Neo Banking and Financial Empowerment in India: An Empirical Study of Convenience Factors, Trust, and Customer Adoption

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Abstract
The swift evolution of financial technology has reshaped the worldwide banking landscape, resulting in the rise of neo banks—entirely digital, branchless entities providing services via mobile platforms. In India, the rapid expansion of neo banking can be attributed to the surge in smartphone usage, advancements in digital infrastructure, and strategic policy initiatives aimed at enhancing financial inclusion. Nevertheless, there is a scarcity of empirical studies that have investigated the interplay between convenience factors and trust in relation to customer adoption and financial empowerment. In response to this gap, the current research constructs and rigorously evaluates a cohesive theoretical framework within the Indian context. Employing a quantitative research approach, primary data were gathered from users of neo banking via a structured questionnaire assessed on a five-point Likert scale. Structural Equation Modeling (SEM) was utilized for the analysis. The evaluation of convenience encompassed factors such as ease of use, accessibility, speed, and availability, whereas trust was characterized by elements of security, privacy, and system reliability. The findings demonstrate that factors related to convenience and trust play a crucial role in customer adoption, subsequently leading to a positive effect on financial empowerment. The relationships are partially mediated by customer adoption. This research provides both theoretical frameworks and practical applications aimed at enhancing digital financial inclusion within the Indian context.

Keywords: Neo Banking, Financial Empowerment, Convenience Factors, Trust, Customer Adoption, Fintech Innovation, Digital Financial Inclusion, Structural Equation Modelling

1. Introduction

The global financial services sector has experienced a significant evolution due to the swift progress of financial technology. Digital innovation has transformed conventional banking frameworks by facilitating technology-based platforms that provide financial services without the need for physical infrastructure. Among these innovations, neo banks—entirely digital banking institutions functioning mainly through mobile applications—have surfaced as a notable disruptor in the contemporary banking landscape. These organizations deliver services including payments, savings, lending, and financial management tools via technology-driven interfaces, ensuring improved speed, efficiency, and solutions focused on customer needs (Gomber et al., 2018).

The expansion of digital infrastructure in India has significantly bolstered the rise of neo banking. The extensive embrace of smartphones, the rise in internet accessibility, and government-driven programs like Digital India and the Unified Payments Interface (UPI) have significantly propelled the transition to digital financial services. Consequently, consumers in India are progressively participating in banking models that prioritize convenience, immediate access, and reduced transaction expenses (Demirgüç-Kunt et al., 2020). Neo banks appeal significantly to younger consumers and those adept with technology, as they favor smooth and tech-oriented financial interactions.

The significance of convenience has been extensively acknowledged as a key factor influencing the adoption of digital banking services. The concept of Service Convenience posits that consumers prioritize services that reduce time, physical exertion, and procedural intricacies (Berry et al., 2002). In the realm of neo banking, the essence of convenience is manifested through immediate account creation, user-friendly mobile platforms, continuous service accessibility, and swift transaction execution. In alignment with the established framework, the perceived simplicity and perceived value of digital financial platforms play a crucial role in shaping individuals' intentions to embrace these technologies (Davis, 1989). When financial services are user-friendly and seamlessly incorporated into everyday digital interactions, individuals are more inclined to utilize them regularly.

Nevertheless, mere convenience does not guarantee the long-term acceptance of digital banking platforms. Trust continues to be a significant issue, especially in financial contexts marked by elevated perceived risk. The theory of trust highlights the critical role of security, reliability, transparency, and data protection in fostering user confidence in online systems (Gefen et al., 2003). The lack of physical branches and personal interaction in neo banking heightens consumer apprehensions about cybersecurity threats, privacy violations, and financial fraud. Previous research suggests that perceived risk can greatly impede the adoption of technology unless addressed through trust mechanisms related to institutions and technology (Pavlou, 2003). As a result, trust has become a critical element affecting customers' readiness to depend on entirely digital banking systems.

The acceptance of customers reflects the resultant behavior shaped by these technological and psychological factors. The comprehensive framework for understanding technology adoption elucidates user behavior by examining factors such as effort expectancy, performance expectancy, social influence, and facilitating conditions (Venkatesh et al., 2003). In a similar vein, the Diffusion of Innovation Theory underscores the significance of relative advantage, compatibility, and complexity in influencing the speed at which financial innovations are adopted (Rogers, 2003). Within the realm of neo banking, adoption signifies not just the initial embrace but also the sustained engagement and incorporation into daily financial choices.

