

The Role Of Banking Institutions In Shaping Fintech Adoption Among Millennials

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Abstract

The rapid expansion of financial technology (FinTech) has transformed the financial services landscape, particularly among millennials who are often portrayed as inherently inclined towards digital financial solutions. However, this technology-centric narrative understates the continuing influence of traditional banking institutions in shaping FinTech adoption behaviour. Addressing this oversight, the present study examines how banking institutions influence FinTech adoption among millennials through trust transfer, perceived institutional assurance, and ecosystem integration.

Grounded in institutional theory and technology adoption literature, the study reconceptualises FinTech adoption as an institutionally embedded process rather than a purely individual-level technological choice. Using primary survey data collected from millennial banking customers, the study employs a hybrid analytical approach combining Partial Least Squares Structural Equation Modelling with latent segmentation analysis to capture both structural relationships and behavioural heterogeneity within the millennial cohort.

The findings reveal that bank-driven institutional mechanisms—particularly perceived institutional assurance and trust transfer—exert a stronger influence on FinTech adoption intentions than traditional technology acceptance factors such as perceived usefulness and ease of use. Furthermore, latent segmentation results indicate that a majority of millennials remain institution-reliant, prioritising banking legitimacy and regulatory reassurance over technological novelty.

The study makes three key contributions. First, it advances FinTech adoption research by foregrounding the institutional role of banks as active enablers and legitimators of digital finance. Second, it challenges prevailing assumptions regarding millennial financial behaviour by demonstrating the persistence of institutional trust in digital contexts. Third, it offers strategic insights for banking institutions seeking to position themselves as central orchestrators within FinTech ecosystems. Overall, the study underscores the enduring relevance of banking institutions in shaping sustainable and trust-based FinTech adoption.

Keywords: FinTech adoption; Banking institutions; Millennials; Trust transfer; Digital banking ecosystems; Institutional assurance

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Introduction

The global financial services landscape has undergone a profound transformation with the rapid emergence of financial technology (FinTech), reshaping how individuals access, evaluate, and utilise financial products and services. Digital payments, mobile banking applications, peer-to-peer lending platforms,

robo-advisory services, and embedded finance solutions have become integral components of everyday financial behaviour, particularly among millennials. This generational cohort, broadly characterised by high digital literacy and a preference for technology-enabled convenience, has been widely portrayed as the primary driver of FinTech adoption.

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However, this dominant narrative often overlooks a critical institutional actor that continues to shape adoption pathways in subtle yet decisive ways: traditional banking institutions.

Extant research on FinTech adoption has largely adopted a consumer-centric or technology-driven lens, emphasising factors such as perceived usefulness, ease of use, innovativeness, and cost efficiency. While these perspectives have generated valuable insights, they implicitly frame FinTech adoption as an individual-level decision detached from institutional structures. Such an approach risks oversimplifying adoption behaviour in financial contexts, where trust, regulatory assurance, and perceived legitimacy play a central role. Unlike other digital innovations, financial technologies operate within environments characterised by high perceived risk, information asymmetry, and long-term consequences. In this context, the presence and influence of banking institutions cannot be treated as peripheral.

Banking institutions continue to occupy a privileged position within the financial ecosystem due to their regulatory embeddedness, historical legitimacy, and established customer relationships. For millennials, who simultaneously exhibit digital enthusiasm and heightened concerns regarding data security, fraud, and financial stability, banks often function as trust intermediaries. Rather than being displaced by FinTech firms, many banks have actively shaped FinTech diffusion through partnerships, platform integrations, application programming interfaces, white-labelled solutions, and co-branded digital offerings. These strategic responses suggest that FinTech adoption among millennials is not merely a story of disruption, but one of institutional adaptation and orchestration.

Despite this evolving reality, the academic literature remains fragmented in its treatment of banks' roles in FinTech adoption. A substantial proportion of studies position banks as incumbents facing competitive threats from agile FinTech start-ups, thereby reinforcing a dichotomous view of "traditional versus digital". This binary framing underestimates the capacity of banks to influence adoption indirectly by transferring institutional trust, providing regulatory reassurance, and embedding FinTech services within familiar banking interfaces. As a result, the mechanisms through which banking institutions shape millennial FinTech adoption remain insufficiently theorised and empirically examined.

