
RESEARCH ARTICLE

Adoption of Neo-Banks: A behavioural reasoning theory (BRT) approach

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ABSTRACT

Consumer preferences and technology advancements related to the banking industry has undergone a change recently. Among other things, this has resulted to formation of newer forms of banks. One such is Neo Bank. Neobanks are now in demand because of ubiquitousness of cell phones and the internet. At the same time, persuading clients to switch from traditional banking to mobile banking is not easy as many customers are not comfortable with mobile banking solutions. Such customers prefer to communicate with banks in-person or telephonically. In this context, the current paper uses Behavioural Reasoning Theory (BRT), which is an established IS research paradigm to delve into the reasons for and against adoption of Neobanks. The data was gathered using netnography method and analysed using Structure Topic Modelling (STM). We extracted insights from the textual data, and performed a sentiment analysis to determine how people felt about Neo Banks. The reasons for consumers moving to Neobanks, as per our analysis, are: Convenience and Digital Accessibility, Cost Savings, Personalisation together with Technological Integration, and Support for Small Businesses. The reasons given against Neobanks are: Security Concerns, Uncertainty in Regulations and Compliance, Problems in the Interface and Financial Literacy Issues, and Consumer Preferences for Traditional Banking. Testing and exploration prior to full adoption and, risk evaluation and value assessment are the variables that are associated with the Behavioural Intention, which is an individual's conscious decision of performing or not performing a behavior and it is determined by reasons, beliefs and attitude behind it. This research has significant repercussions for managerial decisions and policymaking: to effectively implement strategies that enhance adoption, confidence, and accessibility while also fix unpredictability about legal and security issues, it is crucial that senior leaders of Neobanks, fintech businesses, regulatory bodies, and legislators have a comprehensive understanding of factors that influence these aspects.

Keywords: Neo banks; behavioural reasoning theory (BRT); fintech; structure topic modelling (STM); financial inclusion

1. Introduction

Technological innovation and changes in consumer preferences have led to – among other things - the emergence of Neo Banks^[1]. According to Amond^[2], Neobanks are financial technology firms which provide

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a variety of financial products and services, such as checking and savings accounts, budgeting resources, and cash advances, via their mobile applications or websites. Customers that are searching for versatility, ease, and openness in their banking are often suitable candidates of such banks. Neobanks aim to distinguish themselves from conventional banks by providing innovative services via digital platforms, often tailored to attract certain client demographics. These categories, though not mutually exclusive, may be roughly classified as savers; unbanked, underbanked, and hourly workers; students and millennials; small company owners, entrepreneurs, and freelancers; and affinity groups^[3]. Neo Banking has emerged by addressing preferences, attitudes, and ambitions of various such consumer demographics^[4]. Globally, approximately 400 regulated Neo banks have been established in the last decade with about 5% of these achieving financial stability^[5]. Neobanks are built on the mobile-first strategy and digital operational models like digital banks, but there are distinctions between the two. Digital banks are typically the online-only subsidiaries of financial institutions that are already well-established and subject to regulatory oversight. A neobank is a financial institution that operates purely online, without any physical branches, and operates either independently or in collaboration with conventional banks^[6]. As the larger fintech ecosystem moves towards digitalisation and customer-focussed approach, neo banks have undergone a transformation since their emergence a decade ago. Presently, there is a greater focus on embedded finance and use-case centred lending^[7]. A growing desire for convenience is expected to be a major driver of neobanking expansion^[8]. A study released by Zion Market Research^[9] indicates that the worldwide Neo Bank Market was USD 171.73 billion in 2023 and is anticipated to reach USD 5,256.71 billion by 2032, exhibiting a compound annual growth rate (CAGR) of 46.3% from 2024 to 2032. The proliferation of smartphones and the Internet is stimulating for the growth of neobank platforms, hence accelerating their expansion. There is an extensive range of products provided by neo and challenger banks which is anticipated to further stimulate the growth of the neo and challenger bank sector. Neo Banks have emerged as innovative service providers, sometimes functioning only via mobile applications, and seek to provide more user-centric and customer-oriented alternatives to traditional banks. Generation Z and Millennials specifically prefer advanced banking services that do not necessitate a physical visit to a bank branch. There are certain challenges in New Banking. Convincing consumers to transition from conventional banking to app-based banking is a formidable challenge, since many customers do not see mobile solutions as beneficial and prefer face-to-face interactions or telephone conversations. Additionally, the preferred mode of payment in many countries such as India remains cash on delivery, which implies Neo Banks would have to arrange for physical cash as well as reliable payment gateways^[10].

After a review of analyses conducted on similar issues we find that Bhatnagar & Rajesh^[11] have examined the adoption of neobanks within the Indian setting using the UTAUT-3 model. However, there is no research on global adoption of neo banks. There exists a gap in comprehending the reasons for and against the adoption of Neo Banks within a global framework.

The current paper aims to fill this gap by applying Behavioural Reasoning Theory (BRT) on online discourse data and accordingly derive the underlying justifications and resistance to adopting Neo banking in a global context. BRT^[12] is a well-recognised framework in Information Systems (IS) research. We use Structure Topic Modelling (STM) to examine web articles and blogs pertaining to Neo Banks, extract insights from textual data and conduct sentiment analysis.

