynamics of Generation Z in Canada, focusing on those born between 1997 and 2001. This study aims to provide a comprehensive understanding of how this demographic interacts with digital banking platforms and to suggest actionable insights for the banking industry to effectively engage with Generation Z. To achieve this, the research will examine a comprehensive set of variables, each meticulously measured to ensure precision and relevance. Each variable will be operationalized with specific, measurable indicators, ensuring the data collected is quantifiable and directly relevant to the study's aims. The survey instrument will be designed to capture these variables accurately, allowing for a nuanced analysis of Gen Z's digital banking behaviours. This comprehensive approach ensures that the research captures a broad spectrum of factors influencing Gen Z's engagement with digital banking and addresses the intricate subtleties of their preferences and behaviours in the digital financial landscape.

Research Survey

The questionnaire developed for this research serves as a key instrument for data collection, specifically tailored to explore the digital banking behaviours of Generation Z in Canada. It is structured to systematically gather data on a variety of variables, including trust, usability, consumer engagement, and more, through a blend of Likert scale questions, multiple-choice options, and open-ended queries. This comprehensive questionnaire is designed to yield nuanced insights relevant to the study's objectives.

This placement ensures the study's main narrative remains focused and concise while providing complete transparency and accessibility to the research methodology.

Table 3: Research Survey Variables.

Variable	Scope/Description	KPIs to Examine
Integrated trust and marketing response	Evaluates Gen Z's trust in digital banking as influenced by marketing strategies. Addresses both trust aspects and marketing impact.	<ul style="list-style-type: none"> ● Trust ratings in relation to marketing campaigns ● Perception of ethical standards in marketing
Usability and technological innovation	Assesses the impact of usability on Gen Z's adoption of new digital banking technologies, focusing on interface design and ease of use.	<ul style="list-style-type: none"> ● Rate of adoption for new features and technologies ● Comparison of usability between different digital banking platforms
Engagement and personalization	Explores how personalized banking experiences influence Gen Z's engagement with digital banking platforms.	<ul style="list-style-type: none"> ● Frequency of use correlated with preferences for personalized features ● Engagement levels in relation to personalized financial advice
Social and ethical influence	Investigates how social influences and ethical considerations affect Gen Z's digital banking choices, focusing on peer influence and ethical banking practices.	<ul style="list-style-type: none"> ● Influence of social media and peers on banking choices ● Importance of ethical banking practices in the choice of bank ● Sensitivity to a bank's environmental policies

Data Analysis

The data from the online survey facilitated through the partnership with Centiment will undergo a rigorous quantitative analysis process. As part of their service, Centiment will provide initial tables and an Excel spreadsheet containing the raw data collected from the 316 participants. This preliminary analysis will serve as a foundational layer for further in-depth examination and interpretation of this study's research objectives.

Upon receipt of the data from Centiment, the study will employ a targeted approach to analyze the data, focusing primarily on descriptive statistics to summarize the dataset and highlight the main characteristics and responses of participants. The analysis will be streamlined to concentrate on descriptive insights that directly inform Gen Z's digital banking behaviours, preferences, and trust dynamics. This focused approach will allow for a clearer presentation of the core findings relevant to the research objectives.

Statistical software such as SPSS will be used for this purpose, chosen for its capabilities in handling complex datasets and performing various statistical tests efficiently. These tools will be instrumental in accurately processing the survey data and ensuring the integrity of the analysis, thereby aiding in the clear presentation and interpretation of the findings.

To further ensure the validity and reliability of these findings, the study will implement several measures, including a careful review of the survey design, to reduce biases and ensure that the questions accurately capture the intended variables. The sampling method, adapted to the realities of the research process and facilitated by Centiment, will contribute to the study's validity by aiming for a representative sample of the Gen Z population within the logistical constraints encountered. These steps will be crucial in maintaining the scientific rigour of the study, allowing for a dependable and valid interpretation of Gen Z's engagement with digital banking.

The study will also include a thorough assessment of any potential confounding variables and explore patterns within the data, critically evaluating the results to provide credible insights into Gen Z's digital banking trends in Canada. By building upon the initial data set received from Centiment and conducting a detailed statistical analysis, this research aims to present a comprehensive view of the subject matter, contributing valuable insights to both academic discourse and practical applications within the banking industry.

Ethical Considerations

This research involving human participants has been designed with stringent adherence to ethical principles. Key considerations include ensuring confidentiality and privacy of participant data, obtaining informed consent, and respecting participants' rights to withdraw from the study at any time.

Given the use of data provided by Centiment, it is also pertinent to ensure that the data handling practices meet ethical standards. This includes verifying that Centiment's data collection processes align with ethical guidelines concerning privacy, confidentiality, and informed consent. The study will ensure that all data received is anonymized and that participants' privacy is upheld.

Limitations and Challenges

This study, while methodologically robust and comprehensive, acknowledges several limitations that have arisen due to practical constraints and adjustments in the research approach. The primary limitation is the reduced sample size, from 385 to 316 participants. This reduction, driven by budgetary limitations and the necessity of partnering with Centiment for participant recruitment, potentially affects the generalizability of the findings across Canada's Gen Z demographic. Despite efforts to maintain a representative sample, the smaller cohort may reduce the analysis's statistical robustness.

Furthermore, the reliance on a third-party company, Centiment, for the sourcing of participants and the provision of preliminary data analysis introduces a dependency on their methodology, recruitment strategies, and data processing practices. While this partnership has enabled the continuation of the research within the constraints encountered, it also necessitates trust in the quality and ethical standards of Centiment's data collection processes.

Additionally, the online survey method, while effective in reaching a dispersed and diverse demographic, may introduce biases such as self-selection and social desirability biases. These biases could influence the responses, with participants who are more digitally savvy or have strong opinions about digital banking being more likely to participate. To mitigate these effects, the survey design aimed to be neutral and inclusive, encouraging honest and varied responses.

The study also faces the challenge of maintaining participant engagement throughout the survey process, especially given the indirect recruitment through Centiment. Strategies to overcome this include ensuring the survey is concise and communicating its significance and relevance to potential participants.

Despite these limitations and challenges, the research design and methodology have been carefully crafted to address and mitigate their impacts as much as possible. The study remains committed to providing valuable insights into the digital banking behaviours of Generation Z in Canada, contributing to both academic knowledge and practical applications in the banking industry. While presenting challenges, the partnership with Centiment also offers a unique opportunity to explore this demographic's banking behaviours through a new lens, enriching the research with a diverse range of perspectives and experiences.

The methodology has been designed to reflect an evolved approach, which underscores a commitment to exploring digital banking behaviours among Canada's Generation Z. Confronted with practical constraints, the research design was adeptly adapted, ensuring the study's integrity and relevance.

Our collaboration with Centiment has been pivotal, facilitating access to a targeted sample within the confines of budgetary and logistical limitations. This partnership has not only allowed the research to progress but also provided a foundational data set, which was analyzed to enhance the depth of the investigation. The integration of this data underscores the flexibility inherent in the research methodology, guaranteeing a robust and empirically grounded study.

Findings

The survey garnered responses from 316 individuals born between 1997 and 2001 residing in major urban centers across Canada. The demographic data collected offers insights into the age, geographical distribution, employment status, educational attainment, and gender identification of the participants. This foundational demographic information is essential for understanding the context of digital banking behaviours among Generation Z in Canada.

Age Distribution

The age range of participants was 23 to 27 years, capturing the full spectrum of Generation Z within the study's scope. The distribution is as follows:

- 29% were 23 years old,
- 16% were 24 years old,
- 19% were 25 years old,
- 17% were 26 years old,
- 19% were 27 years old.

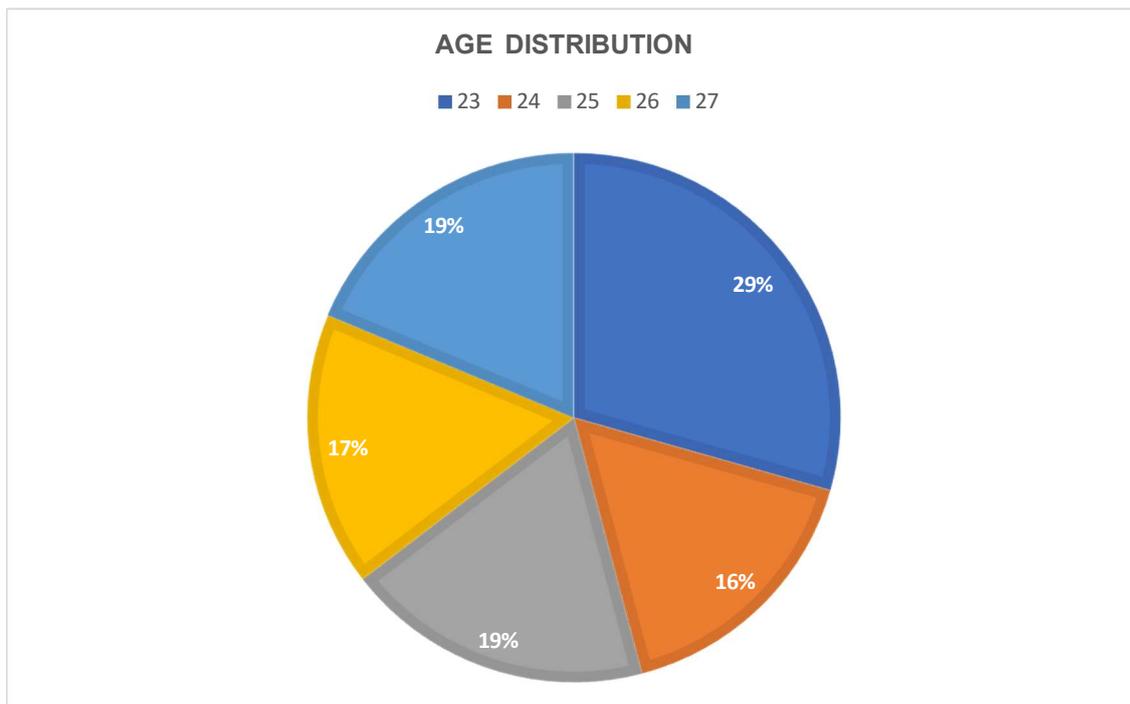


Figure 1: Age distribution of the survey participants.

Geographical Representation

Participants hailed from various provinces, indicating the regional diversity of digital banking users within this demographic:

- Ontario: 47.15%,
- Quebec: 20.89%,
- Alberta: 13.61%,

- Manitoba: 4.11%,
- British Columbia: 14.24%.

