

Consumer perceptions of Internet banking in Finland: The moderating role of familiarity

Katariina Mäenpää^{a,*}, Sudhir H. Kale^b, Hannu Kuusela^a, Nina Mesiranta^a

^a*Department of Management Studies, University of Tampere, FIN-33014, Finland*

^b*Bond University, Gold Coast, Qld. 4229, Australia*

Abstract

Previous research on Internet banking (IB) has mostly been confined to the adoption of online banking services. Now that IB has millions of active users worldwide, it is time to shift the research focus to the perceptions and experiences of IB users. This article examines the moderating role of familiarity, i.e. the amount of accumulated IB experience, in consumer perceptions of IB. A survey of 300 active users of IB in Finland revealed that level of IB familiarity impacted four out of seven service dimensions explored in the research. These findings may provide useful guidelines for developing Internet bank services and for marketing Internet banking.

© 2007 Elsevier Ltd. All rights reserved.

Keywords: Internet banking; Consumer behaviour; Familiarity

1. Introduction

The banking industry has undergone significant operational changes over the last decade, thanks to advances in information technology. The rapid diffusion of the Internet, in particular, has revolutionised the delivery channels used by the financial services industry. Globally, the amount of consumers using Internet banking (IB) has grown steadily from 34.4 million users in 2000 to 122.3 million users in 2004, with most users being from Western Europe (International Data Corporation, 2005). The importance of the Internet in today's competitive and increasingly global banking environment has been widely acknowledged (cf. Bauer and Colgan, 2001; Hughes, 2001; Li, 2001; Mols, 1999; Thorton and White, 2001, 2000), and a growing body of literature now exists on various aspects of online banking (see Akinci et al., 2004).

Factors affecting consumer acceptance and adoption of IB have been at the forefront of academic interest (e.g., Sathye, 1999; Howcroft et al., 2002; Lassar et al., 2005; Lee

et al., 2005; Rotchanakitumnuai and Speece, 2003; Littler and Melanthiou, 2006). However, as the user base of IB surpassed 100 million, it is time for banks to take into consideration also their existing IB users instead of only concentrating on attracting new ones. Thus far, research on IB has not addressed the characteristics and perceptions of existing IB users.

Finland, along with other Nordic countries, was one of the pioneering IB adopters. According to an OECD report, Finland has the highest percentage of e-banking penetration (Christiansen, 2002). In April 2005, 2.6 million consumers or half the total Finnish population used IB on a regular basis (The Finnish Bankers' Association, 2005). To elaborate, only 3% of Finns report paying their invoices at the bank branch, whereas for 66%, the prevailing method of paying their bills is via online banking. Of roughly 700 million credit transfers made during the year 2005, 284 million were made using the Internet (The Finnish Bankers' Association, 2006). We can therefore conclude that the Finns have integrated their bank transactions very well into the online environment. This development has been a natural consequence of Finnish banks' strategic direction toward a multi-channel distribution system. All IB services in Finland are operated by brick-and-mortar retail banks; there are no banks solely based on the Internet.

*Corresponding author. Tel.: +358 40 520 4478; fax: +358 3 3551 6020.

E-mail addresses: katariina.maenpaa@uta.fi (K. Mäenpää), sudhir_kale@staff.bond.edu.au (S.H. Kale), hannu.kuusela@uta.fi (H. Kuusela), nina.mesiranta@uta.fi (N. Mesiranta).

This research investigates the moderating role of familiarity with IB in shaping consumer perceptions along key service dimensions. Given that IB has been available in Finland since the mid-nineties (Mattila, 2001) and that a sizeable number of Finns use these services regularly, Finland offers an excellent context for examining the relationship between consumer familiarity and consumer perceptions of IB. This exploratory study seeks to address three research questions: (1) how do consumers with differing levels of familiarity perceive the various dimensions of an IB offering; (2) do consumers with differing levels of familiarity differ in the extent of IB services used; and (3) are the differing levels of familiarity related to differences in consumer demographics.

2. Familiarity

Consumer familiarity with a product or service is a key component of consumer knowledge (Alba and Hutchinson, 1987; Aurier and Ngobo, 1999). Alba and Hutchinson (1987, p. 411) define familiarity as “the number of product-related experiences that have been accumulated by the consumer.” The authors state that increased product familiarity improves consumers’ cognitive structures and task performance as well as their ability to analyse information, to elaborate upon given information, and to remember product information.