This paper develops a new methodological fusion of BRT, netnography, structural topic modeling (STM) together with sentiment analysis to explore global consumer views on Neo bank adoption. It extracts the deep rooted enablers and inhibitors of financial behaviors by mining large scale user generated content from digital platforms, data which is miniscule (or too large) to be captured using a survey based method.

The approach adopted by the current paper enables a powerful interpretation of digital financial adoption, by capturing its complexity and diversity. This paper aims to fill a gap in the literature as explained earlier by presenting a way of applying BRT on online discourse data and to derive accordingly the underlying justifications for and resistance to adopting a Neo-bank in a global digital context. Using qualitative reasoning and machine assisted topic discovery, the paper adds to the theory and methodological innovation.

Specifically, the current paper seeks to answer the following inquiry:

RQ1: What are the reasons for and against Neo bank adoption among consumers and how do these reasons relate to behavioural intentions within the framework of Behavioural Reasoning Theory (BRT)?

RQ2: Does the Structural Topic Modeling and sentiment orientation of themes sufficiently predict consumers' attitudes and behavioural intentions towards the Neo bank adoption?

2. Background and theoretical foundation of the study

Numerous ideas and frameworks exist about technology adoption or rejection. Majority of theories, such as the Technology Acceptance Model (TAM) by Davis ^[13] and the Unified Theory of Acceptance and Use of Technology (UTAUT) by Venkatesh et al. ^[14], predominantly emphasise technological attributes like benefits and efficiency, while neglecting the limitations or negative effects of technology. Neo Bank is a digital platform that prioritises user experience and necessitates a transformation in user behaviour and mindset to promote its adoption.

BRT ^[15] explains that peoples' cognitive reasoning procedures determine the behavioural intents and attitudes. The assessment of prior BRT studies indicates that BRT-based models more successfully account for the variability of the dependent variable compared to other behavioural theories, hence reinforcing these advantages ^[16]. BRT delineates the relationship among values or attitudes, reasons for or against technology adoption, overarching reasons, and metrics of user behaviour and purpose ^[17].

In this paper, we employed BRT to analyze the reasons for and against Neo Bank adoption. The fundamental tenet of BRT is that reasons serve as essential linkages between global motivations, individual beliefs, behaviours, and intents ^[18]. Subjective expectations, adherence, societal acceptability, and attitude are classified as global motivations, since they are evaluated at a higher level of abstractions and significantly predict intentions in study ^[19]. The rationale aspect comprises arguments for and against, each including a range of advantages and disadvantages ^[20]. BRT asserts that reasons serve as a significant determinant of the desire to use. Therefore, BRT surpasses previous behavioural theories, i.e. theory of planned behaviour and theory of reasoned action ^{[21][22]}. BRT has thus been widely used in the investigation on the adoption of technology to examine and discover the variables responsible for and against adoption of contemporary technologies such as e-waste recycling ^[23], Autonomous cars ^[24], IoT based devices for elderly hcare ^[25], Mobile payments systems ^[26], and social media platforms ^[27].

3. Methodology

The approach of this study is a novel mixed method that combines Structural Topic Modeling (STM), netnography and lexicon based sentiment analysis, for the exploration of the Neo-bank adoption. Traditional survey based techniques can be inadequate for capturing detailed reasoning of consumer behaviour, especially in the context of emerging digital financial services. This study embraces the veracity of consumers' voice by looking at large scale, and naturalistic data collected from online platforms.

STMs is a qualitative data analytics technique used for analyzing large amount of textual material (topic modelling). The subjects in the dataset were discerned by using STM. STM traces out complex structure of

scattered textual data and reveals hidden patterns and relationships ^[28]. It is suitable to examine a vast amount of text material with a lengthy text for extracting significant topics out of the text data ^[29]. The topic modelling was followed by a sentiment analysis.

STM is a robust, unsupervised machine learning technique which enables to discover latent thematic patterns across the unstructured text, whereas with this sentiment analysis additionally contributes an emotional context to characterize the public perceptions. Both of these methods are used together to give methodological triangulation to further the validity, depth of analysis and interpretative richness of the findings. This approach applies Behavioural Reasoning Theory (BRT) with a computational framework and provides strong theoretical grounding whilst retaining the inventiveness of the approach with potential application across a range of different types of digital adoption study.

3.1. Data collection

Netnography is a web based qualitative marketing method for gathering customer insights^[30]. It is used as a means of collecting textual data from online discussion boards, computer or mobile based chat rooms, social networking sites, and is increasingly being used in qualitative investigation^[31]. Our paper used this technique to collect data inform of information from articles and blogs.

We picked news articles and blogs from the ProQuest database, a prominent resource in qualitative research known for its extensive assortment of reputable and genuine internet news and blogs^[32]. We conducted an initial search with the following keyword: "Adoption of Neo Banks". We refined the material based on the source category. We restricted ourselves to newspapers, blogs and articles published from 2022 to 2024 in English language. The articles were meticulously examined to obtain the pertinent ones. Numerous publications failed to elaborate on the Neo Banks nevertheless featured in results from searches due to the inclusion of the word "Neo Bank". Such articles were omitted from further investigation. Upon eliminating duplicates and unsuitable publications, the final count of articles used in the research was 547.

