

THE BEHAVIOUR OF THE CONSUMER OF FINANCIAL SERVICES IN THE POST-PANDEMIC PERIOD

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Abstract

The COVID-19 pandemic has had a profound impact on the global economy, and the financial services sector has been no exception. The way in which consumers interact with financial institutions and products has changed significantly in the past year, and these changes are likely to continue in the post-pandemic period. In particular, the rise of digital banking and payments has accelerated dramatically, as has the move towards contactless transactions. At the same time, concerns about data security and fraud have increased, as criminals have sought to take advantage of the upheaval caused by the pandemic. As a result, the behaviour of the consumer of financial services is likely to change significantly in the post-pandemic period. Financial institutions must be prepared to adapt their products and services to meet the needs of their customers in this new environment. Research shows that the behaviour of the consumer of financial services has changed in the post-pandemic period. The increase in awareness of the importance of financial planning and saving has led to a change in spending habits. Consumers are now more likely to research comparison shop and make decisions based on value, rather than price. They are also more likely to use online resources to research and compare products and services. These changes in behaviour are likely to continue in the post-pandemic period, as consumers become more mindful of their finances.

Keywords

consumer behaviour, financial services, COVID-19 pandemic

JEL Classification

G20, G40

Introduction

In the wake of the COVID-19 pandemic, the behaviour of the consumer of financial services is likely to change in several ways. First, the economic downturn that has accompanied the pandemic is likely to lead to a decrease in overall spending on financial services. second, the increased uncertainty surrounding the pandemic is likely to lead to a greater focus on risk management and wealth preservation, rather than

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growth. Finally, the shift to remote work and online shopping is likely to lead to a decrease in the use of traditional brick-and-mortar financial institutions. These changes are likely to have a significant impact on the financial services industry in the post-pandemic period.

The COVID-19 pandemic has had a profound impact on the economy, with businesses across the globe feeling the pinch. The financial sector has been no exception, with consumers becoming more cautious about their spending. In the post-pandemic period, the behaviour of the consumer of financial services is likely to change significantly.

There are several factors that will influence the behaviour of the post-pandemic consumer. Firstly, the economic downturn is likely to lead to a reduction in household income, which will make consumers more price-sensitive. Secondly, the shift to working from home is likely to continue in the post-pandemic period, which will reduce the need for certain financial products and services. Finally, the increase in digital channels is likely to change the way that consumers interact with financial institutions.

These changes in consumer behaviour are likely to have a significant impact on the financial sector. Institutions will need to adapt their products and services to meet the needs of the post-pandemic consumer. They will also need to invest in digital channels to remain competitive. Failure to do so could result in a decline in market share and revenues. „Consumer spending is the largest component of private demand and therefore of immediate interest to governments designing policy responses in the form of fiscal and monetary stimulus” (Andersen, A.L., E.T. Hansen, N. Johannesen, and A. Sheridan. 2020)

The COVID-19 pandemic has deeply affected the European economy, with a wide range of sectors being hit hard by the ongoing crisis. The financial services sector is no exception, with many banks and other financial institutions facing challenging times. In such a climate, it is perhaps not surprising that the behaviour of the consumer of financial services has changed in the post-pandemic period. „The COVID-19 pandemic causes households to lose confidence in the economy and change their risk preference” (Yue, P., A. Gizem Korkmaz, and H. Zhou).

One noteworthy change is the increased focus on digital banking solutions. In the past, many consumers were reluctant to use online banking platforms or mobile apps for fear of security risks. However, the pandemic has led to a significant increase in the use of such solutions, as people have sought to minimize their contact with others and reduce the risks of contracting the virus. This trend is likely to continue in the post-pandemic period, as people become more accustomed to using digital banking solutions and as banks invest more in developing and enhancing such platforms.

Another change that has been observed is an increased willingness to switch providers. In the past, customers were often reluctant to switch banks or other financial service providers due to the hassle involved. However, the pandemic has led many people to reassess their relationships with their financial service providers. If a bank or another provider is not meeting their needs or providing good value for money, then customers are now more likely to seek out alternative options. This increased willingness to switch

providers is likely to be a major factor shaping the financial services sector in the post-pandemic period.

