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**Traditional Banking at Digital Age**

**Are they keeping up with changes in consumer behavior?**

**Millennials' perception in the Portuguese Market**

Jessica Nazarina Miguel Cahete

Master in Management

Supervisor:
Prof. Mónica Mendes Ferreira, Invited Assistant Professor,
ISCTE Business School

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## Abstract

In a world of capitalism, competitiveness is definitely the market driven of an entire economy. Companies must to fairly compete against each other so we can have more production, best products/services quality, and above of all, customer satisfaction.

This dissertation aims to analyze if the Traditional Banks are keeping up the race of digitalization against Digital Banks, to compare the customer value provided by these two type of Banks and identify which kind of bank provides more value to the Millennials Generation.

After an extensive literature review of papers about traditional banks, Fintechs/Digital Banks and customer-based measurement methods we formulated our 8 main hypotheses. To test the validation of research question, an online survey was released and specific statistical test performed.

In the end, the results of statistical T-test proved that Digital Banks provides more value to Millennials generation as the averages in almost all dimensions scored higher for respondents of Digital Banks comparing to responses from customers of Traditional Banks.

This study provides solid implications for Traditional Banks Managers and Marketers as the studied dimensions can be useful to improve banking experience and retain Millennials. It also helps to enrich the existent literature of banking experience in the Portuguese Market as well as to provide some tools for its measurement.

**Keywords**: Millennials, Traditional Banks, Fintech, Digital Banks, value creation, Banking experience

**Resumo**

Num mundo capitalista, a competitividade é definitivamente maior impulsionador de toda economia. As empresas devem competir de forma justa entre si para que possamos ter mais produção, melhor qualidade de produtos / serviços e, acima de tudo, satisfação do cliente.

Esta dissertação tem como objetivo analisar se os Bancos Tradicionais estão a avançar na corrida da digitalização contra os Bancos Digitais, comparar o valor oferecido ao cliente por estes dois diferentes tipos de bancos, bem como identificar qual tipo de banco agrega mais valor à Geração Millennials.

Após uma extensiva revisão da literatura de artigos sobre Bancos Tradicionais, Fintechs / Bancos Digitais e medição de valor do cliente, formulamos nossas 8 hipóteses principais. Para testar a validação da pergunta de pesquisa foi lançado um questionário online e realizado um teste estatístico específico.

No final, os resultados do teste T estatístico provaram que os Bancos Digitais fornecem mais valor para a geração dos Millennials, pois as médias em quase todas as dimensões estudadas apresentaram um pontuação mais alta para os respondentes de bancos digitais em relação aos respondentes de bancos tradicionais.

Este estudo fornece implicações sólidas para gestores de Bancos Tradicionais e profissionais de marketing, pois as dimensões estudadas podem ser úteis para melhorar a experiência bancária e reter a geração dos Millennias. Ajuda também a enriquecer a literatura existente sobre a experiência bancária no mercado Português bem como a fornecer algumas ferramentas para a sua medição.

**Palavras Chaves**: Millennials, Bancos Tradicionais, Fintech, Bancos Digitais, Criação de valor, Experiência Bancária

## 1- Table of Contents

## 1.1- List of Figures

## 1.2- List of Tables

## 2- INTRODUCTION

New technologies are changing the world dramatically, the internet and online platforms are undoubtedly influencing consumers' behavior and choices. Online financial services are now becoming part of people's daily lives as more and more digital banking tools are being introduced to consumers (Augusto & Torres, 2018).

In recent years, some literature (Alt et al., 2018; Jagtiani & Lemieux, 2018; Thakor, 2019) suggested that banks are facing the risk of being bypassed by new entrants.

The digital transformation is real, and traditional banks are now struggling to provide innovative features, products, and services that match with this new reality (Chiorazzo et al., 2018).

Having this, many innovative financial services are taking advantage of this gap, to grow and get more and more market share.

All of this led to the appearance of several studies to analyze the impact of disruptors in traditional business models and also consumers' intention to switch to new technologies (Boonsiritomachai & Pitchayadejanant, 2017; Shareef et al., 2018; Sharma et al., 2020).

These findings suggested that consumers are most willing to switch from traditional to digital if they are familiar with the system and the usability is friendly, they will also enjoy the experience when the system works autonomously and it is continuously updated.

Moreover, an extensive digital offer from the Banks' side not only benefits the customers but also helps financial institutions decision-makers to forecast the trends, anticipate the changes in consumer behavior and provide more value-added services to not become obsolete and lose market share to Fintechs or non- traditional banks.

Only few researches have explored the Millennials switching behavior under the Portuguese Market and absolutely none of those is related to the Financial Industry. Having this, the present paper aims to analyze the urgency of traditional banking to adapt their offer for the digital age to keep up with Millennials consumer's expectations and to not be outdated by non-traditional banks and new entrants among the financial market.

## 3- Literature Review

In the past few years, with the addition of new market participants, large-scale technological innovations have been carried out in the financial sector.

Digital transformation can bring significant gains, not only for the financial sector but also to the whole economy, and comprises not only the technological innovation effort of the incumbent financial institutions but also the emerging of new partners or competitors such as the Fintech and Big techs.

### 3.1- Traditional Banks VS Fintechs

- **Traditional banks**

"*Banks have been around since the first currencies were minted, perhaps even before that, in some form or another*" (Forbes, 2011)

Many Authors have given several definitions of banking. Miller and VanHoose (1993:120) defined a commercial bank as "a *depository institution that is relatively unrestricted in its ability to make commercial loans and that is legally permitted to issue checking accounts*".

Kashyap et al. (2002:33) agrees and advocates that "*commercial banks are institutions that engage in two distinct types of activities, one on each side of the balance sheet—deposit-taking and lending*.

Throughout the years, the definition had to be changed as commercial banks not only receive deposits and provide loans, they can also offer an extensive range of financial services, for instance: asset management, foreign currency exchange, factoring and confirming, leasing.

According to the General statute of credit companies and financial institution from the Bank of Portugal (2019), a commercial bank can perform: receipt of deposits or other repayable funds, credit operations, leasing, confirming and factoring, money and foreign exchange markets, forward financial instruments, options and operations on currencies, interest rates, commodities and securities, participation in issues and placement of securities and the provision of related services, performance in interbank markets; business strategy and related matters, as well as carry out other operations permitted by the legal and regulatory rules governing their activity.

As the concept develops, their activities in many areas such as products, services, and tools provided also developed. However, the financial services sector leaves the idea of being stagnant in the market and also being resistant to changes (Anagnostopoulos, 2018).

Improvements on products and services are only possible with a challenger competition which in case of tradition banking should be the Fintechs. However, traditional banks are protected by strict supervision, preventing them from continuing to provide value-added services (Vives, 2019).

The digital innovation in the financial sector is also an essential element that boosts competitiveness between institutions and impacts positively the quality of service provided (Bank of Portugal, 2019).

Vives (2019) states that the disruption in financial services may have a negative impact on traditional banks financial performance. However, it could also lead to the offering of efficient banking services as well as more cost-efficient services for their clients.

The question now arises to whether or not traditional banking institutions are stepping up against these new entrants or giving up their market share.

With all disruption in the financial system, traditional banks have the need to re-think and re-design their traditional business model and better incorporate digitalization if they intend to co-lead, co-drive and be part of the future of open banking (Anagnostopoulos, 2018).

- **Fintech**

With technological innovation, new ways to deliver financial services have come into reality, more effective, trustworthy, and convenient financial services arise with a new competition for traditional banks.

Even though the Fintech term is not a recent topic, it seems to be a “buzzword” in different segments of our social life. Researchers such as Boonsiritomachai and Pitchayadejanant (2017) defined Fintech as synonymous of modern times because they represent the connection between technology, Internet, and financial services.

Anagnostopoulos (2018) argue and reinforces that fintech is the leveraging of technology and innovation, providing a very specific niche of financial services without the intermediation of incumbent financial institutions.

According to Santos (2018:3) for instance, Fintech means "*a new generation of financial technology Startups that are revolutionizing the financial industry"*. Fintech can be simply defined as the use of technological innovation in financial services (Vives, 2019).

In recent years the term Fintech gained attention in the research area, many definitions have been given to the term and still, there is a lack of agreement on a proper concept.

According to Omreng and Gjendem (2017), FinTech is synonymous of financial technology and comprises the use of technology to design, develop and innovate services and products typically offered by the traditional financial institutions.

Milian et al. (2019) stated that the term "Fintech" in today's reality is an expression that describes the connection of the modern, such as internet-related technologies with business activities normally related to the financial services industry.

For this research purpose, we will consider the definition of Nicoletti et al. (2017) to which advocates that Fintech generally comprises technology and innovation for financial services, delivering niche products/services via electronic (web/mobile) without the intermediation of traditional financial institutions.

- **Propensity of consumer adoption of Fintechs**

Recent researches have tried to predict the adoption of technologies in financial services across the globe such as Mun et al. (2017) in Malaysia; Junger and Mietzner (2019) in Germany; Sharma et al. (2020) in Fiji,.

Takor (2019) affirms that innovation in payments systems is so far the area in which FinTech is creating the biggest impact in people's lives. A real example of this fact is the digital wallets, (PayPal, Alipay, Apple pay, Mbway), these tools are taking the buying process to the next level by helping consumers to complete a purchase without disclosing their card details.

These tools can somehow increase trust in online shopping, especially in times we are experiencing nowadays in which physical contact is not recommended for health reasons, such payment methods are a real lifesaver.

Accenture (2015) conducted a report stating that: "Managers of digital companies and start-ups have been far more successful and forward-thinking than traditional incumbents in their ability to appropriate the value of consumer data".

FinTech has taken this as an advantage to build brand loyalty and trust that consumers lost in the financial system long ago by offering trustworthy financial services that are faster, more efficient, and most importantly at the customer's convenience.

A report made by BBVA (2016: 12) says "*A feature of the emerging companies within the financial sector (FinTechs) is that they specialize in a single product, where their greater flexibility and a better customer experience, as well as the lighter regulatory shackles, afford them a competitive advantage compared to the traditional banks.*"

Shareef et al. (2018) argued that trust, ability, information accuracy, and familiarity are also driving factors to these changes. Consumers' acknowledgment of the usability, facilities, and advantages of any service delivery channel is potentially an incentive for adoption at the static stage when the service is new.

The authors also emphasize that service quality and client convenience still the most important factor for consumer's adoption of FinTech.

Junger and Mietzner (2019: 5) for instance concludes in their research that "*one of the key driving factors behind the shift of market share toward FinTechs is due to better customer satisfaction through better service offerings*"

However, this transformation of digital financial technology mainly occurs in young people who are proficient in technology. Therefore, for convenience, their preferences are for cashless and branchless financial service providers.

As an example, Goi and NG (2011) cited by Boonsiritomachai and Pitchayadejanant (2017) pointed out that young consumers who use Smartphones have a positive view of using mobile apps for financial transactions.

The study was conducted taking into account two distinctive generations (baby boomers and generation y) willingness to adopt digital financial services and as expected, they concluded that belonging to a specific generation may affect the willingness of using digital technology.

For this specific case, belonging generation Y (Millennials Generation) scored higher on the willingness to adopt digital financial services.

## 3.2- Consumer Decision Journey

The consumer's journey is a critical fact for all organizations and all intervenient should manage to anticipate critical changes in consumer behavior.

It is used to describe the steps a consumer makes from the need to buy a product to the post-purchase phase (Lantos, 2015).

Over the years, it emerged to a new and refined consumer decision journey, it takes now into consideration online search and consumer-to-consumer advises, reviews, and comments about the desired product (Kotler et al., 2019).

Therefore, social media and online platforms are playing an important role in mapping the consumer decision-making journey (Nash, 2019).

Consumer decisions are changing and become short due to the ease and effortless access to information online (Kumar, 2018). However, it is no surprise to anyone that habits tend to change throughout time, and consumer behavior is not an exception as we have witnessed dramatic changes from the past 10 years.

Grant (2010: 253) for instance, stated that "*changes in industry structure tend to be the result of fundamental shifts in customer buying behavior, technology, and firm's strategies*".

On the other hand, those changes are market-driven for technological advancements, and advances in technology are an opportunity for banks, not only to reduce costs but also to better understand their customers' needs, reconnect and build strong relationships with them, which will allow the appearance of more innovative services.

Grant (2010:254) also defends that "*understanding customer needs and preferences are likely to require more than listening. Typically, consumers cannot clearly articulate the motives that drive them and the emotions that different products trigger. Companies must observe their customers understand how a product relates to their lifestyles*".

Fintech banks due to their expertise in innovative technological financial services are taking advantage of traditional banks since they can use most of the time authorized consumer's data to predict those changes and this way, attract more customers (Tekic & Koroteev, 2019).

> "*Most consumers switched to PCs or use mobile devices for searching in times of digitalization. Consequently, search engines, online communities,*

> *marketplaces, provider websites, app stores, or comparison portals have become established entry points for retail banking consumers"* (Pousttchi & Dehnert, 2018: 13).

To keep up, financial institutions will need to employ great cross channels marketing communications to reach out to consumers before they make any decision.

According to Lantos (2015:57), *the traditional consumer decision journey is composed of the following 5 steps: Problem recognition, Information search, Alternative evaluation, Purchase decision, and Post-purchase behavior*.

