

DIGITAL MARKETING IN RETAIL BANKING – ANALYSIS OF MANAGERS’ ATTITUDES

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Abstract: This study explores the digitalization of the banking sector in Serbia and the attitudes of bank managers towards digital communication channels and the future of the industry. A survey was conducted with 87 bank managers of marketing departments. Descriptive statistical methods were used to analyse the research data and to describe the attitudes of the managers regarding the purpose of the paper. Firstly, there is a positive correlation between a positive attitude towards digital retail banking services and motivation for their current use in Serbia. Most respondents (75.9%) believe that digital sales channels will replace traditional bank branches in the foreseeable future. This reflects a general acceptance and recognition of the role of digitalization in the banking sector. In this regard, 24.2% believe that digital transformation is critical for driving business performance and increasing market share. This research contributes to the growing body of knowledge on digital transformation in the banking sector and provides valuable insights for banks in Serbia and beyond.

Keywords: digital marketing, retail banking, manager’s attitudes, social networks, digitalization.

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1. Introduction

In the current banking and financial system, particularly in retail banks, a significant transformation has occurred, with the majority of services now

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being offered digitally, compared to previous years when physical delivery was the norm. This transformation is a result of technological advancements on a global scale. Customers today seek to save time while banks themselves benefit from using various digital systems, increasing efficiency and security in their services. Consequently, the provision of products and services in electronic form has become essential for banks, making them more exposed to social media.

The economy is intricately connected to societal and technological changes, and the banking sector is at the forefront of experimentation, implementation, mastery and utilization of major technological innovations. Businesses have adapted to these changes, especially the new technological and global advancements. The outbreak of the SARS-CoV-2 virus, which led to the worldwide spread of COVID-19, further accelerated the development of communication, services and online shopping. This did not eliminate traditional business forms but rather created a combined physical-digital system, with a significant emphasis on electronic means. The emergence of new digital technologies has presented both opportunities and challenges.

The approach to financial services users has shifted, no longer solely relying on physical contact, communication and service delivery. Instead, there is a strong emphasis on digital platforms such as e-banking. Banks are compelled to adapt their strategies to meet customers' constant presence in the digital world. Customers' daily online access has prompted banks to embrace the new modern lifestyle, reduce the number of employees and introduce sophisticated self-service machines. Recognizing the changing environment, leaders of the world's top banks increasingly understand that digital technology serves as an operational model based on being "asset light," conducting electronic and mobile business, employing advanced electronic database analytics (e-CRM), and engaging customers via social media. This approach is the key to maintaining profitability, existing market positions, and fostering improved relationships with clients at a lower cost (ATKearney , 2014).

The continuous growth of information technology and internet coverage in Serbia has provided favourable conditions for the banking sector to adapt and advance their digital marketing strategies, allowing them to closely monitor the digital traffic of individual users in the retail trade. According to the Statistical Office of the Republic of Serbia (2020), broadband internet connection in households, across all regions, is no lower than 60 per cent (Statistical Office of the Republic of Serbia, 2020). In the Republic of Serbia, 72.4% of individuals have used a computer in the last three months, which is

1.5% higher compared to more than three months ago, and 6.4% higher than one year ago. Additionally, 19.8% of individuals report that they have never used a computer. Comparing the data to previous years, the number of computer users has shown an increase of 2% compared to 2019, 3.1% compared to 2018, and 6.4% compared to 2017 (Statistical Office of the Republic of Serbia, 2020). The banking sector has witnessed a significant increase in the use of mobile applications and services, catering to the widespread use of mobile phones in Serbia. According to the survey, 94.1% of individuals in Serbia use a mobile phone, a slight increase from the 2019 data which stood at 93.7%. This indicates that more than 4.95 million people in Serbia are mobile phone users. (Statistical Office of the Republic of Serbia, 2020).

The aim of this research, based on a review of existing literature, papers and research on the topic, is to determine the attitudes of bank managers towards digitalization and the use of various communication channels that have emerged as a result of this process (e.g., social networks). Additionally, the research seeks to assess the willingness of bank managers to adopt digital communication channels in their banks. Furthermore, the study aims to understand how bank managers perceive the process of digitalization and whether they view it as the future of the banking sector's development. By conducting this research, we intend to gain insights into the level of awareness among bank managers regarding the importance of digitalizing banking services in order to enhance the business performance of banks.

2. Literature review

There is a huge and quick transformation in the financial sector. Financial services have been the subject of interest and research to many authors (Ennew and Waite, 2007; Cheverton, et al., 2008; Ehrlich and Fanelli, 2004; Kangis, 2000; Lovelock and Wirtz, 2004; Klasens, 2007; Mittal, 2002; Gronroos, 1998; Grove, Carlson and Dorsch, 2002; Mortimer, 2002; Ljubojevic, 1998; Veljkovic, 2009; Office 2006 et al.).

Financial services have increased both in terms of quality and quantity. And it is generally accepted that the basic dimensions of service quality are: (in) tangibility, reliability, responsibility, security and empathy (Marinković, Stanković, 2012, p. 258-259).

These services have been enabled especially by digital transformation. Digital transformation is a consistent networking of all economic sectors and an adaption of actors to new circumstances of the digital economy (Kraus, et al., 2021).

Banks are in the process of constantly absorbing and following the latest creative technologies in the provision of products and services. “Survival in such a bold new world no longer depends on the size of the bank, but on its ability to be innovative” (Miranda F. et al., 2013).