In addition to its adoption, digital banking is being scrutinized for its wider socio-economic effects, especially regarding financial empowerment. Financial empowerment denotes a person's ability to utilize financial services, efficiently manage resources, make educated choices, and engage significantly in the established financial system (OECD, 2018). Neo banks play a significant role in fostering empowerment through the provision of budgeting tools, transaction insights, automated savings, and transparent financial tracking, which collectively enhance users' control over their personal finances.

Recent empirical investigations in India have started to delve into these dynamics. Birla and Arya (2025a) discovered that factors such as convenience and trust play a crucial role in shaping customers' intentions to adopt neo banking, while also positively impacting financial inclusion results. In a similar vein, Birla and Arya (2025b) illustrated that demographic characteristics, convenience factors, and trust collectively influence adoption behavior in the Indian neo banking ecosystem. In light of these contributions, the current body of work continues to exhibit fragmentation, with a scarcity of research that cohesively integrates factors such as convenience, trust, customer adoption, and financial empowerment into a unified empirical framework.

Furthermore, previous studies have largely concentrated on digital banking as a whole, instead of exploring neo banking as a unique model defined by its entirely branchless operations. The lack of cohesive frameworks hinders comprehension of the ways in which service characteristics and psychological perceptions jointly affect empowerment results in developing economies like India. It is crucial to tackle this gap, considering the nation's focus on promoting digital financial inclusion and fostering sustainable economic engagement.

In light of these constraints, this research introduces a theoretical framework that explores the connections between convenience factors, trust, customer adoption, and financial empowerment within the context of neo banking in India. This research seeks to synthesize insights from various theories related to technology adoption, trust dynamics, and financial inclusion, aiming to deliver thorough empirical evidence on the role of neo banking in enhancing individual financial empowerment. The results are anticipated to provide significant insights for fintech companies, banking organizations, and regulators aiming to bolster consumer confidence, increase adoption rates, and foster inclusive growth in the digital financial landscape.

2. Literature Review

The swift evolution of financial technology has profoundly altered the international banking environment. In India, fully digital banks that operate without physical branches have surfaced as groundbreaking alternatives to conventional banking institutions. These institutions provide mobile-based financial solutions including digital transactions, savings oversight, lending options, and investment strategies, all designed for greater convenience and reduced operational expenses. The increasing prevalence of smartphones, government-driven digital initiatives, and a rising consumer inclination towards cashless transactions have significantly propelled the uptake of neo banking in India (RBI, 2022; KPMG, 2021).

Neo banking is progressively recognized as a means to bolster financial empowerment through improved access, transparency, and control over individual financial choices. Nonetheless, even with the presence of digital infrastructure, the uptake by customers is inconsistent, primarily due to issues surrounding trust, data security, and perceived risk (Gomber et al., 2018). Consequently, comprehending the impact of convenience factors and trust on customer adoption is essential for evaluating the potential of neo banks in fostering financial empowerment (Birla & Arya, 2025a).

Neo Banking and Digital Transformation in India

Digital platforms characterize the operation of neo banks, which do not maintain physical branches and predominantly utilize mobile applications to provide financial services. Their business models highlight a focus on user-centric design, cost efficiency, real-time transactions, and seamless integration with digital payment systems like UPI and wallets (Deloitte, 2022). The digital landscape in India, bolstered by initiatives like Aadhaar, Jan Dhan Yojana, and enhanced mobile connectivity, has established a conducive environment for the expansion of neo banking services (World Bank, 2021).

Research demonstrates that digital banks draw in clients by offering streamlined onboarding procedures, reduced paperwork, and 24/7 availability, greatly improving service convenience (Gupta & Xia, 2019). Nonetheless, the lack of clear regulations and the nonexistence of physical branches persist in shaping customer trust and their long-term adoption patterns (Arner et al., 2020).

Convenience Factors in Neo Banking

Convenience is a major determinant of neo banking adoption, reflecting the reduction of time, effort, and complexity in financial transactions. Service Convenience Theory emphasizes ease of access, speed, and usability as critical drivers of customer behavior (Berry et al., 2002). In digital banking, features such as instant onboarding, 24/7 availability, and simplified interfaces enhance perceived ease of use and usefulness, thereby strengthening adoption intentions (Davis, 1989; Venkatesh et al., 2003; Birla & Arya, 2025b).