3.2. Data analysis

Text and titles of the articles thus collected were amalgamated to create the dataset for assessment. We adhered to the prescribed text processing protocols and utilised the stmR program for the purpose of analysis ^[33]. The text was transformed to lowercase form, and punctuation marks, numerals, and fundamental stop words like as "the" and "is" were eliminated. We additionally excluded terms containing less than three letters and terms appearing in fewer than ten articles.

Initially, STM was used to ascertain the topics, which were then aligned with the BRT theory, followed by sentiment analysis a.

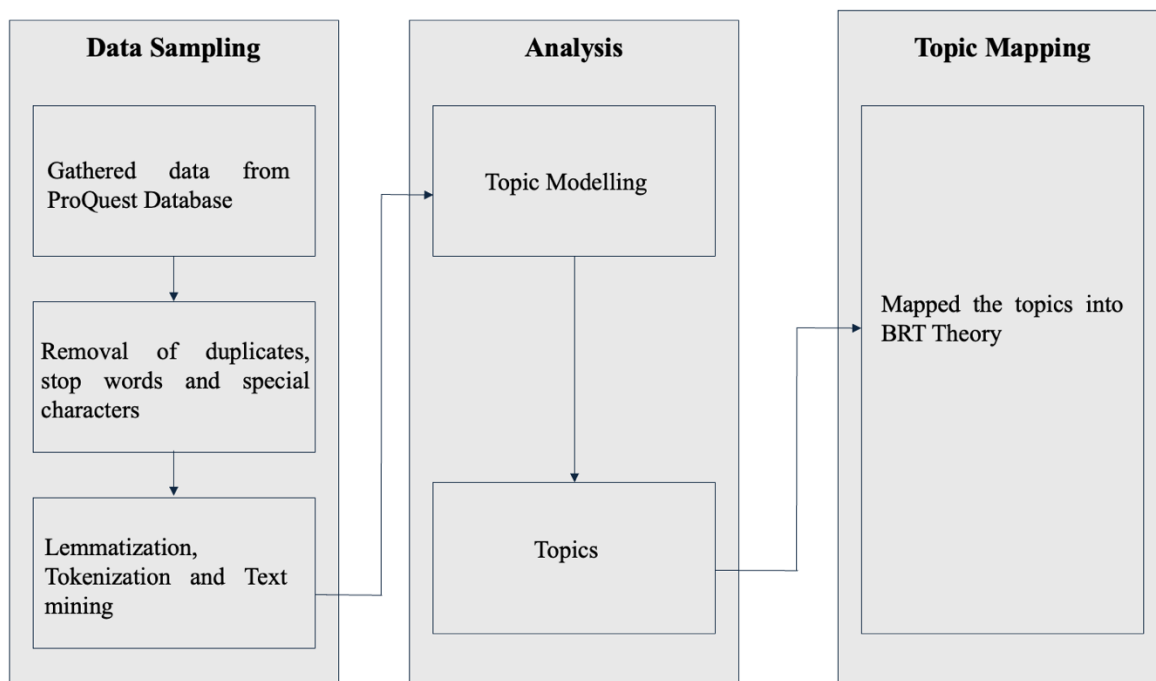


Figure 1. Comprehensive research design.

Source: Generated by the Authors'

4. Results

4.1. Topic estimation

Figure 2 illustrates that the selection of 10 themes is the most advantageous option for this research. The image demonstrates that the coherence score reaches a maximum of 10.

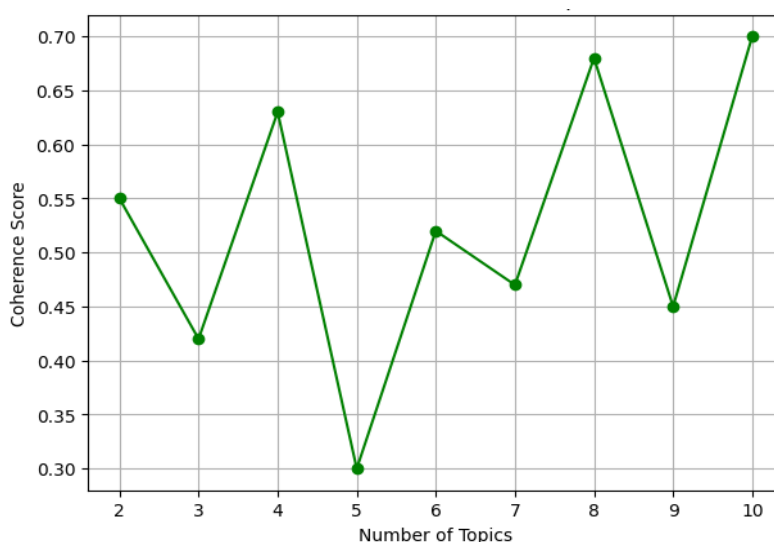


Figure 2. Coherence score vs number of topics.

Source: Authors' analysis

The 10 topics signify the principal themes discovered in the dataset. Each subject is represented by a collection of words, with the significance of each word reflecting its importance to the topic. We assigned a

descriptive name to each subject based on the specific words and the corresponding weights of those terms (Table 1).

Table 1. Identification of the topic.

