

The Popularity of Fintech Services in Poland: Results of a Survey Conducted on Polish Households

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Abstract

Companies from the FinTech sector have been operating in the global economy for many years and can be treated as one of the symptoms of the industrial revolution 4.0. These companies and the services they offer are well known to the people, although the name FinTech is unknown. The purpose of this publication is to examine the popularity of FinTech companies in Poland after the COVID pandemic. The research hypothesis put forward in the research assumes that lockdown (in Poland) forced the use of electronic services in FinTech sectors other than just money transfers. The second hypothesis assumes that currently, all age groups use or learn how to use FinTech services in Poland, not only the generation Y.

Keywords: FinTech, COVID, Poland

JEL classification: O33, D14, G10, G21, G18

Introduction

FinTech companies offer user-friendly services which are easy to use, intuitive, save money, and offer a good relation between price and provided value. Customers praise FinTech services for prompt responses to requests, speed of services, and that they can be accessed at any time. FinTech services are not only cost-effective but also save time (Barbu et al., 2021, p. 1420).

Despite a certain amount of fear that the FinTech sector is disrupting the banking system and competing with the banks (Palmié et al. 2020, Siek and Sutanto (2019)) recent developments show that FinTechs and traditional institutions collaborate (Anagnostopoulos (2018), Bömer and Maxin 2018; Siek and Sutanto 2019) and provide each other with specific benefits: banks provide stability, good IT security whereas FinTechs provide innovation and customers.

According to Kliber et al. (2021), FinTech companies in Poland have to overcome certain obstacles that prevent them from faster development. These include stiff regulations that restrict their operations (the regulations are backward, not taking into account rapidly changing reality, in contrast, leasing companies lacked regulations that would allow them to sign leasing contracts online), unnecessary bureaucracy, lengthy procedures, lack of the ability to use an electronic signature to sign contracts online, no regulations regarding Robo-advice, tokenization of bills, etc. Kliber et al. (2021) also claim that the

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Polish financial market is not developed in terms of VC funds, and most FinTech companies in Poland finance themselves primarily with their capital; there is very little investment provided by the VC or angel capital funds. FinTech companies expect special regulations adjusted to the specifics of the FinTech companies, sandboxes, and tax reliefs.

According to Kurek, Stolarz, and Swacha-Lech (2020), the FinTech adoption index among Millennials (people born in years 1980-2000) was in Poland in 2019 equal to 75% and in 2017 in the USA, it was 59%, so taking into account the time difference between these countries, the result for Poland might be higher.

According to Anielak (2019), the fastest-growing segments of the FinTech market in Central and Eastern Europe are the banking FinTech sector, payments, raising capital, and finance management. She also observed that insurance companies cooperate with FinTech companies; therefore, one can also expect a rise in the insurance sector of the FinTech markets. Anielak (2019) also believes that the size of the FinTech market in the CEE region is positively correlated with the size of the financial sector in a country. This being true makes Poland one of the most attractive markets in the region. Observations of Anielak (2019) agree with Chen et al. (2020) paper where the authors proved quantitatively (they run the quantitative analysis of interrelationships between FinTechs and traditional institutions) that FinTech services tend to spill over first to the banking industry, then to the insurance industry, and finally to the securities industry.

If one looks at the most popular FinTech companies in Poland, in the first place, we see the internet payment services. According to the research run by Kliber et al. (2021), 33% of FinTech companies operate in this sector. The second most popular services were deposits, and lending (22% of firms), banking, and infrastructure (without money transfers) took the third position with 19% of companies operating in this sector. Investment and management services were offered by 6% of FinTech companies. According to Grzywacz and Jagodzińska-Komar (2018), the most popular FinTech sectors in Poland include financial services (25% of the market), crowdfunding and lending (13%), digital and mobile payments (13%), big data analytics companies (13%), personal finance management (6%) and cryptocurrencies (6%).

One of the most popular services is BLIK. According to Baba et al. (2020), during the second quarter of 2020, BLIK executed over 1 million transactions per day and was available to 13.1 million registered users. Anielak (2019) mentions Revolut. Other popular money transfer services in Poland include PayPal, Przelewy24, PayU. Four other popular in Poland FinTech services belong to another group; they are the crowdfunding websites: Beesfund.com, Pomagacie.pl, Zrzutka.pl and PolakPotrafi.pl. There is also a FinTech called SkyCash, which offers purchases of public transport tickets, payment for public parking, cash from ATM, and acquisition of train tickets.

