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## **ATTITUDES OF YOUNG CUSTOMERS TOWARDS ACTIVITIES PROMOTING ELECTRONIC BANKING**

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## **POSTAWY MŁODYCH KLIENTÓW WOBEC DZIAŁAŃ PROMUJĄCYCH BANKOWOŚĆ ELEKTRONICZNĄ**

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**Abstract:** Learning about the behaviour and factors influencing the attitudes of young customers towards activities promoting electronic banking constitutes a key factor determining the effective acquiring of such customers. The presented results of the author's own research conducted among young customers confirm that promotional activities should include contents personalised for this age group and primarily the use of social media as communication channels.

**Keywords:** electronic banking, customer attitudes, generation Z, promotional activities.

**Streszczenie:** Poznanie zachowań i czynników wpływających na postawy młodych klientów wobec działań promujących bankowość elektroniczną jest kluczowym czynnikiem determinującym skuteczne ich pozyskanie. Prezentowane wyniki badań własnych przeprowadzone wśród młodych klientów potwierdzają, że działania promocyjne powinny zawierać treści spersonalizowane dla tej grupy wiekowej oraz wykorzystywać przede wszystkim media społecznościowe jako kanały komunikacji.

**Słowa kluczowe:** bankowość elektroniczna, postawy klientów, pokolenie Z, działania promocyjne.

## 1. Introduction

Modern technologies constitute one of the main factors of changes in consumer behaviour which shapes their shopping (purchasing products and services) and consumption (using products) patterns. Young customers are the generation brought up in the era of the omnipresent Internet, therefore they are more open to any technological novelties, including the use of electronic banking, than any other group of bank customers. Knowledge about preferences and attitudes of young customers is a very important factor determining the market success of financial institutions. The young people segment constitutes a very important and prospective bank customer. Acquiring customers who have not yet had too much experience with financial institutions is undoubtedly an important task for banks even if only due to the fact that banks have to foresee market changes, as well as plan and develop long-term activities aimed at gaining permanent and loyal customers. Thus it becomes crucial to learn about the factors influencing young customers' attitudes towards services promoting electronic banking. Learning about customer behaviour and expectations is especially important for the bank's activity (Munusamy, Chelliah, and Annamalh, 2013).

The aim of the article is to identify the consumer attitudes of young bank customers towards activities promoting electronic banking. The obtained results constitute a valuable guideline for banks regarding activities that are the most effective, what communication channels should be used and in which form should information be transferred to young bank customers and prospective customers.

## 2. The role of the promotional activity in the development of electronic banking

The electronic banking (also known as remote banking or e-banking) is defined by Electronic Banking Council at the Polish Bank Association as a certain type of services offered by banks consisting in allowing the use of the account via electronic devices. The basic assumption of electronic banking in financial settlements is moving away from paper money and maintaining contact with the customer via the Internet (Świecka, 2004). Mobile banking is understood as remote access to a bank account, and is the type of banking services provided through various electronic devices. Mobile technologies are the fastest growing IT segment including:

- 'traditional' mobile phones,
- smartphones, mobile telephones which including computer apps,
- tablets, e-readers (Jelonek, 2018).

In Poland, for the last two years the tendency to have a smartphone has remained at the same level with a slightly growing trend; in 2016 it was at 62%, whereas in 2017 – at 64%, namely Poles have approximately 21 million smartphones [Raport Polska.Jest.Mobi (*Poland.Is.Mobile Report*), 2018]. Technological advancements

have contributed to many changes in the functioning of financial institutions, e.g. payments via wearables (smartwatches). Poland is fifth in Europe in terms of the number of transactions made via wearables (aleBank.pl, n.d.).

According to Kramer (2004), promotion is the beginning of the relation with a potential recipient – a purchaser and consumer of the product or service. The word ‘promotion’ comes from the Latin word ‘promovere’ means to stimulate, advertise, spread (Rozbicka, 2018). The promotion system allows for a two-way flow of information between the company and the market. Banks use the promotion system so that the information on products and new services is quickly placed in the relevant market segment and, at the same time, convince prospective customers to purchase them.

