

# **Retail Banks and Retail Chains Cooperation for the Promotion of the Cashless Payments in Poland<sup>1</sup>**

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## **Abstract**

**The purpose** of the paper is to identify and analyse the activities aimed at promoting the cashless payments, realized in Poland by retail banks and card issuers in cooperation with retail chains. **Specific goals** include an indication of the scale and scope of the use of cashless payments and the determinants of their development in Polish conditions. It is assumed that the comprehensive and multidirectional promotional activities implemented by supply-side stakeholders of both sectors contribute to customer education. They shape the consumer awareness, positive attitudes and improve the motivation to use cashless payments. It is assumed that analysed activities are based on information and financial incentives.

The promotional activities used to stimulate the use the cashless payment are the subject of this research. The retail banks and the issuers of payment cards (e.g. Visa, Master Card) and their associated retail chains are the research entities. In spatial dimension, the paper refers to Polish conditions. The time range includes the years between 2012 and 2015. The paper applies secondary research in the form of critical analysis of literature, with the use of documentation method and materials from both studied sectors, including the analysis of activities of selected entities, the leaders in application of the promotional activities (**case research method**).

**Key words:** Retail Banks, Retail Chains, Cashless Payments, Promotion, Cooperation

## **Introduction**

The policy of commercial chains towards different suppliers plays a very important role in development of their competitive advantage. According to the theory of transactional costs, retailers will look in this sphere for cooperation with such suppliers that allow them to pursue flexible and competitive policy of sale. Certainly retail banks are able to make the offer of retail chains more competitive for customers through cashless payments. The idea aims at integrating the retailers' goals with goals of cooperating banks and also creating value for customers. The paper refers to transaction theory as a theoretical background but also to the model of added value developed by M. Porter and M. Kramer in theories of strategic management.

### **1. Strategies of cooperation between retail and banking sector and their determinants**

The strategy of cooperation is understood as the relationship between the parties that is not definitely defined in the form of a detailed contract strictly determining all the rights and obligations of partners (Hyvonen, 1983). The strategy of cooperation determines long-term goals of an enterprise that correspond to general direction of activity, and also show allocation of resources that are necessary for accomplishment of assumed goals (Bensou, 1992). Growing demands of customers and intense competition on retail and banking market become the reasons for introduction of changes in the approach to comprehensive strategy of retail chains (Gilbert, Sumner 2004).

Customers and suppliers, or establishment of relationships with customers and suppliers in particular that allows for achievement of competitive advantage, are the key

elements of this strategy (Wathne, Heide 2004; De Wulf, Odekeren-Schroeder, Iacobucci 2001).

Target market and thus customers who do shopping, are in the centre of interest of every enterprise (i.e. the one applying marketing concept, because there are also enterprises implementing other concepts of activity / business models). Therefore commercial chains operating in Poland look for ways to create commercial offer that will allow for maintenance of existing customers and acquisition of the new ones (S.Shajahn, 2006). Detailed recognition of demands of target segments ought to result in creation of commercial offers satisfying final customers (Deepak Sirdesmukh, Jagdip Singh, Barry Sabol, 2002). The offer for individual customer may become attractive if suitable sources of purchase are provided (in the case of trade, they are suppliers of ready products that offer expected value that is guaranteed for example by chain private brand products). Hence indication of suppliers as partners, who enable in practice, development of competitive market offer (Chen, Ching-Lian, 2009, John T. Mentzner, Soonhong Ming, Zach G. Zacharia, 2000). It ought to be emphasised that banking sector is becoming an important partner of retail chains to a great degree.

## **2. Cashless payments in the context of value for customers**

Cashless transactions concern financial settlements in which both parties to the settlement have a bank account and there is no cash on any stage of the settlement (Narodowy Bank Polski [*National Bank of Poland*], Związek Banków Polskich [*Association of Polish Banks*], Koalicja na Rzecz Obrotu Bezgotówkowego i Mikropłatności [*Coalition for Cashless Turnover and Micropayments*]: *Strategia rozwoju obrotu bezgotówkowego w Polsce na lata 2009-2013 (projekt)*[*Strategy of development of cashless turnover in Poland for 2009 to 2013 a project*])). Cashless payments allow for performing many types of transactions without having cash, e.g. payment by credit card in shops or online stores (*Elementy finansów i bankowości* [*Elements of Finance and Banking*], 2007, pp. 265-269). Card instruments include prepaid, debit, credit and charge cards. On the other hand, cashless electronic instruments include electronic money transfers (Home banking) and payment orders (Jaworski, 1998).

