

THE RELATIONSHIPS BETWEEN PORTUGUESE BANKS AND
THEIR CUSTOMERS IN A RECESSIONARY CONTEXT

Paulo Filipe Figueiredo Nunes

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Supervisor:

Prof. Doutora Hélia Gonçalves Pereira, ISCTE Business School, Marketing, Operation and
Management Department

Co-supervisor:

Prof. Doutora Maria de Fátima Ramalho Fernandes Salgueiro, ISCTE Business School, Quantitative
Methods for Management and Economics Department

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Aos meus pais.

*And those who were seen dancing were thought to be insane by those who could not
hear the music.*

— Friedrich Nietzsche

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A word was all that it took to set up sail to an odyssey end that was barely seen on the horizon: the writing of a dissertation that is worth more than its academic contribution for symbolizing the final phase of a continuous cycle of studies. Given its importance, and because I only got so far by walking in good company, I would like to leave those who were important in this journey, a word to express my appreciation and say: THANKS.

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ABSTRACT

Financial institutions were in the genesis of the crisis that led to the current recession. This dissertation aims to understand better the relationship Portuguese people have with their banks in a recessionary context, to provide knowledge that may contribute to the Marketing field of research and to the Banking industry.

Having that purpose in mind, a quantitative study was conducted using data gathered by questionnaire using a sample of 488 respondents, which was further complemented by the information collected applying Netnography. The overall analysis suggests that the impact of the crisis on the household financial situation throughout the last couple of years influences attitudes towards money and expenses. The way customers' purchase and consumption behaviors were affected by crisis are, to some extent, positively related to the satisfaction with the main bank. From the Relationship Marketing constructs addressed, only two are important to explain customer loyalty in a recessionary context, implying that marketing researchers and practitioners might need to adapt their conducts according to the economic conjuncture.

Keywords: Marketing, Relationship Marketing, Crisis, Banking

JEL Classification System

M3 Marketing and Advertising

M30 General

M31 Marketing

RESUMO

As instituições financeiras estiveram na génese da crise que conduziu à actual recessão. Esta dissertação pretende entender melhor a relação que os portugueses têm com os seus bancos num contexto de crise, de modo a providenciar conhecimento que possa contribuir para a investigação na área de Marketing e do sector da banca.

Com esse objectivo em mente, foi elaborado um estudo quantitativo que tirou partido da informação obtida por intermédio de um questionário feito a 488 inquiridos, tendo sido posteriormente complementado com dados adquiridos através da Netnografia. A análise global indica que o impacto da crise na situação financeira dos agregados familiares nos últimos 2 anos, influencia atitudes em relação ao dinheiro e as despesas. O modo como os comportamentos de consumo e compra dos consumidores foi afectado está, em certa medida, relacionado com a satisfação relativa ao banco principal. Dos construtos do Marketing Relacional abordados, apenas dois são importantes para explicar a fidelidade dos consumidores, implicando uma adaptação das condutas dos investigadores e profissionais de Marketing, de acordo com a conjuntura económica.

Palavras-chave: Marketing, Marketing Relacional, Crise, Banca

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1. INTRODUCTION

1.1. Framework and Research Motivation

Nothing stays the same. Times change, as do our wills, What we are - is ever changing; All the world is made of change, And forever attaining new qualities (Camões, 1595). As long as the Earth keeps spinning around, it will always be subject to mutations across continents, oceans, environments and inhabitants. The tectonic plates will continue to move, the habitats will keep on experiencing climate variability and the species will have to persist on adapting to the prevailing conditions in order to survive. However, such conditions are no longer exclusively determined by weather related issues in the human species case. They equally assume a political and economic nature, up to the point of allowing us to claim that the ultimate climate change is both explained by global warming and financial crisis, these days.

The environment we live in has thus been shaped by the undisputable force of a perfect storm that can be dated from 2007: the Great Recession. With its genesis in the United States, it resulted from a combination of complex events including the U.S. housing boom, the subprime MBS (mortgage-backed securities) bubble and the deregulation of OTC (over-the-counter) derivatives (Hera, 2010; Investopedia, 2014; McRitchie, 2011). Such explosive cocktail would later reveal that it was unable to contain itself within American land – it would be only a matter of time until it crossed borders. Globalization worked as a catalyst that quickly spread it throughout the planet like wildfire, along with the most devastating consequences since the World War II (Davis, 2009): austerity, high levels of household debt, trade imbalances, high unemployment, failure of key businesses and the bailout by national governments of banks – the same institutions which through excessive borrowing, risky investments and lack of transparency (U.S. Government Printing Office, 2011), triggered the inception of this crisis (Baily & Elliot, 2009; European Commission, 2009; International Monetary Fund, 2010).

In Portugal, it happened to unveil the weak foundations on which the country was trying to substantially grow, although unsuccessfully, in the past few years – a proof that despite its negative connotation, a recession can have a bright side (Seabury, 2009). It exposed an overloaded and unproductive public service, the second slowest justice system in

Western Europe and a series of shady issues that comprised unclear public-private relationships and the funding of numerous ineffective external committees (Khalip, 2012). Such scenario, conceived since 1974, was propelled by the Portuguese governments' policy decisions that implied risky credit, public debt growth and mismanagement of the European structural and cohesion funds. Each and every one of these aspects ended up worsening the consequences of the overall crisis, hence leading to the imminent collapse of public finances and banking system. Before this chaotic state of affairs, the country that was on the verge of bankruptcy had no other option than requesting financial assistance to the International Monetary Fund (Diário de Notícias, 2011).

Nowadays, Portugal has already surpassed expectations by starting to show signs of a turnaround. It was announced that the deepest recession for more than two decades had finally reached an end, after two and a half years (Wise, 2013). Still, it is too soon for Portuguese people to feel and believe in the positive outcomes that may accrue from such news (Kowsmann, 2013). In part, because there is a long way to go, after this chapter under Troika's watch, that will continue to imply austerity, but mostly because the few good perspectives for future growth might be jeopardized by the power return to the same agents that drowned Portugal: negligent politicians and financial institutions.

That being the case, it is pretty clear that a mist of distrust lingers upon these parties. In financial services, it has actually been considered an endemic long-term problem that, in addition to the crisis, deteriorated the image of the Portuguese banking industry with episodes like the bailout of Banco Português de Negócios (BPN) which, along with Banco Privado Português (BPP), accumulated losses for years due to bad investments, embezzlement and accounting fraud (Springford, 2011; Ferreira, 2009).

Therefore, in order to regain customers' trust, it becomes necessary to conduct a diagnosis, in the first place. It becomes necessary to investigate the relationship customers have with their banks and understand in what extent it may be improved, given the tough economic conjuncture that Portugal is facing as a result of the financial crisis. It is on this premise that the objectives of this dissertation are based.

1.2. Research Aims

The main purpose of this dissertation is to understand better the relationship Portuguese people have with their banks and to investigate the evolution of such bond from a context previous to crisis to another filled with austerity. An issue that has become pertinent, given the role that financial institutions had in the origin and expansion of the crisis, whose calamitous consequences are still haunting many countries.

As part of that intention, this study takes the Portuguese case, since it reflects a mistrustful ego hurt by the recession, to draw some conclusions upon the following objectives:

- i. Assess in what extent the crisis triggered the development of certain attitudes towards money and expenses;
- ii. Analyze the impact crisis had on Portuguese banking clients, and its implications on customer loyalty and related Relationship Marketing constructs;
- iii. Identify trends that may have arisen in the Portuguese banking sector, while exploring its features.

1.3. Dissertation Structure

Chapter 1: Introduction – in this first chapter a brief description of the research theme is provided, explaining its importance in parallel with the definition of this dissertation's main purpose and objectives.

Chapter 2: Contextualization – this step describes the origin and development of the crisis that blossomed into the recession responsible for establishing the current austerity environment Portuguese people live in. Besides, since the Banking sector took one of the main roles in the genesis of such scenario, it provides data and statistics related with Portuguese financial institutions and their customers.

Chapter 3: Literature Review & Research Questions – at this stage, the main bodies of existing knowledge and literature about the theme are reviewed in order to achieve a deeper understanding of the relationship Portuguese people have with their banks in a climate of austerity. It is also during this review that the proposed research hypotheses to form the basis of the dissertation are established, along with the elected conceptual model.

Chapter 4: Methodology – this section describes and justifies the rationale behind the sampling and the research methods chosen for collecting and analyzing the data used to answer the research questions.

Chapter 5: Results Analysis – this segment gathers the results obtained with netnography and the administered questionnaire, applying the research methods and theoretical framework that were outlined earlier in this dissertation. Thereafter, it proceeds to the hypotheses testing with the aim of drawing patterns of conclusions.

Chapter 6: Conclusions, Limitations & Further Research – the last part of this dissertation encompasses the main findings with respect to the original thesis aims, discusses their relevance, comments on their strengths and limitations, provides recommendations for future research directions and exhibits practical implications that may contribute to the Marketing field of research and to the Banking industry.

2. CONTEXTUALIZATION

This chapter aims to explain the origin of the current recession, which took place in the United States of America, as well as how it evolved up to the point of affecting other countries, namely Portugal. At the same time, it analyses the role of the Banking industry throughout this chain of events and the implications it had, along with other isolated episodes, on the relationship Portuguese clients have with their banks.

2.1. The Great Recession

A recession is a period of decline in economic activity. To be technically precise, it entails a minimum period of two consecutive quarters of decline in a country's real (inflation adjusted) gross domestic product (GDP) (Kaushal, 2010).

The Great Recession, which began in the United States in December 2007, persisted for at least 18 months (The National Bureau of Economic Research, 2014), depending on the country, and was so-called due to the unmatched severity that turned it into the deepest recession since World War II (Davis, 2009).

2.1.1. A Global Perspective

The primary cause of this recession was the credit crisis arising from the bursting of the housing bubble, which grew along with the stock bubble in the mid-90's (Adjei, 2012; Adjei, 2013; De Bondt, 2010; Holt, 2009; Kaushal, 2010).

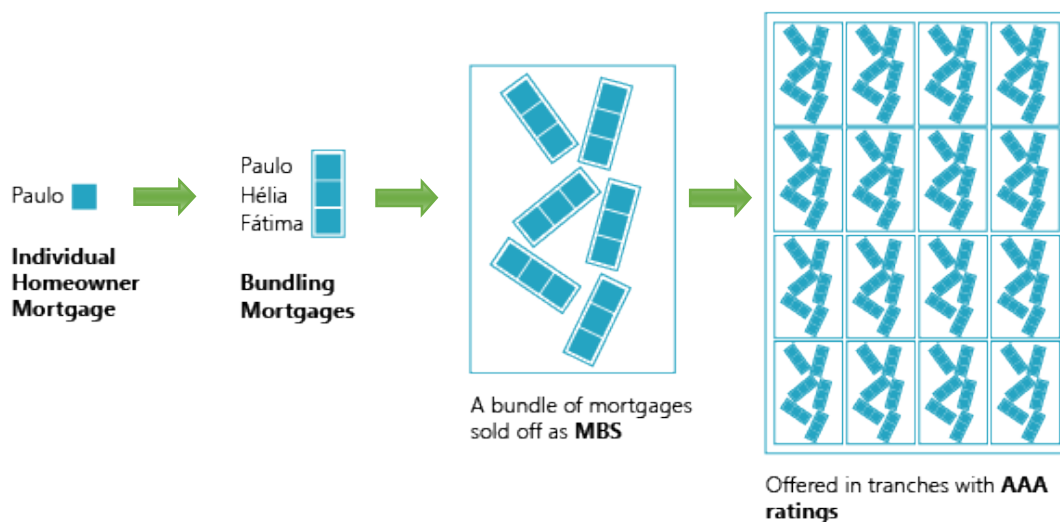
Back then, the stock market was experiencing an extraordinary performance that increased people's wealth and consequently induced a consumption boom. Among many other things, people decided to spend some of their earnings on pursuing the American dream of home ownership: a trend that was intensified with the 2001 recession resulting from the

stock bubble collapse, which positioned housing as a safer investment alternative to stocks (Holt, 2009; Kaushal, 2010).

In an attempt to strengthen the recovery from such recession, the Federal Reserve pushed interest rates down to historically low levels, which combined with large inflows of foreign funds, happened to accelerate the run up in house prices, triggering the construction of houses and encouraging debt-financed consumption in the U.S.A.

The low interest regime established by the U.S. Federal Government made it possible for almost everyone to own a home. Lenders were keen and confident to grant loans without checking the borrower's credit worthiness because of financial innovation (Sivakumar & Krishnaswami, 2012). As illustrated in figure 2.1., this included home loans given to persons who were considered a poor credit risk, also known as subprime mortgages (Adjei, 2012). These loans were aggregated and sold to investment banks which in turn bundled them into higher yielding mortgage-backed securities (MBS) with favorable ratings issued by highly respected credit rating agencies such as Moody's and Standard & Poor's (Foo, 2008).

Figure 2.1. Innovation of Subprime Derivatives



Source: Adapted from Foo (2008)

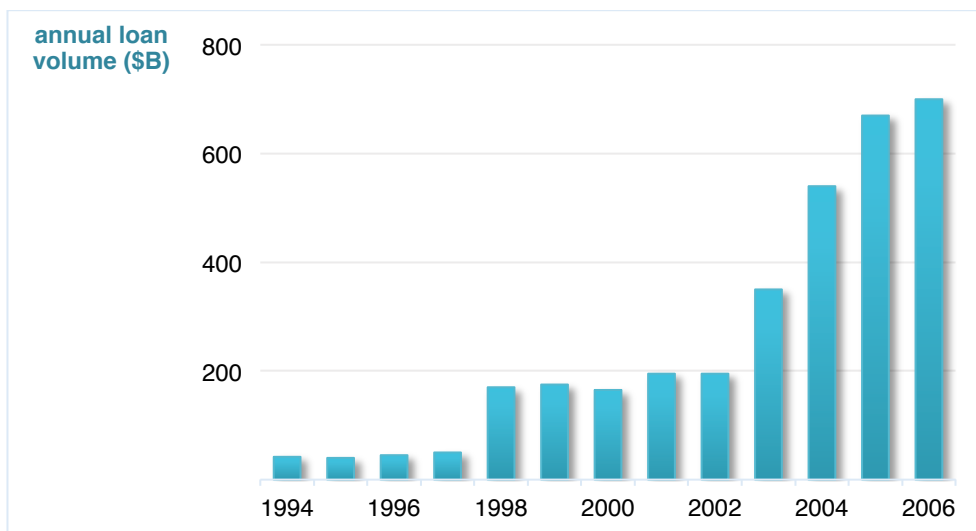
Nonetheless, the innovative breakthrough did not stop there. Besides converting those baskets of bad eggs into triple-A (AAA) investments, it involved the selling of OTC (over-the-counter) derivatives like credit default swaps (CDS), a type of insurance contract, with the aim of providing protection against the default of debt instruments, such as MBS (Hera,

2010; Holt, 2009; McRitchie, 2011). This combination of factors attracted institutions and investors around the world to invest in the U.S. housing market.

An influx of foreign funds from countries with high savings rates such as Japan and the United Kingdom and from countries with rapidly growing economies such as China, Brazil, and the major oil exporting countries, entered the U.S. seeking for investments providing low risk and good returns. Therefore, in spite of having initially invested in U.S. government securities they ended up opting for MBS (Holt, 2009). A proof that even seasoned investors, including bankers, underestimated the inherent risks of this newly introduced financial products (Adjei, 2013; Muradoglu, 2010).

In a rising home market coupled with extraordinarily low-interest rates, the insatiable appetite of investors was demanding ever more of the “AAA” subprime slices, convinced that home prices would continue to rise (Foo, 2008). Government regulators felt no need to try to control rising home prices, which they did not recognize as a bubble; Mortgage lenders continued to make increasing numbers of subprime mortgages, as shown in graph 2.1;

Graph 2.1. U.S.A – Subprime Mortgage Market Growth



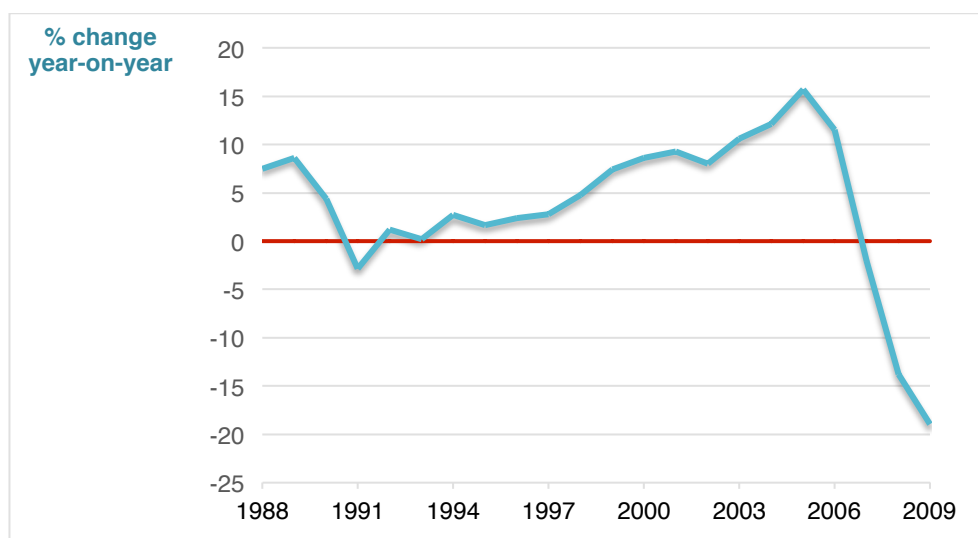
Source: Adapted from Schloemer *et al.* (2006)

Investment bankers continued to issue highly leveraged MBS; Credit rating agencies continued to give AAA ratings to those financial instruments; Foreign investors continued to pour billions of dollars into highly rated mortgage-backed securities; Insurance companies

continued to sell OTC derivatives to investors in mortgage backed securities; and home buyers continued accumulating debt to purchase homes, often for speculative purposes (Holt, 2009).

After all, mortgage companies were reporting high profits, banks were reporting high profits and stock prices for corporations were rising: the mood was optimistic (Muradoglu, 2010). As long as housing prices were on an upward climb, the expanding demand was able to put people to work, especially in construction, and benefited China, the oil market, and the producers of capital goods (De Bondt, 2010; Foo, 2008; Kaushal, L. 2010). However, the building boom led to so much over supply that it became difficult to support the prices, which began to flatten and then headed downwards with the bursting of the housing bubble in 2007, as displayed by graph 2.2.

Graph 2.2. U.S.A. – House Price Trends



Source: Adapted from S&P Dow Jones Indices (2013)

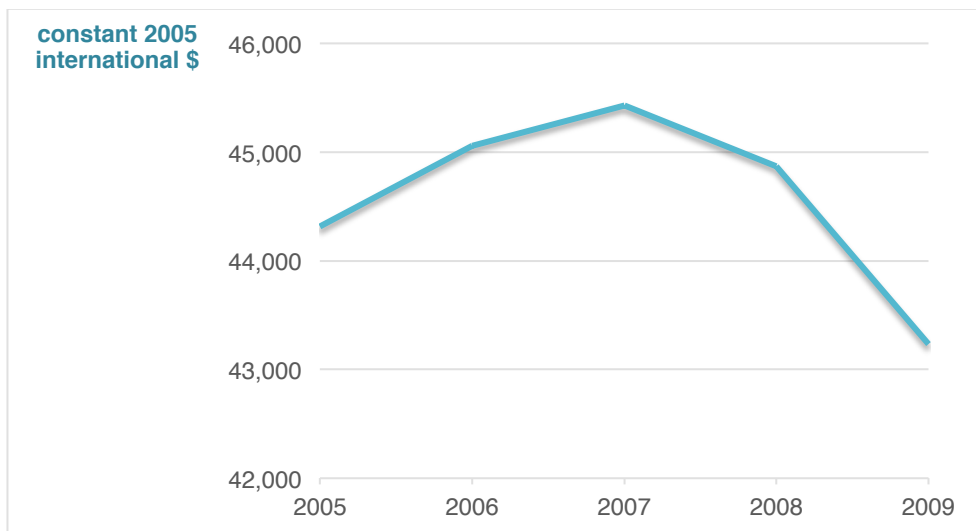
As housing prices declined, speculators who bought homes (usually with no money down) simply walked away from their properties. For homeowners it resulted in homes worth less than the mortgage loan with a monthly payment that was no longer manageable, providing a financial incentive to enter foreclosure.

The increase in foreclosures decreased the value of mortgage-backed securities, which made it more difficult for investment banks to obtain financing through the issuance of new

MBS. As a result, major global financial institutions that had borrowed and invested heavily in subprime MBS reported significant losses (Holt, 2009; Sivakumar & Krishnaswami, 2012), leading to the tightening of the lending standards and subsequently triggering a credit crisis.

Inevitably it had a negative effect on the economy fostered by the decline in home construction, the shortage of loans and the shrinking of household consumption: the real GDP was decreasing at a considerable rate (graph 2.3) along with high levels of household debt and unemployment. The United States were facing a recession that would only end 18 months later (Holt, 2009).

Graph 2.3. U.S.A – GDP (PPP) *per capita* Decay



Source: Adapted from The World Bank (2014)

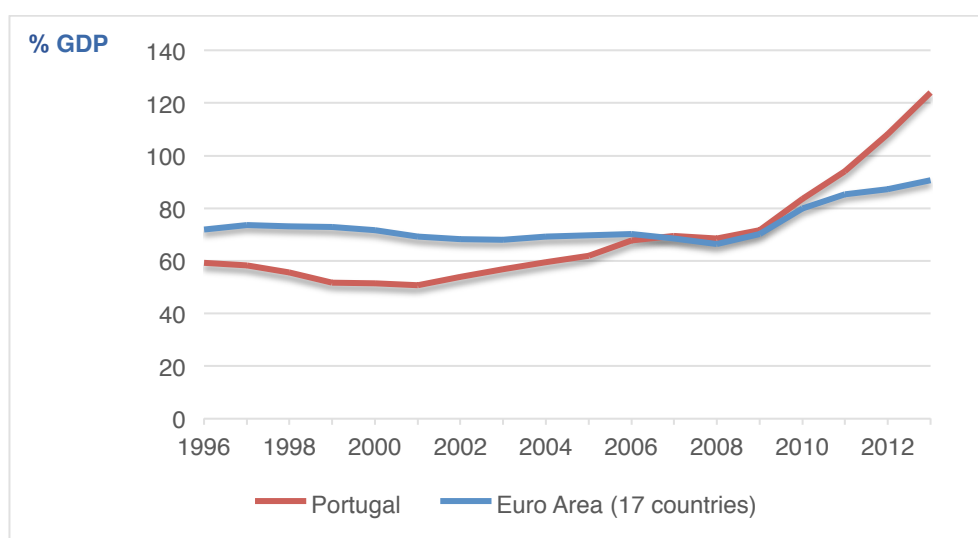
2.1.2. A Portuguese Perspective

Whenever the U.S. sneezes, the world catches a cold (Kaushal, 2010). Globalization made it possible for the crisis to spill over from the U.S.A. to the rest of the world due to the high integration of world markets and the international structure of the financial services sector (Brown & Davis, 2008; Muradoglu, 2010).

In Europe, it generally progressed from a banking system crisis to a sovereign debt crisis that affected primarily the PIIGS (Portugal, Ireland, Italy, Greece and Spain), unveiling the rising deficit and debt levels (graph 2.4) that these were trying to mask through a combination of techniques, including inconsistent accounting, off-balance-sheet transactions as well as the use of complex currency and credit derivatives structures (Brown & Chambers, 2005; Castleberry *et al.*, 2014). Under these circumstances, credit rating agencies downgraded the debt of several Eurozone countries, making it difficult or impossible for some of them to repay or refinance their government debt without international aid (Thomasson, 2012), as was the Portuguese case.

Portugal succumbed due to erroneous policy decisions across four decades – since the Carnation Revolution in 1974 – that implied risky credit, public debt growth and mismanagement of the European structural and cohesion funds. Such governmental mistakes were mirrored in a series of regrettable cases that encompassed unclear public-private relationships, funding of numerous ineffective external committees (Khalip, 2012), an overloaded and unproductive public service and the second slowest justice system in Western Europe. Given this, as soon as the crisis knocked on the door, the public finances and the banking system collapsed, leaving the country on the verge of bankruptcy with no other option than requesting financial assistance to the IMF (Diário de Notícias, 2011).

Graph 2.4. Portugal vs. E.U. – General Government Gross Debt Growth

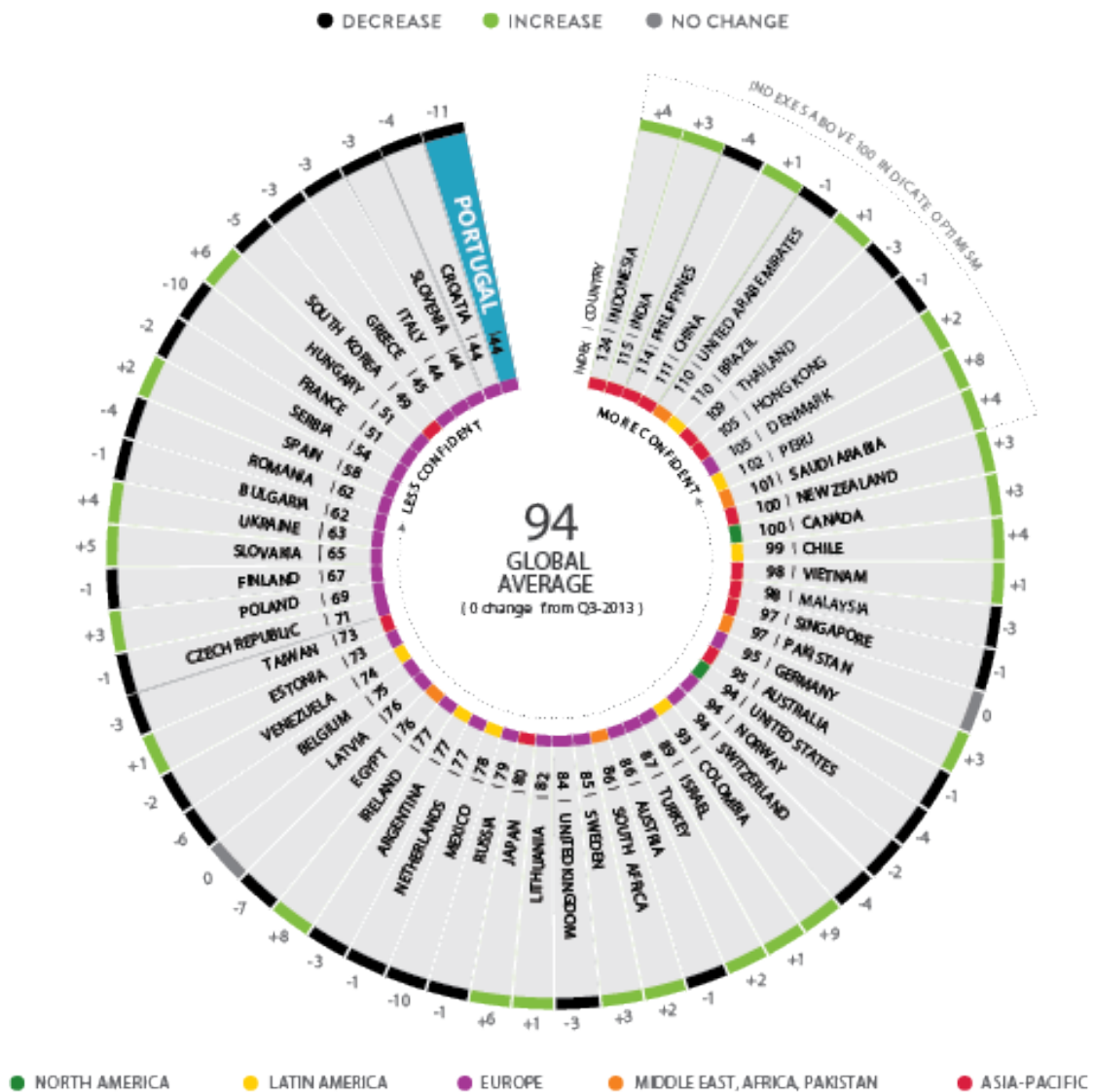


Source: Adapted from Eurostat (2014)

Nowadays, after two and a half years under Troika’s watch, Portugal is starting to show signs of a turnaround. It was announced that the deepest recession for more than two decades had finally reached an end (Wise, 2013): the year-on-year growth in the final quarter of 2013 outstripped every other Eurozone member, the employment has been increasing since spring, the tourism sector register a record revenue and a remarkable export growth contributed to the country’s first current account surplus in twenty years (Wise, 2014).

