



CENTRALNA BANKA
CRNE GORE



Digital Banking and Payment Services in Montenegro

Users' Perspectives



This survey was conducted by CEED Consulting Ltd in partnership with the Central Bank of Montenegro and the United Nations Development Programme (UNDP) within the project “Digital Governance Acceleration in Montenegro”, implemented and funded by the UNDP. The contents of the survey are the sole responsibility of its authors and do not reflect the positions of the Central Bank of Montenegro or the UNDP. The male terms used in this report include the female ones and vice versa. All rights reserved. Short extracts from this publication may be reproduced in their original form without the authors’ permission, provided that the source is duly cited.



TABLE OF CONTENTS

1. INTRODUCTION	4
2. SURVEY GOAL AND METHODOLOGY.....	5
3. Quantitative Survey – CITIZENS	7
DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS	8
QUANTITATIVE SURVEY RESULTS	10
4. Quantitative Survey – BUSINESSES	21
DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS	22
QUANTITATIVE SURVEY RESULTS	24
5. FINDINGS.....	33
6. ANNEXES	35

List of figures

Figure 1: Breakdown by region (%)	8
Figure 2: Breakdown by type of settlement (%)	8
Figure 3: Breakdown by age and gender (%)	8
Figure 4: Highest level of education completed (%)	9
Figure 5: Breakdown by occupation (%)	9
Figure 6: Did you have opportunities to familiarize yourself with the basics of banking and personal finance management in the course of your education? (%)	10
Figure 7: Do you have a smartphone, internet access and a bank account? (%).....	11
Figure 8: Why do you not have a bank account? (%).....	11
Figure 9: Who would you approach if you needed banking services? (%).....	12
Figure 10: How many banks do you hold accounts with? (%).....	12
Figure 11: How do you mainly access banking services? (%)	12
Figure 12: What is your most frequent reason for visiting the bank branch office? (%)	13
Figure 13: Reasons for not using online banking (%) (Up to three answers allowed, n=584).....	13
Figure 14: Reasons for using online banking (%) (Up to three answers allowed, n=276).....	14
Figure 15: Representation of different payment methods, citizens (%)	14
Figure 16: The shares of the most frequent payment methods out of the total number of payment transactions (%).....	15
Figure 17: How often do you use e-banking/m-banking for the purposes listed below (%)?.....	15
Figure 18: Are you familiar with the service packages offered by your primary bank? (%).....	16
Figure 19: To what extent does the offer of online services influence your choice of the bank? (%)	16

Figure 20: Have you increased the use of online banking services and mobile payments during the COVID-19 pandemic? (%)	17
Figure 21: Will you continue to use the same online banking regime after the pandemic? (%)	17
Figure 22: Which digital services would you like to see offered in the future? (%)	17
Figure 23: Motivation for using online banking services (%)	18
Figure 24: Education and information – knowledge of specific terms (%)	18
Figure 25: Asking for help (%)	19
Figure 26: Method of obtaining information concerning the opportunities and specific uses of banking services, %	19
Figure 27: Most-trusted institutions with regard to financial education (%).....	20
Figure 28: Breakdown by region (%)	22
Figure 29: Breakdown by company size (%).....	22
Figure 30: Breakdown by business activity (%)	23
Figure 31: Position at the company (%)	23
Figure 32: How many banks does your company have account with? (%)	24
Figure 33: Breakdown by company size (%).....	24
Figure 34: Most frequent method of accessing banking services (%).....	25
Figure 35: The most frequent reason for visiting the bank (%).....	25
Figure 36: Do you use online banking? Broken down by size (%).....	26
Figure 37: Reasons for not using online banking (%) (<i>Up to three answers allowed, n=170</i>)	26
Figure 38: We use online banking because of ...? (%) (<i>Up to two answers allowed, n=141</i>)	27
Figure 39: Representation of different payment methods, businesses (%) (<i>n=141</i>)	27
Figure 40: The shares of the most frequent payment methods out of the total number of payment transactions (%), (<i>n=141</i>)	28
Figure 41: How often do you use e-banking/m-banking for the purposes listed below? (%).....	28
Figure 42: Are you familiar with the service packages offered by your primary bank? (%).....	29
Figure 43: To what extent does the offer of online services influence your choice of the bank? (%)	29
Figure 44: Have you increased your use of online banking services and mobile payments during the COVID-19 pandemic? (%)	30
Figure 45: Will you continue to use the same online banking regime after the COVID-19 pandemic? (%).....	30
Figure 46: Which digital services would your company like to see offered in the future? (%).....	30
Figure 47: Motivation for using or increasing the use of online banking services (%).....	31
Figure 48: Education and information – knowledge of specific terms (%)	31
Figure 49: Asking for help (%)	32
Figure 50: How do you obtain information concerning the options and specific uses of online banking services? (%).....	32

List of tables

Table 1: Sample breakdown by region, type of settlement, gender and age	5
Table 2: Sample breakdown by region, sector and company size	6
Table 3: Assessment of provided statements (%), (<i>n=276</i>).....	16
Table 4: Assessment of provided statements (%), (<i>n=141</i>).....	29

INTRODUCTION

CEED Consulting Ltd, a research agency from Podgorica, conducted the survey titled “Digital Banking and Payment Services in Montenegro – Users’ Perspectives” in partnership with the United Nations Development Programme (UNDP) and the Central Bank of Montenegro (CBM).

The quantitative survey aimed to assess the extent to which Montenegrin citizens and companies were familiar with online banking and the degree of their satisfaction in the capacity of online banking users.

Part One of the survey involved a sample consisting of 1,020 citizens from all the three regions of the country, with 49.4% of respondents from the central (Podgorica, Niksic, Danilovgrad, Tuzi and Cetinje), 23.5% from the southern (Ulcinj, Bar, Budva, Kotor, Tivat and Herceg Novi) and 27.1% from the northern region (Berane, Bijelo Polje, Gusinje, Kolasin, Mojkovac, Petnjica, Plav, Pljevlja, Pluzine, Rozaje, Savnik and Zabljak). Most respondents came from urban settlements (71.6%).

Part Two of the survey involved a sample of 311 companies operating in the central, southern and northern region. The sample covered the following sectors: Agriculture, forestry and fishing (A); Mining and quarrying (B); Manufacturing (C); Electricity, gas, steam and air-conditioning supply (D); Water supply, sewerage, waste management and remediation (E); Construction (F); Wholesale and retail trade; repair of motor vehicles and motorcycles (G); Transportation and storage (H); Accommodation and food service activities (I); Information and communication (J); Financial and insurance activities (K); Real estate activities (L); Professional, scientific and technical activities (M); Administrative and support service activities (N); Education (P); Human health and social work activities (Q); Arts, entertainment and recreation (Sector R), and Other service activities (S). In terms of company size, the sample included the following categories: micro enterprises, employing up to 10 people (76.8%); small enterprises, employing between 10 and 49 people (19.6%); medium-sized enterprises, employing between 50 and 249 people (2.9%) and large enterprises, employing more than 250 people (0.6%).

The results of this survey are intended to inform future activities aimed at improving and accelerating the development of online banking in Montenegro.

SURVEY GOAL AND METHODOLOGY

This quantitative survey among citizens and businesses concerning their habits, degree of satisfaction with and use of online banking was conducted for the purposes of the project titled “Digital Banking and Payment Services in Montenegro – Users’ Perspectives”. It involved a representative sample, ensuring a sound analysis of the proportional representation of all the categories listed above. In view of the overall situation caused by the COVID-19 pandemic, the survey was conducted online, using the CATI method (Computer-Assisted Telephone Interviewing), with questionnaires distributed to targeted email addresses.

On-site data collection took place in December 2021. For that purpose, CEED Consulting (hereinafter CEED) hired 28 assistants (enumerators) who worked in their respective communities, along with 2 assistants who telephoned the companies on a day-to-day basis and offered the possibility of participating in the online survey. Questionnaires were designed in such a way to include open-ended and closed questions (see Annexes below). The respondents were guaranteed anonymity, which fostered more sincere and accurate data for the report.

The quantitative survey among citizens involved the sample of 1,020 respondents; 504 were from the central, 276 from the northern and 240 from the southern region. The biggest share of the respondents covered by the survey came from urban settlements (730), while 290 came from rural ones. The gender breakdown shows the slight prevalence of women, as the sample included 544 women and 476 men. The age breakdown shows that 192 respondents were 15-24 years old; 244 were 24-34 years old; 184 were 35-44 years old; 160 were 45-54 years old; 141 were 55-64 years old, and 99 respondents were 65 or older.

Table 1: Sample breakdown by region, type of settlement, gender and age

REGION		
Northern	276	27.1%
Central	504	49.4%
Southern	240	23.5%
TYPE OF SETTLEMENT		
Urban	730	71.6%
Rural	290	28.4%
GENDER		
Male	476	46.7%
Female	544	53.3%
AGE		
15-24	192	18.8%
25 -34	244	23.9%
35-44	184	18.0%
45-54	160	15.7%
55-64	141	13.8%
65+	99	9.7%
TOTAL	1,020	100.0%

The quantitative survey among businesses included 311 companies: 171 from the central (Podgorica, Niksic, Danilovgrad, Tuzi and Cetinje), 103 from the southern (Ulcinj, Bar, Budva, Kotor, Tivat and Herceg Novi) and 37 from the northern region (Berane, Bijelo Polje, Gusinje, Kolasin, Mojkovac, Petnjica, Plav, Pljevlja, Pluzine, Rozaje, Savnik and Zabljak). Broken down by sector: 66 companies were engaged in accommodation and food service activities and entertainment and recreation sector; 64 in other services; 57 in wholesale and retail trade and repair of motor vehicles and motorcycles; 31 in construction; 28 in agriculture and manufacturing; 26 in transportation and water and electricity supply; 20 in education, science, culture, information, human health and social work, and 19 in administrative, professional and technical activities, finance, information and communication, and real estate activities. Out of the total number of companies covered by the survey, 239 were micro-enterprises – with up to 10 employees; 61 were small enterprises – with 10- 49 employees; 9 were medium-sized – with 50-249 employees, and 2 were large –with more than 250 employees.

Table 2: Sample breakdown by region, sector and company size

REGION		
Northern	37	11.9%
Central	171	55.0%
Southern	103	33.1%
SECTOR		
Administrative and professional activities, finance, information and communication, real estate activities	19	6.1%
Manufacturing, mining and quarrying, agriculture, forestry and fishing	28	9.0%
Transportation, storage, water and electricity supply	26	8.4%
Construction	31	10.0%
Education, science, culture, information, human health and social work	20	6.4%
Wholesale and retail trade and repair of motor vehicles and motorcycles	57	18.3%
Accommodation and food service activities, entertainment and recreation	66	21.2%
Other service activities	64	20.6%
COMPANY SIZE		
Micro (1-9)	239	76.8%
Small 10-49)	61	19.6%
Medium-sized (50-249)	9	2.9%
Large (250+)	2	0.6%
TOTAL	311	100.0%

Data were entered in Microsoft Excel, and data processing with the required logical controls was done in SPSS (*The Statistical Package for the Social Sciences* – a data-analysis-and-processing programme). In accordance with the project objectives, CEED analysts conducted data analysis and prepared the findings. Given the sample design method and the methodology applied, CEED believes that the findings presented here may be considered as valid indicators of the general public and business sector views concerning online banking in Montenegro.

PART ONE

Quantitative Survey with Citizens



DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Part One of the quantitative survey on “Digital Banking and Payment Services in Montenegro – Users’ Perspectives” involved a sample of 1,020 citizens older than 15 years of age from 24 Montenegrin municipalities. Sample size and structure were set so as to be representative of the views and assess the degree of satisfaction by region, taking into account the type of settlement and the respondents’ gender, based on the official data of the Statistical Office of Montenegro (MONSTAT).

In terms of the breakdown by region, 49.4% of respondents were from the central region (Podgorica with its Town District of Golubovci, Niksic, Danilovgrad, Cetinje and Tuzi), 23.5% were from the southern region (Ulcinj, Bar, Budva, Kotor, Tivat, Herceg Novi), and 27.1% were from the northern region (Bijelo Polje, Berane, Plav, Rozaje, Andrijevica, Gusinje, Petnjica, Pljevlja, Kolasin, Mojkovac, Zabljak, Savnik, Pluzine). Slightly less than one third of respondents were from rural areas, while 71.6% were from urban ones.

