

Fintech Startups And Sustainable Banking: A Comparative Study Of Traditional And Neo-Banking Preferences In India's It Sector



Prof. (Dr.) Manisha Khaladkar^{1*}, Asst. Prof. Annapurna Godse²

^{1*}Professor at Dnyansagar Institute of Management and Research, Savitribai Phule Pune University.

Email id: manishakhaladkar77@gmail.com

²Assistant Professor, at Dnyansagar Arts and Commerce College, Savitribai Phule Pune University.

Email id: godseannapurna@gmail.com

Abstract

The Indian banking sector is undergoing rapid transformation driven by financial technology (FinTech), digitalization, and changing consumer expectations. Neo-banks, as digital-only platforms, have emerged as innovation-driven FinTech startups that challenge traditional banking models through technology-enabled, customer-centric, and cost-efficient services. In emerging economies such as India, these developments are contributing to financial inclusion, accessibility, and digital economic growth. This study presents a comparative analysis of traditional banking and neo-banking preferences among IT sector employees in Pune, a major technology hub with a digitally literate workforce. A descriptive and analytical research design was adopted using primary data collected through structured questionnaires. Key parameters such as convenience, cost efficiency, trust and security, technological innovation, and customer experience were analyzed. The findings reveal that neo-banks are preferred for routine transactions and digital payments due to convenience and lower costs, whereas traditional banks remain dominant in credit services, long-term savings, and regulatory trust. The study highlights the emergence of a hybrid banking model combining digital innovation with institutional reliability. It also emphasizes the role of neo-banks in enhancing accessibility and supporting inclusive financial systems in emerging economies.

Keywords: FinTech Startups; Sustainable Banking; Financial Inclusion; Neo-Banking; Traditional Banking; Digital Economy; Emerging Economies

1. Introduction

In recent years, the global financial landscape has been significantly reshaped by the emergence of financial technology (FinTech) startups, which represent a new wave of entrepreneurial innovation in the banking sector (Gomber et al., 2017; Leong et al., 2017). These ventures leverage digital platforms, data analytics, and customer-centric models to deliver efficient and accessible financial services (Venkatesh et al., 2003). In emerging economies such as India, FinTech-driven banking innovations are not only transforming traditional financial systems but also contributing to broader goals of sustainable development, including financial inclusion, digital accessibility, and economic participation (Asif et al., 2023; Hasan et al., 2024; Ozili, 2018).

The Indian banking landscape has undergone rapid digitization over the last decade, driven not only by technological advancements but also by the rise of FinTech startups that are redefining financial service delivery. Traditional banks historically dominated the sector with physical branches, personalized advisory, and a legacy of trust (Asif et al., 2023; Gomber et al., 2017).

Pune, a leading IT hub in India, presents an ideal context to study differential preferences between traditional banking and neo-banking. Employees in

the IT sector are typically early adopters of digital innovation, making them a representative sample for understanding evolving banking behaviours (Venkatesh et al., 2003). Additionally, this context provides an opportunity to examine how FinTech-driven banking innovations, particularly neo-banks as entrepreneurial ventures, contribute to digital inclusion, accessibility, and the broader development of India's digital economy.

Beyond technological transformation, the evolution of digital banking also aligns with sustainable development priorities, particularly in the context of emerging economies. Neo-banking platforms have the potential to enhance financial inclusion by offering low-cost, accessible, and user-friendly services to diverse customer segments (Ellili, 2022; Ha et al., 2025; Hasan et al., 2024). This aligns with global development agendas such as the United Nations Sustainable Development Goals (SDGs), especially those related to inclusive economic growth, innovation, and reduced inequalities. In this context, understanding banking preferences is not only a matter of consumer behavior but also reflects broader socio-economic and sustainability implications.

Research Objectives

1. To evaluate banking preferences (traditional vs neo-banking) among IT professionals in Pune.
2. To identify key factors influencing these preferences.
3. To compare satisfaction and perceived benefits associated with each banking mode.
4. To provide recommendations for banks and neo-bank platforms.

2. Literature Review

The banking landscape is undergoing significant transformation due to digital advancements, altering the delivery and consumption of financial services. Traditional banking, characterized by physical branches and in-person services, is increasingly confronted by digital-only neo-banks that offer benefits such as faster services, greater convenience, reduced costs, and innovative solutions. Analyzing customer preferences, especially among the tech-savvy workforce in Pune's IT sector, necessitates a thorough examination of current research related to these contrasting banking models.

In addition to technological transformation, recent literature increasingly conceptualizes FinTech and neo-banking within the broader framework of entrepreneurship and sustainable development. FinTech firms, particularly neo-banks, are viewed as innovation-driven startups that disrupt traditional financial systems while contributing to inclusive economic growth. This perspective extends beyond customer preference analysis and emphasizes the role of digital financial innovations in enhancing accessibility, affordability, and financial inclusion, especially in emerging economies such as India.