Nevertheless, Portuguese people are still very reluctant as regards to a silver lining (Kowsmann, 2013), as shown by Nielsen’s most recent Global Consumer Confidence report where Portugal registered the lowest score (figure 2.2.) among every country (Nielsen, 2014).

Figure 2.2. Global Consumer Confidence Index (Q4-2013)



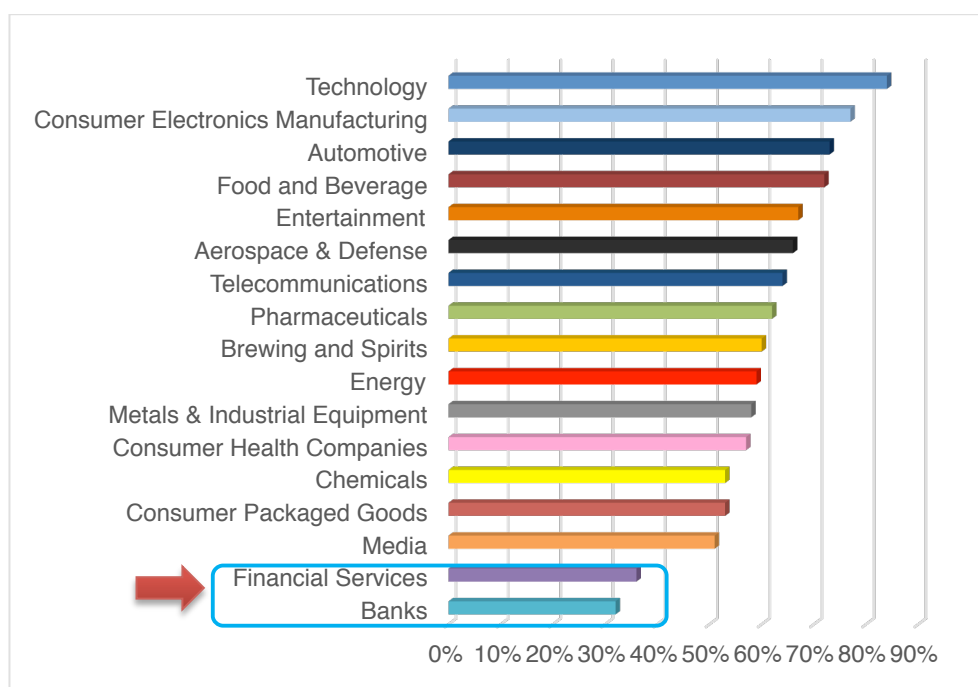
Source: Nielsen (2014)

On the one hand, this is explained by the economic side effects of this recession that are here to stay in the next few years: austerity, high levels of household debt, squeezed pay and pensions, aggravated inequalities and long-term unemployment that has been triggering the exodus of many young graduates. On the other hand, confidence is in short supply (De Bondt, 2010) since the scarce good perspectives for the country's future might be jeopardized with the return of power to the same agents that drowned Portugal: negligent politicians and financial institutions.

2.2. The Current Portuguese Banking Scenario

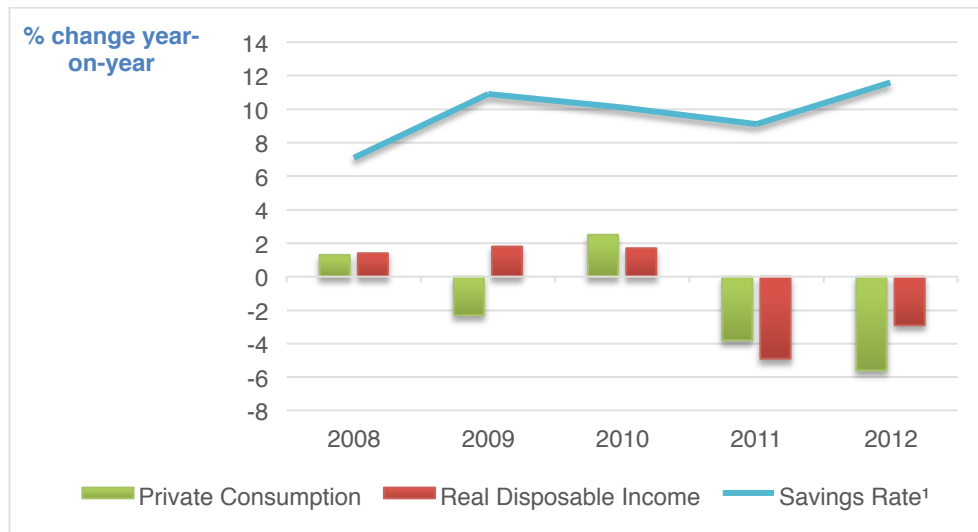
Several financial institutions all over the world failed due to this crisis, leaving governments with no other alternative than bailing out most of the banks that were considered too big to fail (Sivakumar & Krishnaswami, 2012). Despite this effort, one of the five largest U.S. investment banks filed for bankruptcy (Lehman Brothers), intensifying the global financial crisis. The other ones have either been acquired by other firms (Bear Sterns and Merrill Lynch), or became commercial banks subject to greater regulation (Goldman Sachs and Morgan Stanley) (Holt, 2009).

In Portugal, the government decided to give BPP and BPN a bailout to assure deposits after accumulated losses due to bad investments, embezzlement and accounting fraud (Ferreira, 2009). Members of both banks, including the CEO of BPN, were even charged with fraud, money laundering and other crimes (Lusa, 2013; Mesquita & Oliveira, 2008). Unsurprisingly, this sort of events coupled with the crisis eroded the trust among the major financial players (Kaushal, 2010), as graph 2.5 exhibits.

Graph 2.5. Portugal – Trust in Industries

Source: Adapted from Edelman (2013)

According to Edelman's Trust Barometer report concerning the Portuguese reality, such fact is verified once Banking and Financial Services are the sectors which inspire less confidence in the country (Edelman, 2013). Nevertheless, the amount of term deposits has been rising (Pordata, 2014), which is even more astonishing if we take into account the wage bottleneck families have been facing across these rough years. That is mirrored in graph 2.6 where the savings rate grew almost 5% from 2008 to 2012, at the same time the levels of private consumption and real disposable income went to negative territory (Banco de Portugal, 2013).

Graph 2.6. Portugal – Consumption, Disposable Income and Savings

Source: Adapted from Banco de Portugal (2013)

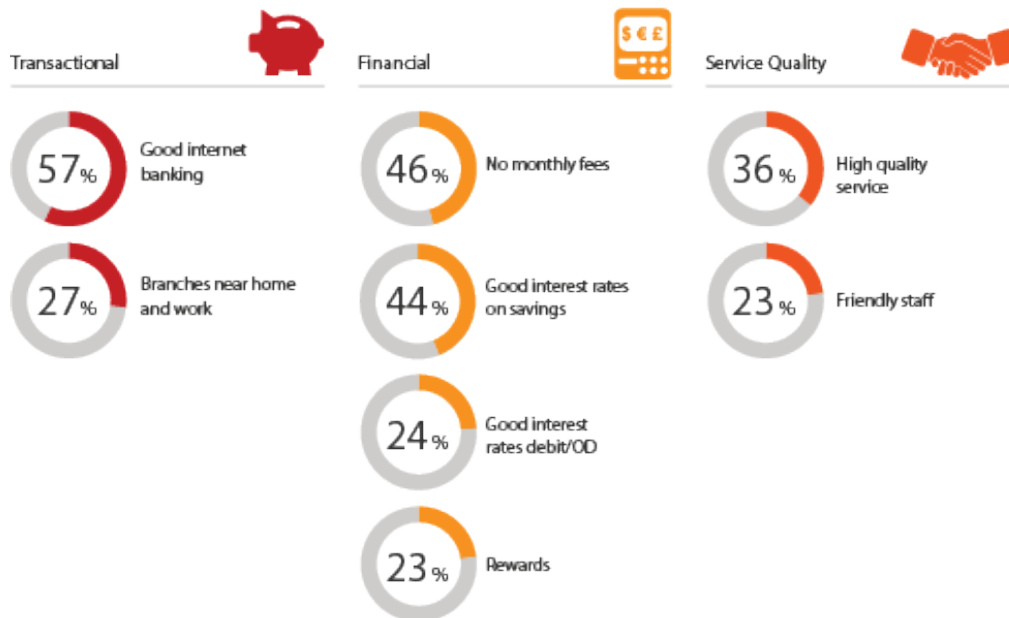
Note: ¹ Series deflated using the private consumption deflator

Given this, we reach the conclusion that Portuguese people have been changing their behaviors in order to save more (Nielsen, 2010) – a shift that had its roots in the harsh consequences of the recession, rather than in the effort of banks. Along with that, internet banking has been increasing its penetration rate in the Portuguese market (Marktest, 2013) and the contact with the bank has been made more frequently through the account manager (Marktest, 2012), making it mandatory for this industry to improve its relationship with customers.

In spite of the less prevalent switch of providers when compared with other consumer segments because “banks are all much the same”, it is “too much hassle” or “I’m happy where I am”, people still decide to switch to a competitor that offers better benefits, lower fees and better interest rates, when they are unhappy with the service they receive, and particularly if their bank has made mistakes on their account (TNS, 2013a). To avoid this scenario, banks must prove they are worthy of the consumers’ loyalty by focusing on their needs and interests. This requires a relationship of reciprocal respect as personalized as possible, where paying attention is vital to know how customers want their bank to behave and to further deliver what they really want: a set of desired functional benefits (figure 2.3.); recognition from the bank where they have been customers for a long time; not to feel that new customers are more valuable than longstanding ones; sensibility and reasonability;

problems solved quickly and efficiently, with the bank to take responsibility when it makes a mistake; and to be treated like human beings in a more equal relationship (Marktest, 2013)

Figure 2.3. Desired Functional Benefits in Banking



Source: TNS (2013)

Most of all, customers want their bank to be trustworthy and honest in this crisis hangover, implying a change in banks' attitude towards clients, combined with a strategy that increases investment in retention and keeps current customers satisfied.

3. LITERATURE REVIEW AND RESEARCH QUESTIONS

This chapter provides the required theoretical framework to assess the issues that constitute the source of this dissertation's main concerns. It is centered in Relationship Marketing, the paradigm that shortens distances between businesses and customers, exploiting its origin, development and attributes. Besides, it reviews the changes in consumer's expectations in conjunction with the inherent consequences on their behavior, particularly in a climate of austerity, and it draws the research hypotheses in line with the primary goals of this study.

3.1. The Genesis of Relationship Marketing

Relationships constitute an ancient phenomenon as old as mankind in which traders and business people have always had to rely on (Jham & Khan, 2008). If we go back in time to the pre-industrial era, producers of agriculture goods interacted directly with their customers and artisans often developed customized products for each client, in a desire to strengthen the bond between both parties. They knew each customer personally, factor that enabled them to understand and satisfy consumers' needs like no one else (Zineldin & Philipson, 2007). Such connection only lost some of its chemistry, with the birth of middlemen and the nourishment of a mass production society (Sheth *et al.*, 2012), which became the wall that prevented our business valentines from seeing each other. Nevertheless, the fall of some bricks and the erosion of this barrier were inevitable before the power of this bond.

The relationship approach turned out to be rediscovered when, in the late 1970s, Barbara Bund Jackson suggested that the creation and development of long-term relationships with the clients entailed an ensemble of measures that had to be consistently implemented throughout time (Pereira, 2008). That was the moment when the term Relationship Marketing (RM) came to be employed. The same title that Berry would take advantage of to start an endorsed journey as the apostle responsible for spreading RM in a services context (Gilaninia *et al.*, 2011c; Pereira, 2008; Taleghani *et al.*, 2011; Zineldin & Philipson, 2007) as a strategy that comprised all activities to attract, maintain and enhance

customer relationships by increasing customer profitability, while providing better services for customers (Berry, Shostack & Upah, 1983).

Relationship Marketing has thus emerged within the field of Services Marketing and Industrial Marketing (Bolton *et al.*, 2008; Dwyer *et al.*, 1987; Ndubisi & Wah, 2005; Swaminathan *et al.*, 2007; Thorbjornsen *et al.*, 2002) as a paradigm shift (Grönroos, 1997; Sheth & Parvatiyar, 2002; Sheth *et al.*, 2012) from the prevailing view of the marketing mix with 4Ps in focus, Transactional Marketing (Carson & Walsh, 2004; Grönroos, 1994; Lindgreen *et al.*, 2000), whose main differences are listed in table 3.1.

Table 3.1. Transactional Marketing vs. Relationship Marketing

	TRANSACTIONAL MARKETING	RELATIONSHIP MARKETING
Emphasis	Customer Acquisition	Customer Retention
	Single Sale	Customer Lifetime Value
	Product/Service Profitability	Customer Profitability
Activities of Primary Importance	Product, Distribution & Pricing	Physical Evidence, Process & People
Time Frame	Short-term	Long-term
Customer Focus	Low	High
Commitment Level	Low	High
Contact Frequency	Low	High

Source: Adapted from Carson *et al.* (2004), Pereira (2008) & Walsh *et al.* (2004)

3.1.1. Transactional Marketing & Relationship Marketing

In the old-style concept, the emphasis is on customer acquisition with the purpose to establish a successful transaction which may not be repeated – a single sale. Since it happens only once, relationship related issues are relinquished over product innovation, quality and low cost delivery mechanisms. A firm's resources should therefore be invested in the most efficient and cost manner, having as guidelines these variables to attain the desired outcome which is profit maximization through an exchange of a product or service for money.

In Relationship Marketing, identifying high net worth customers and establishing, developing and maintaining co-operative relationships with them, for mutual benefit, are the main goals. This dictates that activities linked to the product or the price, require less emphasis than those which support the service delivery and interactive marketing efforts. Hence, by adopting this nature of activities, firms are able to retain and satisfy more clients and thus incur in increased profitability, lower costs per customer and positive word of mouth, in the long run (Carson *et al.*, 2004; Grönroos, 1994; Walsh *et al.*, 2004).

In spite of the paradigm shift argument, both concepts have a place in the current business landscape. The decision whether to focus on Relationship Marketing or Transactional Marketing depends on the industry and on the needs of the customer.

RM is more useful when the customer wants to commit to a supplier for a long time, which implies high costs for switching supplier. Transactional Marketing pays off when customers have a short time horizon, preferring to purchase offerings on the basis of price and quality competition, without spending more on switching from a supplier to another (Zineldin & Philipson, 2007).

According to some authors that consider them not to be mutually exclusive, this couple of perspectives, can even be delivered jointly, as long as it is done in a balanced way (Carson *et al.*, 2004; Iglesias *et al.*, 2011; Walsh *et al.*, 2004; Zineldin & Philipson, 2007). As a matter of fact, it should and need to be like that, since the failure to achieve it is likely to result in wasted resources and a loss of customers, profits and revenue over the long term (Carson *et al.*, 2004). Nevertheless, this marvel duo capable of optimizing every business's performance only came to existence after a series of events that fostered the emergence of its younger member, Relationship Marketing.

3.1.2. The Influencing Factors behind the Advent of Relationship Marketing

Despite the opinion diversity that can be found from author to author regarding the number or designation of these factors, the literature suggests that the complexity of the chain of events that prompted RM has a common ground (Dibb & Meadows, 2001; Gilaninia *et al.*,

2011c; Sheth *et al.*, 2012). With the aim of providing a clear explanation, this universe of reasons was clustered into four broad aspects: the maturing of Services Marketing, the rise of competition, the technological revolution and the sophistication of customers.

3.1.2.1. The Maturing of Services Marketing

The rise of Services Marketing over other fields of study was considered to be an expected step in societies' evolution, given the consumption increase in sectors like the object of this research: banking (Berry & Parasuraman, 1993).

The intangibility, characteristic of the service product, associated with breakthrough technologies, turned products into something that could be easily copied. Hence, customers who had been traditionally reluctant to switch banks, were now willing to do so, if they were offered better services elsewhere (Farquhar, 2004; Lam & Burton, 2006). Moreover, the rising costs of operations and an increasing competitive environment helped to worsen the scenario that businesses faced. For instance, banking profitability decreased to such an extent that some existing customers have become unprofitable – i.e.: those who use current accounts purely to process wages (Carson *et al.*, 2004).

The solution towards success and profitability lied on forging lasting and mutually beneficial relationships with customers, which was less expensive than acquiring new ones (Aminu, 2012). The growth of the service economy took charge of reinforcing that emotional bond by minimizing the role of middlemen. The explanation behind such fact? The nature of services: they are produced and delivered by the same institution (Sheth *et al.*, 2012).

Another force driving the adoption of Relationship Marketing was the concern to be different while reducing costs (Berry, 1995; Dibb & Meadows, 2001). In other words, the improvement of quality (Grönroos, 1983; Langeard & Eiglier, 1987). When companies embraced philosophies like Total Quality Management (TQM), Just-in-time (JIT) and material resource planning (MRP), it became necessary to involve suppliers and customers in implementing the programs at all levels of the value chain. This needed close working relationships with customers, suppliers, and other members of the Marketing infrastructure.

The same kind of relationships some authors described as the path to reach a sustainable competitor advantage (Czepiel, 1990; Perrien & Ricard, 1995) and enjoy a handful of benefits (Gilaninia *et al.*, 2011c):

- The maintenance of the current customers without fearing threatening competitors;
- More revenue and benefits from main existing customers;
- A significant decrease in costs of resources that leads to a more efficient management;
- The retention and attraction of first level customers – only 5% of clients make up more than 85 percent of banks' profitability;
- The acquisition of new customers from other banks through the positive word-of-mouth advertising by satisfied customers.

However, to take advantage of these benefits, banks must be trustworthy and committed to the service ethic, communicate timely and accurately, and quickly resolve conflicts in a manner that eliminates unnecessary losses and inconvenience to customers (Taleghani *et al.*, 2011). By acting this way, banks incur in a win-win situation with customers, allowing the systematic monitoring of borrowers for credit assessment that enforces contract compliance and works as a conduit to gather vital information for greater satisfaction, repurchase, and positive word of mouth (Ashton & Pressey, 2004).

3.1.2.2. The Rise of Competition

The development of Services Marketing was fuelled by the intensification of competition that was itself sponsored by a series of technological, regulatory and changing consumer dynamics (Carson *et al.*, 2004).

The deregulation of banking and other service industries (Berry & Parasuraman, 1993; Berry, 1995) made it possible to have more players in the game that could offer similar or

even better products/services at a lower price – in the financial sector it inclusively translated into the practice of more aggressive rates (Kumar & Shanthimogaraj, 2013). This started a switching stream that would flow towards what was considered to be the best option at a given time. To stop this leak, companies figured out that the antidote lied in the power of enduring relationships (Gilaninia *et al.*, 2011c), not only with customers but also with suppliers, government and the society at large (Aminu, 2012; Hunt *et al.*, 2006). As a matter of fact, a new breed of competition based on that belief appeared as a response to the existing forms of competition that were reigning: traditional competition and hierarchical competition.

The first one, a firm-to-firm competition (i.e.: in the automotive industry, manufacturers would compete with other manufacturers, materials suppliers would compete with other materials suppliers, advertising agencies would compete with other advertising agencies, and so on.), was efficient, productive, and dynamic but suffered from high transaction costs, high opportunism, decreased control, low coordination, and planning difficulties.

The second one, an integrating type of competition (i.e.: it consists in integrating as many activities of the value chain as possible to compete as an “hierarchy”, which was what Ford did once to such an extent, that even was producing its own steel), was thought to have many benefits, but they barely exceeded the disadvantages of decreased competency fit, potential diseconomies of scale, lack of price discipline on components produced in-house, high investment expense, and the lack of flexibility and adaptability.

The new kind though, was able to fill the gaps of the old competition types at the same time it combined the best parts of both. It was entitled Strategic Network Competition and had as emphasis the concept of networks: a group of independently owned and managed firms that preferred to be partners rather than adversaries by engaging in cooperative behaviors and coordinated activities in areas like marketing, production, finance, purchasing and R&D. Furthermore, each partner’s individual success would be tied to the success of the overall network, leading firms to actively pursue common goals in a war against other networks. At a certain point, the cooperation and coordination among firms would turn into such a synergy that the boundaries of each company, though independently owned, would become vague (Hunt *et al.*, 2006).

3.1.2.3. The Technological Revolution

The supersonic improvements in information technology made it possible to create new interfaces between business partners (Sheth & Parvatiyar, 1995) and to respond with tailored marketing offers. This was due to the analysis of databases and the engagement in Direct Marketing activities that allowed managers to track customer buying patterns (Pereira, 2008).

The area of communication has also undergone a makeover with the development of sophisticated computers and telecommunication technologies. At a time when many consumers were not easily influenced by advertising (Gilaninia *et al.*, 2011c), it enabled producers to directly interact with end customers, turning communication into a much more efficient and direct process. As a result, producers would not need the majority of functions formerly performed by the middlemen since consumers were even willing to undertake some of the responsibilities of direct ordering, personal merchandising, and product use related services (Sheth *et al.*, 2012).

Such set of events fostered the sale of augmented products and services to customers, more precisely, the adoption of the systems selling approach – the integration of parts, supplies and the sale of services along with individual equipment – which played an important part in the whole de-intermediation process.

Subsequently, as an outcome of this evolution, e-marketplaces emerged, contributing to the reduction of research costs and the exploitation of economies of scale (Bakos, 1998). The consumers' interest in maintaining direct relationships with marketers grew, attesting the success of platforms like online banking or online investment programs. The only drawback was that one of the core processes in RM, the information retrieval from customers, revealed to be a double-edged sword (Gilaninia *et al.*, 2011a).

While, on the one hand, it was synonym for plenty of benefits like the previously mentioned ones, on the other hand, it carried a wave of familiar concerns on its shoulders: privacy issues. The sort of issues that led firms to add data privacy policies to their initiatives in an effort to become more transparent and trustworthy. The same issues, which among many others, led successful businesses to survive the natural selection imposed by the disruptive transformation business environments went through, over the past few decades.²⁹

3.1.2.4. The Sophistication of Customers

Customer expectations rapidly changed, powered by new technology and the growing availability of cutting-edge features and services (Sheth *et al.*, 2012). This enabled companies to answer quickly to competitors' innovations, lowering the impact that product differentiation had in markets. Given this, products became considerably homogeneous and competition increased. Only collaborative relationships with customers proved to be a wise way to distinguish organizations from the respective competition, at a superior level: the augmented product level (Taleghani *et al.*, 2011).

The continuity of service that closer relationships engendered, gifted clients with the customized service delivery and proactive attitude they searched for, especially in high-involvement services such as banking (Berry, 1995). This, coupled with valuable information obtained through new technology, allowed managers to enhance the loyalty and satisfaction of their customers (Gilaninia *et al.*, 2011b), to keep track of their changing expectations and to appropriately influence them (Sheth & Sisodia, 1995).

Nevertheless, another game changer has recently determined more changes in consumer behavior: the global financial crisis. It led to an increased cost of living, lower wage settlements, and a growing unemployment rate, putting consumer spending under pressure (Nguyen, 2011). Because of that, consumers have become more economical, more responsible, more demanding and increasingly aware of all aspects involved in purchase of products, from design, safety and origin, to their social and economic impact (Voinea & Filip, 2011).

People refuse to buy premium products unless they clearly perceive quality advantage. They opt for lesser-known brands instead. Even when they are loyal to some brands, they prefer to wait for a price drop, by promotions or discount coupons (Ang *et al.*, 2000). Besides, consumers are more in comparative shopping. Most of them have more time for shopping around and compare product prices on the internet in order to get the most for their money (Nguyen, 2011).

All of these trends that emerged as a result of the economic recession were, according to Flatters & Willmott (2009), summarized as follows:

- **A demand for simplicity:** during recession consumers are used to limited offers and tend to simplify their demands, so after the crisis it is expected that consumers will continue to buy simpler offerings with great value.
- **Discretionary thrift:** even the rich people are economizing, although they are not required to do so. This is one way they show their dissatisfaction on excessive consumption. They started to recycle, buy used goods and teach their children simple and traditional values.
- **Mercurial consumption:** Today's consumers are "agile". They act quickly in response to price change and have the ability to switch brands looking for the lowest price, sacrificing the quality and loyalty.
- **Green consumerism:** this trend has slowed during the recession because people are not willing to pay more for products that can be substituted with others with cheaper price. The demand for green, environment friendly products has declined but it is expected to recover after the recession.
- **Ethical consumerism:** people are less willing to donate for charity actions because they are focusing on their families' welfare. This trend is anticipated to recover slowly after the recession.

Given this, we notice that the new consumers seem to have understood that true progress is to choose wisely and consume better, not more (Voinea & Filip, 2011). Their habits have been shaped up to such an extent by the crisis that their reluctance as regards to a recovery will preserve those conducts for a long time. Hence, the first research question:

***RQ1:** To what extent does the change of the household financial income in the last 2 years influence the attitudes towards money and expenses?*

Concerning this metamorphosis, it is more essential than ever for businesses to satisfy customers' needs and wants with the purpose of retaining those (Mylonakis, 2009), specially after the global financial crisis. As a result, financial institutions should adopt a strategy that has as underlying premise an efficient management of relationships: Customer Relationship Management (CRM). By acting this way, banks incur in a win-win situation with customers, allowing the systematic monitoring of borrowers for credit assessment that enforces contract

compliance and works as a conduit to gather vital information for greater satisfaction, repurchase, and positive word of mouth (Ashton & Pressey, 2004).

3.2. Customer Relationship Management

Customer Relationship Management is a business strategy that positions customers at the epicenter of companies' concerns. It aims to increase customer satisfaction and loyalty by understanding, anticipating and managing the needs of consumers (Taleghani & Taban, 2011; Gilaninia *et al.*, 2011a; Kumar & Shanthimogaraj, 2013).

Modern service firms take it has a means of gaining a sustainable competitive advantage when defining the value process, the form of interaction with the target and the communication approach for attracting, developing and enhancing relationships (Adamson *et al.*, 2003). They rely on the toolbox that CRM provides, which consists of database marketing, e-marketing, interaction marketing and network marketing, to build such profitable relationships across the three layers of this strategy: operational CRM, corporate CRM and analytical CRM (Lindgreen & Swaen, 2005). The operational component is intended to manage all customer contact points (Service, sales and marketing); corporate CRM creates and manages relationships with customers through various media channels; and the analytical layer uses statistical methods to evaluate customer data, determine the value of each individual and make intelligent business decisions (Gilaninia *et al.*, 2011a).

In spite of this effort to create a bond, not every customer wants to engage in a relationship with firms, implying an in-depth analysis of the client portfolio (Blois, 1996). Embedded in CRM, the IDIC model suggests that to identify the most valuable customers, companies should implement a variety of activities linked to each letter of the acronym: Identify, Differentiate, Interact and Customize.

In the first stage, the purpose is to identify who the customers are and build a deep understanding of them.

The differentiation phase categorizes consumers according to the value they represent for the organization (now and in terms of future prospects) and by the needs they have (Peppers & Rogers, 2004). This grouping of clients, that entails what is called as segmentation, is applied with criteria like relationship volume, lifetime duration or share-of-wallet (Leverin & Liljander, 2006), being likewise executed by taking the **socio-demographic factors** (i.e.: gender, age, education, residence area or income) that influence the consumer behavior in the sector in question.

When interacting with the target, businesses must perceive what are the best channels and ways to deal with their consumers. Each interaction should take place in the context of all previous conversations, and ought to pick up where the last one left off. With effective interactions, companies end up obtaining additional information that reveals to be essential to get a better insight into customers' needs.

Last but not the least, customization ensures that customers' expectations are met through the provision of tailored solutions based on each individual's needs and value (Pereira, 2008).

The nature of this set of RM practices depends on whether they are intended for end-consumers, distributor customers, or business-to-business customers. In addition to that variable, the approach used may also differ with the premise of the chosen type of RM program.

According to the literature and observation of corporate practices, there are essentially three types of programs, detailed in table 3.2.: Continuity Marketing, Individual Marketing and Partnering programs (Sheth *et al.*, 2012).