Figure 1: Breakdown by region (%)

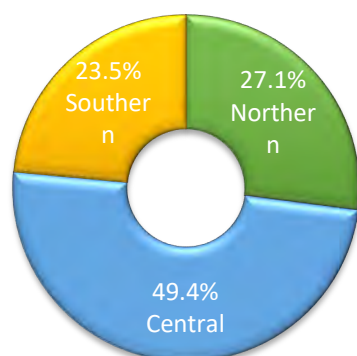
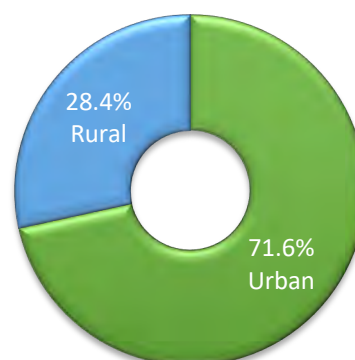
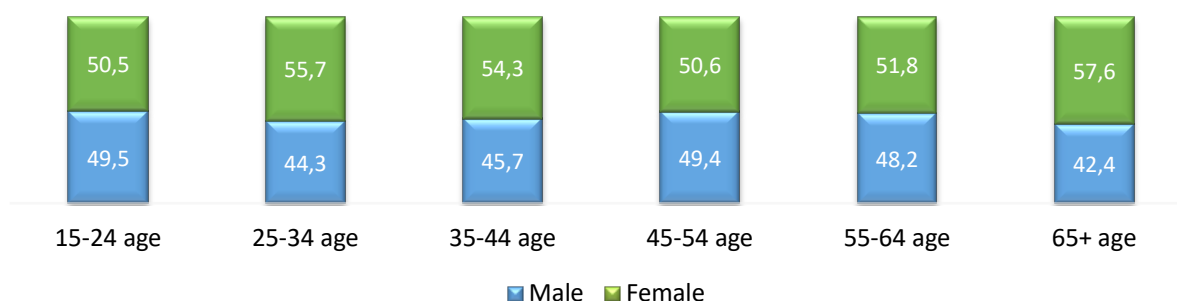


Figure 2: Breakdown by type of settlement (%)



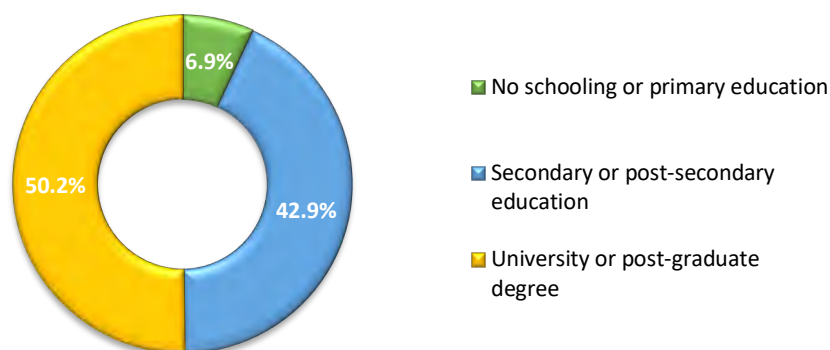
Almost all of the age groups covered featured gender balance. The total sample included 53.3% of female respondents and 46.7% of male ones. Broken down by age, the sample included 18.8% of respondents aged 15-24, 23.9% of those aged 25-34, 18.0% of those aged 35-44, 15.7% of those aged 45-54, 13.8% of those aged 55-64, and 9.7% of those aged 65 and above. The 65+ group and the groups aged 25-34 and 35-44 included insignificantly larger shares of women.

Figure 3: Breakdown by age and gender (%)



One in two respondents reported university or post-graduate degrees as the highest completed education level; 42.9% completed secondary or post-secondary education, while 6.9% had either no schooling or a primary school diploma.

Figure 4: Highest level of education completed (%)



Almost one third of respondents worked in the private sector; one in five worked in the public sector; 9.7% were unemployed, and 8.4% were self-employed. The sample also included 10.3% of pensioners and 13.5% of students.

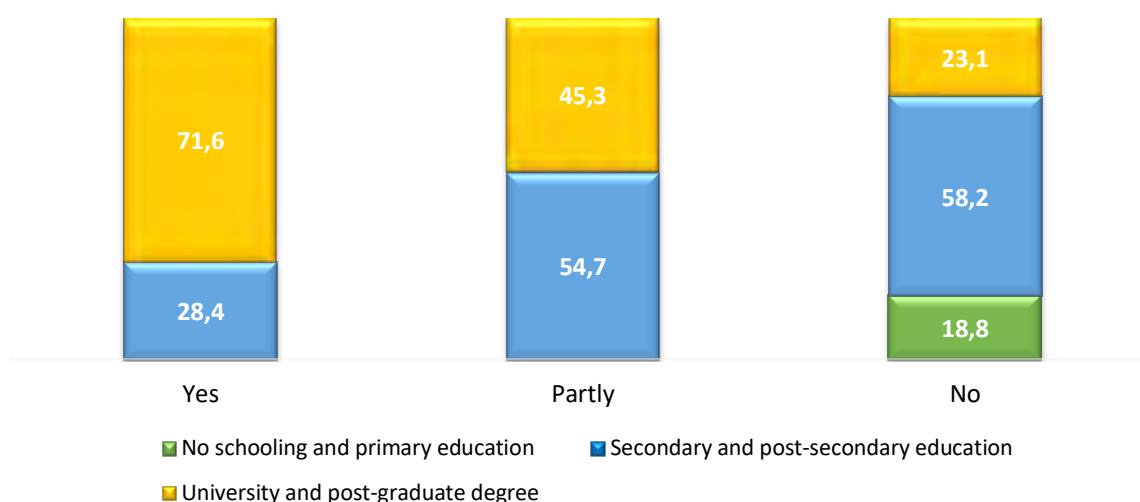
Figure 5: Breakdown by occupation (%)



QUANTITATIVE SURVEY RESULTS

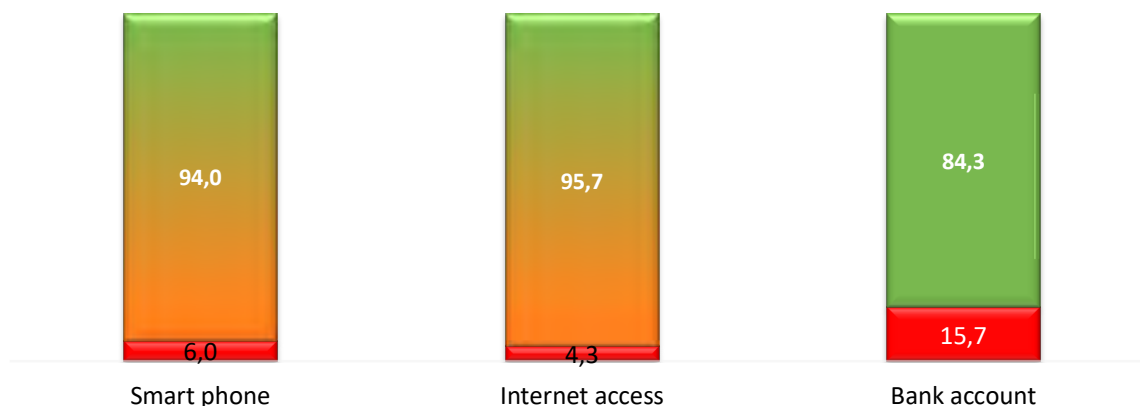
The survey showed that 22.1% of respondents learned about the basics of banking and personal finance management in the course of their education; most of them had university or post-graduate degrees. 41.4% of respondents partly familiarized themselves with the basics of banking and finance management, while 36.6% had had no opportunity to learn about that topic in the course of their education. All the respondents with either no schooling or a primary school diploma reported that they had had no opportunity to learn about the basics of banking and personal finance management in the course of their education.

Figure 6: Did you have opportunities to familiarize yourself with the basics of banking and personal finance management in the course of your education? (%)



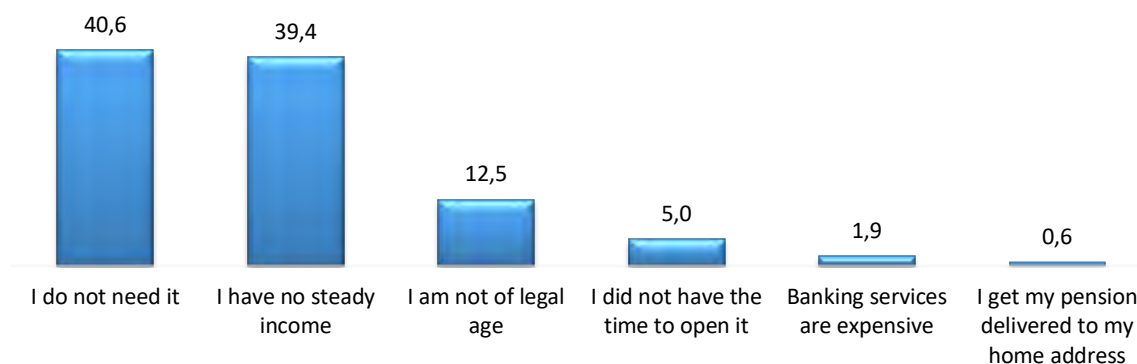
A very small share of respondents reported not having a smartphone (6.0%) or internet access (4.3%); 15.7% reported not having a bank account. Of those who did not have a bank account, 44.4% were from the northern region, 38.7% were from rural areas, and women predominated (56.9%). On the other hand, of the total number of those who did not have a bank account, one third were younger than 25 years of age and 34.4% were older than 55 years of age.

Figure 7: Do you have a smartphone, internet access and a bank account? (%)



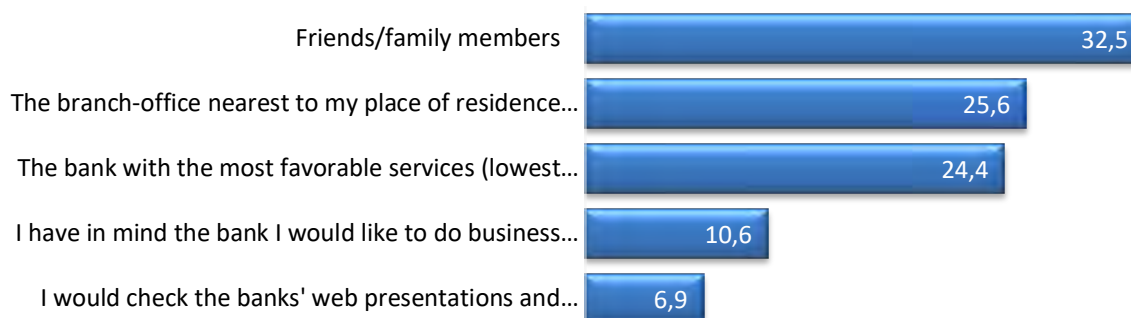
Only 11.3% of respondents planned to open a bank account within 12 months; 53.1% were not sure, and 35.6% were certain they would not open one within 12 months. More than 40% of the respondents who did not have a bank account thought that they did not need one, whereas 39.4% reported lack of steady income as the reason for not having one.

Figure 8: Why do you not have a bank account? (%)



In case they needed banking services, one in three respondents would first approach their friends and family members. When choosing the bank, women tended to decide on the basis of the services the bank had to offer, while men tended to choose the branch office nearest to their place of residence.

Figure 9: Who would you approach if you needed banking services? (%)



In terms of the existing habits, the results showed that most citizens who used banking services had accounts with just one bank (67.9%); almost one in three had accounts with two banks, and only 4.0% had accounts with 3 or more banks. In terms of the type of settlement, a significantly bigger share of citizens from urban areas had accounts with two or more banks (74.0%), while those from rural areas mainly decided to have accounts with one bank. Men preferred having accounts in two or more banks compared to women (53.5%), while women more frequently opted for having accounts with one bank. The respondents aged 25-24 were more likely to have accounts with one or two banks; the ones aged 35-44 tended to have accounts with three or more banks (41.9%).

With regard to the banking services, citizens mainly opted for the use of ATMs (58.0%); 51.7% often visited the bank; 43.7% used payment cards, while one in five used e-banking or m-banking.

Figure 10: How many banks do you hold accounts with? (%)

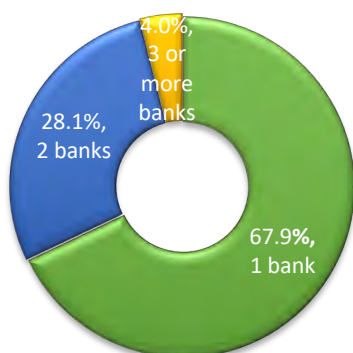
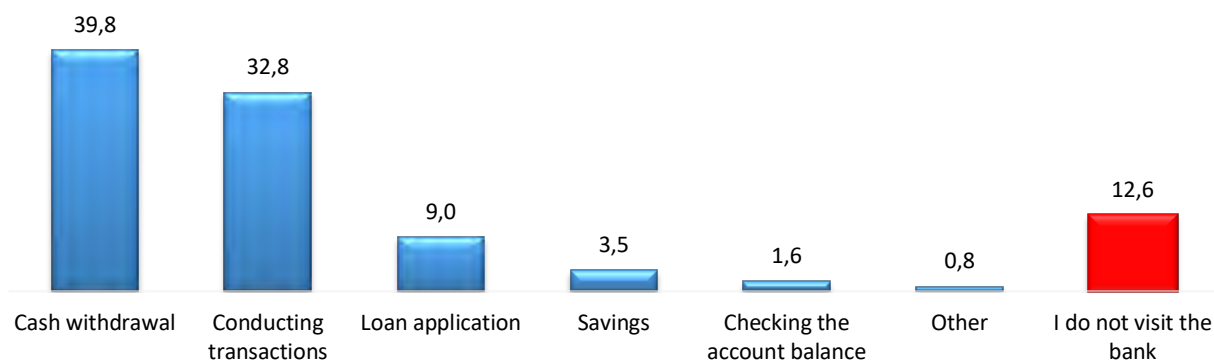


Figure 11: How do you mainly access banking services? (%)



The most frequent reasons for visiting the bank were cash withdrawals (39.8%) and conducting transactions (32.8%). The other reasons for citizens' visits to the banks included: information; card expiry; complaints or other problems; contract extension or obtaining certificates etc. The share of respondents who did not visit the banks was 12.6%.

Figure 12: What is your most frequent reason for visiting the bank branch office? (%)



67.95 of respondents did not use online banking – that applied more to the ones from rural areas than the ones from urban areas. Broken down by region, online banking was least used in the northern region (20.9%).