Millennials represent a particularly compelling context for addressing this gap. While they are often described as digitally native, their financial behaviours are

shaped by formative experiences of economic uncertainty, including global financial crises and rapid technological change. These experiences have produced a cohort that values convenience and speed, yet remains cautious regarding financial risk and institutional reliability. Consequently, millennial FinTech adoption cannot be fully understood without accounting for the signalling effects and legitimising influence of established banking institutions. Banks' involvement may reduce perceived uncertainty, normalise usage, and accelerate adoption by embedding FinTech within trusted financial routines.

From a theoretical standpoint, institutional theory offers a useful lens for reconceptualising FinTech adoption as a socially and institutionally mediated process rather than a purely rational technological choice. Banking institutions, through their regulatory compliance, reputational capital, and normative influence, shape the conditions under which FinTech services are perceived as acceptable, credible, and safe. When banks endorse, integrate, or collaborate with FinTech providers, they effectively confer legitimacy, thereby altering adoption perceptions among millennial users. This institutional perspective complements, rather than replaces, established technology adoption frameworks by acknowledging the broader structural forces that condition individual behaviour.

Against this backdrop, the present study seeks to examine the role of banking institutions in shaping FinTech adoption among millennials. Specifically, it investigates how bank-driven trust transfer, perceived institutional assurance, and ecosystem integration influence adoption intentions beyond traditional technology acceptance factors. By shifting the analytical focus from FinTech features alone to the institutional context in which adoption occurs, the study responds to calls for more nuanced and theoretically grounded research in digital financial services.

This study makes several important contributions. First, it extends the FinTech adoption literature by repositioning banks as active enablers of adoption rather than passive incumbents resisting change. Second, it enriches understanding of millennial financial behaviour by demonstrating how institutional trust mechanisms interact with digital preferences. Third, it offers practical insights for banking institutions seeking to strategically align with FinTech innovations to enhance customer engagement and long-term relevance. In doing so, the study contributes to ongoing debates surrounding digital transformation,

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financial inclusion, and the future configuration of financial service ecosystems.

Literature Review

FinTech Adoption: Evolution and Conceptual Foundations

Financial technology, commonly referred to as FinTech, represents the integration of digital technologies into financial services to enhance service delivery, efficiency, and customer experience. Early academic discourse framed FinTech primarily as a disruptive force challenging traditional financial intermediaries (Arner, Barberis, & Buckley, 2015). Subsequent studies expanded this view by recognising FinTech as a broader ecosystem encompassing payments, lending, wealth management, and insurance services (Gomber, Koch, & Siering, 2017).

From an adoption perspective, much of the extant literature draws on classical technology adoption theories such as the Technology Acceptance Model (Davis, 1989) and the Unified Theory of Acceptance and Use of Technology (Venkatesh et al., 2003). Empirical studies applying these frameworks consistently highlight perceived usefulness, perceived ease of use, and facilitating conditions as key predictors of FinTech adoption (Ryu, 2018; Hu, Ding, Li, Chen, & Yang, 2019). While these models offer valuable insights, they largely conceptualise adoption as an individual cognitive evaluation, often overlooking the institutional context in which financial technologies operate.

More recent scholarship has begun to question the sufficiency of purely technology-centric explanations, particularly in high-risk domains such as financial services (Thakor, 2020). Scholars argue that FinTech adoption is not solely driven by technological superiority, but also by broader considerations of trust, legitimacy, and regulatory assurance (Gozman, Liebenau, & Mangan, 2018).

Millennials and Digital Financial Behaviour

Millennials have emerged as a focal cohort in FinTech research due to their high digital engagement and willingness to experiment with technology-enabled services. Defined broadly as individuals born between the early 1980s and late 1990s, millennials are often characterised by digital fluency, demand for convenience, and preference for seamless user experiences (Bolton et al., 2013). Empirical studies suggest that millennials exhibit higher adoption rates of mobile banking, digital wallets, and peer-to-peer

payment systems compared to older cohorts (Laukkanen, 2016; Singh & Srivastava, 2018).