Another group of recognizable FinTech services in Poland are offered by international, BigTech companies (Folwarski 2020). They are a part of popular internet platforms: AliPay (Alibaba), Tenpay (Tencent), Baidu Waller (Baidu), Amazon Pay (Amazon), Messenger Pay (Facebook), Google Pay (Google).

If we look at the demographic aspects of the FinTech market (Solarz, Swacha-Lech, 2021), the critical factor determining the adaptation to online services is age. Researchers also observed a negative correlation between age and technology acceptance (Anderson, 2015; Flavián et al., 2006; Liébana-Cabanillas et al., 2014). According to Das and Das (2020), the most popular clients of FinTech companies are from the age group of 18-28 years old (66.6% of the population in the age 18-28 uses FinTech services regularly), the next group are people aged 29-39 years old (62.3% of the people in the age 29-39 periodically use FinTech services) whereas people over 50 years old quite rarely use these services (only 26.9% of the population aged 50+ regularly use FinTech services). Another important factor is gender. According to Das and Das (2020) or Li et al. (2020), the gender which easier adopted to new technologies were men. According to Rogers (2010), another demographic factor was education, which showed a positive correlation between the level of education and adoption of modern electronic services.

Research Method

In order to assess the popularity of FinTech services in Poland, we run an online survey among various groups of respondents living in Poland. We managed to collect answers from 227 respondents. We asked the following questions:

- (1) Demographic description of every respondent,
- (2) Which of the most popular FinTech companies from various sectors they recognize or use,
- (3) What advantages and disadvantages of FinTech services they recognize,
- (4) Are FinTech companies going to replace the banks or cooperate with the banking sector?
- (5) Awareness of the internet security issues and protection,
- (6) How the COVID pandemic impacted the FinTech sector.

We wanted to verify the following research hypotheses:

H1: Lockdown forced the use of electronic services in sectors (in Poland) other than just money transfers,

H2: Currently, all age groups use or learn how to use FinTech services in Poland, not only generation Y.

Research Results and Discussion

Figure 1 shows the distribution of age groups among respondents. As can be seen, we collected many surveys from older age groups, not only from the generation Y, who were raised among computers and used the internet from their childhood. People aged 36+ did not have the Internet during childhood, and many learned how to use computers when they were adults (generation X and earlier generations).

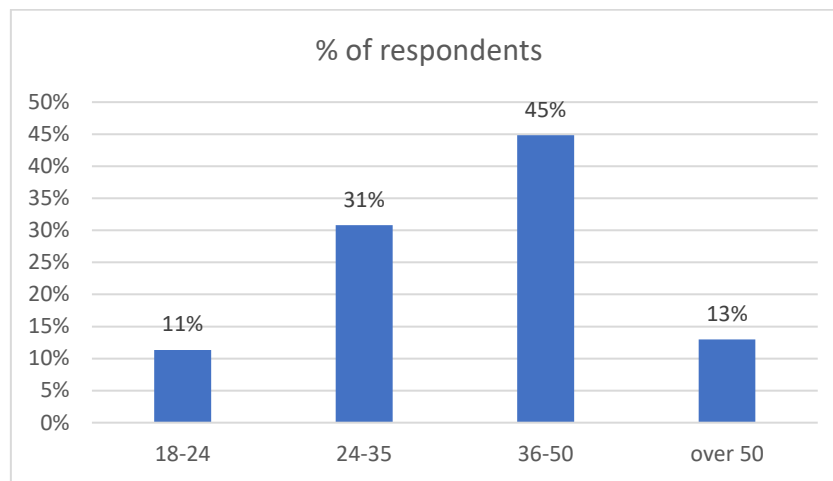


Fig 1. Distribution of respondents by the age groups

Most respondents recognized and used the money transfer FinTechs such as: Blik, BlueMedia, DotPay, PayU, Paypal, Przelewy24, Skycash, TPay. 97.9% of respondents knew and used these services. 59.8% of respondents did not know that these companies are FinTechs.

8.5% of respondents knew and used corporate finance FinTech services such as: Faktorama CashDirector, Monevia, Brutto.pl, eWindykator, Comperia, Rankomat, Finansowo.pl.

