

## ***The Study of Factors that Influence the Behavior of Consumers of Banking Products and Services***

**Cristina BĂLTEANU**  
**Babeş – Bolyai University of Cluj-Napoca, ROMANIA**  
**[cristina.balteanu@econ.ubbcluj.ro](mailto:cristina.balteanu@econ.ubbcluj.ro)**

**Abstract:** *Over the past two decades, the banking sector had a dynamic evolution, as a consequence of the global economy development and, implicitly, because of the ongoing diversification of consumer demands. In this context, the competition has increased significantly, forcing banks to pay a special attention to creating competitive advantages that could ensure them the growth or the maintenance of market share. To achieve this goal, the banks have opted for consumer-oriented policies and strategies, aiming to identify the potential customers, to attract and retain them. The successful implementation of these steps required a real concern of banks to know the needs of consumers, including the latent ones, but also to assess the impact of endogenous and exogenous factors on their behavior in the process of acquiring and using banking products and services. In this context, this paper aims to highlight and to analyze the main categories of factors that significantly influence the behavior of the clients – individuals, the study being based on the conclusions of a quantitative marketing research conducted among them, as well as on the statistical data regarding the evolution of banking market in the recent years.*

**Keywords:** *banking products and services; consumer behavior; personal, social, economic, cultural and psychological factors.*

### **Introduction**

Although initially the banking institutions played a more prominent role as intermediaries of money resources, they developed continuously, diversifying their activities and, implicitly, the content and the structure of their offer. This evolution was due to the many changes that have occurred in the consumers' behavior regarding the way of using financial resources. That is why, nowadays, *as a consumer, the customer currently holds the central position* [1] in the activity of banks.

Being an *ongoing process, not merely what happens at the moment a consumer hands over money or a credit card and in turn receives some goods or services* [2], the customers' behavior imposes an in-depth analysis of *the clues regarding who buys, uses, and disposes of what products as well as clues to when, where, and why they do* [3].

In order to better understand the behavior of the actual and potential clients, organizations can use a variety of analysis methods, techniques and tools, a particular attention being paid to the marketing research which is considered as *a response to the new requirements generated by the development of business activity, especially after its stronger focus on meeting consumer requirements* [4].

In this context, in the first section of the paper a conceptual analysis of the consumer behavior of banking products and services was made in terms of the main categories of influence factors. The second section presents methodological aspects regarding the quantitative marketing research, and the third contains a synthesis of its results.

### **1. Conceptual Aspects Regarding the Consumer Behavior of Banking Products and Services**

There are numerous studies on the behavior of the consumer of banking products and services, their results being presented in the form of general or particular models, through which the authors highlight the causal relationship between the factors that influence the behavior of individuals and the result of their actions.

Among the *factors* [5] that can influence the behavior of the individual consumer, there can be distinguished the following ones:

- the **cultural factors**; they are *associated with basic beliefs, ethics, morals, language, artistic tendencies, fidelity, personal values and traditions* [6]; these are a result of the environment in which individuals evolve from childhood to adulthood; for a banking institution, they are important in terms of their influence on consumer attitudes towards accessing a credit, saving and spending money;
- the **social factors**; from this category, the most important are the groups of influence, *also known as reference groups (family, friends, colleagues, religious communities or professional groups) because buyers turn to them for opinions/suggestions or for sharing experience* [7];

- **personal factors**; they refers mainly to: *age, occupation, lifecycle, and lifestyle changes* [8];
- **economic factors**; they have a major impact on purchasing and consumption decisions, taking in consideration the level of disposable income, the savings, debts and the lending power of individuals;
- **psychological factors**; the most important of these are: the motivation, which is *the cause of a certain conduct* [9], and the perception, which is the result of a value judgment, based on the individual's own opinions, corroborated with the information he holds about the products and services that are subject to evaluation.

In the context of the above aspects, the behavior of the consumer of banking products and services can be approached as *a result of the action of many factors, their action being characterized by a more or less intensity* [10].