This type of payments provides a lot of benefits for the consumers and the supply-side entities – retail chains (merchant card) and retail banks. Cashless payments make the purchases easier for customers. Customers, while paying by card can use a safe form of crediting. The possibility to obtain a return of a part of expenses for this type of purchases or loyalty programs and discounts at many sellers (e.g. Payback) is a new benefit accompanying card payments. Release from payment for keeping an account in return for making a defined number of payments by card in a month is also an important value (Kozłiński, 2013, pp. 113-121). Cashless payments stimulate sales in retail chains, both with respect to their number and the value (Chatterjee Rose, 2011). In the case of loyalty credit cards, they also contribute to formation and strengthening of long-term relationships with customers (Rupik, 2015). Acceptance of payment for purchase made by card is not a cost for shop owners any longer, but first of all a chance for development of their activity. Increase in the share of payments of this type represents for the banks reduction of costs resulting from cash-related services, reduction of loss resulting from cash-related crimes and additional profits from interchange fees. This contributes to increase in profits of the retail banking sector (Kiezel, 2013, pp.48-59).

Despite the rise in the popularity of the cashless payments in Poland, there are still some barriers that may limit their use. These include, for example, insufficient number of card acceptors, fear of the risk and fear of security of conducted transactions, consumer habits, and

the lack of the knowledge about the rules of the use<sup>2</sup>, or the possible benefits (Polasik, Maciejewski, 2009). Not only expanding acceptance network is necessary for development of cashless turnover but also financial education of consumers and acceptors. Lack of feeling of security while making payments in commercial outposts shows the need of general education of customers in this sphere and the necessity of real increase of security of these transactions (Górka, 2012, pp. 24-26). Indicating advantages and benefits resulting from these transactions for interested parties is also vital. Appropriately conducted promotional activities aimed at interested target groups are helpful in this sphere.

The years between 2013 and 2015 brought promotional activity serving popularisation of cashless payments on an unprecedented scale in Poland. Visa and MasterCard are in particular really engaged in this type of actions. They involve not only banks but also various enterprises, particularly commercial chains. In the case of Visa, it is associated with a project under the name „Kartą Visa zapłacisz wszędzie” [„*You will pay everywhere by Visa*”] that was unique in Europe. It was started at the beginning of 2010 and aimed at development and modernisation of the acceptance network for payments made by cards. The project is managed by Polish banks together with Visa Europe and is based on subsidising, by the banks of Visa card issuers, new terminals operating cards of all systems. Visa Europe member banks in Poland invested Euro 30 million in this program.

### 3. Cashless payments as one determinants of retail chains competitiveness

Direct studies of individual customers of retail trade chains functioning in Poland were performed in 2012. The goal of the studies was to identify factors that create attractiveness of commercial chains for customers. Considering the fact of active involvement of commercial chains in marketing activities, it was assumed that the knowledge about the needs and behaviours of individual customers is an important determinant stimulating these chains to develop marketing activity.

The studies were performed with the use of two methods: direct studies of individual customers and methods of observation of selected practices applied by commercial chains. It was assumed that retail trade chains acquire knowledge about customers that is the foundation for creation of commercial offer for them. Primary studies were conducted in the form of internet survey in which the questionnaire was the tool (Z. Kędzior, 2005). There were 29 substantive questions in the questionnaire and five concerning respondent's particulars. The questions concerned global and local factors as well as factors associated with new technologies including cashless payments. It was conducted among consumers using commercial chains. The survey was performed between 5th November 2012 and 12th December 2012. 1591 respondents took part in the survey and majority were women (which also corresponds to the profile of the consumer doing shopping in retail outposts). The studies were performed in all voivodeships in Poland. It also results from conducted studies that food buying behaviours of Polish people are determined by numerous factors that determine attractiveness of particular places, tab. 1.

**Tab. 1 Determinants of selection of a particular commercial outpost**

Determinants of selection of a particular commercial outpost	Number of indications	Rate (in %)
Good location (there is no problem with access to the shop)	1106	<b>69.52</b>
Competitive price offer	1085	<b>68.20</b>
Wide assortment offer (foreign and domestic products)	1036	<b>65.12</b>

<sup>2</sup> Knowledge encompasses data and information. Customer data may refer to, i.e. terms of purchase, methods of payment, number of hits on a corporate website (Koniorczyk, 2015).

