

Youths' attitudes toward banking services and bank advertising in China

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Forewards

As a communist country, China has a very different financial and banking system. Despite the emergence and rapid growth of many domestic and foreign banks and financial institutes, the banking industry is still mainly controlled by the four largest state-owned banks.

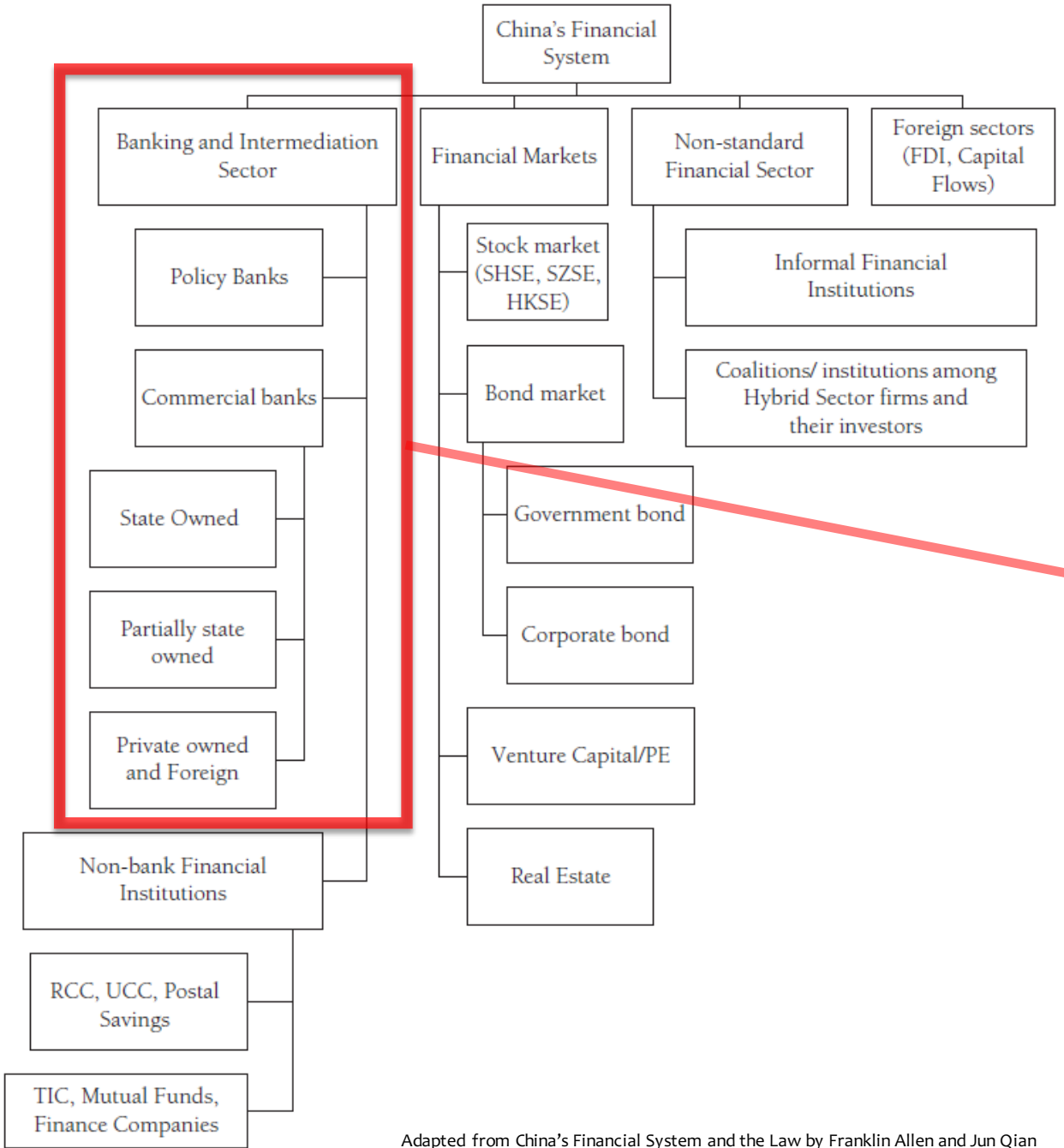
The Big Four

Bank of China (BOC),
the China Construction Bank (CCB),
the Agricultural Bank of China (ABC), and
the Industrial and Commercial Bank of China (ICBC).