## 2. Research Methodology

Taking into account the results of an own qualitative research carried out in February – March 2016, as well as the current statistical data on the banking market, in the period April – May 2017, a quantitative marketing research among Romanians was carried out, aiming at analyzing the factors which influence their behavior regarding the way of accessing banking products and services, and the use of different banks' distribution channels.

The primary data was collected using the survey method, based on an online questionnaire of 45 questions. Among the reasons behind the decision to choose this method were: the low cost, the reduction of response time, the simplification of procedures regarding the collection and processing of primary data, and the obtaining of answers to certain questions concerning issues that are more difficult to approach, due to the lack of direct contact between the interviewer and the subjects included in the sample.

To eliminate the disadvantage of respondents' self-selection, specific to the online marketing research, the proportional layered sampling method was chosen. Thus, the adult population of Romania was divided into layers according to gender, age and level of education, the sample being formed by extracting the subjects *from each layer proportionally to the relative size of their population in the total population surveyed* [11].

The representativeness of the sample was ensured by establishing a sample size of 600 subjects by choosing a proportional layered sampling method that allows obtaining precise results, as well as real operational advantages. At the same time, the accuracy of the results was guaranteed with a confidence level of 95%, the admitted error being of  $\pm 4\%$ .

## 3. Synthesis of Research Results

After processing the data obtained, it was found that 36.7% of respondents appreciate the usefulness of banking products/services in their lives as being at level 3 ("neither low nor high") on a scale from 1 to 5 where 1 – very low, and 5 – very high. Another 28.7% opted for level 4 – high and 17.5% for level 2 – low. Applying the  $\chi^2$  test, a calculated value ( $\chi^2_{calc}$ ) of 9.71 resulted (table 1), higher than its critical value ( $\chi^2_{0,05;4} = 9.49$ ), thus accepting the alternative hypothesis ( $H_1$ ) according to which **the perception of the level of utility of banking products/services depends on the level of education** of the interviewed subjects.

**Table no. 1. The  $\chi^2$  test regarding the influence of the education variable on the perception of the level of utility of banking products/services**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.712 <sup>a</sup>	4	.046
Likelihood Ratio	9.932	4	.042
Linear-by-Linear Association	.321	1	.571
N of Valid Cases	600		

a. 1 cells (10,0%) have expected count less than 5. The minimum expected count is 4.75.

It is necessary to specify that the calculated value of  $\chi^2$  indicates *how great the difference is between the observed and expected frequencies* [12]. Regarding the intensity of the connection between the two variables (the education and the perception of the level of usefulness of banking products/services), this is very weak, the values of the coefficients of association/correlation being close to zero (coefficient of contingency,  $C = 0.126$ ; Ciuprov's

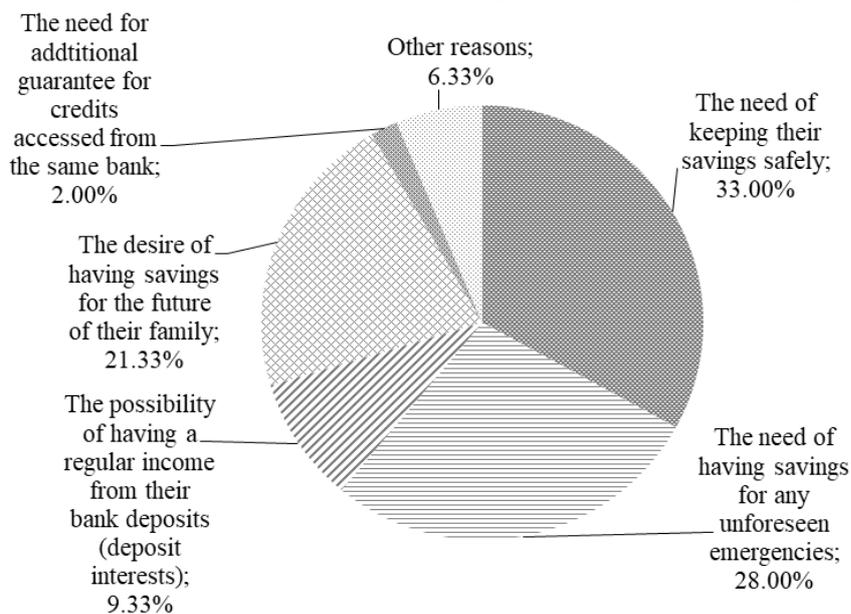
coefficient T,  $T = 0.08$ ; Cramer's V coefficient,  $V = 0.127$ ). It should be noted that the test is valid, as the number of cells with expected frequencies less than 5 is 10%, thus less than 20%.