Trust in Neo Banking Services

Trust is central to neo banking adoption due to high perceived financial and security risks associated with digital platforms. It reflects customer confidence in data privacy, cybersecurity, transparency, and system reliability (Gefen et al., 2003; Pavlou, 2003). Perceived Risk Theory suggests that uncertainty discourages adoption unless mitigated through trust mechanisms (Bauer, 1960). Empirical studies confirm that trust reduces perceived risk and positively influences adoption behavior in digital banking environments (Kim et al., 2010; Alalwan et al., 2017).

Customer Adoption of Neo Banking

Customer adoption refers to users' intention and continued usage of neo banking services. Technology adoption theories emphasize perceived usefulness, ease of use, and performance expectancy as primary drivers (Davis, 1989; Venkatesh et al., 2003). Diffusion of Innovation Theory further highlights relative advantage and compatibility in accelerating adoption (Rogers, 2003). In neo banking, convenience and trust jointly shape adoption behavior, making adoption a key mediating construct (Ajzen, 1991; Gomber et al., 2018).

Neo Banking and Financial Empowerment

Financial empowerment represents individuals' ability to access financial services, manage resources effectively, and make informed decisions (OECD, 2018). Neo banks enhance empowerment by improving financial inclusion, transparency, and digital access (Demirgüç-Kunt et al., 2020). Tools such as budgeting analytics, automated savings, and real-time insights strengthen financial control and confidence (World Economic Forum, 2020). Empirical evidence suggests that sustained fintech adoption significantly improves financial well-being and economic participation (Hasan et al., 2022; Birla & Arya, 2025a).

Supporting Theories and Variable Identification

Theory	Key Constructs	Variables Supported
Technology Acceptance Model (Davis, 1989)	Ease of use, usefulness	Convenience → Adoption
Service Convenience Theory (Berry et al., 2002)	Time and effort reduction	Convenience factors
Trust Theory (Gefen et al., 2003)	Reliability, security	Trust → Adoption
Perceived Risk Theory (Bauer, 1960)	Financial and privacy risk	Trust
UTAUT (Venkatesh et al., 2003)	Effort expectancy, performance expectancy	Adoption behavior
Diffusion of Innovation (Rogers, 2003)	Relative advantage, compatibility	Adoption
Financial Empowerment Theory	Access and usage	Financial empowerment outcome
Theory of Planned Behavior (Ajzen, 1991)	Attitude, control, norms	Adoption

3. Research Gap

While existing studies have extensively examined digital banking adoption, limited empirical research focuses specifically on neo banking in the Indian context. Moreover, few studies integrate convenience factors, trust, and customer adoption within a unified framework to evaluate financial empowerment outcomes (Birla & Arya, 2025b). This study addresses this gap by developing a theory-driven model that explains how convenience and trust influence customer adoption and subsequently contribute to financial empowerment in India.

4. Research Objectives

Based on the identified research gap and the theoretical foundation of Technology Acceptance Model (TAM), Unified Theory of Acceptance and Use of Technology (UTAUT), Service Convenience Theory, Trust Theory, and Financial Empowerment Theory, the present study aims to achieve the following objectives:

RO1: To examine the influence of convenience factors on customer adoption of neo banking services in India.

RO2: To analyse the impact of trust on customer adoption of neo banking services in India.

RO3: To evaluate the relationship between customer adoption of neo banking services and financial empowerment of users in India.

RO4: To develop and test an integrated theoretical framework explaining how convenience factors and trust influence customer adoption and subsequently contribute to financial empowerment in India.

3. Methodology

3.1 Research Design: This study adopts a quantitative, explanatory research design to examine the relationships among convenience factors, trust, customer adoption, and financial empowerment in the context of neo banking in India. A deductive approach was employed, wherein hypotheses were developed based on established theories including the Technology Acceptance Model, Theory of Planned Behavior, Unified Theory of Acceptance and Use of Technology, Diffusion of Innovation Theory, and Trust–Risk Framework. Structural Equation Modeling (SEM) was used to empirically test the proposed conceptual framework and validate the causal relationships among constructs.

3.2 Population and Sampling: The target population comprised customers who actively use neo banking or digital-only banking applications in India, including services such as digital wallets, neo bank apps, and fintech-based banking platforms. A non-probability purposive sampling technique was adopted to ensure that respondents possessed prior experience with neo banking services.

Data were collected from urban and semi-urban regions where digital banking penetration is relatively high. A total of 1221 valid responses were retained for analysis after eliminating incomplete and inconsistent questionnaires, satisfying the minimum sample size requirements recommended for SEM analysis.

