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Financial Education and Banking Inclusion during the Pandemic Period

ABSTRACT

Objective: The aim of this publication is to present the importance of financial education as it relates to influencing the level of banking inclusion during the COVID-19 pandemic. The individual sections of the article will characterize financial education as a driving force for improving financial literacy and highlight the link between financial literacy and the level and extent of use of financial products. The paper will consider the current situation on the financial markets, which is characterized by the COVID-19 pandemic.

Methodology: The first part of this paper is based on the systematic literature review, including scientific papers related to financial education, derived from the Web of Science databases, mapping analysis and bibliographic coupling using the Voswiever. The second part presents the results collected through an interview designed and disseminated to a sample of banking advisors.

Findings: The majority of interviewees encountered the concept of banking exclusion/inclusion, and in terms of characteristics that predispose one to remain excluded, advisors emphasized economic considerations. In various extracts from the interviews, banking advisors emphasized the importance of addressing the ability to afford banking services, their innovativeness, as well as understanding how banking products work, the benefits of entering into a relationship with a bank, and the prudent use of banking products on the basis of financial literacy.

Value Added: The value added is a multi-approach that combines the theoretical aspects of financial exclusion and financial literacy with the actual opinions of banking advisors.

Recommendations: Increased financial education is needed due to the complexity of financial products and their dynamic changes. The increased frequency and scope of use of financial products has increased the risk of cyber-attacks, against which financial literacy and risk awareness are needed. The development of modern technology in banking has increased the risk of banking exclusion for the digitally excluded. Financially well-educated consumers are more likely to be included in the banking system, as they are better able to understand and use financial information to make financial decisions, and to choose products and services that are more appropriate to their needs and risk profile.

Key words: financial inclusion, financial education, pandemia Covid-19

JEL codes: G21, G53

Introduction

An important issue is to consider the role of financial education in the light of the increasing importance of financial motives (mainly risk and profit) in the economic decision-making process and their impact on the effective functioning of economic agents and the behavior of conscious participation in economic life (Jajuga, 2014, pp. 147–157). The assumption is that insufficient financial literacy results in poor decision making in relation to consumers' financial situation. This can lead to financial exclusion as a result of difficulties in accessing and/or using financial services and products to the extent appropriate to their needs.

It is important to note that financial education has become even more important in the light of the outbreak of the COVID-19 pandemic, which affected the scope and scale of the use of financial products, i.e., the issue of the unbanked population. The pandemic led to a reduction in cash transactions in favor of electronic payments and an increase in the use of remote channels to communicate with the bank, making it essential to ensure cyber security and educate consumers in this regard. On the other hand, the pandemic has affected the financial resilience and well-being of households by introducing financial uncertainty caused by the temporary closure of businesses, schools, and public facilities, the imposition of quarantines, stock market volatility, and, as a result, income uncertainty. In this context, and in line with the recommendations of the OECD (2020a), it has become essential to strengthen consumer protection in the financial services market through consumer education.

The aim of this publication is to present the importance of financial education in the context of its impact on the level of banking inclusion of the population during the COVID-19 pandemic. The individual sections of the article will characterize financial education as a driving force for improving financial literacy, and show the link between financial literacy and the extent and scale of financial product use. The current situation of the financial market, marked by the COVID-19 pandemic, will be considered, and the role and function of financial education in reducing the level of financial exclusion will be identified against this background. Due to the direct contact that banking advisors have with potential (and current) bank customers, in-depth individual interviews were conducted to diagnose bank employees' attitudes toward the problem of banking inclusion.

Conceptualizing financial education and financial literacy

Financial education is defined by the OECD as "the process by which consumers/financial investors develop a better understanding of financial products, concepts and risks and, through information, instruction or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, make informed choices, know where to turn for help and take other effective actions to improve their financial well-being" (OECD, 2005). In the light of this definition, financial education goes beyond providing information and knowledge about the features and risks of financial products, as it influences financial attitudes and behavior, i.e., de facto consumer protection in the financial market. The ability to understand the risks and features of financial products and services has become a key skill for today's consumers who make financial decisions on a daily basis.

Financial literacy and behavior are seen as key elements contributing to consumer protection. The primary objective of financial education is, therefore, not only to provide consumers with the necessary knowledge, but also to shape financial literacy and appropriate financial market behavior in the light of the risks involved and, as a consequence, safety in the financial services market.

Given the wide range of financial issues, financial education can take the form of both formal and non-formal programs, and educational content can be delivered through both traditional and modern delivery channels (Solarz, 2018, pp. 59–85). Financial education programs should focus on high-priority topics which, depending on national circumstances, may include, with varying degrees of intensity, aspects of financial planning such as saving, investing, retirement security, debt management, or the issue of insurance.

Financially literate consumers are able to understand and use financial information to make financial decisions that are more appropriate to their needs and risk profile. Financial literacy can help consumers plan and manage their income, raise awareness of the importance of saving and investing and responsible debt, and raise awareness of cybersecurity issues (Kuchciak, 2020).

Fernandes et al. (2014) emphasize that financial education provides financial knowledge, which is one component of the concept of financial literacy. According to the definition adopted by OECD (2020b), financial literacy refers to the combination of financial awareness, knowledge, skills, attitudes, and behaviors needed to make sound financial decisions and ultimately achieve individual financial well-being.