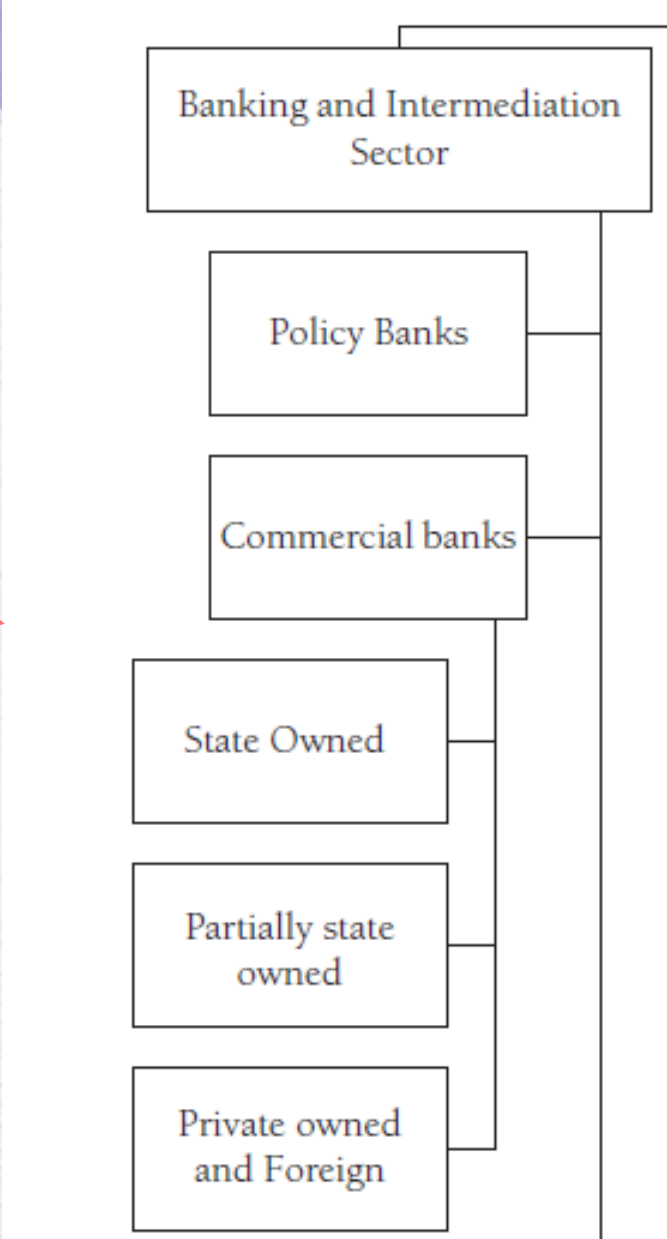
**But do these big four have the
same dominance in the top of
mind awareness of the youths in
China?**



Figure 1: Overview of China's Financial System



Background



Adapted from China's Financial System and the Law by Franklin Allen and Jun Qian

Background

- Banking and other financial services are necessity services in our contemporary world.
- Personal banking services are particularly competitive.
- With a population of over 1.3 billion, the personal banking market in China is undoubtedly of a huge potential.
- Among the 1.3 billion people in China, 56.6% or 800 million people live in the urban area and the median age in China is 37.3.
- The urban population and the young adults are the most important target segments for personal banking business.

Background

- Now China has basically formed a financial system under
 - the regulation, control and supervision of the central bank,
 - with the state banks as the main stay,
 - featuring the separation of policy related finance and commercial finance, and
 - the cooperation of various financial institutions, and mutual complementarily in terms of functions.
- All local banks in China are government owned and stringently regulated by the People's Bank of China as the central bank of China under the supervision of China Banking Regulatory Commission.

Background

- All traditional and conventional local banks together with foreign banks in China operate in a very commercial manner so as to attract customers and to counter the effect of the shadow banking system.
- Product diversification, new technologies for the convenience of customers and different forms of consumer promotions are some common marketing tactics of commercial banks in China to attract customers.
- Among all marketing tools, advertising is an important medium to reach and convince customers to use their services.