Changes in the modern global life have also dictated changes in the financial sector. Banking sectors in most developed countries have pioneered the area of e-services and have been actively involved in its continuous improvement. The objective was to try to meet the ever-changing needs and lifestyles of modern clients (Hammoud, Bizri, & Baba, 2018).

It should be noted that banks develop their even more sophisticated electronic systems in terms of verification and control of files, given that customers today apply and monitor their financial statements on a daily basis and perform a range of online services. There are risks associated with their implementation in the structure of organizations:

- Cyber risks - the number of targeted attacks on banking systems with the implementation of technologies has increased by 1.8 times compared to 2018.
- Error risks in algorithms - transactions from client accounts without using authentication tools.
- Risks associated with the interdependence of participants of the financial relations - confidential information might spread as a result of the cooperation with third-party external counterparts, as it happened with Alfa-Bank JSC, which leaked confidential information of 400,000 clients.
- Risks of shadow (unfair) practices - such as running an advertising campaign that aims to mislead consumers or charging illegal fees to customers, etc. (Kondratyeva, Svirina, & Tsvetkov, 2021).

Given the value and sensitivity associated with money, banks face potential and realistic threats from various sources. Therefore, building customer trust in the security of banks is crucial for establishing strong customer-bank relationships. In addition to ensuring the security of customers' financial assets, banks also prioritize the protection of personal and private data. They take measures to prevent any violations of customer data and promptly address any breaches through robust security mechanisms. Iurcan (2017) states that a bank changes its role from an institution that keeps its clients' money to an institution that keeps identity of

clients. In this way, according to Cognizant (2014), it strengthens the ability to manage risk by identifying potential abuses and preventing money laundering activities, and on the other hand, by improving end-user satisfaction through social analysis methods to understand its needs and desires to adapt products to individual preferences. A written consent, and compliance with contracts and offers are also being transformed into electronic form. There are laws and regulations that regulate electronic signatures, electronic stamps and each country implements policies and laws regarding electronic documents. As regards the special laws on digital identities, the eIDAS regulation, repealing the Directive on Electronic Signatures 1999/93 / EC, has been in force in the European Union since 17 September 2014 and applied as of 1 July 2016. It is also the first regulation focused exclusively on digital identities, which enables citizens, legal entities and public institutions to use their national electronic identification schemes for access to public services throughout the European Union where the electronic scheme is used. This type of regulation is significant due to expansion of its original versions, making it even more focused on security and connectivity in the digital identity system. The amendment by the European Parliament (European Union, 2014) was made in the part of “creating a comprehensive security framework for borders and sectors, trust and easier use of electronic transactions”.

Payment Services Directive has been implemented under the new high security conditions, measures and policies. The three main topics addressed by PSD2 (Payment Services Directive) cover introduction and regulation (Forester, Rolfe, & & Brown, 2017, p. 7):

1. New parties in the electronic banking market (TPP) - which can offer competitive, innovative payment and banking services in two forms: as providers of payment initiation services (PISP) and as providers of account information services (AISP).

2. Establish new rules for licensing third-party providers that will use the newly opened banking infrastructure, which relates to access to customer accounts (KSS2A), with their permission to issue.

3. Improving the security of payment processing through the introduction of Regulatory Technical Standards (RTS) for strong customer authentication (SCA).

In all countries and sectors of the societies, the development of new technologies has necessarily created a change in legislation, and in the banking sector in particular. Balkan states, including Serbia itself, are harmonizing laws on documents, identification and electronic signature in

their European Union aspirations path. In the Republic of Serbia, progress has been made in the area of regulations, with the adoption of a specific law in the field of digital identities (second level of regulations). These are the Law on Electronic Document, Electronic Identification and Services of Trust in Electronic Business, whose entry into force was on October 27 2017, the Law on Electronic Signature (Official Gazette of RS, 2004) and the Law on electronic document (Official Gazette of RS, 2009). The new law is a consequence of the current process of digitalization in Serbia, with the basic goal of enabling and encouraging faster and more efficient business. Along with the digitalization of banking products and services, their promotion has also changed. Online advertising is also part of digital transformations. Bhat, Bevans, and Sengupta (2002), as cited in (Domazet, Neogradi, 2019) present methods that make it possible to measure the effects of advertising, i.e. online advertising. They believe that the selection of methods depends on the goals of the research, the budget and the technique available to the company and the time it takes to realize the research. They point out that the measurement of advertising should consider: the popularity of a website to attract and retain consumer attention, highlight the benefits for users who visit the site, and the effectiveness of user targeting. For each of these goals, the authors list specific methods, some of which are: page views, page popularity, number of page views, duration of page views for the first time, time elapsed again do not return to the page, profiling visitors (Domazet & Neogradi, 2019). The security and efficiency of banking services is of great importance, but they must also be stable in terms of time and customer relationship. Sophistication in this context includes the variety of services provided as well as the competence and accuracy with which the services are delivered, how the bank branches are networked, the hours within which the services are delivered, how fast the services are delivered, and the price at which the services are offered (Narteh & Kuada, 2014). Nowadays, social networks are also important channels of communication for retail banks. When the marketing communication mix is splendidly integrated and executed, customers can be influenced to become loyal. This is because communication has been declared a key element of every business relationship. Research also shows that social media channels such as blogs, wikis, discussion forums, and social networking sites are increasingly becoming very influential marketing communication channels even though they are not a replacement for offline digital tools (Hänninen & Karjaluoto, 2017). Banks are where the customers are, so as customer's social networks users, banks also have their own social media accounts. Deloitte reports that