Given the links between these concepts, financial education acts as a driver and its effectiveness is usually assessed from the perspective of an individual's attainment of a certain level of financial knowledge and ability to navigate the financial world; more recent studies also address the issue of maintaining this knowledge. Financial literacy is often evaluated from a self-assessment perspective, i.e., from a subjective, objective, and relative knowledge perspective. Such an understanding of the importance of financial capability leads to the conclusion that maintaining financial capability requires not only financial knowledge and skills, but also access to appropriate banking products to use in practice. It is, therefore, important to examine the relationship between the level of financial literacy and financial inclusion.

From the perspective of the relationship between the above-mentioned concepts, their interconnectedness, a bibliometric analysis was carried out in order to provide a contemporary picture of the research conducted on the subject of financial education. Based on the Web of Science Core Collection database, a citation analysis was carried out on the keyword 'financial education'. After applying restrictive criteria such as publication in English in the form of a monograph, a chapter of a monograph, a peer-reviewed article, or a publication in conference proceedings, 967 publications published in the period 2011–2023 were identified. Because of the purpose of the publication, a word co-occurrence analysis was carried out, which makes it possible to identify phraseological associations or the regularity of word co-occurrences, i.e., to identify research directions (Van Eck & Waltman, 2014). The visualization of the bibliometric networks was done with the open source program VOSviewer (version 1.6.18, www.vosviewer.com).

The extraction of concepts was carried out with the indication of keywords which recurrence was defined at level 5, resulting in 77 out of 1686 keywords meeting the adopted criteria. The elimination of technical terms unrelated to the field of study from the set resulted in 74 words. Table 1 shows a summary indicating both the frequency of co-occurrence and the strength of the association.

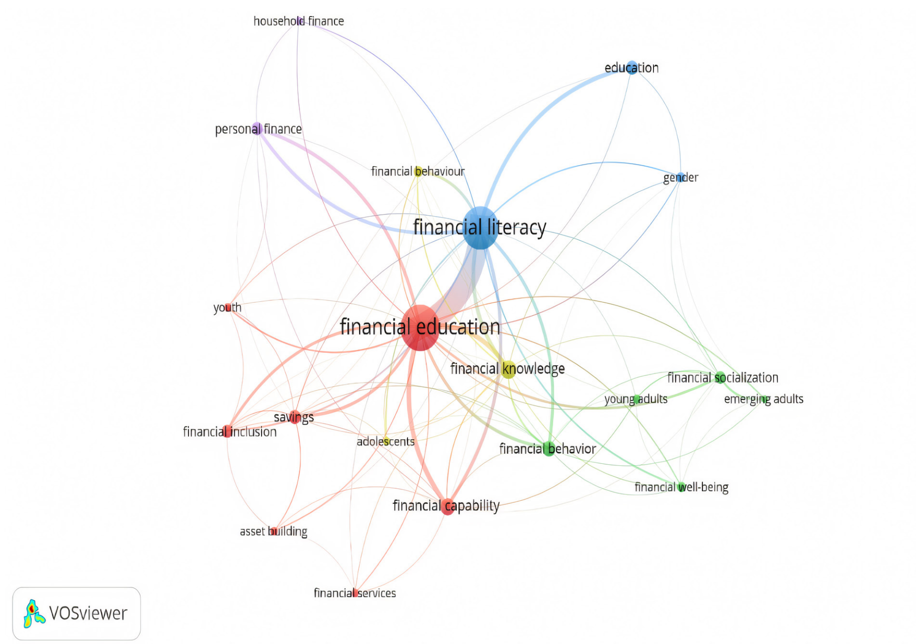
Table 1. Co-occurrence intensities between words for financial education in the Web of Science Core Collection database

Keywords	Habitants Co-occurrence	Strength of the relationship
Financial education	307	230.00
Financial literacy	267	212.00
Financial knowledge	51	48.00
Financial capability	43	38.00
Financial behavior	35	33.00
Savings	29	24.00
Education	29	20.00
Personal finance	27	25.00
Financial inclusion	26	21.00
Financial socialization	24	22.00

Source: own elaboration based on VOSviewer.

For the purposes of the graph, the analysis was restricted to words with at least 10 repetitions in the bibliographic descriptions, thus limiting the set of terms to 20. A map of the links between the keywords is shown in Figure 1.

Figure 1. Intensity map of word associations for financial education in the Web of Science Core Collection database



Source: own elaboration based on VOSviewer.

An analysis of the strength of the relationship between keywords clearly shows the strongest association between the terms financial education and financial literacy. Financial literacy was also one of the most frequently co-occurring terms, as were terms related to age and gender, confirming the researchers' interest in the issue of education in relation to particular social groups.

Although the results of national and international surveys are based on slightly different methodologies and take into account different demographic characteristics of respondents, they allow us to assess the level of financial literacy in individual countries. The National Bank of Poland participates in the cyclical International Survey on Adult Financial Literacy and Competence (2015, 2019, 2023 editions) organized by the International Network on Financial Education (INFE) within the Organization for Economic Co-operation and Development (OECD).