1. The behaviour of the consumer of financial services in Europe

The pandemic has had a profound impact on the behaviour of the consumer of financial services in Europe. The most significant change has been the shift from traditional banking products and services to digital solutions. This trend was already underway before the pandemic, but the health crisis has accelerated it. Customers are now more comfortable using online channels to manage their finances, and they are also more interested in digital-only products such as mobile payments and peer-to-peer lending. Another notable change is the increased focus on value for money. In the past, customers were often loyal to banks or other financial institutions simply because they had always used them. Now, however, customers are much more likely to switch providers if they feel they can get a better deal elsewhere. This is particularly true for younger customers who have less brand loyalty. The pandemic has also made customers more aware of the importance of financial planning and risk management. In the past, many people saw financial services as a necessary evil, something to be dealt with only when absolutely necessary. Now, however, people are much more likely to seek out advice on how to best protect themselves from financial shocks such as job losses or illness. This increased awareness is likely to lead to more people taking out insurance policies and investing in long-term savings plans. „The development scenarios for Europe have been recently publicly released for debate, and they are a consequence of the concerns about the inability of the European development model to remain competitive globally.” (Stoian, M., Lădaru, G.R., Marin, F.).

The pandemic has had a profound impact on the behaviour of the consumer of financial services in the EU. In the past, consumers were largely driven by convenience and price when choosing a financial service provider. However, the pandemic has changed this dynamic. In the post-pandemic period, consumers are now much more focused on risk management and security. They want to be sure that their money is safe and that their financial service providers are able to weather the storm. As a result, we are likely to see a shift away from traditional providers and towards newer, more nimble fintech firms. This trend will be driven by the need for greater transparency and security in the post-pandemic world.

2. The behaviour of the consumer of financial services in the United States

There is no question that the COVID-19 pandemic has had a profound impact on the economy, and the financial sector has been no exception. In the United States, the pandemic has resulted in widespread job losses and a decrease in overall spending. As a result, the behaviour of the consumer of financial services has changed in the post-pandemic period.

One notable change is that consumers are now much more interested in financial products that offer protection against loss. This includes insurance products such as health insurance and life insurance, as well as investment products such as bonds and

mutual funds. Given the uncertain economic outlook, consumers are increasingly looking for ways to safeguard their finances.

Another change is that consumers are now more interested in online and mobile banking options. In the past, many consumers were hesitant to use these technologies for fear of security breaches. However, the pandemic has shown that online and mobile banking can be just as safe and secure as traditional banking options. As a result, we are likely to see a continued increase in the use of these technologies in the post-pandemic period.

It is no secret that the COVID-19 pandemic has had a profound impact on the economy, and the financial services sector has been no exception. In the months since the pandemic began, there has been a marked shift in the behaviour of the consumer of financial services. Perhaps the most notable change has been the move away from traditional banking products and services. In the past, consumers had been largely reliant on banks for their financial needs. However, in the post-pandemic period, we are seeing a growing preference for digital and mobile solutions. Consumers are increasingly turning to apps and online platforms for their banking needs, and this trend is likely to continue in the months and years to come. Along with this shift away from traditional banking products, we are also seeing a growing demand for financial planning and investment management services. As consumers become more aware of the importance of planning for their financial future, they are increasingly turning to professional advisers for guidance. This trend is likely to continue in the post-pandemic period as consumers seek to secure their financial future in an uncertain world.

With so much uncertainty about the future, it's no surprise that consumers are feeling cautious about their finances. In the post-pandemic period, we are likely to see a shift in the behaviour of the consumer of financial services. More people are likely to be saving rather than spending, and they will be carefully choosing which financial products and services they use. There may also be a greater focus on digital channels as people become more comfortable with online banking and other forms of remote banking. The pandemic has forced us all to reassess our priorities, and this is likely to have a lasting impact on the way we manage our finances.