Table 3.2. Types of Relationship Marketing Programs

PROGRAM TYPE	INDIVIDUAL CONSUMERS	DISTRIBUTORS/ RETAILERS	INSTITUTIONAL BUYERS (B2B)
Continuity marketing	Loyalty programs	Continuous replenishment & ECR programs	Special supply arrangements (i.e.: JIT, MRP)
Individual marketing	Data warehousing & data mining	Customer business development	Key account management
Co-marketing/ partnering	Co-branding	Cooperative marketing	Joint marketing & co-development

Source: Sheth *et al.* (2012)

The goal of Continuity Marketing programs is to retain customers and increase loyalty by fostering an exchange of knowledge that is provided by special long-term services (Schultz, 1995). These assume the shape of rewarding membership and loyalty cards for consumers in mass markets, with which you can exchange points for upgrades, discounts or cross-purchased items; continuous replenishment programs (i.e.: inventory management programs) and efficient consumer response initiatives (i.e.: electronic order processing and material resource planning) for distributor customers; and special sourcing arrangements (i.e.: network or just-in-time sourcing arrangements) in business-to-business markets (Sheth *et al.*, 2012).

One-to-one Marketing is aimed at meeting and satisfying each customer's needs uniquely and individually (Peppers & Rogers, 1995). Marketers use online information and databases to develop products and services that fit like a glove on end-customers, given their expectations. When it comes to distributor customers, this kind of program translates into customer business development, where one of the parties can offer expert advice and resources to optimize the business of its distributor, and in the context of business-to-business, marketers appoint customer teams to manage companies' resources in line with the individual customer needs – a process known as key account management (Sheth *et al.*, 2012).

The third type of RM programs is partnering relationships between customers and marketers to serve end-users' needs. In mass markets, the most common ways of partnering is via co-branding (two marketers combine their resources and skills to offer advanced products

and services to mass market customers under a new joint brand) and affinity partnering programs (similar to co-branding, but endorsement strategies are used instead of creating a new brand). In the case of distributor customers, the marketer and the distributor engage in a cooperative relationship that, in addition to the management of inventory and supply logistics, comprises shared Marketing efforts. For business-to-business customers, partnering programs involve processes like co-design and co-development (Mitchell & Singh, 1996).

All of these programs have to consider that nowadays consumers are no longer passive receivers of marketing messages. Instead of trusting messages from companies, they find their peers' opinions and recommendations to be more credible and relevant. That is the reason why social networks have become part of the game (Bernoff & Li, 2008). Due to the customers' preference on seeking product and company information in social media websites, the role of business has moved from managing customers to facilitate collaborative experiences and dialogue they appreciate (Baird & Parasnis, 2011). This change of course gave birth to a new philosophy: Social CRM or CRM 2.0. In a transparent and trusted business environment, it aims to provide mutually beneficial value by giving firms the potential to communicate and interact with all the stakeholders at higher standards of both quantity and quality. As a result, companies benefit from a boost in their reputation, brand equity and loyalty (Wongsansukcharoen *et al.*, 2013).

Nevertheless, as opposed to what has been assumed, Relationship Marketing is not always a bed of roses. Researchers have suggested that in certain situations it may have a negative impact on performance, explaining the disappointment of some managers regarding the effectiveness of their RM efforts (Palmatier *et al.*, 2006; Kumar & Shanthimogaraj, 2013). To overcome this obstacle and guarantee the success of a RM strategy, namely in banking, an assembly of procedures considering quality, features, service availability and complaints management should be met (Gilaninia *et al.*, 2011a; Mende *et al.*, 2013):

- Training and deployment of employees to properly offer banking services;
- Establishment of two-way channels between banks and customers;
- Identification of customers' hidden needs and expectations;
- Creation of workgroups that deal with complaints and requests from customers;

- Compensation of the employees' performance with bonuses based on their successful customer service;
- Measurement of the efficiency and effectiveness of customer service on satisfaction and loyalty;
- Understanding customer attachment styles and preferences for closeness;
- Use of new technology.

By incurring in such policies, banks are able to better satisfy the multitude of dimensions associated with Relationship Marketing, thus profiting the most from this concept.

3.3. Relationship Marketing Defining Constructs

The Relationship Marketing dimensions, also known as constructs, are used in the explanation and characterization of the concept itself. However, they are not equally important during the establishment and management of RM. In the literature, some revealed to be more adequate for specific sectors and others proved its unquestionable presence across every industry (Amine *et al.*, 2013). This was the case of trust, satisfaction and loyalty which were, according to a study of Agariya & Singh (2011) where they summarized a total of 50 general defining constructs of RM, the three most often cited dimensions both generally and in the specific case of banking. Due to that reason, those constructs are considered in this study along with personalization.

The inclusion of this forth construct is justified with the growth of interest in one-to-one marketing over the past few years that brought customer expectations to a higher standard in banking, which nowadays comprise the understanding of each client's needs and the offer of bespoke services to satisfy them (Adamson *et al.*, 2003; Ball *et al.*, 2006).

3.3.1. Trust

Trust is the cornerstone of long-term relationships (Taleghani *et al.*, 2011). It exists when one party has confidence in an exchange partner's reliability and integrity, being also important once it provides a basis for future collaborations (Alrubaiee & Al-Nazer, 2010). Therefore, it can be defined as a belief or conviction about the other party's intentions in a relationship.

Within the context of banking, the direct implication of trust in a relationship is that customers can trust banks to deliver on their promises: trust them to safeguard their funds, trust them to provide services that satisfy their needs, trust banks' employees to listen to and satisfactorily solve their complaints, and trust banks that they can keep their account and transaction information confidential (Aminu, 2012).

Once trust is established, joint efforts lead to outcomes that exceed what the bank would achieve if it acted solely in its own best interests: savings on relationship termination cost, relationship benefits, effective communication, shared values and opportunistic behavior. It also seems that if partners in a relationship trust each other more, they are more emotionally involved and less consciously weighing the benefits against the costs of that relationship (Alrubaiee & Al-Nazer, 2010).

3.3.2. Satisfaction

Satisfaction is a multidimensional construct that has been defined as the consumers' post-purchase evaluation of a product or service in terms of whether it has met their needs and expectations, and as an emotional response to the overall product or service experience (Ouyang, 2010).

It aims to meet one's expectations within 3 dimensions (Jham & Khan, 2008) – satisfactory interactions with personnel, satisfaction with the core service, and satisfaction with the organization – to successfully establish long-term relationships between parties and consequently benefit from producing satisfied customers. A scenario that takes place in the

banking sector, where customers tend to be more receptive to additional financial services that are offered by a bank with whom they are satisfied (either due to service quality, service features, customer complaint handling or situational factors), hence leading to increased profit margins because satisfied customers tend to be less price sensitive than dissatisfied customers, buying more as the firm introduces new products, upgrading existing ones and talking favorably about the firm and its services (Aminu, 2012). Nonetheless, crisis might have affected the level of satisfaction of the individuals who suffered financially due to such event (i.e.: through losing a job, not being able to raise a mortgage, low returns on savings, collapse of share prices): reason why these are predicted to hold more negative stereotypes concerning this industry than those who barely felt the negative consequences of the crisis (Bennett & Kottasz, 2011). Accordingly:

RQ2: *Is the satisfaction with the main bank related to how respondents' consumption and purchase behaviors were affected by the recent economic conjuncture, also known as crisis?*

We have no choice but to infer that satisfying customers in an industry characterized by high contact with individually customized service solutions, is absolutely vital. Not only due to the previous mentioned benefits but also because it fosters the retention of customers. Indeed, satisfaction with a bank is a good basis for loyalty although it does not guarantee it, once even satisfied customers switch banks (Leverin & Liljander, 2006). Hence, it is reasonable to infer that such change depends on the profile of the customer: the aspect that leads to the third research question:

RQ3: *Is it possible to build different customer profiles with homogeneous clients, based on bank switching determinants?*

Consequently, banks must be seen as protective of its customers' interests, resolve difficulties as they arise and avoid any opportunistic behavior that enhances its own gains at the expense of its customers (Adamson *et al.*, 2003).

3.3.3. Personalization

In a one-to-one marketing era, a customer expects to be regarded by his or her banks as a worthwhile investment and a source of long-term cash flow, entailing an offer with personalized products, services, and communications (Adamson *et al.*, 2003).

Fortunately, for products, this has been possible due to the vast increases in computing power, manufacturing robotics, and the rise of the internet (Ball *et al.*, 2006). As regards to services, personalization has always been present in some sense since their inception, offering the customer a wide variety of options, from legal services to hair dressing for women, and allowing providers to earn higher profit than its competitors.

In banking such truth is corroborated: a bank which is capable of providing truly personalized service differentiates itself from other banks as each of its customers is provided with sets of banking services tailored to their unique needs (Canon *et al.*, 2012).

3.3.4. Loyalty

Customer loyalty is defined by Oliver (1999: 34) as “*a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior*” (Leverin & Liljander, 2006). Therefore, given this description, it is possible to raise the following research question:

RQ4: *Is the unlikeliness of switching to a different main bank related to the behavioral profiles regarding bank-switching determinants?*

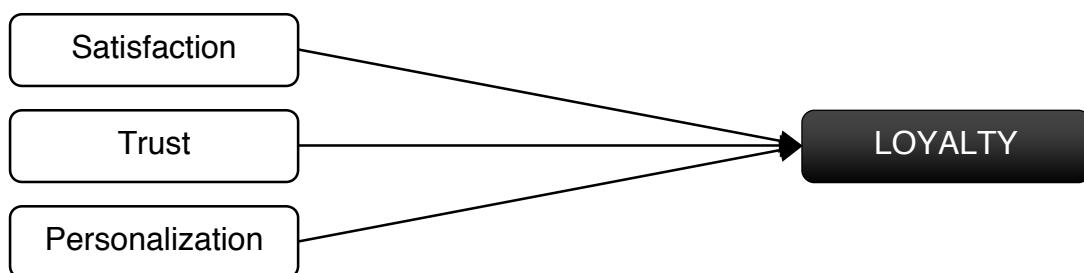
As the main purpose of Relationship Marketing, loyalty is a bidimensional construct that results from the assembly of all marketing efforts to retain existing customers (Hennig-Thurau, 2000; Trif, 2013). Those two dimensions are behavioral and attitudinal loyalty, wherein the first refers to the repeated purchase of the same product or service, and the

second relates to the preferences and propensity towards certain brands (Caceres & Paparoidamis, 2007; Egan, 2001; Rundle-Thiele, 2005). Because such preferences might change from customer to customer, Alrubaiee & Al-Nazer (2010) studied the impact of demographical variables on customer loyalty. It happens that these authors discovered that there is a significant impact from those variables on the construct under analysis, reason why such assessment is equally relevant in this dissertation:

RQ5: *To what extent is the unlikeness of switching to a different main bank related to the respondents' main bank, the profiles regarding bank-switching determinants and the socio-demographic characteristics?*

Finally, to assess the interactions of the other constructs with loyalty, a simplified model based on the one suggested for the Portuguese banking sector by Ball *et al.* (2006) was considered (figure 3.1).

Figure 3.1. The Conceptual Model



This model assumes, according to the literature reviewed up to this point, that satisfaction, trust and personalization have a positive effect on loyalty. Thus, this dissertation's last research question follows:

RQ6: *Is the unlikeliness of switching to a different main bank influenced by the satisfaction with the current principal financial institution, its trustworthiness and services personalization, in a recessionary context?*

3.4. Literature Review Conclusion

The Literature Review chapter intended to define the paramount concepts that are on the basis of this research study, by reviewing the main bodies of existing literature about the theme, stressing the relationship approach of Marketing and applying it to the banking sector. Additionally, with emphasis on the changes in consumer behavior caused by austerity, it delineated the research questions (table 3.3) to further analyze in this dissertation.

Table 3.3. Summary of the Research Questions

RQ1	<i>To what extent does the change of the household financial income in the last 2 years influence the attitudes towards money and expenses?</i>
RQ2	<i>Is the satisfaction with the main bank related to how respondents' consumption and purchase behaviors were affected by the recent economic conjuncture, also known as crisis?</i>
RQ3	<i>Is it possible to build different customer profiles with homogeneous clients, based on bank switching determinants?</i>
RQ4	<i>Is the unlikeliness of switching to a different main bank related to the behavioral profiles regarding bank-switching determinants?</i>
RQ5	<i>To what extent is the unlikeliness of switching to a different main bank related to the respondents' main bank, the profiles regarding bank-switching determinants and socio-demographic characteristics?</i>
RQ6	<i>Is the unlikeliness of switching to a different main bank influenced by the satisfaction with the current principal financial institution, its trustworthiness and services personalization, in a recessionary context?</i>

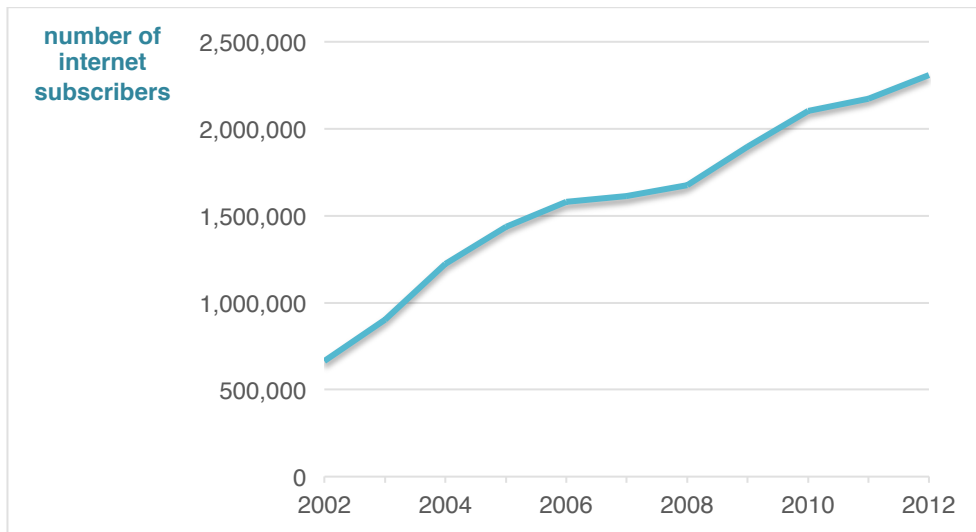
4. METHODOLOGY

The Methodology chapter provides an explanation of the processes, methods and tools applied in this study to answer the previously formulated research hypotheses and, consequently, reach this dissertation's main objective: to investigate and better understand the relationship Portuguese bank clients have with their banks in a climate of austerity. With this purpose in mind, two studies were carried out to enrich the analysis as much as possible: a qualitative study and a quantitative study.

4.1. The Qualitative Study

This approach has an exploratory character and was executed with the intent of further delving into the relationship Portuguese bank clients have with the banking sector in a recessionary context. Hence, to better decipher some of the details of such synergy, the elected method was Netnography, a quite new research technique which, according to Kozinets (1997, 1998, 1999, 2002, 2010), adapts ethnographic techniques to study online cultures and communities. It provides a means for accessing, gathering and interpreting the information that is publicly available in online forums to analyze the needs, trends, behaviors and decision influences of relevant online consumer groups (Belz & Baumbach, 2010; Kozinets, 2002; Sigala, 2012; Xun & Reynolds, 2009), being useful not only for studying cybercultures, but also as an exploratory tool for studying general topics (Kozinets, 1998; Nimrod *et al.*, 2012).

In this dissertation, the use of Netnography could not make more sense given the increase in internet access and time people spend online, particularly nowadays and in Portugal: 3 out of 4 internet users is permanently connected (Diário de Notícias, 2009) in a population where more than half of the total (5,7 million) browses the web (Marktest, 2014). In addition to that, the number of subscribers has been rising at an astonishing rhythm (Pordata, 2014a) as shown by graph 4.1.

Graph 4.1. Subscribers of Internet Access in Portugal

Source: Pordata (2014a)

Consumers are thus ever more turning to computer-mediated communication to search for information on which to base their decisions. Besides checking advertising and corporate Web sites, consumers are using newsgroups, chat rooms, e-mail list servers, personal World Wide Web pages, and other online formats to share ideas, build communities, and contact fellow consumers who are seen as more objective information sources (Kozinets, 2002). This gives an incentive for marketing researchers to adopt an online qualitative method, with Netnography emerging as the preferred one due to its data characteristics (table 4.1) and advantages over the others.

Table 4.1. Online Qualitative Research Methods and Data Characteristics

<i>Data Characteristics</i>	ONLINE QUALITATIVE DATA COLLECTION AND ANALYSIS METHOD		
	INTERVIEWS	FOCUS GROUPS	NETNOGRAPHY
Text-Based	Yes	Yes	Yes
Publicly Available Data	Mostly No	Mostly No	Yes
Anonymous	Depends on Research Design, Often No	Depends on Research Design, Often No	Yes
Material Incentive	Depends on Research Design, Often Yes (Prizes/Contests)	Depends on Research Design, Often Yes (Prizes/Contests)	No

Unsolicited	Mostly No	No	Mostly Yes
Time Aspects (LT: Long-Term; ST: Short-Term)	Private Archive of Data, ST or LT	Private Archive of Data, ST or LT	Usually Public Archive of Data, typically LT
Space Aspects/ The "field" (SD: Subject Defined; RD: Researcher Defined; JD: Jointly Defined; UD: User Defined)	RD, could tend to SD in Ethnographic Interviews	RD, could tend to JD with light moderation	Mostly UD, but possible to create RD and JD netnographic fields

Source: Adapted from Dholakia & Zhang (2004)

4.1.1. The Netnographic Procedure

Netnography can be conducted either through a participatory or a non-participatory approach, depending on the involvement of the researchers (Belz & Baumbach, 2010; Sigala, 2012). Yet, nonparticipant observations have the benefit of ensuring that the dynamics and contents expressed in online communities are not influenced by the researcher's presence (Nimrod *et al.*, 2012). For that reason, in this study, the posture adopted was predominantly nonparticipant, implying the rejection of phases like member checks since informed consent is seen as unnecessary when forums are publicly accessible (Beaven and Laws, 2007). Once this choice was taken, the procedure started in line with the following stages (Nimrod *et al.*, 2012):

- 1. Entrée:** formulation of questions (Appendix 1) and identification of suitable online sites for the dissertation, which were selected considering the six criteria outlined by Kozinets (2010) – (1) Relevant to the research focus and questions; (2) Active, with recent and regular communications; (3) Interactive, having flows of communication between participants; (4) Substantial, in terms of numbers of users; (5) Heterogeneous, involving different participants; and (6) Data-rich. After screening out the irrelevant webpages, two Portuguese online forums were chosen to integrate this study: “Fórum Finanças Pessoais”

(<http://www.forumfinancas.com/>), a forum with more than 17.000 members in 2014, mostly men, entirely committed to share knowledge and tips about banking and financial services, and “A Nossa Vida” (<http://anossavida.pt/financas>), with more than 50.000 members in 2014, mostly women, devoted to share general ideas and suggestions about how to organize a house, cooking, savings and marriage or other sort of relationships.

2. **Data Collection:** the direct copying of the texts from the computer-mediated communications and observations of the community and its members, interactions and meanings, was done without the help of any software. By applying a non-participatory netnographic approach, it consisted in the exploration of the threads related to the research questions and subsequent collection of the posts with significant info to answer those. Afterwards, a second search was conducted in the online forums by inserting key words included in the questions, to filter any pertinent post that could add value to the findings’ support. As a result of this process, a total of 119 posts were identified for further analysis (Appendix 1).

3. **Analysis and Interpretation:** the database was carefully read several times and structured to be further interpreted and explained while adopting an objective posture throughout the entire analysis. Then, due to its Portuguese origins, it was translated to this dissertation’s language, English, always bearing in mind the necessary precautions to prevent losses in the statements’ richness and benefit as much as possible from the advantages Netnography has to offer.

4.1.2. Advantages and Limitations of Netnography

Netnography has some distinct benefits when compared with other methods (i.e.: focus groups and interviews) that contribute for it to be considered as a powerful qualitative research method to explore customers’ issues in online communities (Kozinets, 2002, 2006; Langer & Beckham, 2005; Sigala, 2012; Xun & Reynolds, 2009):

- **Less Obtrusive:** it is conducted by analyzing customers' contributions and behaviors that are obtained from a context that is not fabricated by the researcher. A factor that is leveraged if we consider that evidence shows that individuals may be more open online than they are in real life;
- **More Naturalistic:** it provides a window into naturally occurring behaviors because it is not shaped by a researcher's questioning;
- **More Authentic:** the content is provided voluntarily and sometimes pseudonymously;
- **Faster, Simpler and Less Expensive:** it is less time consuming and simpler since it is just a click away, and it is costless compared with research requiring physical travel and face-to-face fieldwork costs, making more ambitious studies potentially more feasible;
- **Richer:** internet forums allow people from any place and time zone to contribute to online discussions.

However, the narrow focus on online communities, the need for the researcher's interpretive skill, and the lack of informant identifiers present in the online context, are responsible for some of this method's limitations (Kozinets, 2002, 2006; Sigala, 2012):

- **Vital Information Loss:** when we translate human beings into digital communications, we miss much of the richness of in-person communication, with its tonal shifts, pauses, cracked voices, eye movements, body language, movements toward and away from, and so on;
- **Propensity for a Personalized Interpretation:** when we make observations we usually interpret things subjectively. To avoid such thing, the researcher should build an emotional barrier to analyze facts objectively and preferably invite other interpreters to complete that task;

- **Difficulties in Results Generalization:** it is difficult to generalize the results of the research outside the online sample group, unless they are triangulated with other sources and methods. For that reason, Netnography was regarded as a complementary methodology in a dissertation where the core of the results analysis lied on a quantitative study.

4.2. The Quantitative Study

While qualitative studies are useful to disclose consumer attitudes, beliefs and opinions, quantitative studies are meant to contribute with facts. Therefore, findings are not presented in the form of ideas or quotes. They rather assume a statistical nature (Kolb, 2008).

In order to gather the required info to proceed with the quantitative method, a data collection instrument hence had to be unavoidably chosen to fuel this study's statistical database.

4.2.1. The Data Collection Instrument

The questionnaire, claimed by Kinnear and Taylor (1996) as the best tool to reach a conclusive investigation, was the elected way of prospecting answers for the suggested research questions, with the ultimate intent of reaching this dissertation's main goal: to understand the relationship Portuguese people have with their banks in a climate of austerity.

Even though it has its disadvantages, such as the risk of not obtaining information that is sensitive or personal for the respondents, the fact is that it is by far the most common method to collect data in marketing research (Malhotra & Birks, 2006). Why? It happens that this instrument carries plenty of advantages, as well.

The predominance of fixed-response questions provides it with the consistency needed to perform a comparison among responses from different participants, allowing researchers to

infer if a certain assumption is true for the collected sample and consequently for the study's target population. As if that was not enough, conducting surveys is not expensive and is quite simple to administer (Kolb, 2008; Malhotra & Birks, 2006).

In this dissertation's case, the questionnaire was administered across Portugal, having a four-part structure that is composed of questions with predetermined answer choices (i.e.: scale questions) and a few open-ended ones (Appendix 2):

- A. The first part of the questionnaire addresses the changes in consumption and purchasing behavior that resulted from the financial crisis, as well as the customers' future perspectives given their current economical situation;
- B. The second part relates to the respondents' attitudes towards money and expenses, implicitly influenced by the recession. For instance, it is analyzed if the buying experience has become more rational, if it is preferable to pay more things with money rather than with cards or even if nowadays is more difficult to make decisions, given the money that is spent.
- C. The third stage is intended to go further in the specific banking subjects, exploring the number of banks customers work with, the bank they recognize as their main financial services supplier and the key reasons that could make them switch banks. Additionally, it is particularly important to assess their behavior in terms of savings and as regards to the Relationship Marketing constructs considered in this dissertation: Satisfaction, Trust, Personalization and Loyalty.
- D. Last but not the least, the fourth part of the questionnaire aims to draw a socio-demographic and behavioral portrait of the respondents with characteristics such as gender, age, academic qualifications, area of residence or household monthly income.

4.2.2. The Sampling Design

A non-random quota sampling procedure was used to assure that the sample would possess the same proportion of certain control characteristics (age group, gender, residence area and academic qualifications) as the population.

As a result, a valid sample of 488 Portuguese bank clients with more than 17 years old was obtained and is the basis for the statistical analyses that were conducted.

4.2.3. The Statistical Analyses Conducted

IBM SPSS 20 was the chosen software for the purpose of turning the raw data into findings. Such process comprised, in first place, a descriptive analysis of the obtained information, which was then followed by a multiplicity of statistical procedures including cluster analysis, hypothesis testing, multiple correspondence analyses and multiple linear regression, in order to investigate the six research questions that were raised.

5. RESULTS ANALYSIS

As its name suggests, this chapter analyzes the results obtained through the previously mentioned couple of methodologies. This is done following a two-step approach, given the differences present in the data collected with Netnography and the questionnaire, which necessarily divide this segment into two parts: the qualitative study and the quantitative study.

5.1. The Qualitative Study

The qualitative study is inherently connected to Netnography, taking advantage of the contemporary online bond that exists between individuals and the World Wide Web, to explore several aspects of the relationship Portuguese bank clients have with the banking sector in a recessionary context. For such purpose, pertinent questions associated with consumer attitudes, beliefs and opinions were developed, enriching insights on main bank, savings and satisfaction related issues (Appendix 1). The answers to these questions were then collected from proper online forums so that they could be interpreted, as seen below.

5.1.1. How many banks do you work with?

According to the results of this exploratory study, it is possible to conclude that Portuguese individuals usually work with either one or two banks.

When they work exclusively with one institution it is often a traditional bank, with physical presence. When they work with more, the additional financial services providers, whether traditional or online, emerge not like substitutes, but as a complement to better fulfill customers' needs.

- ❖ *“...The idea was having an account for everyday life operations where I would have the money available for withdrawals, transfers, ATM payments, etc. and*

another one for savings...” – by “antunesfilipee” on 21.12.2012
(<http://www.forumfinancas.com/index.php?topic=7900.0>)

Whereas one bank is chosen for operations that take place on a regular basis because it is better located, a second one can be considered as a valid option in addition to the other because it provides superior returns on savings, more favorable loan conditions and/or a broader range of investment instruments, for instance.

It is in this quest for the best banking mix that online banks are increasingly arising as an alternative to traditional banks. Since retail banks have a similar offer, online banks are becoming the preference when it comes to choose the second member of the mix due to their advantages: lower or even no maintenance costs and higher interest rates. Nevertheless, these also carry some disadvantages regarding security and personal contact, which is null.

❖ *“Before any decision regarding the creation of an account at an online bank, a person has to bear in mind that it entails certain disadvantages.”* – by “TiagoF” on 01.05.2013 (<http://www.forumfinancas.com/index.php?topic=4931.0>)

Before such scenario, customers work with both kinds of banks to fulfill a wider spectrum of needs.

❖ *“Online banks are, in my opinion, complementary to the main bank – the retail bank. The online bank allows the diversification of many more investments. As opposed to it, retail banks provide much more closeness, security and another involvement between client and bank!”* – by “Presidente da Junta” on 20.05.2013
(<http://www.forumfinancas.com/index.php?topic=4401.msg34576#msg34576>)

5.1.2. Which bank do you consider to be the main one?

In this case, the outlook seems to be heterogeneous but still restricted to the banks with greater dimension and history in Portugal: Caixa Geral de Depósitos, BES, Millennium BCP, Santander Totta, BPI or Montepio. Given that these are traditional banks, the factors which influence such decision, might be the network of bank branches (proximity), customer service, security and insolvency risk, especially after the episodes of BPP and BPN which weakened the scarce trust Portuguese people had on banks. Such ensemble of reasons

together with a long-lasting bond since youth, explain why CGD is the predominant choice as main bank.

- ❖ *“As once someone said: “Bank is Caixa.” I have two youth accounts, for being college student: one at CGD and another at Santander...”* – by “Master09” on 23.07.2009 (<http://www.forumfinancas.com/index.php?topic=1732.18>)

In spite of having one of the worst services in general, CGD gives customers the perception of being safer and more immune to the crisis when compared with other banks, because it belongs to the State.

- ❖ *“In Portugal we have a tough choice. If on the one hand private banks like BCP and Santander are the ones who provide a better customer service due to their wide range of solutions and high level of technology, on the other hand they are much more exposed to an insolvency risk than CGD. Unfortunately, CGD offers one of the worst services in general!”* – by “Presidente da Junta” on 29.07.2009 (<http://www.forumfinancas.com/index.php?topic=1732.18>)

5.1.3. Are you satisfied with the services your bank provides? What do you most value in that relationship?

This topic entailed an initial examination of the opinion customers have regarding the most relevant banks in Portugal: Montepio, Banco Português de Investimento (BPI), Millennium BCP, Caixa Geral de Depósitos (CGD), Santander Totta and Banco Espírito Santo (BES). From that, some conclusions related to the degree of satisfaction present in the bond between banks and clients were taken, as well as regards to the most valuable aspects in such relationship. Thereafter, in a second phase, close attention was paid to the switching trend towards online banking.

