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Using the concept of social space to analyze the relationship between commercial banks and the population

Abstract. Actively developing in recent years, the relationship between the population and commercial banks has a significant impact on the lives of Russians. The authors propose the concept of social space to analyze the social aspects of this phenomenon. The basis of the concept are such categories as «trust», «goodwill of the bank», «financial culture», «financial literacy», «loyalty» and others. The article defines a number of aspects for quantifying these categories. It also raises the problem of understanding the role of banks in the present-day world.

Keywords: Social Space; Financial Culture; Trust; Loyalty; Goodwill; Bank Image; Bank Advertisement

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Концепція соціального простору в аналізі взаємовідносин комерційних банків із населенням

Анотація. Відносини населення з комерційними банками, активно розвиваючись в останні роки, суттєво впливають на життя росіян. Для аналізу соціальних аспектів цього явища авторами пропонується концепція соціального простору, параметрами якого виступають такі категорії, як «довіра», «репутація банку», «фінансова культура», «фінансова грамотність», «лояльність» та інші. У роботі представлено ряд параметрів, що використовуються для кількісної оцінки їхнього рівня. Аналізується досвід закордонних країн щодо формування іміджу банку за допомогою його місії й застосування загальнонаціональних індексів задоволеності клієнтів. Розглянуто результати всеросійського опитування суспільної думки за міжнародною методикою Global Reputation Index. Оцінено роль банківської реклами як основного засобу комунікації в системі «банк-населення» та інструмента впливу на суспільну свідомість. Піднімається проблема осмислення ролі банків у сучасному світі.

Ключові слова: соціальний простір; фінансова культура; довіра; лояльність; ділова репутація банку; імідж банку; реклама банку.

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Концепция социального пространства в анализе взаимоотношений коммерческих банков с населением

Аннотация. Взаимоотношения населения с коммерческими банками, активно развиваясь в последние годы, оказывают существенное влияние на жизнь россиян. Для анализа социальных аспектов этого явления авторами предлагается концепция социального пространства, параметрами которого выступают такие категории, как «доверие», «репутация банка», «финансовая культура», «финансовая грамотность», «лояльность» и другие. Представлен ряд параметров, использующихся для количественной оценки их уровня. Анализируется опыт зарубежных стран по формированию имиджа банка посредством его миссии и применения общенациональных индексов удовлетворенности клиентов. Рассмотрены результаты всероссийского опроса общественного мнения по международной методике Global Reputation Index. Оценена роль банковской рекламы как основного средства коммуникации в системе «банк-население» и инструмента воздействия на общественное сознание. Поднимается проблема осмысления роли банков в современном мире.

Ключевые слова: социальное пространство; финансовая культура; доверие; лояльность; деловая репутация банка; имидж банка; реклама банка.

1. Introduction. Active interaction of commercial banks with the population is a relatively new phenomenon for Russia: retail banking began to grow rapidly in the 2000s due to the reduction of speculative profits of banks and slower growth of income from transactions with corporate clients. These relationships are, primarily, the subject of financial science; however, they are of interest as a social phenomenon, since they have a significant impact on people's behaviour.

2. Problem statement. The motives of person making the decision to use banking services, the process of bank selection, the change of lifestyle as a result of interaction with commercial banks (for example, acquiring of housing through credit on real estate, buying a car or evading the repayment of credit),

the perception of banking advertisement, banks' assessment of customer satisfaction - these events, phenomena and processes are social in nature and form the social space of banks' interaction with their customers [1].

The concept of social space is needed for forming a set of views being linked together and arising one from another in order to define the role of commercial banks in today's context.

3. Analysis of recent studies and publications. The concept of «social space» was first used by Ferdinand Tonnies who connected it with the peculiarities of people's relationship to each other in space and time [2]. Various aspects of this category are revealed in the works of A. Giddens (2011), T. D. Martynovskaya, P. (2013), N. A. Shmatko (2005).

From the point of view of P. Bourdieu, the concept of «social space» is a form of expressing certain relations. The content of this form are social phenomena and processes that determine the basic properties of social space and are the means of coordination in the social system [3].

T. D. Martsynkovskaya (2013) describes social space as a conceivable construct in which social relations are taking place (the totality of all social statuses in society) [4].

After analyzing the notions that characterize social space, we came to the conclusion that there is no single concept of social space. Various approaches to this phenomenon define its diverse aspects.

In the context of our study, we have defined social space as a set of social relations (links). Any individual with other individuals, groups, and social institutions enters into these relations. Various socio-economic processes can form their own system of social relations. Therefore, it seems appropriate to consider the totality of social characteristics of commercial banks' interaction with the population as the social space.