The recent evolution in banking has been significantly influenced by technological innovation, fintech disruption, and changing consumer behaviours. Traditional banks, characterized by physical branches and legacy systems, are increasingly competing with neo-banks that operate completely digitally, focusing on convenience, accessibility, and cost efficiency. Research conducted in emerging economies like India between 2022 and 2024 has explored the variances in service quality, customer perceptions, adoption drivers, risks, and strategic implications between these two banking models (Bhatnagar et al., 2024). This review compiles findings from recent studies to highlight insights particularly relevant to digitally savvy professionals, such as those in Pune's IT sector, concerning their banking preferences.

2.1. The Digital Disruption in Banking

Sharma's comparative analysis explores the substantial digital disruption that neo-banks introduce to the financial ecosystem, laying bare the critical operational model differences between neo-banks and traditional banks. The analysis emphasizes that the core competitive advantage of

neo-banks lies in their digital capabilities and innovative approaches (Sharma, 2024).

Building on their perspective, Kosuru and Tatiparti identified that the emergence of fintech and digital channels has resulted in significant changes in customer interactions with banks. Their study focused on the Indian context, revealing that a large segment of customers now prefers digital platforms for everyday banking tasks, consequently diminishing reliance on physical branch visits. This trend is particularly pertinent for IT professionals who prioritize time and efficiency (Kosuru & Tatiparti, 2024).

2.2. Customer Awareness and Perception

Understanding customer awareness is foundational to explaining preference shifts. Modi et al. empirical study on neo-banking awareness reveals that while neo-banks are viewed as modern and user-friendly due to their mobile-first interfaces, significant gaps in general awareness and trust persist in comparison to traditional banks. This finding underscores the need for enhanced digital outreach and communication strategies to bridge these gaps and effectively engage potential customers across various digital channels, particularly in light of the major shifts occurring in the IT landscape (Modi et al., 2025).

Adityadev and Jagadeesh conducted a study on customer perceptions of neo-banking systems within the post-pandemic context. Their research highlights that although there is a growing acceptance of these systems due to the convenience of digital services and contactless transactions, concerns regarding security and reliability remain significant. These concerns could greatly affect preferences among tech-savvy customers, particularly within the IT workforce, emphasizing the need for enhanced trust in neo-banking solutions (Adityadev V. V & Jagadeesh B, 2023).

2.3. Comparative Studies on Service Quality and Perceived Value

Several quantitative studies directly contrasting traditional and neo-banking services indicate that neo-banks provide superior perceived convenience and innovation, as evidenced by Mobasheer's analysis of service quality dimensions. However, traditional banks maintain an advantage in trust and assurance. This distinction highlights that neo-banks cater to customers prioritizing convenience, whereas traditional banks are more aligned with those who value reliability and trust, particularly relevant for IT professionals who must balance the need for security with the pursuit of operational convenience (Mobasheer, 2025).

Shiju's comparative research highlights that in the realm of IT and neo-banking services, key customer experience drivers, such as ease of use, personalization, and responsive support, play a

critical role in influencing consumer preferences. However, it also notes that exposure to complex financial products can lead some customers to maintain their trust in traditional banking institutions, demonstrating a nuanced interaction between innovative digital solutions and conventional banking practices (Shiju, 2025).

2.4. Adoption Dynamics and Behavioral Factors

Studies on adoption behavior enhance theoretical understanding in the context of IT. Banerjee, Chatterjee, and Bhattacharjee utilized Behavioral Reasoning Theory to analyze neo-bank adoption, identifying key reasons for adoption such as convenience, personalization, and cost savings. Conversely, resistance to adoption frequently stems from security concerns, regulatory uncertainty, and a preference for personal contact, which are critical issues for IT professionals dealing with cybersecurity threats (Banerjee et al., 2025).

Birla and Arya's study emphasizes that convenience and trust are significant predictors of neo-bank adoption. They highlight that demographic factors such as age, income, and education also play a role in this adoption process. Within the IT sector, characterized by high education levels and digital fluency, convenience is likely to be a major factor influencing the preference for neo-banks; however, trust continues to serve as a critical differentiator in this context (Birla & Arya, 2025).

2.5. Neo-Banking Growth, Challenges, and Market Evolution

Additional literature outlines the broader growth and challenges faced by neo-banking in the Indian market. According to Kailashbhai, neo-banks possess technological advantages but encounter significant regulatory and cybersecurity challenges. The research highlights that addressing these challenges is essential for sustaining user adoption beyond early adopters (Kailashbhai, 2025).

An important systematic review by Rathod and Purey synthesizes global and Indian trends in neo-bank adoption, emphasizing key drivers such as user awareness, perceived trust, satisfaction, and the role of technological advancements, particularly AI. Despite these positive factors, the review identifies regulatory barriers and cybersecurity concerns as significant challenges, particularly for customers prioritizing data security and institutional stability (Rathod & Purey, 2024).