Today's focus:

*Youths' attitudes toward banking services
and bank advertising in China*

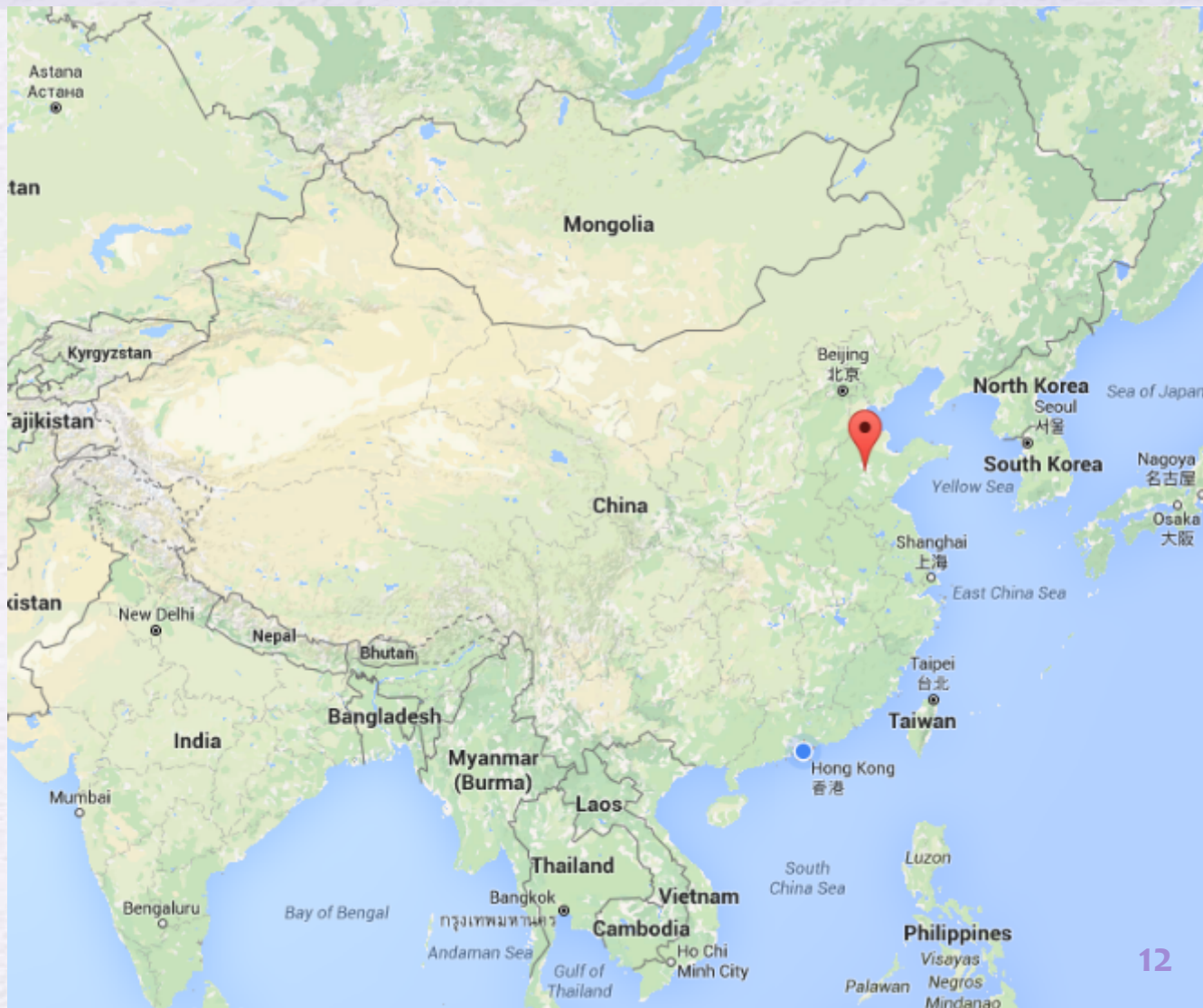
Youths may not be the most important market segment for commercial banks in China but it is the key to sustainability of the banking industry.

Objectives

The objectives of the study are :

1. to investigate youths' attitude toward banking services and bank advertising in China;
2. to examine if youths' attitude toward banking services is affected by banking service experience;
3. to examine the recall of different bank advertisements and top-of-mind awareness of different banks.