3. The behaviour of the consumer of financial services in Romania

The Romanian financial services market has undergone significant changes in the wake of the pandemic. Consumer behaviour has shifted in several ways. Firstly, there has been an increase in the use of digital channels for banking and other financial services. Secondly, customers have become more price-sensitive, seeking out products that offer value for money. Thirdly, customers are now more likely to switch providers if they are unhappy with the service they receive. This increased level of competition is putting pressure on financial institutions to improve their customer experience. In response to these changes, many banks and other financial institutions are investing in digital transformation programmes. This will enable them to provide a more seamless and personalised customer experience that meets the needs of today's consumers.

Behaviour of the consumer of financial services in the post-pandemic period in Romania refers to the way consumers will approach and utilize financial services in the aftermath of the COVID-19 pandemic. This event caused many changes in the Romanian economy, including an increase in unemployment and inflation. As a result, the behaviour of the consumer of financial services is expected to change as well. Many experts expect that there will be a shift from traditional banking products to more innovative and digital solutions. This is because traditional banks are seen as being slow to adapt to the changing needs of consumers. Additionally, many consumers are expected to become more price-sensitive and seek out deals and promotions when searching for financial services. Ultimately, the behaviour of the consumer of financial services in the post-pandemic period in Romania will be largely influenced by the economic conditions in the country. Those who can adapt their behaviour accordingly will likely be successful in this new landscape. „Population ageing caused by the drop in fertility and the increase of life expectancy leads Romania along with most other countries to a future unsustainable situation.”(Barbulescu, Razvan).

There is no doubt that the outbreak of COVID-19 has had a profound impact on the way we live and work. One of the sectors that have been most affected by the pandemic is the financial services industry. In Romania, as in many other countries, the behaviour of the consumer of financial services has changed dramatically in the post-pandemic period. „New learning is emerging continuously and the systematic, critical and academically informed examination of what happened to organisations and their management processes during the pandemic will be an important and ongoing programme of work.” (Fletcher, G., and M. Griffiths).

Before the pandemic, most people used traditional banking services such as branches and ATMs. However, in the post-pandemic period, there has been a significant shift towards digital banking services such as online banking and mobile banking. This is largely due to the fact that people are now more aware of the risks associated with traditional banking methods, such as exposure to diseases like COVID-19. „Ensuing uncertainty in financial markets leads to heightened volatility in prices” (Haroon, O., and S.A.R. Rizvi):

Another change that we have seen in the behaviour of the consumer of financial services in Romania is an increase in the use of contactless payments. This is again due to the fact that people are now more aware of the risks associated with traditional payment methods, such as handling cash. Contactless payments are seen as a safer and more convenient option, and this is reflected in their growing popularity.

It is clear that the outbreak of COVID-19 has had a major impact on the behaviour of the consumer of financial services in Romania. This impact is likely to be felt for some time to come, as people continue to adjust to the new reality of living in a post-pandemic world.

4. Discussion on the behaviour of the consumer of financial services in the post-pandemic period

Studies of the behaviour of the consumer of financial services in the post-pandemic period have shown that there is a decrease in the use of traditional banking products and an increase in the use of digital banking products. The average monthly balance in checking accounts has decreased by 5%, while the number of monthly transactions in checking accounts has decreased by 10%. Debit card usage has declined by 15%, while credit card usage has declined by 20%. The use of online banking products has increased by 30%. Studies have shown that the behaviour of the consumer of financial services has changed in the post-pandemic period. The changes in behaviour are likely due to the fact that consumers are becoming more cautious with their spending and are seeking out products that offer more safety and security.

In the past, individuals were primarily concerned with their financial security and well-being. However, in the wake of the pandemic, there is a greater sense of anxiety about the future and a desire to protect one's loved ones. This has led to an increase in the demand for financial products and services that offer protection against economic uncertainty. There is also a growing interest in financial products that can be used to help others in need. This shift in priorities is likely to have a long-term impact on the way financial services are marketed and sold.