One of the promotional instruments is an advertisement. Nowadays advertising is omnipresent and reaches prospective customers with the use of radio, television, the Internet, as well as being visible on billboards. Advertising uses the most modern forms and ways of influencing a customer used to improve the bank’s position on the market. The aim of advertising is to encourage selling products and services (Kubiak, 2016).

Personal sales is the oldest element of promotion that uses direct contact with a potential purchaser to the greatest extent. It is connected to the growth in the significance of the role of personalisation in the processes of promotion. Due to its personalised character it is the most effective instrument in acquiring permanent, loyal customers. Personal sales means adjusting the needs to specific recipients and the possibility of a swift reaction during negotiations (Filar, 2012).

Young bank customers constitute a group of consumers accustomed to promotions, rebates and discounts offered while shopping, and they also expect such an offer from banks. Even very young customers can perfectly well compare retail offers, and calculate which offer of a financial institution is more favourable. Buying online has sensitized them to possible fraud, thus they are cautious whether the rules and regulations of banking services do not include any hidden fees. Furthermore, if they conclude that a bank does not keep its promises, they can very quickly decide to change their bank. Knowledge about the behaviour and attitudes of young customers allows banks to maintain their loyalty and maintain good relations, but only if they guarantee the high quality of their products, functionality and convenience, i.e. they meet the expectations of their young customers.

### **3. Consumer attitudes**

The plethora of definitions of the concept of ‘attitude’ that can be found in the subject matter literature proves the existence of the different theoretical concepts. Attitudes constitute an important category allowing to understand human behaviour, hence they constitute an object of interest for banking research, also in electronic banking,

owing to its potential of impact on shaping customer attitudes via marketing instruments. Rudnicki (2012) distinguishes three groups of definitions of attitudes:

1) based on the behavioural tradition and the psychology of learning. The behavioural perspective identifies attitudes as behaviour of people and their reactions to the external world, including social institutions and relations. This perspective is determined as a certain behaviour;

2) based on the sociological concept. The attitude is defined as a permanent emotional attitude to the object or a tendency to the existence of a relation, and can be positive, negative or neutral;

3) based on the cognitive theory in psychology. This attitude comprises not only a specific behaviour, but also cognitive elements.

Anyone and anything can be the object of attitudes (Wojciszke, 2011). Despite many different approaches to the concept of attitudes, researchers agree that they have two features: a sign and intensity. A positive attitude is marked with a (+) sign, while a negative attitude is marked with a (-), and a neutral attitude with a (0). The intensity specifies the level of negative or positive attitude, namely whether it is strong or weak. Strong attitudes are less inclined to be subject to changes than weak attitudes.

Shaping customer attitudes towards electronic banking requires personalised and purposeful activities, which should be preceded with a good recognition of the given group of customers, in this case young customers, representatives of generation Z.

#### **4. Characteristics of generation Z in light of the literature review**

In the subject literature there is no general agreement regarding characteristics of generation Z in terms of age and distinguishing features, most often it is said that those are persons born after 1990. According to Tulgan (2009), the young generation defined as Millennials, i.e. persons born between 1977 and 1990 are generation Y, and persons born between 1991 and 2000 are generation Z. Other names are also used to define generation Z: generation C – from the words: connected, always clicking, communicating, content-centric, computerized, community-oriented', as well as: I Generation, Digital Natives, Gen Tech, Gen Wii, Net Gen, Gen Next, Post Gen (*Make Way...*, 2011). Such varied definition attempts are dictated by the specification of the most important determinants of generation Z (Żarczyńska-Dobies and Chomałowska, 2014).

Generation Z does not know the world without a computer, the Internet, a phone or mobile gaming devices. This is an enormous advantage since young customers have a natural ease of using the new technology. This segment of customers very often functions in the real and virtual worlds, and the majority of them cannot imagine functioning without access to the Internet and mobile phone 24/7. Many researchers have analysed the characteristics of the generation functioning online; on the one hand, noting their problems in establishing contacts in the real world, their distraction, lack of concentration and the tendency to make superficial assessments

(Friedrich and Peterson, 2010). On the other hand, according to Cutler and the American Institute of Financial Gerontology (cf. Kaczmarek, 2020). Millennials are an extremely resourceful generation, they know the world of finance from the online world, and using professional advice is the last resort for them. Their permanent presence online increases the usage of electronic banking.