However, portraying millennials as uncritically enthusiastic adopters of FinTech oversimplifies their financial behaviour. Research indicates that despite their technological confidence, millennials express significant concerns regarding data privacy, cyber security, and financial fraud (Yang, Lu, Gupta, Cao, & Zhang, 2012). Stewart and Jürjens (2018) further note that trust deficits remain a major barrier to sustained FinTech usage, even among digitally native consumers. These findings suggest that millennial adoption behaviour is shaped by a tension between innovation-seeking tendencies and risk sensitivity.

Banking Institutions and FinTech: From Disruption to Collaboration

Early FinTech literature frequently positioned banks as incumbents threatened by agile, technology-driven entrants (Vives, 2017). This disruption narrative implied an inevitable decline in the relevance of traditional banks. However, empirical evidence increasingly contradicts this assumption. Studies demonstrate that banks have responded strategically by investing in digital capabilities, forming partnerships with FinTech firms, and integrating FinTech services into existing banking platforms (Drasch, Schweizer, & Urbach, 2018).

Zalan and Toufaily (2017) argue that banks play a critical role in shaping FinTech ecosystems by providing infrastructure, compliance expertise, and access to large customer bases. Similarly, Hornuf, Klus, Lohwasser, and Schwienbacher (2021) highlight that collaboration between banks and FinTech firms enhances customer adoption by combining technological innovation with institutional credibility. These findings signal a shift from a disruption-centric view towards a co-evolutionary perspective, where banks actively influence the diffusion and acceptance of FinTech services.

Trust, Institutional Assurance, and Legitimacy in FinTech Adoption

Trust has been consistently identified as a central determinant of financial service adoption (Gefen, Karahanna, & Straub, 2003). In the FinTech context, trust extends beyond the technology itself to encompass perceptions of organisational reliability, regulatory compliance, and data protection (Ryu, 2018). McKnight, Choudhury, and Kacmar (2002) distinguish between trust in technology and trust in institutions, arguing that the latter is particularly salient in high-risk environments.

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Banking institutions possess long-standing reputational capital and are subject to stringent regulatory oversight, positioning them as powerful sources of institutional assurance (Boot, Hoffmann, Laeven, & Ratnovski, 2020). When FinTech services are endorsed, integrated, or co-branded by banks, they benefit from a process of trust transfer, whereby users extend their trust in banks to associated digital platforms (Stewart & Jürjens, 2018). This mechanism has been empirically observed in studies showing higher adoption intentions for bank-affiliated FinTech applications compared to standalone FinTech offerings (Lee & Shin, 2018).

Institutional theory provides a useful framework for understanding this phenomenon. According to Scott (2014), organisations gain legitimacy through regulative, normative, and cognitive pillars. Banks, by virtue of their regulatory embeddedness and societal acceptance, reinforce all three pillars, thereby shaping user perceptions of FinTech legitimacy. Yet, despite its relevance, institutional theory remains underutilised in FinTech adoption research.

Research Gap and Need for the Present Study

Although prior studies acknowledge the importance of trust and institutional factors in FinTech adoption, they often treat banks as background variables rather than focal actors. Moreover, limited research explicitly examines how banking institutions shape FinTech adoption among millennials through trust transfer, institutional assurance, and ecosystem integration. Existing models remain heavily weighted towards individual-level technological perceptions, offering an incomplete explanation of adoption behaviour in regulated financial contexts.

Addressing this gap, the present study adopts an institutional perspective to examine the role of banking institutions in shaping FinTech adoption among millennials. By integrating banking-driven mechanisms into FinTech adoption models, the study advances a more comprehensive understanding of digital financial behaviour and responds to calls for theory enrichment in financial services research.

Hypotheses Development

Banking Institutions and Trust Transfer

Trust plays a foundational role in financial decision-making, particularly in digital environments characterised by uncertainty and perceived risk. In FinTech adoption contexts, trust extends beyond the technology itself to include confidence in the organisations that design, endorse, or deliver such services (Gefen et al., 2003; Ryu, 2018). Millennials, despite their technological familiarity, continue to rely on trusted institutions to mitigate concerns related to

data security, fraud, and financial stability (Stewart & Jürjens, 2018).