However, most recently, Kotler, et al. (2019) advocated the existence of the following 4 main stages: Consideration, evaluation, purchase, and enjoy-advocate-bond.

The first stage is when consumers recognize the need for a product choosing a limited number of brands in their search category. In this stage, they also search for information about these products/services. Online platforms and product review websites play a great role here.

In the second stage consumers start to access all the information about the elected brands, they start to evaluate the pros and cons of each brand, check out the reviews and recommendations of other people till they finally make a decision. Online platforms, review websites and Word-of-Mouth are important here as it can influence the consumer decision making process in favor or against the selected Brands.

The third stage of the consumer decision journey is the actual intention to purchase the product. This is when the exchange of money for goods/services occurs. However, consumers can still change their minds if at the time of purchase they experience some poor service quality, problems with website interfaces, or payment gateways depending on the channel of purchase (online/offline).

The next and last stage is the post-purchase, whether they feel pleased with the product or experienced that the service/product was not delivered as promised. This stage is a great opportunity for a company that strives to build strong bonds with their customers and increase loyalty. It is also where consumer-to-consumer relationships grow as they go online to make statements about their experiences for others.

Either way, after all literature revised about the consumer decision journey, we've come to a conclusion that regardless the steps a consumer takes until he/she decides to purchase a product they go through 3 main phases which include the aforementioned stages. The below table represents a summary of the main phases of the consumer decision journey:

Table- 3.1 – Stages of consumer decision journey

Author: based on Lantos (2015); Kotler, et al. (2019)


| | | | | |
|---|---|---|---|---|
| Awareness | Options | Comparison | Decision | Repurchase |
| Need | Quality | Quality | Purchase | Satisfaction |
| Problem | Brands | Company | | Dissatisfaction |
| Desire | Search for | Reputation | | Loyalty |
| Initial | Opinions | Choice | | Commitment |
| consideration | | Pros and Cons | | Recommendation |
| | | Usability | | Complaints |

The Mckinsey and Company have worked extensively in studying consumer's journey and behavior. According to an article from Mckinsey (2014) the consumer decision journey has become really short with appearance of internet and social media as consumers have now uncountable research options online. The digital transformation is no longer the cheapest way to go for companies, instead, it should be seen as market driver to turn clicks into sales.

It is no longer feasible to wait that the client come into the Bank Branch asking for a house mortgage information or any type of financial product as the entire decision making process can be done online.

Besides that, consumers tend to find other people comments or online reviews about a product or service more credible rather than the information provided by the company/producer itself (Son et al., 2017).

More than that, consumers are concerned about the quality of the review so that they can use it in their purchase decision-making processes.

That being said, companies must to draw and visualize their consumers' decision journey map, follow all steps so they can better communicate with clients when it is convenient and be able to influence them to purchase on their preferred channel (online/offline).

Banks should be collecting consumer's research data as start points to create personalized online marketing campaigns and reach out those who are searching for a specific product before they make any decision.

Investing in great communication channels is a huge opportunity to engage and capture the right client to the right product with perfect timing (Balaji & Rao, 2018).

Additionally, investing in Word of Mouth is a great strategy to interact with consumers during their decision-making journey, as for millennial the trustworthiness of information about a product is higher when it comes from other people like them which have experienced this brand before.

> *Participants used social interactions to obtain information about the products, including fit, size, quality, and value from actual consumers who have first-hand experience with the products. In this way, participants could reduce uncertainties by acquiring needed information about fit, quality, and performance of the apparel products in the absence of a physical fitting room* (Son et al., 2017:50).

### 3.3- Word-of-Mouth

Word of Mouth (WOM) is described as positive or negative statements verbal or written made by customers about past experiences with a brand, a company, a product or service (Ngoma & Ntale, 2019).

Satisfied customers tend to speak positively about their experiences with a brand and recommend others to use this brand (Positive WOM), while unsatisfied customers tend to speak negatively about their experiences which can be harmful to the company's image.

WOM is a powerful tool of personal recommendations that can be found online or offline. The exponential grow of internet and social media have transformed online WOM into a strong weapon to influence consumer's decision (Kotler et al., 2019).

There is a positive relationship between WOM and customer loyalty. The more loyal a customer is to the brand the higher the chances of repurchase and recommend the product to others which may influence the decision making process of potential customers (Ngoma & Ntale, 2019).

In contrast, a negative behavior toward a product or service performance will also influence the potential customers purchase intention and can damage the brand's name (Huete-Alcocer, 2017).

Additionally, companies should follow the consumer journey step by step and reach out to customers before they make a decision. The post-purchase stage is another critical point to follow as it can enhance the engagement with the brand, increase comments and reviews and turn clicks into more sales (Kotler et al., 2019).

## 3.4- Traditional Banking vs Digital Banking Value Proposition

Regardless the exponential growth of digital banks, some authors says that traditional incumbents financial institutions has a lot to offer and they are still on their way to retain old customers and attract new ones. Different treatments and business models tend to attract different type of customers and this is what distinguishes one business model from another.

A report from Accenture Worldwide (2019) reveals that "*around half of consumers expect financial providers to offer propositions addressing their core needs and not only traditional financial services*."

We've created the below weighing figure with a compilation of the main differences between traditional and digital banking plus the value and convenience they offer to customers, according to some authors.

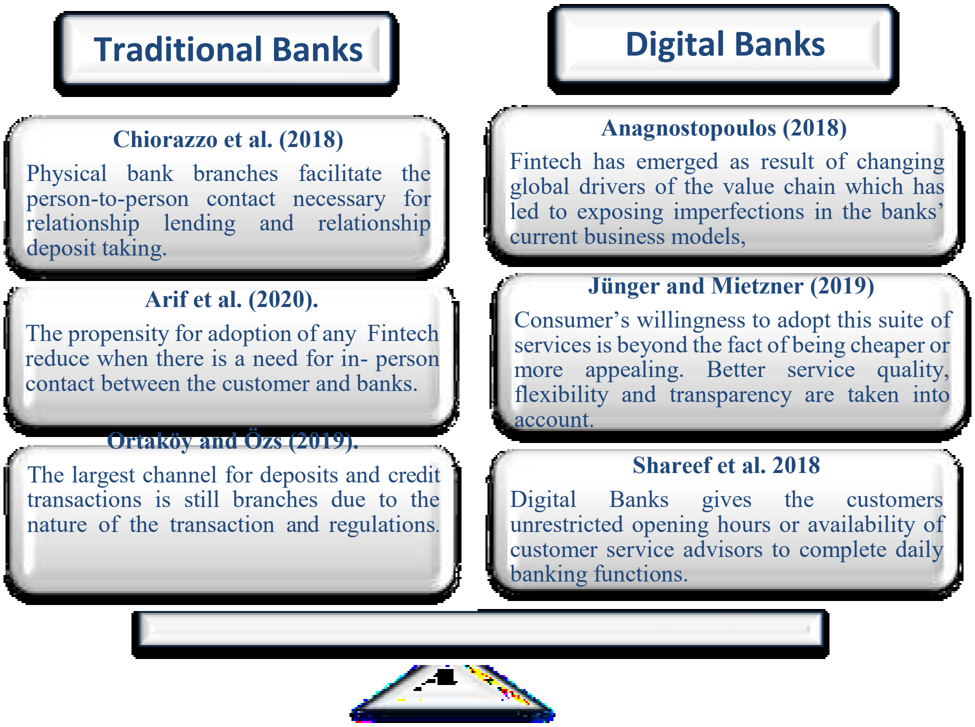



Figure 3.1- Traditional VS Digital Banking Value proposition

Author: based on Chiorazzo et al. (2018); Anagnostopoulos (2018); Shareef et al. (2018); Jünger and Mietzner (2019); Ortaköy and Özs (2019); Arif et al. (2020)

### 3.5- Generations

Generational labels are commonly used in marketing literature and researches to describe patterns and similarities among a group of people who were born between certain periods of time.

Grouping people into a generational cohort is a better way to segment and targeting consumers and understand their behavior (Ting et al., 2018).

> *Different generation's perception, their comments, their choice differs but the common points between them indicate the intersection of personal, national and even international history* ( Durukan & Gul, 2019: 2).

Recent studies have evaluated the distinctive characteristics and behaviors among generational cohorts in different dimensions such as Ahmad and Ibrahim (2015) in Leadership and job satisfaction; Tang et al. (2017) in Workplace; Bento et al. (2018) in Brand engagement on social media; and Tan et al. (2019) in Fintech and Innovation Strategy.

For this paperwork, we will consider the definition of Fernández-Durán (2016) which states that Generational cohort theory describes a population of individuals experiencing the same behavioral patterns, social, economical, political and cultural events during certain time-frame of their lives. Thus, that would lead them to act similarly and especially when it comes to making decisions as consumers.

Herring (2019) in his book "*Connecting Generations: Bridging the Boomer, Gen X, and Millennial Divide*" defined 4 main generational groups; namely Baby boomers, Generation X, Generation Y also known as Millennials and Generation Z.

The following table synthesizes the principal behavioral characteristics and main differences between these 4 groups according to the author.

Table 3.2- Generational Cohorts characteristics
Author: based on Herring (2019)

| Baby Boomers | Generation X | Millennials | Generation Z |
|---|---|---|---|
| • Born between 1946-1964<br>• Consumer from traditional channels<br>• Prefer go to a branch to perform banking transactions<br>• Begun to adopt technologies in order to stay connected with their family<br>• Managing retirement | • Born between 1965-1979<br>• witness of business going from brick-and-mortar to online<br>• Still use traditional channels but are also tech-savvy<br>• They prefer in-person contact to perform financial transaction but search online before going to a branch<br>• loyal to their preferred brands | • Born between 1981-1996<br>• Represent the largest generational group<br>• Technology wise<br>• Less Loyal to brands and high tendency on switch services<br>• Mostly imune to traditional business channels<br>• Prefer digital channels for banking transactions rather than in-person contact | • Born between 1995-2012<br>• They are growing up on a changing and highly connected world<br>• Inseparable from technology<br>• Conservatives<br>• Preferences to mobile banking<br>• The majority of this group have not entered into a bank branch from the past 6 months. |

### 3.6- Millennials

Millennials are the generation born between the early 80s and middle 90s, and are around 24 to 39 years old now (Williams, 2015).

*They were born into an economic boom and graduated into a major bust. They were raised on the internet, live in a world where knowledge is borderless and information platforms keep the facts fluid* (Spinoza & Ukleja, 2016: 15).

According to the Deloitte Global Millennial Survey (2019), Millennials are the generation disrupted, they are skeptical of business motives and are willing to switch for more appropriated services if not satisfied.

Different studies such as Takor (2019); Sharma and Sharma (2019) and Kim and Yang (2020) have identified that "lack of trust in financial system is one of the major driving agents for the switching behavior of Millennials".

This can be simply explained after all the scandals in the financial industry in the past few years. This is also because they do not feel their generational needs and lifestyles are taking into consideration by these banks.

> *"Millennials are quite distinct from other generational cohorts, they are also known to exhibit lower loyalty towards any products or services and to adapt quickly to the innovative changes in technology, especially with those connected with their lifestyle"*(Purani et al., 2019: 217).

A study developed by Crittenden et al. (2019) on how incumbent institutions can survive, reveals how Millennials feel in relation to bank branches and personal contacts.

"*They have made it very clear that they did not want to interact with anyone at a bank yet they needed banks for their direct deposits*" Crittenden et al. (2019: 261).

Additionally, the authors also consider that this whole disruption in the financial industry is getting advantage on improving imperfections consumers encountered under their traditional system. Millennials willingness to switch to digital is positively linked to their desire for improving financial guidance, better customer services and trust.

The study also found out that the below points are the major imperfections of traditional banks and disruptors are taking this as advantage to reach into Millennials' attention.

- Lack of trust on big banks
- Lack of proper customer service and the need for control
- Seeking unique experience and authenticity
- Need for convenience and flexibility
- High costs and lack of price transparency

### 3.7- Millennial vs Brand Loyalty

According to Chung and Kim (2019), brand loyalty is perceived as consumers' attachment to a brand and their commitment to repurchase their preferred product/service in the future, despite all marketing campaigns' inducing on switch behavior. Therefore it is an important factor to determine brand's performance. The more loyal consumers are with their brand the higher is their customer's satisfaction.

There are several aspects consumers consider before they make a purchase, and it is necessary to understand what actually motivates them during this purchasing process other than the brand name and price.

Prior research (Kaur et al., 2019) found out that brand engagement has a positive impact on brand Loyalty as engaging consumers helps to develop an emotional connection with their brand fostering this way the commitment and repurchase intention.

When it comes to Millennials, it is even more complicated to evaluate their loyalty as they have shown different characteristics when comparing to previous generation about expectations on their lives, careers and brands (Liu et al., 2019).

"*Millennials are conscious of brand equity, they stay loyal to brands that reflect who they are" (*Bilgihan, 2016:5).

For instance, for Millennials, flexibility, travelling/see the world and impact positively their community are the top of their priorities (KPMG, 2017). On the other hand, having children, buy they own house among others traditional adulthood desires are not on their top priorities (Deloitte, 2019).

As Millennials were born alongside with technological revolution, they demonstrated being open to easily adopt new technologies (Purani et al., 2019).They valorize commitment with corporate social responsibility (Dhanesh, 2020) and are willing to pay a premium price for a good cause. They are not so loyal to a single brand, but they give value to social connections. Moreover, if a service/product is recommended by a friend or family or reflects Millennials' core needs they are more willing to repurchase.

