

The COVID-19 pandemic outbreak's effect on digital banking habits in Hungary

The 2020 COVID-outbreak has dramatically changed the banking habits. This effect of the pandemic has influenced the changes of online banking habits. The aim of the research is to get an answer to how the digital banking habits of Hungarian individuals have changed as a result of the advent of COVID-19. This quantitative analysis summarizes the online individual banking habits changes in Hungary following the COVID-19-outbreak in March 2020. This research presents the most significant shifts from the traditional banking custom to the online banking habits. Furthermore, this analysis breaks down the results to age groups and place of residence. Additionally, this work delivers the online banking habits trend analysis and forecast. The research was conducted in 2 periods. This work's backbone is the presented quantitative analysis based on 400 returned surveys in the first research and 153 returned surveys in the second research. The first research was carried out until 30.10.2020 and the second research was carried out until 20.11.2021. This research covers the areas of shifting digital banking habits (the shape of mobile banking, cash payment, card payment) generation distribution and correlation between the place of residence and the use of the different banking methods. The two survey was conducted in October 2020 and in November 2021 in Hungary among private individuals.

Journal of Economic Literature codes: G20, G29, O33

Keywords: Internet banking, Electronic payments, Fintech, Mobile banking

Research methodology:

The implementation of the research is structured as follows:

First survey

- 1) Establishment of quantitative survey
- 2) Quantitative survey execution and collection of 400 samples
- 3) Extracting the end results from the quantitative survey
- 4) Deriving the final conclusions from the quantitative survey end results

Second survey

The implementation of the research is structured as follows:

- 1) Establishment of quantitative survey
- 2) Quantitative survey execution and collection of 153 samples
- 3) Extracting the end results from the quantitative survey
- 4) Deriving the final conclusions from the quantitative survey end

The COVID-19-outbreak has led among others to a significant shift in digital banking habits. This shift increased the digital banking share and reduced the traditional banking share.

The following topics were examined in this research:

1. Shifting patterns banking and digital banking following the outbreak of COVID-19 in Hungary in 2020 March;
2. Increase of new users of mobile banking users in Hungary;
3. Displacement of cash payments by non-contact payments the COVID-19 outbreak;
4. User base digital banking before and after COVID-19-outbreak;
5. Between the place of residence and digital banking share;
6. Which financial institution do the respondents keep accounts with?
7. The regulations introduced as a result of the outbreak of COVID-19 and the differences in regulations between the various bank branches.

One part of the research examined how the digital banking habits of Hungarian individuals changed before and after the outbreak of the COVID-19 pandemic disease (March 12, 2020). Besides that, they examined the change in cash payment and electronic payment market share. What are the COVID-19 pandemic disease effects the payment habits? Respondents were asked that how many times they visited or were planning to visit the bank on average in person or do they manage their banking finances online. They were also asked whether they plan to try and manage their finances digitally in the future if personal administration might not be possible due to COVID-19 pandemic.

We received an answer as to whether they plan to manage their banking finances digitally if personal banking is not possible due to the COVID-19 pandemic. Furthermore, the number of new users of mobile banking was examined below. In recent years, the use of digital devices has been constantly increase and the daily use of smaller electronic devices, such as mobile phones is increasingly being favored. The computer was replaced by the laptop, and the laptops were replaced by tablets and cell phones. Almost every case that we have the ability to handle on a laptop can now be done on phones. In the financial market, the list of services offered by financial institutions that can be used electronically without a personal presence is constantly expanding. (www.mnb.hu) The FinTech applications are gaining ground, giving individuals a wider range of options for managing their bank finances, even over the phone. Related to this, the use of digital tools in the management of banking finances was assessed. Respondents were asked on what type of digital device they use to manage their digital banking services. Of the responses, the use of two types of digital devices is outstandingly high. The proportion of digital devices on which digital banking services are most used by individuals was mainly mobile phone and computer / laptop.

Among other things, the changes in cash payments and non-contact payments due to the outbreak of COVID-19 were examined. The changes in cash payment and contactless payment before and after the onset of the COVID-19 pandemic (March 12, 2020) in Hungary were examined. If the payment habits of the Hungarian population have changed during the pandemic period - or have they not changed, then in these cases what are the reasons for these factors? The Government tried to obtain a decree in order to reduce non-cash payments by increasing the limit increase related to contactless payments. As a result of the study we can find out that the measure affected the payment habits of individuals.

The research looked at the generation distribution of the number of digital banking users before and after the outbreak of COVID-19. It was also examined that how many of the respondents used digital banking services before and after the onset of the COVID-19 pandemic and how many of those who have used digital banking services since 12 March 2020 remain in digital administration, and in personal administration. To prove the results, the following questions were asked in the questionnaire to the people participating in the research: Do you use any digital banking applications? There were those who had not yet used online banking services, but were planning to do so, and there were respondents who had not used them yet and did not plan to use them.

The relationship between the place of residence and the people using digital banking services was also examined. The changes can be detected in the distribution by generations. It was also examined why those who did not use digital banking services did not.

The second research has been expanded with additional questions, so the topics mentioned below can only be presented with the results of the data obtained in the second research. Thus, in the second questionnaire, the respondents were asked at which financial institution they keep a bank account? Financial institutions have introduced different regulations in response to the outbreak of COVID-19. In the first survey, we asked respondents whether the current regulations were sufficient. However, the second survey also asked whether the respondents experienced differences in the regulations applied in different bank branches. In the last 2 years, paying bills digitally has gained more ground. The study provides an answer to the question of how Hungarian individuals pay their bills after the outbreak of COVID-19. How have the bills been paid since the state of emergency was declared in Hungary and before the restrictions were partially lifted (5 millionth vaccinated person), between 12 March 2020 and 22 May 2021?

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