Results suggest that among many adults the understanding of certain basic financial concepts and the application of basic financial skills may not be sufficient to take sound financial decisions in challenging economic contexts, such as the current landscape characterized by the cost of living pressures in many countries (OECD/INFE, 2023). The average financial knowledge score across all participating countries and economies is 63 out of 100 points (67 out of 100 across participating OECD countries). Levels of financial knowledge are the highest among adults in Hong Kong, China (91), Germany (85), and Estonia (78), in comparison Poland (49).

One important element of financial well-being is financial resilience. On average, across participating countries and economies, only 54% of adults report that they would be able to pay a major expense, equivalent to one month of income, without borrowing or asking friends and family to help. In many participating countries and economies, the percentage of adults who can cover living expenses for at least three months without their main source of income decreased from 2019–2020 to 2022–2023. This difference is most pronounced in Italy (decrease by 16 percentage points) and Poland (decrease by 11 percentage points).

Conceptualizing financial education and financial literacy

The research on the possession and use of financial knowledge is embedded in a three-dimensional model that considers financial literacy, financial behavior, and perceptions of financial capability (Xiao et al., 2014). Allgood and Walstad (2016) also highlight the link between perceptions of financial knowledge and actual financial capability.

This understanding of financial capability leads to the conclusion that financial capability requires not only financial knowledge and skills, but also access to appropriate banking products so that one can use them in practice. A bibliometric analysis of word co-occurrence identified five research clusters, the first of which included financial inclusion alongside concepts such as financial literacy, financial management skills, and financial services.

While the question of defining the concept of financial education did not pose any major difficulties, in the case of financial inclusion it is important to point out the different approaches to its definition, formulated through the prism of the levels of financial inclusion and the course of the inclusion process. According to the definition formulated by the World Bank (2023a), financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit, and insurance – delivered in a responsible and sustainable manner.

In the literature, the concept of financial exclusion is often used as the opposite of financial inclusion. A narrow and a broad approach to financial exclusion can be identified (Iwanicz-Drozdowska, 2008). The narrow approach focuses on limited access to selected financial products and services (bank accounts, investments, savings, loans and credit products, insurance), while the broad approach focuses on the financial needs of socially disadvantaged people. The definitions most often cited in the literature by Leyshon and Thrift (1995) and Anderloni (2007) fall into this category. In their light, financial exclusion is understood as the effect of difficulties in accessing and/or using financial services and products, affecting in particular low-income and socially disadvantaged people.

In practice, it has become common to measure the level of inclusion by the level and frequency of use of certain financial products. In line with this approach, the NBP measures the level of financial inclusion in Poland by the number of bank accounts. The NBP justifies the choice of this indicator by the fact that it provides a basis for the spread of various forms of non-cash monetary settlements (payment cards, credit transfers, direct debits), the use of which is based on the possession of a bank account, while at the same time stressing that it is not a sufficient measure to reflect the essence of the banking phenomenon, as one person may have several bank accounts, thus inflating the statistics, while the possession of an account alone does not imply active use, and finally there is the issue of joint accounts, which affects the inaccuracy of the measurement.

Given the limitations of measuring inclusion solely in terms of the number of accounts held, valuable figures on the extent of financial inclusion are provided by the Global Findex Databaset, a cyclical study commissioned by the World Bank, 2014, 2017, 2021). The 2021 edition was based on nationally representative surveys of about 128,000 adults in 123 economies during the COVID-19 pandemic. Globally, in 2021, 76 percent of adults had an account at a bank or a regulated institution such as a credit union, microfinance institution, or mobile money service provider. Account ownership around the world increased by 50 percent in the 10 years spanning 2011 to 2021, from 51 percent of adults to 76 percent of adults. In developing economies, the share of adults making or receiving digital payments grew from 35 percent in 2014 to 57 percent in 2021.

The relationship between financial education and financial inclusion is often addressed in the literature. The relationship between low levels of financial literacy and remaining financially excluded is usually shown, and consequently the possibility of increasing inclusion through financial education is recommended (Hajaj, 2002; Kempson, 2006; Lusardi & Mitchell, 2011; Grohmann et al., 2018; Kaiser et al., 2022; Ansar et al., 2023).

Numerous studies confirm the correlation between the level of financial literacy and the demographic characteristics that also characterize the excluded. Typically, the poorest households, the very young and the elderly, people with lower levels of education, single parents, and people living in rural areas have the lowest levels of knowledge and financialization (European Commission, 2012; Lusardi & Mitchell, 2011; Field et al., 2021; Garz et al., 2021). Financial self-exclusion may be a consequence of low levels of financial literacy among the population, resulting in some consumers not recognizing the need for and benefits of financial services.

Conceptualizing financial education and financial literacy impact of the COVID-19 pandemic on education and financial inclusion

The research on the possession and use of financial knowledge is embedded in a three-dimensional model that considers financial literacy, financial behavior, and perceptions of financial capability (Xiao et al., 2014). Allgood and Walstad (2016) also highlight the link between perceptions of financial knowledge and actual financial capability.

Liu et al. (2020) pointed out that the COVID-19 pandemic affected not only the health of citizens but also the political, economic and social situation at national, European and global levels. According to Nurhayati et al. (2021) and Donthu and Gustafsson (2020), virtually all areas of professional, social, and personal life were altered, affecting to varying degrees the mental and physical state of society and the level of functioning of all sectors of the economy, including consumer habits and behavior. COVID-19 has been classified as the most severe pandemic since 1918, which makes the assessment of medium- and long-term effects extremely difficult and requires some profiling (Jorda et al., 2020).