However, Banks seems to target Millennials as same as other generational cohorts instead of adapt to their digital lifestyle and keep up.

As consequence, big banks developed a negative brand perception on Millennials' mind (Mario & Pedro, 2018).

Due to all these old-fashioned financial services offered by traditional banks, disrupted financial services are taking the opportunity to make up on several key functions on services generally offered by traditional banks (Jagtiani & Lemieux, 2018).

"*The core competitive advantages that banks deployed in the past to fend off previous attacks from new entrants have been dramatically weakened. By contrast, non-bank challengers are notably stronger*" (Deloitte, 2014: 2).

For example, many young travelers do not trust on their banks to perform foreign transactions when travelling, instead they have put their trust on Revolut a revolutionary UK Fintech that according to "EU-Startups" is already one of the most valued fintech's Company in Europe with over 12 million customers around the world.

The startup was originally designed 5 years ago with aim to provide travelers an affordable foreign exchange fee and avoid this way hiding and expensive fees that most traditional banks offer.

The process is quite simple, and only requires a mobile phone to install the app and five minutes to set up an account, the user's identity verification is also quick. The company is now expanding their business to several areas among financial activities from Cripto-currencies trading to banking activities (Financial Times, 2020).

Another disruptor is N26, a digital bank that is totally customer-centric, this fully digital bank allows customers to access and manage their finances everywhere without resorting to a desktop or a physical Branch. It is possible to create an account in few minutes, with no card fees associated, neither extensive paperwork to sign up.

All these disruptors have grown so fast throughout the few years and have now Millions of satisfied customers around the world in which Millennials are on the top of their consumer list (EY, 2015).

This is mainly because these disruptors are seeking to address Millennials' needs which were not addressed from past experiences with traditional incumbent (Milian et al., 2019).

### 3.8- Digitalization in Portugal

There is a lack of proper academic papers relating to the process of digitalization of traditional banks in Portugal.

According to the Portuguese Association of Banks (2020), the Portuguese financial system is now more resilient when comparing to the post crisis period. However, the actual context of COVID-19 pandemic may lead future challenges.

According to local newspapers and websites, the new competition of traditional banks which offers mobile financial services in Portugal are gaining space in the market (Dinheiro Vivo, 2019).

In the most recent period, Portugal's traditional financial institutions appeared to run late in the race of digitalization against the major challenger banks such as Revolut, N26, Moey, Monese and Lydia (Jornal de Negócios, 2019).

A surprise element early this year (2020) changed this landscape by influencing the consumers' adoption of online payments, which boosted the offering of online banking by the traditional Banks.

Due to COVID-19 outbreak, the digitalization of Portuguese Banks reached unforeseen numbers, over 4 Million users in April 2020 (Jornal Economico,2020 ) and it increased to roughly 4,6 Millions by the end of the first semester of 2020 (Marketeer, 2020).

Furthermore, it is important to understand the sustainability of this new digital offering on the traditional Banks' side as it was influenced by external factors and not by their ability to innovate and create strategic changes.

### 3.9- Conceptual Framework

As previously mentioned in the Literature review, customer experience has been the center of uncountable studies and marketing researches.

It comprises the quality of service delivered, product features and usability, the Company's reliability, client communication tools, and so many other things.

As time passed and technology evolves, consumers' preferences changed, they are now demanding more and more high-quality services and are willing to switch from one provider to another if not satisfied.

When it comes to the Banking sector, the delivery of these services combines not only what is offering at physical locations but also everything that comes along with Internet banking offerings.

After analyzing some customer-based studies and methodologies, it was decided that this research will be based on the SERVQUAL model (Parasuraman et al., 1985) to design the hypothesis under study and answer the proposed research questions.

### 3.9.1- Model's History and main Purpose

SERVQUAL was first launched in 1985 as a 10 dimension research framework created to analyze and measure the quality of service based on the client's expectations and perceptions of the service delivered.

Back then, the authors believed the current literature was poor and unwilling to provide solid foundations to define service quality and determine the instruments of its measurement (Parasuraman et al., 1985).

The construct was created as a multidimensional model, originally formulated with the following 10 dimensions:

Table 3.3 – SERVIQUAL model original dimensions
Author: adpted from: Parasuraman et al. (1985)

| Dimensions | Definition /Meaning |
|---|---|
| **Reliability** | High level of consistency and performance. Generaly concerns to the hability to perform the promised service right on the first time. |
| **Responsiveness** | Relates to the willingness of company's employees |

| | |
|---|---|
| | to promptly provide the service contracted. |
| **Competence** | Relates to the actual possession of Know-How to correctly perform the service. |
| **Access** | Relates to the easiness of how clients can reach the service (waiting time, flexible business hours, convenient location). |
| **Courtesy** | The customer care and consideration on personal contact. |
| **Communication** | To adapt how to communicate according to clients' individual characteristics. |
| **Credibility** | Relates to the trustworthiness of the Company's name |
| **Security** | Refers to put physical, emotional and financial safety of customers in first place |
| **Understanding/knowing the customer** | Provide individual's attention and understand the client's needs |
| **Tangibles** | Physical features which represents the service provided (credit cards, equipment, physical location) |

For the authors, the perceived service quality is a result of consumers' expectations of service performance (Parasuraman et al., 1985).

In order to understand if the customers perceived service quality was in line with what Managers and Marketers thought it was, an in-depth interview with executives of well known Financial Firms was set up as well as a focus group interview with consumers.

The questionnaire focused on consumers' perceptions and expectations of service quality. Questions such as customer satisfaction and dissatisfaction with the service delivered and its main reasons were taken into account.

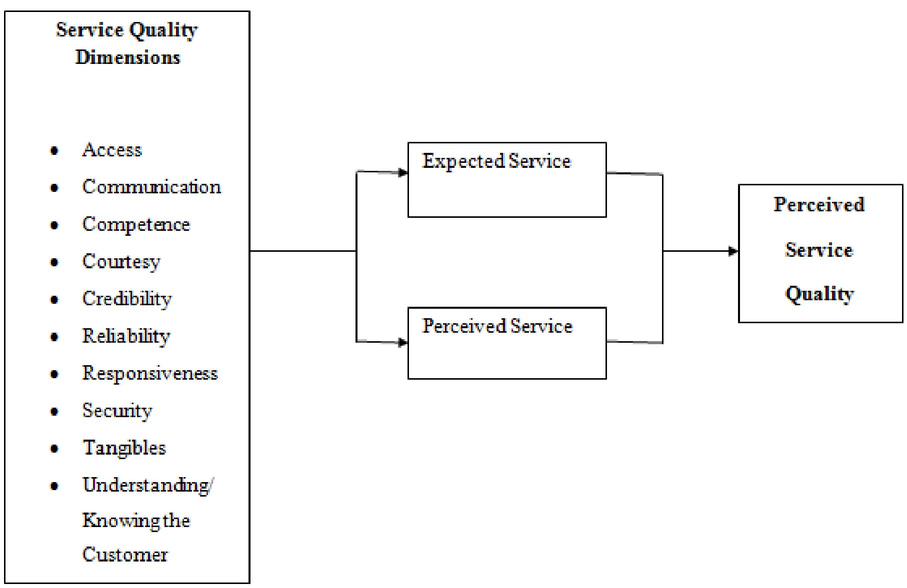
The findings of the executives' interview revealed there were indeed discrepancies between what Managers thought the perceived service quality was and what was actually their customers' expectations.

*In essence, service firms executives may not always understand what features connote high quality to consumers in advance, what features a service must have in order to meet consumer needs, and what levels of performance on those features are needed to deliver high-quality service.* (Parasuraman et al., 1985:44).

The results of group interviews with consumers revealed they had similar criteria to evaluate service quality and that it could be categorized into 10 features as we can see in the below figure.

Figure 3.2- SERVIQUAL original framework

Author: Adapted from: Parasuraman et al. (1985)




Along with 10 key categories on the client's side, the exploratory research also pointed out 4 main existing gaps on the company's side that may have an impact on how service quality is perceived by their customers.

- Gap 1- The discrepancy between Managers Perception of Service Quality and consumers' expectations of the actual service

- Gap 2- The discrepancy between Managers Perception of consumer expectation and the real specifications of this service
- Gap 3- The discrepancy between the Service Quality specification and the actual service delivered
- Gap 4- The discrepancy between the service delivered and the external communication about this service

### 3.9.2- Criticism of SERVIQUAL

Since first launched the SERVQUAL model was widely commented, applied and adapted in different industries. However, the model also suffered criticisms in some dimensions.

In order to respond to critics, the authors Parasuraman et al. (1991) conducted a reassessment of the previous study, however, it failed to sustain the prior 10 based key categories so it was reduced by the following 5:

1- Tangibles,
2- Reliability,
3- Responsiveness,
4- Assurance
5- Empathy.

### 3.9.3- Why SERVQUAL?

The method was first designed as an effort to properly define service quality and its ways of measurement. For the experiment, four service categories were chosen and all of them related to the financial sector (Parasuraman et al., 1985).

SERVQUAL has a proven track record of its effectiveness when applying to the Banking industry. Relying on SERVQUAL dimensions can help Bank managers better understand the gaps between the client’s perceptions and expectations while also improving customer satisfaction (Kumar & Sharma, 2020).

For the past 35 years of its existence, SERVQUAL has been widespread, successfully implemented, and flexible enough to be applied in distinct industries (Ishfaq et al., 2020).

Besides the several studies applied SERVQUAL in the Banking and Financial industry for instance, (Sharma, 2016); (Raza, et al. 2020); and (Talavera, 2020), the method was also adapted to the following distinct industries: Tourism, Education, Health Care, Public Transportation, and Politics.

Along with the above, various experiments have proven the effectiveness of SERVQUAL in their studies as shown in the below table which presents some insights on the importance of the SERVQUAL model in today's reality;

Table 3.4- SERVQUAL importance

Author: Own Elaboration

| **Reference** | **Comments** |
|---|---|
| (Ikhsan & Simarmata, 2020:571). | *SST (self-service technology) -SERVQUAL provides a positive contribution to improving corporate reputation…* |
| (Hizam & Ahmed, 2020: 390). | *SERVQUAL postulated the mainly measure of service quality with numerous elements that denoted the customer trust, customer caring, service equipment aesthetics, and compassion.* |
| (Gregory, 2019:151). | *The SERVQUAL model is one of the most influential service quality measurement instruments, which is still used in many applications and developments of the service quality fields.* |

## 4- Adopted model and Research Hypotesis

The customer experience has been the center of outstanding and remarkable studies as Marketers and Business managers realized this is the key that leads to competitiveness (Becker & Jaakkola, 2020).

New technologies mostly powered by Artificial Intelligence are being used to attract new customers and consequently influencing the customer experience (Hoyer et al., 2020).

Consumer's assessment of experience does not necessarily depend on the finished service delivered but also all organizational touchpoints such as marketing communications, customer services, and post-sales customer center (Klaus & Maklan, 2013).

Understanding that the triggers tend to vary according to consumers' age and geographical locations help brands to properly position themselves in consumers mind (Agarwal et al. 2019).

In line with this, the stage of the consumer journey in which they find the desired feature has a positive influence on their intention to buy that feature. (Hamilton & Price, 2019)

That being said, there is an urgent need for business managers and marketers to understand and anticipate consumer behavior in the digital age so that meaningful interventions can be made at different stages of their consumers' decision journey (Scott et al., 2017).

This dissertation aims to gauge to what stand traditional banks are keeping up the digitalization race against Digital Banks according to Millennials' perception.

To reach our goal the aforementioned framework (SERVQUAL) was the base of our model that was slightly adapted to correspond to today's reality. All the modified and additional dimensions are based on literature review and were also presented and studied in previous researches.

In total, we've decided to study 8 Dimensions to respond to our research question. The decision on chosen Dimensions was based on the main reasons Millennials decide to stay with their current Bank or Switch to digital. The below table presents a summary of the academic papers we used to create each dimension.

Table: 4.1 – Research Dimensions
Author: Own elaboration

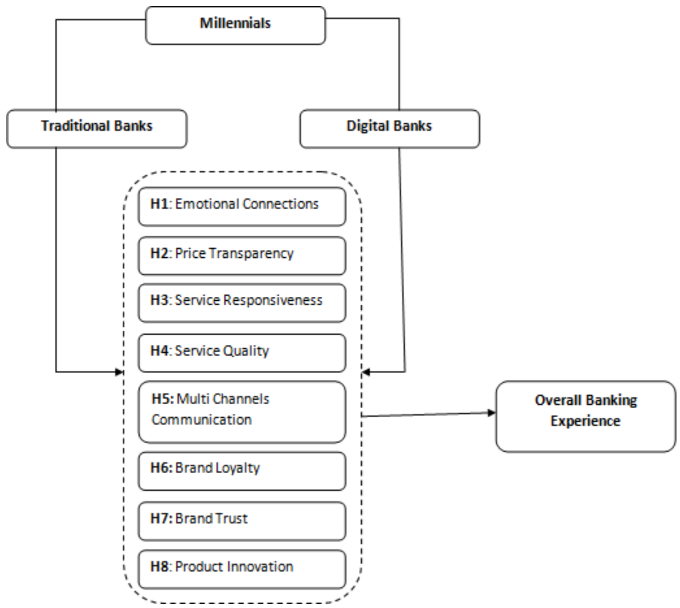
| Dimensions | References |
|---|---|
| Emotional Connections | Parasuraman et al. (1991); Chaudhary (2018) |
| Price transparency | Mittal and Agrawal (2016); Zietsman et al. (2019) |
| Service Responsiveness | Parasuraman et al. (1988); Yadav and Rai (2019) |
| Service Quality | Chai et al. (2016) |
| Brand Loyalty | Mohammadi and Kaviani (2015); Atulkar (2020) |
| Brand trust | Yadav and Rai (2019); Atulkar (2020) |
| Product innovation | Chai et al. (2016) |
| Multi channels communication | Parasuraman et al. (1988) |

### 4.1- Proposed Model:

This part of our study will analyze which kind of Bank provides more value according to Millennials. A scale of 8 dimensions adapted from the SERVQUAL model **(**Parasuraman et al., 1985; Parasuraman et al. 1991) was designed, tested and validated in order to understand if the level of banking experience in Millennials of Digital Banks is higher to the the level of banking experience in Millennials of Traditional Bank.