If one looks at the lending websites such as: Vivus, Wonga, Provema, or Loando, they were used by 2.8% of respondents, and 67.4% of respondents recognized them. 57.4% of respondents did not know that they are FinTech companies.

22% of respondents used FinTechs for investments (for instance: SaxoBank, Plus500, Xtb, eToro, Starfunds, but 59.6 % of respondents knew about the existence of such companies and recognized at least one of the names of companies. Similarly to previous companies, 79.4% of respondents did not know that they are FinTechs.

97.9% of respondents knew, and 39.7% used some of the crowdfunding websites, which included: Pomagam.pl, Polakpotrafi.pl, Zrzutka.pl, Kickstarter, Zbieram.pl, Siepomaga.pl, Wspieram.to, Polakpotrafi.pl, Beesfund.com, Myseed.pl. 49.6% did not know that they were FinTech companies.

26.2% of respondents used insurance FinTechs (not ranking webpages but companies offering directly insurance). However, 20.2% of cases used ranking websites and then connected with the online services of the traditional insurance company. Only 5% used FinTech insurance companies such as: Vsoft, Kundi, mfind, Protectme.pl, Screenity. Only 3% knew that they were FinTechs.

Far more popular than insurance companies were foreign exchange companies, which offered the exchange of currencies which could be done online. In Poland, the most popular services include: Walutomat, Cinkciarz, Revolut, Kantoria, Liderwalut.pl.

87.9% of knew then, and 48.9% of respondents used them. 69.5% of respondents did not know that they were FinTech companies.

Respondents enumerated other FinTechs that they know and used: Monzo, Wise, Azimo, Paypal, Blink, Zen, Copernicus, Toscanizzazione, 22X, RobinHood, Tradings N26, Juni, Binance, Wise, Monese, Trustly, Hyperwallet, Starling, World Remit, Trading 212, Mintos, Klama, Remitly, Stripe, Carta, Starling, Paysend, TooGoodToGo, Venmo, Stripe, Aion, AllPay, Twisto. The most popular FinTechs added by respondents included: Monzo (8 respondents), RobinHood (6 respondents), Trading 212 (3 respondents), Binance (2 respondents), Revolut (6 respondents), Stripe (2 respondents).

Interestingly, only 2.1% of respondents never used FinTech companies presented to them in the survey.

When we asked about the disadvantages of FinTech companies, 17.7% of the respondents pointed the lack of personal contact and the necessity to know about computers (10.6%). 7.1% of the respondents answered that they don't want to learn new technologies. Other disadvantages included: the lack of confidence in technology (20.6%), fear of cybercrime (48.9%), the lack of experience with electronic banking (8.5%). Respondents also mentioned: the fear of problems with FinTech services if the Internet connection is down (28.4%), willingness to maintain privacy (29.8%), the necessity to possess a computer

(17%). Finally, 18.1% of respondents believed that FinTechs have no flaws. Respondents added the following problems of FinTechs: a short history of such companies, lack of appropriate licenses, lack of legal protection of customers, difficult access to customer service office, the dependence of one application, and no possibility to use services when it fails.

As to the advantages of FinTechs, only 9.9% of respondents believe that they offer higher security than traditional institutions. 5.7% of respondents trust FinTechs more than traditional institutions. 40.4% admitted that FinTech services are cheaper. 90.1% of respondents believed that FinTech services are more comfortable and more flexible compared with traditional services. 41.8% of respondents believed that they are better suited to the customers. 83.8% appreciated 24h access to FinTech services. High quality of service was not the best trait of FinTechs: only 12.8% of respondents believed that. Even worse must have been customer service: only 3.5% of respondents believed that it is a strong side of FinTech services. 36.2% of respondents believed that FinTechs offer services that are not available at traditional institutions. 21.3% believed that FinTechs offer fast technical support if it was necessary. Only 1.4% of respondents pointed out that FinTechs have no advantages. Additional remarks of respondents included the following benefits: FinTechs do not ignore clients if they have technical problems – traditional institutions do not care about such problems, and that the only way to solve some issues with traditional institutions is through Consumer Ombudsman.