Montepio

(<http://www.forumfinancas.com/index.php?topic=4764.0>)

Montepio is considered to be a conservative and amateur bank.

- ❖ *“MG is a cool bank but still very amateur, living in the shadow of mutualism (...) Nevertheless it’s a bank with good customer service and a positive market image.”*
– by “Lvsitano” on 06.05.2011

Its communication is one of its strengths. It is almost unanimous that Montepio conveys its message very well and that its marketing efforts are synonym of efficiency, an attribute that can be supported since its clients deny that the monthly quota does not constitute a cost.

- ❖ *“... just look at the amount of members that do not consider the payment of the monthly share as a cost (...) they will always tell you that it has other advantages. Summing up, the message is totally understood.”* – by “Presidente da Junta” on 04.03.2012

Nevertheless, it is seen by many as a bad place to invest with uncompetitive products, uninviting prices and high fees – a negative side that is accentuated with badly managed episodes that exposed the arrogance of some senior managers.

- ❖ *“... uncompetitive products and an uninviting price in most cases”* – by “Lvsitano” on 06.05.2011
- ❖ *“... it is an abuse to demand maintenance fees from the customers who lend them money”* – by “Presidente da Junta” on 24.02.2012
- ❖ *“... the arrogance of the top managers blows everything up...”* – by “Joana Silva” on 16.08.2012

To whom is not client, one of the worst underlined aspects is that being member no longer privates an individual from paying maintenance fees.

- ❖ *“Being a member is no longer an issue that privates you from paying maintenance fees.”* – by “Presidente da Junta” on 24.02.2012

Concerning the attributes that clients most value, what stands out is the Repsol card for providing a considerable discount not only in the respective gas stations, but also in other areas such as health or the automotive sector. Customers additionally revealed to be very pleased with the customer service, thanks to a detailed and clear explanation of the banking matters and due to a cultural component that comprises initiatives like tours to several destinations.

- ❖ “... I use the Repsol card to get a discount of 6cents/L...” – by “jorge96” on 05.05.2011
- ❖ “... you have a wide range of discounts in stores of several industries like health, automotive...” – by “rakmoz” on 11.02.2012
- ❖ “I’ve always had a good customer service...” – by “Joana Silva” on 16.08.2012
- ❖ “... it has a cultural side, the walks, the tours...” – by “Zezito” on 19.04.2013

BPI

(<http://www.forumfinancas.com/index.php?topic=6256.0>)

At BPI, clients value the possibility of making deposits out-of-hours while having cheaper debit cards and lower prices than most of its competitors. Such an array of positive features contributes for it to be considered as one of the best banks for everyday life operations (receive salary, payments, transfers, etc.), unveiling an image of “Mr. Right”: very professional, friendly and welcoming.

- ❖ “I have a branch nearby with a check and Money deposits machine. It was one of the reasons that made me choose BPI.” – by “Lvsitano” on 21.03.2012
- ❖ “BPI has always been characterized by being a correct (very professional without incurring in scandals and other mediatic cases), economic (low prices) and in a general way recognized as being nice and attentive to its clients.” – by “El Pibe” on 27.03.2012
- ❖ “For everyday life issues (receive salary, payments, transfers, etc.) it is an excellent bank.” – by “Semila” on 27.03.2012

However, there are several cons that damage its reputation: poor remuneration (low interest rates) namely in savings products, an android app that requires an e-banking code card (it could be replaced by a simple text message) and some unfortunate occurrences involving account managers.

- ❖ “Even in times of crisis I’ve always seen BPI offering low interest rates...” – by “davidmleal” on 21.03.2012
- ❖ “...Speaking of BPI, I went to test the Android app and that sucks because it requires a matrix card instead of SMS...” – by “Lvsitano” on 27.03.2012

- ❖ *“I never know who my account manager is, they changed the plafond of my salary account without noticing me and they do some very doubtful movements in the account... what a shame.”* – by “Semila” on 27.03.2012

Millennium BCP

(<http://www.forumfinancas.com/index.php?topic=6248.0>)

BCP is a bank that has been facing a deep crisis of confidence and trust over the past few years due to a scandal that involved some of its former managers.

- ❖ *“It’s a pity the fact of having been managed by such incompetent people. The crisis this bank faced was most of all due to trust and credibility issues.”* – by “JJPT” on 25.06.2012

It is one of the most expensive choices in this industry thanks to attributes like its maintenance costs, it lacks competitiveness in fixed term savings (low interest rates) and it is suspected of moving money randomly from their clients’ accounts without warning, thereby undermining even more its image as a trustful bank.

- ❖ *“BCP is too expensive as regards to maintenance costs, way above the average and beyond what’s reasonable...”* – by “Tiago Pereira” on 03.10.2012
- ❖ *“The interest rates are terrible! Super low!”* – by “miguelitosantos” on 10.08.2012
- ❖ *“It’s disturbing because it’s not the first time that I heard people saying that BCP moved money from their accounts without warning.”* – by “Tiago Pereira” on 23.12.2012

Nonetheless, these cons are often offset by what customers value the most, which in a plenty of cases is the technology that is present, for instance, in its high-quality homebanking service. Furthermore, its customer service is also stressed as being very effective and quick, either in person or by phone, just like other details such as the possibility of opening an account in US dollars instead of euros.

- ❖ *“Millennium BCP remains more technologically advanced than its competitors all together. It has an excellent branch infrastructure with extended opening hours and the best homebanking service.”* – by “JJPT” on 25.06.2012
- ❖ *“... a quick customer service at the branch and an efficient phone one.”* – by “knightmasks” on 16.03.2012

- ❖ *“They have the option of opening an account in US dollars. Well, they have everything I like in a bank with the exception of having to pay a fee for every operation.”* – by “azimuter” on 08.02.2013

Caixa Geral de Depósitos

(<http://www.forumfinancas.com/index.php?topic=6249.0>)

CGD is “the public bank”. Such fact contributes for a perceived image with more solidity, credibility, safety and trust than its private competitors, even though it has been losing some of its glow in the past few years.

- ❖ *“... I think it pays off due to the safety you get from belonging to the state...”* – by “Tiago Pereira” on 26.01.2013
- ❖ *“My 30 years experience with CGD tells me that when compared with other banks, it is (...) Solid, reliable, safe and trustworthy...”* – by “Jorge S” on 11.01.2013

In spite of that connotation, its clients’ opinion is not that positive. In some measure, thanks to aspects that are consensually negative like excessive bureaucracy, inefficient complaint management, a problematic homebanking service, low interest rates or its low-tech profile.

- ❖ *“Extremely bureaucratic bank, very little effective... (...) It has been rewarding its clients with poor interest rates for years.”* – by “Presidente da Junta” on 14.03.2012
- ❖ *“... it doesn’t invest on innovation and technology and it still uses coordinates’ cards and passbooks (...) Besides, it is the bank which passes more time with its homebanking service unavailable.”* – by “Presidente da Junta” on 15.04.2012
- ❖ *“They do not follow the processes of the clients... these only matter when they complain or sue the bank.”* – by “Tiago Pereira” on 11.04.2013

On the other hand, due to the feedback regarding customer service and the quality of the account managers that differs across the branch network, where CGD exhibits a good performance in some cases and builds a bad reputation in others.

- ❖ *“The quality of the service varies from branch to branch...”* – by “Tiago Pereira” on 26.01.2013

- ❖ *“The face-to-face service improved in the last couple of years and it is noticeable that it is much more personalized and professional.”* – by “Grabulho” on 02.04.2012
- ❖ *“It has the longest queues and therefore they should hire more human resources and open more agencies to provide a decent service.”* – by “Presidente da Junta” on 15.04.2012
- ❖ *“My account manager never informed me about the best financial applications...”* – by “Cpintovng” on 20.11.2012
- ❖ *“I have an excellent account manager that is always available either personally or via phone or email.”* – by “carlos2008” on 09.04.2012

Among the attributes that deserve to be commended, is one of the lowest spreads in the market, the exemption from paying online transfer fees, the possibility of immediate deposits in ATMs, a wide range of cards for everything, good prices and a wide banking branch network that ensures proximity to the customer.

- ❖ *“Free online interbank transfers (...) they allowed me to renegotiate the spread 3 times...”* – by “Grabulho” on 02.04.2012
- ❖ *“A wide range of cards for everything (...) The ATMs provide the possibility of immediate deposits. The phone service is good and they have branches everywhere...”* – by “Tiago Pereira” on 11.04.2013

Santander Totta

(<http://www.forumfinancas.com/index.php?topic=6254.0>)

Santander is known for its personalized customer service, full of kindness, both in person and by phone.

- ❖ *“Sympathy and empathy in the physical and phone services.”* – by “Luizi” on 11.04.2013

Nonetheless, it lacks quality in investment advices and financial tools, at the same time it includes too much advertising in the monthly letters to customers.

- ❖ *“This bank sucks in investment counseling (...) after explaining that I was a restrained investor, they revised my profile to a risk taker level.”* – by “Tiago Pereira” on 28.01.2013

- ❖ *“Too much advertising in the monthly letters they send their clients...”* – by “Luizi” on 11.04.2013

Banco Espírito Santo

(<http://www.forumfinancas.com/index.php?topic=6250.0>)

BES is considered as a high price bank, reason why it is not the best option to have just “a couple of bucks”.

- ❖ *“It only gets more expensive if your intention is to have an account with a couple of bucks.”* – by “Presidente da Junta” on 16.03.2012

Being complete and efficient, with a wide portfolio in terms of products and benefits such as the offer of two debit cards and two credit cards, are some of the this firm’s most valued features along with the professionalism and flexibility present in the management of complaints.

- ❖ *“...BES has the particularity of awarding the clients which really want to focus on its bank activity, that’s why they offer 2 debit cards, 2 credit cards, among many other perks...”* – by “Presidente da Junta” on 24.03.2012
- ❖ *“Simple, professional, nice, flexible and with powerful tools.”* – by “Tiago Pereira” on 21.12.2012

Trend to switch to online banks

The online bank that was subject of praise during this analysis was ActivoBank. For that reason it is more often mentioned, almost as the elected representative of the Portuguese online banking.

Despite having some drawbacks such as the lack of large vaults and specific credit instruments to finance education, the migration towards online banking is something that is seen as natural considering the extensive scope of benefits it provides: no maintenance fees, no costs with cards, a developed online platform, a wide investment diversity, good credit services and above average returns on savings products.

- ❖ *“Meanwhile, after carefully planning some things, I decided to close the accounts I have at BES and Santander and open one at ActivoBank...”* – by “Tiago Pereira” on 21.03.2013 (<http://www.forumfinancas.com/index.php?topic=6249.0>)
- ❖ *“I’m Activo Bank’s client and I don’t have any expenses with my account at same time I benefit from better interest rates when compared with CGD.”* – by “master-chief” on 15.10.2012 (<http://www.forumfinancas.com/index.php?topic=6249.0>)
- ❖ *“A bank that seems good to me is ActivoBank. It has no maintenance fees, it provides good savings plans, good credit services, diversified investment products, 2 account managers... It fails exclusively in two minor aspects: lack of large vaults and specific education credit instruments...”* – by “Tiago Pereira” on 26.01.2013 (<http://www.forumfinancas.com/index.php?topic=6249.0>)

In view of these advantages that are emerging as threats to retail banks, one user gets even to recommend that physical banks should differentiate from each other, by focusing in one specific field of business and becoming experts on it to consequently gain competitive advantages over their competitors and succeed in the financial industry.

- ❖ *“To simply do some transfers, payments and receive the salary, it’s no longer at the level of Best or ActivoBank (with no offense). BPI can’t compete with BES, BCP or even CGD, by focusing on the same things they do. We have plenty of banks with that profile (...) It’s time for our banks to change their strategies and start to differentiate from each other. They should focus on one specific area in order to become experts (savings, investments, financing, SMB, imports & exports, etc).”* – by “El Pibe” on 27.03.2012 (<http://www.forumfinancas.com/index.php?topic=6256.0>)

5.1.4. Do you have a perception about the amount of money you annually spend in financial services?

Concerning the costs that customers have with the services banks offer, there are a few which are aware of the prices’ reality and the fees that those firms establish whereas, on the other hand, there are others that are completely uninformed as regards to that matters: they simply pay what the banks ask for their services. However, it can be concluded that, one way or another, most people have the slightest notion of what they spend on banking services.

- ❖ *“It’s the bank that charges the most for its services. Last year, its costs raised around 10%...”* – by “davidmleal” on 23.04.2012 (<http://www.forumfinancas.com/index.php?topic=8396.0>)
- ❖ *“As regards to maintenance costs I can’t help you because I don’t know much about the subject...”* – by “Diana_Costa” on 03.05.2012 (<http://anossavida.pt/forum/melhor-banco-ajuda>)

Apart from factors such as proximity, one of the criteria that is taken into account to choose a bank is price. If persons consider that factor, it means that they eventually have a notion of how much they spend in financial services, which may additionally explain the trend to switch to online banks, known for its low or null fees.

- ❖ *“...I have an account at Activo and I like it. I don’t pay for online transfers or cards...”* – by “botelho” on 23.04.2013 (<http://www.forumfinancas.com/index.php?topic=4931.0>)

5.1.5. Would you use a simulator that could give you an idea of how well you spend your money? Where is your Money being excessively spent and where could you save more...?

Portuguese customers are receptive to simulators that can facilitate the management of their personal finances (<http://www.forumfinancas.com/index.php?topic=8519.0>).

- ❖ *“I want to complement you for this tool. If you promoted this, it would be wonderful!”* – by “Tiago Pereira” on 30.03.2013
- ❖ *“Firstly, let me give you my congratulations for the website, it is excellent...”* – by “Cardoso24” on 30.03.2013

In this case, the simulator that was found was not much directed to manage the everyday life earnings and expenses but rather to assess every kind of financial instruments: credit simulation, investment simulation, account selection and card selection. With such contribution, this platform helps to clarify plenty of the services banks offer, thus supporting customers to opt for the option that best suits them.

- ❖ *“... I like the part where you compare several youth accounts...”* – by “MiguLuso” on 28.03.2013

Among the mentioned solutions, the bank branches ranking was stressed for measuring the quality of customer service in each one of the banks' subsidiaries.

- ❖ *"I find the bank branches ranking interesting."* – by "D@vid" on 28.03.2013

5.1.6. In terms of disposable income, how do you choose to save your money – do you ask your bank or prefer to opt for other alternatives?

In this scenario, the pattern is the same that takes place in any other occasion that may imply risk: clients try to obtain as much data as possible, from every source they know, in order to assure better odds of success.

When assessing savings opportunities, customers ask the bank, usually the account manager, for an opinion. But they don't stick to it. They address friends, family and other persons that might have passed through the same experience or that are known for having knowledge about the topic, just like some of the users from the observed online forums. In other words, they ask for advice to all and sundry, taking advantage of all the information they can gather to make a decision.

- ❖ *"...I have 21000 euros to invest at BIG, reason why I had a meeting with my account manager that advised me to split that amount into two investments (...) Since my knowledge is close to nothing, what's your opinion about this option?..."*
– by "Filipe Nascimento" on 04.11.2010
(<http://www.forumfinancas.com/index.php?topic=3751.msg30452#msg30452>)
- ❖ *"I did what you advised me to do (...): I contacted every bank where I had an account (plenty of them) and I opted for the one that offered me the best proposal – the best interest rate."* – by "Ramiro Costa" on 18.01.2013
(<http://www.forumfinancas.com/index.php?topic=162.msg65080#msg65080>)

5.1.7. As regards to savings, do small amounts of money matter (microsavings)? Or do you only value bigger amounts?

In terms of the amounts of money that matter for savings, customers value not only large sums of cash, but also smaller amounts of capital (microsavings). Such consideration for small quantities has probably risen, due to the difficulties in saving money during the recession.

- ❖ *“What’s the best investment to small amounts of money? – by “peixe” on 06.08.2010 (<http://www.forumfinancas.com/index.php?topic=3296.msg27782#msg27782>)*

After all, if persons are having trouble in managing their finances, many of them with debts, it is natural that they don't consider saving. Thus, if they have the opportunity to do so, they do it with small amounts, benefitting from better interest rates than the ones that preceded the recession, and enticed by the absence of costs provided by some banks.

- ❖ *“...I would like to know your opinion about what’s the best bank under certain conditions: exemption from maintenance fees; exemption from interbank transfers; better fixed-term savings plans to small amounts of money...” – by “grj” on 02.06.2011 (<http://www.forumfinancas.com/index.php?topic=4899.msg38199#msg38199>)*

5.1.8. What are your most frequently chosen tools for saving purposes (Fixed-term deposits, retirement savings plans, stocks...)?

For savings purposes, the most frequently chosen services are fixed-term deposits, postal savings certificates and savings accounts, which have in common the fact of being financial instruments with little or no risk. An observation that supports the statement which holds that human beings are risk averse.

- ❖ *“I think the best is a fixed-term deposit account, which has a higher level of interest...” – by “ana.loira” on 01.08.2011 (<http://anossavida.pt/forum/conta-conjunta-0>)*
- ❖ *“...the biggest volume of my wedding savings are on postal savings certificates... no risk, good interest rates...” – by “sergiopereira” on 26.10.2009 (<http://anossavida.pt/forum/investimentos-net>)*
- ❖ *“I think the best is to have a savings account” – by “Edy” on 01.08.2011 (<http://anossavida.pt/forum/conta-conjunta-0>)*

- ❖ *“I usually opt for safe choices: I don’t even invest in the stock market. It consists on financial instruments that provide me small amounts of return, on a monthly, quarterly or semiannually basis...”* – by “kariatide” on 26.10.2009 (<http://anossavida.pt/forum/investmentos-net>)

Among those choices, the most popular are definitely fixed-term deposits and savings accounts. The first ones are preferred thanks to their null risk and good return (in some cases, when compared with other options with no risk), whereas the second ones are many times elected due to the possibility of transferring money without losing interest. This last product has inclusively been considered as an alternative to retirement savings plans by some customers. Why? It happens that the money from retirement savings plans can only be withdrawn in very specific situations, unlike savings accounts where it can be done whenever a person desires. On top of that, the particular benefits from retirement savings plans have ended, namely concerning IRS deductions, contributing even more to the unattractiveness of this product.

- ❖ *“Formerly it was possible to deduct the value of the retirement savings plans on IRS. Nowadays it is no longer an option...”* – by “Mariaines” on 28.06.2011 (<http://anossavida.pt/forum/ppr-conta-poupanca>)
- ❖ *“...I’m no longer interested in this product. Especially when, in a Crisis context, one might need to withdraw money at any moment.”* – by “AnitaB” on 28.06.2011 (<http://anossavida.pt/forum/ppr-conta-poupanca>)

Regarding tools with more risk that implicitly involve a deeper knowledge of the financial markets’ dynamics, some consumers exhibit curiosity in stocks, for instance, without losing the fear of taking a misstep. For that reason, it is suggested by other more experienced individuals, that the ideal is to learn the most about the subject and practice while using simulators with virtual cash, before starting with real money.

- ❖ *“... Lately I’ve been wishing to invest in the stock market...”* – by “Luizi” on 13.02.2013 (<http://www.forumfinancas.com/index.php?topic=8203.msg66887#msg66887>)
- ❖ *“...the stock market is no place to gamble, think twice before starting. In case you don’t have enough knowledge about the subject, you should study and practice in online simulators or else you’ll lose money”* – by “Reituga” on 13.02.2013 (<http://www.forumfinancas.com/index.php?topic=8203.msg66887#msg66887>)

5.2. The Quantitative Study

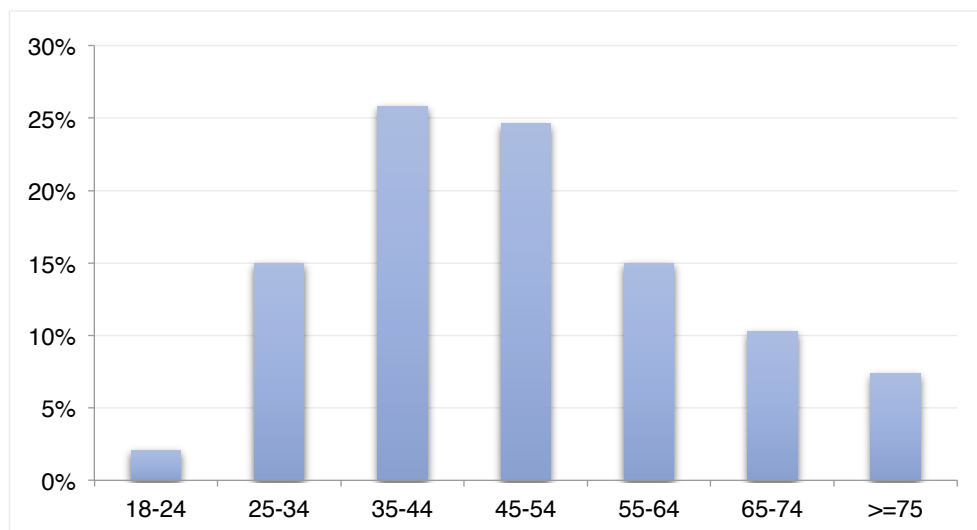
The quantitative study is intended to summarize the main results of the statistical analyses that were conducted, based on the responses to the administered questionnaire (Appendix 2). These include socio-demographic characteristics of the clients, their perceptions of the crisis impact, their attitudes towards money and expenses, and the opinion they have of their banks, as well as to conduct a variety of tests on IBM SPSS 20 in order to answer the six proposed research questions.

5.2.1. The Socio-Demographic Analysis

The valid sample that resulted from a non-random quota sampling procedure includes 488 Portuguese bank clients whose gender is female in 57% of the cases and male in 43%. All of them have more than 17 years old: a mandatory requirement since Portuguese citizens can only open accounts and make transactions from the age of 18.

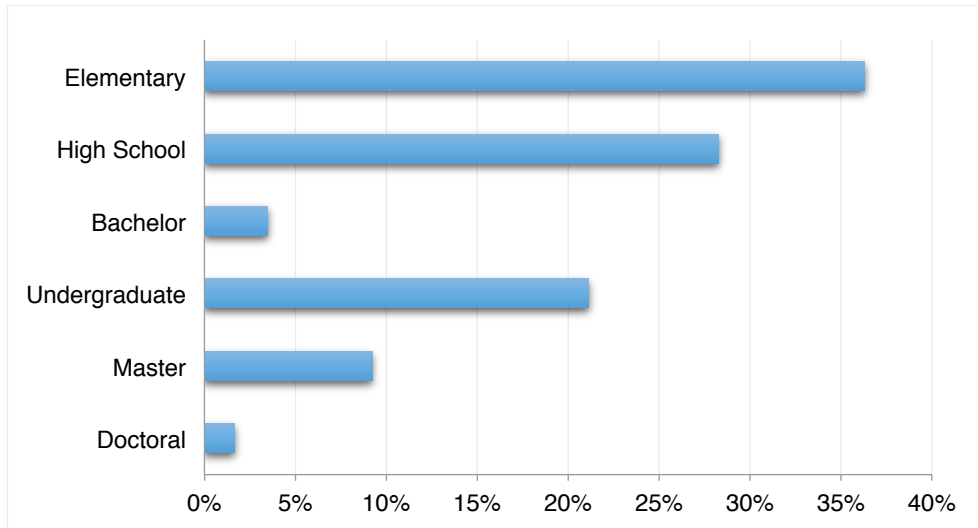
Clients' distribution in terms of age groups is shown in graph 5.1, where it can be observed that approximately half of the respondents are between 35 and 54 years old.

Graph 5.1. Distribution of Respondents by Age Group (%)



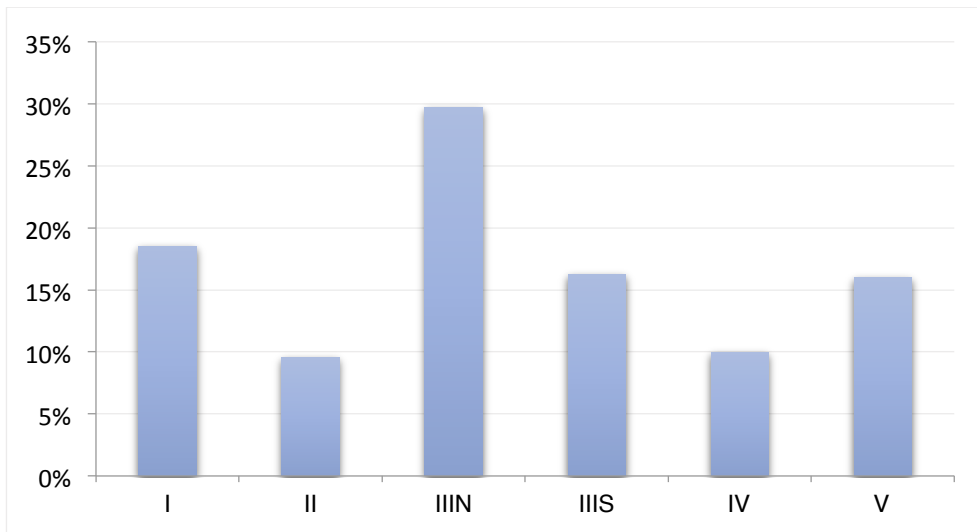
As regards to education (graph 5.2), the predominant level is Elementary (36%), being followed by High School (28%) and Undergraduate (21%). Out of this top 3, remained the Master (9%), the Bachelor (3%) and the Doctoral degrees (2%).

Graph 5.2. Distribution of Respondents by Education Level (%)



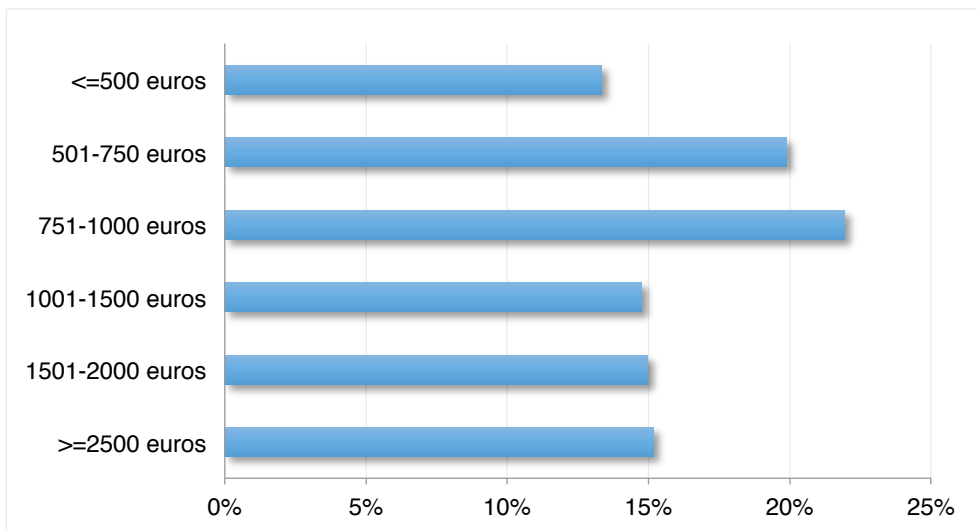
Concerning the area of residence, which is arranged according to the Nielsen areas, 30% of the respondents live in the region III-N (the north central Portugal with the exemption of Oporto's metropolitan area) and 19% live in capital's metropolitan area, region I. These are the two most representative regions in this dissertation. Nonetheless, the Nielsen areas III-S (the south central Portugal with the exception of Lisbon's metropolitan area) and V (south of Portugal) have also a considerable weight, counting each 16% of the surveyed sample (graph 5.3).

Graph 5.3. Distribution of Respondents by Nielsen Area of Residence (%)



When it comes to the household monthly net income, the graph 5.4 shows that 4 out of the 6 income groups have a similar proportion of respondents – around 15%. Only 2 of these factions stand out from the rest: the households that earn between 501 and 750 euros (20%) and the ones with a monthly net income from 751 to 1000 euros (22%).