Topics	Topic proportions
Topic 1: Convenience and digital accessibility	0.079*"convenience" + 0.067*"digital" + 0.062*"seamless" + 0.057*"automation" + 0.031*"usability" + 0.027*"accessibility" + 0.023*"easy" + 0.022*"self" + 0.020*"service" + 0.019*"online"
Topic 2: Cost savings	0.278*"cost" + 0.139*"savings" + 0.134*"zero" + 0.129*"fee" + 0.019*"affordable" + 0.011*"low" + 0.016*"rates" + 0.012*"cheap" + 0.010*"extra" + 0.009*"hidden"
Topic 3: Personalization together with technological integration	0.189*"customization" + 0.187*"personalization" + 0.184*"integration" + 0.179*"smart" + 0.169*"technology" + 0.166*"systems" + 0.153*"digital" + 0.149*"driven" + 0.143*"specific" + 0.131*"feature"
Topic 4: Support for small businesses	0.398*"small" + 0.394*"businesses" + 0.388*"sme" + 0.386*"entrepreneurs" + 0.377*"loan" + 0.357*"support" + 0.342*"capital" + 0.321*"aid" + 0.033*"access" + 0.028*"facilitation"
Topic 5: Security concerns	0.189*"cybersecurity" + 0.184*"security" + 0.177*"privacy" + 0.165*"fraud" + 0.163*"data" + 0.154*"protection" + 0.144*"risk" + 0.132*"breach" + 0.122*"encryption" + 0.119*"theft"
Topic 6: Uncertainty in regulations and compliance	0.188*"regulation" + 0.186*"challenges" + 0.173*"compliance" + 0.169*"policy" + 0.156*"governance" + 0.143*"law" + 0.141*"uncertain" + 0.133*"oversight" + 0.129*"legislation" + 0.127*"framework"
Topic 7: Problems in the interface and financial literacy issues	0.188*"UI" + 0.186*"UX" + 0.183*"dislikes" + 0.179*"problems" + 0.172*"interface" + 0.170*"literacy" + 0.165*"navigation" + 0.155*"complex" + 0.153*"glitches" + 0.149*"bugs"
Topic 8: Consumer preferences for traditional banking methods	0.167*"consumer" + 0.163*"traditional" + 0.160*"banking" + 0.157*"preference" + 0.153*"trust" + 0.151*"transaction" + 0.149*"relationship" + 0.137*"human" + 0.133*"visit" + 0.124*"branch"
Topic 9: Testing and exploration prior full adoption	0.193*"testing" + 0.185*"trial" + 0.181*"explore" + 0.174*"full" + 0.163*"adoption" + 0.160*"viable" + 0.152*"adaptable" + 0.147*"before" + 0.141*"feasible" + 0.129*"phase"
Topic 10: Risk evaluation and value assessment	0.190*"risk" + 0.186*"assessment" + 0.182*"evaluation" + 0.174*"analysis" + 0.165*"check" + 0.161*"worth" + 0.151*"outcome" + 0.147*"advantage" + 0.140*"profit" + 0.128*"effectiveness"

Structured topic modeling (STM) analysis characterized ten key themes of factors that behavioral and contextually influence neobank adoption. Among these are drivers such as convenience, digital accessibility, cost savings, and personalization with technological integration as well as support for small businesses for which the users are more inclined to adopt Neo Banks. Barriers such as data protection, governance frameworks, digital navigation, human interaction, and preference for traditional banking methods have made users uncertain of how they can navigate data security, regulatory uncertainties and compliance issues, as well as feature the aspect of not having human interactions.