In this line of thoughts we designed the following model and research hypothesis:

Figure 4.1- Proposed Model:
Author: Adapted from Parasuraman et al., 1991




- **H1: The level of Emotional is higher in Digital Bank rather than in Traditional Bank**

*H0: The averages of emotional connections are equal in Traditional and Digital Banks*

*Ha: The averages of emotional connection of Traditional and Digital Banks are different.*

This first hypothesis has been adapted from (Parasuraman et al., 1991) on dimension Empathy. For the authors, this dimension refers to the personal caring and individual attention the company gives to each customer.

During the literature review we learned from Arif et al. (2020) that when in-person contact between the customer and banks is necessary, the willingness to adopt any Fintech may reduce. Emotional connections encompass everything that comes along with personal treatment.

Having this, we would like to understand if the averages of responses are equal for Traditional Banks and Digital Banks or if they show significant differences.

- **H2: The level of Price Transparency is higher in Digital Bank rather than in Traditional Bank**

*H0: The averages of price transparency are equal in Traditional and Digital Banks*

*Ha: The averages of price transparency of Traditional and Digital Banks are different*

The influence of price on service quality has been discussed several times in previous studies. In fact, there is practical evidence that perceived price fairness influences the value of service delivered (Zietsman et al., 2019).

Moreover, lack of price transparency has been pointed out by Crittenden et al. (2019) as one of the major imperfections of traditional banks which lead Millennials to switch to Digital.

With this dimension, we would like to understand if the averages of responses for dimension "Price transparency" are equal in Traditional Banks and Digital Banks or if they show significant differences.

- **H3: The level of Service Responsiveness is higher in Digital Bank rather than in Traditional Bank**

*H0: The averages of service responsiveness are equal in Traditional and Digital Banks*

*Ha: The averages of service responsiveness of Traditional and Digital Banks are different*

Service Responsiveness relates to the willingness of the company's employees to promptly provide the service contracted.

This dimension has been retrieved from (Parasuraman et al., 1991) and extends to the fact that consumers want the service to be provided right on first.

In today's reality it can be translated somewhat from the time clients wait in the queue in the branch, the time it takes for the bank to answer the phone or even the time it takes to make a transaction online or offline.

This Dimension will help us understand if the averages of responses for dimension "Service Responsiveness" are equal in Traditional Banks and Digital Banks or if they show significant differences, and in which kind of banks it scores higher.

- **H4: The level of Service Quality is higher in Digital Bank rather than in Traditional Bank**

  *H0: The averages of Service Quality are equal in Traditional and Digital Banks*

  *Ha: The averages of Service Quality of Traditional and Digital Banks are different*

  Poor service quality of Traditional Banks is also one of the main reasons for shift behavior of Millennials' generation from traditional to digital banks according to Crittenden et al. (2019).

  This dimension will help us to understand if the perceived service quality of Digital Banks is indeed superior to the perceived service quality of Traditional Banks.

- **H5: Overall the level of Multi Channels Communication is higher in Digital Bank rather than in Traditional Bank**

  *H0: The averages of "Multi Channels Communication" are equal in Traditional and Digital Banks*

  *Ha: The averages of "Multi Channels Communication" of Traditional and Digital Banks are different*

  This factor has been adapted from Parasuraman et al. (1988) which aims to adapt the way a company communicates with their customers according to each specific characteristics. It also comprises the company's power to influence customers to speak positively about the brand through Word of Mouth.

- **H6: The level of Brand Loyalty is higher in Digital Bank rather than in Traditional Bank**

  *H0: The averages of "Brand Loyalty" are equal in Traditional and Digital Banks*

  *Ha: The averages of "Brand Loyalty" of Traditional and Digital Banks are different*

  As we have seen from the literature review, customer satisfaction generally yields Brand loyalty. With this dimension we would like to understand if the averages of Traditional Banks and Digital Banks shows significant differences and which type of bank Brand loyalty scores higher.

- **H7: The level of Bank Trust is higher in Digital Bank rather than in Traditional Bank**

*H0: The averages of "Brand Trust" are equal in Traditional and Digital Banks Ha:*

*The averages of "Brand Trust" of Traditional and Digital Banks are different*

This dimension has been retrieved from (Atulkar, 2020) and **(** Yadav & Rai, 2019). Trust can be formed by a customer's positives experiences with a Brand in the past and also by company's willingness to deliver the service as promised.

Clients who trust on their brands are more likely to be loyal as Brand trust has a positive impact on Brand Loyalty.

- **H8: The level of Product Innovation is higher in Digital Bank rather than in Traditional Bank**

*H0: The averages of "Product Innovation" are equal in Traditional and Digital Banks Ha:*

*The averages of "Product Innovation" of Traditional and Digital Banks are different*

This factor represents customer assessment of product quality and innovation on product features. Product innovation also encompasses the design and creation of procedures, technologies and new ways that leads the efficiency of the service delivered (Chai et al., 2016).

This dimension will help to understand in which kind of bank the level of innovation in products and services is higher.

# 5- Methodology

## 5.1- Research design

Defining specificities of research design is probably one of the most important steps for researchers after identified research topic and research questions (Abutabenjeh & Jaradat, 2018).

This dissertation falls under the scope of deductive method. According to Rahi (2017), this method aims to use collected data to test theories with help of specific statistical tests. The chosen design methodology is the explanatory approach which helped to understand the key issues and variables of the research problems.

In order to answer our research question, the selected method to collect data was the questionnaire in the form of online survey. This method is mostly used on quantitative approach.

Quantitative approaches involve the measurement of variables in order to understand their characterizations, explore and discover their patterns, correlations and relationships among them. It aims to test, improve, proving or disproving previous theories (Leavy, 2017).

## 5.2- Data collection

Our research aimed to understand if Traditional Banks in Portugal are keeping up with the race of digitalization against Digital Banks according to Millennials' perception.

To collect data, a likert scale (from 1 completely disagree to 5 completely agree) online survey was created, targeting people with a bank account, living currently in Portugal, and with ages between 24 to 39 years old.

To perform the survey, the selected platform was Google forms, the survey was placed in Portuguese and English as Portuguese nationality was not one of the restrictive requirements and it allowed us to reach out to a larger number of people.

After defining the questions to include in the survey, a test which we called survey-stage 1 was conducted to a pre-selected individual to make sure questions were well perceived, not too much extensive and also to correct some mistakes in spelling and translations to guarantee the questions in Portuguese had the same meaning as in English.

With the feedback of survey-stage 1, our final and revised version of the survey was ready to be launched. The survey was published on several online platforms such as Facebook personal pages, Facebook groups for students, Facebook groups of immigrants in Portugal, Linkedin, Reedit, and Whatsapp groups.

Besides that, we visited Instagram and Facebook official pages of major traditional and Digital Banks in Portugal to reach out to their followers and invite them to fill our survey.

These Followers were contacted one by one and invited to express their opinion about their financial provider. We also checked the comments sections of this Banks' social media and contacted people complained about the service, we've requested if they could also fill out the survey.

Before filling the survey, respondents were advised that those questions were for academic purposes only and that none of the provided data would be disclosed for any other reason.

### 5.3- Data analysis

The data analysis was conducted with help of IBM® SPSS® V.25 and we used descriptive and inferential statistics to perform the analysis. The analysis was based on frequencies (absolute and relative) and measurement of tendencies (means and standard deviations) for quantitative variables.

The inferential analysis was performed through the implementation of parametric tests. We used the T-test to compare means for 2 independent samples and test if they have significant differences. For this, we had to make sure all the assumptions to perform parametric tests were met, namely normal distribution of samples and Equality of variances (see appendix nº B).

The assumption of normal distribution of variables is verified through the Shapiro-Wilk test when: ($N<50$) or Kolmogorov-Smirnov test when: ($N>50$). However, we can assume the normal distribution when the sample is ($N>30$) resorting to the Central Limit Theorem to ensure the approximate normality of distribution and hence test its applicability (Maroco, 2010).

The equality of variances was verified through Levene's Test. We

have considered a P-value of 0,05 for our statistical analysis.

## 5.4- Data Reliability

The construction of dimensions falls under the criterion of internal consistency which was evaluated and measured by Cronbach's Alpha. The score of each participant in each dimension is the result of the average of all the responses composing the dimension.

The analysis of the results showed that the dimensions presented from very good (Service Quality and Brand Loyalty, respectively with 0.905 and 0.932) to poor (Multi channels communication, 0.644) internal consistency.

Emotional Connections, Price transparency, Service Responsiveness, Brand trust, and Product innovation presented good internal consistency (Cronbach's alpha between 0.801 and 0.876).

These results show that there are conditions to continue our analysis as almost all factors scored above 0.7.

Table 5.4.1 – Dimensions internal consistency (Cronbach's Alpha)
Author: own elaboration

| **Dimension** (items) | **Cronbach's Alpha** |
|---|---|
| **1. Emotional Connections** (5 items) | **0.817** |
| **2. Price transparency** (4 items) | **0.801** |
| **3. Service Responsiveness** (6 items) | **0.832** |
| **4. Service Quality** (5 items) | **0.905** |
| **5. Multi channels communication** (4 items) | **0.644** |
| **6. Brand Loyalty** (5 items) | **0.932** |
| **7. Brand trust** (5 items) | **0.876** |
| **8. Product innovation** (7 items) | **0.858** |

# 6- Results

## 6.1- Sample Characterization

Initially, our survey received 261 responses, from that we had to exclude the answers that failed to meet our initial requirements (Have a bank account, Live currently in Portugal and ages between 24 and 39 years). Saying so, our study sampling was reduced to 221 inquires all belonging to Millennials' generation and meeting remaining requirements.

In terms of sample gender, there is a higher number of female in the participants (58,8%), while male participants were 38,57% and the remaining 2,7% preferred not to say the gender.

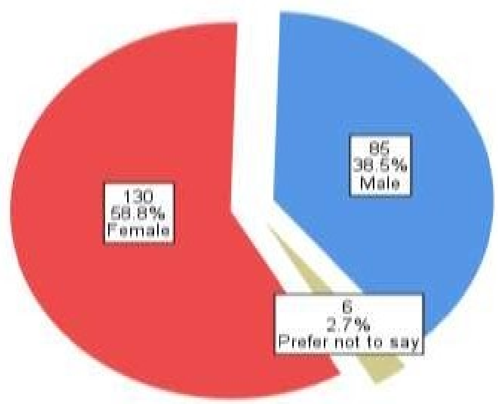



Figure 6.1.1 - Distribution by gender of the participants
Author: Own Elaboration

Regarding the Level of Education, the large majority of participants have a college degree (44.3%). While 23,1% of inquired holds a Master's Degree or more, a proportion of 18,1% has only high school or less and 14,5% did not finish the College yet (see appendix A).

When it comes to the professional status of participants, 78,2% answered to be employed whereas 68,3% of those are full-time workers and the remaining 4,5% are working only part- time. We had also 12,7% of participants that responded as being unemployed and the proportion of 14.5% of respondents are students.

When questioned about which kind of Bank they use, the large majority reveals to use the traditional bank as their main financial provider (69,2%), while 14,5% uses only digital banks, and 16,3% of respondents admitted to use both types of Banks (see Figure 6.2.2).

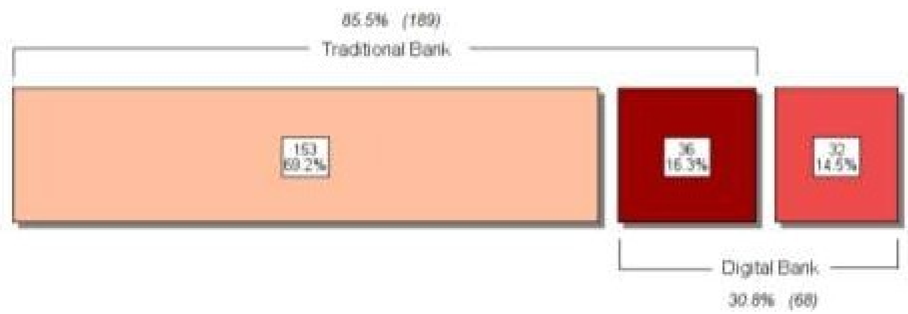



Figure 6.1.2 – Participants kind of banks

Author: Own Elaboration

Relatively to question "How long you've been client of your main Bank?" the responses were roughly heterogeneous, 39,9% answered more than four years, 25,3% answered two years or more, and 34,8% two years or less.