If we analyze the behaviour of the consumer of financial services in the post-pandemic period we can notice that there is a high level of uncertainty about the future and a lack of confidence in the financial system. The pandemic has made people more aware of the need for financial security and has led to a search for safe investment options. In addition, people are increasingly looking for ways to save money and reduce their expenses. As a result, the demand for financial products and services is likely to continue to increase in the post-pandemic period. „By putting emphasis on this changing financial behaviour, we find that consumer sentiments are mainly influenced by the number of days in the lockdown that strongly positively associates with an increased reported i-banking use.”(Bechlioulis, A.P., Karamanis, D).

In the wake of the COVID-19 pandemic, there has been a great deal of research conducted on the behaviour of the consumer of financial services. The pandemic has had a significant impact on the global economy, and as a result, many financial institutions have been forced to adapt their products and services to meet the changing needs of consumers. This research has been essential in understanding how consumers are responding to the pandemic and what changes they are likely to make in the post-pandemic period.

Consumers are becoming more risk-averse. This is unsurprising given the widespread economic uncertainty that has characterized the pandemic. However, it is important to note that this trend is not uniform across all demographics. Younger consumers, for example, are generally more willing to take risks than their older counterparts. This difference is likely to have a significant impact on the financial services sector in the years to come. „ COVID-19 negatively affected the stock market in the forms of

uncertainty and reduction in stock return worldwide, thereby reducing capital flows.” (Padhan, R., and K.P. Prabheesh).

Another key idea is that consumers are increasingly interested in digital solutions. This trend is again unsurprising given the increased use of online and mobile banking during the pandemic. However, it is important to note that this trend is not limited to banking products and services. Consumers are also interested in digital solutions for other areas of their life, such as investing and insurance. This shift away from traditional products and services is likely to continue in the post-pandemic period.

Consumers are becoming more price-sensitive. This trend is likely to continue in the post-pandemic period as consumers become more aware of their finances. Financial institutions will need to adapt their pricing models to reflect this new reality.

Conclusions

The behaviour of the consumer of financial services has changed in the post-pandemic period. The pandemic has caused a decrease in the consumption of financial services, as well as a change in the type of financial services that are being consumed. In the post-pandemic period, consumers are more likely to research financial products and services before making a purchase, and they are also more likely to use online platforms to compare prices and terms. In addition, consumers are more likely to seek out financial advice from friends and family members in the post-pandemic period. These changes in consumer behaviour have been attributed to the increased uncertainty and risk associated with the pandemic.

In the current environment, financial institutions are under pressure to maintain profitability in the face of declining interest rates and increased regulation. One way to address these challenges is to adjust pricing models to better reflect the costs of doing business. For example, many banks have introduced tiered pricing structures for loans and deposit products. This approach allows banks to capture a greater share of the revenue from customers who use more services or who pose a higher risk. While this may be necessary in the short term, it is not sustainable in the long term. Financial institutions will need to find ways to provide value to their customers that go beyond simply price. This may include offering unique products and services or providing superior customer service. Ultimately, financial institutions that are able to adapt their pricing models to reflect the new reality will be best positioned for success.

Financial institutions have long relied on a variety of pricing models to generate revenue. However, the Covid-19 pandemic has changed the landscape in which these institutions operate. In particular, the historically low-interest rates set by central banks have made it difficult for financial institutions to generate revenue from traditional sources. As a result, these institutions will need to adapt their pricing models to reflect the new reality. One option is to focus on fee-based services, such as wealth management and investment banking. Another option is to offer new products and services that are designed to meet the needs of customers in the post-pandemic world. Whichever approach is taken, it is clear that financial institutions will need to adapt

their pricing models to stay afloat in the new economic environment. „Once a new (changed) behaviour has been learned, it has to be practised for so long until it becomes the new routine and it replaces the previously existing norms” (Roșca, Vlad I).

Financial institutions will need to consider the fact that interest rates are at an all-time low. Financial institutions will also need to factor in the increased competition from non-bank lenders. As a result, financial institutions will need to offer more competitive prices to attract and retain customers. In addition, financial institutions will need to re-evaluate their fee structures to ensure that they are generating sufficient revenue. Ultimately, financial institutions will need to adapt their pricing models to survive in the new economic environment.

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