Referring to the results of a survey on the financial knowledge of Poles conducted by the Warsaw Institute of Banking (WIB, 2021), it should be noted that the pandemic has affected the perception of the importance of economic knowledge. According to the results of the survey, more than half of the respondents expressed a desire to deepen their knowledge of finance and the functioning of the economy (57%) and cybersecurity (53%). There was also an increased interest in investment issues and the vast majority of respondents believe that financial education should be compulsory. The reasons for the interest in financial issues can be traced back to the digitalization of life through remote working, shopping, banking and education.

From a financial perspective, the 2019–2020 COVID-19 outbreak undoubtedly became one of the most active catalysts in the entire history of the emergence of remote banking (Kolodiziev et al., 2022). Across the globe, societies were shut down and citizens were asked to respect social distance and stay at home. As a dynamically changing and sensitive area, the banking system faced numerous challenges that required an immediate response.

Klapper and Lusardi (2020) highlighted that the first group includes the feeling of risk of financial instability due to the shutdown or even closure of some businesses, the unavailability or reduced accessibility of public administration offices, the temporary closure of schools, kindergartens and quarantine, resulting in the need to reconcile remote work and childcare, and sometimes the risk of being dismissed for failure to perform duties. These uncertainties can lead to the loss of income, problems paying bills and meeting credit obligations on time, and the risk of falling victim to fraud.

According to OECD (2022), consumers are more likely to build financial resilience when they trust the financial services industry, receive clear messages about their financial products, have access to financial services tailored to their needs and feel they have been treated fairly and transparently. Access to good quality information, advice, and guidance also performs an important role in helping those with lower levels of financial literacy to improve their financial capability and work on their financial resilience. Financially resilient consumers are less likely to face difficulties in the event of a downturn and are more likely to be able to rebuild their wealth more quickly when things start to improve.

The second set of challenges faced by the financial sector in the context of the COVID-19 pandemic is the rapid increase in interest in electronic banking channels and changes in payment behavior. The financial sector faced the daunting task of understanding new behaviors and meeting consumer demands with appropriate products and convenient services, as well as adapting business services to the social changes associated with the pandemic situation (Mathew et al., 2022). The proliferation of electronic solutions was driven by the restrictions imposed on the number of customers allowed into branches and the reduction in opening hours and even temporary closures of branches, as well as the recognition that electronic banking offered a range of services and facilities that could be used remotely, anytime, anywhere, without the need for face-to-face contact, which was important in the context of efforts to contain the spread of COVID-19.

According to The Global Findex Database (2021), in developing economies in 2021, 18 percent of adults paid utility bills directly from an account. About 30 percent of these adults did so for the first time after the onset of the COVID-19 pandemic. The share of adults making a digital merchant payment also increased after the outbreak of COVID-19. Moreover, the digital revolution is a powerful tool to improve governance. Social programs can now channel transfers directly to their beneficiaries' mobile phones, reducing leakage and delays. This potential became a reality during the COVID-19 crisis, helping cushion its impact on livelihoods. Digitalization also increases transparency as money flows from a country's budgets to government agencies to people, reducing the scope for corruption.

The increase in the number of online transactions has led to an increase in the number of cyber-attacks and the emergence of new forms of attacks, making it necessary to strengthen cybersecurity support activities. Aldasoro et al. (2021) found that the financial sector appears to be the most vulnerable to cyber-attacks, just after the healthcare sector. Financial sector players, companies outside the sector, regulators, and users themselves need to be involved in efforts to reduce the effectiveness of cyber-attacks. More education is needed to ensure that consumers can complete their transactions safely. The literature highlights the need to diversify educational efforts by targeting specific consumer groups, introducing new technologies, ensuring interdisciplinarity and ensuring mentoring (Mountrouidou et al., 2019).

As noted by Auer et al. (2020), shortly after the outbreak, there was a lot of information about the possible link between handling money (coins and banknotes) and COVID-19 infection. In response to these publications, several central banks announced that the risk of using banknotes and coins was low and that there was an adequate supply of banknotes. Despite these announcements, research on the transmission of the virus through physical money showed that a significant proportion of the population reduced their transactional use of cash in response to the pandemic, while, at the same time, increasing their demand for cash (Chen et al., 2020). This phenomenon has become known as the “paradox of banknotes” (COVID), indicating that the increased demand for cash is a result of its use as a store of value (Zamora-Pérez, 2021).

The rapid shift to digital payments brought about by COVID may disadvantage the financially excluded, particularly immigrants, the elderly, the unemployed, or the disabled. The inability to use remote channels is an increasingly serious barrier to the use of cashless instruments. Although modern technologies and digital tools have been taking over more and more functions of life for years, with new media dominating communication and becoming an integral part of social participation, the importance of digital inclusion in this pandemic era has led to the emergence of a new term, digital financial inclusion.