## 6.2-Parametric T-Test

We decided to perform a parametric test in order to understand if the averages of these two groups show significant differences.

This question suffered reassessment and rescreening in the sample as in the initial question "Which kind of Bank" had 16,3% of responses with both types of banks. We decided to eliminate those answers to analyze the research question as using this could jeopardize the outcome of results.

The choice of which parametric test to perform normally depends on the number of variables to study, in our specific case we assume "clients of digital banks – G1/N1" and "clients of traditional banks – G2/N2" as our two group variables. Therefore, the parametric T-test was suitable here.

Additionally, assumptions of normality (see appendix: B) were met since the sample in both groups were large enough (N1=153 and N2=32) in order to resort to Central Limit Theorem to assume both samples have a normal distribution. Equality of variances (Levene's test) was analyzed case by case. The analysis of Levene's test is only important to decide which p-value in the t-test table (see appendix B) we use depending on the equality of variances assumed or not assumed.

The below summarizes important information used to reach out to our conclusions of acceptance and not acceptance of our hypotheses;

- **H1: The level of Emotional is higher in Digital Bank rather than in Traditional Bank**

Table 6.2.1- Results of variable Emotional Connections
Author: Own elaboration

| **Hypothesis** | **Kind of bank** | **N** | **Mean** | **Std. Dev** | $t_{(183)}$ | **P-value** |
|---|---|---|---|---|---|---|
| *H0: The averages of emotional connections are equal in Traditional and Digital Banks* | Traditional | 153 | 3.07 | .938 | -3.702 | .000 |
| *Ha: The averages of emotional connection of Traditional and Digital Banks are different* | Digital | 32 | 3.74 | .901 | | |

Analyzing the test statistics we could verify the existence of significant differences in the averages of dimension "Emotional Connections" of traditional banks and Digital banks ($t_{(183)}$= - 3.702, $p<0.05$).

**Decision:** since the p-value in Dimension "Emotional Connections" is equal to 0.000 < 0.05, we reject the first hypothesis and thus we can affirm with 95% of confidence that the level of "Emotional Connections" is higher in Digital Banks rather than in Traditional Banks.

In Table nº6.3.1, we can see the statistical evidences that the average of this dimension for Digital banks (M=3.74, SD=0.901) is higher than the average for Traditional Banks (M=3.07, SD=0.938).

- **H2:The level of Price Transparency is higher in Digital Bank rather than in Traditional Bank**

Table 6.2.2-Results of variable Price Transparency

Author: Own elaboration

| **Hypothesis** | **Kind of bank** | **N** | **Mean** | **Std. Dev** | $t_{(183)}$ | **P-value** |
|---|---|---|---|---|---|---|
| *H0: The averages of price transparency are equal in Traditional and Digital Banks*<br><br>*Ha: The averages of price transparency of Traditional and Digital Banks are different* | Traditional | 153 | 3.03 | .994 | -4.869 | .000 |
| | Digital | 32 | 3.95 | .883 | | |

For Dimension "Price transparency" the test statistics shows evidences of significant differences between the averages of Traditional Banks and Digital banks ($t_{(183)}$= - 4.869, $p<0.05$).

**Decision:** since p-value in Dimension "Price transparency" is equal to 0.000 < 0.05, we reject the null hypothesis and thus we can affirm with 95% of confidence that the level of "Price transparency" is higher in Digital Bank rather than in Traditional Bank.

In Table nº6.3.2, we can see the statistical evidences that the average of Digital banks (M=3.95, SD=0.883) is higher than the average of Traditional Banks (M=3.03, SD=0.994).

- **H3: The Level of Service Responsiveness is higher in Digital Bank rather than in Traditional Bank**

Table Nº 6.2.3- Results of variable Service Responsiveness

Author: Own elaboration

| **Hypothesis** | **Kind of bank** | **N** | **Mean** | **Std. Dev** | $t_{(183)}$ | **P-value** |
|---|---|---|---|---|---|---|

| | | | | | | |
|---|---|---|---|---|---|---|
| *H0: The averages of service responsiveness are equal in Traditional and Digital Banks*<br><br>*Ha: The averages of service responsiveness of Traditional and Digital banks are different* | Traditional | 153 | 3.31 | .851 | -4.238 | .000 |
| | Digital | 32 | 3.99 | .718 | | |

The results for this dimension also proved evidences of significant differences between the averages of Traditional Banks and Digital banks ($t_{(183)}$= - 4.238, p<0.05).

**Decision:** since p-value in Dimension "Service Responsiveness" is equal to 0.000 < 0.05, we reject the null hypothesis and thus we can affirm with 95% of confidence that the level of "Service Responsiveness" is higher in Digital Bank rather than in Traditional Bank.

In the table Nº 6.3.3, we can see the statistical evidences that the average of Digital banks (M=3.99, SD=0.718) is higher than the average of traditional banks (M=3.31, SD=0.851).

- **H4: The level of Service Quality is higher in Digital Bank rather than in Traditional Bank**

Table 6.2.4- Results of variable Service Quality
Author: Own elaboration

| **Hypothesis** | **Kind of bank** | **N** | **Mean** | **Std. Dev** | **$t_{(183)}$** | **P-value** |
|---|---|---|---|---|---|---|
| *H0: The averages of Service Quality are equal in Traditional and Digital Banks*<br><br>*Ha: The averages of Service Quality of Traditional and Digital Banks are different* | Traditional | **153** | 3.39 | .968 | -3.572 | .000 |
| | Digital | **32** | **4.07** | 1.037 | | |

The dimension Service Quality also proved evidences of significant differences between the averages from clients of traditional banks and Digital banks ($t_{(183)}$= - 3.572, $p<0.05$).

**Decision:** since p-value in Dimension **"**Service Quality**"** is equal to 0.000 < 0.05, we reject the null hypothesis and thus we can affirm with 95% of confidence that the level of **"**Service Quality**"** is higher in Digital Bank rather than in Traditional Bank.

In the table Nº 6.3.4, we can see the statistical evidences that the average of Digital banks (M=4.07, SD=1.037) is higher than the average of traditional banks (M=3.39, SD=0.968).

- **H5: The level of Multi Channels Communications is higher in Digital Bank rather than in Traditional Bank**

Table Nº 6.2.5 - Results of variable Multi Channels Communications
Author: Own elaboration

| **Hypothesis** | **Kind of bank** | **N** | **Mean** | **Std. Dev** | **$t_{(183)}$** | **P-value** |
|---|---|---|---|---|---|---|
| *H0: The averages of "Multi Channels Communication" are equal in Traditional and Digital Banks*<br><br>*Ha: The averages of "Multi Channels Communication" of Traditional and Digital Banks are different* | Traditional | 153 | 3.04 | .922 | -1.059 | .291 |
| | Digital | 32 | 3.23 | .982 | | |

For the dimension "Multi Channels Communications" we could not find significant differences between the averages from clients of Traditional Banks and Digital Banks ($t_{(183)}$= -1.059, $p>0.05$).

**Decision:** since p-value in Dimension **"**Multi Channels Communications**"** is equal to 0. 291 >0.05, we do not reject the null hypothesis and thus we can affirm with 95% of confidence that the averages of **"**Multi Channels Communications**"** are similar among Millennials with Digital Bank and those with Traditional Bank.

In the table Nº 6.3.5, we can see the statistical evidences that both averages of Digital banks (M=3.23, SD=0.982) and traditional banks (M=3.04, SD=0.922) do not shows significant differences.

- **H6: The level of Brand Loyalty is higher in Digital Bank rather than in Traditional Bank**

Table Nº 6.2.6 - Results of variable Brand Loyalty
Author: Own elaboration

| **Hypothesis** | **Kind of bank** | **N** | **Mean** | **Std. Dev** | **$t_{(183)}$** | **P-value** |
|---|---|---|---|---|---|---|
| *H0: The averages of "Brand Loyalty" are equal in Traditional and Digital Banks*<br><br>*Ha: The averages of "Brand Loyalty" of Traditional and Digital Banks are different* | Traditional | 153 | 3.35 | 1.079 | -3.663 | .000 |
| | Digital | 32 | 4.12 | 1.047 | | |

The results of dimension **"**Brand Loyalty**"** proved evidences of significant differences between the averages from clients of traditional banks and Digital banks ($t_{(183)}$= - 3.663, p<0.05).

**Decision:** since p-value in Dimension **"**Brand Loyalty**"** is equal to 0.000 < 0.05, we reject the null hypothesis and thus we can affirm with 95% of confidence that the level of **"**Brand Loyalty**"** is higher among Millennials with Digital Bank rather than those who have Traditional Bank.

In the table Nº 6.3.6, we can see the statistical evidences that the average of Digital banks (M=4.12, SD=1.047) is higher than the average of traditional banks (M=3.35, SD=1.079).

- **H7: The level of Bank Trust is higher in Digital Bank rather than in Traditional Bank**

Table Nº 6.2.7- Results of variable Brand Trust

Author: Own elaboration

| Hypothesis | Kind of bank | N | Mean | Std. Dev | $t_{(183)}$ | P-value |
|---|---|---|---|---|---|---|
| *H0: The averages of "Brand Trust" are equal in Traditional and Digital Banks*<br><br>*Ha: The averages of "Brand Trust" of Traditional and Digital Banks are different* | Traditional | 153 | 3.53 | .924 | -3.129 | .002 |
| | Digital | 32 | 4.09 | .844 | | |

In terms of **"**Brand Trust**",** the results also presented significant differences between the averages from clients of traditional banks and Digital banks ($t_{(183)}$= - 3.663, p<0.05).

**Decision:** since p-value in Dimension **"**Brand Trust**"** is equal to 0.002 < 0.05, we reject the null hypothesis and thus we can affirm with 95% of confidence that the level of **"**Brand Trust**"** is higher among Millennials with Digital Bank rather than those with Traditional Bank.

In table Nº 6.3.7, we can see the statistical evidences that the average of Digital Banks (M=4.09, SD=0.844) is higher than the average of Traditional Banks (M=3.35, SD=1.079).

- **H8: The level of Product Innovation is higher in Digital Bank rather than in Traditional Bank**

Table Nº 6.2.8- Results of variable Product Innovation

Author: Own elaboration

| Hypothesis | Kind of bank | N | Mean | Std. Dev | $t_{(183)}$ | P-value |
|---|---|---|---|---|---|---|
| *H0: The averages of "Product Innovation" are equal in Traditional and* | Traditional | 153 | 3.71 | .887 | -4.874 | .000 |

| | | | | | | |
|---|---|---|---|---|---|---|
| *Digital Banks*<br><br>*Ha: The averages of "Product Innovation" of Traditional and Digital Banks are different* | Digital | 32 | 4.32 | .584 | | |

Lastly, the results of our eighth dimension **"**Product innovation**",** also proved the existence of significant differences between the averages from clients of traditional banks and Digital banks ($t_{(65)}$= - 4.874, p<0.05).

**Decision:** since p-value in Dimension **"**Product innovation**"** is equal to 0.000 < 0.05, we reject the null hypothesis and thus we can affirm with 95% of confidence that the level of **"**Product innovation**"** is higher in Digital Bank rather than in Traditional Bank.

In the table Nº6.3.8 , we can see the statistical evidences that the average of Digital Banks (M=4.32, SD=0.584) is higher than the average of Traditional Banks (M=3.71, SD=0.887).

## 7- Conclusions

After all literature review and statistical analysis conducted to support our research hypotheses, we have reached to our final chapter. In this chapter, we will draw the main conclusions for this dissertation, assessing the validity of the tested hypotheses and provide some insights of its implications to Scholars and Bank Managers. Additionally, we will also point out the main limitations of our research.

Overall, as we could see in the previous chapter, the statistical analysis pointed to validate 7 out 8 of all hypotheses, we will go further on each hypothesis to get the main conclusions. The below table 7.1 summarizes the validity of our statistical tests.

Table 7.1 – Validation and conclusion of research hypothesis

Author: Own Elaboration

| HYPOTHESIS | DECISION |
|---|---|
| **H1:** The level of Emotional is higher in Digital Bank rather than in Traditional Bank | VALID |
| **H2:** The level of Price Transparency is higher in Digital Bank rather than in Traditional Bank | VALID |
| **H3:** The Level of Service Responsiveness is higher in Digital Bank rather than in Traditional Bank | VALID |
| **H4:** The level of Service Quality is higher in Digital Bank rather than in Traditional Bank | VALID |
| **H5:** The level of Multi Channels Communications is higher in Digital Bank rather than in Traditional Bank | NOT VALID<br>There was no statistical evidence of significant differences between the averages of this Dimension in both types of Banks. |
| **H6:** The level of Brand Loyalty is higher in Digital Bank rather | VALID |

| | |
|---|---|
| than in Traditional Bank | |
| **H7:** The level of Bank Trust is higher in Digital Bank rather than in Traditional Bank | VALID |
| **H8:** The level of Product Innovation is higher in Digital Bank rather than in Traditional Bank | VALID |

Our first dimension *"Emotional Connections"* scored higher in Digital Banks in terms of its averages (M=3.74). It means that for Millennials, Digital Banks are so far more concerned about the personal caring and individual attention they give to each one of their customers when comparing to Traditional Banks.