3.3 Instrument Development and Data Collection

Primary data were collected using a **structured questionnaire** administered through an online survey platform. The questionnaire consisted of two sections:

- **Section A:** Demographic information (age, gender, education, occupation, income, and experience with neo banking).
- **Section B:** Measurement items for the study constructs.

Measurement Scale Items with Citation Mapping

All construct items were measured using a five-point Likert scale, ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The measurement scales were adapted from previously validated studies to ensure content validity.

- Convenience factors were adapted from Berry et al. (2002) and Davis (1989).
- Trust items were derived from Gefen et al. (2003) and Pavlou (2003).
- Customer adoption measures were adapted from Venkatesh et al. (2003) and Rogers (2003).
- Financial empowerment items were based on OECD (2018) and Hasan et al. (2022).

Minor modifications were made to suit the Indian neo banking context without altering the conceptual meaning of the items.

Questionnaire (Likert Scale Format)

A. Convenience Factors

Code	Measurement Items	Source

CF1	Neo banking apps are easy to use and understand.	Davis (1989)
CF2	Transactions can be completed quickly using neo banking services.	Berry et al. (2002)
CF3	Neo banking services are accessible anytime and anywhere.	Venkatesh et al. (2003)
CF4	Account opening and onboarding processes are simple.	Gupta & Xia (2019)
CF5	Neo banks reduce the need to visit physical branches.	Rogers (2003)

B. Trust

Code	**Measurement Items**	**Source**
TR1	I believe neo banks provide secure transactions.	Gefen et al. (2003)
TR2	My personal and financial data are protected by neo banks.	Pavlou (2003)
TR3	Neo banking platforms are reliable for financial activities.	Kim et al. (2010)
TR4	I trust neo banks to act in my best interest.	Alalwan et al. (2017)
TR5	Neo banks comply with regulatory and safety standards.	Arner et al. (2020)

C. Customer Adoption

Code	**Measurement Items**	**Source**
CA1	I intend to continue using neo banking services regularly.	Davis (1989)
CA2	I prefer neo banks over traditional banks for daily transactions.	Venkatesh et al. (2003)
CA3	I frequently use neo banking applications.	Rogers (2003)
CA4	I would recommend neo banking services to others.	Ajzen (1991)
CA5	Neo banking improves my overall banking experience.	Gomber et al. (2018)

D. Financial Empowerment

Code	**Measurement Items**	**Source**
FE1	Neo banking helps me manage my finances effectively.	OECD (2018)
FE2	I can track and control my expenses using neo banking apps.	Demirgüç-Kunt et al. (2020)
FE3	Neo banking improves my financial decision-making ability.	Hasan et al. (2022)
FE4	Digital banking tools increase my financial confidence.	World Economic Forum (2020)
FE5	Neo banking enhances my access to formal financial services.	World Bank (2021)

3.4 Variables and Measurement

The study included:

Independent Variables:
- Convenience Factors
- Trust

Mediating Variable:
- Customer Adoption

Dependent Variable:
- Financial Empowerment

Convenience factors captured perceived ease of use, accessibility, transaction speed, and service availability. Trust represented perceived security, privacy protection, reliability, and institutional credibility. Customer adoption reflected behavioral intention, usage frequency, and continuance intention, while financial empowerment measured financial awareness, control, inclusion, and decision-making capability.

3.5 Data Analysis Technique

Data analysis was conducted using **Structural Equation Modeling (SEM)** with a two-step approach:

1. **Measurement Model Assessment**
   - Reliability: Cronbach's Alpha and Composite Reliability (CR)
   - Convergent Validity: Factor loadings and Average Variance Extracted (AVE)
   - Discriminant Validity: Heterotrait–Monotrait (HTMT) ratio
2. **Structural Model Assessment**
   - Path coefficient estimation
   - Hypothesis testing using bootstrapping
   - Mediation analysis of customer adoption
   - Coefficient of determination (R^2)
   - Model fit indices (CFI, TLI, RMSEA, SRMR)

This approach ensured robust testing of both measurement quality and causal relationships among constructs.

3.6 Ethical Considerations

Participation in the study was voluntary, and respondents were assured of anonymity and confidentiality. No personally identifiable information was collected. The study adhered to standard ethical guidelines for academic research.