Laiwu City



Quick facts

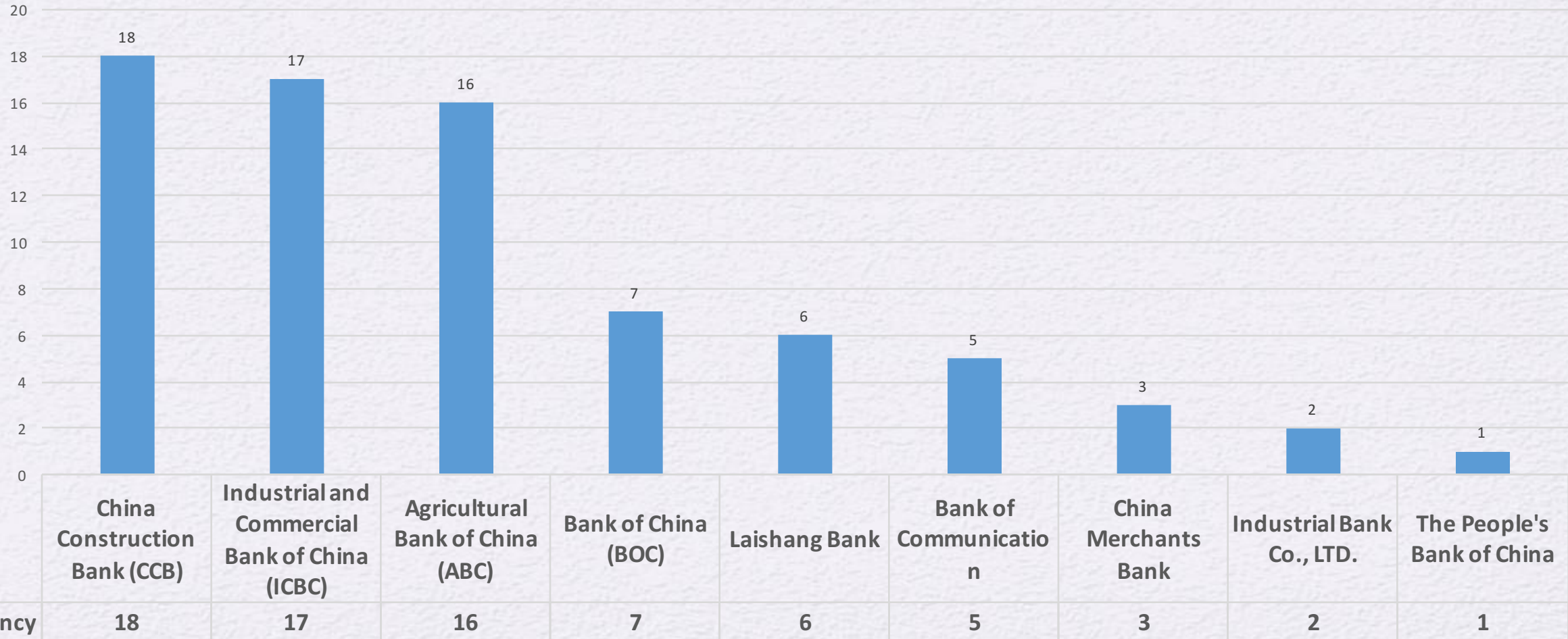
- Laiwu is a prefecture-level city in central Shandong Province, China. The smallest prefecture-level city in the province, it borders the provincial capital of Jinan to the north, Zibo to the east and Tai'an to the southwest.
- **Population:**
 - 1.234 million (2000)
- **Area code:**
 - 0634
- **Sources:** [UNdata](#)

Method

- Altogether four focus groups were conducted in Laiwu City, Shandong Province of China in July 2015.
- There were altogether 25 participants.
- All participants were aged from 17 - 20 with
 - approximately half of them were high school students and
 - the rest were university / college students.
- Among the four focus groups, two groups were **males only** and two groups were **females only**.