60% of retail banks in the world do not make significant use of social media to deepen their relationships with the customers, while more recent research reports that over 90% of the world's largest banks are present on Facebook, and 88% on Twitter (Deloitte, 2013). Some of the most used networks and platforms are Facebook, Twitter, YouTube, Instagram and LinkedIn. Based on literature research and findings of this paper, it is so evident that in the banks in Serbia, there is a high percentage of social networks use by the retail banking system, while the most used networks by the banks in Serbia are Instagram, Facebook, YouTube, Viber etc. According to a study by European Retail Banking Radar, 53 per cent of European banking customers do not use physical channels at all when researching and buying products. As customers become more familiar with online banking, due to the lockdown, we predict that this is set to increase to 65 per cent in 2025, requiring European banks with branch-heavy operating models to focus on developing their digital channels further. (European Retail Banking Radar, 2021). As there is a growing influence of social media, banks have sought different ways to attract and promote their services to customers. The first virtual branch on Facebook that opened in New Zealand in 2010 allows users to engage in two-way, real-time conversations with service specialists. That was the first stage towards harnessing the huge potential that social networks have. (The financial brand, 2011). Several authors (Slavic & Sakal, 2012; Sakal, Slavic, & Szretykó, 2013) refer to young potential users as the Net-Generation, as they use Web 2.0 and represent exceptional marketing potential for the entire financial sector. There are also opinions of authors (Brdic-Martinovic, 2013) who believe that the implementation of technology in the banking industry should be focused on process automation and monitoring. The use of business applications results in the processing of information in the bank and devices such as ATMs, POS terminals at retail outlets and applications such as electronic and mobile banking (Domazet & Neogradi, 2019).

2.1. Role of digital marketing in retail banking

Companies adopting digital marketing gain momentum to maintain an easy and smart trading process because the Internet has become a trading marketplace (Dastane, 2020). Following this likely change in the customer buying preference, the business model of banks will be strongly influenced, the channels of distribution being one of the most impacted banking dimensions (Pop, 2020). Challenges for the Knowledge Society - opening of

online banking accounts of small and medium-sized enterprises in Malaysia intensified; the limit for the contactless payment was increased in the UK (Baicu, Gardan, Gardan, & Epuran, 2020). There are ongoing investments in technology, which is changing rapidly, in the face of banking management policies and social developments. So, e-marketing itself is changing, conveying information, promotions, sales of products and services in easier ways to the customer. Investing in digital marketing industry requires a high budget, but top management tends to compare it to traditional marketing channels that have a positive, mature, and proven track record of return on investment (ROI) (Teixeira, Barbosa, & Pinto, 2019). Digital marketing provides a multi-stream platform for customers to control the purchase process through product testing and reviewing (Swieczak & Łukowski, 2016). (Dastane, Impact of Digital Marketing on online purchase intention: mediation effect of customer relationship, 2020).

i. Digital marketing in the context of retail banking

The field of digitalization in all parts of business has become of great interest, even for domestic and foreign researchers, because digitalism has broken up all barriers of doing business in general. The issue of digital business transformation and the formation of digital entrepreneurship have just begun to attract the attention of foreign and domestic scholars, including Isaacson V., Azzam M., Sami N., Khalil T., Klaus S., Shantarenkova M. Based on the analysis of experience, it is concluded that the concept of digital transformation has three main advantages associated with each type of business: improving the efficiency of existing infrastructure; the appearance of new quality business models; increase in revenue or cost reduction in existing business models. These results are presented in scientific papers and articles by Andrusiak N., Burlakova I., Kradich V., Chmeruk G., Grybanova Yu., Rudenko M., Konyk L., Prokhorova A., Makarova A., Nechepurenko M., Ouchi W., Pogorelova Yu., Pisano G., Teece D., Shuen A., Tapscott D., Toralo M., Chernykh E., Chechina O. (Radzikhovska, 2021).

Digitalization has had an impact on doing business differently, remotely, without physical presence, in all aspects and across the globe, by solving many issues in the most effective way. This results in businesses reforming themselves in terms of information technology, creating cyber security policies and storing sensitive information through the latest technologies, transmitting information by saving time, as well as generating or producing data (reports) quickly and in high quality. The development of information technology is a very important element in the business

environment today. Digitalization processes are increasingly influencing the socio-economic development of countries around the world by changing the approaches in problem solving at different levels and in different spheres of life.

Marketing was recently transformed not only by technology, but also by the COVID-19 pandemic. The World Health Organization (WHO) declared COVID-19 a pandemic (WHO, 2020) on March 11. Governments of different countries of the world, depending on the increasing trend of deaths of coronavirus patients and the number of new cases, in consultation with their public health institutes, imposed restrictive measures on citizens, locking them up at home. The needs and desires of people for online shopping increased, so product and service providers, including banks, advanced the way of finding the customers in the digital traffic. The lockdown at home changed the behaviour of both clients and managers. With loneliness on the rise, clients got socialized in various forms on social media. So, digital marketing models shifted, especially on social media, where customers were staying for many hours. In order to maintain the measures of social distancing, avoid the line-ups and gathering of customers in small spaces retail banks tried to find the most creative ways of performing services and providing offers through mobile applications by installing their platform into customers’ devices, by strengthening official websites, telephone communication, continuous SMS information, SMS notification on monthly income and other financial obligations, sending emails about the balance and transactions, transfers, online monitoring in e-banking, etc.