According to the World Bank (2023b), digital financial inclusion defines the ability of the general public to access financial services through tailored digital channels and at affordable terms. In this framework, included consumers are those who access services not only directly from financial institutions, but also from third parties, namely agents or other third-party intermediaries who typically provide services on a contractual basis (Naumenkova et al., 2019).

The operation of fintechs is seen as having financial inclusion benefits and contributing to the efficiency of the financial sector. Khan and Malaika (2021) point out that fintechs can facilitate access to credit, insurance, and pension products, reduce the cost of cross-border remittances (including employee remittances), stimulate the development of tailored investment products, and improve financial literacy and education. Digital financial inclusion has been followed by regulatory issues, including agents, anti-money laundering, and counter-terrorist financing (AML/CFT) issues, electronic money trading, consumer protection, or rules for payment systems and competition. As Vučinić and Luburić (2022) point out, these fall under the remit of different regulators, which requires effective communication and cooperation between them but also consumer-focused education.

Bank employees' perceptions of financial inclusion

Survey methodology

The importance of banking inclusion from a micro and macroeconomic perspective, which was the subject of the previous discussion, was the starting point for conducting a study on the awareness of banking inclusion among bank employees. The study decided to use a qualitative research tool (Konecki & Ślęzak, 2012), namely in-depth individual interviews (IDI). The study used standardized (Silverman, 2008) and semi-structured interviews, where a list of questions was formulated, but mainly to indicate the issues around which the interview was conducted (DiCicco-Bloom & Crabtree, 2006).

The survey was conducted among 12 commercial bank employees between October 2023 and November 2023. The study used a non-random method of selecting respondents for the survey sample – the snowball method (Kvale, 1996), but with the assumption of identifying an employee of such a bank where no interview had previously been conducted. Such a selection of respondents was driven by the desire to find out the point of view of banking advisors with relevant competencies, i.e., experience and knowledge in offering products and services to as diverse a group of banks as possible.

Interviewees for the IDI were recruited through a preliminary telephone interview, during which an appointment was made and the compatibility of the selected person's characteristics with the research assumptions was assessed. Interviewees with at least three years' experience as a consultant in the banking sector were selected for interviews. The interviews were conducted at the respondent's workplace and the IDI lasted 40–60 minutes.

The aim of the survey was to diagnose the attitudes of bank employees toward the problem of bank inclusion of non-bank users by getting to the emotional and motivational patterns of behavior and, on this basis, to assess the involvement of banking advisors in the process of increasing bank inclusion and to indicate what actions are being taken by banks to stimulate the inclusion process and what should be done from the banking advisor's perspective.

The implementation of the study required the development of a detailed individual interview scenario, taking into account the elements required by the methodology (Konecki, 2000). The research questions posed in the survey questionnaire were aimed at achieving the assumed specific research objectives, which, at the same time, constituted three thematic areas:

1. To assess the knowledge of the problem of banking exclusion among commercial bank employees.
2. To determine the range of techniques and tools used in the bank to bring previously excluded people into the banking system (with a focus on the financial education aspect).
3. To assess the impact of the COVID-19 pandemic on banking inclusion.

The above research objectives required supplementary questions, which were asked and answered by the interviewees according to the interview process. Interviewees were also asked to introduce themselves and answer questions about their age and place of residence. The transition to the interview on the first thematic block was preceded by introductory questions on the length of employment in the bank and in the banking sector and the range of tasks performed, in order to allow a more relaxed transition to questions related to customer service and banking exclusion.

Awareness of problem of financial exclusion among banking advisors

In order to achieve the first specific objective, i.e., to assess knowledge of the problem of bank exclusion among commercial bank employees, subsidiary questions were necessary. The first of these concerned knowledge of the concept of the excluded person. It turned out that all the interviewees had encountered the term and, when asked to define it themselves, they indicated, for example, that banked-out people are those who are not admitted to the financial market, who are not able to use banking products and services, who do not want to have contact with banks.

“In the simplest terms, a banked-out person is someone who does not use the products and services offered by banks” (F1)[1].

“I have come across the concept of an unbanked person, i.e., someone who does not use banking products, and it seems to me that this is the same concept as bank exclusion” (F4).

The theme of restricting potential customers’ access to selected products, usually of a lending and credit nature, emerged in the responses and the issue of the need to have a bank account was also raised as necessary to use the full range of banking products (including payments, deposit and savings products, lending and credit products).

“In my experience, an excluded person is also one who has been refused a loan by the bank because of lack of creditworthiness” (F6).

“In our bank, in order to get a loan or credit, it is necessary to have or open a bank account” (M2).

One of the questions asked of the interviewees was to identify sources of knowledge about the unbanked. The vast majority of people were unable to say exactly where they had learned about the problems of the excluded. Only one person admitted that he had attended an internal training course where one of the points was how to contact an unbanked person and persuade them to start working with a particular bank.

“We are a bank focused on serving young people, and some time ago we had a meeting about attracting new customers. The trainer emphasized the arguments we should use when talking to a young person who has not yet opened an account anywhere, in order to convince them to use our bank’s offer. He made

1 F-female, M-male. Each adviser was given a number for identification purposes, indicating the bank where they are currently employed, but it was a condition of the interviews that this information was not disclosed. Given the purpose of the study, this does not detract from the value of the analysis and conclusions drawn.

us list and describe the technological innovations available to our customers, especially when it comes to mobile banking” (F5).