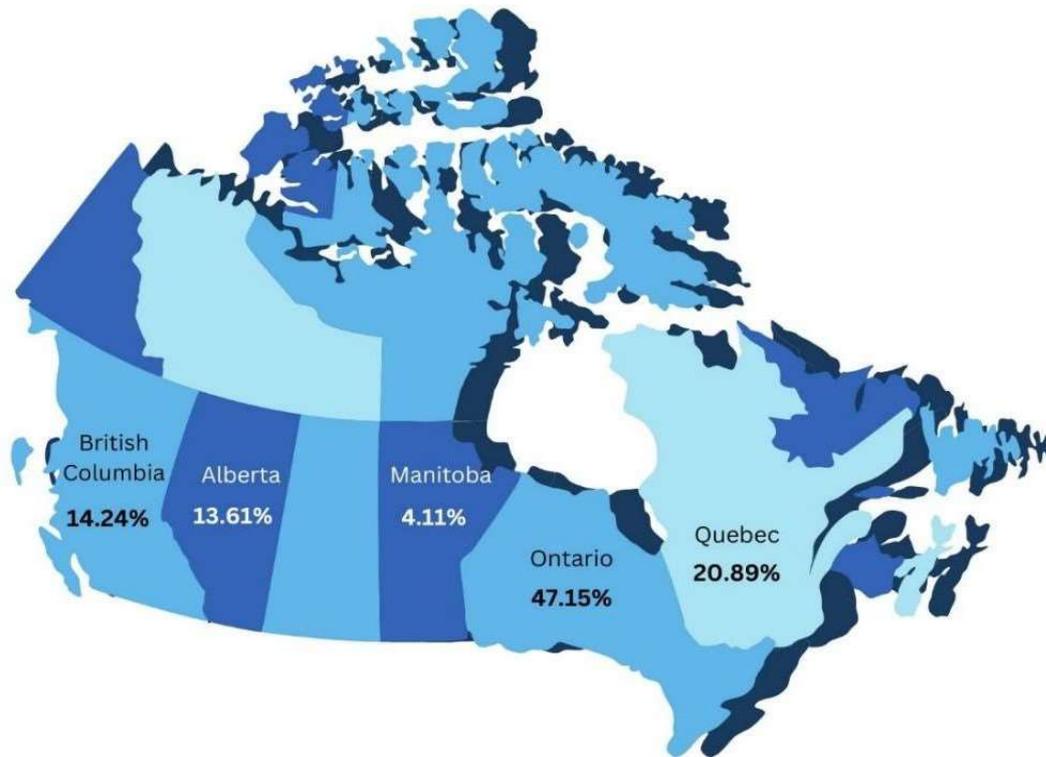


Figure 2: Geographic distribution of participants.

Employment Status

The employment status of respondents varied, providing insights into their financial engagement:

- Full-time employment: 57.28%,
- Part-time employment: 17.41%,
- Unemployed: 10.13%,
- Students: 13.61%,
- Other employment statuses: 1.58%.

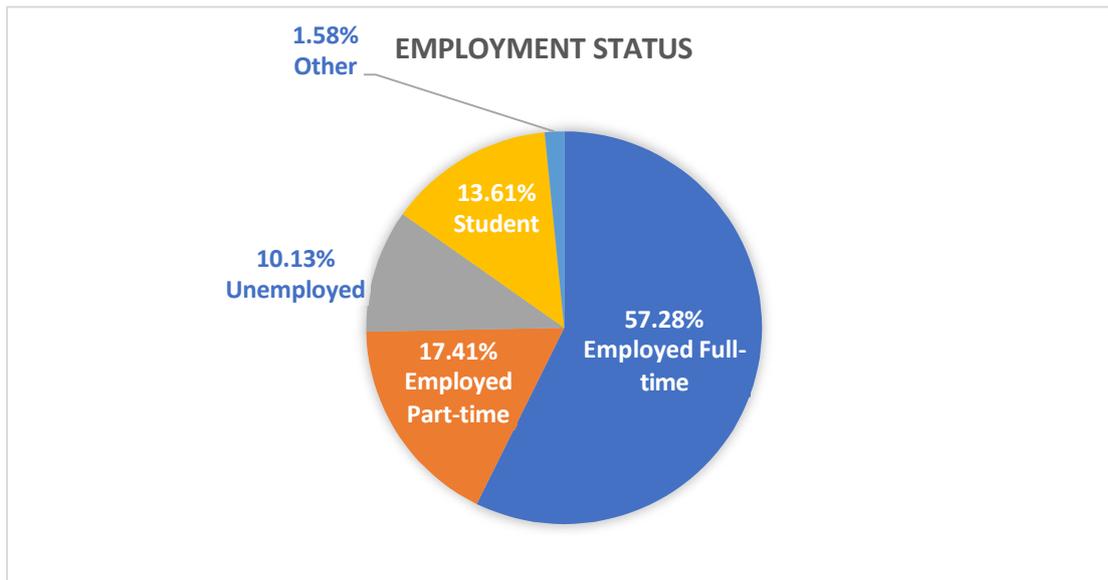


Figure 3: Employment status of survey participants.

Educational Attainment

Educational backgrounds among the participants were diverse, which could influence their digital banking behaviours:

- Some high school education: 4.11%,
- Completed high school: 21.20%,
- Trade or Technical education: 5.06%,
- College or University degrees: 58.23%,
- Postgraduate education: 10.13%,
- Other forms of education: 1%.

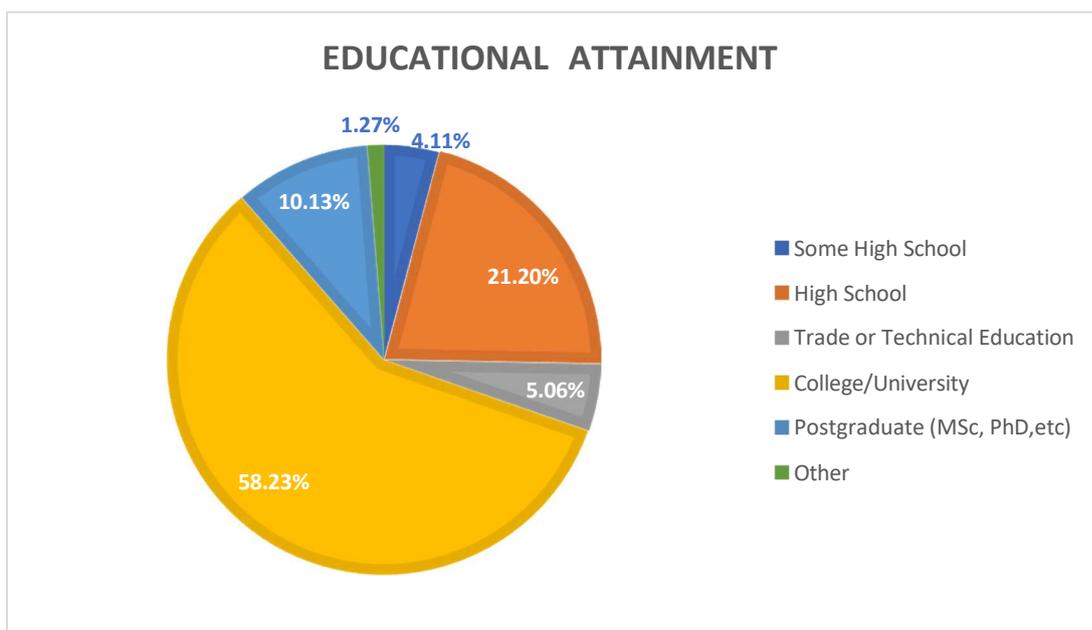


Figure 4: Educational attainment of survey participants.

Gender Distribution

The survey ensured a gender-inclusive approach:

- Male: 48.42%,
- Female: 50.95%,
- Non-binary: 0.63%.

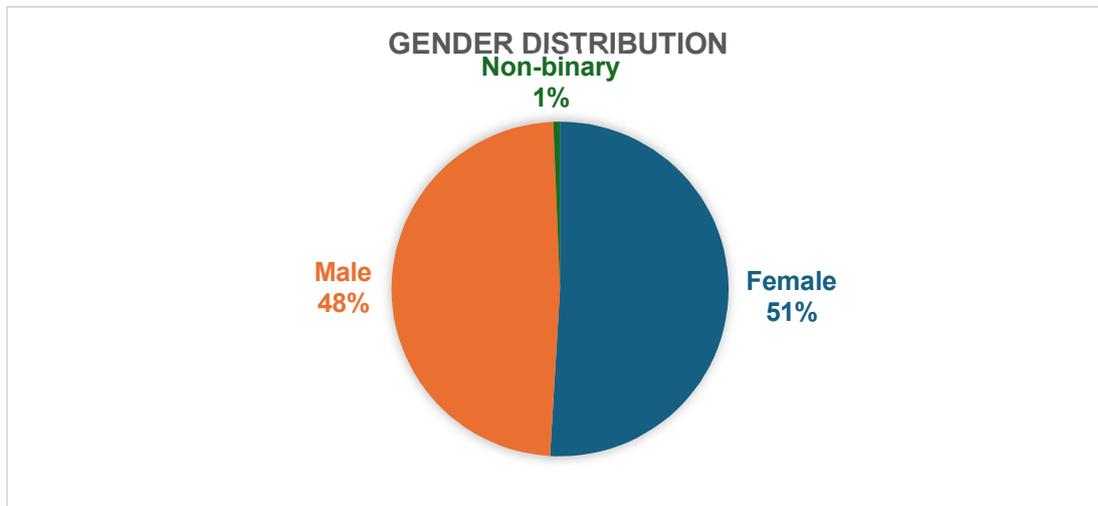


Figure 5: Gender distribution of survey participants.

This demographic breakdown underscores the diversity within Generation Z's digital banking users in Canada, touching upon various aspects of financial independence, regional differences, and varied financial engagement due to employment and education levels. Additionally, the inclusivity in gender representation provides a foundation for understanding the broad spectrum of digital banking trends within this cohort. The subsequent sections will delve into how these demographic factors correlate with digital banking adoption rates, preferences, and trust dynamics among Generation Z in Canada without drawing conclusions on their broader implications until the analysis chapter.

Adoption of Digital Banking Platforms

Digital Banking Platform Usage

The survey revealed a high adoption rate of digital banking platforms (web-based and mobile banking applications) among Generation Z participants. With 90% of respondents indicating they use either web-based online banking or mobile banking apps, the data underscores the prevalent integration of digital solutions in financial activities within this age group. Only 10% of respondents do not use any digital banking platforms.

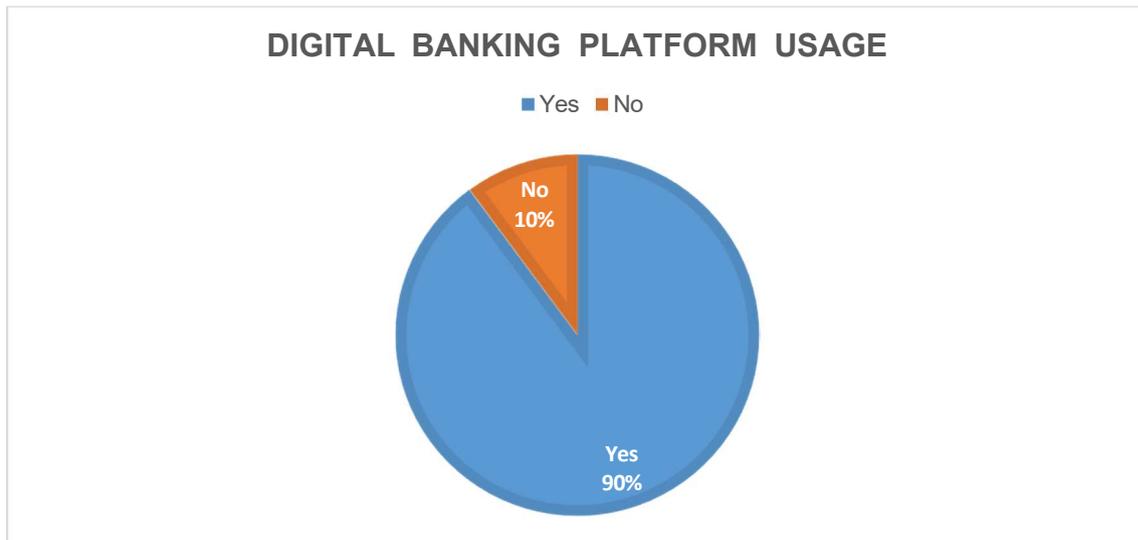


Figure 6: Digital Banking Platform Usage Among Participants.