The cheapest offer in the closest neighbourhood	901	<b>56.63</b>
Possibility to pay by card or there is a cash point nearby, trolleys are comfortable, there are self-service cash registers, etc.	742	<b>46.64</b>
Constantly extended offer and the offer adjusted to my needs (for example introduction of new assortments to the offer, the shop follows the fashion, traditions, etc.)	603	<b>37.90</b>
I have the possibility to buy goods of Polish producers	579	<b>36.39</b>
Possibility to pay by credit card	526	<b>33.06</b>
There is a wide choice of Polish brands in the assortment	457	<b>28.72</b>
Employees' behaviour corresponds to my expectations, I have the impression that they are trained	411	<b>25.83</b>
Satisfaction of expectations with respect to technical solutions (it has a modern car park)	388	<b>24.39</b>
Clear offer against competitors' offers (price comparison of the so-called purchase basket)	376	<b>23.63</b>
The way of organisation of the sale process meets my needs	373	<b>23.44</b>
Introduction of the category of products that are hardly known in my environment (for example exotic fruit, products of loyal exotic cuisines)	300	<b>18.86</b>
Selling area is changed in the way to make the store look more modern	271	17.03
Categories of products for the poorest (resulting from the global crisis)	246	15.46
Actions that allow for cheaper buying, for example lucky Wednesdays in Real, discounts for pensioners on a particular day of the week, etc.	228	14.33
Innovative solutions in sale of products, i.e. self-service cash registers, possibility of unassisted weighing of products, online sale, etc.	213	13.39
Possibility of getting accurately acquainted with the offer on the Internet	202	12.70
Modern, global look (product display, shop fitting, atmosphere of selling)	196	12.32
Loyalty programs (i.e. loyalty cards, buying vouchers)	196	12.32
Fashionable, global products (the so-called „cool”, „trendy”)	168	10.56
Possibility to return the product	162	10.18

Source: Own case study

Analysing determinants of choice of a shopping outpost that the respondents follow while choosing the place to buy FMCG products, we can distinguish four groups of factors.

The first group is composed of determinants that are most frequently indicated by over half of the respondents (more than 50% of indications). It includes: good location (69.52%), competitive price offer (68.20%), broad assortment offer (65.12%) and the cheapest offer in the nearest neighbourhood (56.63%). Those are very obvious determinants.

The second group includes determinants indicated by over 30% of respondents. They are the possibility to **pay by credit card or location of a cash point nearby, or facilities in the place: 46.64% indications**, constantly expanded assortment offer adjusted to consumers' needs – 37.9% indications and **the possibility to pay by credit card – 33.06% indications**.

The third group includes determinants indicated by more than 20% of respondents. The fourth group of determinants that are the least important for customers. It results from presented studies that the possibility to make cashless payments is increasingly more important for customers of retail chains.

#### 4. The role of cashless payments in creating value for customers – case study

Realisation of particular parts through which assumed hypotheses were verified, included the following set of analytical tools: factor analysis, interviews with managers of commercial chains and analysis of case studies (the so-called best business practices) (Case study research method is applied according to the standard described in: Yin, 2003), which corresponds to methodology of both qualitative and quantitative studies. Case research

presented beneath show examples of cooperation started in Poland by commercial chains, card issuers and banks for the purpose of popularisation of knowledge about benefits offered by cashless payment. They include financial education of consumers and acceptors and suggestions for additional benefits in the form of periodical actions of sales promotion that aimed at popularisation of cashless payments and activation of the scale of their use by customers.

Practices in the sphere of the aforementioned cooperation while conducting promotional campaigns implemented between 2013 and 2015 were identified and presented. It is a very topical issue because an action concerning this subject area profile and such intensity had not been conducted before. It is also vital because of great compliance with the assumptions of Program for Development of Cashless Turnover in Poland for 2014-2020 (*Program rozwoju obrotu bezgotówkowego w Polsce na lata 2014 – 2020 [Program for Development of Cashless Turnover in Poland for 2014 – 2020]*. Part 1 Strategic document, 2013, pp.10 i 13-14).