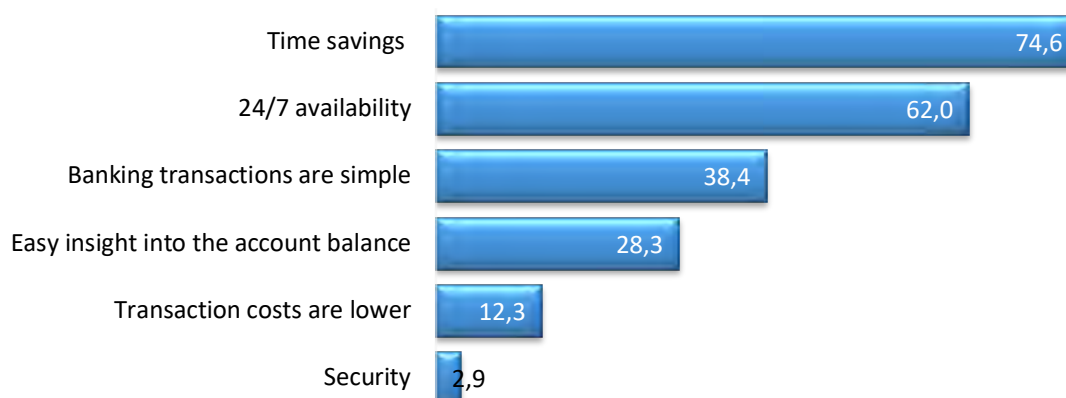
The most frequent reason for not using online banking was insufficient awareness of the opportunities it provided (37.0%); respondents tended to prefer getting their business done through direct interaction with human beings rather than electronically (34.1%).

Figure 13: Reasons for not using online banking (%) (Up to three answers allowed, n=584)



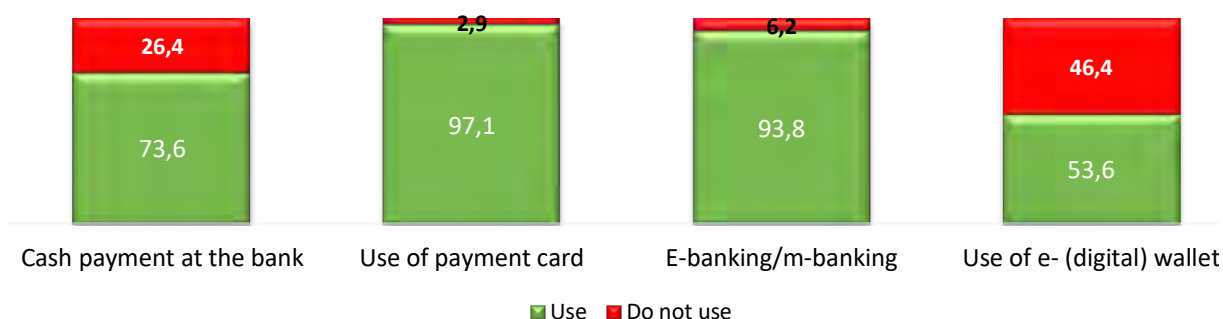
On the other hand, **32.1% of respondents used online banking**, with the bigger share coming from urban (33.9%) than from rural areas (27.2%). The population aged 25-54 used online banking the most (72.8%), in particular those aged 25-34 (38.0%). The most frequent reasons for using online banking were time saving (74.6%) and 24/7 availability (62.0%).

Figure 14: Reasons for using online banking (%) (Up to three answers allowed, n=276)



The most frequent payment method was the use of payment cards (97.1% of respondents used them), along with e-banking/m-banking (used by 93.8% of respondents). 73.6% of respondents made cash payments at the bank, while 53.6% chose to make payments using an e- (digital) wallet.

Figure 15: Representation of different payment methods, citizens (%)



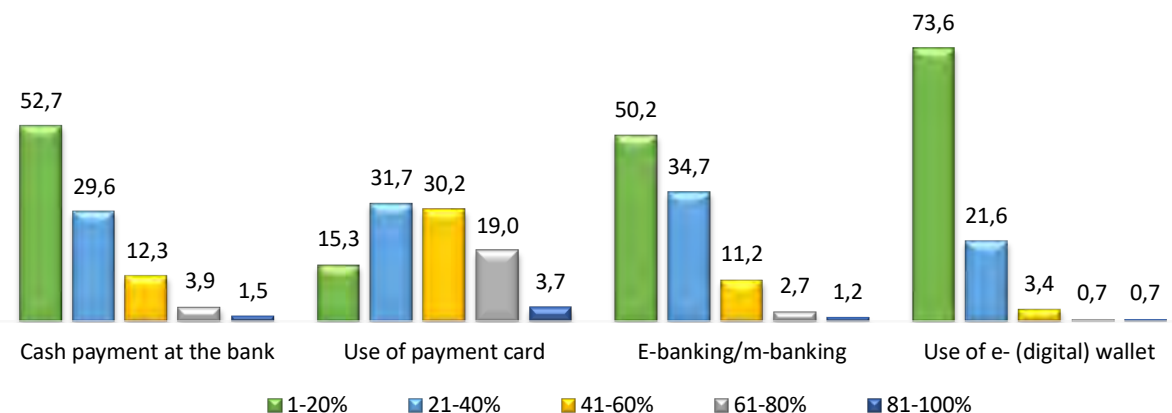
Furthermore, respondents were asked to assess the shares in percentages of the mentioned payment methods in the total number of their payment transactions. The sum total had to be 100%, for instance: 60% of cash payments at the bank; 30% of payments by card; 10% of e-banking payments, and the digital wallet share of 0%.

When it came to **cash payments at the bank**, more than a half of respondents (52.7%) used that service in up to 20% of all of their payment transactions; most respondents reported that cash payments at the bank accounted for 10% of the total number of their transactions. In terms of **payment by payment cards**, 31.7% of respondents reported using it on average in 21- 40% of all transactions, and 31.2% of respondents reported using it in 41-60% of all transactions. The biggest share of respondents reported that they used payment card payments in 50% of their transactions.

One in two respondents used e-banking and m-banking in up to 20% of all of their transactions; the biggest share of respondents reported that they used that method in 20% of their transactions. The smallest share of respondents used **e-(digital) wallets**. The low level of use of that payment method was

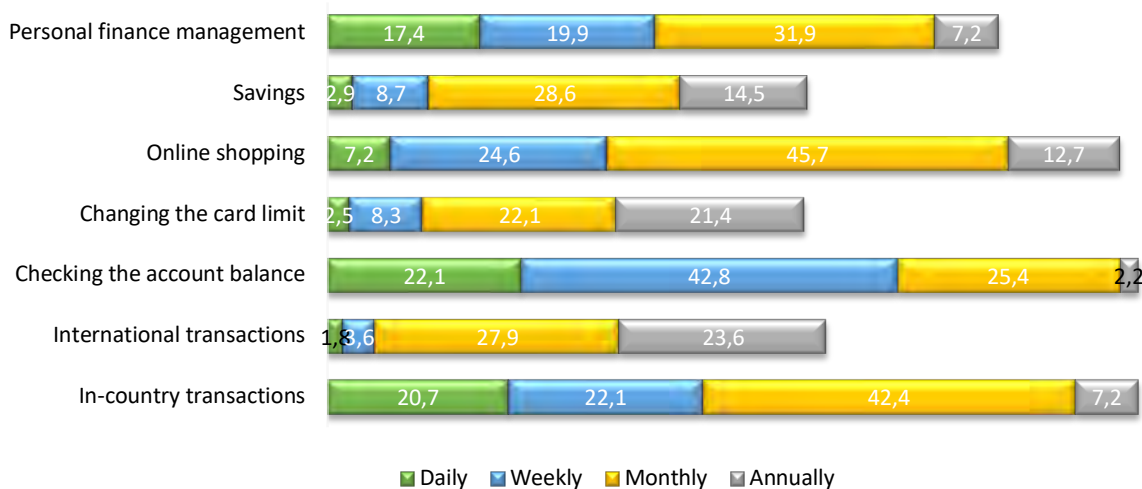
also illustrated by the fact that 73.6% of those who used it did so in up to 20% of all of their transactions. Most respondents reported using that method in only 10% of all of their transactions.

Figure 16: The shares of the most frequent payment methods out of the total number of payment transactions (%)



Almost one in three respondents used e-banking or m-banking on a monthly basis to manage their personal finance. Furthermore, 28.6% of respondents used e-banking/m-banking on a monthly basis for savings, while 45.7% used it for online shopping. 22.1% of respondents used e-banking/m-banking on a monthly basis to change the card limits, while 21.4% used it on an annual basis. The biggest share of respondents (42.8%) used it on a weekly basis to check the account balance; most respondents used e-banking/m-banking on a monthly basis, for in-country or international transactions (27.9%; 23.6%). The biggest share of respondents (45.7%) reported that **they did not use** e-banking or m-banking to change the card limit; 45.3% did not use it for savings; 43.1% for international transactions; 23.6% for managing their personal finance; 9.8% for online shopping, and 7.6% for in-country transactions or checking the balance.

Figure 17: How often do you use e-banking/m-banking for the purposes listed below (%)?



Most respondents (61.8%) disagreed with the statement that said: “I would not open a bank account if visiting the bank was not an option”, while 8.0% could not tell. On the other hand, 64.6% of respondents agreed with the statement that said: “If I could access all banking services online, I would never visit the bank in-person”, and 6.9% did not have an opinion. Also, 59.7% of respondents thought that online banking services were more advantageous than the conventional ones provided at the bank premises, while 13.8% of respondents could not tell.

Table 3: Assessment of provided statements (%), (n=276)

	I would not open a bank account if visiting the bank was not an option.	If I could access all banking services online, I would never visit the bank in-person.	Online banking services are more advantageous than the conventional ones provided at the bank.
1 –Absolutely disagree	40.6	8.2	7.1
2	21.3	8.9	7.1
Disagree (1+2)	61.8	17.1	14.3
Neither agree nor disagree (3)	24.0	18.3	26.1
Agree (4+5)	14.2	64.6	59.7
4	8.3	21.8	20.2
5 – Absolutely agree	5.9	42.8	39.5
No opinion	8.0	6.9	13.8
Average score on the 1-5 scale	2.18	3.82	3.78

Most respondents (64.5%) were familiar only with the services that they were interested in, while 26.4% were familiar with all the services offered by their primary bank. When asked about the extent to which the offer of online services influenced their choice of the bank, 62.9% of citizens agreed that it was the decisive factor, while for 27.5% it did not matter.

Figure 18: Are you familiar with the service packages offered by your primary bank? (%)

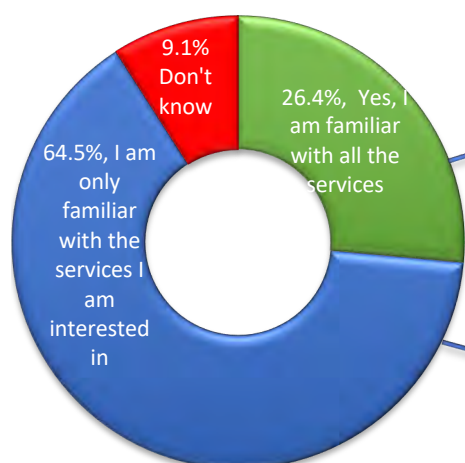
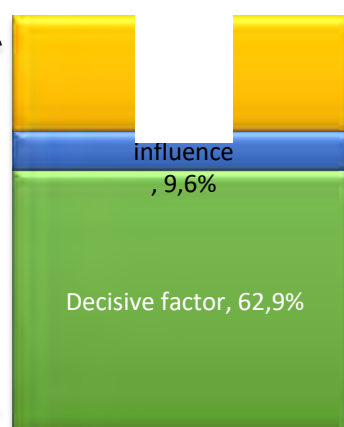


Figure 19: To what extent does the offer of online services influence your choice of the bank? (%)



Of the total number of respondents who used online banking, 46.4% reported a major increase in the need for online services and mobile payments during the COVID-19 pandemic, and 46.0% reported that such

existed, but was not significant. Only 3.1% of respondents reported that they would not continue using the same online banking regime after the pandemic, but would go back to “the way things were” instead.