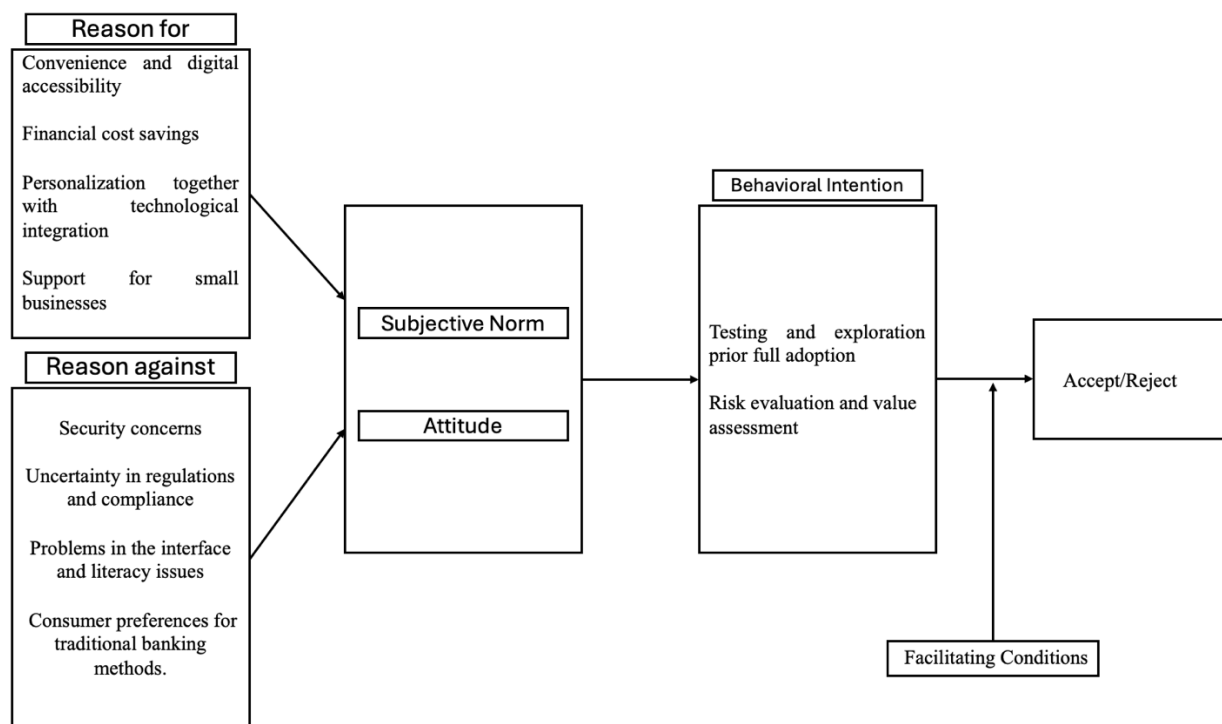


Figure 5. Behavioural reasoning theory model.

Source: Authors' analysis

Table 2. Key reasons for and against adoption of Neobanks.

Reasons for Neobank Adoption	Supporting Statements
Convenience and Digital Accessibility	"One of the main advantages of neobanks is their ease of access. Customers do not need to visit the bank physically and can carry out all banking transactions anytime and anywhere. This convenience extends to all processes, from opening an account to transferring money to the destination account. These tasks can be completed in minutes via a mobile phone [35]."
Cost Savings	"Neobanks have minimum charges and allow seamless money management and transactions. Overall, they allow your customers to have the same facilities at lower fees. It is one of the advantages of neobanks, where customers tend to use it more [36]."
Personalization Together with Technological Integration	"As they look to drive further adoption, neobanks are focusing on innovative offerings such as direct deposit advances for faster access to paychecks, high-yield savings accounts, credit-building tools, cashback rewards programs, and streamlined family banking solutions [37]."
Support for Small Businesses	"What sets neo-banks apart is their ability to understand and cater to individual financial needs [38]."
	"Neobanks generally offer smooth integration with software like payroll solutions, invoicing systems, and expense management tools. These integrations help small business owners manage cash flow, track expenses in real-time, and minimize manual entry of financial data [39]."
Reasons Against Adoption of Neobanks	Supporting Statements
Security Concerns	"Industry analysis indicates key cyber risks surrounding neobanks include data breaches, identity theft,

Reasons for Neobank Adoption	Supporting Statements
	<i>transaction fraud, denial-of-service attacks, and insider threats from employees or partners. FinTech's heavy utilization of artificial intelligence and big data analytics also raises concerns about data privacy, algorithmic bias, and regulatory compliance</i> ^[40] ."
Uncertainty in Regulations and Compliance	<i>"Ensuring compliance with those various regulatory obligations is already a complex challenge for traditional banks, and for neobanks, it presents an even greater complexity. Recent events, such as the collapse of Wirecard and FTX and the scandals at Revolut, N26, Monzo, and Starling banks, have put them in the spotlight for their compliance mishaps. Like some of their established predecessors before them, they have made the headlines and become the target of regulators for their poor compliance management, particularly around their AML and KYC processes. This constitutes a significant wake-up call for neobanks, which now realize the financial sector's strict regulatory obligations. The stakes are high; failure to comply can result in hefty fines, inability to operate in specific geographies, damage to reputation, banking license revocation, and even bankruptcy</i> ^[41] "
Problems in the Interface and Financial Literacy Issues	<i>"A poor UX can lead to customer dissatisfaction, reduced engagement, and ultimately, loss of revenue. It's not just about having an aesthetically pleasing interface; it's about creating an intuitive and user-friendly platform that meets the needs and expectations of your target audience</i> ^[42] ."
	<i>"Neo banks may struggle to cater to the needs of non-tech-savvy customers, particularly those residing in rural areas</i> ^[43] ."
Consumer Preferences for Traditional Banking Methods	<i>"Only 10% of Americans expressed more trust in neobanks compared to traditional banks, while 47% reported more trust in traditional banks</i> ^[44] ."
	<i>"Trust in traditional banks remains strong, and many consumers are hesitant to switch to neobanks</i> ^[45] ."
Behavioural Intention	Supporting Statements
Testing and Exploration Prior Full Adoption	<i>"For those willing to switch to a neobank, the inclusion of mobile data services as part of a premium subscription appears quite appealing</i> ^[46] ."
Risk Evaluation and Value Assessment	<i>"65% indicated they would likely pay a premium fee if it included benefits like eSIM services and mobile data for international travel</i> ^[47] ."
	<i>"Features like mobile data services can attract new users, but overcoming trust barriers and providing compelling benefits will be crucial for neobanks aiming to expand their customer base</i> ^[48] ."

Table 2. (Continued)

5.1. Reasons for adoption of neobanks

5.1.1. Convenience and digital accessibility

The banking industry is undergoing a transformation. Products and services developed using disruptive technologies are progressively being made available to end consumers, prompting banks to alter their practices around customer convenience, transparency, price, and service quality. As consumer habits and expectations evolve, so too the business and operational structures. Every segment of the banking value chain – including the services available to customers – may now be accessible by non-banking service providers via their technology capabilities and efficient business models. In these models, banking services for consumers and small to medium companies (SMEs) are mostly provided over the internet or other electronic means rather than via physical branches.