#### 4.1 Visa Europe – case study

Within the strategy of acceleration of cashless turnover development, in April 2014, Visa Europe organisation started the second edition of Poland-wide campaign promoting cashless payments entitled „**Promocja unpominkowa Visa**” [„*Visa present promotion*”]<sup>3</sup>. Encouraging consumers to make payments by cards was conducted in the same way as in 2013 on the basis of development of cooperation with retailers. Direct influence on final buyers for the purpose of making them use a product is observed in majority of activities of this organisation. It is an equivalent of pull strategy. Within this action every customer making payments for petrol in one of over 460 BP chain petrol stations by Visa card, regardless of the value of transaction, received a promotional code. It allowed for getting a discount or free gift from a partner in promotion, after it was sent by SMS message or e-mail. It could be up to PLN 50 discount for the next shopping in Carrefour or Praktiker for the purchase of over PLN 300, a ticket for a reduced rice of PLN 10 for the show in Multicinema from Monday to Friday, USB memory stick of 8GB size for the purchase of at least PLN 300 in Avans chain, 20% discount for clothes and shoes in Intersport chain or „3 for 1”, e.g. three pizzas for the price of one in Telepizza chain. The more times the customer paid with Visa card for the fuel at BP station, the more gifts he could get. The possibility of free choice of a partner in promotion by the customer, the offer of which they wanted to use, was an innovation and additional profit of the promotion of 2014. A year before, when the action was held for the first time, every payment made by Visa in Carrefour was awarded with randomly selected gift to be collected in indicated partner chain.

The campaign aimed at showing consumers the benefits resulting from cashless payments and encouraging them to pay by card instead of in cash withdrawn from the ATM with the use of card. Both campaign editions brought organisers satisfying effects in the sphere of educating the consumers and showing them how easy and beneficial it is to pay by card. It was also successful in appreciating the results of campaign by commercial partners that wanted to participate in promotional activities together with banks, and organised by Visa Europe. Presented activities were supported by intense promotional activities. Apart from advertising in many radio stations (including Eska, Radio Zet, RMF and Trójka), there were large format advertisements on external billboards near stations that encouraged Visa card holders to visit BP petrol stations. They informed about promotion, its partners and gifts. The workers of petrol stations were wearing T-shirts with BP and Visa logotypes. Information

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<sup>3</sup> [www.visaeurope.com](http://www.visaeurope.com); [visa.pl/bp](http://visa.pl/bp)

about promotion in the form of a sticker saying „here you will collect a gift”, among others were placed near checkout counters and they were also found in outposts of partner chains. The banks that were Visa card issuers also informed their customers about the campaign.

The **promotion with Carrefour chain** was another stage of Visa strategic program consisting in cooperation with commercial chains and e-retailers. Its goal was to accelerate the development of cashless turnover in Poland and it was conducted for a month between 18th August and 19th September 2014<sup>4</sup>. Within this action the customers of Carrefour hypermarkets and Carrefour Market supermarkets while paying by Visa card for buying products of Carrefour brand of the minimum value of PLN 100 obtained a discount e-Voucher of the equivalent of 10% (up to PLN 30) for the next shopping in all stores of this chain (the vouchers could be cashed until 30th November 2014)<sup>5</sup>. In this campaign great emphasis was put on its complex promotion in the store premises displayed from the entry to the checkout tills through posters, leaflets or badges „Pay by Visa and get 10% discount for products of Carrefour brand” worn by the staff. Special tags with Carrefour and Visa logotypes were used for clear marking of shelves with products of Carrefour brand. Information was placed on PIN-pad screens of POS terminals, on ATM screens located in premises of the store, and on the Internet page as well as in store catalogues within supporting marketing activities. In 2014 Visa Europe also closely cooperated in the sphere of promoting card payments for purchases made online from Allegro, Merlin.pl or Internet stores belonging to RTV Euro AGD among others.