Figure 20: Have you increased the use of online banking services and mobile payments during the COVID-19 pandemic? (%)

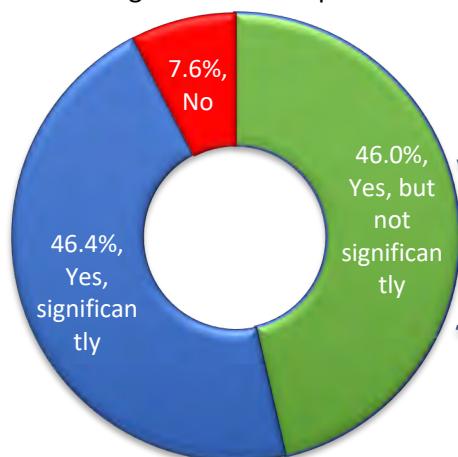
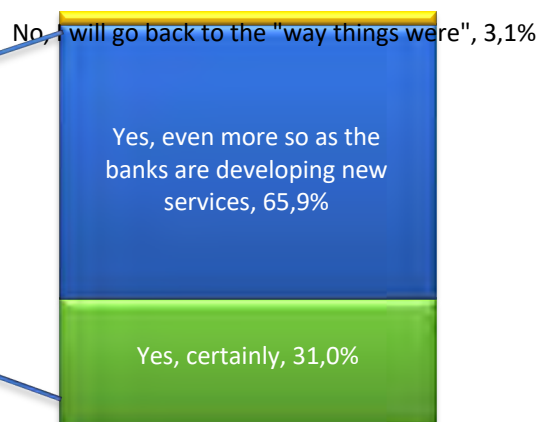


Figure 21: Will you continue to use the same online banking regime after the pandemic? (%)



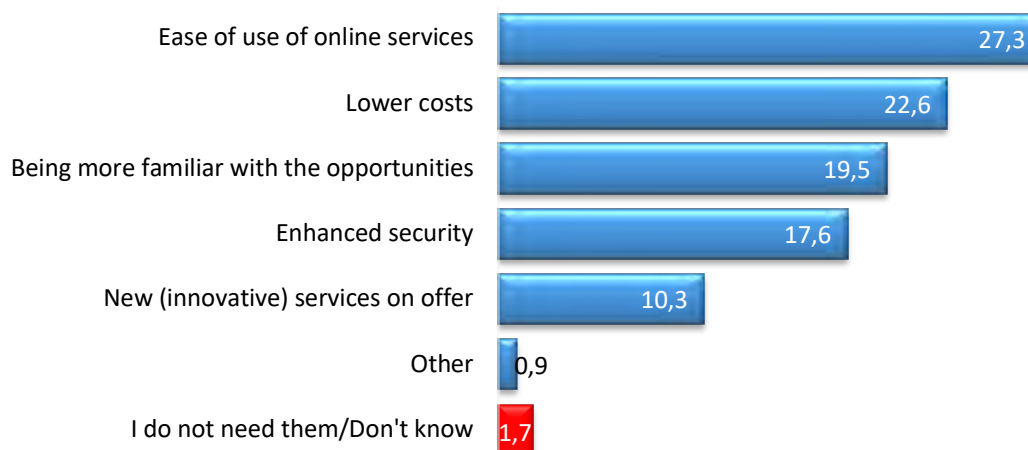
One in three respondents (36.6%) reported that they would benefit the most from introduction of instant payments, i.e. real-time 24/7 interbank payments and transfers. Almost one in four (23.3%) thought that they would benefit from online loan applications, while one in five (19.7%) thought they would benefit from being able to transfer money based on the recipient's phone number.

Figure 22: Which digital services would you like to see offered in the future? (%)
(Up to two answers allowed, n=860)



The strongest motivation for starting or increasing the use of online banking services were: ease of use (27.3%), lower costs (22.6%) and better awareness of the opportunities available (19.5%). It should be noted that as many as 17.6% of respondents reported that they would be motivated by enhanced security, while 10.3% reported that they would be motivated by an offer of new services.

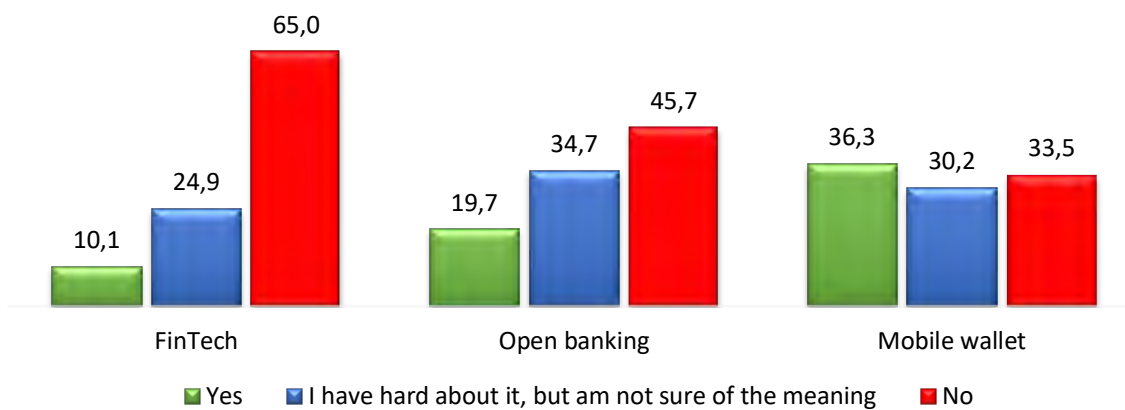
Figure 23: Motivation for using online banking services (%)



One in two respondents could not tell whether they would trust payment intermediaries, such as IT companies that would be licensed and supervised by the Central Bank of Montenegro. Out of those who had a strong position on this matter, those who would not trust such intermediaries prevailed (28.8%) over the ones who would (20.8%).

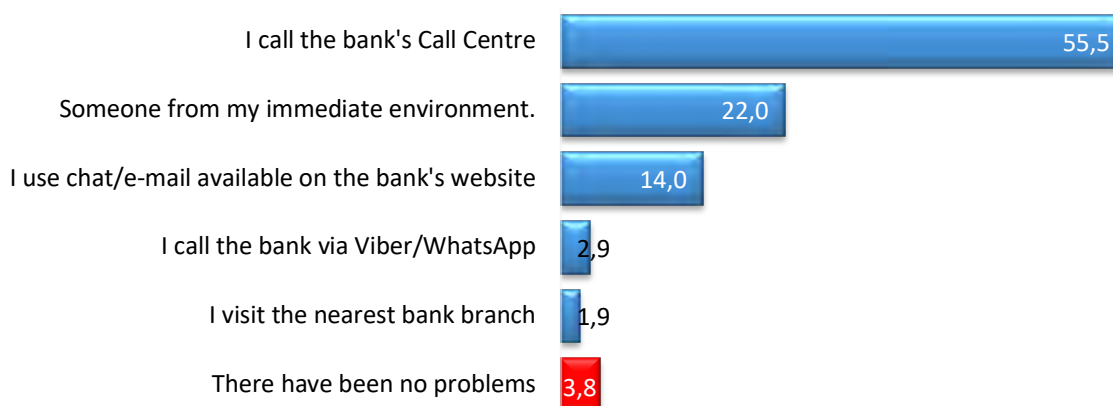
The survey results showed a low level of awareness of the meaning of the terms “FinTech”, “open banking” and “mobile wallet”. One in ten was familiar with the term “FinTech”. One in four had heard of that term, but was not sure of its meaning, whereas as many as 65.0% were not familiar with it. Almost one half of citizens (45.7%) had not heard of open banking; 34.7% had heard of it, but were not sure what it meant, while almost one in five (19.7%) knew the meaning. The term “mobile wallet” was known to 36.3% of respondents; 30.2% had heard of it, but were unsure of its meaning.

Figure 24: Education and information – knowledge of specific terms (%)



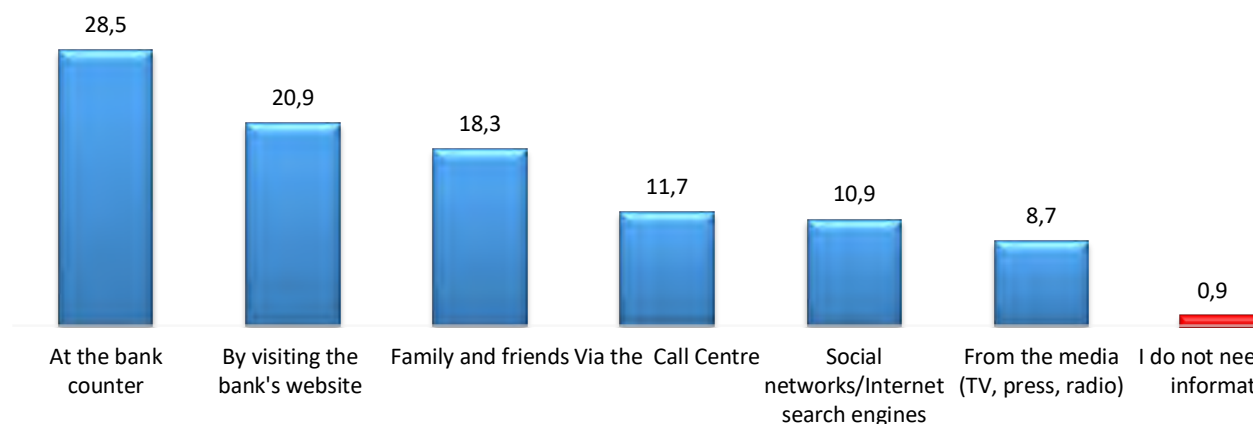
More than one half of citizens (55.5%) opted to use the bank's call centre when they accessed banking services or encountered problems. The next most frequent choice was approaching someone from their immediate environment (22.0%), and the third-ranked form of communication was chat/e-mail available on the bank's website (14.0%).

Figure 25: Asking for help (%)



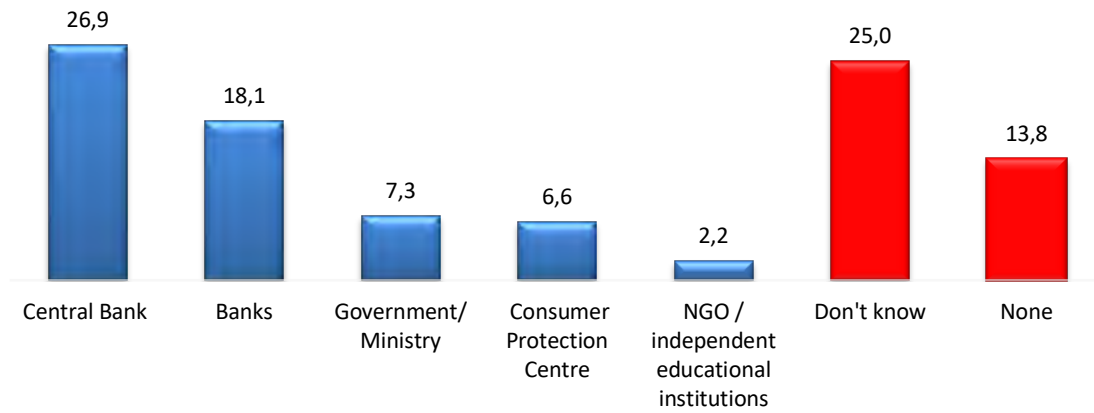
Citizens obtained information on the opportunities and specific uses of banking services from the bank counter (28.5%) or by visiting the bank's website, while 18.3% obtained information from family and friends. 0.9% of citizens thought they did not need any information concerning the use of banking services.

Figure 26: Method of obtaining information concerning the opportunities and specific uses of banking services, %



One in four citizens could not tell which institutions citizens trusted the most with regard to financial education, while 13.8% thought that citizens did not trust any financial institution. On the other hand, when it came to financial education, citizens showed most trust in the Central Bank of Montenegro – 26.9%, followed by the commercial banks – 18.1%, the Government and line ministries – 7.3%, Consumer Protection Centre – 6.6%, and NGOs and other independent educational institutions – 2.2%.

Figure 27: Most-trusted institutions with regard to financial education (%)



Quantitative Survey with Businesses



DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Part Two of the survey titled “Digital Banking and Payment Services in Montenegro – Users’ Perspectives” involved representatives of 311 companies operating in Montenegro. Business community sample size and structure were set so as to be representative of the views and assess the degree of satisfaction, by region, taking into account company size and sector, based on the official data of the Statistical Office of Montenegro (MONSTAT).

The survey was conducted in 23 municipalities from the three regions of the country, with the sample consisting of: 11.9% of companies from the northern region (Berane, Bijelo Polje, Gusinje, Kolasin, Mojkovac, Petnjica, Plav, Pljevlja, Pluzine, Rozaje, Savnik and Zabljak), 55.0% of companies from the central region (Cetinje, Danilovgrad, Niksic, Podgorica and Tuzi) and 33.1% of companies from the southern region (Bar, Budva, Herceg Novi, Kotor, Tivat and Ulcinj).

To reflect the structure of the economy, the sample included: 76.8% of micro-enterprises (1-9 employees), 19.6% of small enterprises (10-49 employees), 2.9% of medium-sized enterprises (50-249 employees) and 0.6% of large companies (over 250 employees).

Figure 28: Breakdown by region (%)

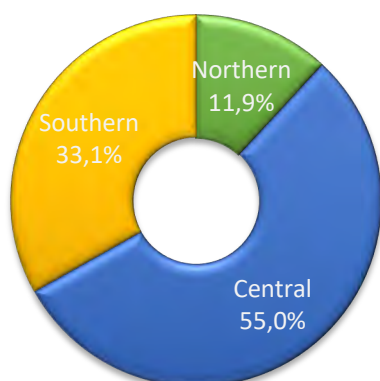
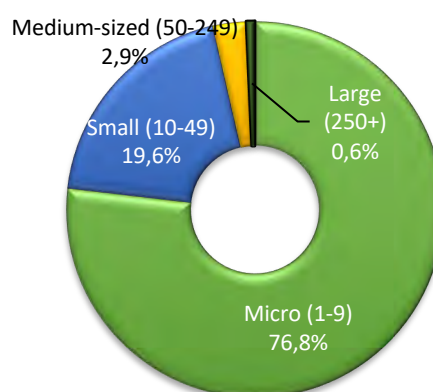


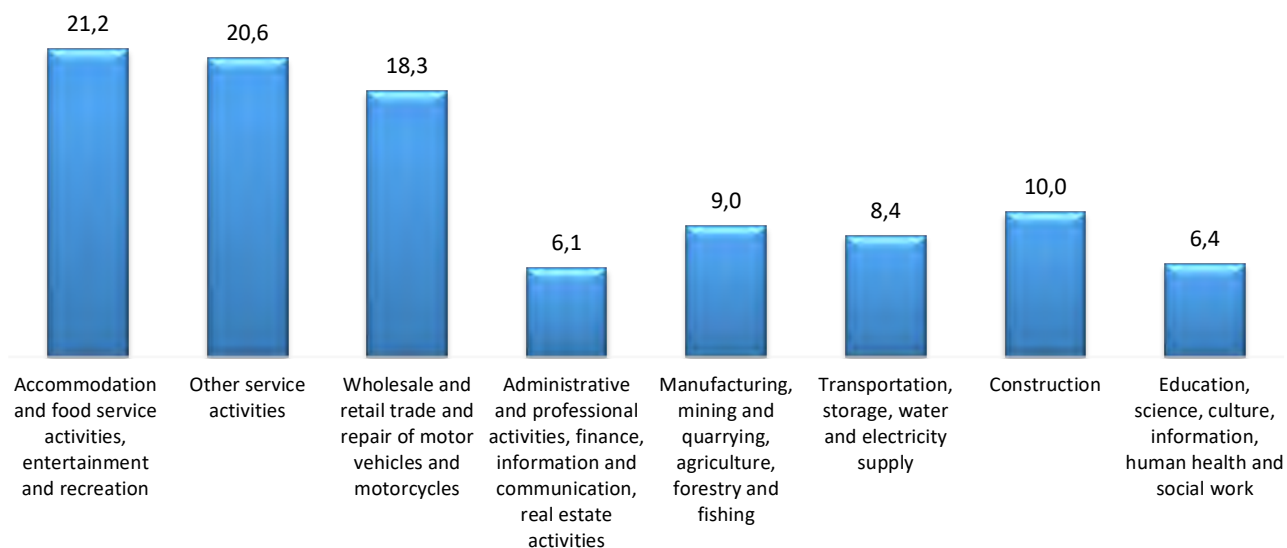
Figure 29: Breakdown by company size (%)



The biggest shares of the businesses covered by the survey belonged to the following sectors: accommodation and food service activities, entertainment and recreation (21.2%); other services (20.6%); wholesale and retail trade and repair of motor vehicles and motorcycles (18.3%) and construction (10.0%), with the rest of the activities accounting for less than 10.0%.