Every year generation Z is becoming more important for banks, since young people enter the labour market and then, it will be important to keep them as permanent bank customers. Fully personalised promotional activities without information noise and unnecessary information, but with clear information on the benefits and security of electronic banking services, are effective. The information targeted at young customers should also refer to their expectations regarding opinions, underline flexibility in adjusting offers of products and services to each customer's needs and, in certain situations, and provide the possibility of customers' co-participation in developing mutual solutions.

## **5. Methodology of conducted studies and characteristics of the studied community**

Electronic banking has contributed to the development and improvement of the functioning of banks and, above all, enabled customers to use many banking services without the necessity to be served at the branch of their bank. The universal availability of the Internet which has become not only a generally available source of information, but also a communication medium, paved the way to the development of mobile banking. The increase in the competitiveness in the electronic banking services market resulted in banks directing more and more promotional activity at acquiring young customers and, over time, keeping them as permanent customers.

The aim of the study was to identify the attitudes of the young generation towards activities promoting electronic banking. Customer opinions were recognised and the identified attitudes of the contemporary young consumer towards electronic banking were presented, which were then translated into promotional behaviour.

The direct survey method was used in the research. The survey questionnaire was used as a research tool. The survey included 18 questions, was anonymous and was conducted between November and December 2019. Elementary school students aged between 13 and 15 years old were chosen for the research sample. The selection of the research group was dictated by the fact that the youngest generation constitutes the segment of prospective bank customers.

In total 274 correctly filled-in survey questionnaires were collected. Therefore, the studied community comprised 274 respondents, made up from 144 elementary school students from rural areas and 130 elementary school students from urban areas. The majority of respondents were girls: 150 (55%), boys: 124 (45%). The most numerous research group were persons aged 13 (50%), and the smallest those aged 15 (6%). The structure of the researched community is presented in Table 1.

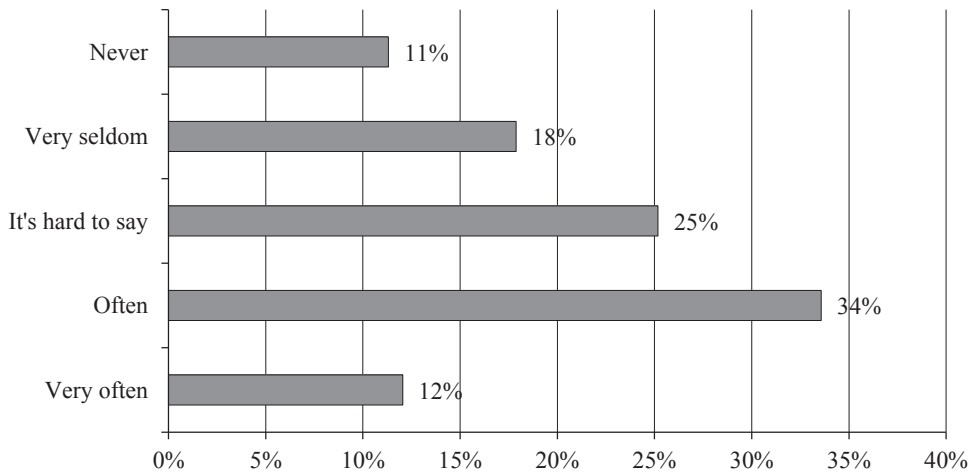
**Table 1.** Structure of the researched community

No.	Criterion	Structure of the researched community			
		Urban areas		Rural areas	
1	Location of the school	130		144	274
2	Gender	Girls		Boys	In total
		150		124	274
3	Age	13 years old	14 years old	15 years old	In total
		136	121	17	274
		Yes		No	In total
4	Do they have a bank account?	98		176	274

Source: own study.