2.6. The FinTech-Traditional Bank Nexus

The relationship between FinTech and traditional banking complicates the comparative framework. A systematic review highlights that FinTech adoption improves customer experience, performance, and competitiveness for traditional banks (Mogaji, 2023). However, it also introduces operational risks and competitive pressures that require strategic

adaptation. This suggests that the decision between traditional and neo-banking is not a binary choice; rather, it is influenced by hybrid strategies in which legacy banks integrate digital innovations.

2.7. Implications for the IT Sector in Pune

Current research on Pune's IT workforce is limited, yet existing literature indicates that IT sector employees possess high digital literacy, exhibit greater trust in technology, and favor digital convenience. Studies conducted by Birla and Arya and Banerjee et al. propose that these employees are inclined towards neo-banking services due to their convenience and personalization (Banerjee et al., 2025; Birla & Arya, 2025). However, findings from Mobasheer and Kosuru & Tatiparti highlight that trust in traditional financial institutions remains significant, particularly for managing complex financial needs (Kosuru & Tatiparti, 2024; Mobasheer, 2025).

Furthermore, Pune's IT professionals' function within a high-security digital landscape, leading to heightened cybersecurity concerns that significantly influence their preferences for financial institutions perceived as secure, which encompasses both neo and traditional banks, as noted by Birla and Arya, Banerjee, Mobasheer, Kosuru & Tatiparti.

2.8. Neo-Banking Adoption and Customer Behavior

Recent research highlights that the adoption of neo-banking in India is largely influenced by convenience, user experience, and digital usability. Neo-banks effectively simplify common banking tasks, such as account opening, payments, and transfers, utilizing mobile interfaces designed for minimal friction. A quantitative study indicates that factors such as ease of access, time efficiency, cost effectiveness, and perceived service quality play critical roles in shaping consumers' intentions to adopt neo-banking services. Furthermore, the presence of trust and customer satisfaction further enhances the likelihood of adoption (Birla & Arya, 2025).

Systematic literature reviews highlight significant trends in the adoption of neo-banking, underscoring the importance of user-friendly features, personalized digital services, and lower operational costs in fostering user commitment to digital platforms. Neo-banks attract younger, tech-savvy demographics who favor speed and convenience, often resisting traditional branch-based banking. Nevertheless, challenges persist, such as regulatory uncertainty, concerns regarding data security, and varying degrees of financial inclusion (Rathod & Purey, 2024).

2.9. Comparative Analysis of Traditional vs. Neo Banking

A direct comparison of neo-banks and traditional banks reveals significant differences. Traditional banks benefit from higher credibility and trust due to their established reputations, deposit insurance, and robust regulatory frameworks. In contrast, neo-banks excel in areas of digital innovation and operational agility. However, empirical studies indicate that traditional banks still lead in terms of trust, perceived financial stability, and the ability to provide personalized services for complex financial products such as loans and wealth management (Shiju, 2025).

In a detailed comparative analysis, it was found that neo-banks and traditional banks exhibit significant differences in their business models and technological approaches. Neo-banks prioritize digital-first strategies designed to attract tech-savvy customers. However, they encounter challenges in establishing long-term customer trust, primarily due to their absence of a physical presence (Shiju, 2025). Studies highlight this direct comparison between the two banking types, emphasizing the strengths and weaknesses inherent in the neo-banking model.

2.10. Digital Transformation and Customer Experience

Digital transformation is a central theme in discussions about the evolution of banking, with significant emphasis on the role of neo-banks. Research indicates that neo-banks significantly enhance operational efficiency and customer experience by utilizing advanced digital channels, in stark contrast to the legacy systems used by traditional banks. Their modern digital architecture and automated services lead to reduced transaction times and lower operational costs. This shift in banking dynamics is reshaping customer expectations, compelling traditional banks to implement digital innovations to maintain their relevance in the industry (Shanti et al., 2024).

Customer experience research conducted by Desiraju et al. highlights the significant impact of ease of interaction, user support, and digital service quality on customer satisfaction within open banking platforms. This is particularly relevant for users engaging with mobile and digital banking services. The findings underscore the critical importance of intuitive digital interfaces and robust online support, which are essential qualities of neo-banking that appeal to younger, smartphone-oriented customers (Desiraju et al., 2024).

2.11. Trust, Risk, and Security Concerns

Trust and security are essential in influencing consumer choices among banking models. Neo-banks, while providing smooth digital experiences, face challenges due to cybersecurity threats that hinder widespread adoption. A systematic review conducted on digital banking security reveals

ongoing cyber risks such as phishing, malware, and data breaches that fuel consumer distrust. This concern is particularly pronounced among professional groups that emphasize the importance of data protection and adherence to regulatory standards in their financial choices (Waliullah et al., 2025).

Traditional banks hold a significant advantage due to their established trust and strong regulatory frameworks; however, they often struggle to keep pace with technological advancements. In contrast, neo-banks face the challenge of enhancing their security systems to achieve broader acceptance in the market, particularly among users beyond the initial group of early adopters. The discussion encompasses various banking models, with a focus on the transition to digital platforms and a systematic approach to banking innovation.