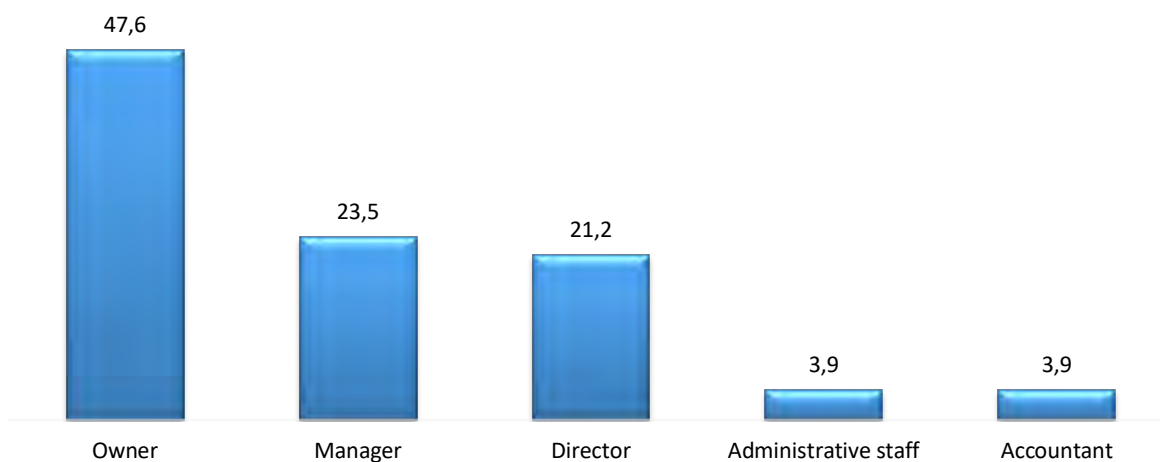
The data above suggest that sample size and scope ensured a high degree of reliability.

Figure 30: Breakdown by business activity (%)



At 64.6%, male respondents prevailed in the sample against 35.4% of female ones. According to the results obtained, the respondents with secondary and post-secondary education predominated (51.8%), while those with higher education (university and post-graduate) degrees made up 48.2%. The biggest share of respondents were company owners – 47.6%, followed by managers – 23.5%, directors - 21.2%, accountants and administrative staff – 3.9% each.

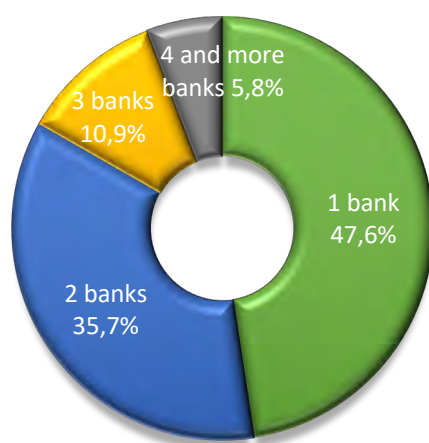
Figure 31: Position at the company (%)



QUANTITATIVE SURVEY RESULTS

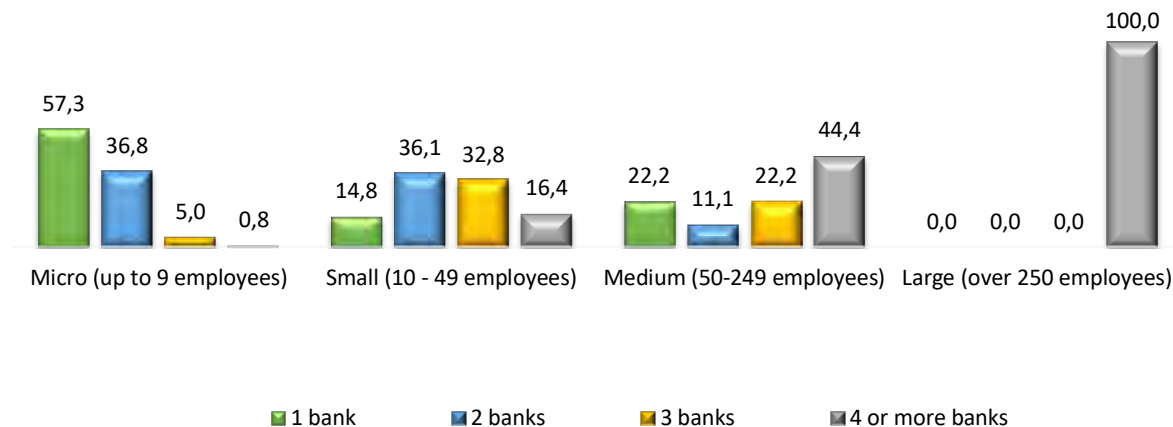
Analysis of the businesses' existing habits showed that 47.6% of companies had accounts with one bank, while somewhat over one third had accounts with two banks (35.7%). Looking at the regions, 84.8% of the businesses from the central region had accounts with one or two banks (48.0% and 36.8%, respectively). Notably, almost one fifth of companies (19.4% in total) from the coastal municipalities had accounts with three (12.6%) or 4 and more banks (6.8%) – those shares were slightly higher than for the other two regions. Namely, 10.8% of the businesses from the northern region had accounts with three banks, and 5.4% with 4 or more banks. 9.9% of the businesses from the central region had accounts with three, and 5.3% with 4 or more banks.

Figure 32: How many banks does your company have account with? (%)



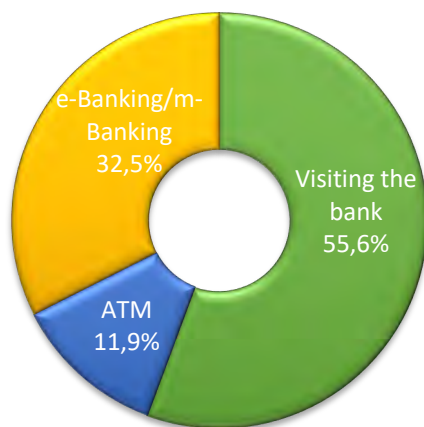
The results suggested that more than a half of micro enterprises (57.3%) had accounts with one bank, while 36.8% had accounts with two banks. Somewhat over two thirds of small enterprises with 10-49 employees used accounts with two or three banks (36.1% and 32.8%). Two-out-of-three medium-sized enterprises (66.6% in total) had accounts with three or more banks, while the large companies, with more than 250 employees, used accounts with four or more banks (100.0%).

Figure 33: Breakdown by company size (%)



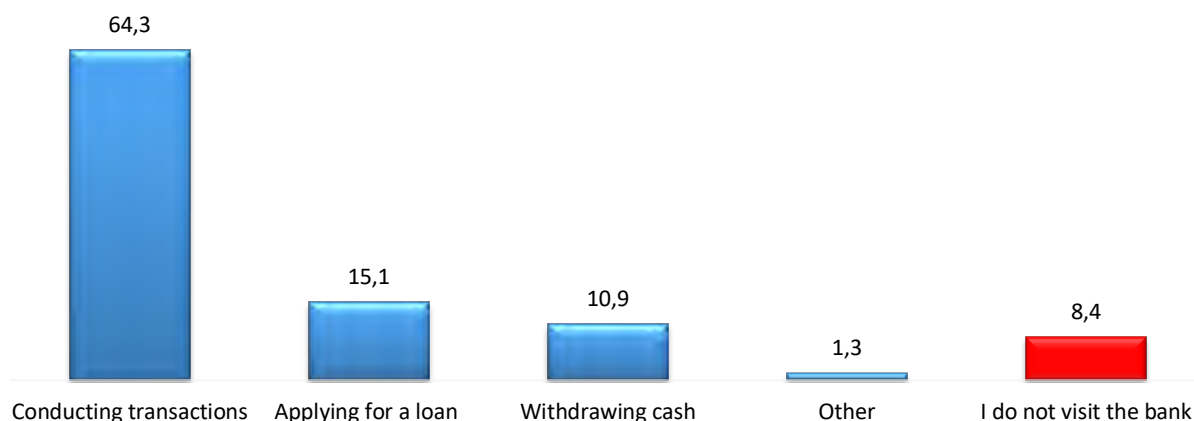
Almost one in three companies opted for the use of e-banking/m-banking (32.5%). Slightly over one half still preferred visiting the bank (55.6%), while 11.9% opted to use the ATMs.

Figure 34: Most frequent method of accessing banking services (%)



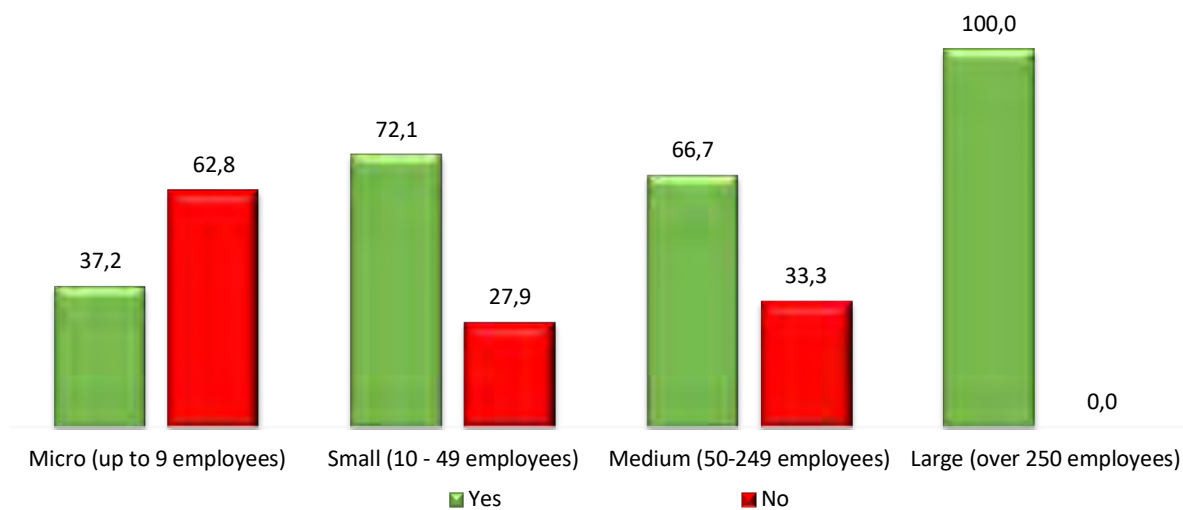
The most frequent reasons that prompted business community representatives to visit the banks were carrying out transactions (64.3%) and applying for a loan (15.1%), while only one in ten visited them to withdraw cash. The rest either visited the banks for other reasons or did not visit them at all.

Figure 35: The most frequent reason for visiting the bank (%)



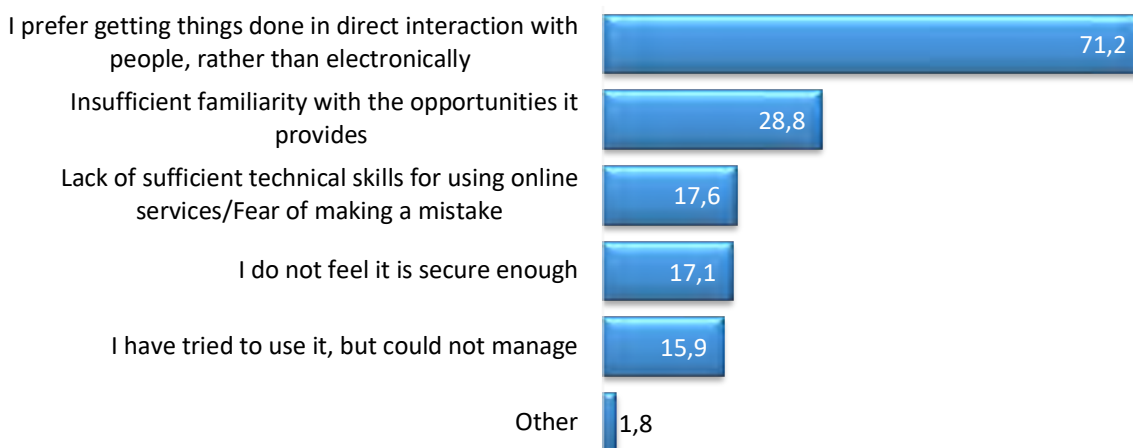
54.7% of respondents did not use online banking. This form of doing business with the banks was preferred by the small (72.1%), medium-sized (66.7%) and large enterprises (100.0%). The situation among micro-enterprises differed, as only slightly more than one third (37.2%) used this method of doing business.