The most numerous group of respondents was made of persons aged 13 attending schools in rural areas, while the smallest group comprised those aged 15 attending schools in urban areas. The majority of the respondents did not have a bank account (64%).

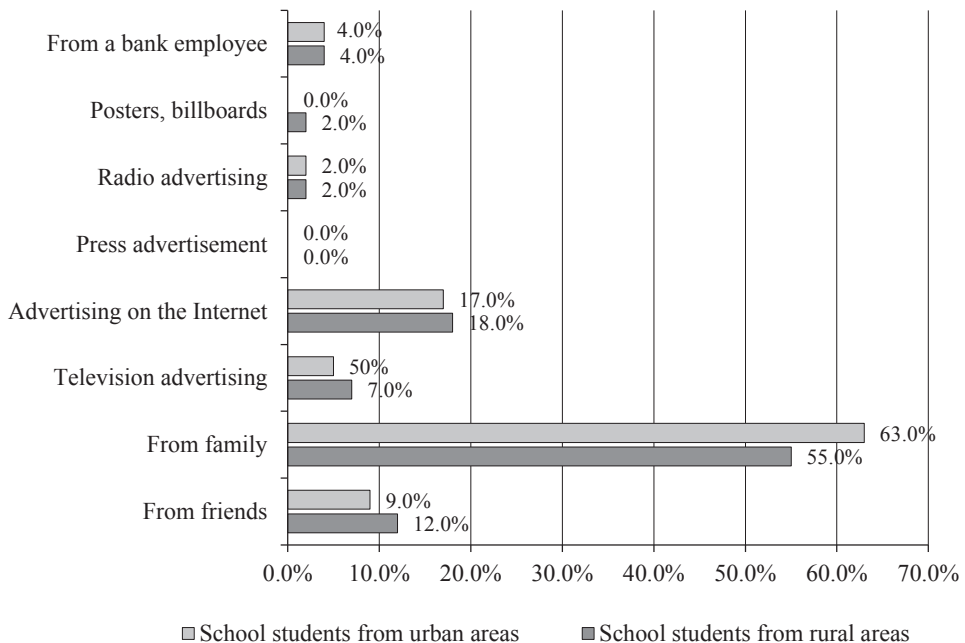
The respondents were asked whether they receive information promoting banking services (Figure 1).



**Fig. 1.** How often do you receive information promoting banking services?

Source: own study.

On the basis of the received answers, it was determined that the group of young customers is informed about banking services, and only 11% have not received or have not paid attention to this information. The aim of the next question was to identify the sources from which young consumers received information on banking services (Figure 2).



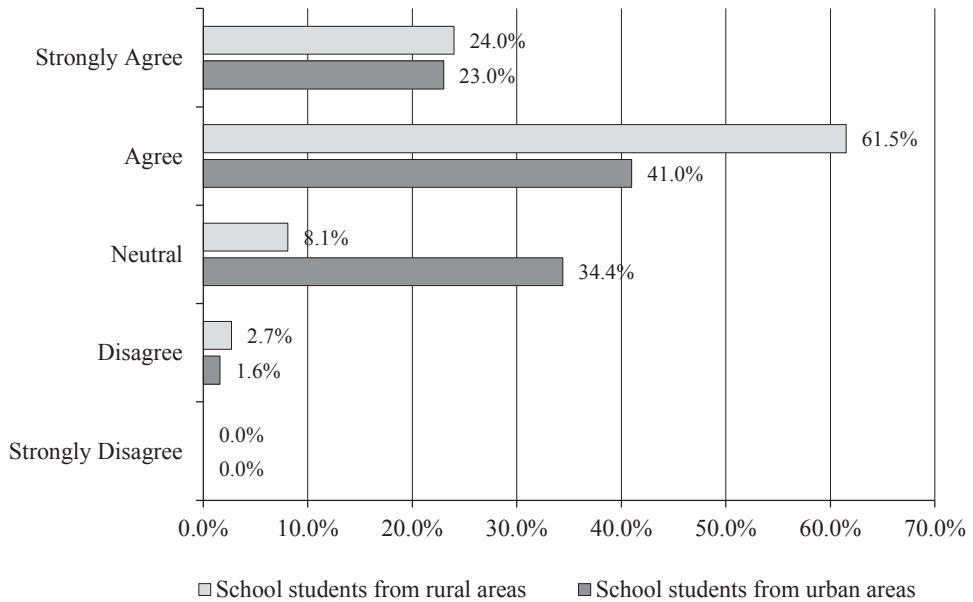
**Fig. 2.** How did you receive information on the bank offer?