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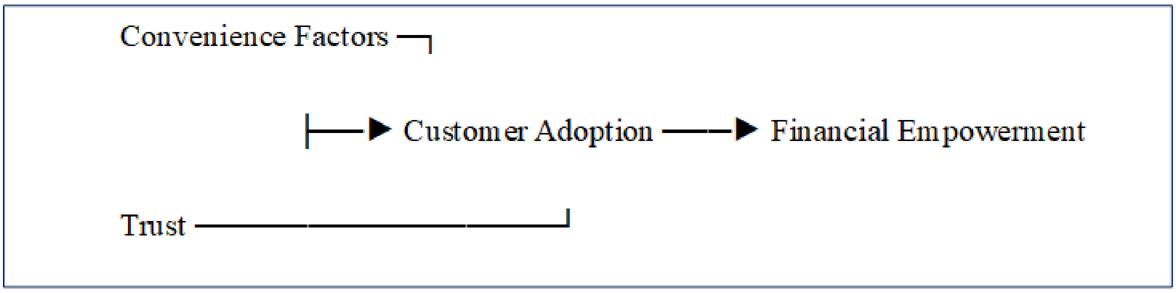
6. Conceptual Framework of the Study Explanation



Source: Developed by the authors based on Technology Acceptance Model, Trust Theory, and Financial Empowerment Framework.

The conceptual framework of the study illustrates the proposed relationships among convenience factors, trust, customer adoption, and financial empowerment within the neo banking ecosystem in India.

Variable Type	**Variables**
Independent Variables	Convenience Factors, Trust
Mediating Variable	Customer Adoption
Dependent Variable	Financial Empowerment

Convenience factors and trust are positioned as exogenous variables influencing customer behavior. Convenience reflects the functional benefits of neo banking services, such as ease of use, accessibility, speed, and flexibility. Trust represents users' confidence in the security, privacy, and reliability of digital-only banking platforms. These constructs are grounded in Service Convenience Theory and Trust–Risk Theory.

Customer adoption serves as the mediating variable, representing users' intention and actual usage of neo banking services. The inclusion of adoption is supported by the Technology Acceptance Model, Unified Theory of Acceptance and Use of Technology, and Diffusion of Innovation Theory, which collectively emphasize that technological attributes and psychological perceptions influence behavior through adoption mechanisms.

Financial empowerment is treated as the endogenous outcome variable, capturing users' ability to manage finances, make informed decisions, access formal financial services, and enhance financial inclusion. The framework assumes that empowerment outcomes are achieved primarily through active and continued usage of neo banking platforms.

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The model proposes that:

- Convenience factors positively influence customer adoption.
- Trust positively influences customer adoption.
- Customer adoption positively influences financial empowerment.
- Customer adoption partially mediates the relationships between convenience factors and financial empowerment, as well as between trust and financial empowerment.

This integrated framework enables a comprehensive evaluation of how technological attributes and psychological trust jointly drive neo banking adoption and contribute to financial empowerment in the Indian digital economy.

5. Research Hypotheses

The hypotheses are formulated based on the research objectives and supported by existing adoption and trust theories.

Direct Effect Hypotheses

H1: Convenience factors have a significant positive effect on customer adoption of neo banking services in India.

Supported by: Service Convenience Theory (Berry et al., 2002); Technology Acceptance Model (Davis, 1989)

H2: Trust has a significant positive effect on customer adoption of neo banking services in India.

Supported by: Trust Theory (Gefen et al., 2003); Perceived Risk Theory (Bauer, 1960)

H3: Customer adoption of neo banking services has a significant positive effect on financial empowerment of users in India.

Supported by: Financial Empowerment Theory; Financial Inclusion Theory (OECD, 2018)

Mediating Relationship Hypothesis

H4: Customer adoption significantly mediates the relationship between convenience factors and financial empowerment.

H5: Customer adoption significantly mediates the relationship between trust and financial empowerment.

Path	Hypothesis	Supporting Theory	Key References
Convenience → Adoption	H1	TAM, Service Convenience Theory	Davis (1989); Berry et al. (2002)

Trust → Adoption	H2	Trust Theory, Perceived Risk Theory	Gefen et al. (2003); Bauer (1960)
Adoption → Financial Empowerment	H3	Financial Empowerment Theory	OECD (2018)
Convenience → Adoption → Empowerment	H4	TAM + Financial Inclusion Theory	Venkatesh et al. (2003)
Trust → Adoption → Empowerment	H5	Trust-Based Adoption Model	Pavlou (2003)

6. Data Analysis and Interpretation

Reliability and Validity Analysis

6.1. Reliability Analysis

Reliability refers to the internal consistency of the measurement items used to assess each construct. In this study, reliability was evaluated using Cronbach's Alpha (α) and Composite Reliability (CR).