Graph 5.4. Distribution of Respondents by Household Monthly Net Income (%)

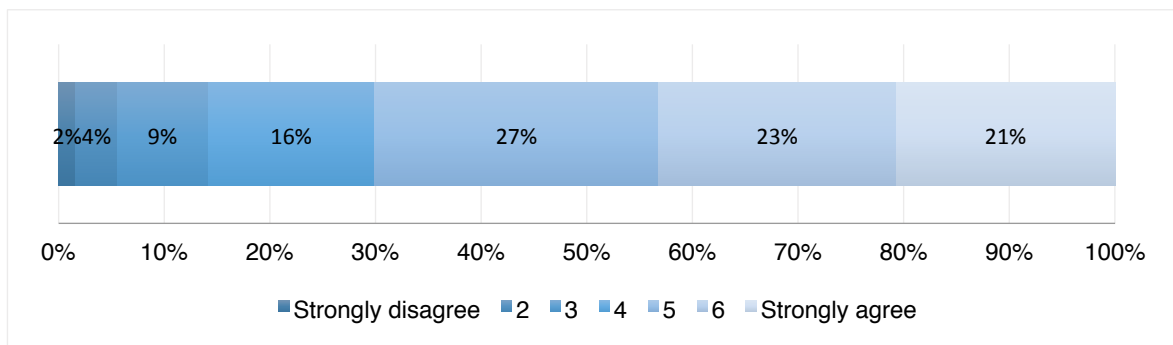


5.2.2. The Customers’ Perception of the Crisis and Subsequent Recession Impact on their Economic Situation

This section addresses the extent to which consumers perceived financial crisis and the subsequent recession as elements that affected their economic situation.

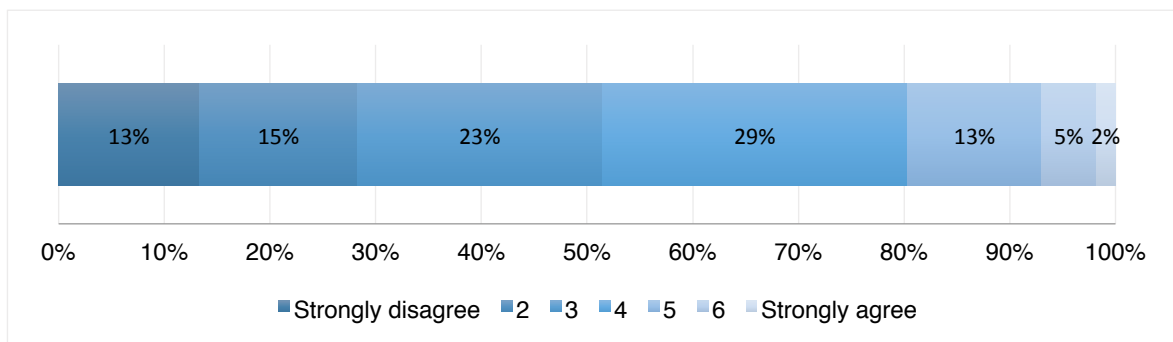
When asked if their consumption and purchasing behaviors were affected by the crisis, 70% of the respondents answered they had been seriously disturbed by it, 16% had moderately felt its impact, and 14% had barely or not seen their consumption and purchase behaviors change due to the economic collapse (graph 5.5).

Graph 5.5. Distribution of Respondents by Perception of the Crisis Impact on Their Economic Situation (%)



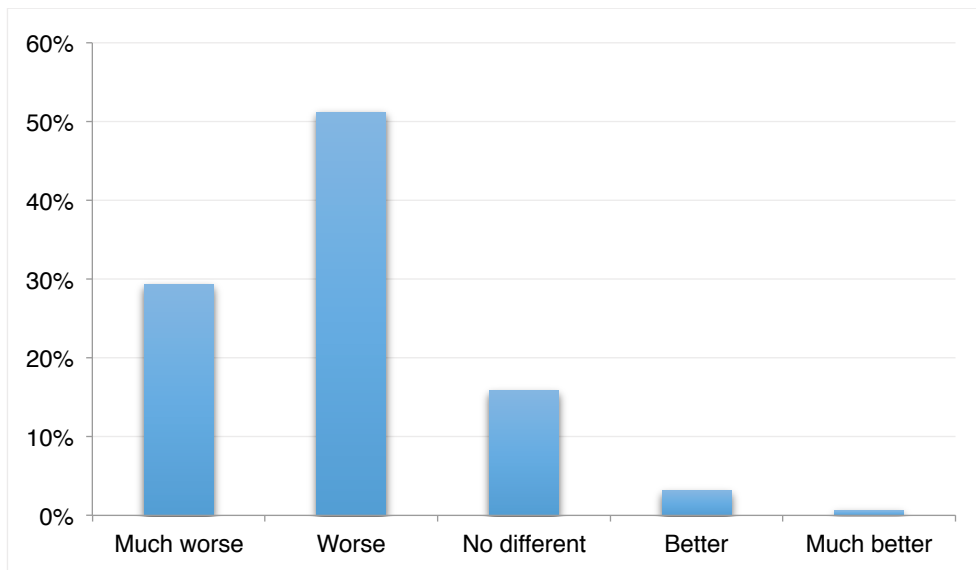
The same individuals were asked about how they faced the future (graph 5.6), taking into account their economic situation. Despite the fact that 20% are optimistic about it, 29% are neutral and more than a half (51%) proved to be pessimistic regarding the future.

Graph 5.6. Distribution of Respondents according with their Future Economic Prospects (%)



All of these findings are consistent with graph 5.7, which reflects the perception of the household financial evolution throughout the last couple of years. It happens that 80% of the respondents consider to be going through a worse or much worse situation than two years ago.

Graph 5.7. Distribution of Respondents by Household Financial Income Evolution in the last 2 years (%)

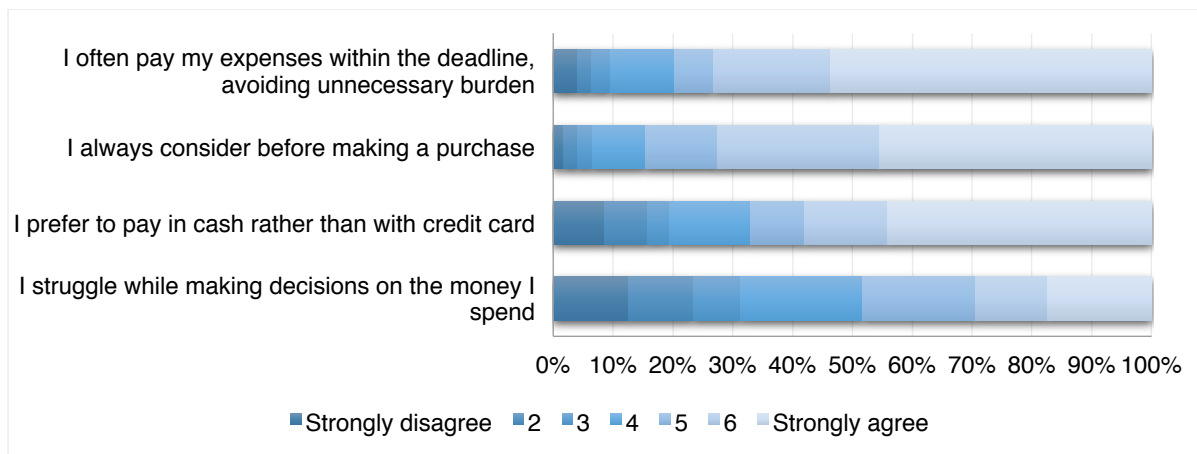


When we fit the puzzle pieces together, it is noticeable that the majority of those surveyed has the perception of having been economically strangled by the financial crisis and succeeding recession. They feel that their consumption and purchasing behaviors were negatively affected in order to adapt to a reality that is worse than two years ago, hence leading to a pessimistic outlook regarding the future, in most of the cases.

5.2.3. The Customers' Attitudes Towards Money and Expenses

Given the impact of the latest economic crisis, it becomes relevant to analyze the attitudes towards money and expenses framed within a recessionary context. In order to assess these perceptions, a 7-point Likert scale (where 1 corresponds to “strongly disagree” and 7 to “strongly agree”) was used.

Graph 5.8. Distribution of Respondents by Attitudes towards Money and Expenses (%)



As displayed in graph 5.8, all of the attitudes under analysis reveal a supremacy of the higher levels of agreement with the exception of the question related to the difficulty on making decisions with the money consumers spend, since it has a more equally distributed set of answers across the seven points of the scale. Nonetheless, there is still a predominance of positive replies (48%) versus 31% of negative replies and 20% of respondents, which do not agree nor disagree with the attitude stated in this particular case.

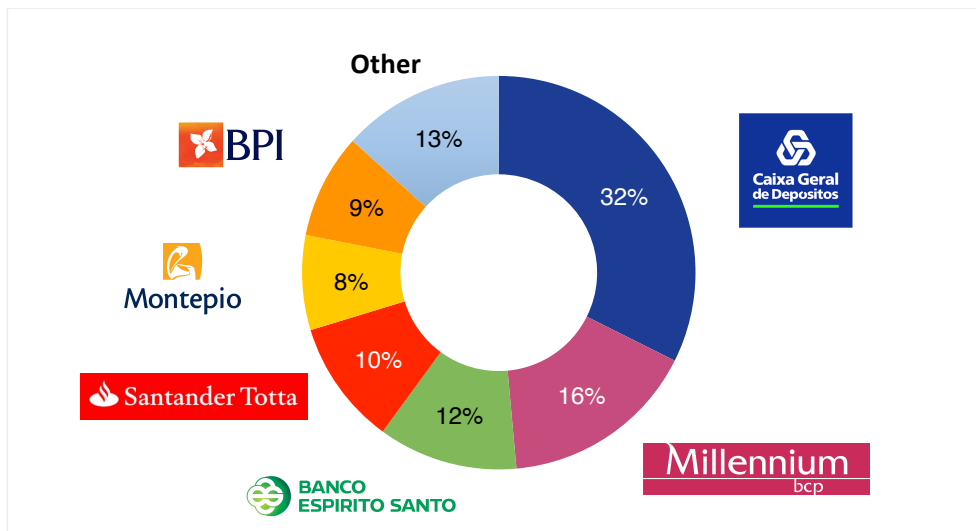
Concerning the other addressed attitudes, most respondents seem to perceive that they often pay their expenses within the deadline to avoid unnecessary burden (80%), always consider before making a purchase (85%) and prefer to pay in cash rather than with credit card (67%). Accordingly, it is reasonable to assert that there are enlightening signs from the majority of Portuguese banking customers present in this dissertation’s sample, which are synonym of money conscious attitudes, within a recessionary context.

5.2.4. The Customers’ Perception of their Banks

This segment aims to cover specific banking matters that are relevant for this dissertation. Beginning with the number of banks customers work with, most respondents answered they deal with 1 (51%) or 2 (37%) financial institutions.

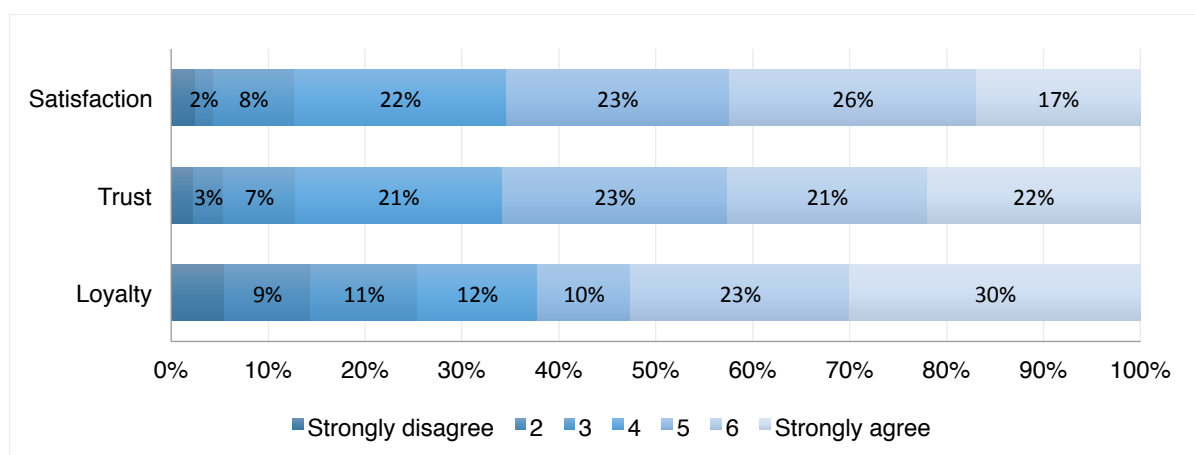
As regards to the bank they recognize as their main financial services supplier (graph 5.9), CGD is the leading organization with 32% of the respondents, followed by Millennium BCP (16%), BES (12%), Santander Totta (10%), Montepio (8%) and BPI (9%).

Graph 5.9. Distribution of Respondents by Main Bank (%)



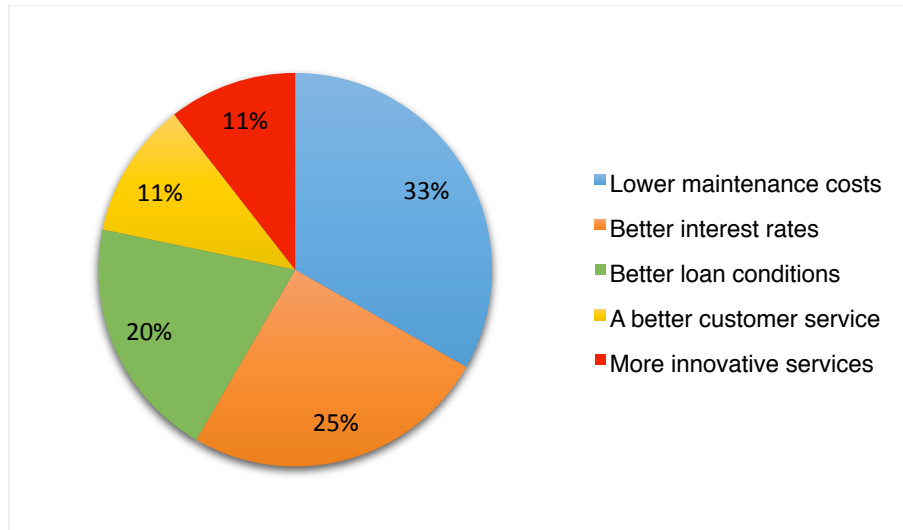
Concerning the Relationship Marketing constructs illustrated in graph 5.10, most respondents reveal that they are satisfied with the services provided by their main bank (65%) in which they trust (66%), by agreeing with the statements “I am satisfied with my main bank” and “My bank is very trustworthy”, respectively. Likewise, the majority of the sample agrees with the statement aimed to assess Loyalty (62%) – “It is unlikely that I will switch to a different main bank” – even if a slightly higher proportion of it (25%) disagrees.

Graph 5.10. Distribution of Respondents by Satisfaction, Trust and Loyalty (%)



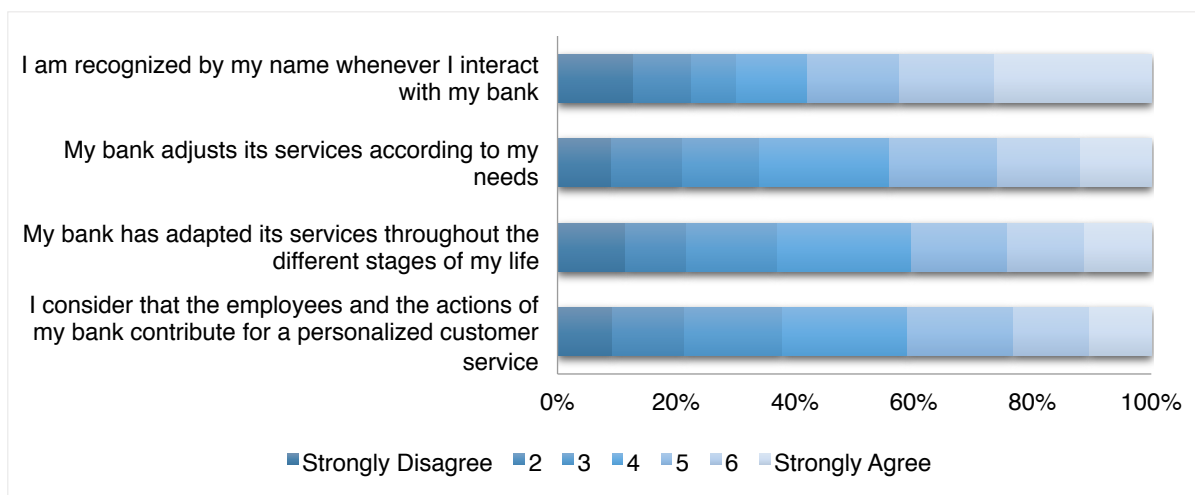
The primary reasons that may contribute for a bank switching are, according with the answers given by the studied customers (graph 5.11), “lower maintenance costs”, “better interest rates” and “better loan conditions”.

Graph 5.11. Distribution of Respondents by Switching Determinants (%)



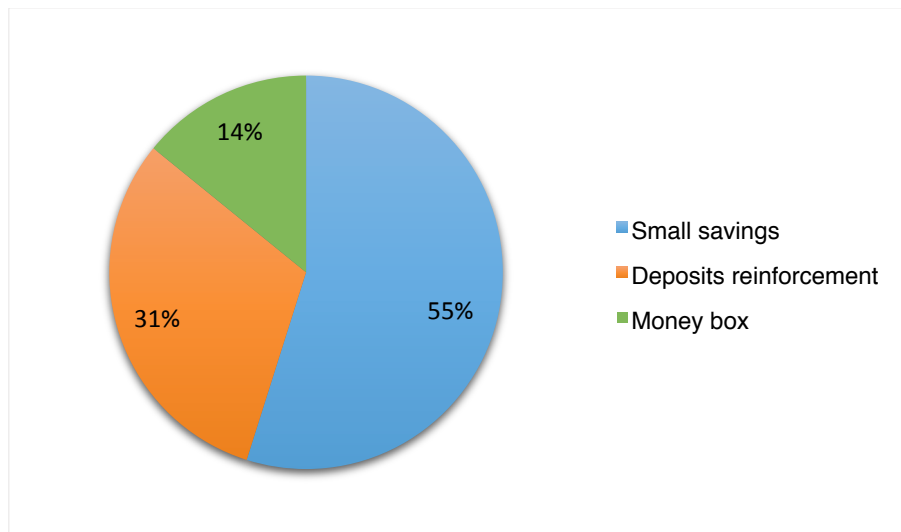
Personalization is another construct consigned in this dissertation, with the peculiarity of being composed by 4 different questions (graph 5.12). Three of those have a well distributed set of responses across the 7-point Likert scale with a mild prevalence of the neutral value, whereas being recognized by the name has a more agreeing outcome.

Graph 5.12. Distribution of Respondents by Personalization (%)



Finally, regarding savings, the vast majority of the sample strongly disagrees (55%) or disagrees (45%) with the statement “From my monthly wage, I usually put some money aside for savings”. However, when those who could do it (297 out of 488) were asked how they usually saved that money (graph 5.13), most of them selected the option “small savings” (55%), at the same time 31% chose “deposits reinforcement” and the rest opted for “money box” (14%).

Graph 5.13. Distribution of Respondents by Ways to Save Money



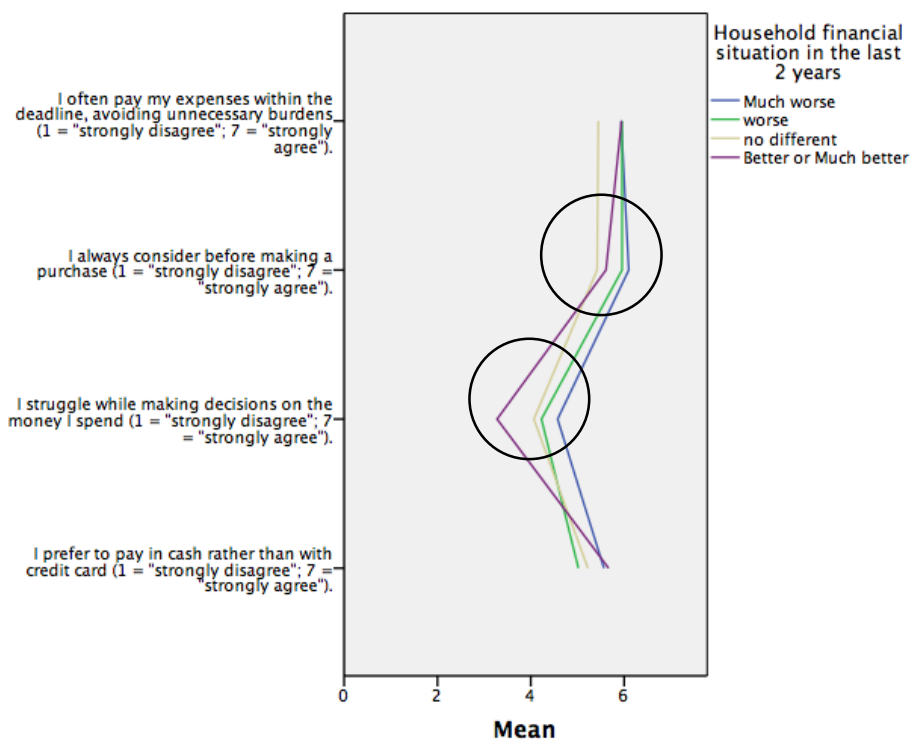
5.2.5. Answering the Research Questions

5.2.5.1. RQ1: To what extent does the change of the household financial income in the last 2 years influence the attitudes towards money and expenses?

In this research question the goal is to study the relationship between the household financial income evolution throughout the last couple of years and the attitudes towards money and expenses. To proceed with such analysis, which entailed an examination of the differences in the distribution of the attitudes for the 4 groups defined by the other mentioned variable, Kruskal-Wallis tests were conducted.

The results suggest that there are statistical differences ($\text{sig} < \alpha=0,05$) among the groups defined by the household financial situation (compared to two years ago), regarding the distribution of the attitude variables “I struggle while making decisions on the money I spend” and “I always consider before making a purchase” (see Appendix 3). In other words, it is verified that the respondents with the highest levels of agreement (and also the highest mean values, as shown in graph 5.14) in those statements are the ones with the perception of having seen its household financial income change to a much worse situation than two years ago, in contrast with the individuals who perceived to be dragged towards an equal or better condition.

Graph 5.14. Means of the attitudes’ responses according to the perceived household income situation evolution in the last 2 years

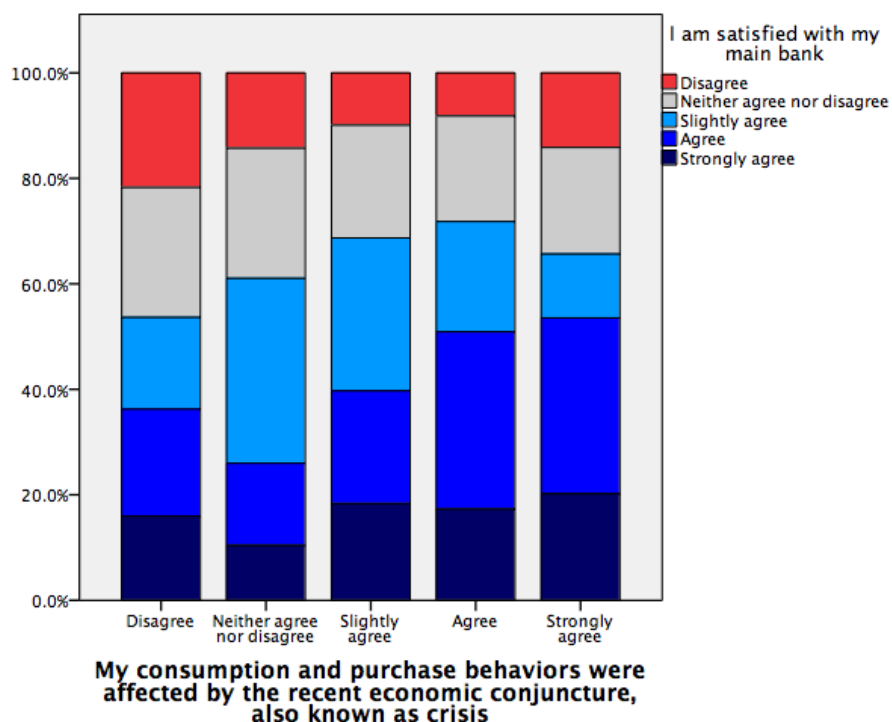


5.2.5.2. RQ2: Is the satisfaction with the main bank related to how respondents' consumption and purchase behaviors were affected by the recent economic conjuncture, also known as crisis?

Given the impact of the latest economic crisis and its known origin, it is pertinent to question if the satisfaction with the main bank is somehow related to it. That is what this research question aims to address.

To test such hypothesis, a Chi-Square test was conducted taking into account a significance level of 5% (see Appendix 4). Since $\text{sig} = 0,006$ (and $\alpha=0,05$), the null hypothesis was rejected, making it possible to conclude that there is a significant relationship between the satisfaction with the main bank and the impact of the recent economic conjuncture, also known as crisis, on the respondents' consumption and purchase behaviors. Moreover, thanks to the crosstabulation, which is represented in the graph 5.15, an interesting pattern could be added to this investigation. It is suggested that the respondents who perceive that their consumption and purchase behaviors were affected by the crisis and subsequent recession, tend to agree more when asked if they are satisfied with their main banks. The graph's blue wave speaks for itself. And although the ones who strongly agree with the changes in the stated behaviors present a slightly smaller blue area when compared with the previous level of agreement, they still hold the higher percentage of "strongly agree" regarding the satisfaction with their main banks.

Graph 5.15. Relationship between the satisfaction with the main bank and the impact of the recent economic conjuncture, also known as crisis, on the respondents' consumption and purchase behaviors



5.2.5.3. RQ3: Is it possible to build different customer profiles with homogeneous clients, based on bank-switching determinants?

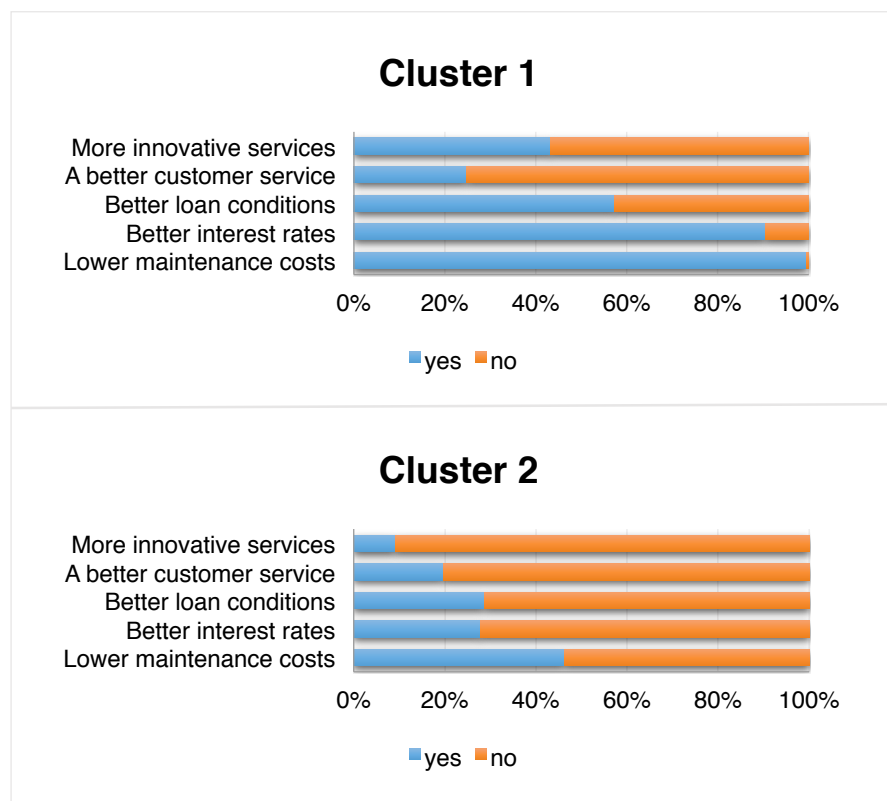
The third research question aims to check if it is possible to draw different profiles of clients, taking into account the main reasons that could lead them to switch banks – also known as switching determinants, previously illustrated in graph 5.11: “lower maintenance costs”; “better interest rates”; “better loan conditions”; “a better customer service”; and “more innovative services”.