Figure 36: Do you use online banking? Broken down by size (%).



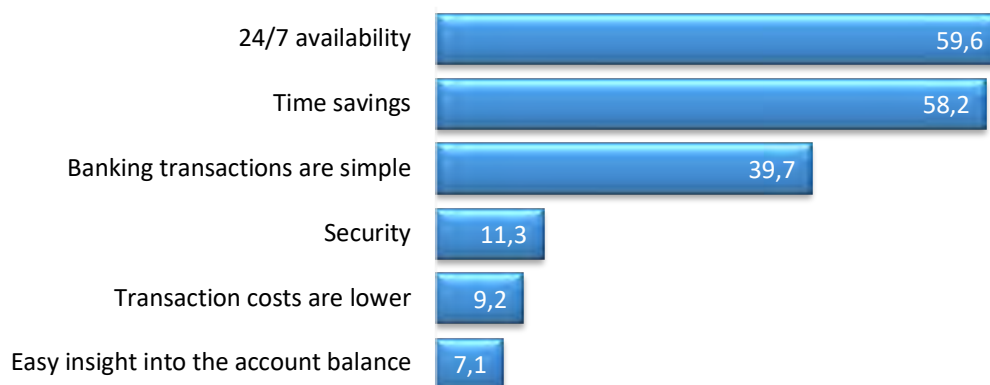
The most frequent reasons for not using this method of doing business with the banks included the business representatives' preference for getting the job done through direct interaction with people rather than electronically (71.2%) and insufficient awareness of the opportunities offered by online banking (28.8%).

Figure 37: Reasons for not using online banking (%) (Up to three answers allowed, n=170)



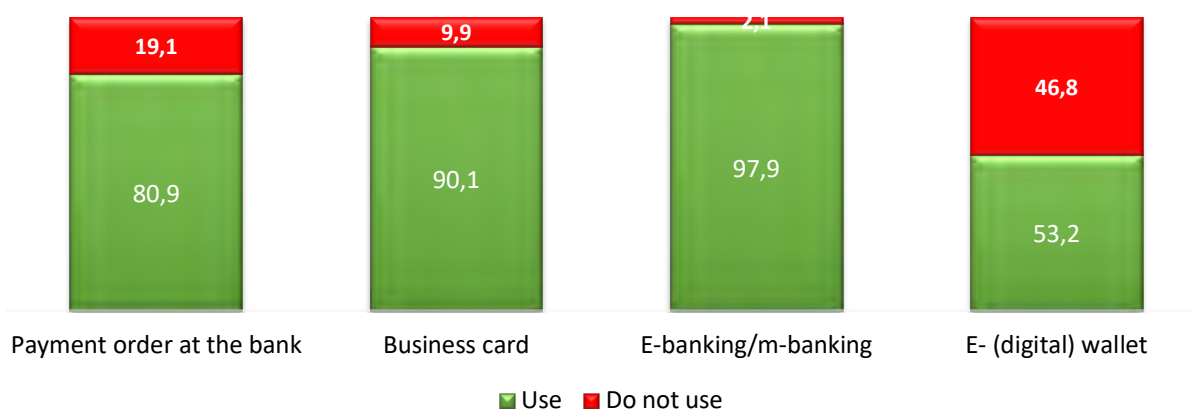
The respondents who used online banking reported non-stop 24/7 availability (59.6%) and time savings (58.2%) as the chief reasons.

Figure 38: We use online banking because of ...? (%) (Up to two answers allowed, n=141)



E-banking/m-banking were reported as the most frequent payment methods, used by 97.9% of respondents, followed by business payment cards – 90.1%, payment orders at the bank – 80.9%, and e- (digital) wallet, used by slightly more than a half of respondents (53.2%).

Figure 39: Representation of different payment methods, businesses (%) (n=141)

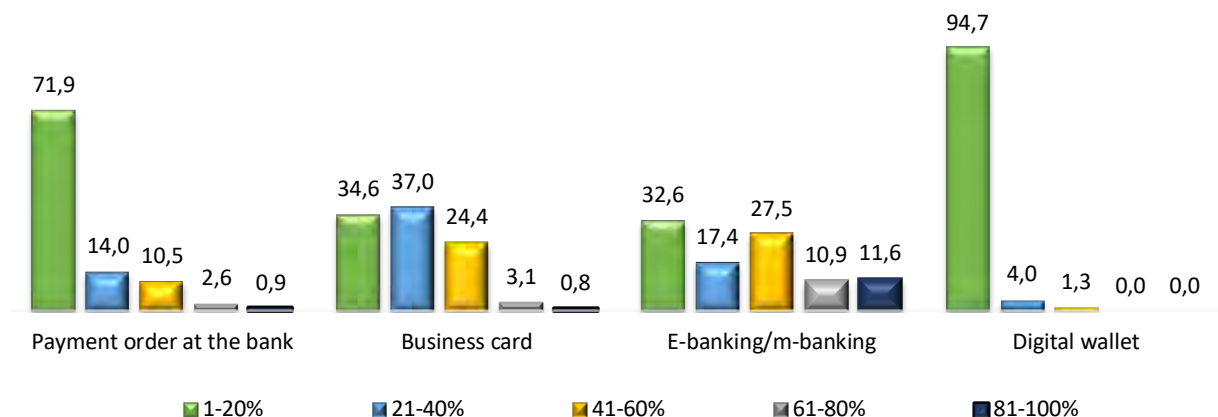


Payment orders at the bank were used by 71.9% of respondents in up to 20% of all of their payment transactions; most respondents reported that they used this method of payment on average for 10% of all of their transactions. **Payments made by business payment cards** were used by 34.6% of respondents in up to 20% on average, while 37.0% of respondents reported using it in 21- 40% of all of their payment transactions. The most frequent response was that they used this payment method in 20% of their transactions.

Almost one in three respondents used payments via e-banking/m-banking in up to 20% on all of their transactions; 27.5% reported using this method of payment in 41- 60% of cases, on average. The biggest share of respondents reported using this form of payment in 20% of their transactions. The smallest share of respondents used payments via **e-(digital) wallet**. On average, this payment method was used in up to

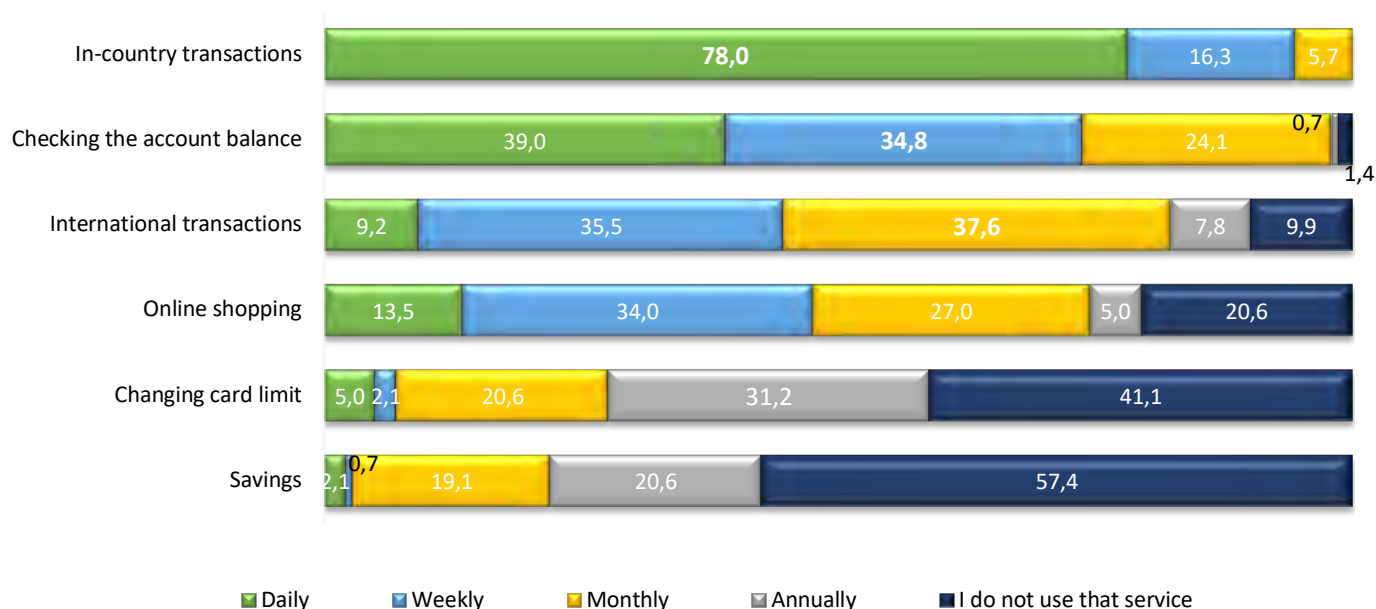
20% of all transactions. Out of the total number of respondents, 94.7% used e- (digital) wallet in up to 20% of all the payment transactions they conducted.

Figure 40: The shares of the most frequent payment methods out of the total number of payment transactions (%), (n=141)



E-banking/m-banking were most frequently used to carry out in-country transactions on a daily basis. Slightly more than one third (34.8%) of respondents used e-banking or m-banking on a weekly basis to check their account balances. 37.6% of respondents used e-banking/m-banking on a monthly basis to carry out international transactions, while 31.2% used it to change their card limits on an annual basis. As reported, business representatives did not use this service for savings purposes (57.4%) or for changing the card limit (41.1%).

Figure 41: How often do you use e-banking/m-banking for the purposes listed below? (%)



Of the respondents who reported that they used online banking, 61.0% agreed with the statement that said *"If we could access all banking services online, we would never visit the bank in-person"*, while one fifth (20.6%) disagreed with the same statement, and 2.1% could not tell.

With regard to the statement that said *"Online banking services are more advantageous than the conventional ones provided at the bank branch"* 70.9% of respondents agreed, 4.3% disagreed, and 5.7% had no opinion.

Table 4: Assessment of provided statements (%), (n=141)

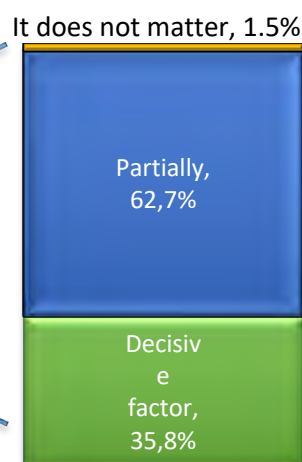
Assessment	If we could access all banking services online, we would never visit the bank in-person	Online banking services are more advantageous than the conventional ones provided at the bank branch
1 –Absolutely disagree	1.4	3.5
2	19.1	0.7
Disagree (1+2)	20.6	4.3
Neither agree nor disagree (3)	16.3	19.1
Agree (4+5)	61.0	70.9
4	13.5	24.1
5 – Absolutely agree	47.5	46.8
No opinion	2.1	5.7
Average score on the 1 -5 scale	3.88	4.16

Slightly more than one half of business representatives (58.9%) were familiar only with the services that they were interested in; 36.2% were familiar with all the services offered by their primary bank. When asked about the extent to which the offer of online services influenced their choice of bank, 35.8% agreed that it constituted a decisive factor, while 62.7% reported that it had partial influence.

Figure 42: Are you familiar with the service packages offered by your primary bank? (%)



Figure 43: To what extent does the offer of online services influence your choice of the bank? (%)



Slightly more than one half (53.7%) of the businesses that used online banking reported significant increase in the use of online banking services and mobile payments during the COVID-19 pandemic; 39.6% reported increase which was not significant. Almost two thirds of respondents reported that they would certainly continue using the same regime after the pandemic (63.2%). Some encouraging data suggested that the rest of respondents (36.8%) would use it even more, as the banks developed their online services.