The next question asked the interviewees to elaborate on the qualities they thought the excluded person possessed. They were asked to provide examples in three main categories:

- demographic (e.g., age, gender, number of family members, education, religion, race, and nationality),
- economic (e.g., net monthly income per person in the household, occupation),
- psychological (e.g., certain personality traits).,

Economic considerations were mentioned in all responses, particularly the issue of monthly income. According to the counsellors, the financial situation is the most common reason for not using banking products and services. Based on their professional experience, the respondents identified similar categories of fears and difficulties in using banking products and services as those reported by the excluded people they had contact with. These were mainly concerns about the security of deposited funds and the issue of free access to them. A significant group of counsellors also indicated that, in their view, a barrier to using banking products and services could be their complexity and technological sophistication, which require a certain level of knowledge and skills to understand and use.

“In my experience, the excluded people contacted are mainly concerned about the high costs of account and transaction processing and point out that in their financial situation every proverbial zloty has to be carefully considered” (F10).

The issue of the increased interest of excluded people in banking products and services available electronically during the COVID-19 pandemic emerged in the statements of many respondents.

“For several months after the outbreak of the COVID-19 pandemic, elderly people came to our branch practically every day and asked us to explain how banking works and what it means to use it electronically” (M1).

At the end of the thread on advisers’ knowledge of banking exclusion, a question was asked about the organizations most involved in the process of banking inclusion and which should be the strongest advocates of inclusion. From the opinions expressed by the respondents, it is clear that they believe that banks, as the main beneficiaries of inclusion, are and should be primarily responsible for the inclusion process. The need to ensure legal regulations that increase confidence in the banking sector was also sometimes highlighted as an issue. In addition, the need for educational activities carried out by schools and training institutions appeared in some statements.

"The number of customers translates into the financial results of the banks, so it is definitely up to the banks to make sure that as many people as possible are included in the first place. However, it seems to me that some regulation is also necessary, if only from the NBP and the FSA" (F2).

The range of inclusion techniques and tools used in banks

The second thematic area of the interviews was devoted to identifying and assessing the techniques and tools used in individual banks to support inclusion processes. The interviews began with introductory questions about the target group orientation of the bank's offer.

From the statements of most of the interviewees, it became clear that, although customer segmentation is carried out in banks, practically all the advisors admitted that the bank is interested in attracting any customer and, therefore, tries to have products and services tailored to a variety of needs in its offer.

"Our bank targets young people, so the main focus of the offer is on modern mobile banking solutions" (F4).

The next question was designed to check the extent of the bank's involvement in promoting banking inclusion. The banking advisors were asked if they were aware of any initiatives taken by the bank to promote banking inclusion. As this question was difficult to answer, an auxiliary question was asked to indicate possible initiatives, e.g., educational or promotional. Advisers' responses indicated that they had heard of such initiatives.

“One initiative that I think could be considered to increase banking is SKO. Through this program, we familiarize children with the bank and how to use its products” (F1).

“Our bank’s employees often participate in lectures and workshops organized in higher education institutions, especially at the University of Lodz, which focus on the latest technological solutions and their safe use. I think such activities are part of the trend of promoting banking” (F5).

In the next part of the interview, respondents were asked whether the bank’s product offer included products specifically designed for people who had not yet participated in the banking system (e.g., first account for free).

Several advisers confirmed that their bank had a special offer for customers who decided to open their first account with the bank. Typically, the product included features such as no account or debit card fees, free use of ATMs, free money transfers, and free phone top-ups[2].

Some counsellors indicated that a basic payment account was offered to enable basic banking activities. Sometimes, such an account was accompanied by 24/7 medical assistance, home help, and participation in discount and loyalty programs.

On the other hand, some counsellors, who had not heard that the bank’s offer included products/services typically targeted at excluded people, stated that they were able to indicate what from the current offer they could recommend to excluded people that could convince them to join.

Given the mixed responses on the content of the banks’ offer to the unbanked, the next question aimed to find out the advisers’ views on the product needs of the unbanked. The advisers were asked to indicate the features they thought a product/service should have in order to encourage the unbanked to become banked.

In their responses, advisers pointed to two main features: pricing and functionality.

2 In the more detailed presentation of the offer by the callers, the absence of fees was usually linked to specific conditions that had to be met in order for the fees not to be charged.

"It is easiest to convince someone to use a product if it costs nothing" (F9).

"The customers who come to us are increasingly aware, they are often familiar with our competitors' offers and openly say that they will only use our product/service if it is cheaper for them" (F3).

"I know that our application is very well received by customers because of its transparency and additional features. I have been able to convince many customers to use our bank's services because of this" (F7).

Bearing in mind that advisers have to follow the bank's policies and procedures when presenting an offer to a potential client, the next question asked advisers for their opinion on what measures banks should take to encourage an unbanked person to start working with a bank.

The responses from advisers fell into four main categories. The first emphasized the attractiveness of the bank's offer in terms of price, which had also been highlighted in previous statements, regardless of the customer segment. The second category of responses included the innovativeness of the bank's offering, which was seen by advisers as an important feature mainly for young, affluent, technologically advanced, metropolitan-dwelling, better educated people.