4. The purpose of this article is to determine the quantitative and qualitative categories of social space of commercial banks' interaction with the population under current conditions.

5. Results. The core of the mutual relations of individuals with commercial banks and a major determinant of these relations' features is the financial culture of the population, or mass financial awareness. Financial culture includes traditions, values, norms, behavioural patterns of people in the financial sector, i.e. in the area of earning an income, undertaking expenditures, savings, paying taxes, insurance. The basics of financial culture are absorbed by the young generation since childhood through observing the older generation's behaviour. The element of financial culture is financial literacy which can be described as a set of knowledge and skills in financial issues. It should be noted that a number of researchers single out the ability to apply knowledge in practice into a separate category called «financial competence» (financial capability) [5].

In Russia only a small part of citizens are familiar with the services offered by financial institutions, and an even smaller portion of Russians uses this knowledge predicting the consequences of their actions in financial matters.

The level of financial literacy of Russians is characterized by their disciplined approach when it comes to timely repayment of loans. In January 2012, 7.05% of bank consumer loans fell into the category of «bad debts». On the 1st of January 2014, this figure amounted to 10.07%, and on the 1st of July 2014 it was 12.2%. Credit health index being calculated on the basis of this indicator was declining from January 2012 to October 2015 [6].

According to the research by the National Endowment for Financial Education that operates in the USA, once received financial education does not affect financial behaviour. It is the ability to plan, willingness to take risks that is of great importance here. The best way to improve financial literacy of the population is holding consultations being maximally close in time to the moment of decision-making by a consumer about using any financial instrument [7].

Russian banks following the model of foreign banks begin to offer their customers a Personal Finance Manager (PFM) service within the Internet banking services. One of the first examples of such product introduction comes from the Promsvyazbank (service «Smart money»). The expenses paid by credit card are recorded and are posted by category automatically. Cash expenses are manually entered. However, among future developments is scanning cheques using a mobile phone camera. The program makes forecast about future incomes and expenses; there can be set limit of expenses for each category with SMS notification when it is exceeded, etc.

Trust in the banking system is generally considered as an important factor of not only the growth in customer deposits, but also of banking system and economy as a whole development. Today's Russians were deprived of «financial education» and the financial turmoil of the 1990s, which contributed to the

development of such features of financial behaviour as prudence and low level of trust in banks.

A sufficiently long period of stability in the early 2000s, development of legal and economic measures that protect the customers of banks undoubtedly improved the attitude towards the banking system. However, the current situation in the financial market could significantly decrease the level of trust. The level of trust is an indicator that shows the need to improve mechanisms enabling the performance of norms and rules by commercial banks [8].

Also, trust can be viewed as the expectation of honest performance of functions or duties by the other party of interaction process - people, social institutions, and society as a whole. Conceiving this concept, E. Giddens (2011) says that the need of trust can be accounted for having incomplete information (asymmetry of information being inherent in the market of banking services). Trust is always associated with randomness, so it means reliability in spite of randomness in the work of people or systems. And this trust in the reliability is connected with faith in the reputation of a person (organization) or in the efficiency of a system [9].

Within the Program of Fundamental Research of The National Research University Higher School of Economics (HSE) it is proposed to use the «confidence index», consisting of three main elements, to assess changes of trust in financial institutions (including banks): assessment of reliability; transparency; favourable conditions for offered products and services [10].

The trust of society's members in banks is the basis of their goodwill. The Bank of Russia determines the goodwill of a credit institution as a qualitative assessment of credit institutions activities by the parties to business transactions, as well as the actions of their real owners, affiliates, subsidiaries, and other dependent organizations [11].

Ranking based upon the opinions of experts or conducted surveys is used for the evaluation of credit institutions' goodwill.

On the one hand, the reputation of a bank, or its image is the result of its well-directed efforts, on the other hand, it is the product of perception of the «message» by the target audience. This image is being formed under the influence of a range of factors - from TV advertising to the exterior of the nearest branch of a bank. The core, the quintessence of the «message» of a bank to its existing and potential clients is its mission. So, the mission of the VTB Group sounds like the following: «We provide financial services of international level to achieve a better financial future for our customers, shareholders and society as a whole». The mission of the Sberbank of the Russian Federation is: «We give people confidence and security, make their lives better, help them to realize their aspirations and dreams». Of course, the second example of a mission is more focused on clients and emotionally coloured.