From the literature review we've learned that in-person contact and familiarity with services are some of the main reasons preventing Millennials to switch from traditional to digital (Arif et al., 2020). However, our results show that Digital Banks are filling this gap, targeting Millennials according to their specific characteristics and gain competitive advantage over Traditional Banks.

In our second dimension "*Price Transparency*", Digital Banks scored higher in terms of its average (M=3.95). It means that Millennials feel more confident about the pricing of Digital Banks when comparing to Traditional Banks. These results are completely understandable as we have reviewed in the literature that lack of price transparency in Traditional Banks are driving Millennials to switch for Digital Banks which are far more transparent in terms of pricing breakdown.

The analysis of third Dimension "*Service Responsiveness*" scored higher in Digital Banks in terms of its average (M=3.99) when comparing to Traditional Banks. This means that for Millennials, the time spent to perform any Banking transaction is reduced in Digital Banks. These results also reinforce the theoretical evidences (Junger & Mietzner, 2019) that in terms of Bank, Millennials preferences are for branchless and online banking transactions which are faster and straightforward.

The fourth dimension "*Service Quality*" presented evidences of significant differences in terms of its averages. The results show that for Millennials, the level of service quality is indeed higher in Digital Banks when comparing to traditional Banks.

From the literature review, we've learned that lack of proper service quality is also a driving factor for Millennials switching behavior. This only reinforces the affirmations that Digital Banks are transforming the imperfections of traditional Banks into strategic advantages to attract more and more customers.

The fifth dimension "*Multi Channels Communications*" was not valid as it did not shows significant differences in the averages of respondents from Digital Banks and traditional Banks. There are no statistical evidences to support the validation of this dimension, meaning that for Millennials, the level of "Multi Channels Communications" is similar in both type of banks (Traditional and Digital Banks).

Moving on, the results of dimension **"***Brand Loyalty***"** proved evidences of significant differences between the averages from clients of Traditional Banks and Digital Banks. The statistical tests proved that the level of **"**Brand Loyalty" is higher among Millennials of Digital Banks when comparing to the Traditional Banks**.**

This can be explained based on the fact that Millennials tend to be loyal to companies that reflect their distinct personalities and lifestyles *(*Bilgihan, 2016). Having this, Traditional Banking Managers and Marketers should work to improve Brand Loyalty among Millennials by understanding their core needs and the determinants of Brand Loyalty.

Finally, our last two dimensions "*Brand Trust*" and "*Product Innovation*" also scored higher in Digital Banks when comparing to Traditional Banks. The results show evidences that for Millennials, the level of "Brand Trust" is higher in Digital Banks rather than in Traditional Banks, as well as the level of "Product Innovation" is higher in Digital Banks rather than in traditional Banks according.

### *7.1- Main Findings*

This dissertation intended to analyze to what stands Traditional Banks are keeping up the race of Digitalization against Digital Banks according to Millennials' perceptions in the Portuguese Market.

To compare the value creation across these two type of banks we developed an 8 scale dimension (Emotional Connections, Price Transparency, Service Responsiveness, Service Quality, Multi Channels Communications, Brand Loyalty, Brand Trust and Product Innovation) to measure banking experience.

Millennials, across several online platforms were invited to participate in an online survey to evaluate their Banking experience (main bank account) based on the 8 dimensions, in a likert scale (from 1 completely disagree to 5 completely agree).

So far, Millennials from Digital Bank have shared positive impressions about their banking experience in all dimensions, while Millennials from Traditional Banks presented dissatisfactions especially in terms of Emotional connections, Price transparency and Brand Loyalty.

In the results, only H5- "*Multi Channels Communications*" did not presented significant differences in terms of the averages of responses across Digital and Traditional Banks. This is a very interesting outcome as we expected this dimension to present more favorable impressions on the side of Digital Banks since they tend to be more forward thinking in their ability to communicate and attract young individuals (Takor, 2019).

On other hand, for Traditional Banks, it means they found a better way to communicate with Millennials, to speak their language and targeting them across different channels (Bilgihan, 2016).

The remaining 7 dimensions presented significant differences between the averages of responses from Millennials of Traditional Banks and Digital Banks. Millennials from Digital Banks shared higher impressions of their banking experience comparing to Millennials from Traditional Banks.

The results proved by statistical evidences that Traditional Banks are running late to address the core needs of Millennials generation. For several years Traditional Banks have played in the market without serious competition, most of them comfortable with what they knew about their customers and incapable to see strategic changes.

Additionally, Traditional Banks did not prepare themselves to "connected customers" and this group of customers (Millennials) requires more than a simple service, they demand flexibility, transparency, 24/7 customer service and applications where they can perform Banking transactions anywhere and with few clicks (Anand and Mantrala, 2019).

To keep up, traditional banks will have to re-think strategically, addressing Millennials' core needs and working on the improvement of the aforementioned dimensions which are great determinants of Banking Experience.

To sum up, all chosen dimensions revealed great levels of correlation with banking experience (see appendix B). The lowest value was Multi Channel Communications and the highest value was Service Quality. This is an excellent evidence to support the affirmation that the chosen dimensions are great determinants of Banking Experience.

Furthermore, the results provided enough evidences to conclude that there is still a lot Traditional Banks must to do to keep up the race of digitalization against Digital Banks, and for Millennials, the customer value provided by Digital Banks is so far higher than the value provided by traditional Banks.

### *7.2- Academic Implications*

Assuming that there is not much literature about the research topic, this dissertation contributes to enrich the existent literature of banking experience in the Portuguese Market as well as to provide some tools for its measurement.

It is extremely important to understand the connections between Millennials' behavior and the determinants of banking experience as they are one of the largest workforce generations in the world, and therefore, a great target group.

### *7.3- Managerial Implications*

This study provides solid implications for Traditional Banks Managers and Marketers as the studied dimensions can be useful tools to improve banking experience and retain Millennials.

Millennials are loyal to companies who understand their needs. Therefore, in order to attract them, Traditional Banks will have to rethink their strategies in a way their customers feel embraced and their core needs fulfilled. Furthermore, investments in product innovation and improvements in customer service quality are a must have.

Finally, investments in e-WOM and endorsement of digital influencers would also have a positive impact targeting Millennials.

### 7.4- Limitations and Future Recommendations

This dissertation brings a comparison of the customer value creation between two different types of Banks, namely; Traditional Banks and Digital Banks. As none academic study is perfect, during the course of our dissertation, we could identify the following limitations:

The first one is based on the fact that the research topic is strictly limited to specific group of age (from 24 to 39 years old); therefore the results could vary if this limitation was nonexistent as we could have gathered more responses.

The sample size is another limitation, as we have gathered only 221 valid responses. Assuming that 16,3% (36 responses) of our valid sample answered to the question "Which kind of Bank?" that they have both, we had to put this sample aside and consider 153 responses for Traditional Banks and only 32 responses for Digital Bank. The results could also vary if we had a similar number of responses from customers of Digital Banks and Traditional Banks.

Lastly and probably most important, we learned from literature review that Millennials have specific life standards and uses technology in almost every activity they perform, having this, the same study based on other generations cohorts could probably have different results.

Future researches should analyze the sustainability of Digital Banks business models in long-term and the outcomes of the customer value they aggregated over the years.

Alternatively, performing a Multiple Linear Regression Model to understand how Banking experience is explained by the 8 chosen dimensions and to what stands this dimensions have a positive influence in banking experience would also be relevant for the existent literature.

Finally, the COVID-19 outbreak somehow made traditional Banks aware of the urgency to reinvent their business model according to the digital age. An alternative research could explore the influence of COVID-19 outbreak to speed up the digital transformation of Traditional Banks.

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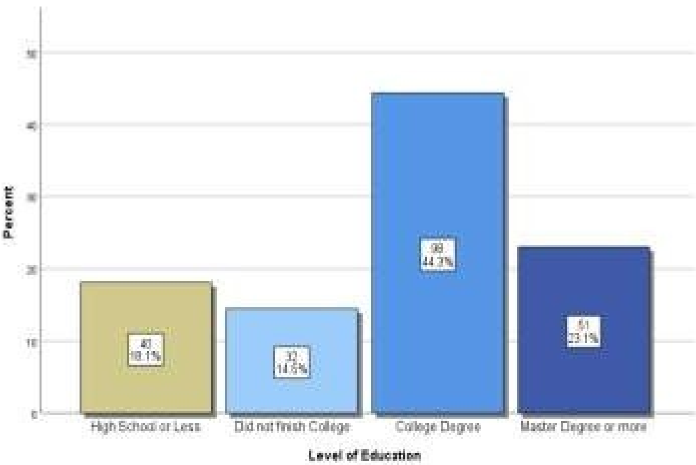
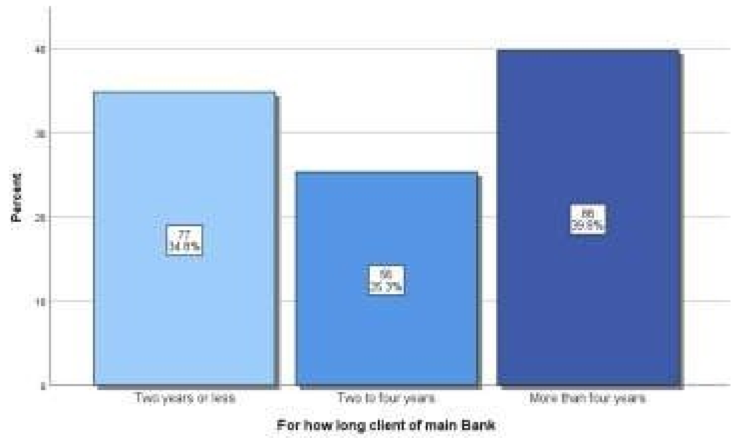
# 9- Appendix

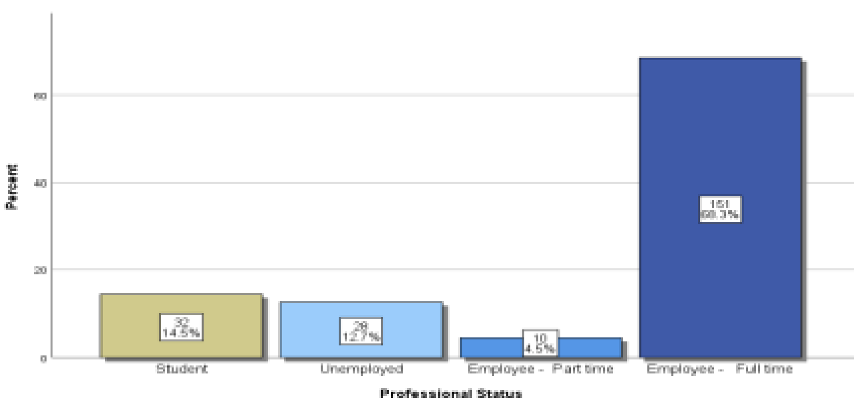
## Appendix A: Sample characterization




Graph 9.1- Participants level of Education




Graph 9.2 – Nº of years with main Bank




Graph 9.3 – Participants professional status

## Appendix B: Research Question - T Test

### 1- Assumptions of normality:

The normality is checked with Shapiro-Wilk test (if n<50 ) or Kolmogorov Smirnov (if n>50). However, when the sample is large enough ( n>30), we can resort to CLT to ensure the approximate normality of sample and test its applicability. This assumption was check since N1= 153 and n2= 32.

Table 9.1 – Tests of normality

| **Tests of Normality** | | Kolmogorov-Smirnov[a] | | | Shapiro-Wilk | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Dimensões | Kind of bank | Statistic | df | Sig. | Statistic | df | Sig. | Skewness | Kurtosis |
| Emotional Connections | Traditional | .066 | 153 | **.095** | .986 | 153 | .115 | -.072 | -.463 |
| | Digital | .102 | 32 | .200* | .949 | 32 | **.135** | -.423 | -.442 |
| Price Transparency | Traditional | .104 | 153 | .000 | .973 | 153 | .004 | .198 | -.632 |
| | Digital | .177 | 32 | .012 | .895 | 32 | .005 | -.640 | -.875 |
| Service Responsiveness | Traditional | .063 | 153 | **.200*** | .987 | 153 | .183 | -.023 | -.288 |
| | Digital | .121 | 32 | .200* | .946 | 32 | **.108** | -.163 | -1.075 |
| Service Quality | Traditional | .083 | 153 | .012 | .972 | 153 | .003 | -.327 | -.238 |
| | Digital | .188 | 32 | .006 | .812 | 32 | .000 | -1.491 | 1.799 |
| | Digital | .142 | 32 | .101 | .909 | 32 | .011 | -.658 | .057 |
| Brand Loyalty | Traditional | .079 | 153 | .022 | .961 | 153 | .000 | -.248 | -.591 |
| | Digital | .224 | 32 | .000 | .752 | 32 | .000 | -1.960 | 3.731 |
| Brand Trust | Traditional | .072 | 153 | **.052** | .970 | 153 | .002 | -.187 | -.487 |
| | Digital | .146 | 32 | .080 | .880 | 32 | .002 | -1.135 | .794 |
| Product Innovation | Traditional | .087 | 153 | .006 | .957 | 153 | .000 | -.192 | -.928 |
| | Digital | .135 | 32 | .144 | .888 | 32 | .003 | -1.377 | 2.655 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Digital | .227 | 32 | .000 | .901 | 32 | .007 | .493 | -.692 |
| Multi Channels Communication | Traditional | .100 | 153 | .001 | .981 | 153 | .031 | .055 | -.437 |
| | Digital | .126 | 32 | .200* | .962 | 32 | **.302** | .145 | -.707 |