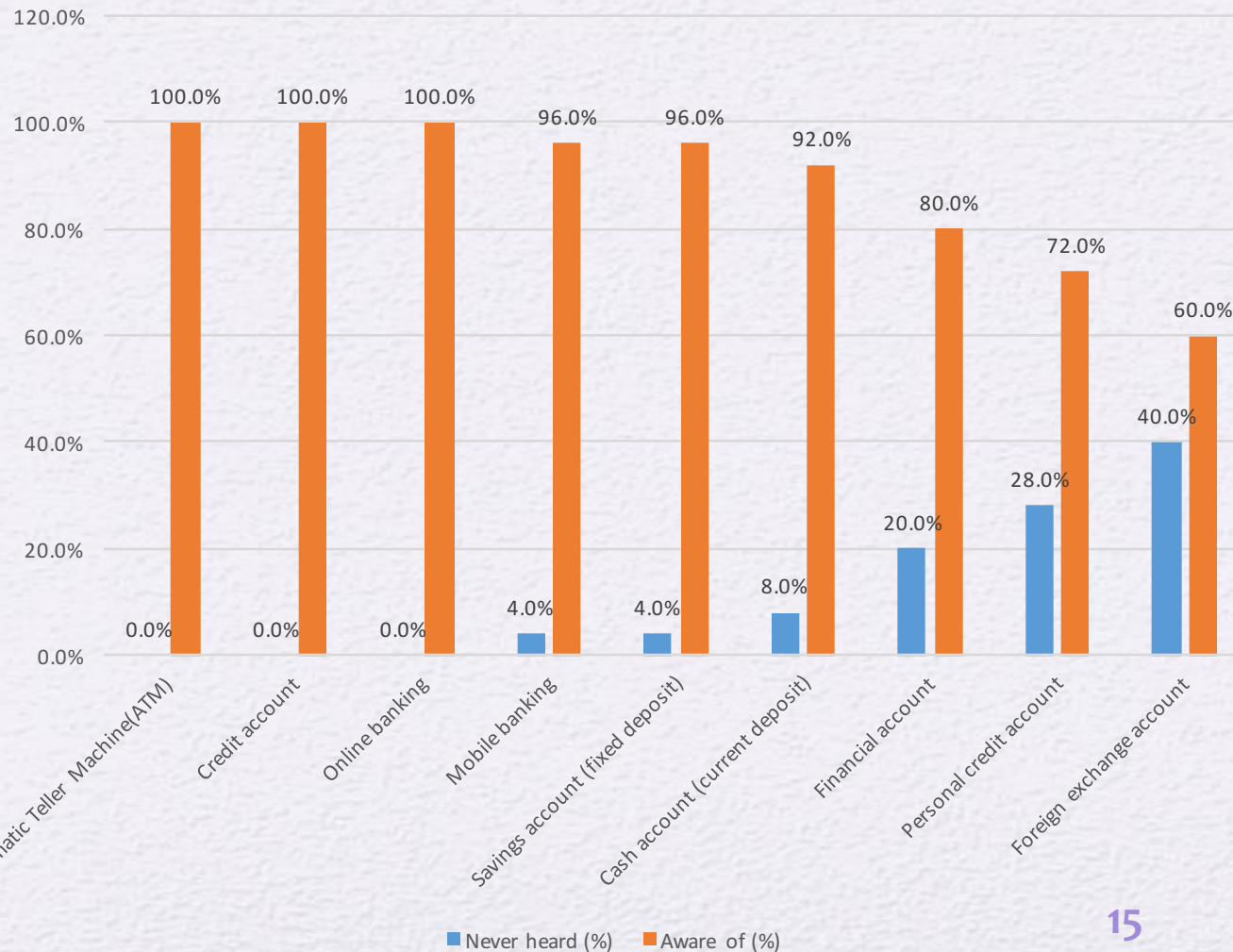
Findings – Top-of-mind awareness

Frequency



Findings – Awareness of Different Banking Services

Awareness of Different Banking Services



	Never heard (%)	Aware of (%)
Automatic Teller Machine(ATM)	0.0%	100.0%
Credit account	0.0%	100.0%
Online banking	0.0%	100.0%
Mobile banking	4.0%	96.0%
Savings account (fixed deposit)	4.0%	96.0%
Cash account (current deposit)	8.0%	92.0%
Financial account	20.0%	80.0%
Personal credit account	28.0%	72.0%
Foreign exchange account	40.0%	60.0%

Findings

Bank Patronizing Experience

- ICBC, ABC and Laishang Bank were three most frequently patronized banks by their family.
- 24 out of 25 participants had their own bank account(s).
- In total 44 bank accounts were reported.
- 26 accounts were opened in high school, 13 were opened in college and only 1 were opened in middle school. (*The opening time was reported for only 40 bank accounts*)

Findings

Bank Patronizing Experience

- Three most significant reasons for the youth to open bank accounts:
 1. One reason was to open account for online shopping.

“ (Open account) to shop online, top-up mobile phones, pay utility bills, buy food stuff and buy clothes.” (male)
 2. The other reason was merely because of school/university promotions.