In this case, it was necessary to recode the variables as binary and to conduct two hierarchical cluster analyses – one with the *Furthest Neighbor Method* and other with the *Ward's Method*, both using the *Squared Euclidean Distance*. However, while the first suggested three clusters, the second recommended two. Therefore, in order to achieve a final solution, a non-hierarchical partitioning method was used: the K-Means procedure. As a result, the solution with the highest proportion of individuals equally grouped when using a

non-hierarchical and a hierarchical clusters analysis procedure was the one with two clusters, which can be characterized as follows (see Appendix 5):

- The **Disloyal** (cluster 1): this profile is prone to switch main banks if offered better conditions, namely better interest rates, more favorable loan terms and lower maintenance costs. Besides, it is a relatively young group (more than half of the individuals have less than 45 years old) with a relevant level of education (42% have Higher Education): reasons that might explain why a considerable percentage (43%) of individuals could switch banks in case they were offered more innovative services;
- The **Loyal** (cluster 2): this group is more settled. In spite of weighting the pros & cons of a bank switch, it usually does not move forward with that decision in most cases: this group of individuals only becomes more undecided when offered with lower maintenance costs (46%). Additionally, since age has an even distribution across its layers, the aspect that deserves to be stressed is the high proportion of individuals that do not own a Higher Education (70%).

Figure 5.1. Composition of Clusters by Switching Determinants (%)



In spite of the differences between the clusters it is noticeable, in both cases, that the proportions of switching banks due to a better customer service are very similar (relatively low) and that better loan conditions, better interest rates and lower maintenance costs are the most valued aspects by both groups, even if in different proportions.

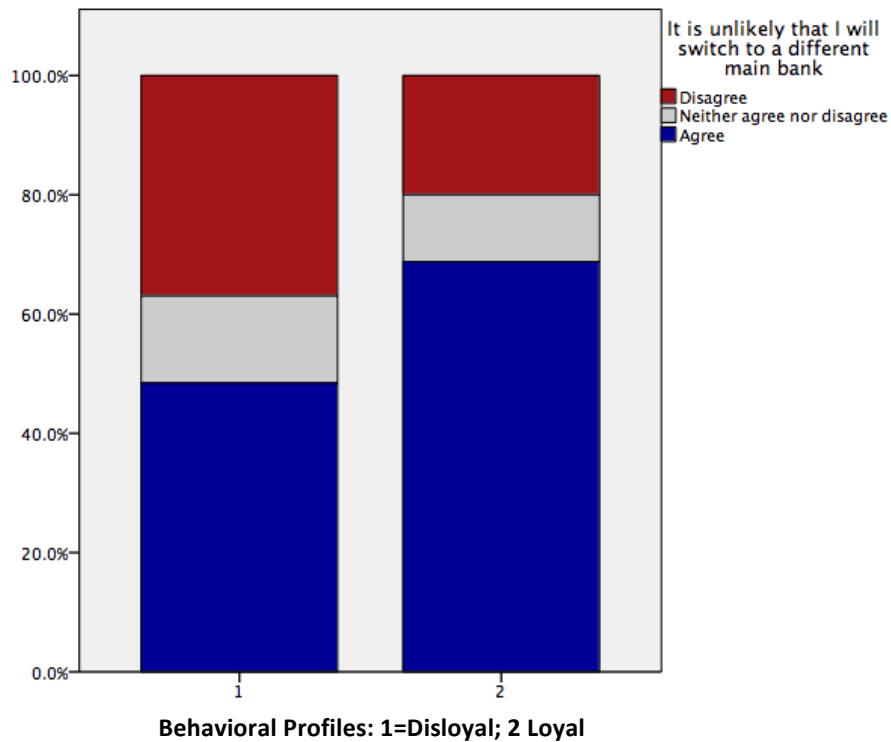
5.2.5.4. RQ4: Is the unlikeliness of switching to a different main bank related to the behavioral profiles regarding bank-switching determinants?

At this stage of the dissertation, it makes sense to study if the profiles built upon the bank-switching benefits are related to the unlikeliness of switching to a different main bank. Hence, to study the independence of these two variables, a Chi-Square test was used (see Appendix 6).

Assuming a significance level of 5% ($\alpha=0,05$), it is possible to conclude that there is a significant relationship between the unlikeliness of switching to a different main bank and the behavioral profiles regarding bank-switching determinants ($\text{sig} = 0,000 < \alpha=0,05 \Rightarrow H_0$ is rejected).

Some of the details of this relationship are illustrated in graph 5.16, which ends up unveiling what was previously described in research question 3: as the name suggests, the *Disloyal* profile is prone to switch main banks – less than half of the group agrees with the statement “it is unlikely that I will switch to a different bank” having, at the same time, almost twice the proportion of “disagree” than the *Loyal* cluster. In contrast, almost 70% of the respondents, which belong to this last group, agree as regards to the unlikeliness of switching main banks.

Graph 5.16. Relationship between the unlikeliness of switching to a different main bank and the behavioral profiles regarding bank-switching determinants

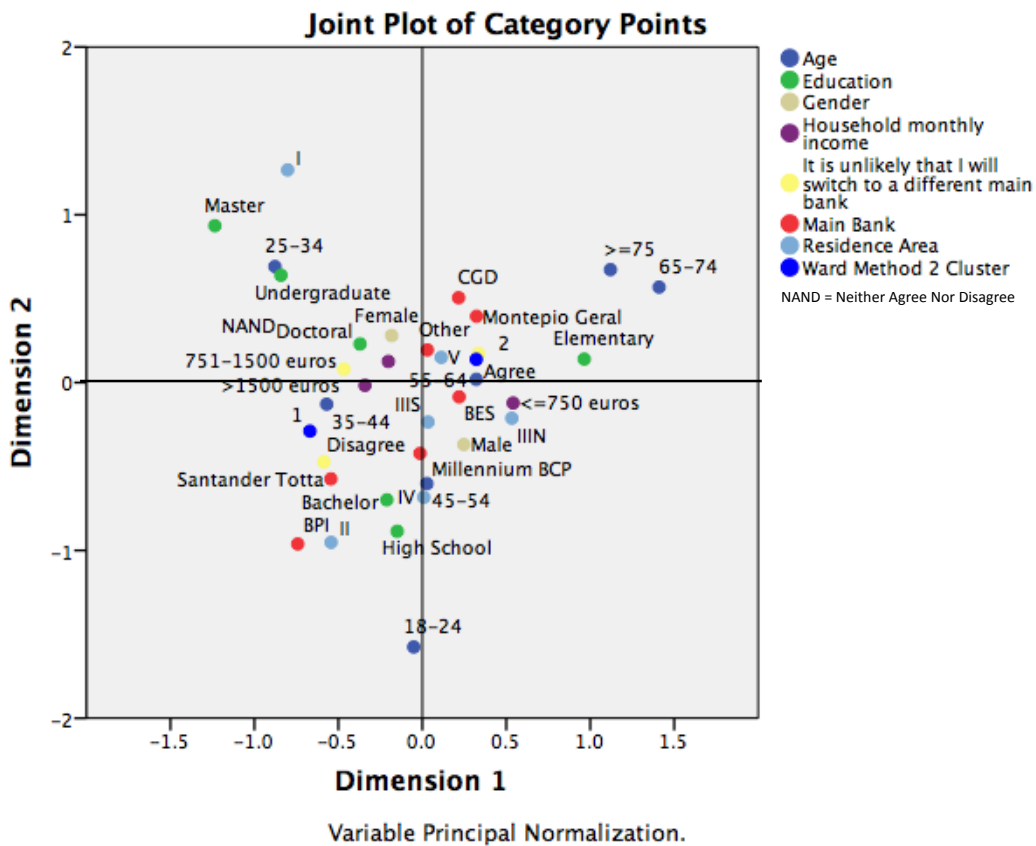


5.2.5.5. RQ5: To what extent is the unlikeliness of switching to a different main bank related to the respondents' main bank, the profiles regarding bank-switching determinants and socio-demographic characteristics?

Once the relationship between Loyalty (here expressed by the unlikeliness of switching to a different main bank) and the profiles regarding bank-switching determinants has already shown significant in the previous Chi-Square test, a Multiple Correspondence Analysis (MCA) was conducted to investigate possible additional relationships with other variables: the respondents' main bank and socio-demographic characteristics. The variables used were:

- **Loyalty**: the unlikeliness of switching to a different main bank;
- **Respondents' profiles** regarding bank-switching determinants;
- The respondents' **Main Bank**;
- **Socio-demographic factors**: age, education level, gender, Nielsen residence area and household monthly net income.

Graph 5.17. Multiple Correlation Analysis Matrix



The relationships among the variables under analysis are expressed in the two-dimensional graph 5.17, which was subject of a quest for homogeneity regions. At a first glance, the categories that deserve to be highlighted are Age and Education for being the ones that better explain Dimension 1, according to the Discrimination Measures (see Appendix 7): the left side of this dimension is clearly younger (it encompasses all the age groups with less than 45 years old) and more educationally instructed (specifically due to the presence of every Higher Education degree), whereas its right side is characterized by the older age segments and an elementary level of education. When it comes to Dimension 2, the variable that should be stressed is the Area of Residence. Considering this variable, a noticeable predominance of the south regions in the upper side of the graph is evident (where Lisbon is clearly closer to the top), in contrast with the supremacy of the north regions in the lower part of the graph (with emphasis in Oporto).

The remaining variables do not explain the dimensions as well as the previously mentioned ones, since they are closer to the origin of the graph. Nonetheless it is possible to associate several indicators through geometric proximity to define four subgroups:

- Top Left subgroup: aged between 25 and 34 years old, with an Undergraduate Degree and living in Lisbon's metropolitan area; and female individuals with a Doctoral degree, earning a household monthly net income between €751 and €1500;
- Top Right subgroup: aged between 55 and 64 years old, with Elementary Education, living in the south of Portugal, who belong to the cluster 2 (the *Loyal*), with an agreeing opinion concerning the unlikeliness of switching to a different main bank, at the same they are CGD, Montepio clients;
- Bottom Left subgroup: aged between 35 and 44 years old, earning more than €1500 per month, who belong to the cluster 1 (the *Disloyal*), with an disagreeing opinion concerning the unlikeliness of switching to a different main bank at the same they are Santander Totta clients;
- Bottom Right subgroup: Mostly male, aged between 45 and 54 years old, earning as much as €750 or even less on a monthly basis, living in the center or north of Portugal (with the exemption of Oporto's metropolitan area) at the same they are BES or Millennium BCP clients.

The resulting homogeneity subgroups are not as clearly defined as would be desired, but they still give some clues regarding the elements that relate to the unlikeliness of switching to a different main bank, through the tenuous established relationships illustrated in the MCA Matrix.

5.2.5.6. RQ6: Is the unlikeliness of switching to a different main bank influenced by the satisfaction with the current principal financial institution, its trustworthiness and services personalization, in a recessionary context?

Taking advantage of the nomenclature used for the Relationship Marketing constructs, this research question aims to assess if Loyalty is influenced by Satisfaction, Trust and Personalization, as the model displayed in the Literature Review suggests (figure 3.1).

To investigate this research question, a Multiple Linear Regression (MLR) was estimated with the following variables:

- **Loyalty:** *“It is unlikely that I will switch to a different main bank”*;
- **Satisfaction:** *“I am satisfied with my bank”*;
- **Trust:** *“My bank is very trustworthy”*;
- **Personalization:** a score obtained through a Principal Components Analysis with the variables *“I am recognized by my name whenever I interact with my bank”*, *“My bank adjusts its services according to my needs”*, *“My bank has adapted its services throughout the different stages of my life”* and *“I consider that the employees and the actions of my bank contribute for a personalized customer service”* (see Appendix 8).

$$Loyalty = \beta_0 + \beta_1 * Satisfaction + \beta_2 * Trust + \beta_3 * Personalization + \varepsilon$$

The estimated model suggests that Personalization is not significantly important in explaining Loyalty in a recessionary context (see Appendix 9: sig = 0,305 \Rightarrow Do not reject H0).

A second Multiple Linear Regression was considered, with just two explanatory variables:

$$Loyalty = \beta_0 + \beta_1 * Satisfaction + \beta_2 * Trust + \varepsilon$$

The resulting model suggests that Loyalty is significantly influenced by Satisfaction and Trust. In other words, the unlikeliness of switching to a different main bank is influenced by the satisfaction with the main bank and its trustworthiness.

In this model, 26,5% of Loyalty's variation is, according to the R Square, explained by the independent variables. The following estimates were obtained for the regression coefficients:

- $\hat{\beta}_0 = 1,377$: the estimated level of loyalty if all explanatory variables were to take the value zero;
- $\hat{\beta}_1 = 0,315$: a unit increase in Satisfaction, leads to an increase of 0,315 units in the level of Loyalty, while holding the other predictors fixed;
- $\hat{\beta}_2 = 0,405$: a unit increase in Trust, leads to an increase of 0,405 units in the level of Loyalty, while holding the other predictors fixed;

As can be noticed, both variables have a significant positive impact on Loyalty, thus supporting the relationships between RM constructs considered in the Literature Review.

6. CONCLUSIONS, LIMITATIONS & FURTHER RESEARCH

The latest financial crisis, succeeded by The Great Recession, opened a wound that individuals are still trying to heal. As Portugal became one of the credit rating agencies' main targets, its citizens have been particularly affected by the side effects of those events, while struggling to manage their lives in times of austerity.

Given the role of financial institutions in the genesis of this nightmare, the main purpose established for this dissertation was to understand better the relationship Portuguese people have with their banks and investigate the evolution of such bond from a context previous to crisis to another filled with austerity. With this purpose in mind, two methodologies were carried to enrich this analysis as much as possible: a qualitative study, Netnography, and a quantitative study with data obtained from the administration of a questionnaire.

As regards to the first objective of this dissertation, it was concluded that the respondents which agree the most with the addressed attitudes towards money and expenses, are the ones with the perception of having seen its household financial income change to a much worse situation than two years ago. Implicitly, since the cause of the income change to a worse situation is attached to crisis, it is possible to infer that, in those cases (around 80%: percentage of the respondents who consider to be going through a worse or much worse situation than two years ago), attitudes were triggered by it.

Concerning the second objective, the quantitative study revealed that satisfaction is related to the impact of crisis on respondents' purchase and consumption behaviors. Surprisingly, it is suggested that the most satisfied persons tend to be the ones who feel more struggled by the crisis. A conclusion that does not contradict what was mentioned in the Literature Review (Bennett & Kottasz, 2011), since it considers the customers' perception of their main banks, instead of the whole industry. From the data collected using a questionnaire it is also possible to conclude that most Portuguese customers trust on their main bank, in spite of the evaluation made in the Edelman's Trust Barometer report concerning the Portuguese reality (Edelman, 2013). As regards to the core Relationship Marketing construct, and taking into account the considered conceptual model, it was shown that, in a recessionary context, loyalty is significantly influenced by satisfaction and trust but not by personalization,

as Ball *et al.* (2006) suggested, implying that marketing researchers and practitioners might need to adapt their conducts according with the economic conjuncture. Loyalty is also related to the switching determinants that constituted the foundation of the two studied clusters: the Disloyal (prone to switch main banks if offered better conditions, namely better interest rates, more favorable loan terms and lower maintenance costs – which was the case of 32% of the respondents), and the Loyal (hooked to its main bank, as the majority of the respondents are – 64%).

When it comes to the third objective, most Portuguese banking customers work with either one or two of the most renowned banks (CGD, BES, Millennium BCP, Santander, BPI or Montepio). CGD is the most frequent choice, in spite of its excessive bureaucracy, inefficient complaint management, problematic homebanking service, low interest rates or low-tech profile. All because of the perceived image respondents get from being a public bank: more solidity, credibility, safety and trust than its private competitors. These conclusions are all supported by the netnographic procedure, which even adds an interesting trend to the Portuguese banking scene: the migration towards online banking, especially to ActivoBank, due to the extensive scope of benefits it provides: no maintenance fees, no costs with cards, a developed online platform, a wide investment diversity, good credit services and above average returns on savings products (because, although in times of recession, some Portuguese customers are still into savings, even if in small amounts and without risk).

However, these findings should be taken into consideration with some circumspection, given the existing limitations. Apart from the Netnography's limitations, the relationship between satisfaction and crisis may differ from country to country, or from a cluster of countries to another, as demonstrated by Skowron & Kristensen (2012) when they compared satisfaction between developed and developing countries. Furthermore, the multiple linear regression estimated to explain loyalty cannot be totally trusted for statistical inference, since one its assumptions fails.

Finally, further research should be done in order to clarify the importance of personalization on explaining loyalty, and to explore the combination of socio-demographic characteristics with the vastest possible number of banking variables in order to define, for instance, through a multiple correspondence analysis, sharp segments useful for helping Portuguese banks diversify their services offer.

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APPENDICES

Appendix 1 – The Netnography Data Output

1. How many banks do you work with?

Topic: Quantas contas bancárias tem?

(6 Replies / 492 Views)

6th January 2013 by *Tiago Pereira*

"At the moment, I only have 1 bank account at BES..."

<http://www.forumfinancas.com/index.php?topic=7937.0> (20th May 2013)

Topic: Abertura de nova conta

(45 Replies / 697 Views)

21st December 2012 by *antunesfilipee*

"...I only have one bank account at CGD that I created because of the University. I want to open a new one that is more tailored to my needs (...) The idea was having an account for everyday life operations where I would have the money available for withdrawals, transfers, ATM payments, etc. and another one for savings (where I could add money whenever I wanted and withdraw it in unexpected circumstances)..."

<http://www.forumfinancas.com/index.php?topic=7900.0> (20th May 2013)

Topic: BPI

(84 Replies / 4.428 Views)

22nd March 2012 by *Lvsitano*

"Have you seen BPI's new interest rates? (...) From now on I will only use the bank account I have there to receive my salary and for everyday life payments..."

22nd March 2012 by *Presidente da Junta*

"I do not agree with the opinion of having a bank for everyday life and another for savings."

<http://www.forumfinancas.com/index.php?topic=6256.0> (30th April 2013)

Topic: CGD

(218 Replies / 12.242 Views)

26th January 2013 by *Igl*

"...At BES (my other bank) they always treated me in a friendly, polite and very competent manner (...) In general I find CGD a good bank for everyday life (payments and related services), but a bad one for savings and investments..."

<http://www.forumfinancas.com/index.php?topic=6254.0> (30th April 2013)

Topic: ActivoBank

(448 Replies / 24.822 Views)

27th February 2012 by *malcriado*

"...I just opened an account there and I am going to close the one I have at CGD..."

22nd March 2012 by TiagoF

"Before any decision regarding the creation of an account at an online bank, a person has to bear in mind that it entails certain disadvantages. I personally keep a traditional account at BES for everyday life and also because I managed to stop paying the annual card fees by negotiating with them..."

<http://www.forumfinancas.com/index.php?topic=4931.0> (1st May 2013)

Topic: Opinião sobre o BES (abertura de conta)

(21 Replies / 2.587 Views)

27th February 2011 by Presidente da Junta

"...Conclusion: Online banks are, in my opinion, complementary to the main bank – the retail bank. The online bank allows the diversification of many more investments. As opposed to it, retail banks provide much more closeness, security and another involvement between client and bank!"

<http://www.forumfinancas.com/index.php?topic=4401.msg34576#msg34576> (20th May 2013)

2. Which bank do you consider to be the main one?

Topic: Depósitos - poupança - Pedido ajuda

(4 Replies / 367 Views)

25th June 2012 by superkinas

"...My preference goes to Caixa Geral de Depósitos, for being my main bank even when I have another bank account at BPI..."

<http://www.forumfinancas.com/index.php?topic=6806.msg52735#msg52735> (20th May 2013)

Topic: Montepio Capital Certo 2013-2018

(18 Replies / 767 Views)

21st January 2012 by celsan

"...I like my bank. It has been my main bank since ever..."

<http://www.forumfinancas.com/index.php?topic=8043.msg65173#msg65173> (20th May 2013)

Topic: Conta Jovem - dúvida entre BPI, BES ou CGD

(92 Replies / 2.656 Views)

22nd October 2012 by Tiago Pereira

"...I am going to stay with CGD as my choice for main bank."

<http://www.forumfinancas.com/index.php?topic=7590.54> (20th May 2013)

Topic: Que banco abrir conta?

(32 Replies / 3.589 Views)

23rd July 2009 by Master09

"As once someone said: "Bank is Caixa."

I have two youth accounts, for being college student: one at CGD and another at Santander. Concerning Santander, I have an account there for 6 months (...) as regards to CGD, I am customer for at least 5 years..."

29th July 2009 by *Presidente da Junta*

"In Portugal we have a tough choice. If on the one hand private banks like BCP and Santander are the ones who provide a better customer service due to their wide range of solutions and high level of technology, on the other hand they are much more exposed to an insolvency risk than CGD. Unfortunately, CGD offers one of the worst services in general!"

<http://www.forumfinancas.com/index.php?topic=1732.18> (20th May 2013)

3. Are you satisfied with the services your bank provides? What do you most value in that relationship?

Topic: Montepio

(162 Replies / 10.785 Views)

5th May 2011 by *jorge96*

"Montepio is a bank where you should have an account... after having one at BES, BPI, BCP, Santander..."

But seriously, I am Montepio's client... I don't like to invest... I don't like their site and I never liked the fact of being a member. It only pays off when I use the Repsol card to get a discount of 6cents/L that I can accumulate with the weekend discount of the same percentage..."

6th May 2011 by *Lvsitano*

"Honestly I don't think it's worth it, even if you consider the Repsol card (...) The MG is a cool bank but still very amateur, living in the shadow of mutualism with uncompetitive products and an uninviting price in most cases. Nevertheless it's a bank with good customer service and a positive market image. I was MG's client for over 20 years and I never had a reason to complaint. I switched just because there were better options in the market."

9th May 2011 by *Presidente da Junta*

"I agree with lvsitano. It's a bank with a good image but it lacks on quality... it's an amateur."

11th February 2012 by *rakmoz*

"Montepio is a conservative and accessible bank that explains everything well. Not aggressive in commercial terms (as opposite of BCP and BES).

Being a member pays off because you have a wide range of discounts in stores of several industries like health, automotive (besides the repsol card)... In addition to that, you have access to attractive retirement and education savings plans.

My family and I never had problems with montepio... I think we can synthesize this bank as zero problems."

24th February 2012 by *Presidente da Junta*

"Being a member is no longer an issue that privates you from paying maintenance fees.

I reinforce that it is an abuse to demand maintenance fees from the customers who lend them money. It's astonishing that some clients still undergo such a burden when there are online banks with no costs at all."

2nd March 2012 by *Reituga*

"I used to be Montepio's client. I stopped being such a fool one year ago. The experience did not please me, especially due to a loan I had for 6 years that gained interest with every possible and impossible reason. I had to become a member and deposit 13€ every month that in the end turned into 0€ of extra return. To close an account that was in my children's name and myself included, I had to drive for 250Km because they only allowed to close it in the branch where I opened. Once there they required my wife's signature that wasn't related to such an account (regrettable) to avoid the flow of the money to another institution – it was said by an employee.

I do not recommend it."



4th March 2012 by Presidente da Junta

"I have to stress one point. Montepio is able to convey its message and its marketing works – just look at the amount of members that do not consider the payment of the monthly share as a cost. And if they are convinced of the opposite they will always tell you that it has other advantages. Summing up, the message is totally understood."

5th March 2012 by hpcao

"I did not have anything against MG until I decided to move to a new house, two years ago.

I started the process, they accepted a spread of 1,45% but I had to sell the old house in first place. Since it was not what I wanted (I wanted to buy before selling the old one) I went to BBVA where I was given a spread of 0,9%. I sold the old house a month after that.

After this, I went through a bunch of problems... I waited for more than one year to receive the value of the health insurance, which I did not receive. They charged me for a canceled credit card for mistake: it took me 6 months to get the money back.

Nowadays the account manager is no longer nice. She doesn't talk to me anymore (...) It was not my intention to leave Montepio, they were the ones who didn't want me there, taking me as the bad guy. In short... Montepio... no thanks."

7th March 2012 by Poupança e Companhia

"...Montepio has some positive points, but nowadays it strives under a strange blanket barely connected to mutualism.

In broad terms it is an expensive and inefficient bank in spite of being traditional and stuff..."

23rd April 2012 by davidmleal

"... Last year, this was one of the banks that raised the most its commissions..."

23rd June 2012 by Pedro André

"I have an account at montepio and I like it a lot. I am currently transferring money to Private where I do not pay for netbanking services. Of course I have some other products such as moneybox, which I happen to like. What I pay is just an annual value that does not reach the 20€ of the loan account management. I don't pay card fees, etc..."

16th August 2012 by Joana Silva

"I'm a Montepio's client and member for a couple of years. I can confirm the (scary) changes on commissions in the last few years.

(...)

When I started my business I decided to do the leasing of my vehicle at Montepio. Fortunately I paid in a short term, despite some stressful situations not only with the account manager but also with the bank manager. I've always had a good customer service but the arrogance of the top managers blows everything up (...)

I'm still a member of the bank although much more cautious. I do not have a negative opinion regarding Montepio but for me it is like any other bank. We have to make some pressure in the right moments."

9th October 2012 by Tiago Pereira

"I've chosen Montepio as a transition solution (...) But the bank (...) is not providing the best level of service... I've had enough problems as you could read and only due to a simple pre-paid card. And it just began... I'm waiting for the PIN. I'm not liking this situation. If they do this when a pre-paid card is at stake, I wonder it was a more complex situation. I'm telling you right now: I don't think I'm going to move on with this bank. One of the issues is the transfers that you mentioned, since I also find them important."

16th October 2012 by CCosta

"Another shameful experience with Montepio. I closed my account last week.

(...) They took money out of the credit card that I didn't want, lasting 8months to return it; they messed with my life insurance money; and continued to charge absurd amounts of money that I was not capable of recovering unless I complained.

19th April 2013 by Zezito

"...It has, like the other financial institutions, its flaws (...)

The Repsol card that is offered when you become member, you gain the advantage of a 6 cent/L discount in fuel. That is the only thing that pays off. The products have an average quality (...) it has a cultural side, the walks, the tours...

But they take advantage of their status as well. They started to charge maintenance expenses for my condominium account..."

<http://www.forumfinancas.com/index.php?topic=4764.0> (29th April 2013)

Topic: BPI

(84 Replies / 4.428 Views)

21st March 2012 by davidmleal

"In terms of fixed term savings applications this is probably the bank with the worst remuneration among the Big 5. Even in times of crisis I've always seen BPI offering low interest rates..."

21st March 2012 by Reituga

"Actually I've been BPI's client for several years and I was never given high interest rates just like they never tried to make an effort to attract deposits."

21st March 2012 by Lvsitano

I can speak for myself as being a current BPI's client.

I left Montepio because my youth account was about to expire, which would imply more costs. I switched to BPI because I needed to deposit cash out-of-hours alongside with the cheapest credit card. I did not have much choice at the time.

The first account manager (I'm currently with a third) gave me some investment tips that I regretted to follow (...) Apart from that, the interest of my deposit accounts never surpassed the 2,5% when the competition practiced 6% rates..."

21st March 2012 by FMAM

"I have an account at that bank because a company where I previously worked would pay me via bank transfer. However I'm thinking of switching to another bank due to the following reasons:

- * In my place of residence I have no other alternative than deposit checks at the branch counter.
- * Unattractive deposit accounts, a problem that other banks can solve.

21st March 2012 by Lvsitano

"In that point I have to say I'm quite lucky. I have a branch nearby with a check and Money deposits machine. It was one of the reasons that made me choose BPI."

22nd March 2012 by NA

"I'm BPI's client for 4 years and I keep my money there because everything they have been telling me since the creation of my account has been true..."

22nd March 2012 by Lvsitano

"Have you seen the new interest rates of BPI?"

1,65% in 180 days and 1,95% in 360 days

Just tell them not to beg for deposits when they have no means of attraction. At this moment I'm in a process where I intend to remove most of my money from there. It will become exclusively the bank to receive my salary and for some everyday life payments."

27th March 2012 by Semila

"I'm BPI's client for 10 years and I want to share with you my personal experience: I did a loan intended to buy a house since it was the bank which offered me the best rate at the time. For everyday life issues (receive salary, payments, transfers, etc.) it is an excellent bank. For savings it's just sad!

I never know who my account manager is, they changed the plafond of my salary account without noticing me and they do some very doubtful movements in the account... what a shame."

27th March 2012 by *El Pibe*

"BPI has always been characterized by being a correct (very professional without incurring in scandals and other mediatic cases), economic (low prices) and in a general way recognized as being nice and attentive to its clients. It has been losing all this positive features that turned it into one of the biggest Portuguese banks. Additionally, no one recalls a good interest rate in fixed term deposit accounts. It's undeniable! (...) To simply do some transfers, payments and receive the salary, it's no longer at the level of Best or ActivoBank (with no offense). BPI can't compete with BES, BCP or even CGD, by focusing on the same things they do. We have plenty of banks with that profile (...) It's time for our banks to change their strategies and start to differentiate from each other. They should focus on one specific area in order to become experts (savings, investments, financing, SMB, imports & exports, etc)."