Source: own study.

The most frequent sources of information about the banking offers for young customers are family and friends. As representatives of generation Z, they obtain the most information, including information promoting banking products, from the Internet and social media. It is worth noting that none of the respondents indicated advertisements in the press, and the indications of advertisements in the press and on TV were at a low level. In light of the result that young customers' attitudes towards activities promoting banking products are shaped by the family, since family members inspire the most trust, they were asked about their trust in another source of information, namely the Internet (Figure 3).

In the opinion of the vast majority of respondents, the Internet is a trustworthy source of information on bank offers. This confirms the often repeated opinions that representatives of generation Z spend a lot of time in the virtual world, which is a part of their lives. Therefore banks should use the potential of online tools in order to advertise their products and services in the virtual world and thus reach as many customers as possible. An additional benefit is the lower costs of such promotional activities in comparison with the costs of TV, radio and press advertising.

The Internet and social media are increasingly engaging the attention of young users. The respondents' answers to the question on how often they use



**Fig. 3.** Is the Internet a trustworthy source of information on offers banking product?

Source: own study.

the most popular social media are presented in Figure. 4. The studies conducted by the author imply that the respondents most often specified the frequency of viewing social media by indicating the answer: several times a day, whereas YouTube is visited several times a day by 58%, Facebook – 54% and Instagram – 40%. The respondents view Youtube (35%), Facebook (31%) and Instagram (22%) every day.

Twitter is not very popular among generation Z and even 47% respondents have never used it. Young customers have a positive attitude to advertisements of electronic banking services posted on social media. Their attitude is positive, and considering their young age, it is possible to encourage them to use electronic banking services with a personalised and clear message underlining the benefits. Banks should strive to develop virtual communities of young customers around the bank who will confidently promote new offers among their friends. In this case, a single action and posting advertising on social media is not enough, one should also take actions which will allow to generate the largest number of positive opinions. A message posted on social media has to be simple, straightforward and interesting and then it will be more often and on a larger scale shared by young customers. Thanks to social media, banks can attract young customers who may become ‘profitable’ bank customers in the future when they start working.