2.12. Banking Preferences in Emerging Economies

Studies on digital banking adoption in emerging economies, particularly relevant to India and sectors like Pune's IT industry, reveal significant insights. A bibliometric analysis indicates that accelerated digital banking adoption in these markets is driven by increased smartphone usage, the proliferation of UPI and mobile payment systems, and a demographic shift favoring younger, tech-savvy users. Additionally, the studies highlight that factors such as digital literacy, financial awareness, and trust in technology play a critical role in shaping preferences among IT sector professionals regarding digital banking services (Acosta-Prado et al., 2024).

Research from India's banking sector highlights that the growth of neo-banks is dependent on their alignment with regulatory frameworks, fostering customer trust, and improving service stability. This suggests a future where both traditional banks and neo-banks coexist, catering to diverse customer needs. The studies emphasize the importance of integrating technology in banking, particularly with innovations such as UPI (Unified Payments Interface), which has been pivotal in reshaping the financial landscape in India.

2.13. FinTech Entrepreneurship and Sustainable Development

The emergence of FinTech has not only transformed financial services but has also contributed to the evolution of entrepreneurship in the digital economy. Neo-banks, as FinTech startups, represent a new class of entrepreneurial ventures that leverage technological innovation to disrupt traditional banking models. These firms operate with agile, platform-based business models that prioritize efficiency, scalability, and customer-centric service delivery (Arner et al., 2020).

From a sustainability perspective, FinTech innovations play a crucial role in promoting financial inclusion by providing accessible and low-cost financial services to a wider population. In emerging economies such as India, where a significant portion of the population has historically faced barriers to formal financial systems, digital banking platforms help bridge this gap by enabling seamless access to banking services through mobile and internet technologies (Miller et al., 2019).

Furthermore, sustainable entrepreneurship in the FinTech sector extends to improving economic participation, supporting small businesses, and fostering inclusive growth. By reducing transaction costs, enhancing transparency, and offering innovative financial solutions, neo-banks contribute to a more inclusive and efficient financial ecosystem. The integration of entrepreneurship and sustainability perspectives in FinTech research highlights the dual role of neo-banks as both innovation drivers and enablers of socio-economic development. However, existing literature has largely focused on adoption behavior and technological efficiency, with limited emphasis on evaluating neo-banks as sustainable entrepreneurial ventures, particularly within the context of emerging Asian economies. This gap underscores the need for studies that examine the intersection of FinTech innovation, entrepreneurship, and sustainability.

2.14. Adoption Models and Behavioral Determinants

Some recent studies examine the adoption of banking technologies through theoretical frameworks, focusing on key variables such as perceived usefulness, ease of use, and consumer trust via models like the Technology Acceptance Model (TAM) and Behavioral Reasoning Theory. These studies indicate that factors such as convenience, usability, and perceived benefits significantly affect adoption decisions. Additionally, dimensions like security, social influence, and service quality are critical in shaping intentions to transition between different banking models (Alnemer, 2022). This analysis is particularly relevant to demographics in workplaces, such as IT professionals in Pune, where banking selections are influenced by the need to balance operational efficiency against risk management.

2.15 Research Gaps and Emerging Research Directions

The existing literature highlights the contrasting preferences between traditional banks and neo-banks, with a strong emphasis on technological adoption, customer perception, service quality, and digital convenience. However, limited attention has been given to understanding neo-banks as FinTech-driven entrepreneurial ventures that contribute to

sustainable and inclusive economic development. Most studies focus on general urban populations or broad digital banking trends, with insufficient exploration of how neo-banking innovations influence financial inclusion, accessibility, and economic participation in emerging economies such as India.

Despite a growing body of literature, significant gaps remain in context-specific studies examining banking preferences within specialized professional groups such as IT professionals in Pune. Existing research often overlooks how factors such as digital literacy, work culture, financial behavior, and technological exposure shape banking choices in such segments. Moreover, current studies do not adequately explore how neo-banking platforms, as innovation-driven FinTech startups, contribute to financial inclusion and sustainable economic growth within these digitally advanced populations. This highlights the need for targeted research that integrates consumer behavior with entrepreneurship and sustainability perspectives.

Across the reviewed literature from 2022-2024, digital transformation is profoundly reshaping customer expectations, particularly highlighting the rise of neo-banks, which attract convenience-driven and tech-savvy users. In contrast, traditional banks continue to thrive on the pillars of trust and institutional stability. While existing studies emphasize adoption drivers such as usability, cost-effectiveness, and personalization, there remains a lack of integrated analysis linking digital banking preferences with broader socio-economic and sustainability outcomes.

Particularly in emerging economies like India, where digital finance plays a crucial role in economic development, it is essential to examine how neo-banks function not only as technological innovations but also as drivers of sustainable entrepreneurship and inclusive growth. Furthermore, limited research has explored the role of digital banking in supporting financial inclusion, reducing access barriers, and enhancing participation in the formal financial system.