27th March 2012 by *Lvsitano*

"...Speaking of BPI, I went to test the Android app and that sucks because it requires a matrix card instead of SMS..."

23rd April 2012 by *davidmleal*

"BPI is simultaneously the bank that charges the least by its services and one of those which have seen its burdens increase less, last year..."

24th April 2012 by *knightmasks*

"I'm a recent business client of this bank and I'm getting tired of it. You can't imagine what happened. I lost the internet data which gave me lots of problems to activate the e-banking code card. I called the branch to send the fax back and then, after logging in the website, I came across with the obsolete and "user unfriendly" design. I tried to pay a TAP trip and I was told that there was no shopping service payment option. Conclusion, I had to go to an ATM to pay it. I still have a few more things left to say but I'm so screwed that I do not feel like writing those. I'll probably switch to BCP which so far is 5 stars. They're pretty efficient. BPI might even be a good bank for some users, but not for me. We deal with international money e stuff like that with which we need to have a really quick support. We can't wait until tomorrow. Do you know what I mean?"

26th April 2012 by *Semila*

"BPI in terms of customer service sucks."

<http://www.forumfinancas.com/index.php?topic=6256.0> (30th April 2013)

Topic: BCP

(62 Replies / 3.326 Views)

16th Março 2012 by *grj*

"A bank with great technology. I'm a new client and so far 5*****"

16th Março 2012 by *knightmasks*

"I switched banks from CGD to Millennium BCP and I very glad I did it. Less bureaucracy than CGD, a quick customer service at the branch and an efficient phone one. I do not intent to switch in spite of an offer I was given by BPI. This bank is too efficient for me to change."

23rd April 2012 by *davidmleal*

"...BCP is one of the institutions that less charged for its services, last year..."

23rd April 2012 by *Presidente da Junta*

"Along with the Santander is the most expensive bank..."

24th April 2012 by *knightmasks*

"When we are well treated in every sense, we end up with no reasons to complain. I don't mind paying 150€ of annual maintenance costs."

25th June 2012 by JJPT

"Millennium BCP remains more technologically advanced than its competitors all together. It has an excellent branch infrastructure with extended opening hours and the best homebanking service. It's a pity the fact of having been managed by such incompetent people. The crisis this bank faced was most of all due to trust and credibility issues. You'll never find a better bank for companies and businessmen!"

10th August 2012 by miguelitosantos

"What happened to bcp? The interest rates are terrible! Super low! Even CGD has better fixed term rates! Unbelievable!"

3rd October 2012 by Tiago Pereira

"BCP is too expensive as regards to maintenance costs, way above the average and beyond what's reasonable...It just lost its competitiveness in fixed term savings..."

7th December 2012 by Tiago Pereira

"By the way, I was checking that despite offering the most expensive solutions, it's great to whom uses everything. You can save a lot (...) In case you want the two insurances, the credit card and the checks, it's worth it given the annual cost.

Anyway, it is still the most expensive."

23rd December 2012 by Tiago Pereira

"It's disturbing because it's not the first time that I heard people saying that BCP moved money from their accounts without warning.

This damages the image of BCP as a qualified bank.

Either way, persons should be more aware! I wouldn't stay calm with a situation like that..."

8th February 2013 by azimuter

"I already once opened an account with them.

They had always been very professional and they possess every sort of financial instruments for my profile of investor. They have the option of opening an account in US dollars. Well, they have everything I like in a bank with the exception of having to pay a fee for every operation. A detail which I extremely hate.

In short, I closed the accounts and opened new ones at his son: ActivoBank."

<http://www.forumfinancas.com/index.php?topic=6248.0> (30th April 2013)

Topic: CGD

(218 Replies / 12.242 Views)

14th March 2012 by Presidente da Junta

"Extremely bureaucratic bank, very little effective... one can still notice that it is a public entity.

It has been rewarding its clients with poor interest rates for years. These days, it improved a little but it is still far from the private competition."

16th March 2012 by grj

"A bank that keeps being a bit far from its competitors in terms of deposits. I'm client for more than 10 years because I have a wonderful manager (Queluz branch) that is always there for me. If she quits, my money will also get out of there..."

16th March 2012 by knightmasks

"This bank is too bad. I have an account there, but I'm thinking of leaving it. My justification is the following:

- Little effective customer service
- An online service which is most of the time offline
- It took me 3 months to change the online account holder

- I don't know why the phone service exists if they can't solve anything..."

16th March 2012 by Presidente da Junta

"It is the most ineffective bank of our market, along with the bureaucracy and slowness which give it a heavy image."

26th March 2012 by Afinco

"The interbank transfers are ones of the most expensive among every bank (...) It's a robbery what they do. Miserable as regards to fixed term savings! I don't recommend it to anyone."

2nd April 2012 by Grabulho

"In my opinion CGD is one of the best (is it my branch?)

Free online interbank transfers, while I did my home loan they allowed me to renegotiate the spread 3 times, they have never stolen me and I was always given an answer on time (...) I recognize that the CaixaDirecta service crashed too many times but nowadays it works much better. The face-to-face service improved in the last couple of years and it is noticeable that it is much more personalized and professional."

09th April 2012 by carlos2008

"I have an account there for more than 30 years and I disagree, in part, with some of the previous opinions.

I have an excellent account manager that is always available either personally or via phone or email.

I think that the phone service is quite good – They've always solved my problems.

The same for the homebanking service – I have it since it was launched, contributing inclusively for its improvement with a few suggestions that were further implemented.

It has the biggest branch network of the country to deposit or withdraw money if needed.

As cons it is a bit bureaucratic and heavy – although it has improved in that aspect (...) usually low interest rates (...) as everything in life there are banks more tailored to that sort of needs. That is why you should consider more than one bank."

14th April 2012 by miguelitosantos

"... I have an account at Caixa and I have no reason for complaint: I have a fantastic manager that always explains me everything..."

15th April 2012 by Presidente da Junta

"It is a settled bank that never gives good interest rates, it is public, it doesn't invest on innovation and technology and it still uses coordinates' cards and passbooks...

Besides, it is the bank which passes more time with its homebanking service unavailable.

It has the longest queues and therefore they should hire more human resources and open more agencies to provide a decent service."

3rd May 2012 by MCB

"... I am leaving CGD, and I am going to close my account soon. The costs start to be unaffordable for those who have little working capital."

4th July 2012 by Cpintovng

"Last year this bank tried to raise the spread (to pay BPN they are charging the poor) from my mortgage with the excuse that I had cancelled a credit card and another false thing... however I had done it in the previous year (...) Conclusion: I immediately transferred the money my wife and I had there to another bank..."

20th November 2012 by Cpintovng

"My account manager never informed me about the best financial applications (honestly because I think they don't have any). I am not rich, unfortunately, but I'm only having my savings there

for only a few more months. It is only good in checking accounts and mortgage credit! I've always been there because of my family, but they have a room to grow in terms of savings accounts..."

20th November 2012 by master-chief

"Caixa Azul is bullshit... just to sell more services to the client! I feel pity for the account managers because they have plenty of consumers to whom they won't be able to provide good returns, due to the bad instruments this bank has, in my opinion..."

9th Janeiro 2013 by Tiago Pereira

"I chose to open account in this bank by closing the one I had at BES. More precisely the account CaixaJovem... So far, I'm glad. It's much better in terms of personal treatment.

And now that have an interesting promotion – if the client has a Mastercard/Maestro card and accesses the 3S-Secure via Caixadirecta, he is offered 50€ to spend in LojaVantagens, which added to the card register will give an extra amount of 10€"

11th January 2013 by Jorge S

"My 30 years experience with CGD tells me that when compared with other banks, it is better in:

1. Mortgage credit: the rates are the lowest in the market
2. Lowest spread
3. No transfer fees and online payments
4. Good phone service
5. 5 stars personal service at the physical branch
6. Quick answers when I ask something to my branch
7. Sometimes it has equivalent interest rates in savings to competition
8. Solid, reliable, safe and trustworthy

Is it my branch?..."

11th January 2013 by ASO

"...Your experience is exactly the opposite of mine – and I've been client for 28 years! In more than one branch: for to be precise. I was sorry... I'm no longer CGD's client. I got tired of being treated like a second category! (...) I admit that the online is not bad at all and its costs are some of the lowest in the market, but it's still one of the weakest banks in everything else!

Regarding the solidity, credibility and safety linked to the idea that it belongs to the State, it's just ridiculous!..."

26th January 2013 by Tiago Pereira

"In fixed-term savings it is better when compared with the past (...) in credit they are not the most competitive ones (...) I have nothing to complain as regards to the service, especially due to its proximity. The quality of the service varies from branch to branch (...) I think it pays off due to the safety you get from belonging to the state, the fact of having a huge network of agencies as well as the online tools. Nevertheless it has lots of cons:

There are better banks for savings

There are better banks for loans

There are better banks for mortgages

It has too many bureaucracy

There are better banks in specialized investments

Summing up, it is not bad, but you can get better. I only keep my account there because I have no costs."

31st January 2013 by mercador

"I'm just another one leaving CGD. They are bad in savings, they don't work or know anything in general, I've been waiting for my Token's renovation for more than one month and... nothing. Even being a Caixa azul client with considerable amounts (...) I've also been Caixa Investe client and they only made me lose money with badly executed orders by the system in wrong timings that I could prove. A mess!"

20th February 2013 by *bibaupto*

"Regarding CGD, I have also a positive feedback.

It's clear that it's not the best bank to invest or the one which offers the highest interest rates but for the everyday life it's an excellent bank. I consider it a very good one in terms of personal counter services.

The immediate deposits in ATM are a very comfortable topic in hand with their safety: I once entered using an American proxy and they blocked my account at the same time they called me.

The card offer they have is also pretty good.

I've never had problems with international transfers and their prices are very good."

11th April 2013 by *Tiago Pereira*

"They do not follow the processes of the clients... these only matter when they complain or sue the bank.

At the bank branch you wait and wait and wait: you just wait.

Caixadirecta is unavailable between 2am and 5 am.

The savings products are very poor. They should be ashamed because it's not understandable.

They have a bit of everything, but they are the cheapest in only a few instruments.

They still have the passbook when other banks allow free deposits without it...

Pros

A wide range of cards for everything. The interface of Caixadirecta is very nice. The ATMs provide the possibility of immediate deposits. The phone service is good and they have branches everywhere..."

<http://www.forumfinancas.com/index.php?topic=6249.0> (30th April 2013)

Topic: Santander

(75 Replies / 5.350 Views)

23rd April 2012 by *davidmleal*

"...It's the bank which has the highest costs..."

14th December 2012 by *elbmurcs*

"It's a lie that this bank has such high costs, I have an account there, a free card and I'm an independent worker! Besides they offer 10 checks per month and I don't know any bank that does that."

28th January 2013 by *Tiago Pereira*

"This bank sucks in investment counseling (...) after explaining that I was a restrained investor, they revised my profile to a risk taker level. I could not believe that. How was this possible?"

26th March 2013 by *celsan*

"They don't have anything worthwhile. I need to apply 1500€ to avoid maintenance costs due to a badly done deposit I did 4 years ago, but I see nothing special (...) It will probably be in something with a 2% rate..."

11th April 2013 by *Luizi*

"Cons

University Health Loan – much higher than its competitors (16,5%)

Defective phone support line with a robotic voice

Too much advertising in the monthly letters they send their clients

Pros

Sympathy and empathy in the physical and phone services.

<http://www.forumfinancas.com/index.php?topic=6254.0> (30th April 2013)

Topic: BES

(92 Replies / 5.889 Views)

14th March 2012 by Presidente da Junta

"I consider it the most complete and efficient physical bank, when compared to: BCP already had dark episodes, shifting from a top position to a troubled one. BPI is extremely pleasant in customer service but is one of the worst at remunerating capital. CGD is a public bank, and that says everything. BES is the bank that grew the most across its 140 years history."

16th March 2012 by grj

"I've had a 10 years relationship with this bank and closed just due to the measures that were being taken by the bank related with its costs."

16th March 2012 by Presidente da Junta

"...BES has the reputation of being a very expensive bank but it can turn out to be one of the most affordable when we are engaged with the bank. It only gets more expensive if your intention is to have an account with a couple of bucks."

24th March 2012 by Presidente da Junta

"...BES has the particularity of awarding the clients which really want to focus on its bank activity, that's why they offer 2 debit cards, 2 credit cards, among many other perks..."

23rd April 2012 by davidmleal

"It is the bank which raised its commissions the most last year, being one of the most expensive banks..."

21st December 2012 by Tiago Pereira

"...I was fooled by a processual issue (...) I loved the way BES dealt with it. Very professional, flexible, they explained to me everything... really good. I also liked BESnet a lot because it's simple at the same time it's powerful, without complications, just like BESdirecto which is very useful when we are far from a PC.

Simple, professional, nice, flexible and with powerful tools. I liked it!

Keep the positive feedback, I recommend especially BES - Setúbal - Bairro do Liceu."

<http://www.forumfinancas.com/index.php?topic=6250.0> (30th April 2013)

Trend to switch to online banks, particularly ActivoBank

Topic: BPI

22nd March 2012 by Lvsitano

"My goal is to end once and for all with the account I have at BPI. However I have to procrastinate that decision due to several reasons: I own a product with a term that only prescribes next year and I receive my salary there. That means that, in a starting point, I will use both BPI and ActivoBank."

27th March 2012 by El Pibe

"With the arrival of online banks (BIG, ACTIVO an BEST, for instance) that besides being more economical are even more prone to an exquisite customer service due to their great interest rates for savings, BPI is losing market share. It will have to make a great effort to recover its place and change its positioning towards a more specific field (deposits/savings/investments/credit/financing businesses/import&export, etc.), because it can no longer compete with ActivoBank or Best."

Topic: CGD

6th September 2012 by palroj

"...I'm a CGD's client for years and the customer service is getting worse. I'm looking for alternatives right now, reason why I am visiting ActivoBank today - to know more about their accounts' specificities."

15th October 2012 by master-chief

"I'm Activo Bank's client and I don't have any expenses with my account at same time I benefit from better interest rates when compared with CGD."

15th October 2012 by futsal78

"I have an account at CGD but I'm thinking of switching to ActivoBank due to the fees I have to pay in my current bank."

15th October 2012 by palroj

"Thank you, my idea is precisely switch to ActivoBank right after I close my account at CGD... I'm very displeased with their service!"

26th January 2013 by Tiago Pereira

"A bank that seems good to me is ActivoBank. It has no maintenance fees, it provides good savings plans, good credit services, diversified investment products, 2 account managers... It fails exclusively in two minor aspects: lack of large vaults and specific education credit instruments, which CGD has."

31st January 2013 by mercador

"I'm another one of the many which aim to leave CGD. It has bad savings interest rates, it works badly in general (...) I have more accounts at BIG and ActivoBank. It has no possible comparison nor safety in case you want to know (...) I had been CGD client and they only made me lose money with badly executed orders by the system, with wrong timings... fact that I was able to prove in some cases. A mess!!! As a result, I opted to close an account with 35 years old."

21st March 2013 by Tiago Pereira

"Meanwhile, after carefully planning some things, I decided to close the accounts I have at BES and Santander and open one at ActivoBank, keeping the current account I have at Caixa..."

24th March 2013 by Tiago Pereira

"I will keep my account at Caixa and open another one at ActivoBank. I lose nothing. In fact by having my money spread between a traditional an online bank, I end up winning."

Topic: Santander

9th May 2012 by dyno

"... next week the term of savings account I have at Santander finishes, allowing me to create a new one at ActivoBank that provides better rates."

<http://www.forumfinancas.com/index.php?board=19.0> (1st May 2013)

4. Do you have a perception about the amount of money you annually spend in financial services?

Topic Santander

(75 Replies / 5.350 Views)

23rd April 2012 by davidmleal

"It's the bank that charges the most for its services. Last year, its costs raised around 10%. It is still the financial institution with highest interbank transfer cost: 81,60€."

12th March 2013 by davidmleal

"I would recommend that you analyze the prices of every bank in order to compare its prices (do not forget that usually the online ones are cheaper)."

<http://www.forumfinancas.com/index.php?topic=8396.0> (21st May 2013)

Topic: BES

(92 Replies / 5.889 Views)

23rd April 2012 by davidmleal

"BES is the bank that most raised its commissions last year, being one of the most expensive."

<http://www.forumfinancas.com/index.php?topic=6250.0> (30th April 2013)

Topic: Melhor Banco – Ajuda

(2 Replies)

3rd May 2012 by Diana_Costa

"As regards to maintenance costs I can't help you because I don't know much about the subject. Perhaps that's only possible to know that sort of info in case you know someone that works at a bank and that is able to provide you that data or, on the other hand, try to search for it on the internet..."

<http://anossavida.pt/forum/melhor-banco-ajuda> (21st May 2013)

Topic: ActivoBank

(448 Replies / 24.822 Views)

23rd April 2013 by botelho

"...I have an account at Activo and I like it. I don't pay for online transfers or cards (but I consider its website a bit poor, when compared with its main competitor – BEST).

<http://www.forumfinancas.com/index.php?topic=4931.0> (1st May 2013)

5. Would you use a simulator that could give you an idea of how well you spend your money? Where is your Money being excessively spent and where could you save more...?

Topic: Site com simulações com todos os produtos de todos os bancos

(25 Replies / 578 Views)

28th March 2013 by jet

"I developed a website that allows the simulation of every kind of banking products. It is free and it has no advertising. I am not promoting anything. I would like to have your opinion. www.observar.pt. Regards"

28th March 2013 by ruicarlov

"It looks interesting..."

28th March 2013 by MiguLuso

"... I like the part where you compare several youth accounts..."

28th March 2013 by D@vid

"I find the bank branches ranking interesting.
By the way, I wonder what sort of data and criteria did you use, Jet..."

30th March 2013 by Tiago Pereira

"I want to complement you for this tool. If you promoted this, it would be wonderful!
I will use it and give you feedback as soon as possible."

30th March 2013 by Cardoso24

"Firstly, let me give you my congratulations for the website, it is excellent (...) I haven't seen much of it, but you deserve to be praised for the great job."

<http://www.forumfinancas.com/index.php?topic=8519.0> (29th April 2013)

6. In terms of disposable income, how do you choose to save your money – do you ask your bank or prefer to opt for other alternatives?

Topic: Banco BIG - Fund Advisor (Carteira Conservadora) e Big Link

(8 Replies / 2.074 Views)

4th November 2010 by Filipe Nascimento

"...I have 21000 euros to invest at BIG, reason why I had a meeting with my account manager that advised me to split that amount into two investments (...) Since my knowledge is close to nothing, what's your opinion about this option?..."

<http://www.forumfinancas.com/index.php?topic=3751.msg30452#msg30452> (1st May 2013)

Topic: Melhores Depósitos a Prazo

(2.310 Replies / 203.064 Views)

18th January 2013 by Ramiro Costa

"I did what you advised me to do (...): I contacted every bank where I had an account (plenty of them) and I opted for the one that offered me the best proposal – the best interest rate."

<http://www.forumfinancas.com/index.php?topic=162.msg65080#msg65080> (1st May 2013)

Topic: Onde investir 8 mil euros?

(6 Replies / 588 Views)

10th January 2013 by Androide

"I'd like to invest without any risk the amount of 8 thousand euros in fixed-term savings account, for instance. What do you advised me to do?"

<http://www.forumfinancas.com/index.php?topic=7976.msg64518#msg64518> (1st May 2013)

7. As regards to savings, do small amounts of money matter (microsavings)? Or do you only value bigger amounts?

Topic: qual o melhor investimento para montantes pequenos?

(4 Replies / 1.791 Views)

6th August 2010 by peixe

"What's the best investment to small amounts of money? I would like to know your opinion about that..."

<http://www.forumfinancas.com/index.php?topic=3296.msg27782#msg27782> (30th May 2013)

Topic: BIG,BEST,ActiveBank

(12 Replies / 1.363 Views)

2nd June 2011 by grj

"...I would like to know your opinion about what's the best bank under certain conditions:
Exemption from maintenance fees
Exemption from interbank transfers
Better fixed-term savings plans to small amounts of money in the short-run
In case you think that there is an interesting traditional bank, I would appreciate your opinion..."

<http://www.forumfinancas.com/index.php?topic=4899.msg38199#msg38199> (30th May 2014)

8. What are your most frequently chosen tools for saving purposes (Fixed-term deposits, retirement savings plans, stocks...)?

Topic: conta conjunta

(5 Replies)

1st August 2011 by Edy

"I think the best is to have a savings account"

1st August 2011 by ana.loira

"I think the best is a fixed-term deposit account, which has a higher level of interest..."

<http://anossavida.pt/forum/conta-conjunta-0> (21st May 2013)

Topic: investimentos pela net

(10 Replies)

26th October 2009 by InesKikas

"I've been keeping my money applied on fixed-term deposits. I don't have much return (...) but it's better than having it at home. In my opinion these are advantageous due to its low level of risk..."

<http://anossavida.pt/forum/investimentos-net> (21st May 2013)

26th October 2009 by kariatide

"... I'm BCP's client and I have many savings applied on their net products. I usually opt for safe choices: I don't even invest in the stock market. It consists on financial instruments that provide me small amounts of return, on a monthly, quarterly or semiannually basis..."

26th October 2009 by sergiopereira

"... the biggest volume of my wedding savings are on postal savings certificates... no risk, good interest rates... the rest of my money is applied in an insurance group. Summing up, all of my money is on institutions that belong to the State"

<http://anossavida.pt/forum/investimentos-net> (21st May 2013)

Topico: PPR ou Conta Poupança

(5 Replies)

28th June 2011 by Mariaines

"Formerly it was possible to deduct the value of the retirement savings plans on IRS. Nowadays it is no longer an option.

I only have savings plans – to withdraw money in case there's an emergency."

28th June 2011 by AnitaB

"The Retirement Savings Plans only allow one to withdraw money in very specific occasions. Until December it was worth it (...) The benefits ended, reason why I'm no longer interested in this product. Especially when, in a Crisis context, one might need to withdraw money at any moment."

<http://anossavida.pt/forum/ppr-conta-poupanca> (21st May 2013)

Topic: Investir na Bolsa

(5 Replies / 534 Views)

13th February 2013 by Luizi

"... Lately I've been wishing to invest in the stock market..."

13th February 2013 by Reituga

"...the stock market is no place to gamble, think twice before starting. In case you don't have enough knowledge about the subject, you should study and practice in online simulators or else you'll lose money"

<http://www.forumfinancas.com/index.php?topic=8203.msg66887#msg66887> (21st May 2013)

Appendix 2 – The Questionnaire

Thank you for taking 5 minutes of your precious time to complete this questionnaire, which is part of a dissertation on THE RELATIONSHIP BETWEEN PORTUGUESE BANKS AND THEIR CUSTOMERS IN A RECESSIONARY CONTEXT.

No information is requested and all information is treated anonymously and kept confidential.

Once again, many thanks for your precious collaboration.

A. Crisis

Rate on a scale from 1 to 7 (1 = "strongly disagree"; 7 = "strongly agree") your perspective on the following statement:

	1	2	3	4	5	6	7
A.1 My consumption and purchase behaviors were affected by the recent economic conjuncture, also known as crisis	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rate on a scale from 1 to 7 (1 = "very pessimistic"; 7 = "very optimistic") your perspective on the following statement:

	1	2	3	4	5	6	7
A.2 Taking into account my familiar economic situation, the way I face the future is...	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rate your perspective on the following statement:

	Much Worse	Worse	No Different	Better	Much Better
A.3 How would you describe the evolution of your household financial income in the last 2 years?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

B. Attitudes

Rate on a scale from 1 to 7 (1 = "strongly disagree"; 7 = "strongly agree") your perspective on the following statements:

	1	2	3	4	5	6	7
B.1 I struggle while making decisions on the money I spend	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B.2 I prefer to pay in cash rather than with credit card	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B.3 I always consider before making a purchase	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	1	2	3	4	5	6	7
B.4 I often pay my expenses within the deadline, avoiding unnecessary burdens	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C. Banking

C.1 How many banks do you work with?

C.2 What is your main bank?

- CGD
- Millennium BCP
- BES
- Santander Totta
- Montepio
- BPI
- Other:

Rate on a scale from 1 to 7 (1 = "strongly disagree"; 7 = "strongly agree") your perspective on the following statements:

	1	2	3	4	5	6	7
C.1 I am satisfied with my main bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C.2 My bank is very trustworthy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C.3 I it is unlikely that I will switch to a different main bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C.4 What main reasons would lead you to switch banks?

- Lower maintenance costs
- Better interest rates
- Better loan conditions
- A better customer service
- More innovative services

Rate on a scale from 1 to 7 (1 = "strongly disagree"; 7 = "strongly agree") your perspective on the following statements:

	1	2	3	4	5	6	7
C.5.1 I am recognized by my name whenever I interact with my bank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C.5.2 My bank adjusts its services according to my needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C.5.3 My bank has adapted its services throughout the different stages of my life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C.5.4 I consider that the employees and the actions of my bank contribute for a personalized customer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C.6 From my monthly wage, I usually put some money aside for savings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C.6.1 How do you usually save that money?

- Small savings
- Deposits reinforcement
- Money box

D. Socio-Demographic Characteristics

D.1 Gender

- Male
- Female

D.2 Age

- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65-74
- ≥ 75

D.3. Education

- Elementary
- High School
- Bachelor
- Undergraduate
- Master
- Doctoral

D.4. Area of Residence

D.5 Household Monthly Net Income

- ≤ €500
- €501-750
- €751-1000
- €1001-1500
- €1501-2500
- > €2500

Appendix 3 – Research Question 1: Kruskal-Wallis Tests

H0: the distribution of the variables attitude is the same for the four populations defined by the perception of the household financial situation in the last two years;

H1: the distribution of the variables attitude is different for at least one of the four populations defined by the perception of the household financial situation (when compared to two years ago).

Ranks			
	Household financial situation in the last 2 years	N	Mean Rank
I struggle while making decisions on the money I spend (1 = "strongly disagree"; 7 = "strongly agree").	1 Much worse	141	263,54
	2 worse	246	237,62
	3 no different	76	226,23
	4 Better or Much better	18	173,06
	Total	481	
I prefer to pay in cash rather than with credit card (1 = "strongly disagree"; 7 = "strongly agree").	1 Much worse	141	263,76
	2 worse	246	226,22
	3 no different	76	240,05
	4 Better or Much better	18	268,64
	Total	481	
I always consider before making a purchase (1 = "strongly disagree"; 7 = "strongly agree").	1 Much worse	141	270,15
	2 worse	246	239,96
	3 no different	76	197,48
	4 Better or Much better	18	210,61
	Total	481	
I often pay my expenses within the deadline, avoiding unnecessary burdens (1 = "strongly disagree"; 7 = "strongly agree").	1 Much worse	141	248,38
	2 worse	246	245,55
	3 no different	76	210,94
	4 Better or Much better	18	247,92
	Total	481	

Test Statistics ^{a,b}				
	I struggle while making decisions on the money I spend (1 = "strongly disagree"; 7 = "strongly agree").	I prefer to pay in cash rather than with credit card (1 = "strongly disagree"; 7 = "strongly agree").	I always consider before making a purchase (1 = "strongly disagree"; 7 = "strongly agree").	I often pay my expenses within the deadline, avoiding unnecessary burdens (1 = "strongly disagree"; 7 = "strongly agree").
Chi-Square	9,247	7,990	16,393	5,083
df	3	3	3	3
Asymp. Sig.	,026	,046	,001	,166
a. Kruskal Wallis Test				
b. Grouping Variable: Household financial situation in the last 2 years				

Decision: assuming a significance level of 5% ($\alpha=0,05$), it is possible to conclude that there are only two attitudeinal variables whose distribution has proven to be different among the four population groups defined by the household financial situation compared to two years ago: “I struggle while making decisions on the money I spend” and “I always consider before making a purchase” ($\text{Sig} < \alpha \Rightarrow \text{Reject } H_0$). Additionally, the variable “I prefer to pay in cash rather than with credit card” is on the edge of approval and it does not reveal a pattern as clear as the other two variables exhibit in the four stated populations.

Appendix 4 – Research Question 2: Chi-Square Test

H0: the variables “I am satisfied with my bank” and “My consumption and purchase behaviors were affected by the recent economic conjuncture, also known as crisis” are independent (there is no relationship between the two variables);

H1: the variables “I am satisfied with my bank” and “My consumption and purchase behaviors were affected by the recent economic conjuncture, also known as crisis” are related.