**2- Assumptions of Homogeneity of Variances – Levene's Test.**

Table 9.2 – Results of Levene's test

**Independent Samples Test**

| | | Levene's Test for Equality of Variances | | t-test for Equality of . |
|---|---|---|---|---|
| | | F | Sig. | t |
| Emotional Connections | Equal variances assumed | .035 | .851 | -3.702 |
| | Equal variances not assumed | | | -3.803 |
| Price Transparency | Equal variances assumed | .602 | .439 | -4.869 |
| | Equal variances not assumed | | | -5.261 |
| Service Responsiveness | Equal variances assumed | .542 | .463 | -4.238 |
| | Equal variances not assumed | | | -4.733 |
| Service Quality | Equal variances assumed | .050 | .823 | -3.572 |
| | Equal variances not assumed | | | -3.414 |
| Multi Channels Communication | Equal variances assumed | .376 | .540 | -1.059 |
| | Equal variances not assumed | | | -1.016 |
| Brand Loyalty | Equal variances assumed | 2.446 | .120 | -3.663 |
| | Equal variances not assumed | | | -3.736 |
| Brand Trust | Equal variances assumed | .945 | .332 | -3.129 |
| | Equal variances not assumed | | | -3.322 |
| Product Innovation | Equal variances assumed | 12.885 | .000 | -3.737 |
| | Equal variances not assumed | | | -4.874 |

Table 9.3 – Results of T- test

**Independent Samples Test**

| | | t-test for Equality of Means | | |
|---|---|---|---|---|
| | | df | Sig. (2-tailed) | Mean Difference |
| Emotional Connections | Equal variances assumed | 183 | .000 | -.67083 |
| | Equal variances not assumed | 46.183 | .000 | -.67083 |
| Price Transparency | Equal variances assumed | 183 | .000 | -.92371 |
| | Equal variances not assumed | 48.894 | .000 | -.92371 |
| Service Responsiveness | Equal variances assumed | 183 | .000 | -.68348 |
| | Equal variances not assumed | 50.953 | .000 | -.68348 |
| Service Quality | Equal variances assumed | 183 | .000 | -.68051 |
| | Equal variances not assumed | 43.039 | .001 | -.68051 |
| Multi Channels Communication | Equal variances assumed | 183 | .291 | -.19189 |
| | Equal variances not assumed | 43.186 | .315 | -.19189 |
| Brand Loyalty | Equal variances assumed | 183 | .000 | -.76450 |
| | Equal variances not assumed | 45.841 | .001 | -.76450 |
| Brand Trust | Equal variances assumed | 183 | .002 | -.55417 |
| | Equal variances not assumed | 47.892 | .002 | -.55417 |
| Product Innovation | Equal variances assumed | 183 | .000 | -.61275 |
| | Equal variances not assumed | 65.071 | .000 | -.61275 |

## Appendix C: Internal Consistency – Conbach's Alfa

Table: 9.4- Consistency – Conbach's Alfa

| **Dimension** (items) | **Cronbach's Alpha** |
|---|---|
| **1. Emotional Connections** (5 items) | **0.817** |
| 1. My Bank gives me individual attention<br>2. Employees of my Bank understand my needs<br>3. My Bank has convenient banking hours<br>4. This bank will look after me for a long time.<br>5. I have dealt with this bank before so getting what I need is really easy. | |
| **2. Price transparency** (4 items) | **0.801** |
| 1. All customers are treated equally by the bank's pricing.<br>2. I have a clear overview about the costs of this bank services.<br>3. I know what I have to pay and what I get<br>4. I think I pay fairly prices for my banking transaction in this bank | |
| **3. Service Responsiveness** (6 items) | **0.832** |
| 1. The whole process of banking is easy.<br>2. This bank provides an independent advice.<br>3. This bank is flexible in dealing with me and looking after my needs.<br>4. This bank keeps me up to date.<br>5. Bank always ready to respond to customers' inquiries<br>6. I can do my banking transaction on my own time | |
| **4. Service Quality** (5 items) | **0.905** |
| 1. I am confident in this bank's expertise.<br>2. I am happy with the financial services contracted.<br>3. This bank strives to establish long-term relationship with customers<br>4. This bank provides service as promised<br>5. This bank has self-ability in handling customers' service problems | |
| **5. Brand Loyalty** (5 items) | **0.932** |

| | |
|---|---|
| 1. I prefer this bank over an alternative provider. | |
| 2. I recommend this bank to someone who seeks my advice | |
| 3. I encourage friends and relatives to use this bank. | |
| 4. I consider this bank to be the first choice to use financial services. | |
| 5. I will use this bank in the next few years | |
| **6. Brand trust** (5 items) | **0.876** |
| 1. This bank is safe and reputable. | |
| 2. The employees of this bank have good people skills. | |
| 3. This bank makes customers feel safe in their transactions | |
| 4. This bank deal with me correctly when things go wrong. | |
| 5. This bank has the best equipments and always updated | |
| **7. Product innovation** (7 items) | **0.858** |
| 1. This Bank maintains error-free records | |
| 2. This Bank has modern equipments | |
| 3. My Bank apps are modern and user friendly | |
| 4. Use my bank app is as much effective as going to the Branch | |
| 5. I use my bank app whenever I go | |
| 6. My bank apps meet completely my needs | |
| 7. I use my bank app/card to pay for my expenses while travelling abroad | |
| **8. Multi channels communication** (4 items) | **0.644** |
| 1. I have preferred channels to get contacted by my bank | |
| 2. I get advertized by my bank in multi channels | |
| 3. I like to receive personalized advertisement by my bank according to my search history | |
| 4. I like to get in touch with my bank whenever I go | |

## Appendix D: Online Survey

Figure : 9.1 – Introduction


Secção 1 de 4

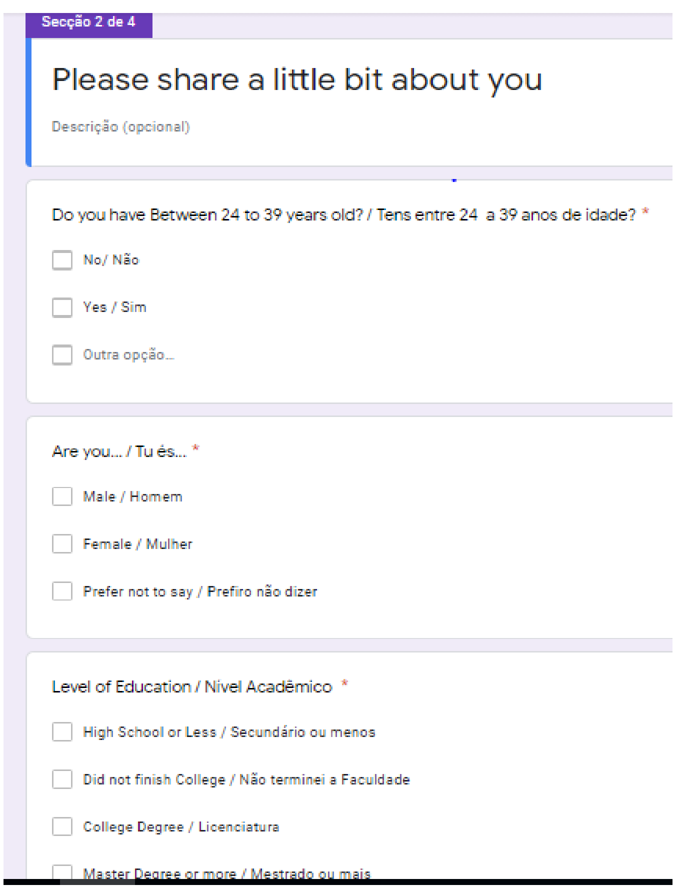
TRADITIONAL BANKING AT DIGITAL AGE Millennial's perception in the Portuguese Market

Hello,
I hope you are doing well and safe
My name is Jessica Cahete, I'm Master in Management student at ISCTE Business School and I'm currently running a survey (for my thesis purpose) in order to understand Millennials' perception about digitalization of traditional banks in Portugal.
If you have between 24 and 39 years old please share your experience with me.
Your collaboration is much appreciated.

Thanks in advance

Figure 9.2 – Demographical Information

Figure 9.3 – Demographical Information


Secção 2 de 4

Please share a little bit about you

Descrição (opcional)

Do you have Between 24 to 39 years old? / Tens entre 24 a 39 anos de idade? *

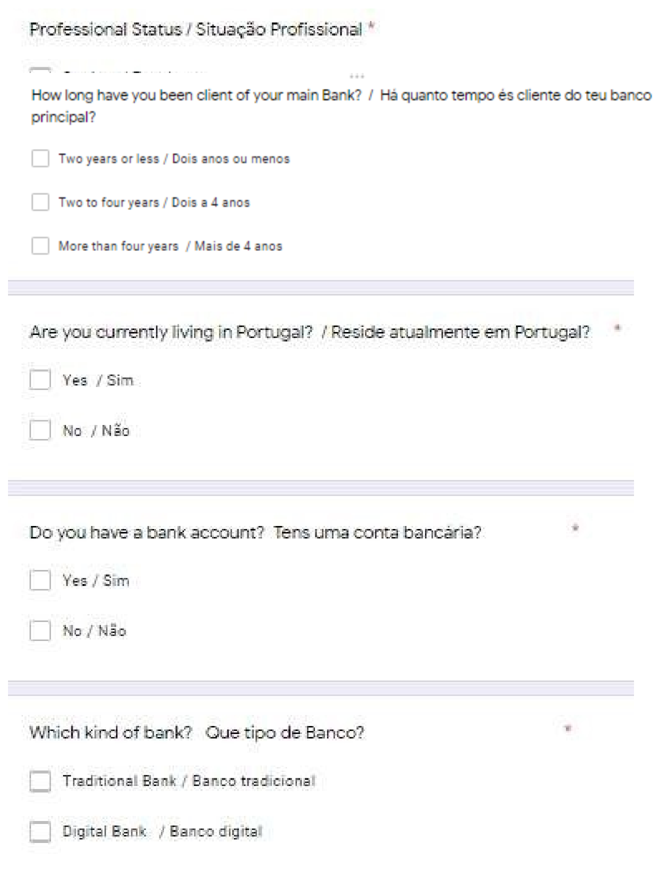
- No/ Não
- Yes / Sim
- Outra opção...

Are you... / Tu és... *

- Male / Homem
- Female / Mulher
- Prefer not to say / Prefiro não dizer

Level of Education / Nível Académico *

- High School or Less / Secundário ou menos
- Did not finish College / Não terminei a Faculdade
- College Degree / Licenciatura
- Master Degree or more / Mestrado ou mais


Professional Status / Situação Profissional *

How long have you been client of your main Bank? / Há quanto tempo és cliente do teu banco principal? *

- Two years or less / Dois anos ou menos
- Two to four years / Dois a 4 anos
- More than four years / Mais de 4 anos

Are you currently living in Portugal? / Reside atualmente em Portugal? *

- Yes / Sim
- No / Não

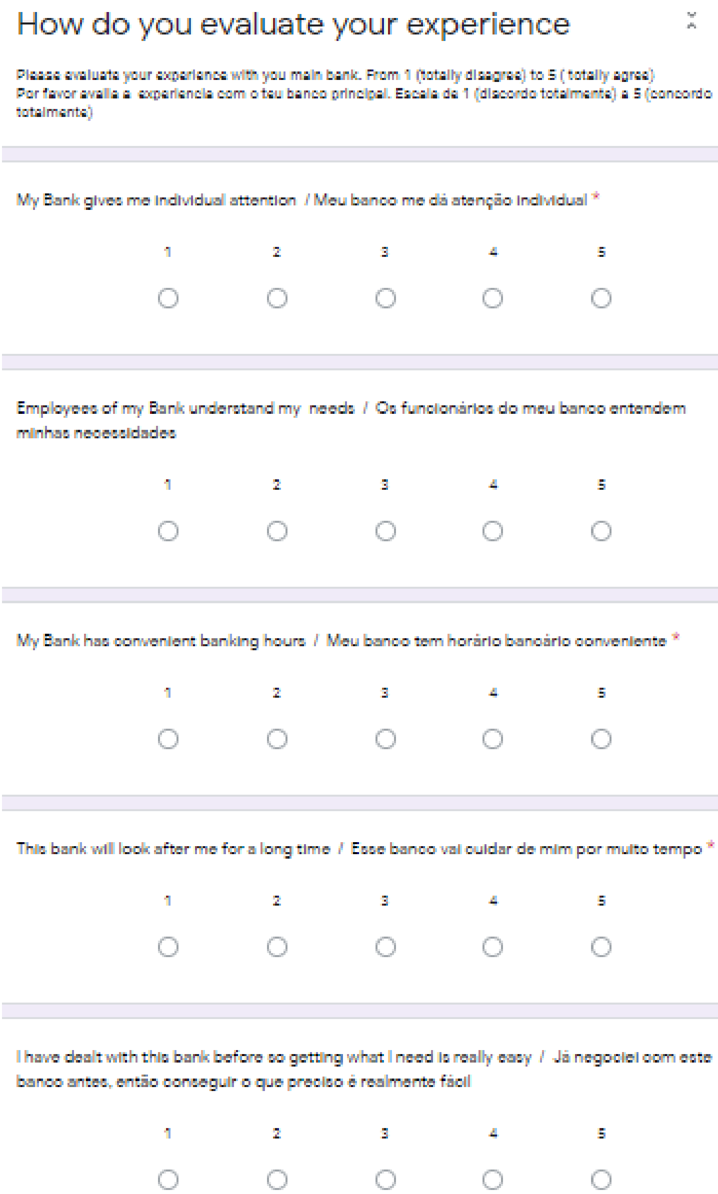
Do you have a bank account? Tens uma conta bancária? *