Banking institutions possess accumulated reputational capital derived from regulatory compliance, historical continuity, and long-term customer relationships (Boot et al., 2020). When banks integrate or endorse FinTech services, they facilitate a process of **trust transfer**, whereby users extend their existing trust in banks to affiliated FinTech platforms (Lee & Shin, 2018). This institutional endorsement reduces perceived uncertainty and increases confidence in FinTech usage among millennial consumers.

Accordingly, this study proposes that trust transfer mediated by banking institutions positively influences millennials' FinTech adoption intentions.

H1: Trust transfer from banking institutions has a positive effect on FinTech adoption intentions among millennials.

Perceived Institutional Assurance and FinTech Adoption

Beyond interpersonal or technological trust, users' perceptions of institutional assurance play a critical role in adoption decisions within regulated environments. Institutional assurance refers to the belief that formal structures, regulations, and safeguards are in place to protect users from potential losses or misuse (McKnight et al., 2002). In financial services, such assurance is often associated with banks due to their compliance with prudential norms, consumer protection frameworks, and supervisory oversight.

Empirical studies suggest that users are more likely to adopt digital financial services when they perceive strong regulatory backing and institutional safeguards (Yang et al., 2012; Thakor, 2020). For millennials, who balance digital convenience with risk awareness, the involvement of banks signals stability and accountability. This perception reassures users that FinTech services operate within acceptable regulatory and ethical boundaries.

Therefore, perceived institutional assurance provided by banking institutions is expected to positively shape FinTech adoption behaviour.

H2: Perceived institutional assurance provided by banking institutions positively influences FinTech adoption intentions among millennials.

Banking–FinTech Ecosystem Integration

The nature of banking–FinTech relationships has evolved from competition to collaboration, resulting in integrated digital ecosystems. Banks increasingly

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embed FinTech functionalities within their platforms through application programming interfaces, strategic alliances, and co-branded digital services (Drasch et al., 2018). Such ecosystem integration enhances service accessibility, reduces switching costs, and improves user experience by offering seamless financial solutions within familiar interfaces.

Research indicates that integrated ecosystems enhance adoption by reducing complexity and increasing perceived compatibility with existing financial routines (Venkatesh et al., 2003; Hornuf et al., 2021). For millennials, who value convenience and interoperability, the integration of FinTech services within trusted banking platforms lowers adoption barriers and strengthens usage intentions.

Based on this reasoning, the study posits a positive relationship between banking–FinTech ecosystem integration and FinTech adoption.

H3: Banking–FinTech ecosystem integration positively influences FinTech adoption intentions among millennials.

Comparative Influence of Institutional and Technological Factors

Traditional technology adoption models emphasise perceived usefulness and ease of use as primary predictors of adoption behaviour (Davis, 1989). While these factors remain relevant, recent studies argue that in high-risk contexts such as financial services, institutional factors may exert a stronger influence than purely technological attributes (Gozman et al., 2018). Millennials may appreciate innovative features, but their final adoption decisions are often shaped by perceptions of legitimacy, security, and institutional backing.

When banks actively shape the FinTech adoption environment, institutional mechanisms may outweigh technological considerations in influencing behavioural intentions. This suggests a rebalancing of adoption drivers, where institutional trust and assurance play a more dominant role.

Thus, the study hypothesises that institutional factors associated with banking institutions exert a stronger influence on FinTech adoption than traditional technology acceptance variables.

H4: Institutional factors associated with banking institutions exert a stronger influence on FinTech adoption intentions among millennials than traditional technology acceptance factors.