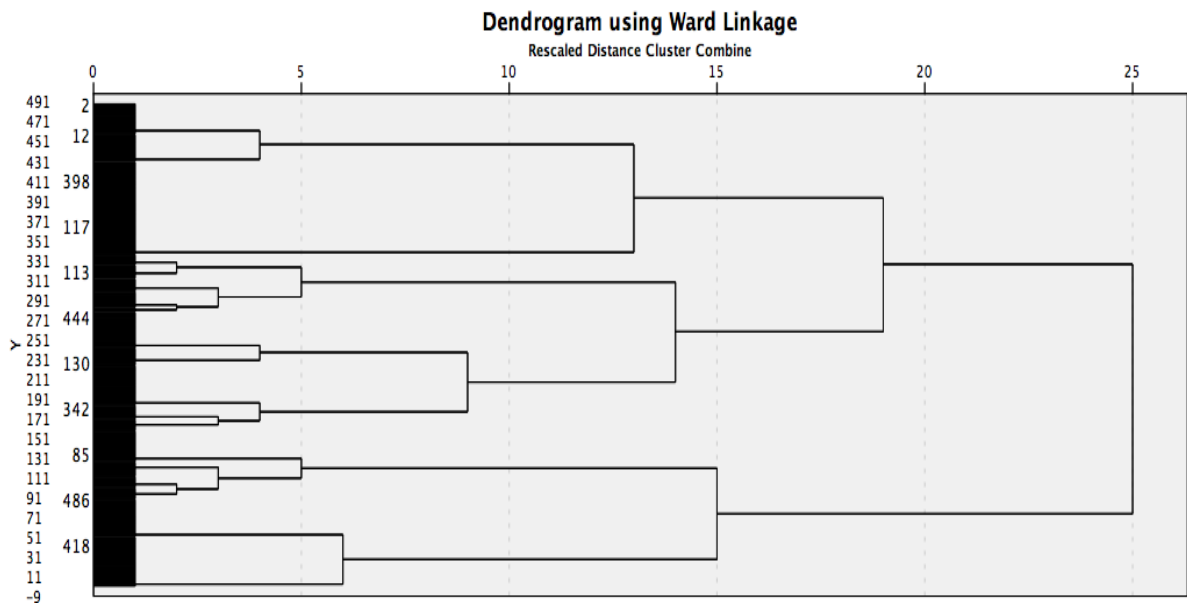
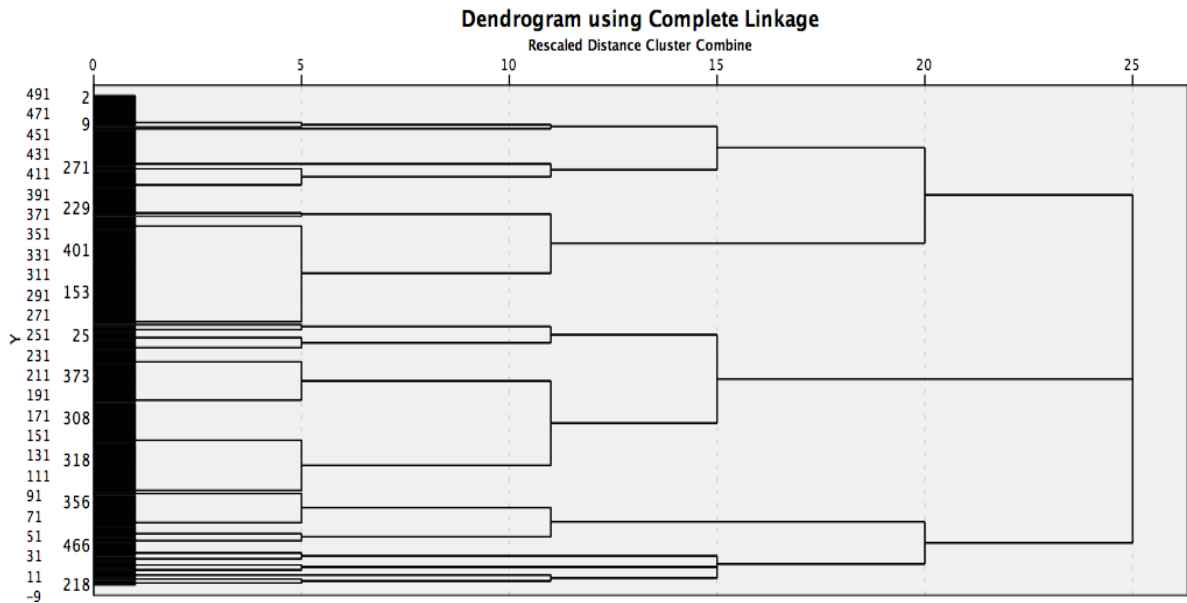
Count		I am satisfied with my main bank					Total
		Disagree	Neither agree nor disagree	Slightly agree	Agree	Strongly agree	
My consumption and purchase behaviors were affected by the recent economic conjuncture, also known as crisis	Disagree	15	17	12	14	11	69
	Neither agree nor disagree	11	19	27	12	8	77
	Slightly agree	13	28	38	28	24	131
	Agree	9	22	23	37	19	110
	Strongly agree	14	20	12	33	20	99
Total		62	106	112	124	82	486

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	33.856 ^a	16	.006
Likelihood Ratio	34.137	16	.005
Linear-by-Linear Association	8.557	1	.003
N of Valid Cases	486		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 8.80.

Decision: $\text{Sig} = 0,006 < \alpha=0,05 \Rightarrow H_0$ is rejected and it is possible to conclude that there is a significant relationship between the satisfaction with the main bank and the impact of the recent economic conjuncture, also known as crisis, on the customers’ consumption and purchase behaviors.

Appendix 5 – Research Question 3: Cluster Analysis



By crosstabulating the solutions from the hierarchical methods with the solution from K-Means, it is possible to get the proportion of individuals equally grouped in the two procedures:

Furthest Neighbor 2 Cluster * K-Means 2 Cluster Crosstabulation				Furthest Neighbor 3 Cluster * K-Means 3 Cluster Crosstabulation						
Count	K-Means 2 Cluster			Total	Count	K-Means 3 Cluster			Total	
	1	2				1	2	3		
Furthest Neighbor 2 Cluster	1	202	58	260	Furthest Neighbor 3 Cluster	1	63	24	5	92
	2	0	228	228		2	0	191	37	228
Total		202	286	488	Total	3	112	0	56	168
							175	215	98	488

Furthest Neighbor Method (2 groups): $(202 + 228) / 488 = 88\%$

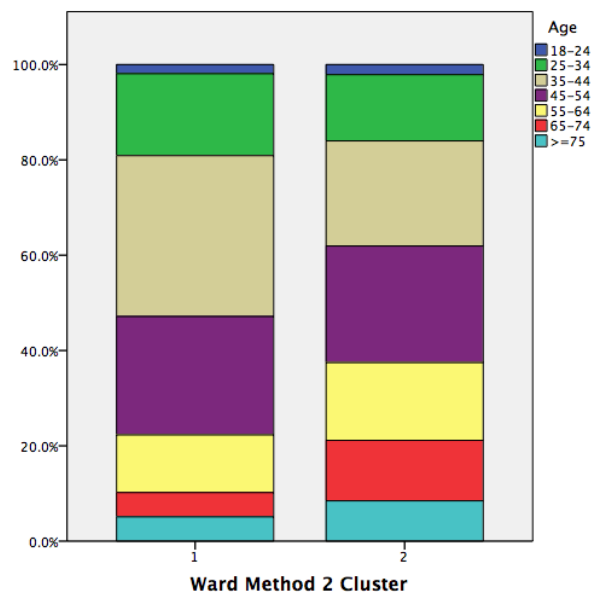
Furthest Neighbor Method (3 groups): $(63 + 191 + 56) / 488 = 64\%$

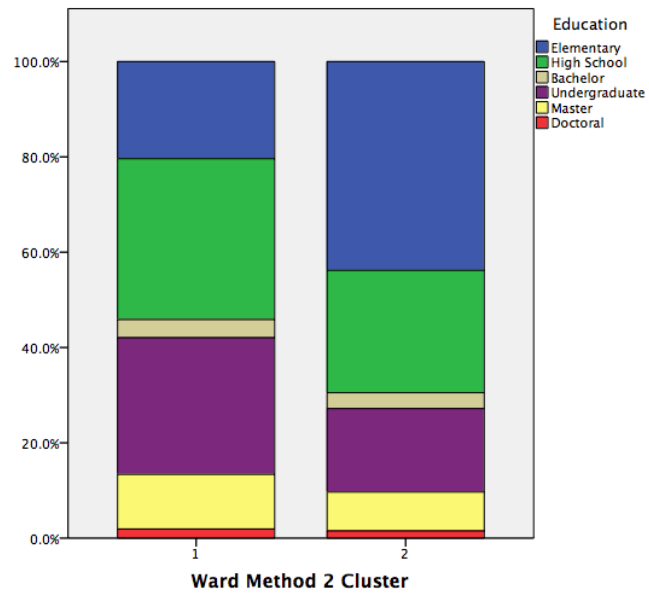
Ward Method 2 Cluster * K-Means 2 Cluster Crosstabulation					Ward Method 3 Cluster * K-Means 3 Cluster Crosstabulation					
Count		K-Means 2 Cluster		Total	Count		K-Means 3 Cluster			Total
		1	2				1	2	3	
Ward Method 2 Cluster	1	150	7	157	Ward Method 3 Cluster	1	144	13	0	157
	2	52	279	331		2	0	153	0	153
Total		202	286	488		3	31	49	98	178
					Total		175	215	98	488

Ward's Method (2 groups): $(150 + 279) / 488 = 88\%$

Ward's Method (3 groups): $(144 + 153 + 98) = 81\%$

In both cases, it is possible to conclude that the solution in two groups is the one that has the highest proportion of individuals equally grouped when using a non-hierarchical and a hierarchical cluster analysis procedure and, therefore, is the one that should be preferred and chosen. The solution provided by the Ward method was preferred, since the separation of the two groups is clearer than that in the Furthest neighbor solution.





Ward Method 2 Cluster					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	157	32.2	32.2	32.2
	2	331	67.8	67.8	100.0
Total		488	100.0	100.0	

Appendix 6 – Research Question 4: Chi-Square Test

H0: the unlikeliness of switching to a different main bank and the behavioral profiles regarding bank-switching determinants are independent (there is no relationship between the two variables);

H1: the unlikeliness of switching to a different main bank and the behavioral profiles regarding bank-switching determinants are related.

Count		It is unlikely that I will switch to a different main bank			Total
		Disagree	Neither agree nor disagree	Agree	
Ward Method 2 Cluster	1	58	23	76	157
	2	66	37	227	330
Total		124	60	303	487

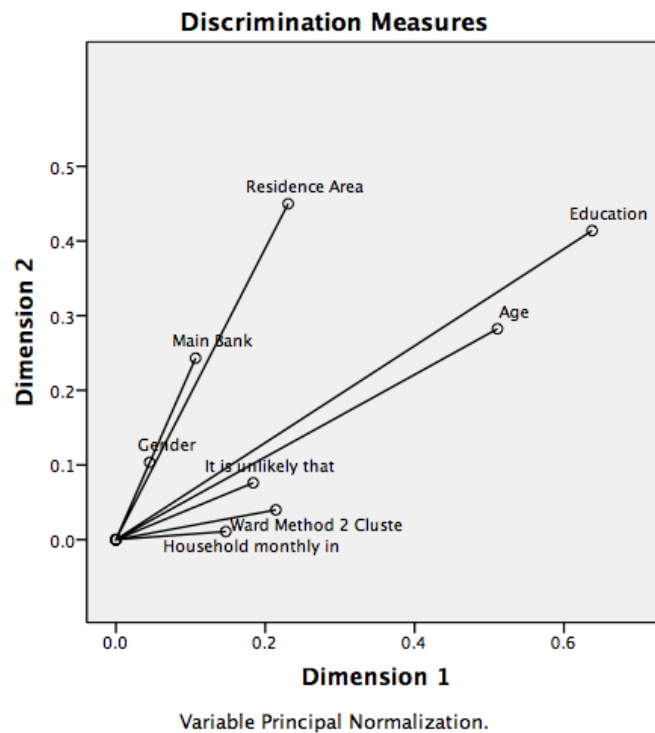
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.116 ^a	2	.000
Likelihood Ratio	19.719	2	.000
Linear-by-Linear Association	19.940	1	.000
N of Valid Cases	487		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 19.34.

Decision: Sig = 0,000 < $\alpha=0,05 \Rightarrow H_0$ is rejected and it is possible to conclude that there is a significant relationship between the unlikeliness of switching to a different main bank and the behavioral profiles regarding bank-switching determinants.

Appendix 7 – Research Question 5: Multiple Correspondence Analysis

Discrimination Measures			
	Dimension		Mean
	1	2	
Gender	.045	.104	.074
Age	.511	.282	.397
Education	.638	.414	.526
Residence Area	.231	.450	.340
Household monthly income	.147	.011	.079
It is unlikely that I will switch to a different main bank	.184	.076	.130
Ward Method 2 Cluster	.214	.040	.127
Main Bank	.107	.243	.175
Active Total	2.077	1.620	1.848



Appendix 8 – Research Question 6: Principal Components Analysis

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
I am recognized by my name whenever I interact with my bank (1 = "strongly disagree"; 7 = "strongly agree").	4.61	2.104	477
My bank adjusts its services according to my needs (1 = "strongly disagree"; 7 = "strongly agree").	4.20	1.777	477
My bank has adapted its services throughout the different stages of my life (1 = "strongly disagree"; 7 = "strongly agree").	4.05	1.816	477
I consider that the employees and the actions of my bank contribute for a personalized customer service (1 = "strongly disagree"; 7 = "strongly agree").	4.06	1.766	477

Correlation Matrix					
		I am recognized by my name whenever I interact with my bank (1 = "strongly disagree"; 7 = "strongly agree").	My bank adjusts its services according to my needs (1 = "strongly disagree"; 7 = "strongly agree").	My bank has adapted its services throughout the different stages of my life (1 = "strongly disagree"; 7 = "strongly agree").	I consider that the employees and the actions of my bank contribute for a personalized customer service (1 = "strongly disagree"; 7 = "strongly agree").
Correlation	I am recognized by my name whenever I interact with my bank (1 = "strongly disagree"; 7 = "strongly agree").	1.000	.646	.605	.617
	My bank adjusts its services according to my needs (1 = "strongly disagree"; 7 = "strongly agree").	.646	1.000	.810	.740
	My bank has adapted its services throughout the different stages of my life (1 = "strongly disagree"; 7 = "strongly agree").	.605	.810	1.000	.786
	I consider that the employees and the actions of my bank contribute for a personalized customer service (1 = "strongly disagree"; 7 = "strongly agree").	.617	.740	.786	1.000

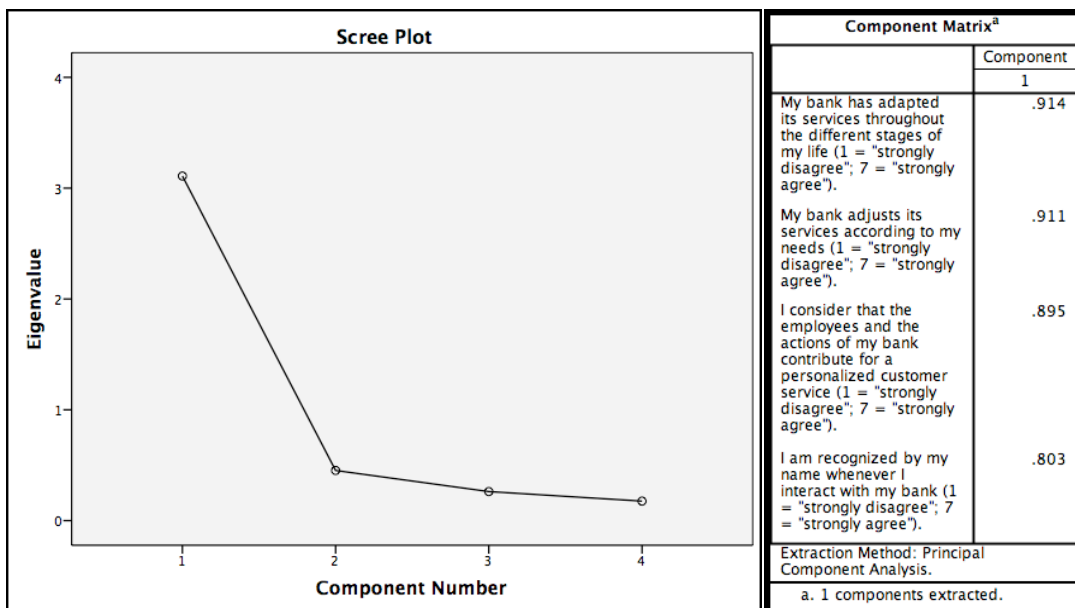
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.826
Bartlett's Test of Sphericity	Approx. Chi-Square	1295.902
	df	6
	Sig.	.000

The Kayser-Meyer-Olkin Measure (KMO) of Sampling Adequacy needs to be above 0,6 so that a Principal Components Analysis (PCA) can be performed. Since $KMO = 0,826$, this requirement is fulfilled.

Regarding the Bartlett’s Test, it aims to test the null hypothesis that the correlation matrix is an identity matrix (i.e.: the initial variables are not correlated) – a hypothesis that must be rejected to conduct PCA. Fortunately that is what happened: $Sig = 0,000 < \alpha=0,05 \Rightarrow H_0$ is rejected, allowing us to conclude that there are pairs of variables significantly correlated.

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.109	77.732	77.732	3.109	77.732	77.732
2	.453	11.318	89.050			
3	.262	6.551	95.602			
4	.176	4.398	100.000			

Extraction Method: Principal Component Analysis.



The number of principal components (PCs) is obtained with the help of the criteria above expressed. The Kaiser’s criterion indicates one principal component, decision that is supported by the percentage of the variance explained by the extracted PCs (equals 77,7% > a minimum of 70%) and somehow by the scree plot. Additionally, a reliability analysis was conducted:

Case Processing Summary			
		N	%
Cases	Valid	477	97.7
	Excluded ^a	11	2.3
	Total	488	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.899	4

A Cronbach's Alpha equal to 0.899 was obtained, meaning that the items have high internal consistency or, in other words, that the scale is reliable allowing us to precisely rely on a single Principal Component to measure Banking Service Personalization.

Appendix 9 – Research Question 6: Multiple Linear Regression

Correlations					
		It is unlikely that I will switch to a different main bank (1 = "strongly disagree"; 7 = "strongly agree").	I am satisfied with my main bank (1 = "strongly disagree"; 7 = "strongly agree").	My bank is very trustworthy (1 = "strongly disagree"; 7 = "strongly agree").	PC Personalization
It is unlikely that I will switch to a different main bank (1 = "strongly disagree"; 7 = "strongly agree").	Pearson Correlation	1	.439	.487	.220
	Sig. (2-tailed)		.000	.000	.000
	N	487	486	477	481
I am satisfied with my main bank (1 = "strongly disagree"; 7 = "strongly agree").	Pearson Correlation	.439**	1	.703**	.423**
	Sig. (2-tailed)	.000		.000	.000
	N	486	486	476	480
My bank is very trustworthy (1 = "strongly disagree"; 7 = "strongly agree").	Pearson Correlation	.487**	.703**	1	.475**
	Sig. (2-tailed)	.000	.000		.000
	N	477	476	477	477
PC Personalization	Pearson Correlation	.220**	.423**	.475**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	481	480	477	481

** . Correlation is significant at the 0.01 level (2-tailed).

First Model:

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.516 ^a	.266	.262	1.633	1.847

a. Predictors: (Constant), scorepersonal, I am satisfied with my main bank (1 = "strongly disagree"; 7 = "strongly agree")., My bank is very trustworthy (1 = "strongly disagree"; 7 = "strongly agree").

b. Dependent Variable: It is unlikely that I will switch to a different main bank (1 = "strongly disagree"; 7 = "strongly agree").

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	456.593	3	152.198	57.102	.000 ^b
	Residual	1258.052	472	2.665		
	Total	1714.645	475			

a. Dependent Variable: It is unlikely that I will switch to a different main bank (1 = "strongly disagree"; 7 = "strongly agree").

b. Predictors: (Constant), scorepersonal, I am satisfied with my main bank (1 = "strongly disagree"; 7 = "strongly agree")., My bank is very trustworthy (1 = "strongly disagree"; 7 = "strongly agree").

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.443	.298		4.842	.000		
	I am satisfied with my main bank (1 = "strongly disagree"; 7 = "strongly agree").	.326	.074	.247	4.399	.000	.495	2.022
	My bank is very trustworthy (1 = "strongly disagree"; 7 = "strongly agree").	.425	.073	.335	5.807	.000	.468	2.139
	PC Personalization	-.054	.053	-.047	-1.026	.305	.753	1.329

a. Dependent Variable: It is unlikely that I will switch to a different main bank (1 = "strongly disagree"; 7 = "strongly agree").

In a first attempt to build a Multiple Linear Regression Model, the sig related Personalization reveals to be higher than 0,05 (in this case, 0,305), leading to the non

rejection of the null hypothesis and consequently suggesting that Personalization is not important in explaining Loyalty in a recessionary context. Therefore it should be removed from the model. After removing Personalization, the following estimates were obtained for the final model:

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	453.788	2	226.894	85.117	.000 ^b
	Residual	1260.857	473	2.666		
	Total	1714.645	475			

a. Dependent Variable: It is unlikely that I will switch to a different main bank (1 = "strongly disagree"; 7 = "strongly agree").
 b. Predictors: (Constant), My bank is very trustworthy (1 = "strongly disagree"; 7 = "strongly agree"), I am satisfied with my main bank (1 = "strongly disagree"; 7 = "strongly agree").

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.377	.291		4.732	.000		
	I am satisfied with my main bank (1 = "strongly disagree"; 7 = "strongly agree").	.315	.073	.238	4.294	.000	.506	1.976
	My bank is very trustworthy (1 = "strongly disagree"; 7 = "strongly agree").	.405	.070	.319	5.746	.000	.506	1.976

a. Dependent Variable: It is unlikely that I will switch to a different main bank (1 = "strongly disagree"; 7 = "strongly agree").

As the ANOVA table displays, $\text{sig} = 0,000 < 0,05 \Rightarrow H_0$ is rejected ($\beta_1 = \dots = \beta_k = 0$), enabling the conclusion that the multiple linear regression under analysis is valid. The same happens ($\text{sig} = 0,000 < 0,05 \Rightarrow H_0$ is rejected) in the coefficients table, meaning the variables Satisfaction and Trust are important in explaining Loyalty and that, for such reason, should be kept in the model.

Final Model – Checking the Assumptions:

a) The linearity of the relationship between each X and Y is assumed:

$$\text{Loyalty} = \beta_0 + \beta_1 * \text{Satisfaction} + \beta_2 * \text{Trust} + \varepsilon$$

b) The mean of the residual component of the model is zero:

Residuals Statistics ^a					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.10	6.41	5.03	.977	476
Residual	-5.414	4.904	.000	1.629	476
Std. Predicted Value	-2.999	1.418	.000	1.000	476
Std. Residual	-3.316	3.003	.000	.998	476

a. Dependent Variable: It is unlikely that I will switch to a different main bank (1 = "strongly disagree"; 7 = "strongly agree").

c) The independent variables are not correlated with the residual terms:

Correlations				
		I am satisfied with my main bank (1 = "strongly disagree"; 7 = "strongly agree").	My bank is very trustworthy (1 = "strongly disagree"; 7 = "strongly agree").	Unstandardized Residual
I am satisfied with my main bank (1 = "strongly disagree"; 7 = "strongly agree").	Pearson Correlation	1	.703**	.000
	Sig. (2-tailed)		.000	1.000
	N	486	476	476
My bank is very trustworthy (1 = "strongly disagree"; 7 = "strongly agree").	Pearson Correlation	.703**	1	.000
	Sig. (2-tailed)	.000		1.000
	N	476	477	476
Unstandardized Residual	Pearson Correlation	.000	.000	1
	Sig. (2-tailed)	1.000	1.000	
	N	476	476	476

** . Correlation is significant at the 0.01 level (2-tailed).

d) There is no correlation among the residual terms:

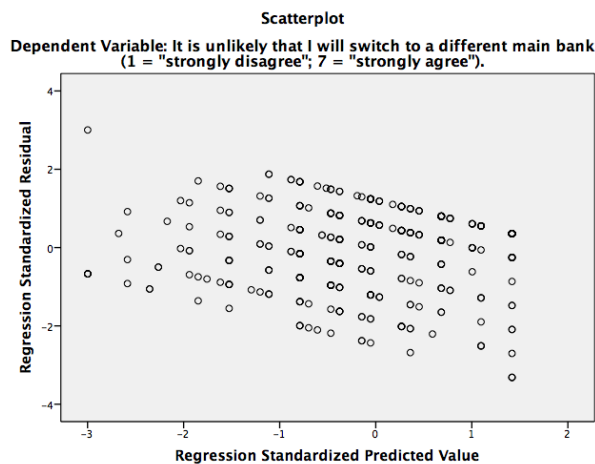
Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.514 ^a	.265	.262	1.633	1.829

a. Predictors: (Constant), My bank is very trustworthy (1 = "strongly disagree"; 7 = "strongly agree"), I am satisfied with my main bank (1 = "strongly disagree"; 7 = "strongly agree").

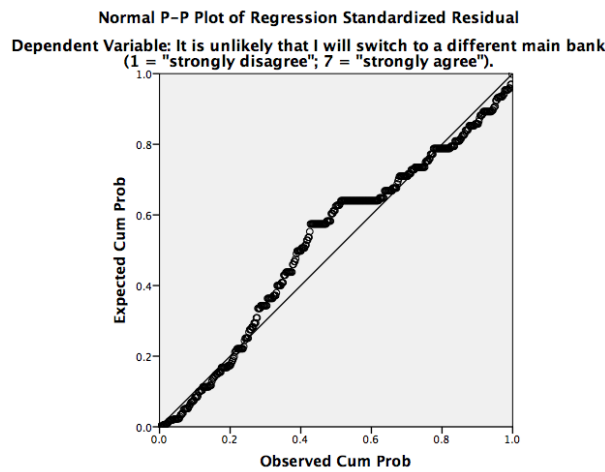
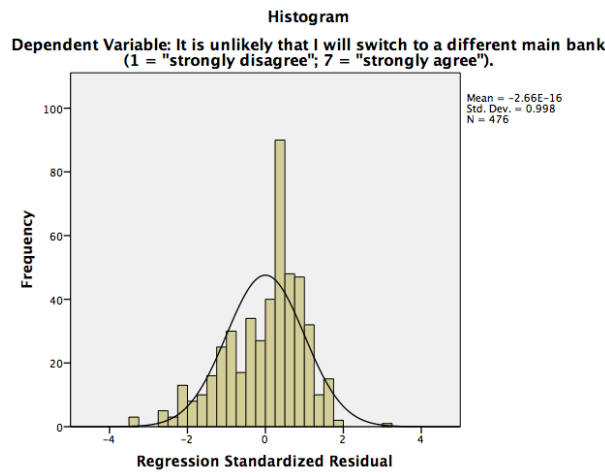
b. Dependent Variable: It is unlikely that I will switch to a different main bank (1 = "strongly disagree"; 7 = "strongly agree").

Since the value of the Durbin-Watson is close to 2 (yet not as close as would have been desired), residuals are assumed to be independent.

e) The variance of the random term is constant:



f) The assumption of the Normality of the distribution of the residuals fails:



Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.148	476	.000	.958	476	.000

a. Lilliefors Significance Correction

7) There is no correlation among the explanatory variables

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	I am satisfied with my main bank (1 = "strongly disagree"; 7 = "strongly agree").	.506	1.976
	My bank is very trustworthy (1 = "strongly disagree"; 7 = "strongly agree").	.506	1.976

a. Dependent Variable: It is unlikely that I will switch to a different main bank (1 = "strongly disagree"; 7 = "strongly agree").

Once Tolerance (TOL) $> 0,1$, it is possible to conclude that the independent variables are not correlated among themselves. Besides, given the value of the Variance Inflation Factor (VIF) that is lower than 10, there are no serious problems of correlation among the explanatory variables.

Since one of the assumptions of the MLR model fails, the obtained model should be used for descriptive purposes and cannot be totally trusted for statistical inference.