Therefore, this study seeks to address these gaps by examining banking preferences among IT professionals in Pune while simultaneously positioning neo-banking within the broader context of FinTech entrepreneurship, sustainable innovation, and inclusive economic development in an emerging economy.

3. Research Methodology

This study employs a quantitative, descriptive, and comparative research design to investigate the banking preferences of IT professionals in Pune. The study is situated within the context of an emerging economy, where rapid digital transformation and the growth of FinTech startups are reshaping financial service delivery. India, in particular,

represents a dynamic digital economy characterized by increasing smartphone penetration, digital payment adoption, and policy support for financial inclusion, making it an appropriate setting to examine evolving banking preferences.

The primary objective is to analyze and compare traditional banking services with neo-banking services by examining various parameters such as usage patterns, satisfaction levels, and perceived benefits. The findings are expected to provide insights into the evolving preferences of banking among the IT sector in Pune, highlighting the factors that influence their choices between conventional and modern banking solutions.

The study focused on employees in the IT sector in Pune, which included software engineers, project managers, and analysts. This segment represents a digitally literate and innovation-oriented population, making it suitable for examining the adoption of FinTech-based banking solutions and their implications for emerging digital economies. A total of 400 respondents were chosen through convenience sampling. Data collection involved primary data from questionnaires and secondary data obtained from academic journals, industry reports, and government publications.

Banking preference and customer satisfaction were identified as dependent variables in the study, while factors such as convenience, security perception, trust, digital literacy, and service quality were categorized as independent variables influencing these outcomes. These variables also reflect key dimensions of digital innovation adoption and accessibility, which are relevant in assessing the role of FinTech-driven banking solutions in promoting financial inclusion and user-centric financial services.

4.1 Banking preferences (traditional vs neo-banking): Profile of Respondents

| Sr No | Parameters | Responses |
|-------|---------------|--|
| 1 | Gender | 58% male, 42% female |
| 2 | Age Group | Majority between 25-35 years |
| 3 | Education | Graduate, postgraduate or above |
| 4 | Banking Usage | All respondents held at least one bank account |

Banking Preference Distribution

| Mode | Percentage |
|----------------------------|------------|
| Traditional Banking | 36% |
| Neo-Banking / Digital Only | 42% |
| Hybrid (Both) | 22% |

Interpretation:

Neo-banking is increasingly preferred among IT professionals in Pune, although traditional banking remains a strong contender in terms of usage. The landscape reflects a significant hybrid segment of users who utilize both neo-banking and traditional banks, depending on their specific service needs.

3.1 Data Collection

Primary data will be collected via a structured questionnaire directed at IT professionals within various IT parks and companies in Pune. This questionnaire will feature close-ended questions utilizing a five-point Likert scale to assess factors including convenience, trust, security, service quality, cost effectiveness, digital experience, and overall satisfaction. Additionally, secondary data will be sourced from research journals, industry reports, RBI publications, and pertinent academic literature. The selected parameters also provide insights into how digital banking platforms enhance accessibility, affordability, and overall user experience, which are important indicators in the context of inclusive financial systems.

3.2 Sampling Technique

A non-probability convenience sampling method will be used due to accessibility constraints. The target sample size 70 respondents to ensure meaningful comparative analysis.

This methodology enables systematic evaluation of objectives and provides practical recommendations for banks and neo-bank platforms operating in Pune’s IT ecosystem.

4. Data Analysis and Interpretation

The analysis not only examines banking preferences and influencing factors but also provides insights into how digital banking innovations, particularly neo-banks, reflect emerging trends in FinTech-driven entrepreneurship and contribute to accessibility and user-centric financial services in a digital economy.

This trend indicates a nuanced approach to banking that merges the benefits of both modern and conventional financial systems. It also reflects the growing acceptance of neo-banks as innovation-driven FinTech ventures that cater to the evolving needs of digitally literate users.

4.2 Factors influencing traditional banking and neo-banking Preferences:

To identify the factors influencing traditional banking and neo-banking Preferences in pune’s IT Sector following factors have been considered for the respective research work convenience, trust & security perceptions, cost & fee structure, customer support, innovation and technology

Convenience In Pune’s IT sector, the choice between traditional banking and neo-banking is influenced by several distinct service attributes that resonate with the expectations and lifestyles of professionals in the field. Neo-banks have gained favor due to their emphasis on convenience, offering a suite of digital-first services that include 24/7 access to accounts, real-time transaction processing, and rapid onboarding procedures. Their user-friendly mobile interfaces cater exceptionally well to the fast-paced requirements of tech workers who prioritize efficiency and flexibility in their banking interactions. In contrast, traditional banking institutions, despite making strides to enhance their online service offerings, often still fall short of providing a smooth digital experience. This is primarily attributed to their reliance on legacy systems and branch-centric models, which hinder the ability to deliver frictionless online services. Thus, the IT professionals in Pune demonstrate a clear preference for neo-banking solutions, reflecting a broader trend towards embracing technology in financial services. This preference highlights the role of neo-banks as agile digital platforms that enhance accessibility and efficiency, key characteristics of innovation-led financial services.