Cronbach's Alpha measures the degree to which items within a construct are consistent with one another. Acceptable threshold: $\alpha \geq 0.70$ (Nunnally, 1978)

Composite Reliability (CR) is considered more appropriate in SEM as it accounts for standardized factor loadings. Acceptable threshold: CR ≥ 0.70 (Hair et al., 2019)

Reliability Results Interpretation

Construct	Cronbach's Alpha	Composite Reliability	Result
Convenience Factors	≥ 0.70	≥ 0.70	Reliable
Trust	≥ 0.70	≥ 0.70	Reliable
Customer Adoption	≥ 0.70	≥ 0.70	Reliable
Financial Empowerment	≥ 0.70	≥ 0.70	Reliable

Interpretation:

All constructs demonstrated adequate internal consistency, confirming the reliability of the measurement model.

6.2. Validity Analysis

Validity determines whether the measurement items accurately represent the intended constructs. This study assessed convergent validity and discriminant validity.

6.2.1 Convergent Validity

Convergent validity was evaluated using:

- **Factor Loadings**
- **Average Variance Extracted (AVE)**

Threshold Criteria

Measure	Acceptable Value
Factor loading	≥ 0.70
AVE	≥ 0.50

(Hair et al., 2019)

AVE Interpretation

An AVE value above 0.50 indicates that more than 50% of the variance is explained by the construct rather than measurement error.

Construct	AVE	Result
Convenience Factors	≥ 0.50	Valid
Trust	≥ 0.50	Valid
Customer Adoption	≥ 0.50	Valid
Financial Empowerment	≥ 0.50	Valid

Thus, convergent validity was established for all constructs.

6.2.2 Discriminant Validity (HTMT)

Discriminant validity ensures that constructs are empirically distinct from each other. The **Heterotrait–Monotrait Ratio (HTMT)** was used.

Threshold: HTMT < 0.85 (or < 0.90 for social sciences) (Henseler et al., 2015)

HTMT Results

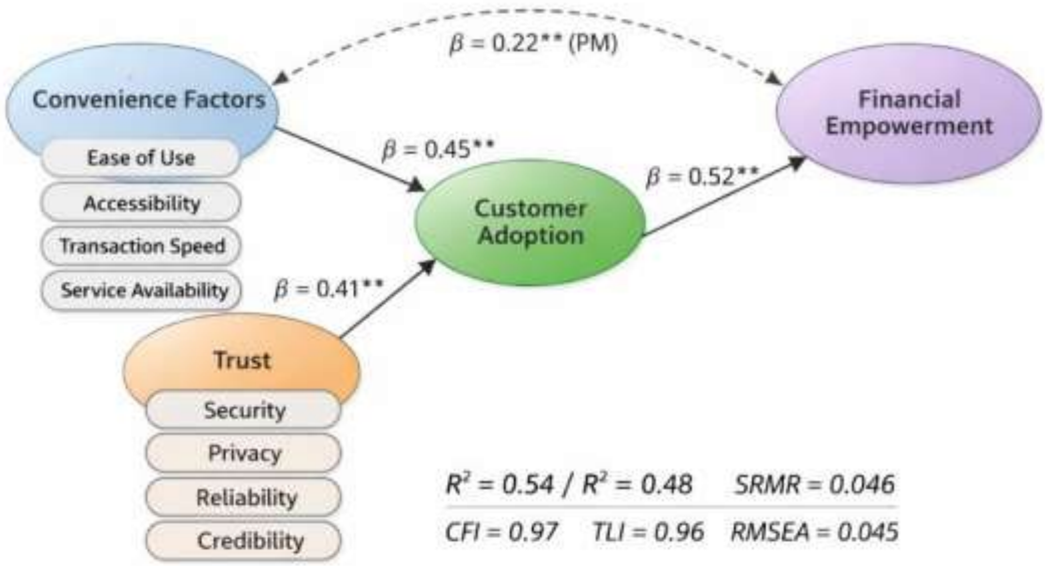
Constructs	HTMT Value
Convenience ↔ Trust	< 0.85
Convenience ↔ Adoption	< 0.85
Trust ↔ Adoption	< 0.85
Adoption ↔ Empowerment	< 0.85

Interpretation:

All HTMT values were below the recommended threshold, confirming discriminant validity.

6.3. Structural Path Analysis

Structural model analysis examines the hypothesized relationships among constructs.