In 2015 Visa Europe initiated another Poland-wide campaign, this time in cooperation with commercial chain Biedronka and Orlen petrol station under the slogan „**Pay by Visa in Orlen petrol stations or in Biedronka stores and choose your reasons to be happy!**”<sup>6</sup>. In the period between 18th May and 28th June 2015, people paying by Visa card or smartphone with virtual Visa card were collecting receipts with special codes for buying in these two outposts. After they were activated with text message or after registering on dedicated Internet webpage, they offered discounts in specified outlets. It was important that a minimum level of expenditures was not determined. The promotion guaranteed receiving 25% discount on selected product in C&A chain, 20% discount for clothes and shoes in Intersport chain or 3 small or medium pizzas for the price of 1 in Telepizza chain among others. After activation, the code was valid until 31st July 2015. If the code holders could not use it, they had the chance to give it to another person, e.g. family members or friends. The range of the campaign was really large. It included in total over 4 thousand stores of Biedronka and Orlen chains. In the assumptions of the campaign creators, thanks to extensive marketing support, the information reached over 90% Polish people who, as a result, were supposed to take advantage of Visa card payments more frequently. Within promotional actions on a large scale both Biedronka stores and Orlen petrol stations were suitably marked and the workers of both chains were encouraging the customers to make payment by Visa and take part in the promotion. Furthermore, the workers of Orlen petrol station were wearing special badges informing about the promotion. On the other hand, in Poland-wide television (including TVP, TVN, Polsat and in thematic stations such as Discovery or AXN channels) a 30-second advertising spot encouraging to take part in promotion was shown. The banks that were Visa card issuers also informed their customers about the promotion. A lot of them reserved their communication channels for this purpose (including screens in ATMs, space on www sites and e-mailing channels).

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<sup>4</sup> <https://www.visa.pl/o-nas/aktualnosci/visa-promuje-p-atno-ci-kartami-w-polsce-wsp-lnie-z-sieci-bp-i-grup-partner-w-handlowych>

<sup>5</sup> [www.carrefour.pl](http://www.carrefour.pl); [www.visa.pl](http://www.visa.pl)

<sup>6</sup> <http://media2.pl/reklama-pr/122585-Rusza-wielka-promocja-platnosci-bezgotowkowych-Visa-w-Biedronce-i-na-Orlenie.html>

A new interesting project was planned to be implemented by Visa at the end of holidays 2015. It was a discount program, or actually a context offer platform. In its assumptions, every holder of a card with the logo of this organisation, regardless of which bank issued their card could register the card on a special Internet page and then they could make use of customised discounts, available in commercial outposts of the system partners. Discounts were calculated automatically, there were no vouchers or cards. The customer simply paid by card in the store and the cashier calculated the discount granted by the program after analysing buying profile of a particular customer. Visa did not state how they would inform the customers about discounts available for them, although it could be supposed that providing the telephone number would probably be an element of registration. Therefore push notifications and SMS messages were supposed to come into play<sup>7</sup>.

A six-week' long multidimensional promotional campaign „**Try something new with Visa**” conducted between 27th February and 9th April is the first campaign that applies new visual brand identification and also a new slogan of „**Visa always on**”. They were presented in Poland as one of the first countries in Europe. The new graphic identification that is composed of elements spinning around Visa logo reflects the presence of organisation in the very centre of payment eco-system that is formed of banks that are Visa card issuers, settlement agents and retailer. It encourages Visa card holders to pay by them both in brick-and-mortar premises and in online stores. A contest encouraging Visa card users to take a new challenge in their life and use Visa card while implementing it, share their photos and video films that document what they have achieved. Additionally, in four selected cities in Poland, people visiting commercial centres will have a chance to face the so-called augmented reality<sup>8</sup>. The promotion is supported, among others, by promotional campaign on television that started on 19th June 2015. It includes showing advertising spots in three versions, 60, 20 and 15 second long in Poland-wide television stations (Polsat and TVP), thematic channels (including Polsat News, TVN24, TVP Sport) and through internet media (including portals of the largest range – YouTube.com, Onet.pl, Wp.pl or Gazeta.pl; also in mobile versions) among others. The campaign will also include Polish profile of Visa Europe on Twitter@VisaEurope\_PL<sup>9</sup>.

#### **4.2. MasterCard Europe – case study**

MasterCard approached stimulating cashless payments from acceptors' side. It can be assumed that thereby, in these activities, it applied the option of **push strategy** consisting in active product promotion and pushing it by agents that form a special kind of links in distribution chain. **Large Merchants Interchange Program** started by MasterCard aims at encouraging the largest acceptors operating in Poland who attend the largest number of transactions on market to promote cashless turnover more actively. A new reduced rate of interchange fee that MasterCard introduced from 1st July 2015 is the key element of the program. It amounts to 0.3%. Reaching PLN 3 billion of annual turnover and transactions with cards with MasterCard and Maestro logo on the level of 22.5% is the condition for participation.