Trust & Security Perceptions IT professionals regard robust cybersecurity as a vital differentiator in the banking sector, given their understanding of technology. While they recognize the advancements in digital banking, many still view traditional banks as more trustworthy. This perception is largely rooted in the longstanding regulatory oversight and established risk management practices that traditional banks employ. On the other hand, neo-banks seek to address this skepticism by promoting features such as advanced encryption methods and real-time fraud alerts. However, it remains a challenge for neo-banks to fully overcome the inherent skepticism associated with newer banking

models, and this process requires time to instill confidence among consumers. This indicates that while technological innovation drives adoption, institutional trust remains a critical factor influencing user confidence in digital financial ecosystems.

Cost & Fee Structure Neo-banking is increasingly favored by users in the IT sector due to its appealing features such as lower or zero account fees and reduced transaction costs. This shift in preference is particularly significant for cost-conscious individuals, as neo-banks offer transparent pricing compared to traditional banks, which typically impose higher charges associated with branch services and outdated operations. As such, the financial landscape is evolving toward more budget-friendly and accessible banking solutions. The cost advantage of neo-banking also supports broader financial accessibility, making digital banking services more inclusive for diverse user groups.

Customer Support Traditional banks provide personalized in-branch assistance, which is especially beneficial for addressing complex issues that require human interaction. In contrast, neo-banks focus on delivering rapid support through digital channels, such as chatbots and in-app assistance, catering primarily to users who are comfortable with technology. This distinction highlights the varying preferences among customers, with those who are digitally fluent favoring the efficiency of neo-banks over the personal touch offered by traditional banking institutions. This contrast reflects the transition from traditional service models to digitally enabled support systems, characteristic of FinTech-driven service innovation.

Innovation and Technology Neo-banks are rapidly gaining traction among Pune's IT professionals, driven by a range of technological innovations. The use of APIs, AI analytics, personalized dashboards, and open banking integrations is particularly appealing, fostering a stronger preference for digital-only banking models. This trend reflects the broader shift toward technology-driven financial services that cater specifically to the needs and expectations of tech-savvy clients in the region. Such advancements reinforce the positioning of neo-banks as innovation-oriented financial platforms that continuously evolve to meet dynamic user expectations.

4.3 Comparative Analysis for satisfaction and perceived benefits associated with each banking mode:

4.3.1 Convenience

| Sr No | Parameter | Comparative Analysis |
|-------|---------------------|---|
| 1 | Neo-Banking | Rated significantly higher in convenience due to 24/7 accessibility and rapid transactions. |
| 2 | Traditional Banking | Physical branches still required for complex services like loans or dispute resolution. |

Implication: Tech-savvy users favor digital channels for everyday transactions.

4.3.2 Trust & Security Perceptions

| Sr No | Parameter | Comparative Analysis |
|-------|---------------------|--|
| 1 | Neo-Banking | more trustworthy and secure with established regulatory history. |
| 2 | Traditional Banking | efficient but variable in perceived security. |

Interpretation: Trust deficit remains a barrier among certain segments for neo-bank adoption

4.3.3 Cost & Fee Structure

| Sr No | Parameter | Comparative Analysis |
|-------|---------------------|---|
| 1 | Neo-Banking | offers lower service fees, leading to higher satisfaction for cost-conscious users. |
| 2 | Traditional Banking | charge maintenance fees but offer bundled services. |

4.3.4 Customer Support

| Sr No | Parameter | Comparative Analysis |
|-------|---------------------|---|
| 1 | Neo-Banking | rank higher due to personalized support through branches and relationship managers. |
| 2 | Traditional Banking | provide digital chatbots and email support, effective but impersonal. |

4.4 Innovation and Technology

| Sr No | Parameter | Comparative Analysis |
|-------|---------------------|---|
| 1 | Neo-Banking | score higher on intuitive design, seamless onboarding, and continuous feature upgrades. |
| 2 | Traditional Banking | integrating digital interfaces but tax legacy systems. |

The study aligns with prior research indicating that digital transformation has reshaped banking preferences by encouraging technology-enabled, customer-centric, and trust-oriented service models (Melynk, 2023; Mogaji, 2023). The hybrid preference observed in this study reflects an evolving financial ecosystem where traditional banking stability coexists with FinTech-driven innovation, highlighting the transition toward integrated and user-centric banking models.

Overall, the findings suggest that neo-banking is not merely a technological alternative but represents a broader shift toward digital financial innovation and sustainable financial service delivery. This shift has implications for improving accessibility, efficiency, affordability, and user engagement within the financial system, especially in emerging digital economies.