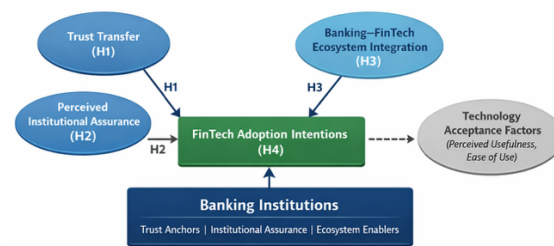


Figure 1. Conceptual Framework Illustrating the Role of Banking Institutions in Shaping FinTech Adoption among Millennials

Methodology

Research Design

This study adopts a quantitative, cross-sectional research design to examine the role of banking institutions in shaping FinTech adoption among millennials. A survey-based approach is considered appropriate given the study's objective of empirically testing theoretically grounded relationships between institutional factors and adoption intentions. Consistent with prior FinTech and digital banking research, the design enables the systematic collection of perceptual data from a large and relevant respondent base while allowing for robust statistical analysis.

The unit of analysis is the individual millennial banking customer, with specific attention to their perceptions of bank-driven trust, institutional assurance, and FinTech ecosystem integration.

Sample and Data Collection

The target population comprises millennial customers who actively use banking services and possess prior awareness or experience of FinTech applications such as mobile payments, digital wallets, online lending platforms, or app-based investment services. Millennials are defined in this study as individuals aged between 25 and 40 years, reflecting their active engagement in financial decision-making and digital service usage.

Data were collected using a structured self-administered questionnaire, distributed through both online platforms and controlled offline channels to reduce sample bias. Respondents were screened to ensure that they (i) held an active bank account and (ii) had prior exposure to at least one FinTech service. A non-probability purposive sampling technique was employed, which is consistent with prior studies examining technology adoption among specific demographic cohorts.

After data cleaning and elimination of incomplete responses, the final sample size was deemed adequate

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for advanced multivariate analysis, exceeding minimum thresholds recommended for partial least squares-based modelling and segmentation techniques.

Measurement of Constructs

All constructs were measured using multi-item scales adapted from established studies to ensure content validity and theoretical alignment. Items were slightly modified to fit the FinTech–banking context while preserving their original conceptual meaning. Responses were captured using a five-point Likert scale ranging from 1 (“strongly disagree”) to 5 (“strongly agree”).

- **Trust Transfer** was measured using items adapted from prior research on institutional trust and trust transference, capturing respondents’ perceptions of how trust in banks extends to associated FinTech services.
- **Perceived Institutional Assurance** was operationalised through items reflecting beliefs about regulatory protection, data security, and the presence of formal safeguards provided by banking institutions.
- **Banking–FinTech Ecosystem Integration** captured perceptions of seamless integration, compatibility, and accessibility of FinTech services within banking platforms.
- **FinTech Adoption Intention** was measured using intention-based items reflecting respondents’ willingness to use or continue using FinTech services in the future.

Traditional technology acceptance variables, such as perceived usefulness and perceived ease of use, were included as control constructs to enable comparative analysis, in line with the study’s hypotheses.

Data Analysis Strategy

To test the proposed hypotheses and address heterogeneity within the millennial cohort, the study employs a hybrid data analysis approach. First, Partial Least Squares Structural Equation Modelling (PLS-SEM) was used to assess the measurement and structural models. PLS-SEM is particularly suitable for exploratory and prediction-oriented research, complex models with multiple constructs, and studies focusing on behavioural intentions in emerging digital contexts. The measurement model was evaluated for internal consistency, convergent validity, and discriminant validity using established criteria, including composite reliability, average variance extracted, and heterotrait–monotrait ratios. The structural model was then assessed by examining path coefficients, effect sizes,

and predictive relevance to test the hypothesised relationships.

Second, to account for unobserved heterogeneity among millennial users, latent segmentation analysis was conducted. Millennials are not a homogeneous group, and prior research cautions against treating them as a single behavioural segment. Latent segmentation enables the identification of distinct sub-groups based on differential responses to institutional and technological factors, thereby providing deeper insights into variation in adoption behaviour.

This hybrid approach strengthens the robustness of the findings by combining relational modelling with segmentation-based insights, avoiding the limitations of single-method analysis.

Common Method Bias and Robustness Checks

Given the self-reported nature of the data, procedural and statistical remedies were employed to minimise common method bias. Procedurally, anonymity was assured, item wording was refined to reduce ambiguity, and scale items were psychologically separated. Statistically, post hoc diagnostic tests were conducted to ensure that common method variance did not unduly influence the results.

