

# **The Manifestation of the Digital Divide in the Banking Habits of the Hungarian Older Population**

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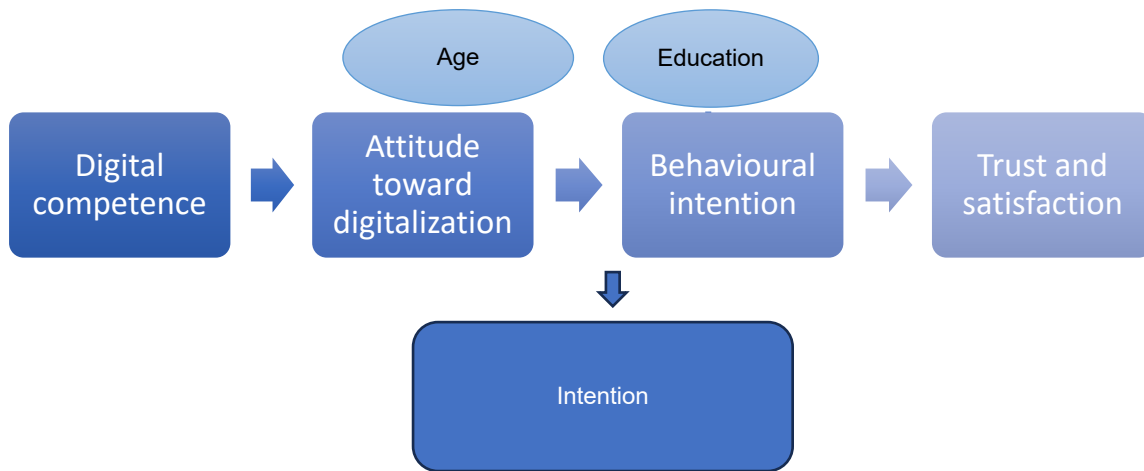
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## **Prepared for the European Population Conference 2026**

The rapid spread of online banking applications is gradually replacing traditional forms of banking. For those who do not adopt these digital solutions, visiting bank branches and conducting transactions in person has become increasingly time-consuming. As a result, customers are being strongly encouraged to use internet banking and mobile banking apps. However, not everyone possesses the digital skills or confidence required to use these tools effectively, particularly older adults aged 65 and above. While many are able to perform basic online activities such as reading the news or using social media, they often face difficulties when carrying out more complex financial operations. This situation reflects the second-level digital divide, which no service provider should ignore—whether in terms of ensuring fair treatment of clients or protecting their own long-term interests.

To investigate this issue, a survey was conducted among more than 300 respondents in Hungary. Although the sample was not representative, efforts were made to include a diverse group of older citizens through face-to-face interviews, telephone interviews, and online self-completion. The results reveal that even among those able to complete the questionnaire online, many continued to experience challenges when using different forms of electronic banking. Moreover, around 10 per cent of the respondents did not have a bank account at all, further demonstrating the persistence of financial and digital exclusion among a segment of the older population. These findings highlight the need for greater attention to digital and financial inclusion in the design and delivery of banking services for older adults, as well as the importance of targeted support to help them adapt to the increasingly digitalised financial environment.

Using the survey results, we constructed a Partial Least Squares Structural Equation Model (PLS-SEM), the relationships of which is shown in the Figure 1.



**Figure 1.** The structure of our model

Figure 1 illustrates the structure of our model, which explores how different factors shape attitudes towards electronic banking. The model proposes that digital access—that is, having an internet connection and suitable devices—enhances digital competence, meaning the skills and confidence required to use online technologies. In turn, this competence influences individuals’ attitudes towards digitalisation. A more positive attitude is expected to strengthen both the intention and the actual use of online banking services, eventually leading to greater trust and satisfaction with these digital financial tools. The variables age and education are included as moderating factors, as they may affect the relationships between digital competence and attitude, and between attitude and behavioural intention. The model is tested using the Partial Least Squares Structural Equation Modelling (PLS-SEM) approach, with comparisons drawn between younger and older adults.

## Conclusions

- The disappearance of the primary digital divide does not imply the disappearance of the secondary digital divide.

- As banks increasingly focus on online solutions for managing personal accounts and create products that are either unavailable or much more difficult to access in physical branches, older generations are placed at a disadvantage.
- Mobile applications pose an even greater challenge for older adults than internet banking does.
- It would likely be worthwhile for banks to develop user-friendly products specifically designed for older clients.
- Educating older people in digital literacy remains important, even if access to the internet and the use of basic functions no longer present major difficulties for many of them.
- As a result of technological progress, the digital divide in old age is likely to be continuously reproduced, and service providers should therefore pay attention to bridging it.