4.4 Strategic Recommendations

| Sr No | Parameters | Recommendations |
|-------|-----------------------|--|
| 1 | For Traditional Banks | Accelerate digital transformation with user-centric apps. Strengthen cybersecurity communication to reduce trust concerns. Offer hybrid services combining personal advisory with digital convenience. |
| 2 | For Neo-Banks | Partner with regulators to enhance credibility. Incorporate personal support features (video banking or human agent access). Focus on clear communication of security features. |

Limitations

Using convenience sampling may not represent everyone, so the results cannot be applied to all people. The study was done at one point in time, so customer preferences may change later.

5. Findings and Conclusion

The research demonstrates neo-banking’s growing preference among Pune’s IT professionals, driven by convenience, cost efficiency, and usability. This trend also reflects the increasing acceptance of neo-banking platforms as innovation-driven FinTech

ventures that cater to the evolving needs of digitally literate users in a rapidly transforming financial ecosystem. Nevertheless, traditional banks retain relevance through trust, regulatory assurance, and personalized services. This coexistence highlights the emergence of a hybrid financial model where traditional banking stability complements FinTech-driven innovation, indicating a balanced transition within the digital banking ecosystem.

The findings reveal that while neo-banks are increasingly preferred for routine transactions, digital payments, and expense management,

traditional banks continue to dominate in areas such as credit facilities, long-term savings, regulatory trust, and financial stability. This indicates that neo-banks are not replacing traditional banks but are complementing them, resulting in a hybrid banking model that integrates digital efficiency with institutional reliability.

From an entrepreneurial perspective, neo-banks represent a new generation of FinTech startups that are reshaping the financial services landscape through digital innovation, customer-centric design, and cost efficiency. Their growing adoption among IT professionals highlights the transformation of banking into a technology-driven and innovation-oriented sector, particularly within emerging digital economies such as India.

Furthermore, the study underscores the role of digital banking in enhancing accessibility, affordability, and user convenience, which are critical factors in promoting financial inclusion. By enabling seamless and low-cost financial services, neo-banking platforms contribute to the development of more inclusive and efficient financial ecosystems, supporting broader economic participation.

Overall, the study highlights the dual role of neo-banks as drivers of technological innovation and enablers of inclusive financial growth. The findings provide valuable insights for financial institutions, policymakers, and FinTech entrepreneurs aiming to foster sustainable and inclusive digital banking ecosystems in emerging economies.

References

- Acosta-Prado, J. C., Rojas Rincón, J. S., Mejía Martínez, A. M., & Riveros Tarazona, A. R. (2024). Trends in the Literature About the Adoption of Digital Banking in Emerging Economies: A Bibliometric Analysis. *Journal of Risk and Financial Management*, 17(12), 545. <https://doi.org/10.3390/jrfm17120545>
- Adityadev V. V & Jagadeesh B. (2023). A STUDY ON CUSTOMERS PERCEPTION TOWARDS NEO BANKING SYSTEM. *International Journal of Research -GRANTHAALAYAH*, 11(4), 58–65. <https://doi.org/10.29121/granthaalayah.v11.i4.2023.5116>
- Alnemer, H. A. (2022). Determinants of digital banking adoption in the Kingdom of Saudi Arabia: A technology acceptance model approach. *Digital Business*, 2(2), 100037. <https://doi.org/10.1016/j.digbus.2022.100037>
- Arner, D. W., Buckley, R. P., Zetzsche, D. A., & Veidt, R. (2020). Sustainability, FinTech and Financial Inclusion. *European Business Organization Law Review*, 21(1), 7–35. <https://doi.org/10.1007/s40804-020-00183-y>
- Asif, M., Khan, M. N., Tiwari, S., Wani, S. K., & Alam, F. (2023). The Impact of Fintech and Digital Financial Services on Financial Inclusion in India. *Journal of Risk and Financial Management*, 16(2), 122. <https://doi.org/10.3390/jrfm16020122>
- Banerjee, S., Chatterjee, S., & Bhattacharjee, A. (2025). Adoption of Neo-Banks: A Behavioural Reasoning Theory (BRT) Approach. *Frontiers of Finance*, undefined. <https://doi.org/https://doi.org/10.59429/ff.v3i1.9049>
- Bhatnagr, P., Rajesh, A., & Misra, R. (2024). Neobank adoption: Integrating the information systems effectiveness framework with the innovation resistance model. *Management Decision*, 62(10), 3315–3352. <https://doi.org/10.1108/MD-06-2023-0977>
- Birla, V., & Arya, S. (2025). An Empirical Study on Neo Banking Adoption in India: Convenience Factors, Trust, Demographics, and Financial Inclusion. *European Economic Letters (EEL)*, 15(4), 2582–2593. <https://doi.org/10.52783/eel.v15i4.4121>
- Desiraju, K., Mishra, A. N., & Sengupta, P. (2024). Customer perceptions on open banking apps: Insights using Structural topic modeling. *Journal of Retailing and Consumer Services*, 81, 104029. <https://doi.org/10.1016/j.jretconser.2024.104029>
- Ellili, N. O. D. (2022). Is there any association between FinTech and sustainability? Evidence from bibliometric review and content analysis. *Journal of Financial Services Marketing*, 1–15. <https://doi.org/10.1057/s41264-022-00200-w>
- Gomber, P., Koch, J.-A., & Siering, M. (2017). Digital Finance and FinTech: Current research and future research directions. *Journal of Business Economics*, 87(5), 537–580. <https://doi.org/10.1007/s11573-017-0852-x>
- Ha, D., Le, P., & Nguyen, D. K. (2025). Financial inclusion and fintech: A state-of-the-art systematic literature review. *Financial Innovation*, 11(1), 69. <https://doi.org/10.1186/s40854-024-00741-0>
- Hasan, M., Hoque, A., Abedin, M. Z., & Gasbarro, D. (2024). FinTech and sustainable development: A systematic thematic analysis using human- and machine-generated processing. *International Review of Financial Analysis*, 95, 103473. <https://doi.org/10.1016/j.irfa.2024.103473>
- Kailashbhai, R. N. (2025). A STUDY ON NEO-BANKING IN INDIA: GROWTH, CHALLENGES, AND FUTURE PROSPECTS. *International Journal of Research -GRANTHAALAYAH*, 13(8), 54–64. <https://doi.org/10.29121/granthaalayah.v13.i8.2025.6328>
- Kosuru, J., & Tatiparti, S. (2024). Rise of Fintech in Banking: Impact of Technology on Traditional Financial Services in India. *Journal of Informatics Education and Research*, 4(3). <https://doi.org/10.52783/jier.v4i3.1468>