Familiarity has received a lot of research attention in the domain of consumer behaviour. Familiarity affects information processing and consumer decision making, and is thus a central construct with which to explain consumer choice processes (Park and Lessing, 1981; Punj and Staelin, 1983; Johnson and Russo, 1984; Rao and Monroe, 1988; Sherry and Hunt, 2005). Several studies have examined the effects of familiarity on customers’ behaviour, brand evaluations and behavioural intentions (e.g., Coupey et al., 1998; Arora and Stoner, 1996; Dahl et al., 2001; Söderlund, 2002). Familiarity has also been a topic of interest in studies dealing with advertising and branding (e.g., Campbell et al., 2003; Hardesty et al. 2002; Kent and Allen, 1994; Meyers-Levy, 1989).

Prior research on familiarity suggests that its impact on other related constructs and variables tends to be ambiguous and context specific. Johnson and Russo (1984) found out that the role of familiarity varied according to the nature of decision processes; increasing in a judgement task, but depicting an inverted U-shaped curve in a choice task. Punj and Staelin (1983), on the other hand, expected to find a curvilinear relationship between prior memory structure and amount of external information search, but their results did not support this central hypothesis. Rao and Monroe (1988), in their study on using price as an indicator of quality, report a curvilinear relationship between familiarity and price-quality association. In a subsequent study, Rao and Sieben (1992) found that the extent to which price and related extrinsic

information was examined in the determination of quality was the lowest for moderately familiar consumers.

Aurier et al. (2000) related product familiarity with consideration set size. They found an inverted U-shaped relationship between consideration set size and depth of familiarity but a positive linear relationship between breadth of familiarity and consideration set size. Baylor (2001), in his conceptual paper, concludes that development or use of intuition follows a U-shaped model when related to expertise in a subject area. In examining banner ad effectiveness, Dahlén (2001) uncovered a U-shaped pattern of effectiveness among multiple ad impressions with unfamiliar brands, whereas with familiar brands the effectiveness decreased with additional impressions. Given the conflicting evidence on the impact of familiarity across products and decision tasks, it is worthwhile to probe this construct in greater depth and across additional contexts.

3. Familiarity in the Internet and IB context

It is only recently that familiarity (often referred to as user experience) has received attention in the context of Internet and electronic commerce. In the Internet context, familiarity has been loosely operationalised to mean experience in using the Internet in general (cf. Gefen, 2000; Corbitt et al., 2003; Miyazaki and Fernandez, 2001; Pechtl, 2003; Rodgers et al., 2005; So et al., 2005). It is argued that more experienced users tend to search less and be more confident when operating online (Ward and Lee, 2000). In studies with more well-defined scope, familiarity in the Internet context refers to some specific activity, e.g., whether or not the consumer has previous experience in buying on the Internet (e.g., Lee and Lee, 2001; Park and Stoel, 2005; So et al., 2005), or whether the consumer feels familiar with a specific website or vendor (e.g., Flavián et al., 2006; Gefen, 2000; Gefen and Straub, 2004).

Research on familiarity in the Internet context has also investigated the effect of trust in adoption of different online services. According to Gefen (2000), trust is significantly enhanced by familiarity with an Internet vendor (e.g., www.amazon.com) and its procedures for conducting business. As familiarity with the vendor increases so does trust, and the consumer is more willing to make online product inquiries or to purchase products from the vendor website (Gefen, 2000). The level of general web experience has been associated with higher levels of trust (Corbitt et al., 2003). Miyazaki and Fernandez (2001) found out that higher level of Internet experience results in lower perceived risk and fewer concerns regarding system security and online fraud. However, higher level of Internet experience may also give rise to increased concerns regarding online privacy (Miyazaki and Fernandez, 2001).

Studies have also been conducted to assess the impact of familiarity on Internet adoption and usage. Familiarity with the Internet as a communication technology has been suggested as the most important factor favouring online shopping adoption (Pechtl, 2003), and past online purchase

Download English Version:

<https://daneshyari.com/en/article/1029556>

Download Persian Version:

<https://daneshyari.com/article/1029556>

[Daneshyari.com](https://daneshyari.com)