The concept of «loyalty» is etymologically close to that of «trust». Many large banks are engaged in the development and implementation of loyalty programs. Co-branded projects («Thank you» from the Sberbank and others) serve as an example of such loyalty programs. Loyalty is understood as readiness that has appeared on the basis of existing experience to continue the cooperation with a partner, and also recommend it to people.

One of the methods for quantitative evaluation of customer loyalty is the NPS approach (Net Promoter Score) which was developed in the early 2000s by F. Reichheld (2007). Respondents are asked to rate the likelihood with which they would advise their bank to friends, acquaintances and relatives on a ten-point scale. Respondents are divided into three groups: critics (Detractors) - from 1 to 6 points, neutral (Passives) - 7-8 points and loyal (Promoters) - 9-10 points. In the capacity of coefficients this approach uses the difference between the average levels of loyal consumers and critics [12].

According to the research by Reichheld (2007), the correlation between customer loyalty of a certain company and its growth rate is more pronounced in those industries where customer satisfaction is primarily determined by the quality of ser-

vice. It should be noted that under the conditions of intensive interbank competition, the quality of service is associated with corporate culture (professional and creative capabilities of the staff) and is one of the main factors determining the choice of a servicing bank [13].

In the development of foreign banks' loyalty programs there is a trend of using game elements in non-game situations. This practice was called gamification. According to developers, focusing on positive emotions and engagement for a long time, typical for games, heightens the interest of credit institutions' clients. Thus, the BBVA (the banking group of Spain) uses BBVA Game that allows you to earn points for online transfer of funds, view the materials on financial education and advertising, invite your friends to join the game. The accumulated points give the opportunity to participate in sweepstakes, auctions and win prizes related to show-business and sport [14].

Russian Alfa-Bank offers its customers the game Activity. The Bank daily transfers from the current account to the savings deposit the amount at 6% per annum which depends on the covered distance per day.

Currently, when designing a system of measures aimed at attracting and retaining customers, an emphasis is made upon the emotions derived from communication with a bank, increasing the level of customer satisfaction. Satisfaction can be described as a generalized consumers' assessment of the experience of interaction with a bank, or the degree of conformance of the result of banking services age to expectations. It is the client's satisfaction that is the main prerequisite for his/her loyalty. Each bank performs an analysis of customer satisfaction using various methods (questionnaires, phone interviews, etc.). National indices of customer satisfaction are being applied in a number of countries (Norway, Sweden, USA, Germany and others). International research company EPSI Research Services periodically assesses these indices according to the same standard in 20 countries of Eurasia. The analysis of customer relationship experience with the bank is conducted according to 5 aspects of satisfaction: banks' image, customer expectations, product quality, service quality and value perception.

The results of national public opinion survey by the international Global Reputation Index methodology show that among Russian banks the Sberbank of the Russian Federation has the highest index of customer satisfaction [15].

An important factor influencing the organization's goodwill is the level of its social responsibility. From our point of view, social responsibility of a bank is to make it a basic principle that the interests of society and individuals are of primary importance. The key areas of social initiatives of global banks are: addressing environmental problems (Credit Agricole - France), the construction of energy saving housing (Deutsche Bank - Germany); aid to victims of natural disasters (Mizuho Financial Group - Japan); educational programs for children from disadvantaged families (HSBC - UK), increasing the level of convenience in using bank services for people with disabilities (BNP Paribas - France) [16].

Russian banks are also keeping pace with this trend. For example, Sberbank has outlined the following priorities in the field of corporate social responsibility: reducing queues, taking heed of complaints, ensuring the availability of services for people with disabilities; environmental appraisal of credit projects, the use of insurance programs for employees and so on [17].

One of the main components of the social space is communication that represents a mutual process of transmission and perception of information in interpersonal or mass communication through a variety of means. Being the primary means of communication in the system «Bank-Population», bank advertisement has changed from the way of informing consumers of existence and properties of the bank services into a product of mass culture, an instrument of influence on the social consciousness.

6. Conclusion. The role of commercial banks is extremely high in today's economy and social life, and it continues to grow due to the emergence of new banking products and services, and promotion of bank marketing. Credit institutions that carry out specific economic functions being directed towards the organization of monetary circulation and redistribution of funds are forced to take into account the social component of their activities, thereby increasing competitive advantage. Our study has confirmed that financial culture, financial literacy, competence of the population, trust of credit institutions' clients, satisfaction and loyalty of the population, bank advertisement, goodwill, social responsibility, bank corporate culture are the main categories of social space of commercial banks' interaction with the population. However, taking into consideration the increasing potential of the banking social initiatives, we will leave this list open providing the opportunity to continue studies in this direction.

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