The research results also highlighted that 63.5% of respondents have so far accessed at least one **credit product**. As a result of the Z test, applied to compare the differences between the percentages, in relation to the monthly net income of the respondents, it was found that there were no differences between the two income groups ( $\leq 2,500$  lei, and  $> 2,500$  lei) in the percentage of the subjects having accessed so far at least one credit product.

However, by deepening the analysis of the various credit products existing in the offer of banks, through the use of the factorial method of correspondence, it was concluded that answers such as "credit card" and "personal needs credit" were concentrated around the age category of 18 – 24 years, and the "mortgage credit" (including "The First Home Program"), the "overdraft" and the "personal needs loans used for vacations" corresponded to the age category of 25 – 34 years. The "commercial real estate loans", which differ from the mortgages loans by the fact that the mortgage is established on immovable estates other than those purchased by credit, and the "refinancing loans" were associated with the age group of 35 – 44 years. Customers over the age of 45 generally accessed personal loans.

As far as **cards** are concerned, their number has increased significantly over the last 10 years, on the one hand, due to the current legislation allowing employers to transfer the salaries to the employees' card accounts and on the other hand, as a result of the increase of pensioners' awareness of the way of using the bank cards and the ATMs. Analyzing the amounts that respondents are willing to pay monthly for using a bank card, it was found that their **monthly net income** significantly influences the value of the commission they would pay as a card account administration fee. Thus, the variance analysis (ANOVA method) highlighted that the respondents with a net monthly income of up to 1,065 lei would pay on average by 1.5 lei less than those with incomes between 1,065 – 2,000 lei, and with 3.25 lei less than those who earn "over 2,000 lei".

The study of saving behavior led to the conclusion that 3 out of 10 respondents currently hold at least one bank deposit. The main reasons behind the decision to use this banking product are outlined in figure 1.



**Figure no. 1. The reasons behind the decision to create a bank deposit**

The processing of data regarding the modern systems for managing personal bank accounts (Internet Banking, Mobile Banking and Phone Banking) showed an increase in their use, these offering to customers the possibility of performing a wide range of operations, without being conditioned by time and place. However, in 2016 only 5% of Romanians used the Internet for online banking [13]. Analyzing the respondents' appreciation of the diversity of operations that can be achieved through the modern systems for managing personal bank accounts, it was found that 49.3% of those using Internet Banking or Mobile Banking considered it *high*, while 26.8% opted for "neither low/high". The testing of differences between averages, in relation to the age of the subjects, led to the conclusion that the appreciation of this degree of diversity is differentiated by the age groups of the respondents (table 2).

**Table no. 2. The Z-test of comparing two independent sample means**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
The diversity of operations that can be achieved through the modern systems for managing personal bank accounts	Equal variances assumed	3,114	,079	-2,200	300	,029	-,20247	,09202	-,38356	-,02138
	Equal variances not assumed			-2,207	296,638	,028	-,20247	,09175	-,38304	-,02190

As shown in the table above, the significance level (0.079) is greater than 0.05. Thus, the two samples come from normally distributed populations with equal variances. Also, the RC value (-2.20) is outside the interval [-1.96; 1.96], imposing the acceptance of the *alternative hypothesis (H<sub>1</sub>)*, which means that *the appreciation of the degree of diversity of the operations that can be achieved through modern systems for managing personal bank accounts differs in relation to the age of the subjects*.

Two-thirds of the surveyed subjects (66.83%) indicated that they had used at least one banking product/service in the last month. In order to deepen the analysis, the  $\chi^2$  test was applied, the results obtained showing a calculated value of 7.905 (table 3). After comparing it with the theoretical value taken from the table of  $\chi^2$  distribution (= 5.99), it was found that the first one ( $\chi^2_{calc}$ ) is higher, thus reflecting **an influence of the respondents' age** on their behavior regarding the use of banking products/services in the last month.