ii. Digital transformation in Serbian retail banking

In Serbia, digital transformations in the banking system began in the last two decades, ranging from smart debit cards and SMS services to digital transactions. In Serbia there is e-banking, mobile banking, chat banking. Today, in most of the banks in Serbia, the following services are offered: opening bank accounts, cash loans, mortgage loans, change of loan expiration date, loans for women entrepreneurs, loans for farmers and students, business investment loans, renovation and construction of houses, debit card and credit card, digital transactions, transfers, payment of various invoices, online purchases, payment through the mobile application by scanning IPS QR CODE, exchange rates or foreign exchange, etc. The Serbian banking sector has made digital transformation a strategic priority. Modern solutions for e-banking and mobile banking, mobile wallets and

various forms of mobile payments, online chat, loan applications and other products have been introduced. On the other hand, customers expect and want to use modern digital banking solutions while the mobile applications are replacing visits to the bank's branches.

These services are now offered in all banks in the Republic of Serbia, from e-banking, mobile banking with similar basic functionalities, such as account review, loans, deposits and cards, local and international payment transactions to currency conversion and the like.

In addition, digital solutions that keep pace with the most developed markets in Europe have emerged.

- Raiffeisen Bank AD has enabled loan disbursement in just eight minutes fully online and introduced an electronic assistant based on artificial intelligence.

- Eurobank AD, in addition to e-banking and m-banking, has introduced a service that enables customers to make or receive instant payments at sale points by scanning the Quick Response (QR) code.

- Erste Bank AD offers its customers e-banking and mobile banking, online purchase of banking products, cash loans through the NetBanking or mBanking application.

- The number of Erste mBanking users increased by 16% in the period 2019-2020, while the increase in the number of transactions through mBanking reached 36% in the period February 2020 - May 2020, or 13% when it comes to the number of transactions through NetBanking in the same period.

- Addiko bank AD has enabled all its customers, users of Addiko e-bank and Addiko mobile banking, a unique payment method - Addiko Chat Banking on Viber and opening an online account, through the video identification process.

- Since November 30 2020, ProCredit bank AD customers have been able to perform all operations exclusively online, without coming to the bank such as savings, loans, payment cards, overdrafts, local and international payments. ProCredit bank AD also offers Apple Pay payment service without contact with an Apple mobile device or an Apple Watch (Matović & Milosavljević, 2020)

iii. Digital marketing perspective in the retail banking sector

The retail banking sector relies on digital marketing as a means to reach customers more efficiently. With the advent of the internet and social

networks, banks have established a closer connection with their clients. Banks have their official channels on social networks, but they also leverage external networks to enhance their visibility. The past decade has witnessed significant growth in social networks, prompting banks to adapt to technological advancements and changing social dynamics. Given its nature, the banking sector has emerged as one of the most advanced sectors in utilizing digital products and services. In response to the increasing digital customer traffic, banks have reformed their digital marketing strategies and sought more effective ways to communicate with and serve their customers.

In developed markets, banks generated 28 per cent of their sales from digital channels in 2019. However, the top 10 banks in these markets experienced rapid growth in this channel, reaching 65 per cent of sales, up from 36 per cent in 2016, according to Finalta (Asif, Dallerup, Hauser, Alia, & Taraporevala, 2020). To align with shifting customer preferences and needs, concerted efforts are necessary to optimize investments within digital channels and across the acquisition funnel.

Digital marketing has become a necessity, particularly due to the dominance and widespread presence of users in online media. The past 20 years have witnessed advanced internet access, extensive smartphone usage, and internet coverage not only in Serbia but also beyond. Furthermore, the COVID-19 pandemic has further accelerated and intensified the development of digital marketing in the retail banking sector. It is crucial for marketing staff to undergo continuous training to keep up with new technologies, as they are in a constant state of change.

The presence of foreign financial and banking investments, especially the arrival of European and Asian investors in Serbia, has been a significant factor in driving the acceleration and transformation of digital marketing. These investors have brought with them a new work culture, modern leadership styles, and specialized marketing expertise across various domains. This entire process has facilitated the transformation of traditional marketing in Serbia into a modern, innovative, digital, European and global marketing approach.

2.2. Role of social media in banking

The process of market restructuring and adapting a modern bank to the demands of the national and, above all, international financial market started in Europe in the early 1990s and practically forced the management to transform the successful bank at the time into a bank of the future, which would transform its banking business and placement of banking products on

the business basis of engineering and reengineering, that is, on the basis of sophisticated work programs and electronic business telecommunications. Digital media are available without restriction to the consumer and from anywhere. In modern banking, digital channels have been applied with the aim of establishing better customer relationships and increasing brand awareness. The implementation of digital channels in communication is always with the aim of providing existing customers with adequate services. By implementing the Viber sticker, the bank seeks not only to follow new trends of communicating with young people, but also to develop good saving habits from a young age. By chatting directly with its customers, banks provide payment services and allow their customers to easily find the nearest branch or ATM. Digital banking on the Viber platform is a guideline for financial organizations how to improve their digital business. The first bank in the Serbian market is Addiko Bank, which bases its digital communications on the use of the Viber platform (Addiko Bank, 2021). The banking sector, with the aim to refocus and redesign its way of doing business, uses technological innovations that help them reach less accessible and much more demanding customers. Financial institutions use social media to gain new and retain existing clients. These are online tools and platforms that people use to share experiences and perspectives. Financial institutions believe that if they have a social media account, they express their brand, put emphasis on the direct communication and improve customer relations and reduce the costs of conventional forms of promotion. There are currently three advertising models available on Instagram (Domazet I. , 2016):

- Image Ad - an image ad with a link to a specific destination.
- Video Ad - landscape format and preferences identical to Facebook format.
- Carousel Ad - provides the ability to advertise ads in multiple Pictures.