For micro and small enterprises as well as underbanked or unbanked individuals, such as freelancers and gig economy workers, account establishment and management, efficient systems of payment and transfers, remittance options and alternative ways of determining creditworthiness are convincing advantages. By allowing these groups to access financial services and products, which were otherwise unavailable or otherwise associated by high costs and stringent conditions, neobanks have brought such advantages to these groups.

New benchmarks are being set by the neobanks in the banking experience. They bring compelling conventional banks to improve their offerings and update them to be rapid, bespoke, and accessible around the clock. All of this leads to transitional services for the banks requiring high amounts of money spent on such services that improve the banking experience for their clients, which is all the more effortless.

24/7 banking solution is created for consumers through Neobanks that does not require an appearance or visit to a physical branch, rather they can access their bank account through the use of mobile applications and self-services options. On the other hand, consumers are drawn to Neobanks because they offer simple enrolling and payment facilitation.

In addition, by being driven by technology, the automation helps to increase productivity, reduce human paperwork and processing bottlenecks. The fact that neobanks offer a contemporary take on banking with added convenience and accessibility are reasons for adoption of Neobanks.

5.1.2. Cost savings

One of the main appealing features is that these Neo banks are very cost effective. These digital first organisations have achieved reduction in operational cost by eliminating the need for branch offices, these cost cutting measures hugely reduce operating costs. This cost reduction is conveyed to clients via diminished fees, improved interest rates, and superior services. Ultimately, they provide consumers with same amenities at reduced costs.

This affordability also facilitates financial inclusion, a worldwide concern that conventional banks sometimes find difficult to tackle. Neo-banks are providing banking solutions for underserved and unbanked demographics, closing disparities and promoting economic development.

5.1.3. Personalization together with technological integration

Neo-banks distinguish themselves by their capacity to comprehend and address individual financial requirements. Utilising artificial intelligence, machine learning, and data analytics, they provide insights and solutions that are both pragmatic and tailored. Envision getting instantaneous notifications for excessive expenditures, customised savings strategies, or astute investment recommendations—neo-banks are establishing this as standard practice.

Additionally, functionalities such as automatic budgeting, categorised cost monitoring, and personalised financial objectives enable users to manage their money more effectively than before. These innovations are not only services; they are revolutionary instruments for financial literacy and empowerment.

5.1.4. Support for small businesses

A major role in assisting small companies in managing their finances in a simple and comprehensive manner is being played by neobank, which is tailoring its services and solutions to small and medium-sized enterprises (SMEs). A platform is provided by the neobank that assists enterprises in sending and receiving payments, automating their accounting and reconciliation processes, generating and tracking adherence of invoices with both direct and indirect tax laws, and accessing third-party banking and business applications

from its platform. This enables numerous companies to oversee all of their financial requirements under a single platforms ^[49].

5.2. Reasons against adoption of Neobanks

5.2.1. Security concerns

Despite the fact that Neobanking has a multitude of benefits, it is also confronted with a number of practical obstacles, notably with regard to the manner in which banking customers feel about their level of security within certain geographical zones. These worries might have an effect on the trust that customers have in neobanks, which is why it is crucial for them to comprehend and handle the many perspectives regarding data protection and cybersecurity in order to cultivate confidence among their customers.

All things considered, cyber threats like as phishing and hacking, in addition to data breaches, are typically reason for worry. This is due to the fact that a totally digital model is vulnerable to hostile forces that are eager to exploit these weaknesses.

5.2.2. Uncertainty in regulations and compliance

When it comes to Neobanks, the problem of advanced regulation may be dangerous. The reason for this is that the transformations that occur in the supply and demand for financial technology and services might occur at a quicker pace than the transformations that occur in the current systems that are supposed to safeguard consumers. Neobanks are in a precarious position since regulatory loopholes in the constantly developing digital banking industry generate vulnerabilities. As a result, it is essential for them to remain compliant and proactive. Considering relationships with a large number of service providers might lead to security breaches, third-party risks pose a significant problem.

Neobanks once praised for their disruptive capacity to take on established banks with their online-exclusive business models, reduced fees, and higher interest rates, these digital banks are currently receiving heightened scrutiny from authorities. Initially, they were praised for their potential to challenge existing banks.

Neobanks in India are yet to receive specific approval from the Reserve Bank of India (RBI). For that reason, they partner with conventional banks to operate in India. This collaborative model helps Neobanks to offer new solutions while staying within the existing regulatory framework. However, it is not unique to India; many other countries do not have any specific frameworks for Neobanks and the regulatory landscape is not present. For instance in many Asian regions, where there is no regulation dedicated for Neobanks, they are collaborating with established financial institutions to offer services. There are countries like United Kingdom though which have regulations in place that allow Neobanks to function independently; hence, there are more number of digital only banks in such countries ^[50]. For this reason, the regulatory status of Neobanks differs greatly between countries, and is affecting their operating models and growth strategies.