**Table no. 3. The  $\chi^2$  test regarding the influence of the age variable on the respondents' behavior regarding the use of banking products/services in the last month**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7,905 <sup>a</sup>	2	,019
Likelihood Ratio	8,182	2	,017
Linear-by-Linear Association	3,250	1	,071
N of Valid Cases	600		

a. 0 cells (,0%) have expected count less than 5. The minimum expected count is 48,42.

As shown in the table above, the number of cells with expected values less than 5 is zero. Consequently, the test is valid. As regards the intensity of the connection between the two variables (the age and the use of banking products/services in the last month), the calculation of association coefficients generated low values (C = 0.139, T = 0.118, V = 0.140), indicating a low level of the intensity of this connection. This reflects the fact that there are other variables that have influenced the respondents' behavior of using the banking products/services in the past month.

Among the **reasons** that have led to the use of one or more banking products and services, the most important are:

- the need for cash (cash withdrawals from ATMs or bank's pay desk);
- the purchase of movable and immovable goods (contracting bank credits);
- the electronic payment of purchases made at various merchants (via POSs);
- the managing of personal accounts and, implicitly, the performing of operations without having to go to the bank (the use of Internet Banking and Mobile Banking);
- the need of having savings (the creation of bank deposits or the opening of savings accounts);
- the necessity of performing operations with amounts greater than the maximum limit provided by law for cash operations (the opening of current accounts);

- the need for rapid transfer of money (through fast money transfer systems such as: Western Union, Money Gram etc.).

Regarding **the factors underlying the decision to choose a particular bank**, the respondents ordered them according to their importance as it follows:

- the agreements that employers have concluded with certain banks;
- the bank's reputation;
- the interest rates and the commissions charged by the bank;
- the messages communicated by banks through various techniques and promotional tools;
- the transparency of the information provided by the bank's employees about the products and services offered by the bank;
- the rapidity with which customers can access the bank's products and services.

Another aspect highlighted by the research results is the fact that approximately a quarter of the respondents accessed and used the products and services of a particular bank as a result of the opinions expressed by relatives, friends, colleagues etc., thus imposing a special attention to **"mouth-to-mouth advertising"** and its effects on the behavior of consumers.

### Conclusions

The research results highlighted the current account as the most widely used banking product. This is due to the fact that through it are carried out the main banking current operations, among which there can be mentioned the cash withdrawing or depositing, the payments and the cashing out operations. At the same time, the current account is necessary to create bank deposits and to encash the interest income related to those deposits. The card is another frequently used product, especially for encashing various incomes such as wages, pensions, scholarships etc., but also for making payments in stores or online. Also, the number of Internet Banking and Mobile Banking users has increased significantly over the last 5 years, but the accessing rate of these products is still low (5%).

Regarding the factors that influence the consumers' behavior regarding the use of banking products and services, their analysis highlighted the need of banks to take measures such as:

- *the development of a financial culture* among the population, on the one hand, through the development of educational programs in secondary and high-schools, and on the other hand, by allocating the necessary resources to conduct campaigns for informing the adult population;
- *the continuous study of variables such as age, occupation, lifestyle, monthly net income* of customers etc., in order to better adapt the bank's offer to their needs and requirements;
- *the increase of investments in the field of information technology* in order to improve the security of the operations performed by the consumers and implicitly improve their level of confidence in the modern systems of payments and also in the applications used for managing personal bank accounts;
- *the identification, attraction and stimulation of some opinion leaders* from among clients to promote the bank's offer, the recommendations of the relatives, friends, colleagues etc. representing one of the major sources of information of the service users.

Although there are some limitations, such as the relatively low number of respondents (600 persons) and implicitly the tolerable error of  $\pm 4\%$ , this quantitative marketing research has generated important conclusions that can represent a real reference point for the decision makers in the banking sector in their efforts to deepen the aspects approached in this study and to make strategic decisions related to the activity of the banks they represent.

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