Instagram provides great opportunities for communication. Regarding Facebook, the emphasis is still on visual impression. It depends on the brand, skill and creativity in communication to reach the target audience. Continuity in posting is important, as well as the daily interaction with fans.

3. Procedures and methods

The aim of this research, based on previously studied literature, papers, and research on the topic, is to determine the attitudes of bank clients

and managers towards the digitalization and use of certain communication channels (e.g., social networks) that result from this process. Additionally, we aim to assess the willingness of bank clients and managers to adopt digital communication channels with the bank. Furthermore, we seek to determine how bank managers perceive the process of digitalization and whether they consider it the future of the banking sector's development. Through this research, we aim to gain insights into the level of awareness among bank managers regarding the importance of digitalizing banking services to enhance the business performance of banks.

To achieve these goals, empirical research was conducted in order to measure satisfaction and determine the attitudes of bank managers. Primary data was collected through survey research. The research specifically targeted bank managers in the Republic of Serbia, including branch managers, middle managers, and top managers. By analysing their responses, we can gain insight into their understanding of the need to develop digital sales channels and the current situation.

The research design employed a quantitative approach and utilised a questionnaire to gather data on the attitudes of bank managers. The questionnaire included structured questions using a Likert scale with five levels of ranking, ranging from "1 - strongly disagree" to "5 - strongly agree." The first part of the questionnaire aimed to collect socio-demographic information about the respondents, while the second part focused on their specific attitudes. The Likert scale was used to measure the level of agreement or disagreement of the participants with each statement. Respondents were asked to select one of the provided values to express their opinion on each statement.

3.1. The data and sample

According to the Chamber of Commerce and Industry of Serbia, there are 26 banks with 1,576 branches and 22,823 employees operating in Serbia and in that number, 1,623 are bank managers (top, middle or bottom level of management). Around 7.10% of the total number of bank employees are bank managers. Our focus has been on the managers from the marketing departments of the banks. We have assumed that it is enough to get 3 managerial level respondents from one department. The questionnaires were distributed to each bank and it was requested to be completed by at least three managers from the marketing department, including managers from all three levels. This distribution of the sample ensures a response from all banks and from all levels of management, with a focus on those of marketing, thus aiming at reaching a solid basis from the results so that we can

generalize. The survey was conducted in June and July 2020. Questionnaires were distributed physically, partly online using the Google Questionnaire and 87 respondents answered them.

3.2. The method

The data were processed using SPSS application statistical software. The nature of the questions, regarding the data obtained through the Likert scale, has conditioned the application of descriptive statistics by measuring the central tendency of the statistical series. This method gives us a clear description of the respondents' characteristics and their attitudes to certain issues. Depending on the question, the attitudes of bank managers are divided into positive, negative and neutral. For the Likert scale of measurement, attitudes such as "agree" and "completely agree" are grouped together in positive responses, while the categories "disagree" and "completely disagree" are grouped as negative attitudes. The neutral position is considered as a neutral position in the sense that the manager is not neutral to the question but has a neutral position to the alternatives for his/her position.

4. Results and discussions

4.1. General characteristics of the sample

The results regarding the general socio-demographic characteristics of the respondents are presented in a summarized way in Table 1. Relation to gender is explained; more of the respondents were women, respectively 59% of respondents were women and 41% - men. When we are dealing with the age of bank managers, we think that, for such groups of respondents, the level of experience is more important than their age. So, the question is about the number of years they have worked in a bank sector. Also, the age of bank managers is in direct correlation with their experience.

As shown in Table 1 (see Table 1), the majority of bank managers (44%) have 11-20 years of experience in the banking sector, followed by 30% having 21-30 years of experience. This indicates that most bank managers have more than 10 years of experience, suggesting that we are dealing with experienced professionals. In terms of educational background, the results presented in Table 1 indicate that the majority of bank managers hold a bachelor's degree (51%), followed by a master's degree. Approximately 7% of managers have a high level of education (PhD), while a similar percentage have a high school education.

*Table 1.
Descriptive statistics about socio-demographic characteristics*

Modalities	Frequency	Percent	Valid Percent	Cumulative Percent
GENDER				
Male	36	41.4	41.4	41.4
Female	51	58.6	58.6	100.0
Total	87	100.0	100.0	
EXPERIENCY				
up to 10	15	17.2	17.2	17.2
11-20	38	43.7	43.7	60.9
21-30	26	29.9	29.9	90.8
30 and more	8	9.2	9.2	100.0
Total	87	100.0	100.0	
Total	678	100.0		
EDUCATION				
Applied school	2	2.3	2.3	2.3
Basic studies	45	51.7	51.7	54.0
Master	34	39.1	39.1	93.1
PhD	6	6.9	6.9	100.0
Total	87	100.0	100.0	

Source: Field Survey –SPSS processing

It is noteworthy that most managers are frequent users of social networks, indicating that they are actively engaged with the developments in this communication medium. As observed in Table 2, 48.3% of them use social networks more than once a day, while 73.6% use social networks at least once a day. Only 7 managers, constituting 8% of the respondents, declare that they do not use social networks.