The next set of questions concerned the disadvantages of traditional institutions. 55.3% of respondents believe that they have the problem with distance to the traditional institution, 83.7% that they have the problem with the opening hours, 34.8% that the customer service is very weak, 27.7% that they do not want personal contact with another person, 70.7% complained about the waiting time. 39% of respondents observed higher costs of services rendered by traditional institutions, and finally, 2.8% of respondents believed that traditional institutions do not have any disadvantages. Respondents also added their own drawbacks: a complication of organizational structures in traditional institutions, which makes it difficult to solve problems, taking clients for granted, the laziness of employees.

When it comes to the advantages of traditional institutions, 26.2% of respondents believed that they do not know FinTechs well enough to compare them with traditional institutions. 38.3% of respondents believed that traditional institutions are well-recognizable in the market. 39.7% admired their long time of operating in the market. 29.1% appreciated broad knowledge of ways how traditional institutions conduct their business. 31.2% valued their higher safety. 32.6% of respondents enjoyed the possibility of direct contact with other people. 5% of respondents believed that traditional institutions have no advantages.

When asked about personal opinion in which areas traditional institutions supersede FinTechs, respondents rendered the following answers:

- In the case of doubts, one can ask directly an employee instead of reading long and complicated statutes or manuals,
- Helplines of FinTechs are often busy,
- Currently, banks offer almost the same services as FinTechs,
- Traditional institutions provide better customer service,
- Traditional institutions provide quick and straightforward solutions to problems without redirecting clients to various helplines.

At the end of the survey, we asked which institutions our respondents trust more: FinTechs or traditional institutions. Only 8.5% of respondents responded that they trust more FinTechs. 31.9% of respondents trust banks, 61% trusted equally FinTechs and banks.

72.3% of respondents believed that FinTechs would have a positive impact on financial services markets. Only 2.1% of respondents believed that this impact would be negative. 4.3% believe that this impact will be neutral. 24.8% were unable to determine this impact.

When asked about the future development of relations between banks and FinTech companies:

- 28.4% of respondents believe that traditional institutions will lose 20% of their market,
- 36.2% of respondents believe that many traditional institutions will disappear from the market; others would,
- 50.4% of respondents expected cooperation between banks and FinTech companies.

The next set of questions concerned cybersecurity and the risks involved in using Internet technology. 83% of respondents knew about cyberattacks, 56.7% knew the risks of dealing with large files of data, 52.5% knew that some of the services offered by FinTechs are not provided directly by the company that is selling them, but by unknown, often new and small anonymous to final users, company. 29.8% of respondents believe that low control of FinTechs exerted by the government and state financial supervision systems may pose a risk to the financial stability of Poland. 63.1% of respondents were aware and afraid of leaking their personal data into unauthorized hands (persons or institutions). 39.7% had doubts about the trustworthiness of such companies. 57.6% of respondents were concerned with the security of FinTech services and applications.

When we asked about the application of the proper security systems on the computers of our respondents, only 61% use complicated and long passwords, only 33.3% of respondents use firewall different than internal Windows firewall, only 63.4% use any antivirus software, only 11.3% use anti-malware programs, 15.6% of respondents used VPN services. 14.2% of respondents answered that they do not use any protective measures.

87.5% of respondents believed that FinTechs should be under the same supervision as traditional institutions, 100% thought that FinTechs make their lives easier, 88.2% believed that their trust in FinTechs increased during the last period (the Covid virus pandemic). Only two respondents believed that during the COVID pandemic, faith towards FinTechs did not change, 11 could not tell, and the rest of the group thought that the pandemic and lockdown increased confidence in FinTechs significantly.

Summary and conclusions

Being aware that our research sample was not representative and that we only surveyed the people who knew quite well how to use computers and the Internet, we believe that survey results provide at least partial evidence supporting both research hypotheses. 98% of the surveyed respondents, independently of their age, used at least one FinTech service. Only 5.6% of respondents did not believe that the COVID pandemic increased confidence in FinTech companies. Survey results also show that in 2021, that is, after the COVID lockdown in Poland, respondents used far more FinTech services than money transfers. They could even enumerate several FinTech companies, which were not given as examples in the survey. Therefore, we cannot reject either of the hypotheses formulated at the beginning of the paper.

Our research shows (Table 1, Fig 2) that when it comes to the popularity of using various sectors of the FinTech market, it is as follows (when it comes to using services):

- (1) Transfers and cash payments,
- (2) Foreign exchange platforms,
- (3) Crowdfunding,
- (4) Investments,
- (5) Corporate finance services,
- (6) Insurance,
- (7) Online lending.

