Perception of banking services among youths in China

Kara Chan, Lennon Tsang, Jie Chen
Hong Kong Baptist University
Research presentation, University of Porto
February 20, 2018
China has 7m college graduates graduating every year
Banking needs change with stages of life cycle

- Student loans
- Credit cards
- Retirement
- Investment
- Payment
- Car/home mortgage
Challenges of marketing financial services

- Complicated products
- Hard to evaluate quality of services
- Product attributes hard to communicate visually
- Lack of differentiation
- Therefore, branding is important
Banking industry in China
Four state-owned banks dominated the market

- BOC: Bank of China
- CCB: China Construction Bank
- ABC: Agricultural Bank of China
- ICAC: Industrial & Commercials Bank of China
Ad spending was low (rank 16 in ad expenses by product category)
Closed counter service
traditional outlook
concierge style service desks and one-on-one meeting with clients
Bank card designed for students
Bank cards with youth-favoured characters
Bank ads on TV/in movies
Bank promotions
How youth select banks? (Literature review)

- Bank image and reputation
- Friendliness of banking staff
- Location of ATMs
- Interest rates
- Recommendation by friends
Research objectives

- Explore the banking experience of young consumers
- Perceptions of good and bad banking services
- Responses to promotional efforts
Research objectives

- Explore the banking experience of young consumers
- Perceptions of good and bad banking services
- Responses to promotional efforts
A qualitative study of adolescents in a medium-size city (0.5-1M)

- Four focus group interviews of 26 young persons aged 17-20 conducted in Shandong
- 14 high schools; 12 college
- Conducted in July 2015
- Visual prompt of bank logos
Please write down the name of the bank
Questions asked

1. Do you know which bank(s) your family is patronizing?

2. Do you have any bank account (If yes) which bank? When and why did you open the account?

3. In the last year, did you go to any bank? What was your impression of the banking service?

4. Please tell me what do you think are good banking services, and why.
Questions asked

5. Please tell me what do you think are bad banking services, and why.

6. Please tell me a memorable experience related to banks (it may come from you, your family or your friends). Please describe it in detail and explain why it is memorable.

7. Have you come across any promotion activities to promote a bank?

8. Please recall a bank advertisement. Why does it get your attention?
## Findings: identification

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial and Commercial Bank of China (ICBC)</td>
<td>17</td>
</tr>
<tr>
<td>Agricultural Bank of China (ABC)</td>
<td>16</td>
</tr>
<tr>
<td>China Construction Bank (CCB)</td>
<td>18</td>
</tr>
<tr>
<td>Bank of China (BOC)</td>
<td>7</td>
</tr>
<tr>
<td>Laishang Bank</td>
<td>6</td>
</tr>
</tbody>
</table>
Good banking services

<table>
<thead>
<tr>
<th>attributes</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friendly frontline staff</td>
<td>19</td>
</tr>
<tr>
<td>Pleasant and comfortable environment, clean and orderly; with seats</td>
<td>9</td>
</tr>
<tr>
<td>Technology: free wf, mobile phone charger</td>
<td>4</td>
</tr>
<tr>
<td>Personalized service</td>
<td>4</td>
</tr>
<tr>
<td>Fast service; short queuing time</td>
<td>3</td>
</tr>
<tr>
<td>Low fee</td>
<td>2</td>
</tr>
</tbody>
</table>
## Bad banking services

<table>
<thead>
<tr>
<th>attributes</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indifferent, rude, impatient frontline staff</td>
<td>10</td>
</tr>
<tr>
<td>Favoritism</td>
<td>6</td>
</tr>
<tr>
<td>Long queuing time</td>
<td>6</td>
</tr>
<tr>
<td>Unclear procedures</td>
<td>5</td>
</tr>
<tr>
<td>Interrupted service</td>
<td>3</td>
</tr>
<tr>
<td>Misleading information</td>
<td>3</td>
</tr>
</tbody>
</table>
Quotes: staff attitudes

- The staff needs to be approachable. For example, the floor manager can take a service ticket (male).

- Some employees are bad-tempered and rude. I met one. He had a loud voice and was unfriendly to customers (female).

- The bank staff treats you according to how much money you have. This makes me angry (male).
Quotes: service delivery

- “The most annoying thing is the long queuing time. All types of transaction are lumped into the same queue. Sometimes it takes almost an hour to finish something. It is driving me mad.” (male)

- “I am tired of those tedious forms. You need to sign many forms and they don’t give you copies of the forms that you signed.” (male)
Quotes: comparing services

“The floor managers of Agricultural Bank of China and China Construction Bank provide better service. They are enthusiastic. The floor managers of other banks just ignore you.” (male)

“If a customer needs to wait, the bank staff should say ‘please wait a moment’ or something like that. When you call 10086 or 10010, the call center attendant will say ‘We are going to check it out for you. Please wait a moment’. They will repeat this if they have to make you wait a while longer.” (male)
Recall of promotions

- Product placement in movies
- Advertising slogans
- Entertaining commercials
- Co-branding with online games
Recall a product placement

“In *Lost in Thailand*, a character got stuck in Thailand. In a close-up shot he took out a credit card and found there was no money in his account. It was an ICBC credit card. He called his girlfriend and said ‘please transfer money to me right away. I got stuck’.” (male)
Recall ads and slogan

- Males: animated characters
- Females: storylines
- Laishang Bank’s ‘誠者成 贏共盈’
  (An honest person will succeed, win and make profits).
Service quality

Staff attitude

Delivery

Physical space

Comparison of user experience
Marketing implication

- Training of frontline staff: helpfulness, courtesy, and empathy
- Fair treatment is important
- Location is not important
- Streamline delivery process
- Development of online banking
Limitations

- A convenience sample
- Some of them recall banking services experienced by family members or friends
- No banking experience with international banks
Further studies

- Quantitative survey
- Responses to different types of bank promotions by gender or other variables
- Qualitative study of online banking experience