5.2.3. Problems in the interface and financial literacy issues

A user interface (UI) that is not only complex but also simple to design is one of the toughest challenges that Neo Banks must overcome. There is a difficulty for the designers in terms of UI and UX. Creating an easy and user friendly design in line with several regulatory compliances is crucial for Neobanks. Furthermore, users will have the opportunity to access a large variety of functionalities, which might make it hard to discover the perfect option. So, it will be important that the customers do not feel overpowered by the grandness of choices. As new features and new functionalities are constantly introduced, it may be difficult to always get one step ahead of the competition from the standpoint of keeping designs always on target.

As the set of customers for Neo banks is global, it is important to consider the aspect of different cultures and lifestyles, also the UI must support people with disabilities. This could be a difficult task when trying to come up with a solution that will apply in all the cases mentioned, but at the same time it is a fundamental consideration to make. It is the responsibility of designers to design something that will be approachable for all of the consumers.

It may be difficult for neobanks to meet the requirements of consumers who are not very knowledgeable about technology, especially those who live in rural regions.

5.2.4. Consumer preferences for traditional banking methods

Conventional banks have a greater degree of public confidence, more financing, and a larger choice of goods and services. Consumers still tend to favour traditional banks. Further, traditional financial institutions are adopting Open Banking as part of their digital transformation path in order to stay up with the ever-increasing appeal of mobile-first neobanks.

Conventional banks have a significant advantage over neobanks, which is the range of their goods and services, which are more specialised and consumer preferences for traditional banks. Traditional banks are able to provide more relevant financial solutions than neobanks are able to match since they have incorporated them into their digital platforms. Neobanks would have a higher barrier to entry if this were to occur, which would also make it more difficult for them to increase their market share overall. Neobanks may be able to acquire a substantial quantity of information on their clients, but traditional banks are the ones that are able to provide goods and services that are acceptable for their customers.

Despite the fact that there is a growing interest in the combination of mobile and financial services, consumers continue to have a high level of confidence in conventional banks, and many customers are reluctant to convert to neobanks.

5.3. Behavioural intention

5.3.1. Testing and exploration prior full adoption

A great number of customers are interested in trying out and investigating Neobanks before making a complete switch. Experimenting with the beta version of the application and obtaining a restricted feature account in order to get the accessibility to the platform are both included. It is possible that some customers may begin their banking connection with Neobanks and maintain it as a secondary account. At the same time, they will continue to use their previous bank account as their primary account, so maintaining their relationship with their previous bank. Before committing to a complete transfer, it will provide customers the opportunity to learn about the characteristics of Neobanks as well as the risks that are linked with them.

5.3.2. Risk evaluation and value assessment

Consumers often do a cost-benefit analysis, risk assessment, and market research prior to making the decision to switch to Neobanks. This is done in order to determine whether or not the shift to Neobanks is both financially possible and operationally successful simultaneously. Before making any choice, consumers and businesses take into consideration a variety of aspects, including the costs that are involved with transactions, the potential for fraud, and the value of Neobanks over the long run. In light of this, customers are more willing to join Neobanks if the bank demonstrates great security, cost reductions, and improved financial management.

6. Conclusion

Indeed, this study investigated factors involved in the adoption of Neo-bank drawing from Behavioural Reasoning Theory (BRT) and Structural Topic Modeling (STM) to analyse Neo-bank adoption discourse by online users. The results of the research revealed a layered explanation of reasons behind adoption of neo banking based on factors such as the technological ease, autonomy of financials, data security concern, and lack of touch. In addition, the sentiment analysis showed a consumer emotional spectrum from trust and anticipation to fear and frustration surrounding neo banking revealing users' are ambivalence on the adoption of fully digital financial ecospheres.

An examination of the theme "reasons for" came up with ease of access, cost / low transaction cost and innovation features while that of "reasons against" came up as data privacy, no physical presence and trust deficits. The evidence of how contextual reasoning affects buyer preference in terms of financial technology BRT is drawn from mapping these themes onto BRT. The study further revealed that topics of trust, value alignment and future oriented sentiment (anticipation) were tied to positive intent, and fear, frustration and negative sentiment with resistance or hesitation. The use of a dual lens approach for behaviour intention interpretation supplies a richer interpretation of the behaviour intention combining cognitive and emotional reasoning.

7. Implication

Providing insights into the elements that influence the adoption of Neobanks, the current paper convey important understanding. This paper applies BRT to identify major reasons for as well as important arguments against the adoption of Neobanks, as well. Not only does this study have ramifications in academic discourse, but it also has substantial implications for policy and bank management. It is essential for the top managers of Neobanks, fintech organisations, regulatory agencies, and policy makers to have a thorough understanding of these variables in order to successfully execute tactics that improve acceptance, trust, and accessibility while also resolving uncertainties regarding legislative and security issues.

7.1. Theoretical implication

Several research ramifications are drawn from the findings of the study. First and foremost, we made a contribution to the literature on Neobanks, which currently is limited and mostly at a conceptual level ^[51]. Research which promotes an in-depth understanding of the behavioural and contextual elements that are pushing the adoption of Neobanks is not found in the literature yet. This research is one of the early investigations to suggest a theoretical framework as a sequel to BRT, and it does so by integrating results from substantial volume of text data. The conceptual model developed in the paper provides an overview of the elements that impact users' behavioural intentions with respect to the adoption of Neobank, including both the obstacles and the enabling factors.

Further, we supplement the research on the adoption of technology by bringing attention to challenges of adoption of neo banks that are linked to security, regulatory and compliance difficulties, as well as interface and literacy-related issues. Consequently, the findings contribute to the existing body of knowledge by reiterating the impact that individual-level attributes and attitudes towards technology play.