Figure 44: Have you increased your use of online banking services and mobile payments during the COVID-19 pandemic? (%)

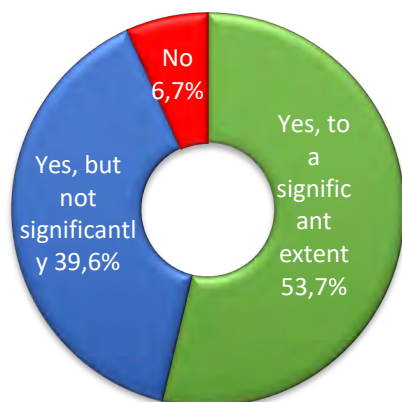
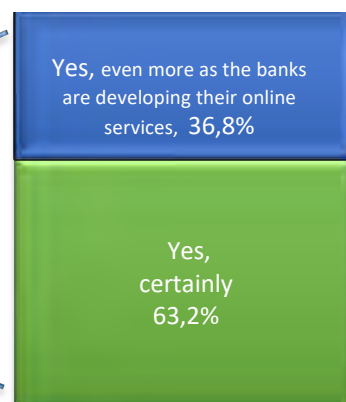
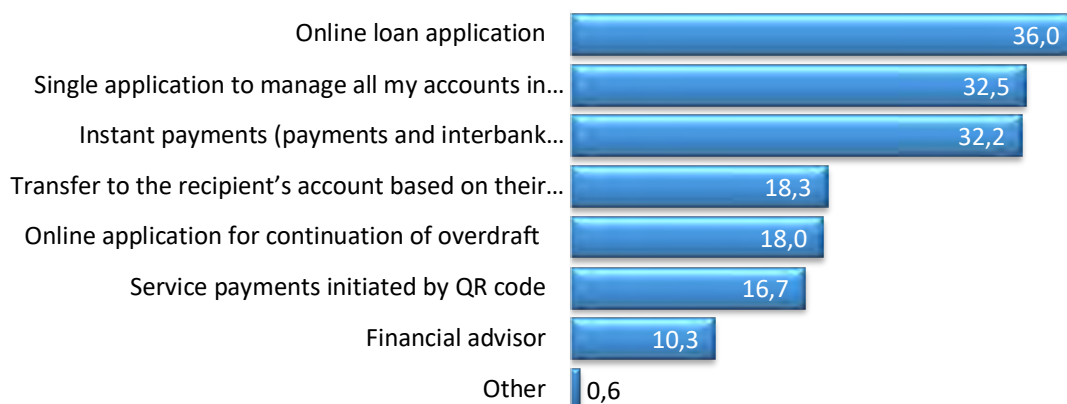


Figure 45: Will you continue to use the same online banking regime after the COVID-19 pandemic? (%)



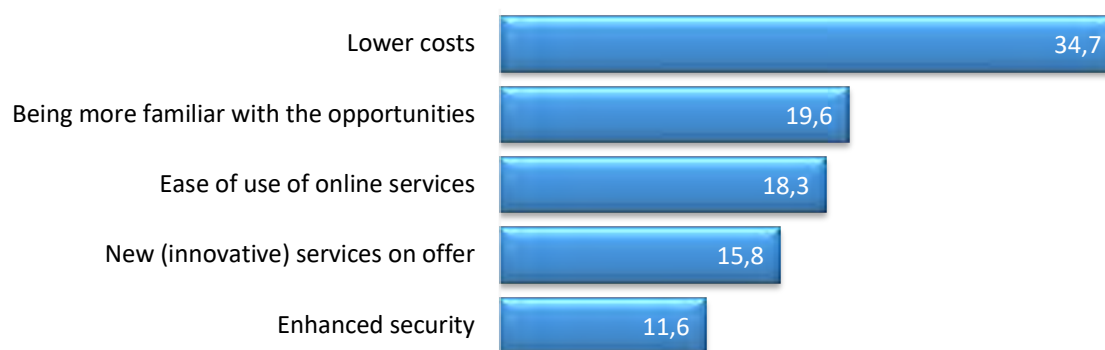
In terms of user expectations and needs, somewhat more than one third (36.0%) reported that they would benefit the most from online loan applications. A somewhat lower share (32.5%) wanted the offer to include a simple application that would enable them to manage all of their accounts with different banks. Company representatives most frequently reported (32.2%) that it would be beneficial if the offer included instant payments (real-time 24/7 interbank payments and transfers), while almost one fifth (18.3%) thought it would be beneficial to be able to transfer money based on entering the recipient's phone number and to have an online application for overdraft continuation (18.0%).

Figure 46: Which digital services would your company like to see offered in the future? (%)
(Up to two answers allowed, n=311)



The following motivated the companies the most to increase their use of online banking services: lower costs (34.7%); better awareness of the opportunities available (19.6%), and ease of use of online services (18.3%). It should be noted that almost one quarter of respondents thought new (innovative) services needed to be offered (15.8%), along with enhanced security (11.6%).

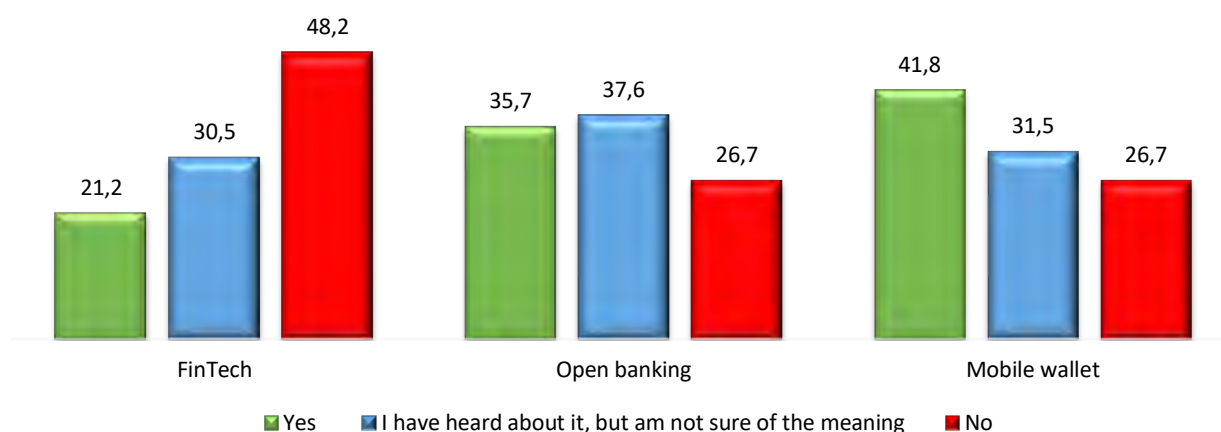
Figure 47: Motivation for using or increasing the use of online banking services (%)



Almost one in two business community representatives (45.0%) could not tell whether they would trust payment intermediaries (non-bank third parties, mostly IT companies) that would be licensed and supervised by the Central Bank of Montenegro. While 28.9% would trust such intermediaries, 26.0% would not.

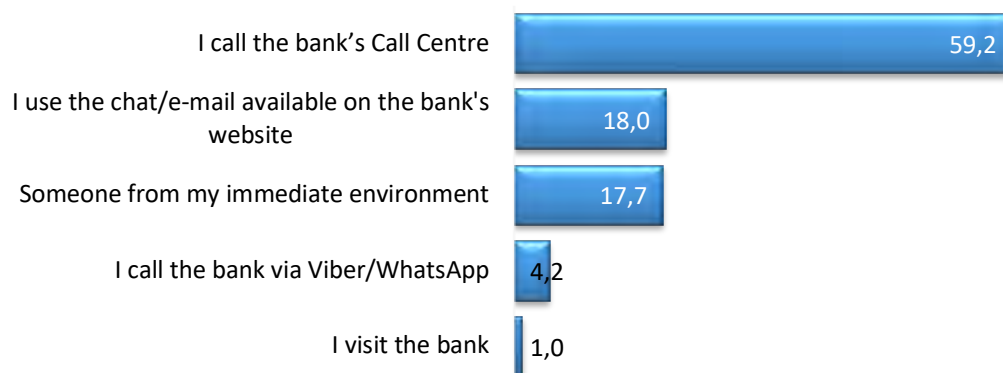
The not-so-high level of information concerning the suggested terms indicated the need for more intensive education going forward. Namely, one half of business representatives were familiar with or had heard of the term “FinTech” but were unsure of its meaning; 48.2% were not familiar with the term. 35.7% were familiar with the term “open banking” or had heard of it but were not sure of its meaning (37.6%). The term “mobile wallet” was known to 41.8% of respondents, while 31.5% had heard of it but were not sure of its meaning.

Figure 48: Education and information – knowledge of specific terms (%)



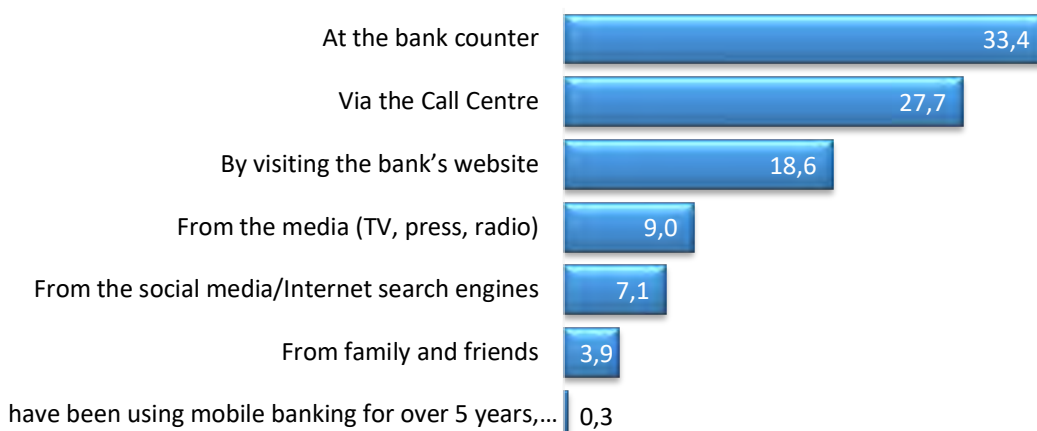
According to data, 59.2% of respondents reported the bank call centre as the first point of contact when accessing online banking services or in case of problems. The second most frequent form of communication was via the chat or e-mail available on the bank's website (18.0%). The third choice was approaching someone from their immediate environment (17.7%).

Figure 49: Asking for help (%)



With regard to the opportunities and specific uses of online banking services, one in three company representatives (33.4%) obtained information mainly from the bank counter or via the call centre (27.7%). A somewhat lower share (18.6%) reported that they visited the bank's Internet page. Less than 10.0% reported that they obtained information from the media, social networks, family members or friends, or that they had known all the details from before.

Figure 50: How do you obtain information concerning the options and specific uses of online banking services? (%)



FINDINGS

The Project Team produced the following findings, based on the survey on “**Digital Banking and Payment Services in Montenegro – Users’ Perspectives**” and the analysis of obtained results:

- ✓ ***Although it may have been expected that every citizen in Montenegro would have a bank account, a certain share of them still did not have one (15.7%); one in two from that group thought they did not need one.*** That was most prominent among the younger (under 25 years of age) and older population (55 and older), and was further supported by the fact that, when asked about the reasons for not having a bank account, they most frequently stated lack of any steady income. On the other hand, the percentages of citizens who did not have a bank account and came from the northern region or rural areas were higher. That had been anticipated, given the higher unemployment in the northern region and farming, which did not provide a steady income, being the main reason behind the decision to live in rural areas.
- ✓ ***The companies in Montenegro felt the need for opening more accounts with commercial banks, in proportion to their growth and development of their business.*** Micro-enterprises predominantly had accounts with either one (57.3%) or two banks (36.8%), while small and medium-sized ones were more likely to have accounts with two or more banks. All large companies had four or more accounts with several banks. On the other hand, ***citizens opted mainly for having accounts with one bank (67.9%).***
- ✓ ***Online banking had been talked about for a while and some changes were becoming evident. However, those changes were very slow.*** Online banking was being used by 32.1% of citizens and 45.3% of companies. The most frequently reported reasons for using online banking were time savings and 24/7 availability. On the other hand, the most frequent reasons for not using this method of conducting transactions were insufficient awareness of the opportunities involved and preference for direct interaction.
- ✓ ***The opportunities for the use of e-banking or mobile banking were on the rise for both citizens and companies; however, companies still resorted to the habit of conducting most of their transactions by visiting the bank, while citizens most frequently opted to use the ATMs.*** This was supported by the information that only 32.5% of companies and 20.1% of citizens predominantly used e-banking or m-banking to access banking services.
- ✓ Companies mainly used e-banking and m-banking, on a daily basis, to conduct in-country transactions (78.0%), while citizens used that service mainly to check the account balance (22.1%). On a monthly basis, citizens used e-banking/m-banking mainly to do online shopping (45.7%).
- ✓ Most citizens and companies agreed (around 60.0% on average) that they would never visit the bank in-person if they could access all banking services online. That group was likely to think that online banking services were more advantageous than the conventional ones provided at the bank branch (59.7% of citizens; 70.9% of companies).
- ✓ ***Citizens and companies were familiar with the services offered by the banks; however, most of them recognized only the services that they were personally interested in.*** When choosing the bank, citizens predominantly considered the offer of online services as the decisive factor (62.9%);

most companies, though, reported that the offer of online services partially influenced their choice of the bank (62.7%).

- ✓ ***The COVID-19 pandemic had caused numerous changes in day-to-day lives and business operations, prompting the citizens and companies in Montenegro to increasingly turn to online banking.*** Almost all those covered by the survey reported increased use of online banking during the pandemic (92.4% of citizens; 93.3% of companies). It was encouraging that all companies and most citizens (96.9%) planned to keep using the same regime of online banking following the COVID-19 pandemic. Citizens and companies identified ease of use and lower costs as the motivation to start using or to increase the use of online services.
- ✓ ***Going forward, citizens and companies recognized real-time 24/7 payments and interbank transfers (instant payments), online loan application processing, development of a single application that would enable them to manage all of their accounts with different banks and the possibility of making a payment based on the recipient's phone number as the major opportunities for further development and use of online services.***
- ✓ ***Neither citizens nor companies had sufficient awareness or trust in payment intermediaries such as IT companies that would be licensed and supervised by the Central Bank of Montenegro.*** According to the survey, only 20.8% of citizens and 28.9% of companies would trust such intermediaries.
- ✓ ***The not-so-high level of awareness of the meaning of terms such as "FinTech", "open banking" and "mobile wallet" suggested the need for more intensive education going forward.*** Only 10.1% of citizens and 21.2% of companies were familiar with the term "FinTech"; 19.7% of citizens and 35.7% of companies were familiar with open banking, and 36.3% of citizens and 41.8% of companies had heard of mobile wallet.
- ✓ ***In case of any problems emerging, users showed most trust in the banks' Call Centres.*** Results showed that more than one half of citizens (55.5%) and companies (59.2%) contacted the Call Centres when they faced dilemmas concerning the use of online banking services or other problems.
- ✓ ***With regard to financial education, citizens showed most trust in the Central Bank of Montenegro (26.9%).*** However, large shares of citizens did not know who to trust (25.0%) or had no trust in any financial institution (13.8%).