*Table 2.
Frequency of the use of social networks*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I don't get into social network at all	7	8.0	8.0	8.0
	A couple of times a week	16	18.4	18.4	26.4
	Once a day	22	25.3	25.3	51.7
	Multiple times a day	42	48.3	48.3	100.0
	Total	87	100.0	100.0	

Source: Field Survey –SPSS processing

In Table 3, we observe a statistically significant correlation between experience and the use of social networks. The correlation coefficient, represented by $r = -0.558$, indicates a strong negative relationship. This means that as bank managers gain more experience, they tend to use social networks less, compared to those with less experience. This finding may be attributed to a generation gap, where more experienced managers belong to older generations that are less familiar with using PCs or mobile phones for social networks and internet activities. As the work experience of bank managers increases, their frequency of using social networks tends to decrease, and vice versa.

*Table 3.
Correlation between experience and social network usage*

		Experience	How often do you use social networks?
Experience	Pearson Correlation	1	-.558**
	Sig. (2-tailed)		.000
	N	87	87
How often do you use social networks?	Pearson Correlation	-.558**	1
	Sig. (2-tailed)	.000	
	N	87	87

Source: Field Survey –SPSS processing

4.2. Results of managers attitudes

From the findings presented in Table 4, which examines the attitudes of managers towards the future of banks' sales channels and their beliefs regarding digital transformation, we observe a positive correlation between a positive attitude towards the future of digital retail banking services and motivation for their current use in Serbia. A significant majority of respondents (75.9%) believe that digital sales channels will replace bank branches in the foreseeable future. Only 8% of respondents hold the opposite view, while 16.1% of respondents show no particular interest in this issue.

Among those who believe that digital sales channels will replace bank branches in the foreseeable future, 24.2% view digital transformation as a new trend that should be implemented to improve market share. 9.1% believe that technology will assist in expanding the client base, while 63.6% believe in the importance of adapting products/services to meet the needs of new clients. Additionally, 3.0% of respondents mention the utilization of other digital services provided by banks.

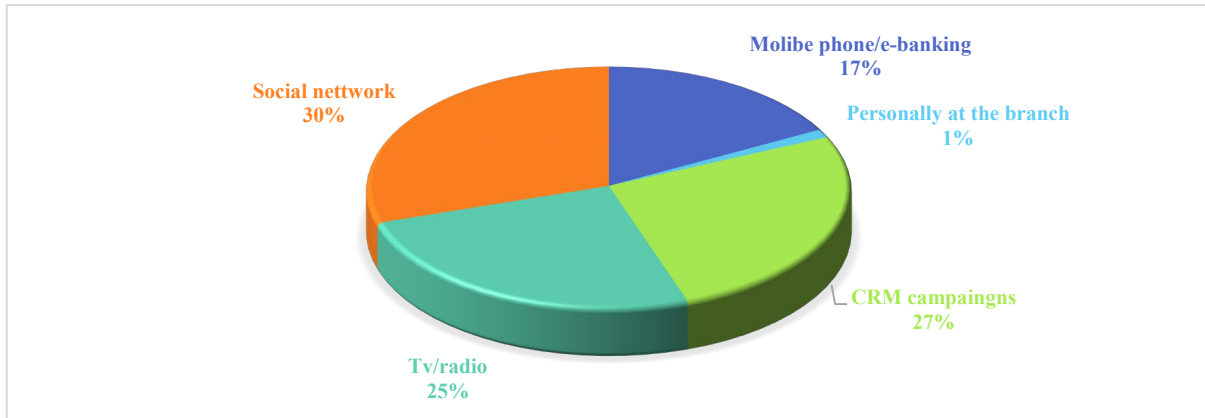
Overall, the majority of respondents express the opinion that digital sales channels will replace bank branches in the foreseeable future, indicating a general acceptance of the role of digitalization in the banking sector.

*Table 4.
Digital transformation and manager’s beliefs*

			Do you think that digital sales channels will replace the bank’s branches in the foreseeable future?			Total
			Yes	No	NA	
What is digital transformation for you?	The new trend...	Count	16	0	3	19
		% within What is digital transformation for you?	84.2%	0.0%	15.8%	100.0%
		% within Do you think that digital sales channels will replace the bank’s branches in the foreseeable future?	24.2%	0.0%	21.4%	21.8%
		% of Total	18.4%	0.0%	3.4%	21.8%
Technology that will...		Count	6	5	5	16
		% within What is digital transformation for you?	37.5%	31.3%	31.3%	100.0%
		% within Do you think that digital sales channels will replace the bank’s branches in the foreseeable future?	9.1%	71.4%	35.7%	18.4%
		% of Total	6.9%	5.7%	5.7%	18.4%
Adaptation of products.		Count	42	0	6	48
		% within What is digital transformation for you?	87.5%	0.0%	12.5%	100.0%
		% within Do you think that digital sales channels will replace the bank’s branches in the foreseeable future?	63.6%	0.0%	42.9%	55.2%
		% of Total	48.3%	0.0%	6.9%	55.2%
Apply other digital service banks		Count	2	2	0	4
		% within What is digital transformation for you?	50.0%	50.0%	0.0%	100.0%
		% within Do you think that digital sales channels will replace the bank’s branches in the foreseeable future?	3.0%	28.6%	0.0%	4.6%
		% of Total	2.3%	2.3%	0.0%	4.6%
Total		Count	66	7	14	87
		% within What is digital transformation for you?	75.9%	8.0%	16.1%	100.0%
		% within Do you think that digital sales channels will replace the bank’s branches in the foreseeable future?	100.0%	100.0%	100.0%	100.0%
		% of Total	75.9%	8.0%	16.1%	100.0%