"Our bank is constantly introducing some kind of innovation in access to its services or in the channels of contact with customers. As far as I can see, these activities are having an effect because there is indeed a systematic increase in the number of customers" (F10).

The third category of responses from advisers on what banks could do to encourage the unbanked to take up the offer related to activities in the broad area of building good customer relationships and trust.

"It seems to me that many people now have an unflattering view of banks, given the situation with loan repayments" (F8).

"It should be ensured that people with very good product knowledge and the ability to explain to customers how to use the products are employed in advisory positions and in the contact center. Unfortunately, this is a challenge because of the high turnover" (M1).

The final theme frequently mentioned by advisers in terms of what they felt banks should do to increase inclusion was initiatives that could be categorized as educational. Advisers acknowledged that the bank provides in-house training when introducing new products and services, but some products and services are perceived by advisers themselves to be complex and require technical skills and financial knowledge to use, e.g., about risks, potential risks (e.g., cybersecurity compliance) or the consequences of taking out loans and advances.

"Maybe I am ashamed to admit it, but I myself do not know all the nuances of using our bank's mobile service. I am a customer of another bank and it seems to me that their transaction service is clearer and easier to understand than ours" (F5).

"When I look at our customers, I have the impression that they only use the basic functionalities that we offer, because they don't need everything, but also sometimes they don't know how to use the rest and are ashamed to ask" (M2).

At the end of the discussion on the range of techniques and tools used in a given bank for the inclusion of previously excluded people, reference was made to the problem of modern technologies shaping banking services. Given the observed increase in interest in mobile banking, the predominant view was that it is necessary to introduce modern solutions based on mobile technologies, as the world is moving in this direction. Respondents stressed that the use of modern technologies increases the convenience and accessibility of banking products and services, especially in times of disruption.

Assessing the impact of the COVID-19 pandemic on banking inclusion

The final thematic area covered in the survey concerned perceptions of the impact of the COVID-19 pandemic on the extent and frequency of use of banking products and services. The first question asked advisers to identify the most significant changes they had observed in their use of banking following the announcement of the pandemic outbreak. Advisers were almost unanimous in acknowledging that a far greater number of customers had started to use electronic solutions. At the same time, they said that they had not seen any significant interest in banking products from the completely unbanked.

"In my bank, in response to the closure, the option of opening an account with a selfie was introduced very quickly. From what I observed, this solution was initially approached very cautiously and customers asked about other ways to open an account without visiting a branch" (F6).

"I actually observed a much higher number of requests to use a specific function in the app, while I did not observe a higher number of requests to open a bank account" (M1).

The second question asked the respondents to identify the biggest professional challenges they faced as advisers during the pandemic. A significant number of the respondents acknowledged that immediately after the announcement of the pandemic outbreak, they felt a great deal of anxiety from clients about the safety of their deposited funds, exacerbated by information about restrictions on cash withdrawals from ATMs. Subsequently, customer concerns shifted to exposure to cyber threats, which increased as the number of e-banking users grew. For the unbanked, accessible communication of the benefits of engaging with a bank and the belief that, contrary to popular belief, becoming banked does not involve high costs, which were most feared by those losing financial stability, were identified as the main challenges.

Summarizing the survey of bankers, which was designed to diagnose bankers' attitudes toward the problem of bank inclusion, it can be said that most respondents were confronted with the notion of exclusion, and in terms of characteristics that predispose one to remain excluded, the counsellors emphasized economic considerations. All the advisers agreed that the most effective way to increase banking inclusion was to point out the many benefits of using bank products and services, both financial (which dominated the statements) and non-financial. At the same time, it should be noted that highlighting the benefits of using particular products and services is the most common motif in adviser sales training. The part of the interview in which advisers commented on possible activities of the bank to increase banking inclusion also yielded interesting results.

Although the most common issue was the attractiveness of the offer, some banking advisors also pointed to other important elements, such as the innovativeness of the bank's offer, the need to build good relationships with clients based on professional service and the extremely important element of financial education of potential and existing clients. Responses from advisers indicate that the COVID-19 pandemic has not had a significant impact on increasing the number of banked people. Instead, it has led to increased use of electronic banking and an increased risk of cyber-attacks.

Summary

Looking at the relationship between financial education and financial inclusion, a picture emerges of the multifaceted interconnectedness of these concepts. Financial education is seen as a determinant of financial inclusion processes, and people without sufficient financial knowledge often find themselves excluded. In the context of dynamic changes in the market for financial products and services, financial education should be provided on an ongoing basis in order to equip consumers with the most up-to-date knowledge relevant to the products and channels available. Ongoing education is also necessary because consumers' needs and expectations change with age and circumstances.

Financially literate consumers are better able to understand and use financial information to make financial decisions, and to choose products and services that better suit their needs and risk profile. Financial education can help consumers plan and manage their income, increase their awareness of the importance of saving and investing, and enable them to use credit and loan products more responsibly. Financially literate consumers are more aware of financial risks, fraud, and potential cyber threats. The issue of financial literacy and its relationship to inclusion in the banking sector was also reflected in the testimonies of banking advisors.