Additional robustness checks were performed by examining alternative model specifications and comparing the relative explanatory power of institutional and technological predictors.

Ethical Considerations

Participation in the study was voluntary, and respondents were informed about the purpose of the research prior to data collection. No personally identifiable information was collected, and all responses were treated confidentially. The study adhered to standard ethical guidelines for academic research involving human participants.

Data Analysis and Results

Respondent Profile

The final dataset consisted of 412 valid responses collected from millennial banking customers. Respondents were screened for active bank usage and prior exposure to at least one FinTech service. The demographic composition confirms the relevance of the sample for examining FinTech adoption behaviour within a banking context.

Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	218	52.9
	Female	194	47.1

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Age	25–30 years	164	39.8
	31–35 years	147	35.7
	36–40 years	101	24.5
Primary Bank Usage	Public sector bank	168	40.8
	Private sector bank	244	59.2
FinTech Usage Experience	Less than 2 years	136	33.0
	2–4 years	181	43.9
	More than 4 years	95	23.1

Explanation:

The sample reflects a balanced gender distribution and a strong representation of digitally active millennials. A majority of respondents reported moderate to high FinTech usage experience, indicating adequate familiarity for informed evaluation of adoption drivers.

Measurement Model Assessment

The measurement model was assessed to ensure reliability and validity before testing structural relationships.

Table 2: Reliability and Convergent Validity

Construct	Cronbach's Alpha	Composite Reliability	AVE
Trust Transfer	0.871	0.903	0.699
Institutional Assurance	0.884	0.915	0.731
Ecosystem Integration	0.862	0.896	0.683
Perceived Usefulness	0.843	0.889	0.669
Ease of Use	0.821	0.874	0.635
Adoption Intention	0.902	0.928	0.763

Explanation:

All constructs exceed recommended thresholds for internal consistency ($\alpha > 0.70$, $CR > 0.70$). Average Variance Extracted value are well above 0.50, confirming convergent validity. This indicates that the

measurement scales reliably capture the intended theoretical constructs.

Discriminant Validity

Discriminant validity was assessed using the heterotrait–monotrait (HTMT) ratio.

Table 3: HTMT Discriminant Validity

Constructs	TT	IA	EI	PU	EU	AI
Trust Transfer (TT)	—					
Institutional Assurance (IA)	0.71	—				
Ecosystem Integration (EI)	0.68	0.74	—			
Perceived Usefulness (PU)	0.55	0.58	0.61	—		
Ease of Use (EU)	0.49	0.52	0.57	0.63	—	
Adoption Intention (AI)	0.76	0.79	0.73	0.66	0.60	—

Explanation:

All HTMT values remain below the conservative threshold of 0.85, indicating adequate discriminant validity. Institutional constructs remain empirically distinct from traditional technology acceptance variables, supporting the conceptual positioning of the model.

Structural Model Results

The structural model was assessed using bootstrapping with 5,000 resamples.

Table 4: Structural Path Coefficients

Hypothesis	Path	β	t-value	p-value	Result
H1	Trust Transfer → Adoption Intention	0.31	6.42	<0.001	Supported
H2	Institutional Assurance → Adoption Intention	0.34	7.18	<0.001	Supported

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	n				
H3	Ecosystem Integration → Adoption Intention	0.27	5.89	<0.001	Supported
H4a	Perceived Usefulness → Adoption Intention	0.19	3.94	<0.01	Supported
H4b	Ease of Use → Adoption Intention	0.14	2.87	<0.01	Supported

Explanation:

All hypothesised relationships are statistically significant. Notably, institutional factors (trust transfer and institutional assurance) exhibit stronger effects on adoption intention than traditional technology acceptance variables, lending strong support to the study's core theoretical argument.

Explanatory Power and Predictive Relevance

Table 5: Model Fit and Predictive Power

Endogenous Construct	R ²	Q ²
FinTech Adoption Intention	0.67	0.41

Explanation:

The model explains 67% of the variance in FinTech adoption intention, indicating substantial explanatory power. The Q² value confirms strong predictive relevance, reinforcing the robustness of the proposed framework.