“This bank card we each have one in our class. Because our teacher told us that this card would be useful for us, it was cheaper than other banks and didn’t charge service fees. Even though I have never used it till now, I still opened this account.” (female)
 3. The third reason was that it’s more convenient for parents to transfer pocket money to them.

Findings

Bank Patronizing Experience

- 24 participants went to bank at least once within the past year.
- The experience were usually perceived as good
 - as the service attitudes were good,
 - facilities were convenient and easy-accessing.
 - 4 respondents mentioned that they “inherited” a good impression on certain banks from their parents even before they ever went there.
 - 6 respondents perceived the experience as bad because
 1. the atmosphere were strict and frightening,
 2. waiting time was too long or
 3. the business hall appeared desolate with few customers patronizing.

Findings

Identification of good or bad banking services

- Three major themes to distinguish between good and bad banking services:

1. customer care,
2. service content and
3. surroundings and facilities.

“Sometimes when you are carrying on a service, the person inside the service counter just starts to chat with the person next. That makes you feel being extremely disrespected.” (female)

“When you are waiting in the queue, and it should be your turn next. A person who has a personal relationship with the service clerk comes in and go straight ahead to the service counter, just because they know each other.” (female)

Findings

Identification of good or bad banking services

- Customer care was most frequently mentioned. It included:
 - service attitude,
 - humanization and considerateness and
 - professionalism.

“It is mainly the service person’s attitude that matters. If the service person makes a good impression on you, then you would be very willing to patronize that bank again. If not, you won’t want to go there again.” (male)

Findings

Unforgettable (good and bad) experience

- All respondents mentioned at least one incident of an “unforgettable” experience relating to the bank.
- Most of the “unforgettable” experience was bad experience.
- All experiences reported by male respondents were non-positive ones.
- Male respondents used words such as “*embarrassing*” “*annoying*” “*too fake*” “*troublesome*” and “*unbelievable*”.

Findings

Unforgettable (good and bad) experience

“Once I forgot my mobile banking password and the account was locked. I had to go to the counter to unlock it. It was a Saturday and the bank branch nearby was closed. I ran to another branch, stood in the line for 2 hours and waited, and waited and waited. Finally it was my turn and I told the staff that my account was locked. She said I could try another three times. I tried and got it right the last time. I didn’t even get to sit in the chair. So I stood in the line for 2 hours and it took less than 1 minute to settle the problem. So annoyed. So impressive. I waited for 2 hours just for this. Because it was noon time, only two staffs were there. One went for lunch so there were only one staff on duty...” (negative, male)

Findings

Unforgettable (good and bad) experience

“I remember the first time I went to open an account... The person at the counter gave me many forms to fill out. It was the first time, I went by my own and I didn't know nothing. There were two persons filling the forms including me. I didn't know if it was because they were unable to take care of both of us. But I had to run back and forth and waited another half hour because of the online banking account. And i had to wait in the line again. Sigh, i don't know what to say, but I felt not good at all at that time.” (negative, female)

Findings

Unforgettable (good and bad) experience

“... When I went to open a bank account in PSBC, they asked me whether I need online banking. I said yes and then she opened online banking for me. Then she asked about the other services. Anyway, she asked very carefully. Every banking services were asked to take my advice. After the account was opened, hall manager confirmed again and asked “Did you get everything settled? Is there anything else I can help?” I felt their services were very good and considerate.” (positive, female)

Findings

Bank Advertising

- TV, movies, web and outdoor advertising were mentioned as the media for bank advertising.
- The attributes of memorable advertisements included
 1. high frequency of exposures
 2. good story telling
 3. use of humour appeal and
 4. ad contents vigorously embedded on web or mobile apps.

Discussion & Recommendations

- Youths in China do have good awareness of banks and their services.
- Their experience with banks was not particularly good.
- It is found that youths in China were interested in bank advertisements.
- To reach them more effectively, **TV** remains to be the best medium though ads embedded **on web and mobile apps** are deemed to be very effective too.
- In terms of the content, a good **storyline with a sense of humor** will generate great impact and recall.

Limitations

1. It was only a city of China and the sample drawn was not representative enough.

If resources permits, the study should extend to more different cities, from first-tier to villages, for China in order to generate a whole picture.

2. Focus group discussion gave only qualitative results only.

Insights might be drawn for development of a survey questionnaire for a future quantitative study.

Thank you

Q&A