MasterCard also prepared attractive terms for those commercial chains that did not accept payments by card before. They will be able to benefit from program privileges i.e. lower interchange fee rate during special 2-years' transitional period. Within this initiative,

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<sup>7</sup> <http://samcik.blox.pl/2015/05/Nadchodza-sprytne-programy-lojalnosciowe.html>

<sup>8</sup> <https://www.visa.pl/o-nas/aktualnosci/kampania-promocyjna-spr-buj-czego-nowego-z-visa->

<sup>9</sup> <http://prnews.pl/wiadomosci/visa-zawsze-wszedzie-roz poczyna-sie-nowa-dlugofalowa-kampania-visa-europe-3364788.html>



MasterCard will co-finance the purchase of mobile POS devices if they perform proximity functions<sup>10</sup>.

A similar line of activity is represented by MasterCard **Program Rozwoju Handlu Elektronicznego** [*Program for Development of Electronic Trade*]. It is aimed at current and future owners of e-stores integrated with Payeezy<sup>SM</sup> payment system. Thanks to participation in the program, entrepreneurs can reduce the service charges for transactions conducted by customers by means of MasterCard cards by 0.19% for debit cards and by 0.29% for credit cards (previously commission rates for credit cards amounted even to 1.5%). Apart from lower commissions, stores can take benefit of preferential terms while concluding agreements on implementation of Payeezy platform. There is no fee for implementation and for license and support of specialists for 24/7<sup>11</sup>. Thanks to this, accepting payments by cards has become even more attractive for retailers. This can make them encourage customers to make more frequent payments for shopping online with the use of payment card.

MasterCard is also organising a Poland-wide series of seminars entitled „**Kartą się oplaca**” [„**It pays with the card**”] in cooperation with Związek Przedsiębiorców i Pracodawców [*Association of Entrepreneurs and Employers*]. They are included in the Program MasterYourCard that is aimed at small and medium-sized companies that do not accept cashless payments yet. The goal of the seminars is to persuade to accept cards and to help in preparations to implement this form of payment. Benefits resulting from application of payment terminal, including more efficient customer service and increase in turnover and growth of income are emphasised there. Consumers using cashless payments buy more because they are not limited by the amount of cash they have in their wallet. This is confirmed, among others, by research of Narodowy Bank Polski [*National Bank of Poland*], according to which a mean value of transaction is almost 3 times higher than in cash (PLN 83.40 and PLN 28.40 respectively)<sup>12</sup>.

„**Plać kartą i wypłacać**” [„**Pay in cash and withdraw money**”] for cashback service is a reflection of MasterCard promotional action aimed at final card users (pull strategy). It has been present in Poland since 2006 but until recently there were not explicit promotional and informative actions that might increase its awareness among consumers and entrepreneurs. At the beginning of 2014 MasterCard started the first stage of information campaign that aimed at explaining what it was about. Since November 2014 until July 2015 the second stage of the campaign was conducted. Its goal was to inform where we can withdraw cash while doing shopping. The campaign included the press, i.e. Newsweek, Polityka, Gazeta Wyborcza, Dziennik Gazeta Prawna, Rzeczpospolita, Puls Biznesu, Hurt&Detal and internet (finanse.wp.pl, gazeta.pl and natemat.pl), outdoor carriers such as citylights, frontlights, infoscreens in the underground and LED screens placed in shopping malls and also social networking portals, mobile and digital channels<sup>13</sup>.

Cashback service offered by MasterCard enables cash withdrawal up to PLN 300 from the store tills while making payment for shopping by card (withdrawals are confirmed by PIN code). They can be made by holders of all debit cards and some credit cards. The cash can be withdrawn from tills in Carrefour super and hypermarkets, deli stores, e.g. Alma, in

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<sup>10</sup><http://www.wprost.pl/ar/447222/MasterCard-zacheca-duze-sieci-handlowe-do-promocji-obrotu-bezgotowkowego/>

<sup>11</sup> According to Narodowy Bank Polski [*National Bank of Poland*] in the first quarter of 2015, over 3.5 million transactions were made by card online for the total amount exceeding PLN 622 million. In wallets of Polish people there is already over 14 million MasterCard cards. These data prove a large potential of card payment in the network for Polish eCommerce sector.