16. Leong, C., Tan, B., Xiao, X., Tan, F. T. C., & Sun, Y. (2017). Nurturing a FinTech ecosystem: The case of a youth microloan startup in China. *International Journal of Information Management*, 37(2), 92–97. <https://doi.org/10.1016/j.ijinfomgt.2016.11.006>
17. Melnyk, V. (2023). Transforming the nature of trust between banks and young clients: From traditional to digital banking. *Qualitative Research in Financial Markets*, 16(4), 618–635. <https://doi.org/10.1108/QRFM-08-2022-0129>
18. Miller, M., Klapper, L., & Hess, J. (2019). *Leveraging digital financial solutions to promote formal business participation*. <https://www.sidalc.net/search/Record/dig-okr-1098631654/Description>
19. Mobasheer, S. (2025). Customer Perception and Service Quality—A Comparative Study Among Traditional and Neo Banks. *International Journal of Innovative Science and Research Technology*, 1902–1908. <https://doi.org/10.38124/ijisrt/25jul1258>
20. Modi, A., Sharma, P., & More, R. (2025). NEO BANKING: AN EMPIRICAL RESEARCH ON AWARENESS AND PERCEPTION OF PEOPLE. *Journal of Informatics Education and Research*, 5(2). <https://doi.org/10.52783/jier.v5i2.2792>
21. Mogaji, E. (2023). Redefining banks in the digital era: A typology of banks and their research, managerial and policy implications. *International Journal of Bank Marketing*, 41(7), 1899–1918. <https://doi.org/10.1108/IJBM-06-2023-0333>
22. Ozili, P. K. (2018). Impact of digital finance on financial inclusion and stability. *Borsa Istanbul Review*, 18(4), 329–340. <https://doi.org/10.1016/j.bir.2017.12.003>
23. Rathod, M. S., & Purey, D. N. (2024). Awareness And Preference Of Neobanking- A Systematic Literature Review. *Library Progress International*, 44(3), 27789–27797. <https://doi.org/10.48165/bapas.2024.44.2.1>
24. Shanti, R., Siregar, H., Zulbainarni, N., & Tony. (2024). Revolutionizing Banking: Neobanks' Digital Transformation for Enhanced Efficiency. *Journal of Risk and Financial Management*, 17(5), 188. <https://doi.org/10.3390/jrfm17050188>
25. Sharma, S. (2024). Digital Disruption in Banking: A Comparative Analysis of Neo Banks and Traditional Institutions. *International Journal of Management and Development Studies*, 13. <https://doi.org/10.53983/ijmds.v13n3.001>
26. Shiju, K. (2025). NEO BANKS VS TRADITIONAL BANKS: A COMPARATIVE ANALYSIS OF CUSTOMER EXPERIENCE, FINANCIAL PERFORMANCE, AND MARKET ADOPTION. 05(03). <https://doi.org/https://www.doi.org/10.58257/IJPREMS38954>
27. Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). *User Acceptance of Information Technology: Toward A Unified View*. 27(3), 425–478. <https://doi.org/https://doi.org/10.2307/30036540>
28. Waliullah, M., George, M. Z. H., Hasan, M. T., Alam, M. K., Munira, M. S. K., & Siddiqui, N. A. (2025). Assessing the influence of cybersecurity threats and risks on the adoption and growth of digital banking: A systematic literature review. *American Journal of Advanced Technology and Engineering Solutions*, 1(01), 226–257. <https://doi.org/10.63125/fh49gz18>