Source: Field Survey –SPSS processing

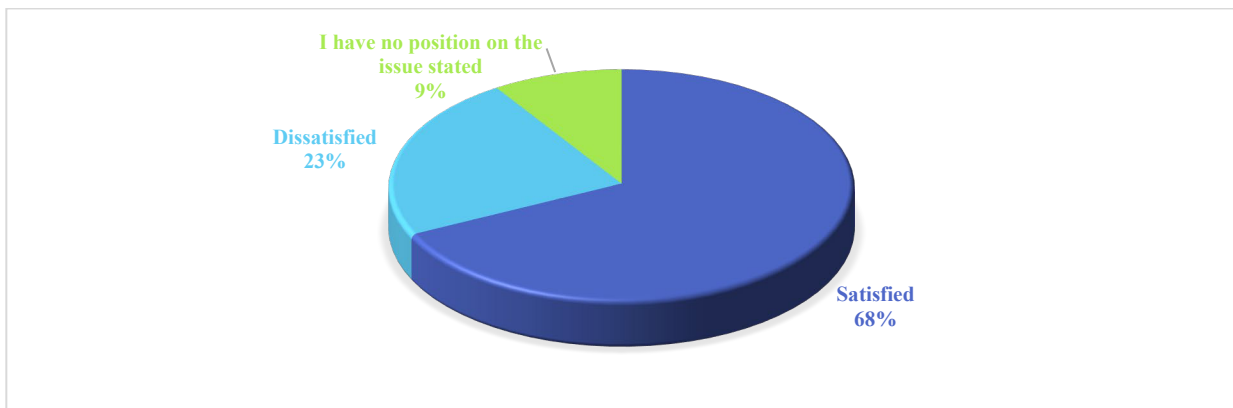
Bank managers covered by the survey believe that the best channel for informing clients are Social Networks (29.9%), followed by CRM campaigns (26.4) and TV / Radio (25.3%), while 1.1% think it's Personally at the branch.



Source: Primary data

Graph 1. Bank managers' opinion on 'Which sales channels do you think the customer will be best informed?'

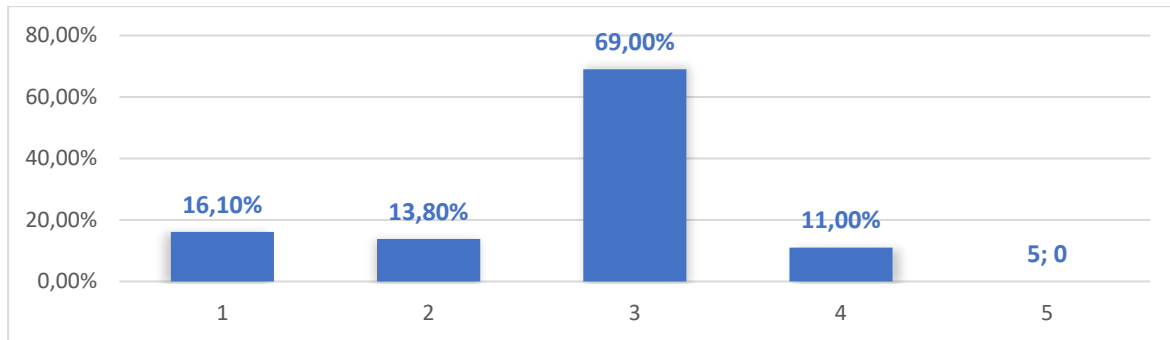
When we are talking about the website of a bank, bank managers express high level of satisfaction with it.



Source: Primary data

Graph 2. Level of satisfaction with the bank website

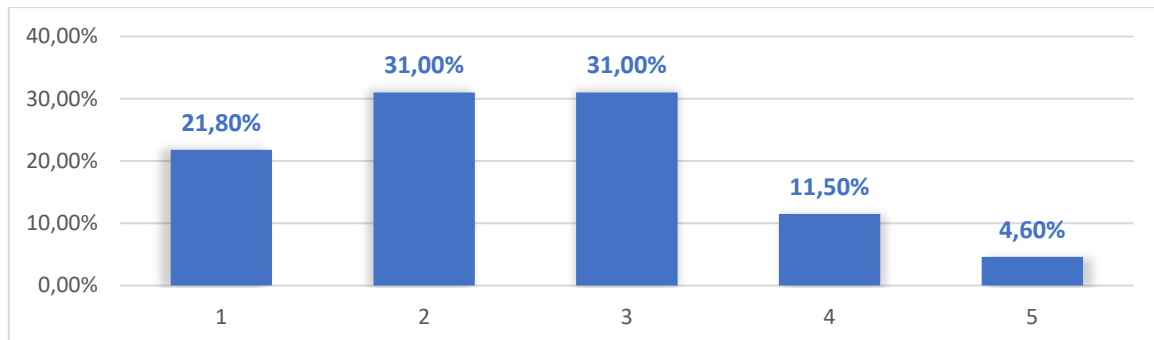
Regarding the level of implementation of digital channels in their banks, 69% of managers rate it as a 3 on a scale where the maximum grade is 4, with 11% of the sample. Interestingly, no one gives the maximum grade of 5. This suggests that, overall, there is room for improvement in this area from the perspective of bank managers. It indicates that managers are neither completely satisfied, nor dissatisfied with the current level of digital channel implementation and acknowledge the potential for further enhancements.