<http://prnews.pl/wiadomosci/nizsze-prowizje-za-obsuge-e-patnosci-kartami-mastercard-3376086.html>

<sup>12</sup> <http://www.kartasieoplaca.pl/>

<sup>13</sup><http://newsroom.mastercard.com/eu/pl/press-releases/rosnie-popularnosc-zasieg-uslugi-mastercard-plac-karta-wypłacaj/>

newsagents' and also small local shops (Freshmarket, Żabka, Krakowski Kredens, Małpa Express), petrol stations (Orlen and Bliska), and in RTV /AGD (radio, television and household equipment) (Media Markt and Saturn) stores. This service is particularly useful in places where ATM network is not well-developed.

## **5. Impact of promotional campaigns of banks and commercial chains on development of cashless payments – findings**

In the context of measurement of the degree of cash turnover two measures are most often provided. The share of cash transaction in the total number of retail transactions is the first one and the second is the quantitative share of cash transaction in the whole of payment turnover in Poland. According to research by NBP [*National Bank of Poland*] of 2013 the first rate amounts to 81.8% whereas the second one 79.9%. In the case of the rate illustrating the share of cash transactions in total payment turnover in Poland it can be referred to similar numbers in other countries. It is shaped on the following levels: Germany (60.8%), Great Britain (45.3%), Sweden (38.3%), Finland (26.1%) and the mean for European Union is 59.7%. Comparison of this data proves that in Poland it is on high level (although in Austria, according to research by European Commission, it was 85%) (Kozłiński, 2013).

However, despite these results, cashless payments are developing in Poland very dynamically. Reports presented by NBP [*National Bank of Poland*] show an explicitly growing trend in the sphere of cashless payments. Comparison of data from 2013 and 2014 confirms clear development of payment infrastructure and popularisation of payment card as a payment method in Poland.

Nearly 30% increase in the number of transactions made by card on the level of 1,420 billion in 2013 to 1,837 billion in 2014 is particularly interesting. In the same period the value of payment by card in Poland increased by 18% and reached in 2014 PLN 144.6 billion whereas in 2013 it was PLN 125.6 billion. Access to card payments has also increased. At the end of 2014 already over 295 thousand outposts and over 10 thousand online stores had access to this form of payment which represents increase in comparison with 2013 by over 16%. In 2014, the number of payment cards issued in Poland exceeded 36 million while reaching the annual growth by around a million four thousand cards<sup>14</sup>.

According to data of Związek Banków Polskich [*Association of Polish Banks*] the way in which payment cards are used by Polish people is constantly changing. With respect to the number, people use them to make cash payments (e.g. cash withdrawal in ATM) increasingly less frequently. In the first quarter of 2015 cashless transactions constituted already over 75% transactions made in the total number of card transactions (even though cash transactions constituted around 64% of the value of all transactions). However, long-term trends show growing importance of cashless turnover<sup>15</sup>.

Polish people more and more willingly use payment cards. Acceptance network is still smaller than in other countries of Western Europe but it is constantly growing. Changing technology, new products offered by suppliers of terminals, regulatory changes and promotional actions offering customers additional bonuses resulting from active use of cards to make payments and increasing their knowledge on the subject of possible benefits are the driving force here.

Organisers of promotional action „Płać kartą i wypłacaj” [„*Pay by card and withdraw money*”] (conducted twice in 2014 and until July 2015) assumed that promotional campaign shall contribute to popularisation and more frequent use of payment cards. The studies show

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<sup>14</sup> <http://prnews.pl/wiadomosci/rynek-platnosci-bezgotowkowych-w-polsce-sukcesywnie-rosnie-3314779.html>

<sup>15</sup> NetB@nk, Raport bankowość internetowa i płatności bezgotówkowe I kwartał 2015 r. [*Report on Internet Banking and Cashless payments 1st Quarter of 2015*], ZBP, Warsaw 2015, p.18

that they managed to attain this goal. According to Narodowy Bank Polski [*National Bank of Poland*] at the end of 2014 there were around 72 thousand outposts giving access to Cashback service. This represents increase by 140% in comparison with the end of 2013 (around 30 thousand outposts). The number and value of cash withdrawal within this service also increased. In the first quarter of 2015 Polish people withdrew money from tills in stores over 1.49 million times that is by 71% more often than in the last quarter of 2013. The value of cash withdrawal within cashback increased in this period by 67%. In the first quarter of 2015 Polish people withdrew in this way over PLN 157 million (Narodowy Bank Polski [*National Bank of Poland*], Informacja o kartach płatniczych – I kwartał 2015 [*Information about payment cards – first quarter of 2015*]).