Reasons for Non-Usage

For those who abstain from using digital banking platforms, security concerns and a preference for traditional banking methods were the most cited reasons. Some participants expressed distrust in digital banking security, while others preferred the tangibility of cash handling or found digital platforms unnecessary for their banking needs.

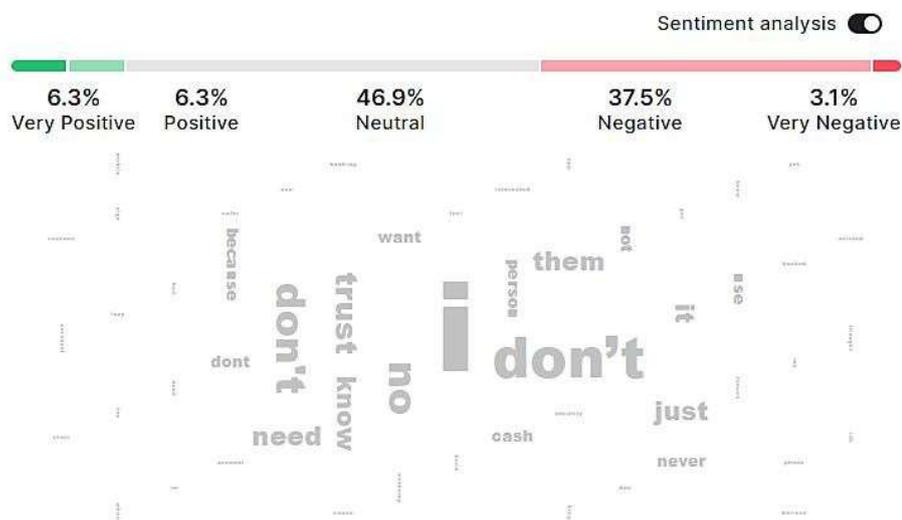


Figure 7: Sentiment Analysis, provided by Centiment, of Non-Usage Reasons for Digital Banking.

Digital Banking Platform Preference

The survey queried Generation Z participants on their usage of digital banking platforms, distinguishing between web-based online banking and mobile banking applications. The collected data indicates a notable preference among the

respondents: 84.86% utilize mobile banking applications for their digital banking needs, whereas only 15.14% opt for web-based online banking platforms.

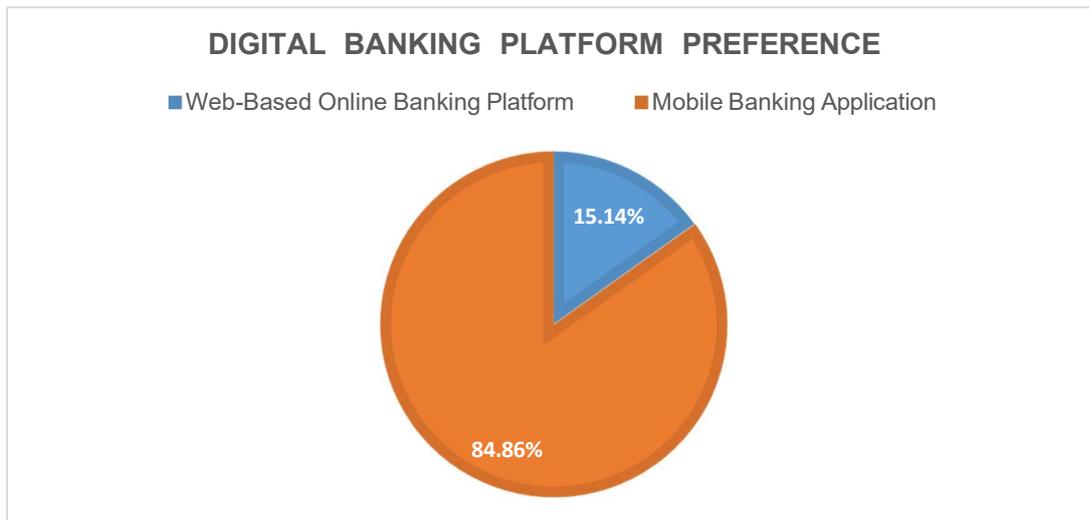


Figure 8: Preferences for Web-based Online Banking vs. Mobile Banking Applications.

The survey's findings on the adoption of digital banking platforms provide a clear snapshot of Generation Z's banking behaviours, pointing to a robust integration of technology in their financial dealings. While the data suggests a broad acceptance of digital banking among this cohort, it also reveals areas where banks could further innovate or reinforce trust to capture the entirety of this demographic's banking potential.

Integrated Trust and Marketing Response

The survey addressed critical dimensions of trust and marketing in digital banking among Generation Z in Canada. It explored participants' confidence in the security of digital banking platforms and evaluated how marketing campaigns influence their banking decisions.

Confidence in Security

Respondents showcased a generally positive outlook towards the security of their digital banking platforms, with a significant majority expressing high to very high levels of confidence. Specifically:

- A small minority, 1.76%, reported not being confident at all.
- Only 2.11% rated their confidence level as 2 out of 5.
- A moderate 17.96% gave a neutral score of 3.
- The largest group, 46.48%, expressed high confidence with a score of 4.
- A significant 31.69% of participants indicated they were extremely confident, rating their trust in digital banking security as 5 out of 5.

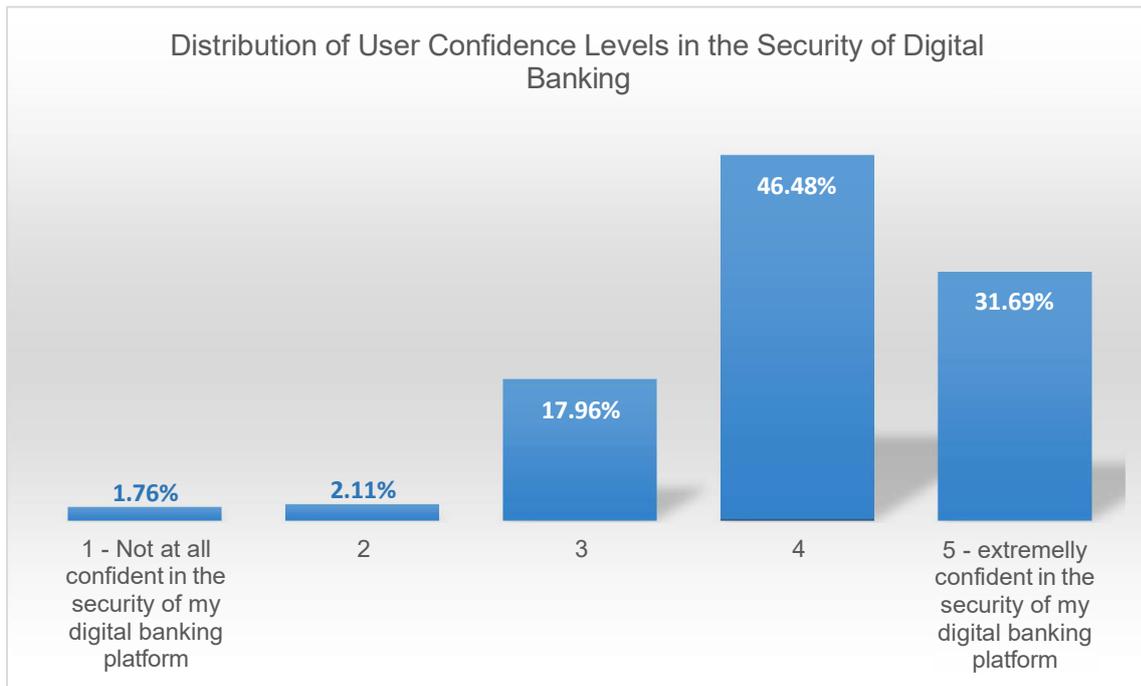


Figure 9: Representation of GenZ's confidence in the security of digital banking platforms.

These findings suggest that while security concerns exist, they do not significantly deter the majority of Generation Z users from engaging with digital banking services. The high levels of confidence reported could be indicative of successful security measures implemented by digital banking platforms or a general comfort with digital technology among this demographic.

Influence of Marketing Campaigns

The impact of marketing campaigns on Generation Z's use of digital banking services was found to vary, with responses indicating:

- that marketing campaigns never influence their decisions: 15.49%,
- they are rarely influenced by marketing campaigns: 33.1%,
- a similar portion, 32.75%, indicated that they are occasionally swayed by marketing efforts,
- 14.44% often find themselves influenced by marketing campaigns, and
- Only 4.23% reported being very often influenced by marketing when choosing digital banking services.

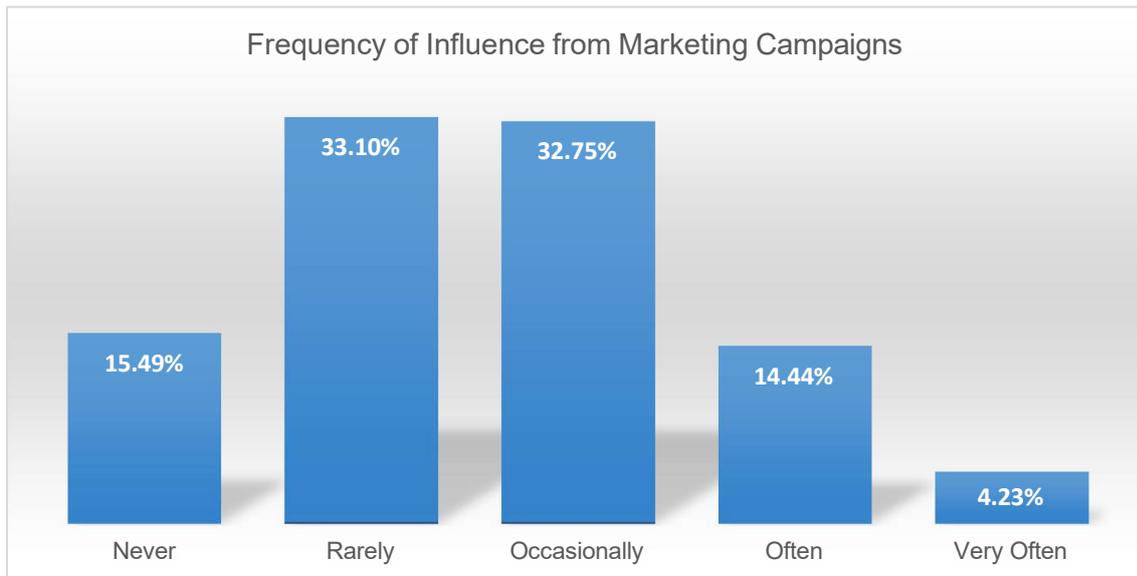


Figure 10: Frequency of influence from Marketing Campaigns.

This diverse response to marketing efforts highlights a nuanced view among Generation Z, suggesting that while marketing has an impact, many within this demographic rely on other factors, such as security, usability, and personal recommendations, when choosing digital banking services.

The survey's insights into trust and marketing responses not only reflect Generation Z's confidence in digital banking security but also reveal the limited yet significant role of marketing in influencing their banking decisions. These findings lay the groundwork for further analysis on how financial institutions can enhance trust and effectively engage with this tech-savvy demographic through targeted marketing strategies.