All advisers agreed that the most effective way to increase the number of included people was to highlight the many benefits of using banking products and services, both financial (which dominated the statements) and non-financial. When pointing to the range of techniques and tools used in the bank to promote banking inclusion, the consultants focused mainly on the aspect of the attractiveness of the price of the offer and the innovativeness of the bank's offer, the need to build good relationships with customers based on professional service. All of them stressed the need for financial education of both potential and existing clients, which in the case of a bank means learning about specific products and services, the rules for using them, their security, the risks involved (especially the technologically advanced ones, which cause problems for some clients in using them and are in fact a barrier to inclusion). According to the counsellors interviewed, the COVID-19 pandemic has not led to a significant increase in the number of people with a bank account. Instead, it has led to an increase in the use of electronic banking and an increased risk of cyber-attacks.

The aspect of financial resilience and ensuring cybersecurity has become of particular interest in the context of the outbreak of the COVID-19 pandemic. On the one hand, the regulations introduced to limit the spread of the pandemic, security concerns, and the need to maintain social distance have accelerated the process of digitization of public administration, businesses, and consumers, reflected in a dynamic increase in the number of electronic banking users, but, on the other hand, they have deepened the exclusion of the digitally excluded. Financial institutions are focusing their efforts on building controls and appropriate strategies to mitigate cyber threats, expanding their infrastructure to include information security to protect data and assets, and standardizing their efforts to comply with banking laws. To ensure the effectiveness of these activities, it is necessary to emphasize the importance of users in comprehensive security strategies, in addition to processes and technologies.

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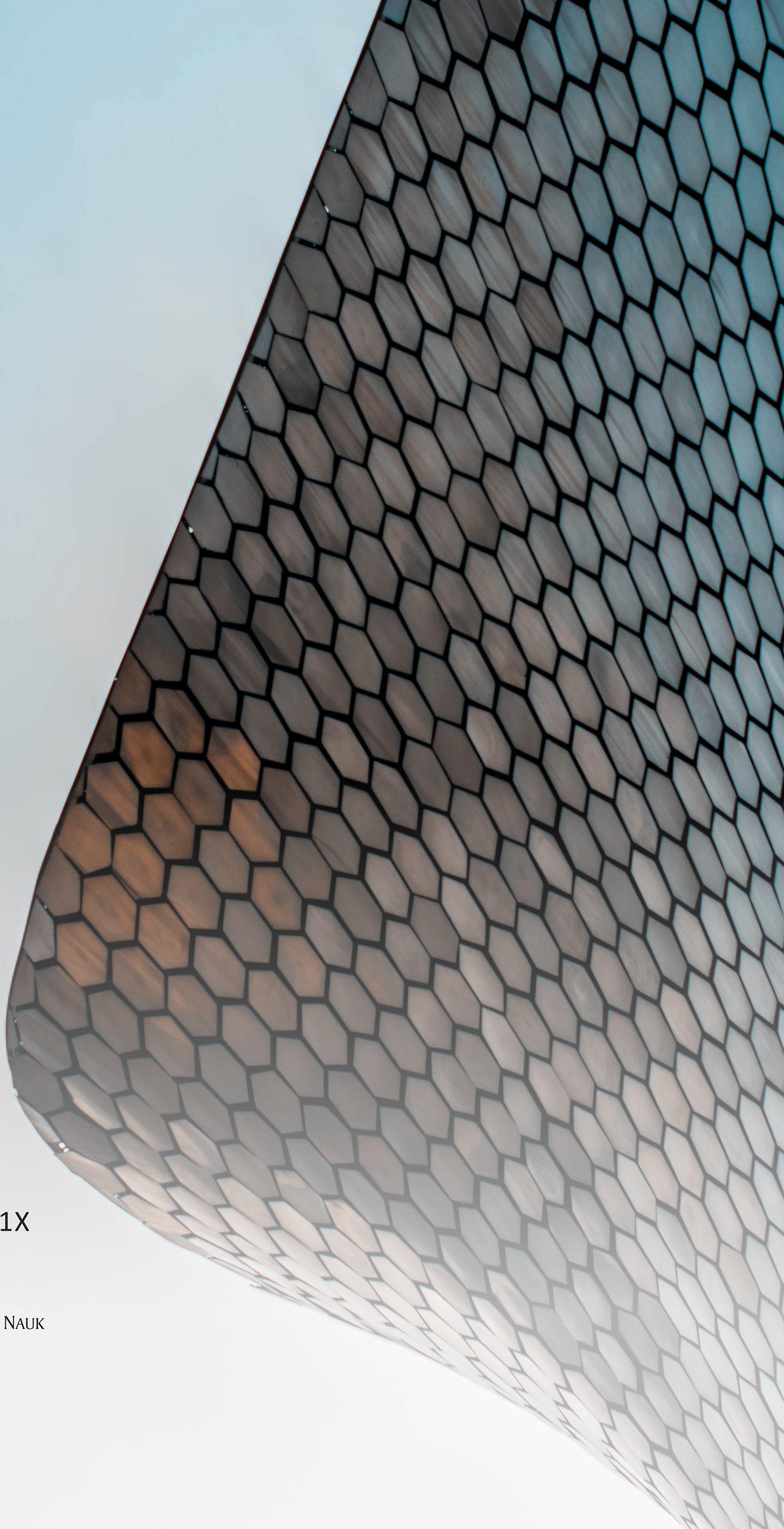

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