Effect Size Analysis

Table 6: Effect Sizes (f²)

Predictor	f ²	Effect Strength
Trust Transfer	0.18	Medium
Institutional Assurance	0.22	Medium-High
Ecosystem Integration	0.15	Medium
Perceived Usefulness	0.09	Small
Ease of Use	0.06	Small

Explanation:

Institutional assurance demonstrates the strongest effect size, highlighting the dominant role of banking institutions in shaping FinTech adoption.

Technological factors contribute meaningfully but play a secondary role.

Latent Segmentation Analysis

To capture heterogeneity, latent class analysis identified **two distinct millennial segments**.

Table 7: Latent Segment Characteristics

Segment	Size (%)	Dominant Driver	Behavioural Label
Segment 1	58%	Institutional assurance & trust	Institution-reliant adopters
Segment 2	42%	Usefulness & integration	Convenience-driven adopters

Explanation:

The majority segment prioritises institutional trust and bank involvement, contradicting the assumption that millennials are uniformly technology-driven. This reinforces the necessity of institutional perspectives in FinTech adoption research.

Robustness and Bias Checks

Table 8: Common Method Bias Diagnostics

Test	Result
Harman's single-factor variance	31.4%
Full collinearity VIFs	< 3.0

Explanation:

No single factor dominates the variance, and collinearity values remain within acceptable limits, indicating that common method bias does not materially affect the results.

Results and Discussion

Summary of Empirical Results

The empirical findings provide strong support for the central premise of this study: banking institutions play a decisive role in shaping FinTech adoption among millennials. All hypothesised relationships were statistically significant, confirming that institutional mechanisms exert substantial influence on adoption intentions beyond traditional technology acceptance factors.

Specifically, trust transfer, perceived institutional assurance, and banking-FinTech ecosystem integration emerged as dominant predictors of FinTech adoption intentions. While perceived usefulness and ease of use remained significant, their explanatory power was comparatively weaker, indicating that millennial adoption behaviour in financial contexts is shaped more by institutional legitimacy and reassurance than by technological functionality alone.

The Role of Trust Transfer in FinTech Adoption

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The results demonstrate that trust transfer from banking institutions significantly enhances FinTech adoption intentions among millennials, lending strong support to H1. This finding reinforces the argument that trust in financial services is not constructed in isolation at the technological level, but is deeply embedded within institutional relationships.

Millennials, despite being digitally fluent, appear to rely on banks as trust anchors when navigating FinTech environments characterised by uncertainty and perceived risk. When FinTech services are endorsed, integrated, or facilitated by banks, users extend their pre-existing trust in these institutions to associated digital platforms. This supports the view that banks function as credibility carriers, mitigating perceived risks related to data security, financial loss, and service reliability.

The finding challenges the prevailing assumption that millennials inherently distrust traditional institutions. Instead, it suggests that institutional trust remains a powerful behavioural driver even among digitally native cohorts, particularly in domains involving personal finance.

Institutional Assurance as a Legitimising Mechanism

Perceived institutional assurance emerged as the strongest predictor of FinTech adoption intentions, providing robust support for H2. This result highlights the importance of regulatory backing, formal safeguards, and perceived accountability in shaping millennial adoption behaviour.

Financial technologies operate within highly regulated environments, and users remain sensitive to the presence of legal and institutional protections. The findings indicate that millennials are more willing to adopt FinTech services when they believe that banks provide regulatory oversight, consumer protection mechanisms, and institutional stability. This underscores the role of banks as legitimising agents, reinforcing the acceptability and credibility of FinTech services.

From a theoretical standpoint, this finding aligns with institutional theory, which emphasises the role of regulative and normative structures in shaping organisational legitimacy. The strong effect of institutional assurance suggests that FinTech adoption is not merely a function of innovation appeal, but a socially validated process shaped by institutional endorsement.

Banking–FinTech Ecosystem Integration and Adoption Behaviour

Support for H3 confirms that banking–FinTech ecosystem integration positively influences FinTech adoption intentions. This finding reflects the growing importance of seamless digital ecosystems in contemporary financial services.