Usability and Technological Innovation

The exploration of usability and technological innovation within digital banking platforms highlighted Generation Z's preferences and behaviours when engaging with these services. This section delves into session duration and the adoption rate of new banking technologies among this demographic.

Session Duration

The survey findings reveal insightful patterns regarding the time Generation Z spends on digital banking platforms:

- A significant 31.69% of respondents complete their banking activities in less than 5 minutes, emphasizing efficiency and speed in their interactions.
- The majority, 53.17%, spend between 5 to 10 minutes per session, suggesting a balance between quick transactions and more detailed financial management.
- A smaller segment of 12.68% uses digital banking for 11 to 20 minutes, possibly reflecting more complex banking needs or thorough financial planning.

- Only 2.46% spend more than 20 minutes per session, indicating either engagement with comprehensive banking activities or challenges in navigating the platforms.

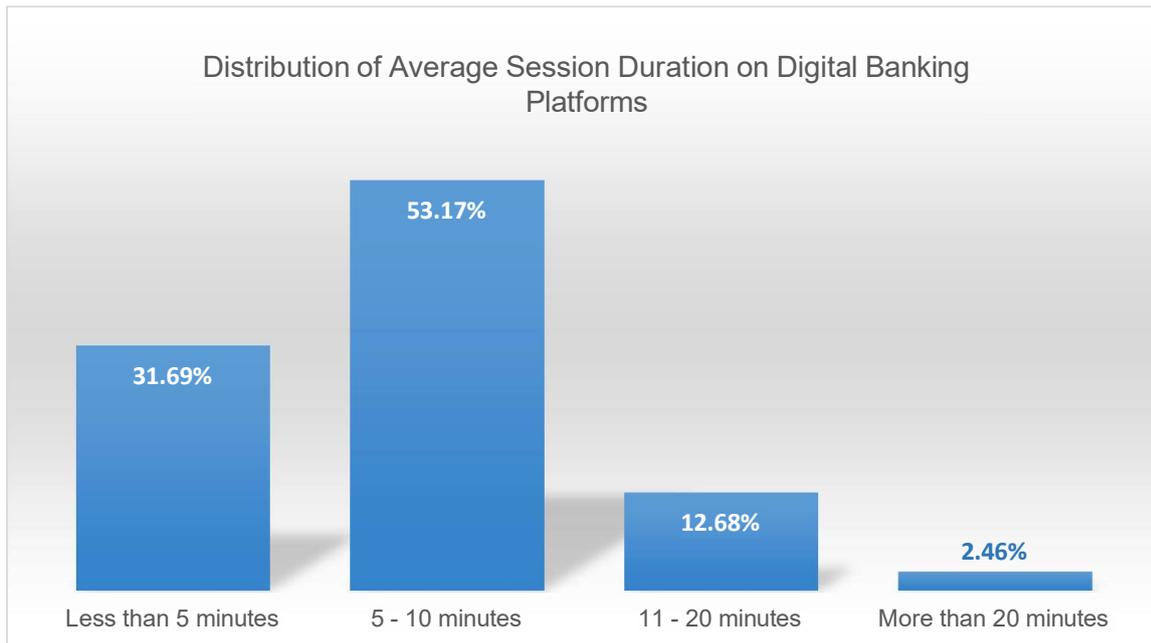


Figure 11: Average Session Duration reported by the survey participants.

Adoption of New Technology

When it comes to embracing new banking technologies, Generation Z's attitudes display a spectrum of readiness:

- 18.31% of participants are eager to adopt new technologies immediately, showcasing a strong inclination towards innovation and digital advancements.
- Almost half, 46.13%, prefer to adopt new technology soon after it proves to be reliable, indicating a cautious but progressive approach.
- 29.58% wait to see widespread adoption by others before deciding, reflecting a pragmatic stance towards new banking tools and features.
- A mere 4.23% are among the last to adopt, and an even smaller group, 1.76%, indicate they do not adopt new technologies at all, underscoring diverse comfort levels and trust in digital banking innovations.

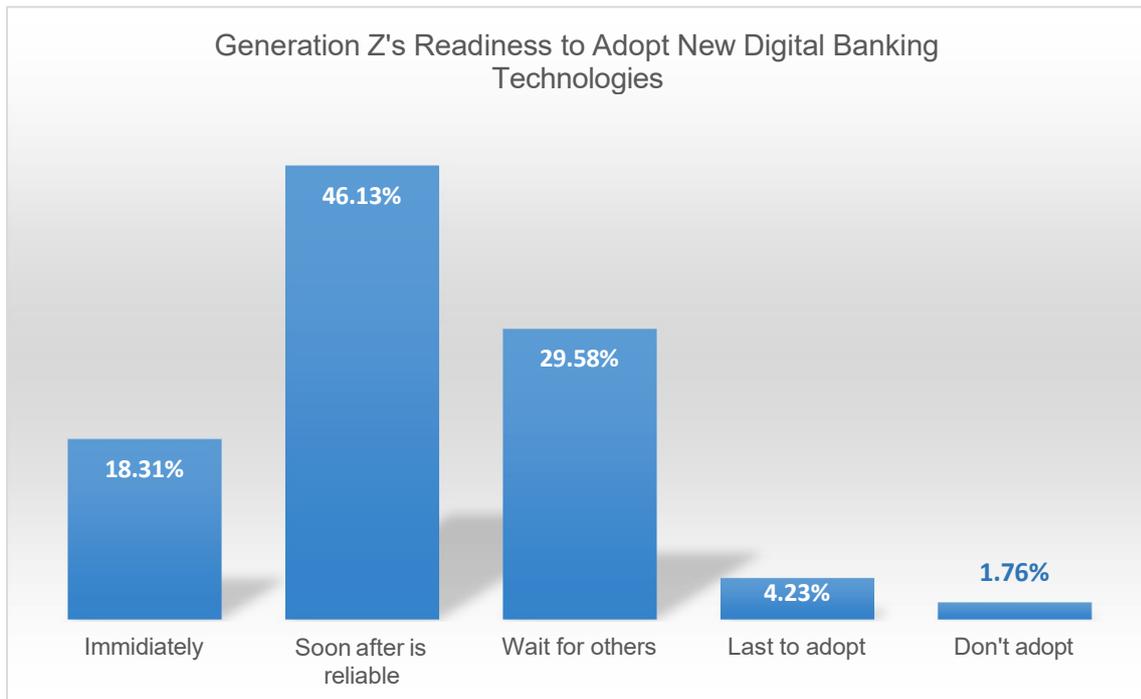


Figure 12: Frequency of new Digital Banking adoption reported by the survey participants.

These insights into usability and technological innovation underline the importance of efficient, user-friendly digital banking experiences for Generation Z. Additionally, the data on technological adoption rates suggest a keen interest in innovation, balanced by a cautious evaluation of new technologies' reliability and utility. This section highlights Generation Z's dynamic engagement with digital banking platforms, emphasizing the critical role of usability and technological advancements in catering to their banking preferences and needs.

Consumer Engagement and Personalization

This section examines the frequency of digital banking interactions and the significance of personalization in digital banking platforms among Generation Z consumers.

Digital Banking Login Frequency

The survey results on login frequency reveal distinct patterns of engagement with digital banking platforms:

- A minority of participants, 4.58%, do not engage with their digital banking weekly, suggesting varying degrees of financial activity or preference for periodic account management.
- Half of the respondents - exactly 50% - login 1 to 3 times per week, indicating routine engagement for basic financial transactions or account monitoring.
- A considerable 28.17% access their banking platform 4 to 6 times per week, demonstrating a consistent interaction pattern, likely for daily financial management or monitoring.

- A segment of highly engaged users, 13.03%, logs in between 7 to 10 times weekly, reflecting higher engagement levels and
- A dedicated 4.23% log in more than ten times per week, indicating very frequent usage, potentially for both routine transactions and active financial management.

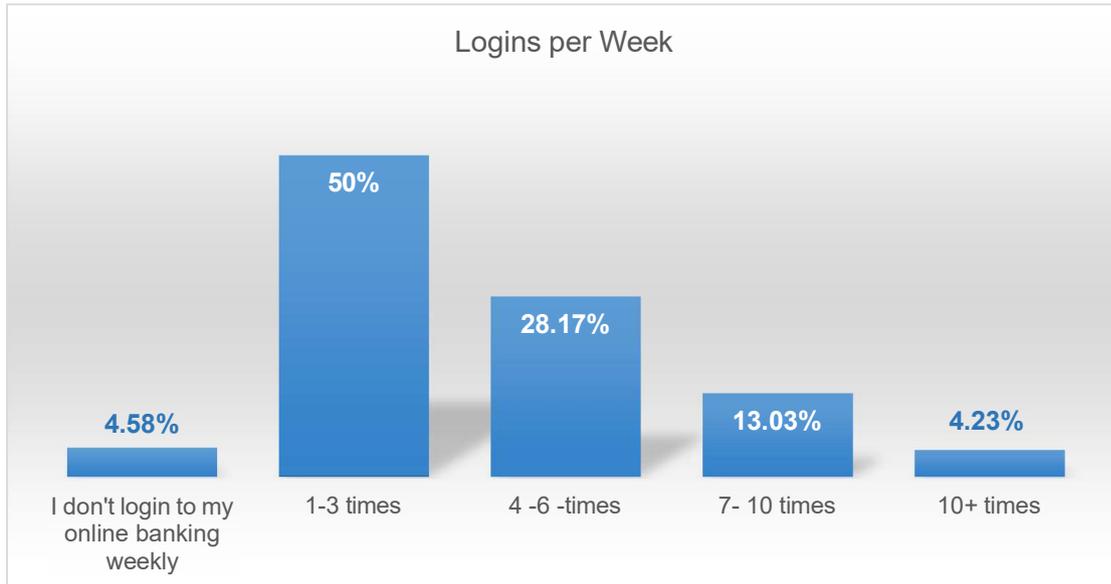


Figure 13: Frequency of Digital Banking logins per week by the survey participants.

Importance of Personalized Digital Banking Experience

The value placed on personalization within digital banking platforms was assessed, showing a broad acknowledgment of its importance:

- A mere 2.11% rated the personalized experience as not important at all.
- Only 4.58% gave it a low importance rating of 2 out of 5.
- 26.76% took a neutral stance, rating it a 3, showing some ambivalence towards personalization.
- A plurality, 35.21%, rated the importance of personalization as 4.
- A significant portion, 31.34%, consider personalized digital banking experiences as extremely important, rating it a 5.