Source: Primary data

Graph 3. Bank managers' opinion on the level of implementation of digital sales channels at the bank

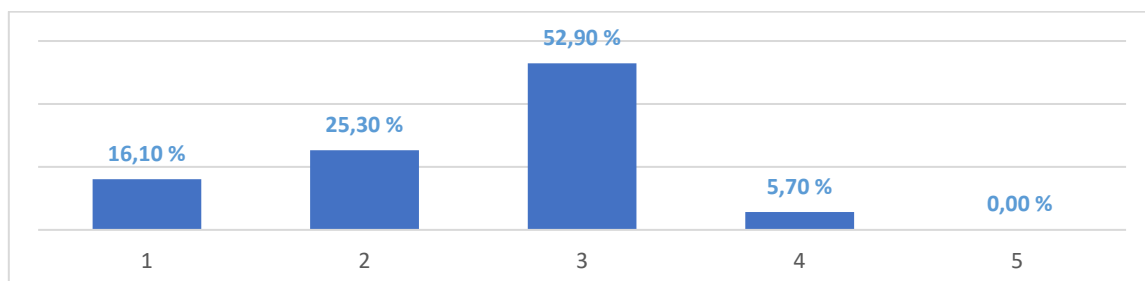
Managers are divided about the situation in investing in employee training in the field of digital sales channels.



Source: Primary data

Graph 4. Bank managers' opinion on the Level of investment in employee training related to digital sales channels

The grades are from 1 (bad) to 5 (excellent) and 31% give score of 2 and the same percentage - grade 3. If we look at cumulative percentage, more than half managers give grade below 3.



Source: Primary data

Graph 5. Bank managers' opinion on the level of competitiveness of the bank when it comes to digitalization

When it comes to how managers judge their level of competitiveness through digitalization, the majority consider it to be mediocre, 52.9% of the sample. Worth noting is the fact that 41.4% consider their level of competitiveness below mediocre, whereas only 5.70% consider their performance to be above average. None scores their performance as excellent.

Conclusions

The banking sector in Serbia has undergone a transformation from a traditional and localized format to a digital and global one. The influx of investments from international banks in Serbia, particularly over the past two decades, has influenced the management style, organizational structure, planning, and marketing strategies of Serbian banks. Through foreign experiences, international collaboration, employee training programs, and visits to international branches, the Serbian banking system has been reformed and digitized, aligning it with modern banking practices and global systems that leverage the latest information collection and sharing technologies. To maintain a competitive edge, banks need to invest in service promotion, introduce digital innovations, and enhance their communication and sales channels.

The results of empirical research, conducted in this paper, indicate that digital communications, implemented in banks, contribute to more accessible and efficient communication with customers. In doing so, banks strive to adjust the offer of their products and services, which would expand their business portfolio and make it more attractive to existing and new customers, thus attracting new customers.

Many studies, including the results of the research presented in this paper, show that the use of digital distribution channels is the future of banking. Digital marketing offers many opportunities and benefits for retail banks, as this study shows. There are many ways of doing digital marketing, such as: e-banking, web advertising, online applications, mobile marketing, e-mail marketing, content marketing, video content marketing, viral marketing, social media marketing, etc. In order to meet customer demands, bank managers in Serbia are adapting to new social, economic, technological and digital developments. The measuring of the attitudes of managers of banks in Serbia shows an increase in the positive prospects for digital marketing in the present and in the future of technological innovations. Given

that the internet access in all regions in Serbia is inclusive and covers most of the country, digital marketing is quite convenient for implementation. Social media has evolved tremendously, especially in the last decade, and this has removed many barriers that once existed.

Based on the study we can conclude that the banking sector in Serbia, influenced by the intrusion of the international banks, has advanced as regards the use of the latest technology, the most modern digital marketing methods and is in line with the latest regional and global developments.

With regards to the results of the empirical study, a significant proportion of bank managers are active users of social networks, indicating their engagement with this communication medium. Nearly half of the managers (48.3%) use social networks more than once a day, and the majority (73.6%) use them at least once a day. Only a small number (8%) report not using social networks.

A negative correlation is observed between the experience of bank managers and their use of social networks. As managers gain more experience, their frequency of using social networks decrease. This finding may be attributed to a generation gap, with more experienced managers being less familiar with using social networks on PCs or mobile phones.

A significant majority of bank managers (75.9%) express a positive attitude towards the future of digital sales channels, believing that they will replace bank branches in the foreseeable future. This suggests a general acceptance of digitalization in the banking sector. Among those who hold this belief, a considerable proportion (24.2%) see digital transformation as a new trend to increase market share, while others emphasize the importance of adapting products/services to meet the needs of new clients (63.6%) and utilizing other digital services provided by banks (3.0%).

Bank managers perceive there is room for improvement in the implementation of digital channels, as no one rates it as a maximum grade of 5. Most managers rate it below 3, suggesting a neutral or moderate level of satisfaction with the level of utilization of digital channels in their banks.

The majority of bank managers (52.9%) consider their level of competitiveness through digitalization to be mediocre. A significant proportion (41.4%) rate their level of competitiveness as below mediocre, while only a small percentage (5.7%) consider their performance to be above average.

Implications for further research are related to the study of new approaches for the application of information technology and digital marketing, quickly measuring the response and acceptance by consumers of

special aspects of banking services. Also, another aspect for further research is related to business success in the sense of increasing market participation and profitability of banks.

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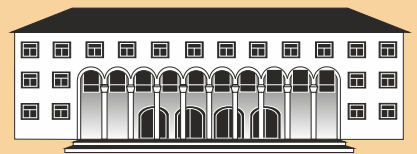
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