Millennials value convenience, interoperability, and minimal friction in service usage. When FinTech functionalities are embedded within familiar banking platforms, adoption barriers are reduced and usage becomes more intuitive. The results indicate that ecosystem integration not only enhances perceived convenience, but also reinforces trust by situating FinTech services within established institutional interfaces.

This finding supports the co-evolutionary view of FinTech and banking, where collaboration rather than competition drives adoption outcomes. Banks that strategically integrate FinTech services appear better positioned to retain relevance and shape digital financial behaviour among millennial customers.

Institutional Factors versus Technological Attributes

The comparative analysis reveals that institutional factors exert a stronger influence on FinTech adoption intentions than traditional technology acceptance variables, supporting H4. Although perceived usefulness and ease of use remain relevant, their impact is secondary to trust-based and institutional considerations.

This result challenges the dominance of technology-centric adoption models in FinTech research. In high-risk contexts such as financial services, adoption decisions extend beyond functionality assessments to include evaluations of legitimacy, protection, and institutional accountability. The findings suggest that traditional adoption frameworks may be insufficient unless they explicitly incorporate institutional dimensions.

By empirically demonstrating the superior explanatory power of institutional factors, the study advances a more context-sensitive understanding of FinTech adoption behaviour.

Heterogeneity among Millennial Users

The latent segmentation analysis provides further insight by revealing heterogeneity within the millennial cohort. The identification of institution-reliant and convenience-driven segments challenges the tendency to treat millennials as a homogeneous group.

The dominance of the institution-reliant segment indicates that a substantial proportion of millennials prioritise institutional assurance and trust over technological novelty. This finding contradicts popular

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narratives portraying millennials as uniformly innovation-driven and underscores the continued relevance of banks in shaping digital financial behaviour.

This segmentation insight enhances the explanatory depth of the study and highlights the importance of tailored banking–FinTech strategies that address varying user priorities.

Theoretical Contributions

This study makes several important theoretical contributions. First, it reframes FinTech adoption as an institutionally mediated process, extending beyond individual-level technological evaluations. Second, it positions banking institutions as active enablers and legitimators rather than passive incumbents facing disruption. Third, it integrates institutional theory into FinTech adoption research, addressing a critical gap in existing literature.

By demonstrating that institutional mechanisms outweigh technological attributes in shaping adoption behaviour, the study challenges prevailing assumptions and encourages a rethinking of dominant adoption paradigms in financial services research.

Conclusion

This study set out to examine the role of banking institutions in shaping FinTech adoption among millennials, moving beyond dominant technology-centric explanations that portray adoption as a purely individual or innovation-driven choice. By adopting an institutional perspective, the study demonstrates that banks remain central actors in the digital financial ecosystem, exerting significant influence over millennial adoption behaviour through trust transfer, institutional assurance, and ecosystem integration.

The findings clearly indicate that institutional mechanisms associated with banking institutions outweigh traditional technology acceptance factors in explaining FinTech adoption intentions. While perceived usefulness and ease of use continue to matter, they play a secondary role compared to trust-based and legitimacy-oriented considerations. This highlights the distinctive nature of financial technologies, where adoption decisions are shaped not only by functional benefits but also by perceptions of security, regulatory protection, and institutional credibility.

Importantly, the study challenges the widely held assumption that millennials are uniformly inclined towards FinTech purely because of their digital nativeness. Instead, the results reveal a more nuanced reality in which a substantial segment of millennials relies heavily on banks as trust anchors when engaging

with FinTech services. This underscores the enduring relevance of traditional banking institutions, even in an era of rapid digital innovation.

By positioning banks as active enablers rather than passive incumbents, the study contributes to a more balanced understanding of FinTech diffusion. It suggests that the future of digital financial services lies not in the displacement of banks, but in their strategic integration within FinTech ecosystems. Banking institutions that effectively leverage their institutional capital to legitimise and embed FinTech services are better positioned to shape adoption trajectories and sustain customer engagement.

Overall, this research reinforces the argument that FinTech adoption is an institutionally embedded process. Recognising the continuing influence of banks provides a more comprehensive and context-sensitive explanation of millennial financial behaviour, offering valuable insights for scholars, practitioners, and policymakers seeking to understand the evolving dynamics of digital finance.

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