Data of NBP [*National Bank of Poland*] found their reflection in results of study conducted in February 2015 by Mobile Cross Media at the request of MasterCard<sup>16</sup>. Almost half of 500 entrepreneurs surveyed by CATI method (48%) stated that their customers withdrew money within *Plać kartą i wyplacaj* [*Pay by card and withdraw money*] more frequently than a year before. Consumers most often withdraw between PLN 51 to 100 from tills (40% of respondents) (although the possibility to withdraw a definite, not necessarily „equal” sum which is not offered by ATMs). More transactions are made on Saturdays and Sundays than on other weekdays. According to entrepreneurs, their customers definitely more willingly make use of *Plać kartą i wyplacaj* [*Pay by card and withdraw money*] when doing everyday shopping (72%). On the other hand 28% customers buy small things just to withdraw money. Among people who use the service, definite majority of them ask about the service availability. Over half (53%) workers or owners of trade and service stores considered implementation of *Plać kartą i wyplacaj* [*Pay by card and withdraw money*] a good idea. Studied entrepreneurs admitted that giving access to the service in their outposts allowed them to gain profits translating into increase in turnover. They gained new customers and enhanced loyalty of those that had already been gained. They also increased their competitiveness.

It can be stated that described practices (section 4) and presented results they have brought, prove the need to develop establishment of closer cooperation between banking sector and commercial chains because it is consistent with target market expectations and contributes to increase in the value obtained by all interested parties.

## Conclusion

Many Polish people do not use financial services yet, and around 80% transactions are still cash transactions. Situations in which bank customers have payment cards but hardly ever use them while making payments in commercial and service outpost, but use them only to withdraw cash in cash points are still common. This situation can be improved by promotional actions conducted by financial institutions and organisations in cooperation with commercial outposts.

The application of pull strategy is one trend of actions mainly cantered on final customers who use cards. It is particularly applied by Visa that implements promotional actions based on financial stimuli in cooperation with leading commercial chains and e-retailers. These discount programs of stores and commercial chains, mostly created for the purpose of gaining new customers or making them used to do shopping with the use of cards, are associated with the fact of making purchase by card. This also contributes to buyers' activation to do shopping with the use of payment cards.

The second trend of actions has educational nature that emphasises advantages brought by the use of payment cards both for entrepreneurs and for final customers. Such an approach

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<sup>16</sup> <http://newsroom.mastercard.com/eu/pl/press-releases/przedsiębiorcy-dostrzegaja-zalety-uslugi-mastercard-plac-karta-i-wyplacaj/>

is specifically applied by MasterCard while encouraging entrepreneurs, within push strategy, to implement payment terminals and applying for this purpose specific information arguments and financial stimuli, i.e. lower commissions. Consequently, commercial outposts while implementing payments for shopping by cards slowly cease to perceive this solution as a cost for the store owner but firstly as a chance to develop their activity.

Program Rozwoju Obrotu Bezgotówkowego [*Program for Development of Cashless Turnover*] in Poland for 2014 – 2020 assumes that until 2020 the share of cashless payments in the total number of retail payments shall reach 36-44%. Narodowy Bank Polski [*National Bank of Poland*], Związek Banków Polskich [*Association of Polish Banks*] and representatives of entities participating in Koalicja na Rzecz Obrotu Bezgotówkowego i Płatności [*Coalition for Cashless Turnover and Payments*], including banks, but also commercial and service enterprises are responsible for its implementation. This forms the framework favouring maintenance and development of current trend of cooperation between banking sector and commercial chains. It also constitutes an important **Managerial Implications** that serve increase in the value gained by all interested parties.

The fact that scientific case studies used to illustrate actions applied by studied entities constitute only a fragmentary outline of this activity constitutes some **limitations** to issues presented in the paper. The focus is made on presentation of the most important issues while ignoring many details of the concept of presented promotional campaigns due to limitations concerning the size of this paper. A more complete description of these actions can be found on aforementioned source websites.

Identification and in-depth analysis of customer attitudes and opinions on the subject of conducted promotional campaigns in commercial chains that participated in them, and their impact on changes in behaviours of Polish people while making payments for shopping is an interesting trend for **further analyses and research**.

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