Table 1 summarizes the results discussed earlier in the article. As expected, the most popular and used almost by all respondents were payments and monetary transfers; however, many people used foreign exchange platforms (especially Revolut being popular in Poland). The third most popular sector was crowdfunding, being used by over 1/3 of respondents. In the fourth place, respondents used investing services (22% of respondents actively used these services). FinTechs classified as “corporate finance services,” including cash management and budgeting, were used by 8.5% of our respondents. At the bottom of the table, one can see insurance with 5% of respondents and online lending, which was used by 2.8% of the respondents.

Table 1: The popularity of various FinTech sectors in Poland

area of the FinTech market	used	know
payments and monetary transfers	97.9%	97.9%
corporate finance services	8.5%	8.5%
online lending	2.8%	67.4%
investments	22.0%	59.6%
crowdfunding	39.7%	97.9%
insurance services	5.0%	26.2%
foreign exchange platforms	48.9%	87.9%

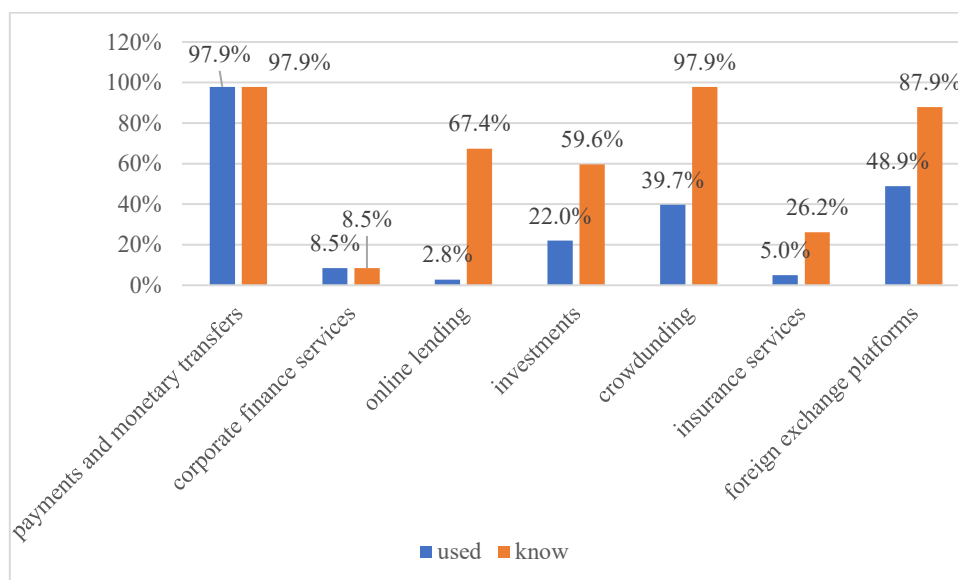


Fig 2. Frequency of using various FinTech services in Poland, source: Table 1.

Recommendations for policy changes

Survey data show the shallow consciousness of Polish respondents concerning internet security and the necessity to follow specific security protocols. Long and complicated passwords do not cost any money; they only require some effort from the person. Yet, 39% of respondents did not use passwords that are difficult to break. Only 33.3% of users had installed any firewall; fortunately, the Windows operating system has an internal firewall that protects the user better or worse. An alarming 36.6% of respondents did not use any antivirus software. Finally, 14.2% of respondents did not use any protection when browsing the internet. These statistics show a low level of awareness of danger. Perhaps one of the reasons for such a frivolous approach is the prices of firewall, anti-virus, or anti-malware programs, but many free software versions can be used on any computer.

We believe that this would be the first of our recommendations. The government should run a campaign that shows the scale of damage and consequences of cyberattacks and, broader, encourage using some protective software.

The second recommendation is based on the respondents' opinions, which show that they use FinTech services for convenience and lower prices, but at the same time, they are aware and worried about the level of security of such companies. Respondents would like FinTechs to undergo the same control as banks. One can only wonder whether it is possible to introduce strong national control over the FinTech industry, which would be similar to the one exerted over the banking sector and at the same time maintain price competitiveness. Considering the latest closures and police investigation of some Polish cryptocurrency trading platforms, we believe that our respondents are correct that the market requires stricter regulations to avoid such situations in the future.

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