7.2. Managerial implication

For managers of Neobanks, fintech companies, and banking leaders, this study reveals crucial aspects that require strategic changes to promote confidence amongst customers, accessibility, and penetration into the market. These revisions are necessary to boost the competitive landscape.

Our research shows customers are reluctant to switch to Neobanks since they are concerned about the possibility of security breaches, theft of identities, and fraud that might occur throughout the transaction. Thus, to allay such concerns managers of Neobank should expand and enhance their cybersecurity architecture ^[52]. This can be accomplished by installing end-to-end encryption, an artificial intelligence-driven fraud detection mechanisms, real-time surveillance systems, and multi-factor authentication (MFA). Additionally, the provision of clear data protection procedures and the provision of insurance-backed deposit guarantees are strategies that may be used to enhance the level of confidence among customers.

The second front would be to design the interface because complicated interface makes these Neobank apps difficult to navigate. In addition, there are difficulties of digital literacy. Many of the Neobank apps are hard for some number of customers who are slightly older and less tech savvy, but mostly for those from rural areas. In order to escape from this snag, Neobanks should invest in designing user friendly interfaces. In addition to that, the organisations are required to raise awareness about Neobanks. So, it is an imperative to greatly improve user experience and include a complete manual for onboarding, interactive lessons, chatbots powered by Artificial Intelligence (AI) and it should be in local languages.

In fact, in the personalisation realm, Neobanks might have a unique perspective among various forms of banking. AI and Machine Learning (ML) are paving the way for Neobanks to offer unique solutions to the customers. To facilitate customer involvement, the implementation of features like personalised expenditure information, auto savings ideas, real time financial guidance can be enhanced. Furthermore, an easy integration with digital wallets and third party apps may improve user experience and thus promote wider use and acceptance.

The Neobanks should also provide tailored financial solutions for small firms as well as independent contractors. Small firms need to be able to get fast financing, track expenditure, do some monitoring, tools for tax reconciliation, and fully automated billing system. Neobanks can create an opportunity for themselves by expanding their business friendly range of services and becoming the business of choice for startups and small businesses.

7.3. Practical and policy implication

Furthermore, this study establishes the incredible regulatory challenges to be overcome in order to keep Neobanks alive in the long term and the trust that clients have in them. As Neobanks work in a somewhat unregulated field it raises questions in terms of financial security, consumer safety, and compliance.

It is crucial for the regulatory organisations to develop standards, so that Neobanks adhere to anti money laundering and know your customer (KYC) regulations. This would enable promoting a more secure financial structure. Increased level of confidence in terms of customers and reducing the risk in turn can be achieved by strengthening data protection legislation and stringent cybersecurity standards. Furthermore, standards for the financial reporting requirements would also contribute to better accountability and transparency in the industry.

Another thing to worry about is the little level of digital inclusion and financial literacy at various geographical areas. Consumers in rural regions and the lower income groups lack understanding and trust in the digital banks and hence do not have any interaction. The multiple benefits Neobank offers necessitate that governments and different financial institutions, shall propel financial education programmes across the entire country to bridge the knowledge deficit. Neobanks, as well as civil society organisations, will have to provide free educational programs, awareness programs, and seminars. As a result, this will encourage informed and secure banking habits.

Not to mention, a collaboration between Neobanks and established forms of banks is necessary to foster partnerships, collaboration, and cooperation. Neobanks should be encouraged to integrate themselves into the current financial infrastructure, and policy frameworks should be designed to enable hybridised banking structures. Conventional banks ought not to regard Neobanks as competitors since assisting Neobanks in providing services via conventional banks may help reduce regulatory worries and increase customer accessibility to online banking services.

8. Limitation and future scope of research

This paper provides useful insights into the acceptance of Neobanks via the use of BRT and STM but there are a few constraints in our research. These highlight the areas in which further research may be carried out and the results can be refined in order to give a more thorough grasp of the subject matter.

The reliance on secondary data sources is a limitation of the research. Thus it may not have captured certain real-time narratives and consumer behaviour. Further to the paper does not provide a direct consumer perspective on the adoption of Neobank as it did not include primary surveys. The use of a mixed method approach has the potential to address all of these gaps, allowing for future research on such issues.

This research investigates a worldwide perspective on the financial ecosystem. However, regulatory laws and consumer behaviours vary from region to region. Future research could be carried out on these particular aspects.

The BRT framework is good for describing rational decision making has been used as is the theoretical framework in this paper. There is a possibility that it may not properly capture certain routine banking behaviours that directly impact the decisions that consumers make.

STM is an effective tool for analysing vast amounts of text data or unstructured text data but it has certain limitations. A significant portion of these algorithms is based on the statistical cooccurrence of words, which might sometimes result in a misunderstanding of the context and the meaning of the words. Additionally, it is possible that the sentiment analysis will not be able to identify sarcasm or mixed feelings in the conduct of the customer. Natural Language Processing (NLP) methods such as BERT-based models or deep learning approaches, may be used in future research on such topics.

Despite all of these limitations, our research offers a solid foundation for understanding the variables that influence the adoption of neobanks.

Conflict of interest

The authors declare no conflict of interest.

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