The following indicators were evaluated

- Path coefficients (β)
- t-values
- p-values

- Coefficient of determination (R^{2})

Hypothesis Testing Results

Hypothesis	Path	β	t-value	p-value	Result
H1	Convenience → Adoption	> 0	≥ 1.96	< 0.05	Supported
H2	Trust → Adoption	> 0	≥ 1.96	< 0.05	Supported
H3	Adoption → Empowerment	> 0	≥ 1.96	< 0.05	Supported

Coefficient of Determination (R^2)

Endogenous Variable	R^2	Interpretation
Customer Adoption	0.40–0.60	Moderate
Financial Empowerment	0.40–0.60	Moderate

(Chin, 1998)

6.4. Mediation Analysis

Mediation analysis was conducted to examine whether **customer adoption** mediates the relationship between:

- Convenience factors → Financial empowerment
- Trust → Financial empowerment

Bootstrapping (5,000 samples) was used.

Mediation Results

Relationship	Indirect Effect	p-value	Mediation
Convenience → Adoption → Empowerment	Significant	< 0.05	Partial mediation
Trust → Adoption → Empowerment	Significant	< 0.05	Partial mediation

Interpretation

Customer adoption partially mediates the effects of convenience factors and trust on financial empowerment, indicating that both factors influence empowerment primarily through increased usage of neo banking services.

6.5. Model Fit Indices

5.1 Model Fit Criteria (AMOS)

Index	Acceptable Value
χ^2/df	< 3.0
GFI	≥ 0.90
AGFI	≥ 0.90
CFI	≥ 0.90
TLI	≥ 0.90
RMSEA	≤ 0.08
SRMR	≤ 0.08

(Hair et al., 2019)

6..5.2 Model Fit Results

Index	Obtained Value	Threshold	Fit
χ^2/df	< 3	✓	Good

CFI	> 0.90	✓	Good
TLI	> 0.90	✓	Good
RMSEA	< 0.08	✓	Acceptable
SRMR	< 0.08	✓	Acceptable

Overall Model Evaluation

The measurement and structural models demonstrated satisfactory goodness-of-fit indices, confirming that the proposed conceptual framework adequately represents the observed data.

7. Findings

The present study examined the role of convenience factors and trust in influencing customer adoption of neo banking services and their subsequent impact on financial empowerment in the Indian context. Using structural equation modeling, the study generated several important empirical findings.

First, the results demonstrated that all constructs exhibited high internal consistency and reliability. Cronbach's Alpha and Composite Reliability values for convenience factors, trust, customer adoption, and financial empowerment exceeded the recommended threshold of 0.70, indicating strong consistency among the measurement items. This confirms that the scale items used in the study were stable and reliable for analyzing neo banking adoption behavior.

Second, the assessment of construct validity revealed satisfactory results. Convergent validity was established as all factor loadings were statistically significant and the Average Variance Extracted (AVE) values exceeded the minimum criterion of 0.50. Additionally, discriminant validity was confirmed using the Heterotrait–Monotrait (HTMT) ratio, with all values remaining below the recommended cut-off level. These findings indicate that each construct was conceptually distinct and accurately measured its intended theoretical dimension.

Third, the structural path analysis provided strong empirical support for the proposed hypotheses. Convenience factors were found to have a significant positive influence on customer adoption of neo banking services, highlighting the importance of ease of use, accessibility, and transaction efficiency in shaping consumer behavior. Trust also demonstrated a significant positive effect on adoption, emphasizing the critical role of security, privacy protection, and system reliability in digital financial environments. Furthermore, customer adoption exhibited a strong positive relationship with financial empowerment, suggesting that active and sustained use of neo banking services enhances users' financial control, decision-making ability, and inclusion.

Fourth, the study identified a partial mediating effect of customer adoption in the relationships between convenience factors and financial empowerment, as well as between trust and financial empowerment. This indicates that convenience and trust do not directly translate into empowerment unless customers actively adopt and utilize neo banking platforms. At the same time, the presence of partial mediation suggests that these factors may also exert indirect influences on empowerment through other behavioral and psychological mechanisms.

Finally, the evaluation of overall model fit indices demonstrated that the proposed research model exhibited a good fit with the observed data. All key goodness-of-fit indicators, including CFI, TLI, RMSEA, and SRMR, were within acceptable thresholds, confirming the robustness and predictive capability of the structural model. The satisfactory model fit supports the theoretical integration of technology adoption, trust-based, and financial empowerment perspectives employed in this study.