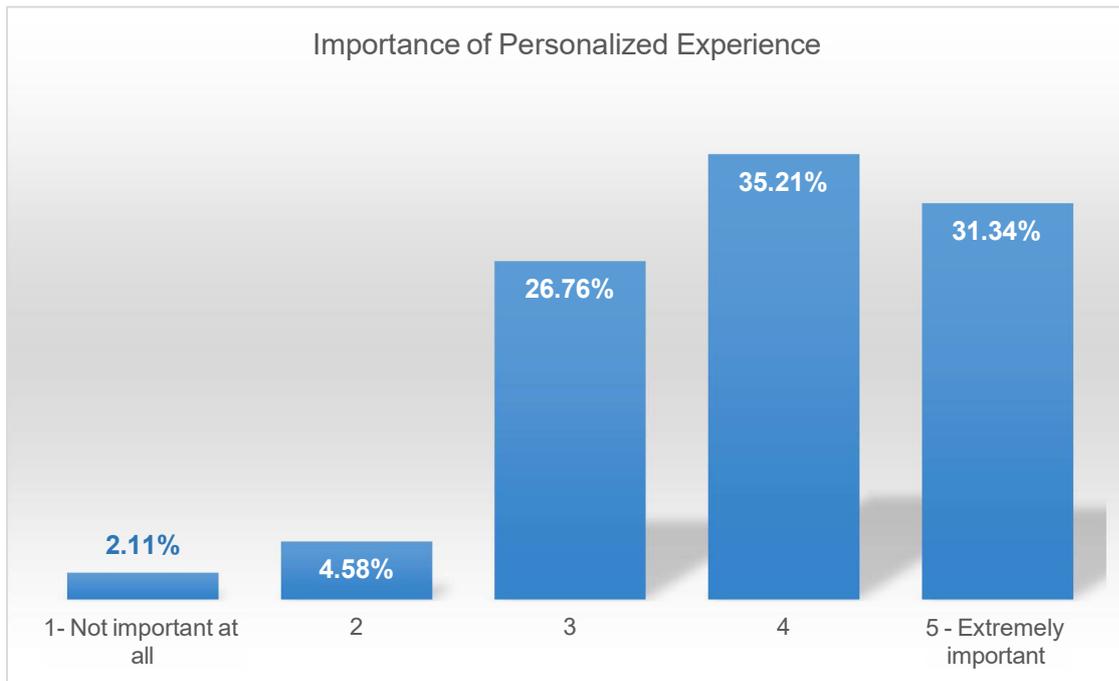


Figure 14: How important the survey participants find personalized experience within their digital banking usage.

These findings highlight a strong inclination towards personalized banking experiences among Generation Z users, alongside routine engagement with digital banking platforms. The emphasis on personalization points to a desire for banking services that not only meet their financial needs but also resonate with their individual preferences and lifestyles, suggesting a pathway for financial institutions to enhance user engagement and satisfaction through tailored services and interactions.

Social and Ethical Influence

This section explores the influence of social factors and ethical considerations on Generation Z's digital banking choices, highlighting the importance of personal relationships and a bank's environmental and ethical policies in its decision-making process.

Influence of Family, Friends, and Social Media

The survey data indicates that family and friends significantly impact Generation Z's digital banking choices, with a majority of respondents acknowledging at least some level of influence from these personal relationships. In contrast, social media influencers wield a lesser impact, suggesting that direct personal connections hold more sway over banking decisions than online personalities.

- *Influence of family*

When it comes to family influence, respondents indicated varying degrees:

- A modest 9.2% felt no influence from their family (1 out of 5).
- 8.1% rated the influence as low (2 out of 5).
- The largest group, 32%, gave a neutral score (3 out of 5), suggesting some family influence on their choices.
- 26.8% felt their family had a strong influence (4 out of 5).
- Nearly a quarter, 23.9%, believed their family had a significant influence (5 out of 5).

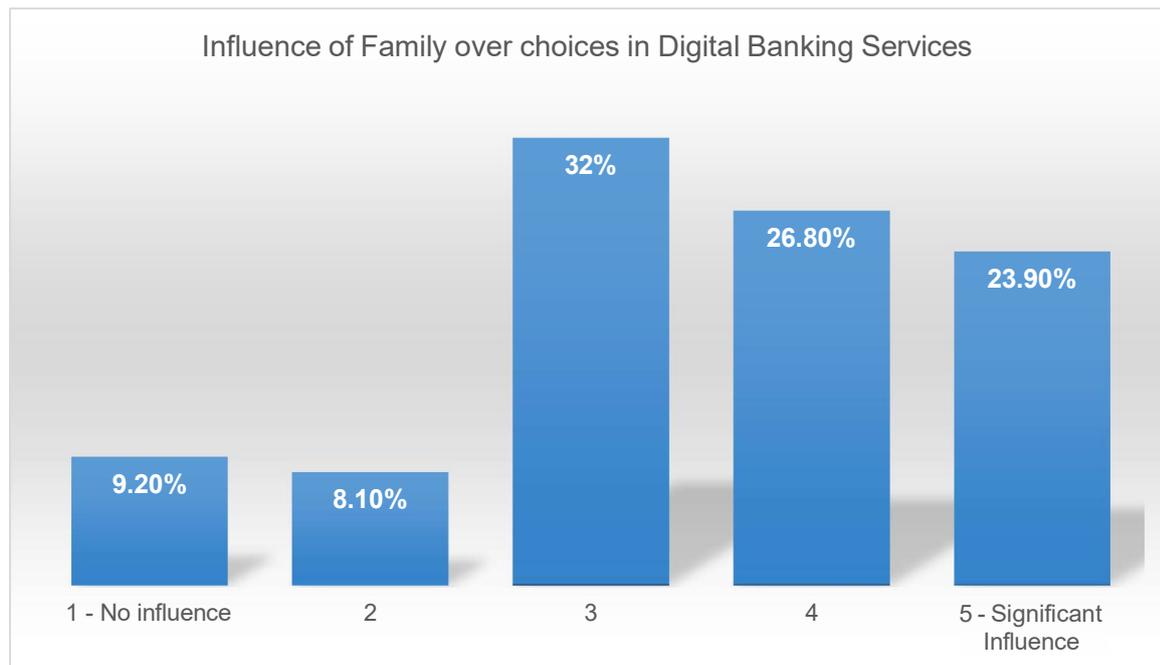


Figure 15: How much influence family has over choices in Digital Banking Services.

- *Influence of friends*

For friends' influence, the responses were slightly less weighted towards significant influence:

- 12% reported no influence from friends (1 out of 5).
- 14.4% felt a low level of influence (2 out of 5).

- A third, 33.5%, gave a neutral score (3 out of 5).
- 26.1% indicated a strong influence (4 out of 5).
- 14.1% felt friends had a significant influence on their digital banking choices (5 out of 5).

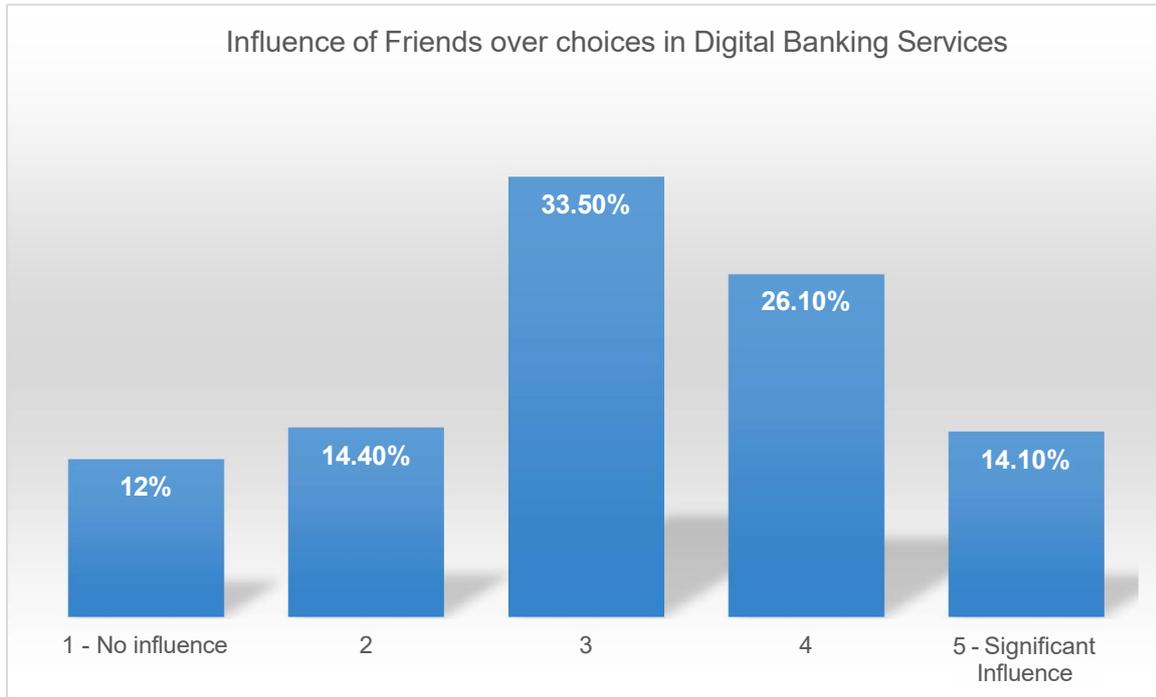


Figure 16: How much influence family has over choices in Digital Banking Services.

- *Influence of social media influencers*

Social media influencers appeared to have a lesser impact on digital banking choices among respondents:

- A significant 31% reported no influence from social media influencers (1 out of 5).
- 23.9% rated the influence as low (2 out of 5).
- A quarter, 25%, were neutral (3 out of 5).
- 11.6% felt a strong influence (4 out of 5).
- Only 8.5% reported a significant influence from social media influencers (5 out of 5).

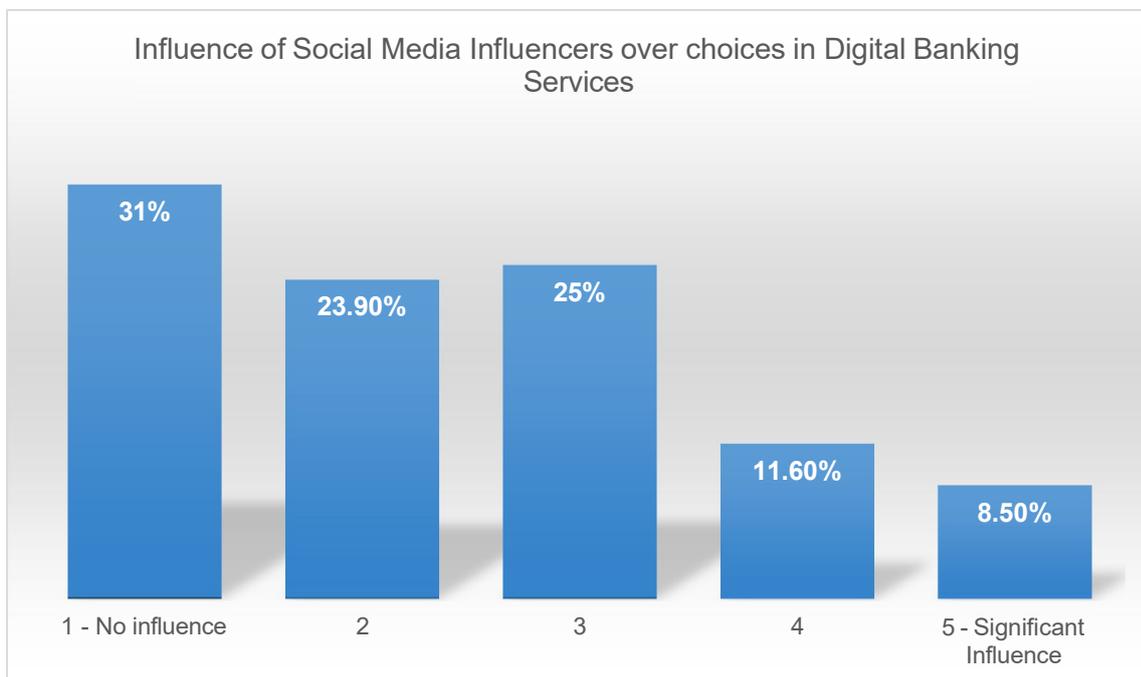


Figure 17: How much influence Social Media Influencers have over choices in Digital Banking Services.