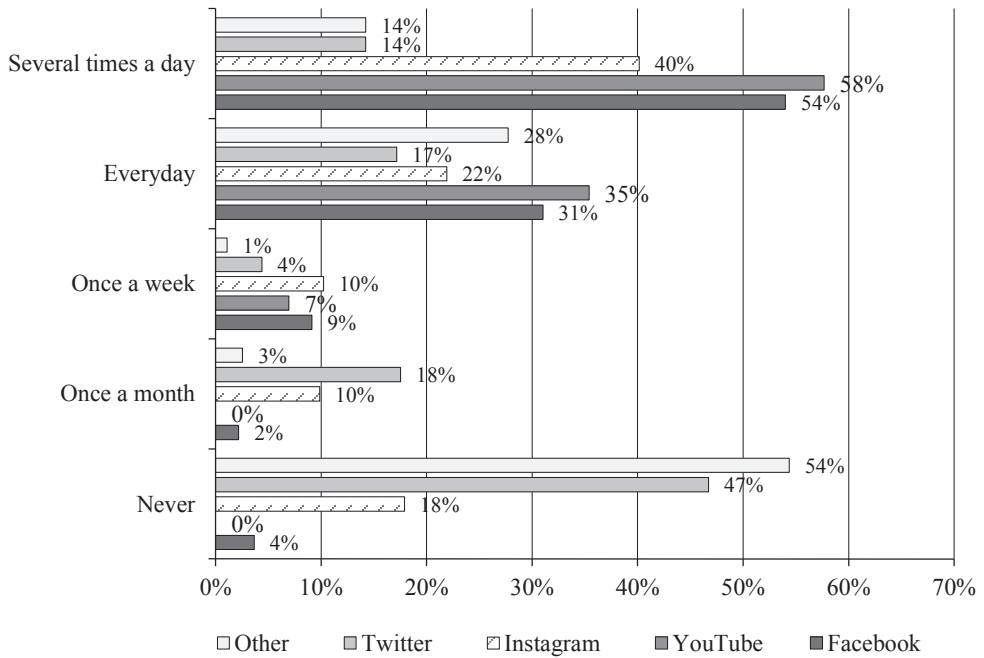


Fig. 4. How often do you use social media?

Source: own study.

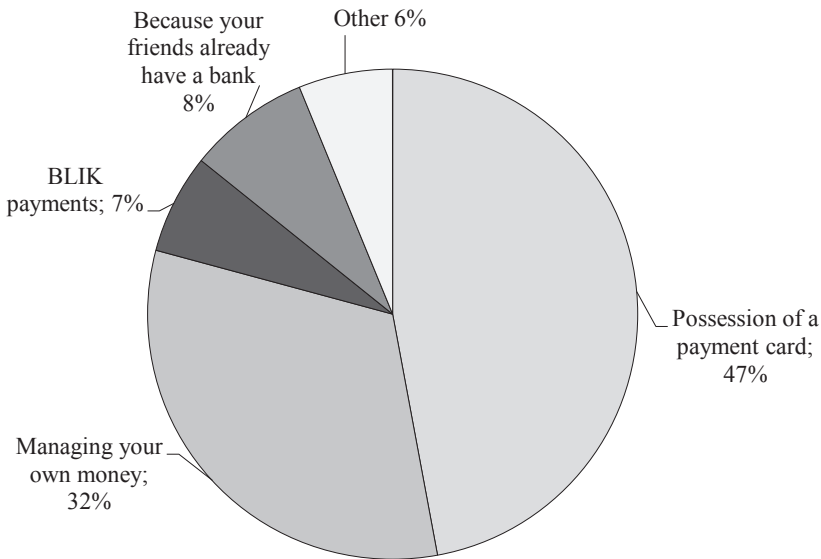


Fig. 5. Determinants of selecting a bank by young customers

Source: own study.

The analysis of young customers' attitudes towards banking product offers was supplemented with the most important reasons that are decisive with regard to whether they want to use electronic banking. Figure 5 presents the results of answers concerning the determinants of selecting a bank by young customers.

For young customers from generation Z, the most important determinants of selecting a bank and using electronic banking services include: an advantage of using a payment card (47%), the possibility to manage own money (32%), the possibility to make BLIK payments (7%) and copying the behaviour of friends who have bank accounts (8%).

While analysing the results of the conducted studies, it can be observed that the majority of young respondents have a positive attitude to online banking. This is especially visible in having an ATM card and such a positive attitude was declared by 47% of respondents.

## 6. Conclusion

The results of the studies conducted among young customers from generation Z confirmed their positive attitude to activities promoting electronic banking. This is a group of customers and potential customers for whom the advantage of having and using a payment card is especially important. The respondents are persons brought up in the era of the Internet and easily using modern technologies, and thus they consider the Internet and social media to be the most convenient, obvious and reliable source of information. The list of social media that are the most popular among generation Z, including YouTube, Facebook and Instagram, should be important for banks. Social media should be used as channels of the activities promoting of banking services and products.

The necessity of the continuous identification of young customers' attitudes which they apply when selecting a bank is extremely important to attract and keep a young customer. For the studied group of young and prospective customers of banks, the most important source of information in selecting a bank was family, friends and their recommendations. This is another important item of information for banks, which shows that apart from standard marketing and promotional activities, financial institutions should also take action aimed at acquiring not merely young customers, but also groups of persons related to them.

The conducted study allows for better understanding of the attitudes of young customers from elementary schools in rural and urban areas. This concerns, among others, the determinants of selecting the offers of banking services and products. The research results can be used to develop a model of strategy of attracting young customers from generation Z who are elementary school students.

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