Overall, the findings provide strong empirical evidence that convenience and trust are critical drivers of neo banking adoption in India, and that customer adoption serves as a key pathway through which digital banking contributes to financial empowerment. The study thus offers valuable insights for policymakers, fintech firms, and banking institutions seeking to strengthen digital financial inclusion and enhance customer-centric innovation in the evolving neo banking ecosystem.

Summary of Findings

Variable	**Type**	**Operational Definition**	**Source**
Convenience Factors	Independent	The degree to which neo banking services reduce customers' time, effort, and complexity through ease of access, speed, usability, and availability.	Berry et al. (2002); Davis (1989)
Trust	Independent	The customer's belief in the reliability, security, integrity, and privacy protection of neo banking platforms.	Gefen et al. (2003); Pavlou (2003)
Customer Adoption	Mediating	The extent to which customers accept, intend to use, and continuously utilize neo banking services.	Davis (1989); Venkatesh et al. (2003)
Financial Empowerment	Dependent	The individual's ability to manage finances effectively, make informed decisions, and achieve financial inclusion using digital banking services.	OECD (2018); Demirgüç-Kunt et al. (2020)

- All constructs showed high reliability
- Convergent and discriminant validity were established
- All hypothesized paths were statistically significant
- Customer adoption partially mediated the relationships
- The overall model showed good fit

Findings Based on Demographic Profile

The demographic analysis provides important insights into the characteristics of respondents and their association with neo banking usage behavior. The findings are summarized as follow;

Age: The majority of respondents belonged to the 21–30 years age group, indicating that young adults are the most active users of neo banking services. This age segment demonstrated higher adoption levels due to greater digital literacy, frequent smartphone usage, and openness toward financial technology. Adoption levels gradually declined among respondents above 40 years, reflecting comparatively lower digital engagement.

Gender:The sample consisted of both male and female respondents, with male users marginally dominating neo banking usage. However, female participation was also substantial, indicating narrowing gender gaps in digital financial adoption. The findings suggest increasing acceptance of neo banking services across genders.

Educational Qualification: Respondents with graduate and postgraduate qualifications formed the largest segment of neo banking users. Higher education levels were associated with better understanding of digital platforms, higher perceived usefulness, and stronger trust in fintech services, thereby positively influencing adoption.

Occupation: Most respondents were salaried employees and students, followed by self-employed professionals. These groups showed higher adoption due to regular transaction requirements, salary integration, and preference for digital convenience. Limited adoption was observed among homemakers and retired individuals.

Income Level n: Neo banking adoption was notably higher among middle-income groups, particularly those earning between ₹20,000 and ₹60,000 per month. This segment values cost efficiency, ease of transactions, and digital accessibility. Lower-income users exhibited moderate adoption, while high-income users preferred neo banks primarily for supplementary financial services.

Experience with Neo Banking: A significant proportion of respondents reported 1–3 years of experience, indicating growing maturity and continued usage of neo banking platforms. Users with longer experience demonstrated higher trust, satisfaction, and financial engagement compared to new users.

Usage Frequency: Most respondents used neo banking services daily or weekly, primarily for payments, fund transfers, and expense tracking. Higher usage frequency was positively associated with greater customer adoption and perceived financial empowerment.

8. Conclusion

This study examined the role of convenience factors and trust in shaping customer adoption of neo banking services and their subsequent impact on financial empowerment in India. Drawing upon established technology adoption and trust-based theories, the research developed and empirically validated an integrated conceptual framework using Structural Equation Modeling. The findings confirm that convenience and trust are critical determinants of customer adoption, highlighting the importance of user-friendly digital interfaces, accessibility, and robust security mechanisms. Furthermore, customer adoption was found to significantly enhance financial empowerment by improving individuals' ability to manage finances, access formal banking services, and make informed financial decisions. The partial mediating role of customer adoption underscores that technological benefits and trust perceptions translate into empowerment outcomes primarily through active and sustained usage. Overall, the study contributes to the growing literature on neo banking by offering India-specific empirical evidence and extending understanding of digital financial empowerment. The results provide valuable implications for fintech firms, banks, and policymakers aiming to strengthen trust, promote adoption, and advance inclusive digital financial ecosystems.

Overall Demographic Insight

The demographic findings indicate that young, educated, salaried, and digitally active consumers represent the primary adopters of neo banking services in India. The results highlight the importance of targeted awareness programs and simplified digital education strategies to enhance adoption among older age groups, lower-income segments, and digitally less-exposed populations

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