Importance of Bank's Environmental and Ethical Policies

The findings also reveal a considerable emphasis on the environmental and ethical policies of banks. A significant portion of respondents rate these factors as important to very important in their choice of digital banking services. This trend underscores Generation Z's preference for banks that align with their values on sustainability and ethical practices, highlighting the growing importance of corporate social responsibility in attracting and retaining this demographic.

- A small 2.82% considered it unimportant (1 out of 5).
- 5.28% rated it as slightly important (2 out of 5).
- A moderate 23.24% gave a neutral score (3 out of 5).
- A significant 36.62% found these policies to be important (4 out of 5).
- And 32.04% rated the importance of such policies as extremely important (5 out of 5).

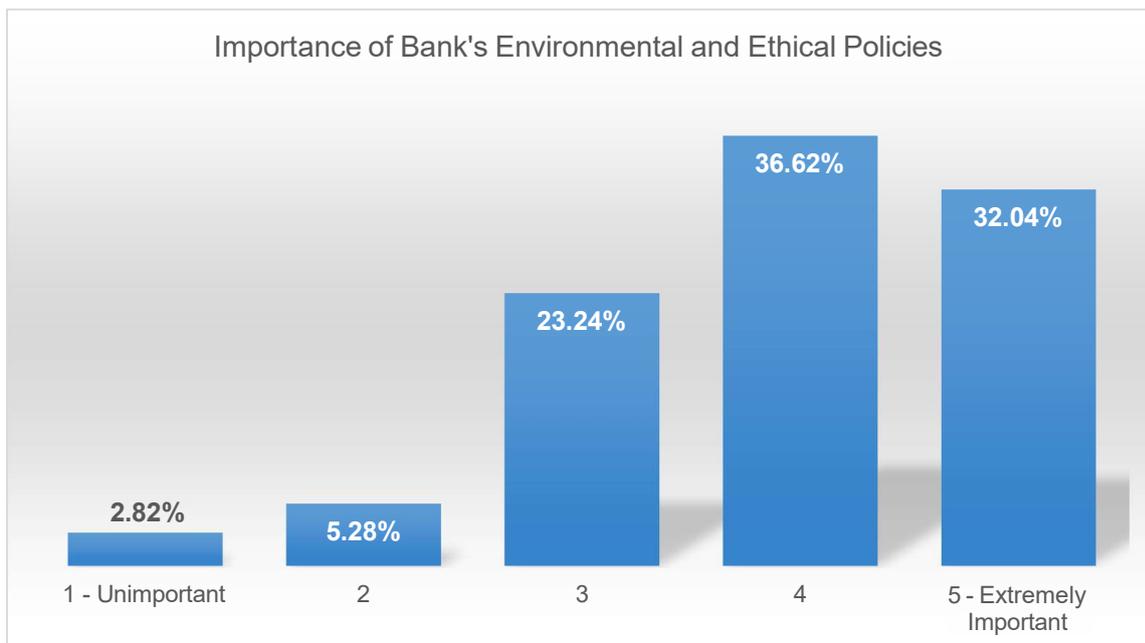


Figure 18: How important are a Bank's environmental and ethical policies when choosing Digital Banking Services.

Overall, these insights demonstrate that social relationships and ethical considerations play crucial roles in shaping Generation Z's engagement with digital banking, pointing towards the need for financial institutions to foster trust through transparent and value-driven practices.

Cultural and Economic Influences

This section delves into how cultural values and economic factors influence Generation Z's preferences and choices in digital banking, underscoring the importance of inclusivity and financial considerations in banking services.

Impact of Cultural Values

The survey highlighted that cultural values significantly impact Generation Z's preferences for digital banking features. This includes language options, currency types, and transaction types common in their culture, indicating a demand for banking services that are inclusive and reflective of diverse cultural backgrounds.

- *Language options*

A majority saw at least a moderate impact,

- with 17.3% indicating no impact,
- 8.5% slight impact,
- 28.5% moderate impact,
- 21.5% strong impact, and
- 24.3% significant impact.

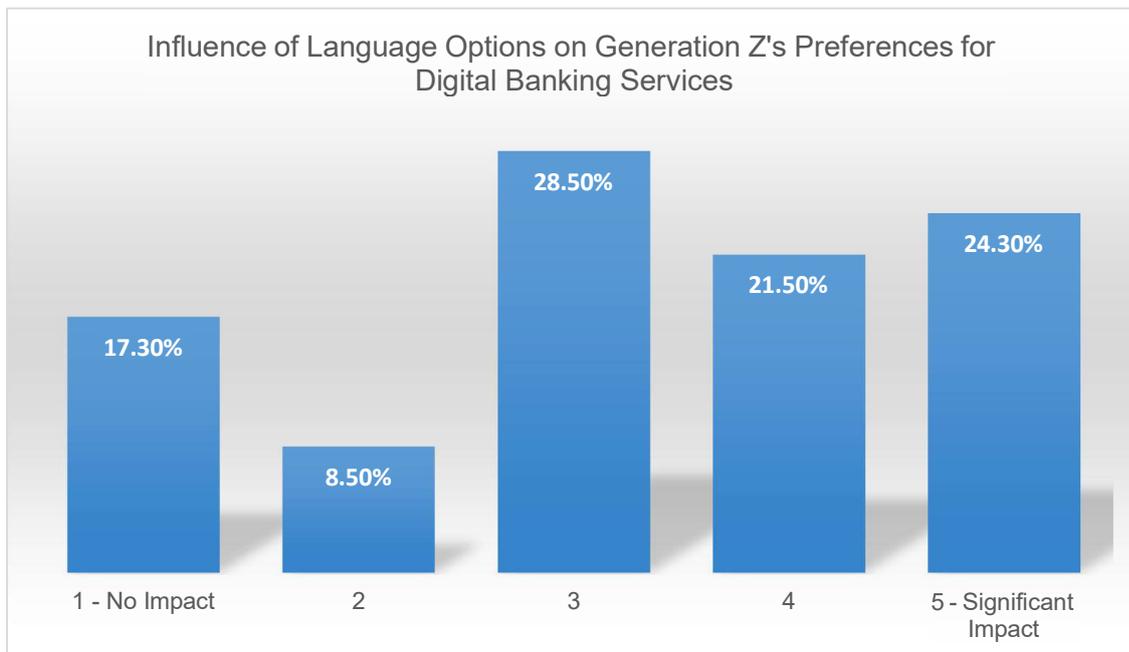


Figure 19: How strongly cultural values impact the survey's participants' preferences when choosing Digital Banking Services.

- *Currency types*

A majority felt currency types had at least a moderate impact on their preferences, with

- 9.9% stating no impact,
- 8.1% slight impact,
- 28.2% moderate impact,
- 28.5% strong impact, and

- 25.4% significant impact.

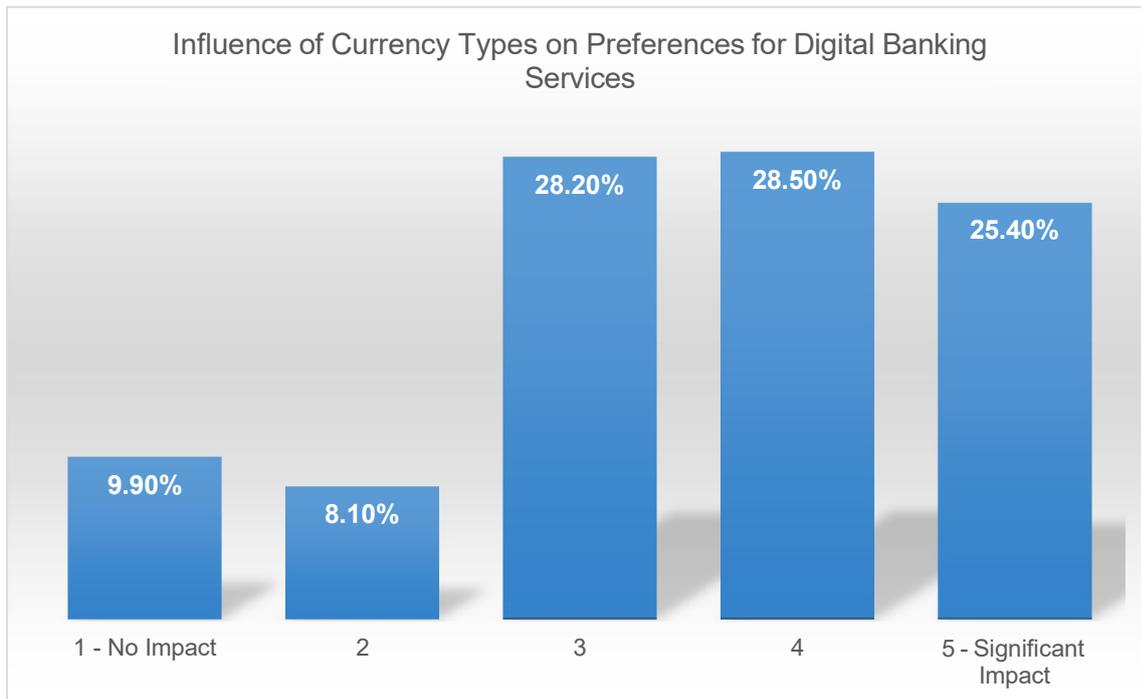


Figure 20: How strongly currency types impact the survey's participants' preferences when choosing Digital Banking Services.

- *Transaction types common in one's culture.*

Similarly, most participants reported at least a moderate impact, with

- 13.4% stating no impact,
- 10.9% slight impact,
- 28.2% moderate impact,
- 25.4% strong impact, and
- 22.2% significant impact

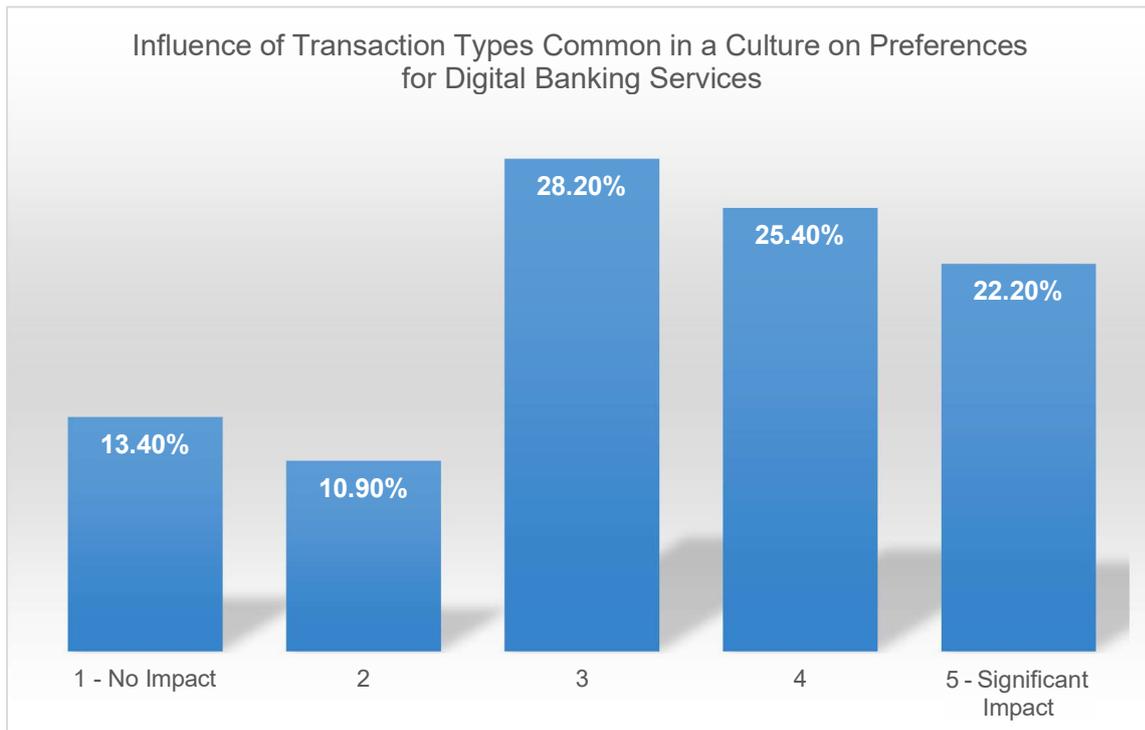


Figure 21: How strongly Transaction Types Common in a Culture impact the survey's participants' preferences when choosing Digital Banking Services.