- Yes / Sim
- No / Não

Which kind of bank? Que tipo de Banco? *

- Traditional Bank / Banco tradicional
- Digital Bank / Banco digital

Figure 9.4 – Emotionnal Connections



## How do you evaluate your experience

Please evaluate your experience with you main bank. From 1 (totally disagree) to 5 ( totally agree)
Por favor avalia a experiencia com o teu banco principal. Escala de 1 (discordo totalmente) a 5 (concordo totalmente)

My Bank gives me individual attention / Meu banco me dá atenção individual *

1 2 3 4 5

Employees of my Bank understand my needs / Os funcionários do meu banco entendem minhas necessidades

1 2 3 4 5

My Bank has convenient banking hours / Meu banco tem horário bancário conveniente *

1 2 3 4 5

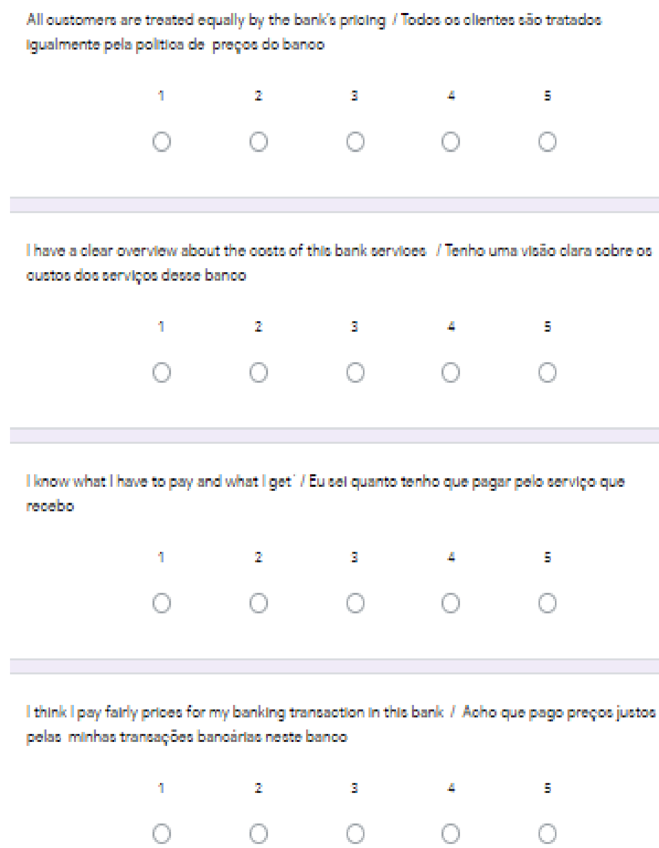
This bank will look after me for a long time / Esse banco vai cuidar de mim por muito tempo *

1 2 3 4 5

I have dealt with this bank before so getting what I need is really easy / Já negociei com este banco antes, então conseguir o que preciso é realmente fácil

1 2 3 4 5

Figure 9.5 – Price Transparency



All customers are treated equally by the bank's pricing / Todos os clientes são tratados igualmente pela política de preços do banco

1 2 3 4 5

I have a clear overview about the costs of this bank services / Tenho uma visão clara sobre os custos dos serviços desse banco

1 2 3 4 5

I know what I have to pay and what I get / Eu sei quanto tenho que pagar pelo serviço que recebo

1 2 3 4 5

I think I pay fairly prices for my banking transaction in this bank / Acho que pago preços justos pelas minhas transações bancárias neste banco

1 2 3 4 5

Figure 9.6 – Service Responsiveness

The whole process of banking is easy / O serviço bancário é fácil com este banco *

1 2 3 4 5

This bank provides an independent advice / Este banco dá-me conselhos financeiros *

1 2 3 4 5

This bank is flexible in dealing with me and looking after my needs / Este banco é flexível a lidar comigo e com as minhas necessidades *

1 2 3 4 5

This bank keeps me up to date / Este banco mantem-se sempre atualizado *

1 2 3 4 5

This Bank is always ready to respond customers inquiries / Este banco está sempre disponível a responder as questões dos clientes *

1 2 3 4 5

I can do my banking transactions on my own time / Eu faço minhas transações bancárias no meu proprio tempo *

1 2 3 4 5

Figure 9.7 – Service Quality

I am confident in this bank's expertise / Estou confiante na experiência deste banco *

1 2 3 4 5

I am happy with the financial services contracted / Estou feliz com os serviços financeiros contratados *

1 2 3 4 5

This bank strives to establish long-term relationship with customers / Este banco se esforça para estabelecer relacionamento de longo prazo com os clientes *

1 2 3 4 5

This bank provides service as promised / Este banco fornece serviço conforme prometido *

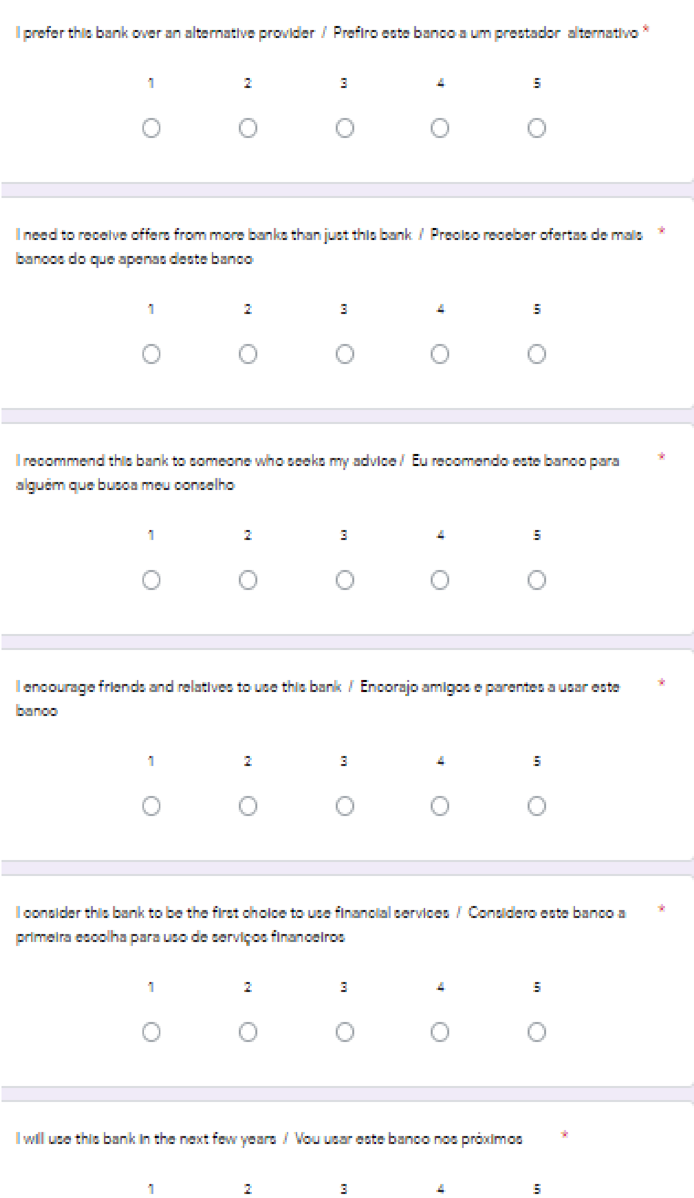
1 2 3 4 5

This bank has self-ability in handling customer service problems / Este banco tem auto-capacidade no atendimento e resolução dos problemas de clientes *

1 2 3 4 5

Figure 11.8 – Brand Loyalty

Communication



I prefer this bank over an alternative provider / Prefiro este banco a um prestador alternativo *

1 2 3 4 5

I need to receive offers from more banks than just this bank / Preciso receber ofertas de mais bancos do que apenas deste banco *

1 2 3 4 5

I recommend this bank to someone who seeks my advice / Eu recomendo este banco para alguém que busca meu conselho *

1 2 3 4 5

I encourage friends and relatives to use this bank / Encorajo amigos e parentes a usar este banco *

1 2 3 4 5

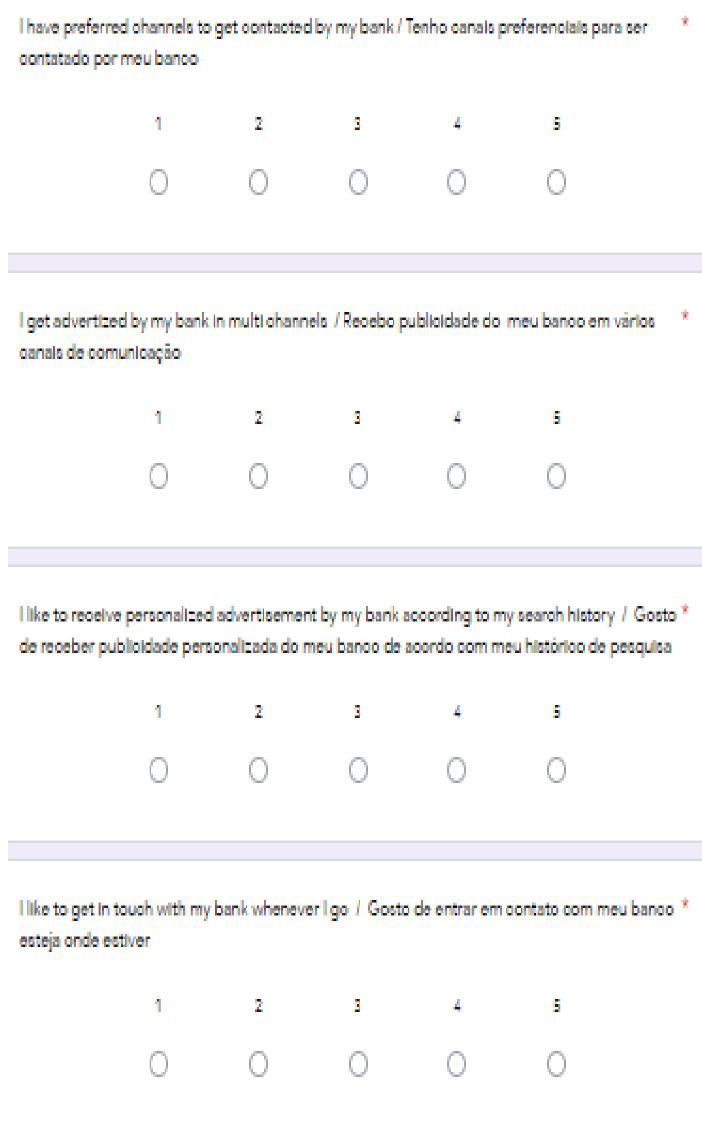
I consider this bank to be the first choice to use financial services / Considero este banco a primeira escolha para uso de serviços financeiros *

1 2 3 4 5

I will use this bank in the next few years / Vou usar este banco nos próximos *

1 2 3 4 5

Figure 11.9 – Multi Channels



I have preferred channels to get contacted by my bank / Tenho canais preferenciais para ser contatado por meu banco *

1 2 3 4 5

I get advertized by my bank in multi channels / Recebo publicidade do meu banco em vários canais de comunicação *

1 2 3 4 5

I like to receive personalized advertisement by my bank according to my search history / Gosto de receber publicidade personalizada do meu banco de acordo com meu histórico de pesquisa *

1 2 3 4 5

I like to get in touch with my bank whenever I go / Gosto de entrar em contato com meu banco esteja onde estiver *

1 2 3 4 5

Figure 11.10 – Brand Trust

This bank is safe and reputable / Este banco é seguro e confiável *

1 2 3 4 5

The employees of this bank have good people skills / Os funcionários deste banco têm boas habilidades com pessoas *

1 2 3 4 5

This bank makes customers feel safe in their transactions / Este banco faz com que os clientes se sintam seguros em suas transações *

1 2 3 4 5

This bank deal with me correctly when things go wrong / Esse banco me trata corretamente quando as coisas dão errado *

1 2 3 4 5

This bank has the best equipments and always updated / Este banco possui os melhores equipamentos e sempre atualizados *

1 2 3 4 5

Figure 11.11 – Product Innovation

This Bank maintains error-free records / Este banco mantém registros livres de erros *

1 2 3 4 5

This Bank has modern equipments / Este Banco possui equipamentos modernos *

1 2 3 4 5

My Bank apps are modern and user friendly / As aplicações do meu banco são modernas e fáceis de usar *

1 2 3 4 5

Using my bank app is as much effective as going to the Branch / Usar a aplicação do meu banco é tão eficaz quanto ir à Agência *

1 2 3 4 5

I use my bank app whenever I go / Eu uso a aplicação do meu banco em qualquer lugar *

1 2 3 4 5

My bank apps meet completely my needs / As aplicaçõess deste banco atendem completamente às minhas necessidades *

1 2 3 4 5