ANNEXES

Questionnaire for citizens

A. DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS
--

1. Municipality: _____
2. Type of settlement
 - a. Urban
 - b. Rural
3. Gender
 - a. Male
 - b. Female
4. Age
 - a. 15-24
 - b. 25-34
 - c. 35-44
 - d. 45-54
 - e. 55-64
 - f. 65+
5. Highest education level completed:
 - a. No schooling or primary education
 - b. Secondary or post-secondary education
 - c. University or post-graduate degree
6. Occupation:
 - a. Student
 - b. Public sector employee
 - c. Private sector employee
 - d. Self-employed
 - e. Retired
 - f. Farmer
 - g. Homemaker
 - h. Unemployed
7. Did you have any opportunities to familiarize yourself with the basics of banking and personal finance management in the course of your education?
 - a. Yes
 - b. Partly
 - c. No
8. Do you have any of the following:

	YES	NO
a. Smartphone		
b. Internet access		
c. Bank account		

→ If the answer for the bank account is "No", please go to item 9.

→ If the answer for the bank account is "Yes", please go to item 12.

9. Please state the reason for not having a bank account.

- a. I am not of legal age
- b. I do not need one
- c. I have no steady income
- d. Banking services are expensive
- e. I had no time to open one
- f. Other, please specify _____

10. Do you plan to open a bank account in the coming 12 months?

- a. Yes
- b. Maybe
- c. No

11. If you needed banking services, who would you approach?

- a. The branch office nearest to my place of residence (proximity is decisive)
- b. I have in mind the bank I would like to do business with (bank image is decisive)
- c. I would do an online check of the banks' presentations and services offered
- d. The bank that has the most favourable services (lowest commissions/lowest interest rates etc.)
- e. Friends/family members

→ Thank the respondents who do not have a bank account for participation.

B. MAPPING OF THE EXISTING HABITS

12. How many banks do you have accounts with?

- a. 1
- b. 2
- c. 3
- d. 4 and more

13. How do you usually access banking services?

- a. By visiting the branch-office
- b. ATM
- c. Payment cards
- d. E-banking (electronic banking) /m-banking (mobile banking)

14. What is the most frequent reason for visiting the bank's branch-office?

- a. Conducting transactions (payment of utility bills etc.)
- b. Withdrawing cash
- c. Savings

- d. Checking the account balance
- e. Applying for a loan
- f. I do not visit the branch-office
- g. Other, please specify _____.

c. ONLINE BANKING

15. Do you use online banking?

- a. Yes → Please go to item 17
- b. No → Please go to item 16

16. What are your reasons for not using online banking? (Up to three answers allowed.)

- a. Insufficient familiarity with the opportunities it provides
- b. Lack of sufficient technical skills for using online services/Fear of making a mistake
- c. I prefer getting things done in direct interaction with people, rather than electronically
- d. I have tried to use it, but could not manage
- e. I do not feel it is secure enough
- f. The commission involved
- g. Other, please specify _____ → Please go to item 25

17. I use online banking because of the following reasons: (Up to three answers allowed)

- a. Time savings
- b. 24/7 availability
- c. Banking transactions are simple
- d. Easy insight into the account balance
- e. Transaction costs are lower
- f. Security
- g. Other, please specify _____

18. The most frequent payment methods are cash payments at the bank, payment by payment card, payment by e-banking/m-banking, or by e- (digital) wallet. Please assess the share of each of these payment methods in the total number of payment transactions that you conduct in a month. The sum total of all the percentages should be 100% For instance: cash payments at the bank - 60%; payment cards - 30%; e-banking - 10%, e- (digital) wallet. - 0%

- a. Cash payment at the bank
- b. Use of payment card
- c. E-banking / m-banking
- d. E- (digital) wallet

19. If you have stated that you use m-banking/e-banking, please state how often you use m-banking/e-banking for the following purposes:

Type of service	Daily	Weekly	Monthly	Annually	I do not use that service
a. In-country transactions					
b. International transactions					
c. Checking the account balance					

d. Changing the card limit					
e. Online shopping					
f. Savings					
g. Personal finance management					

20. Please assign a score of 1 – 5 to the statements below, with 1 standing for “Absolutely disagree” and 5 for “Absolutely agree”; 99 – “No opinion”.

	1	2	3	4	5	99
a. I would not open a bank account if there was no option of physically going to the bank						
b. If I could access all the banking services online, I would never physically go to the bank.						
c. Online banking services are more advantageous than the conventional ones provided in-person at the bank.						

21. Are you familiar with the package of online services that is offered by your primary bank?

- a. Yes, am familiar with all the services → Please go to item 22
- b. I am familiar only with the services I am interested in → Please go to item 22
- c. I do not know → Please go to item 23

22. To what extent does the offer of online services influence your choice of the bank?

- a. It is the decisive factor
- b. To some extent
- c. It does not matter

23. Have you increased use of banking services and mobile payments during the COVID-19 pandemic?

- a. Yes, to a significant extent
- b. Yes, but not significantly
- c. No → Please go to item 25

24. Will you continue using the same online banking regime after the COVID-19 pandemic?

- d. Yes, certainly
- e. Yes, even more so as the banks are developing their online services
- f. No, I will go back to the “way things were”

D. USER EXPECTATIONS AND NEEDS

25. Which digital services would you like to see offered in the future? (Two answers allowed)

- a. Instant payments (payments and inter-bank transfers conducted in real time 24/7)
- b. Online loan applications
- c. Online application to increase overdraft
- d. Transfer to recipient's account based on their telephone number (without knowing the bank account number)
- e. Application enabling use of Western Union or another remittance transfer provider
- f. Financial advisor
- g. Loyalty programmes (refunds, discounts, bonus points ...)

- h. Single application to manage all my accounts in different banks
- i. Service payments initiated by QR code
- j. Other, please specify_____.

26. What would motivate you to start or increase use of online banking services?

- a. Being more familiar with the opportunities
- b. Ease of use of online services
- c. Enhanced security
- d. Lower costs
- e. New (innovative) services on offer
- f. Other, please specify_____.

27. Would you trust payment intermediaries (non-bank third parties, usually IT companies), that would be licensed and supervised by the CBM?

- a. Yes
- b. No
- c. I cannot tell

E. EDUCATION AND INFORMATION

28. Are you familiar with the meaning of the following terms:

Term	Yes	I have heard of it, but I am not sure	No
a. FinTech			
b. Open banking			
c. Mobile wallet			

29. When using online banking services or in case of a problem, who do you approach for help?

- a. Someone from my immediate environment.
- b. I call the bank's Call Centre.
- c. I call the bank using Viber/WhatsApp.
- d. I use the chat/e-mail available on the bank's website.
- e. Other, please specify_____.

30. How do you obtain information about the opportunities and specific uses of banking services?

- a. From the media (TV, press, radio)
- b. From family and friends
- c. From the social media/Internet search engines
- d. At the bank counter
- e. Via the Call Centre
- f. By visiting the bank's website
- g. Other, please specify_____.

31. Which institution would you trust the most with regard to your financial education?

- a. Central Bank
- b. Government/ Ministry
- c. Consumer Protection Centre

- d. NGO / independent educational institutions
- e. Banks
- f. I do not know
- g. None

Questionnaire for businesses

F. BASIC INFORMATION ON THE COMPANY
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1. Which municipality is your company registered in:

2. What is your company's core business? (Note: Irrespective of registration)

- a. Agriculture, forestry and fishing
- b. Mining and quarrying
- c. Manufacturing
- d. Electricity, gas, steam and air-conditioning supply
- e. Water supply, sewerage, waste management and remediation
- f. Construction
- g. Wholesale and retail trade and repair of motor vehicles and motorcycles
- h. Transportation and storage
- i. Accommodation and food service activities
- j. Information and communication
- k. Financial and insurance activities
- l. Real estate activities
- m. Professional, scientific and technical activities
- n. Administrative and support services
- o. Education
- p. Human health and social work
- q. Arts, entertainment and recreation
- r. Other services

3. Company size:

- a. Micro (up to 9 employees)
- b. Small (10-49 employees)
- c. Medium-sized (50 đ249 employees)
- d. Large (more than 250 employees)

4. Respondent's gender:

- a. Male
- b. Female

5. What is your position at the company?

6. What is your education level?

- d. No schooling or primary school education
- e. Secondary or post-secondary education
- f. University or post-graduate degree

G. MAPPING OF THE EXISTING HABITS
--

7. How many banks does your company have accounts with?

- e. 1
- f. 2
- g. 3
- h. 4 or more

8. How do you mainly access banking services?

- e. By visiting the branch-office
- f. ATM
- g. E-banking (electronic banking)/m-banking (mobile banking)

9. What is your most frequent reason for visiting the bank?

- h. Conducting transactions (payment of utility bills etc.)
- i. Withdrawing cash
- j. Savings
- k. Checking the account balance
- l. Applying for a loan
- m. I do not visit the bank
- n. Other, please specify _____.

H. ONLINE BANKING

10. Do you use online banking?

- a. Yes → Please go to item 12
- b. No → Please go to item 11

11. What are your reasons for not using online banking? (Up to three answers allowed.)

- a. Insufficient familiarity with the opportunities it provides
- b. Lack of sufficient technical skills for using online services/Fear of making a mistake
- c. I prefer getting things done in direct interaction with people, rather than electronically
- d. I have tried to use it, but could not manage
- e. I do not feel it is secure enough
- f. Other, please specify _____ → Please go to item 20

12. We use online banking because of the following reasons: (Two answers allowed.)

- h. It saves the time
- i. 24/7 availability
- j. Banking transactions are simple
- k. Easy insight into the account balance
- l. Transaction costs are lower
- m. Security

n. Other, please specify_____

13. The most frequent payment methods are cash payments at the bank, payment by payment card, payment by e-banking/m-banking, or by e- (digital) wallet. Please assess the share of each of these payment methods in the total number of payment transactions that you conduct in a month. The sum total of all the percentages should be 100% For instance: cash payments at the bank - 60%; payment cards - 30%; e-banking - 10%, e- (digital) wallet - 0%.

- a. Payment order at the bank
- b. ATM
- c. Use of a business payment card
- d. E-banking (electronic banking)/ m-banking (mobile banking)
- e. E-(digital) wallet

14. If you have stated that you use m-banking/e-banking, please state how often you use m-banking/e-banking for the following purposes:

Type of service	Daily	Weekly	Monthly	Annually	I do not use that service
a. In-country transactions					
b. International transactions					
c. Checking the account balance					
d. Changing the card limit					
e. Online shopping					
f. Savings					

15. Please assign a score of 1 – 5 to the statements below, with 1 standing for “Absolutely disagree” and 5 for “Absolutely agree”; 99 – “No opinion”.

	1	2	3	4	5	99
a. If we could access all the banking services we need online, we would never physically go to the bank.						
b. Online banking services are more advantageous than the conventional ones provided in-person at the bank.						

16. Are you familiar with the package of online services offered by your primary bank?

- d. Yes, am familiar with all the services → Please go to item 17
- e. I am familiar only with the services I am interested in → Please go to item 17
- f. No → Please go to item 20

17. To what extent does the offer of online services influence your choice of the bank?

- d. It is the decisive factor
- e. To some extent
- f. It does not matter

18. Have you increased use of banking services and mobile payments during the COVID-19 pandemic?

- g. Yes, to a significant extent
- h. Yes, but not significantly
- i. No

Please go to item 20

19. Will you continue with the same online banking regime after the COVID-19 pandemic?

- j. Yes, certainly
- k. Yes, even more so as the banks are developing their online services
- l. No, I will go back to the "way things were"

I. USER EXPECTATIONS AND NEEDS

20. Which digital services would you like to see offered in the future? (Two answers allowed)

- k. Instant payments (payments and interbank transfers conducted in real time and 24/7)
- l. Online loan applications
- m. Online application for increased overdraft
- n. Transfer to the recipient's account based on their telephone number (without knowing the bank account number)
- o. Single application to manage all my accounts in different banks
- p. Financial advisor
- q. Service payments initiated by QR code
- r. Other, please specify_____.

21. What would motivate you to start or increase use of online banking services?

- g. Being more familiar with the opportunities
- h. Ease of use of online services
- i. Enhanced security
- j. Lower costs
- k. New (innovative) services on offer
- l. Other, please specify_____.

22. Would you trust payment intermediaries (non-bank third parties, usually IT companies), that would be licensed and supervised by the CBM?

- d. Yes
- e. No
- f. I cannot tell

J. EDUCATION AND INFORMATION

23. Are you familiar with the meaning of the following terms:

Term	Yes	I have heard of it, but I am not sure	No
a. FinTech			
b. Open banking			
c. Mobile wallet			

24. When using online banking services or in case of a problem, who do you approach for help?

- f. Someone from my immediate environment
- g. I call the bank's Call Centre
- h. I call the bank using Viber/WhatsApp
- i. I use the chat/e-mail available on the bank's website
- j. Other, please specify_____.

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- i. From family and friends
- j. From the social media/Internet search engines
- k. At the bank counter
- l. Via the Call Centre
- m. By visiting the bank's website
- n. Other, please specify_____