Importance of Economic Factors

Economic considerations, such as fees and interest rates, play a critical role in Generation Z's selection of digital banking services. A majority of respondents consider these factors important to very important, suggesting that competitive pricing and financial benefits are key determinants in their banking decisions.

When it comes to economic factors such as fees and interest rates:

- 1.76% of the participants found these factors to be not important at all.
- 9.15% considered them somewhat important.
- 23.24% were neutral.
- A notable 32.39% found these factors to be important.
- The largest group, 33.45%, rated them as very important.

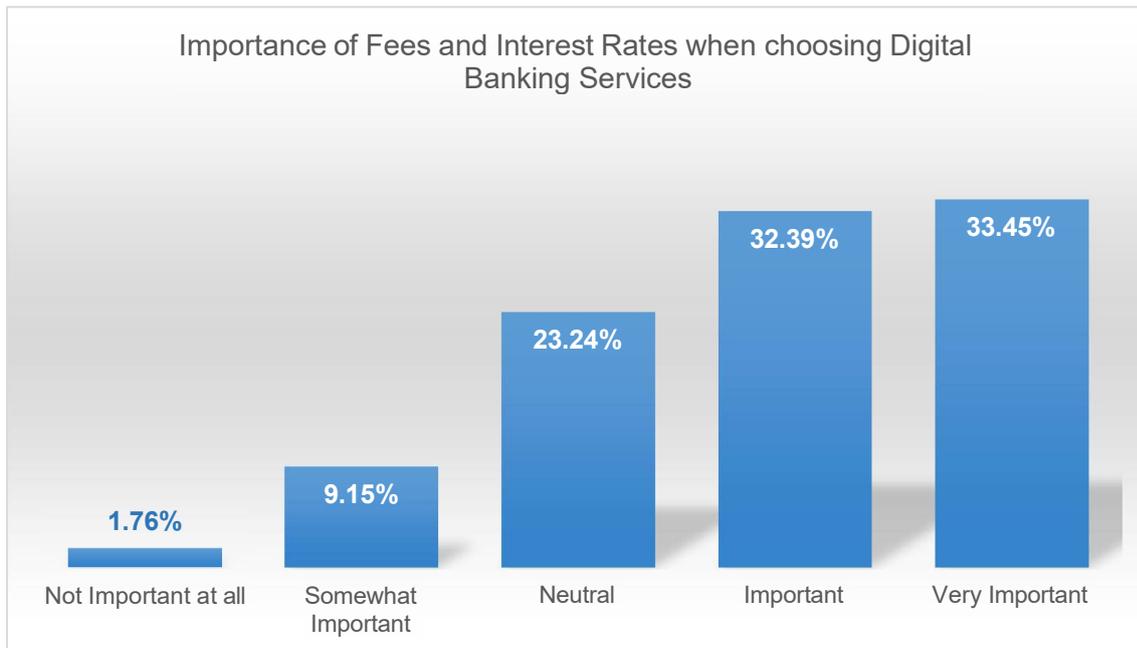


Figure 22: Importance of Fees and Interest Rates when choosing Digital Banking Services.

Together, these insights suggest that banks aiming to engage Generation Z effectively must offer culturally inclusive services and competitive economic benefits, aligning with the demographic's values and financial priorities.

In conclusion, the findings from the survey offer a detailed snapshot of Generation Z's digital banking behaviours, preferences, and trust dynamics in Canada. Through examining diverse demographic profiles, adoption rates of digital platforms, the impact of marketing campaigns, and the influence of social, cultural, and economic factors, a complex yet coherent picture of Generation Z's engagement with digital banking emerges. This demographic's pronounced preference for mobile banking applications, alongside their nuanced responses to security, marketing influences, usability, and the importance of banks' ethical policies, underscores the multifaceted nature of their digital banking interactions. As we transition to the analysis chapter, these findings will be further explored to unpack the underlying motivations, perceptions, and attitudes driving these behaviours. The subsequent analysis will delve deeper into interpreting how these preferences and behaviours align with broader technological trends, societal shifts, and economic considerations, ultimately aiming to provide actionable insights for financial institutions looking to engage this pivotal demographic effectively.

Analysis and Discussion

In this analysis, several groundbreaking findings emerged that not only underscore the distinctive digital banking behaviours and preferences of Generation Z in Canada but also reveal compelling insights that were not fully anticipated in the existing literature. Most notably, existing studies, including the Canadian Bankers Association (2022), report that 46 percent of Gen Z prefer using mobile apps for their banking needs. Our findings, however, indicate an overwhelming dominance, with 90% of respondents favouring mobile platforms for their banking needs. This substantial preference, which significantly exceeds previous estimations, underscores a rapid acceleration toward

mobile-first banking strategies and highlights a deeper integration and reliance on mobile platforms than previously understood.

Furthermore, our study unveiled a notably high confidence among Gen Z in the security of digital banking platforms—a finding that contrasts sharply with the prevalent skepticism about digital security often highlighted in academic discussions and media. This suggests that Canadian financial institutions may have been particularly successful in communicating their security measures or that Gen Z's familiarity with digital technology may predispose them to greater trust in digital security protocols.

Another unexpected finding was the significant regard for the ethical and environmental policies of financial institutions. While it is recognized that Gen Z values sustainability, the degree to which these factors influence banking choices was particularly striking, suggesting a critical area for financial institutions to differentiate themselves in an increasingly competitive market.

Additionally, the analysis revealed that the influence of family and friends in banking decisions was more pronounced than that of social media influencers. Contrary to popular belief that social media influencers have a predominant impact, our data shows that only a small fraction of Gen Z is significantly swayed by influencers when making banking decisions. This suggests a potential shift or undervalued dimension in how personal relationships impact financial decisions among young consumers, contrary to the heavy focus on social media influence often presumed in marketing strategies.

Moreover, while marketing campaigns have some influence on Gen Z's banking decisions, our findings indicate that this influence is moderate. The data suggests that while marketing is considered, it is not the primary determinant of Gen Z's banking choices. This highlights the need for financial institutions to employ more authentic and personalized marketing strategies that resonate deeply with Gen Z's values and preferences rather than relying on traditional advertising techniques.

These findings provide critical insights into the preferences of Gen Z, guiding banks in refining their digital offerings and engagement strategies to align with the expectations and values of this key demographic. This nuanced understanding encourages a reevaluation of current marketing and operational strategies to better cater to the needs of Generation Z, ensuring that financial institutions remain relevant and preferred among this digitally native and rapidly influential demographic.

Digital Banking Behaviours of Generation Z

The statistical analysis delves into Generation Z's digital banking behaviours, shedding light on how this influential demographic interacts with banking platforms and prioritizes various aspects of the digital banking experience.

The data highlights a pronounced preference for mobile banking, with a mean score of 1.15. This strongly indicates Generation Z's favouritism towards mobile banking over traditional web-based platforms, a preference further emphasized by a mode of 1, which suggests a significant consensus among respondents for mobile banking. This predilection aligns with insights from the literature review, notably the works of Dorsey and Villa (2020) and Fromm and Read (2018), which underscore the

importance of convenience and accessibility in banking for this generation, affirming the critical role of mobile banking in meeting their needs.

Further, the analysis reveals that the average duration of digital banking sessions is brief, with a mean of 1.86 and a mode of 2, illustrating Generation Z's inclination towards quick and efficient banking interactions. This finding correlates with the literature on Generation Z's digital savvy and their preference for speedy transactions, as discussed by Hernandez-de-Menendez, Escobar Díaz, and Morales-Menendez (2020). These authors highlight Gen Z's adeptness at navigating the digital landscape, preferring interactions that are both rapid and fruitful.

The data presents a mean of 2.25 when it comes to adopting new banking technologies, suggesting a cautiously progressive attitude among Generation Z. The mode of 2 and a range of 4 indicate a measured willingness to adopt new technologies, tempered by considerations of reliability and trustworthiness. This mirrors the observations of De Witte (2022) and D'Arco et al. (2023), who note Generation Z's pragmatic approach to innovations and their cautious embrace of new banking technologies, prioritizing security and functionality.

The frequency of digital banking platform usage, with a mean of 1.62, points to moderate engagement levels among Gen Z users, likely indicating regular account monitoring while avoiding excessive app usage. This behaviour is supported by literature, particularly in "Zconomy" by Dorsey and Villa (2020), which reflects Gen Z's efficient engagement with digital services, striving for balance and value in their digital interactions.

Notably high is the confidence in the security of digital banking platforms, underscored by a mean of 4.04 and a mode of 4, revealing a robust trust in digital banking security among Generation Z. This aligns with findings from the "US Banking Digital Trust Benchmark 2022" by Elm (2022), highlighting the paramount importance of security in banking for this demographic.

Lastly, the analysis examines the impact of marketing on digital banking decisions, with a mean of 2.59, indicating a moderate influence. The mode of 2 suggests that, while marketing is considered, it is not the primary determinant of Gen Z's banking choices. This observation aligns with Kotler et al. (2010), who discuss Generation Z's preference for authenticity and personal relevance over traditional marketing tactics.

Digital Banking Preferences of Generation Z

The statistical data underscores a marked predilection within Generation Z for a particular digital banking platform, as indicated by the lean mean of 1.15 and the most common selection, or mode, being 1. This tendency reflects the demographic's alignment with platforms that offer a seamless and integrated user experience, likely favouring the convenience and accessibility associated with mobile banking applications over traditional web-based portals.

The duration of digital banking sessions has a mean of 1.86 and a mode of 2, indicating that most respondents tend to have quick, efficient interactions, possibly for checking account balances or making transactions. Such findings reinforce the importance of

designing banking interfaces that facilitate rapid transactions and information retrieval, catering to the generation's demand for efficiency.

Regarding the adoption of new banking technology, the mean score of 2.25 and the mode of 2 highlight a moderately proactive approach to innovation, reflecting a balanced perspective on embracing new banking tools and features. This suggests that while Gen Z is open to innovation, they also value security and reliability in their digital banking experiences.

Confidence in the security of digital banking platforms shows a high mean of 4.04, with a mode of 4. This indicates a strong trust among respondents in the security measures provided by their banks, crucial for the continued use and growth of digital banking within this demographic.

The influence of marketing campaigns on digital banking decisions has a mean of 2.59 and a mode of 2, suggesting that while marketing has some impact, it may not be the primary factor driving Generation Z's banking decisions. Instead, this demographic might prioritize factors like user experience and security over marketing.

Most significantly, the importance of personalized experiences in digital banking is underscored with a mean of 3.89 and a mode of 4. This finding indicates a significant opportunity for financial institutions to leverage data analytics and AI technologies to provide highly personalized banking experiences, aligning with Gen Z's preferences and expectations.

The Role of Social and Ethical Factors

The findings regarding Generation Z's preferences in digital banking illuminate the confluence of social influence and ethical imperatives. The average influence rating of family on digital banking choices stands at 3.48, suggesting a moderate level of familial impact. The mode of 3 indicates a commonality in considering family input, reflecting a collective dimension within personal financial decisions.

Peer influence presents a slightly reduced mean score of 3.16, implying a discerning approach by Gen Z individuals toward friends' advice on digital banking. The mode of 3 for both family and friends' influence corroborates this finding, indicating a balanced assessment of social input rather than a predominant reliance on it.

The role of social media influencers in shaping banking decisions is relatively minimal, as evidenced by a mean score of 2.43 and a mode of 1, highlighting Generation Z's critical stance towards digital endorsements. This observation, in line with Kotler et al.'s (2010) insights, reveals the varying impact of social media across different decision-making contexts, with Generation Z exhibiting a more cautious approach when it comes to financial matters.

Ethical considerations, encapsulated in a bank's environmental and corporate policies, yield a high mean importance rating of 3.90 with a mode of 4. This places ethical banking as a substantial factor in Gen Z's decision-making, echoing the literature's depiction of Gen Z as a socially and environmentally conscious group. The data

suggests that ethical considerations may play a more critical role in banking preferences for Gen Z than previously recognized.

These insights highlight the nuanced influences on Generation Z's banking behaviours, illustrating a generation that navigates financial decisions through a lens of ethical values and social considerations. The findings emphasize the lesser impact of social media influencers compared to the direct influence of family and friends and the paramount importance of ethical considerations in their banking choices.

For banks targeting Generation Z, these insights underscore the necessity of developing family-friendly banking solutions and educational initiatives that resonate across generations. Moreover, the findings suggest leveraging peer influence through referral programs and aligning marketing strategies with Generation Z's values, focusing on authentic, value-driven content over traditional influencer marketing.

The minimal impact of social media influencers on banking decisions does not negate the importance of a robust digital presence but encourages banks to focus on authentic, value-driven content. Social media campaigns highlighting ethical practices and community engagement can resonate more deeply with Gen Z, creating an association between the bank's brand and this generation's values.

Notably, the study underscores the significance of environmental and ethical policies to Gen Z consumers, presenting a pivotal opportunity for banks. Committing to sustainable practices, transparent operations, and corporate responsibility can set a bank apart, aligning with Gen Z's preferences for brands that contribute positively to society. Banks that transparently communicate these efforts and integrate them into their product offerings are likely to secure loyalty from this socially conscious generation.

In essence, banks that heed these insights can enhance their appeal to Generation Z and contribute to a more ethical and community-oriented banking landscape. By aligning products and marketing strategies with Gen Z's social and ethical values, banks position themselves to not just win customers but foster long-term relationships with this emerging economic force.

Cultural and Economic Influences

The statistical analysis of the impact of cultural values and economic factors on digital banking preferences among Generation Z in Canada provides significant insights. The data suggests that cultural factors, including language options, currency types, and transaction types, play an important role in shaping this cohort's digital banking experience.

Specifically, the mean scores of 3.27 for language options, 3.51 for currency types, and 3.32 for transaction types indicate that, on average, Generation Z places moderate to high importance on these cultural factors when interacting with digital banking platforms. The median values further substantiate this, particularly the score of 4 for currency types, suggesting most of the respondents find these features to be quite significant in their banking experience. The mode indicates that the most frequent score given by respondents is also in the mid-range, except for currency types, where the mode is 4, denoting a higher concentration of responses at the level of importance.

On the other hand, economic factors such as fees and interest rates demonstrate a high level of importance, with a mean of 3.87 and a median and mode of 4 and 4, respectively. This suggests that while cultural values significantly influence digital banking preferences, economic factors are equally, if not more, critical in Generation Z's decision-making process for digital banking services.

The standard deviations are relatively low across all variables, indicating a general consensus among respondents. However, the range of responses, from a minimum of 1 to a maximum of 5, highlights that within the generational cohort, there is a diversity of opinions and preferences regarding cultural and economic factors in digital banking.

Integrating these findings with literature, these preferences for cultural inclusivity and economic favourability in digital banking resonate with the characteristics of Generation Z as described by Fromm and Read (2018) and Dolot (2018). This demographic's digital nativity and hyper-cognitive nature drive them towards platforms that not only offer technological sophistication but also align with their global consciousness and diverse cultural experiences (Robinson and Schanzel, 2019). Furthermore, their pragmatic approach to financial management and value-seeking behaviour underscores the importance they place on economic factors when choosing banking services (Toit et al., 2023). This aligns with the observations by Witt and Baird (2018), suggesting that digital banking solutions catering to these preferences may have a competitive edge in attracting and retaining Gen Z customers.

In conclusion, for Canadian banks aiming to engage with Generation Z effectively, the emphasis must be on creating a culturally resonant and economically beneficial digital banking environment. This generation's banking choices are not merely influenced by technological innovation but are deeply rooted in cultural relevance and economic pragmatism, pointing towards a future banking landscape that is both culturally sensitive and economically competitive.

Conclusion and Recommendations

Research Objectives Summary and Findings

The primary objectives of this research were to comprehensively explore and analyze the digital banking behaviours, preferences, and trust dynamics of Generation Z in Canada, with a specific focus on individuals born between 1997 and 2001 residing in urban areas. The study aimed to delineate how this demographic interacts with and perceives digital banking platforms, to assess the influence of marketing strategies on their banking decisions, and to understand the impact of social and ethical factors on their banking choices. Another critical objective was to evaluate Gen Z's confidence in the security measures of digital banking platforms and their preference for mobile over traditional web-based banking services. By employing a pragmatic research methodology and utilizing descriptive statistics to analyze data collected through a survey in collaboration with Centiment, this study aimed to bridge the theoretical discourse with practical applications within the banking sector.

Key findings from this thorough analysis revealed several significant insights:

- Preference for Mobile Banking: Gen Z exhibits a pronounced preference for mobile banking platforms, underscoring their role as digital natives who prioritize convenience and accessibility in their banking interactions.
- Confidence in Digital Banking Security: The study also highlighted Gen Z's robust confidence in the security of digital banking platforms, a crucial factor for fostering trust and encouraging the adoption of digital services.
- Moderate Influence of Marketing Strategies: Marketing strategies were found to have a moderate influence on their banking decisions, with a notable preference for personalized and ethical marketing approaches that resonate with their values.
- Impact of Ethical and Social Factors: Additionally, ethical considerations, particularly those related to environmental policies, were significantly important to Gen Z, reflecting their desire for transparency and corporate responsibility from their banking providers.
- Cultural Influences on Banking Preferences: Cultural factors such as language options, currency preferences, and culturally aligned transaction types moderately influence Gen Z's digital banking behaviour. The significant importance placed on multi-currency support reflects their multicultural background and global outlook. Additionally, inclusive language options and adaptable transaction types are crucial for ensuring convenience and personalization, making it imperative for banks to provide diverse linguistic and currency features to engage and retain this demographic effectively.
- Minimal Impact of Social Media Influencers: Lastly, the impact of social influences, primarily from family and friends, was significant, suggesting that personal relationships play a crucial role in shaping their banking choices, unlike the minimal impact of social media influencers.

These findings provide a detailed portrait of Gen Z's preferences and behaviours in the digital banking landscape, offering crucial insights for banks and financial institutions aiming to engage with this key demographic effectively.

Recommendations and Contribution to Practice

Based on the insights garnered from this research, several strategic recommendations are made for the banking industry to effectively engage with Generation Z. Firstly, it is imperative for banks to enhance the user experience on mobile banking platforms, as Gen Z shows a strong preference for mobile access over traditional web-based interfaces. This includes investing in advanced features and ensuring high usability to meet their expectations for convenience and functionality.

Secondly, Gen Z's high confidence in the security of digital banking platforms suggests that banks should not only continue to improve their security measures but also actively communicate these improvements to maintain and build trust. By consistently updating customers about enhancements in their data protection protocols, financial institutions can further strengthen their relationship with this demographic and sustain trust in their digital services.

Finally, considering the significant impact of social circles on banking decisions, banks should consider strategies like referral programs that leverage personal recommendations to capitalize on this influence. Personal relationships play a crucial

role in shaping banking choices, and referral programs could capitalize on this influence. Meanwhile, recognizing cultural factors and offering culturally responsive banking services—such as providing language options, supporting multi-currency transactions, and recognizing unique transaction types important to different cultural backgrounds—will ensure that digital banking platforms are inclusive and relevant, enhancing their appeal to Gen Z.

These recommendations, drawn from research findings, will help financial institutions understand and connect with Gen Z's unique needs, helping them design more relevant and effective digital banking services.

Limitations

The study encountered several limitations that could impact the breadth, depth, and broader applicability of its findings. One primary limitation is the reduction in the planned sample size from 385 to 316 participants due to budget constraints, which may limit the generalizability of the results across the broader Gen Z demographic in Canada. Although efforts were made to maintain representativeness, the smaller cohort may reduce the analysis's statistical robustness.

Furthermore, the reliance on a third-party company, Centiment, for the recruitment of participants and initial data analysis introduced a level of dependency that might influence the control over data quality and the methodology employed.

The study's online survey approach might also attract respondents who are more digitally literate or have a particular interest in digital banking, potentially skewing the data towards those who are already engaged with or favourable towards digital banking platforms.

Additionally, the study might not fully capture the cultural and socio-economic diversity within Canada's Generation Z. Economic status, cultural backgrounds, and regional differences can significantly influence banking behaviours, and these factors might not have been adequately represented in the sample.

Moreover, the rapid evolution of technology and changing market conditions could quickly outdate the findings. As new banking technologies emerge and market conditions evolve, the relevance of the data might diminish, highlighting the need for continuous research to keep findings relevant.

Finally, external economic factors such as recessions, job market fluctuations, and changes in government policies related to banking and finance, which were not accounted for in this study, can broadly and suddenly affect consumer behaviour. These complexities underscore the challenges of researching digital banking behaviour and emphasize the necessity for ongoing adjustments and enhancements in future studies to ensure the findings remain accurate and applicable.

Future Research

Considering the rapid evolution of technology and consumer preferences, future research is essential to deepen and broaden the understanding of digital banking behaviours among Generation Z. Longitudinal studies could provide valuable insights

into how Gen Z's banking preferences and behaviours evolve as they age and their financial needs change. Expanding the demographic and geographic scope of the research could help uncover regional and cultural differences in digital banking behaviours, providing a more comprehensive understanding of the diverse factors that influence banking choices across Canada.

Furthermore, with the continuous emergence of new technologies such as blockchain and artificial intelligence, future studies should explore Gen Z's adoption rates and attitudes toward these innovations in banking. Additionally, incorporating qualitative research methods could enrich the quantitative findings, offering deeper insights into Gen Z's motivations, attitudes, and perceptions regarding digital banking. This mixed-methods approach would allow for a more nuanced exploration of the complex dynamics that characterize Gen Z's engagement with digital banking services.

In summary, while this research has laid a substantial foundation for understanding Gen Z's preferences in digital banking, ongoing research is crucial to adapt to their evolving needs and to keep pace with technological advancements in the banking sector.

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