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Internet Banking and the Impact of Seller Support and Third Party

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Abstract

An explosion of new technologies has taken place within the retail environment. More and more service providers have begun to use a wide range of technologies that allow consumers to produce and use the services by themselves, without direct contact from the employees of the firm. However, usage of services in new technologies is rarely problem-free; consumers may encounter obstacles during the interaction. This article examines what influence seller support and the third party, as sources for assistance, has on consumers' usage of SSTs.

Keywords: **Self-service Technology, Social Network, Seller Support**

Introduction

A growing phenomenon in financial services is the use of the Internet as a channel for financial services. The Internet bank usage might however not be easy for the consumers. Consumers' use of Internet banking requires acceptance of the technology, which can be complicated because it involves the changing of behavioural patterns (Meuter *et al*, 2000). Technology, on the one hand, can simplify consumers' understanding of exchange, but on the other hand, it can make consumers' understanding more difficult. Mick and Fournier (1998) identify eight such paradoxes of information technology. Consumers perceive Internet technology as leading to control and chaos, freedom and enslavement, new and outmoded practice, increase and decrease in the feeling of competence, increase and decrease in efficiency, fulfilment and creation of needs, promotion and hindrance of social interaction, and engagement and disengagement. These ambiguities make Internet technology difficult for consumers to understand. To use Internet financial services, consumers not only need to understand the technology, they also need to understand financial services. The complex nature of financial services often renders the task of information search easier than information evaluation (Black *et al*, 2002). The combined effect of consumers' understanding of both the Internet channel and financial services is difficult to foresee, and therefore there is a need for more research in consumers' use of complex services in the Internet.

Research is currently unavailable regarding how contacting a third party or the seller support for assistance affects the consumers' usage of SSTs. This article, therefore, aims to study the differences in SST usage behavior when consumers are contacting a third party or the seller support for assistance.

An outline of the rest of this article is as follows: it begins with a discussion of the consumers' knowledge, which is followed by a discussion of the seller support, the third party and the subjective norm and how it may influence the consumers' behavior. Then the chosen method is presented, followed by a data analysis. Finally, the results are discussed, and managerial implications are presented.

LITERATURE REVIEW

Internet Banking and the Need for Knowledge

The financial sector is an example of where the relationship between buyer and seller is complicated because the services are heterogeneous (Eriksson & Mattson, 2002) and contain an extensive level of uncertainty (Eriksson & Sharma, 2003). Financial services, such as funds, placements, accounts, and mortgages, are often perceived as difficult for consumers to understand, thus complicating the consumers' decision-making process and attaching a high perceived risk to it (Harrison, 2002). If consumers have extensive knowledge of financial services, they are more likely to use Internet-based financial services than consumers with the same level of knowledge of the technology but with less knowledge of financial services. The knowledge of a service influences the use of a technology; consumers who do not have knowledge of a certain service may be uncomfortable purchasing the service through the Internet. Consumers tend to prefer purchasing standardized products over the Internet, whereas complex services are more

often bought in face-to-face interaction (Bobbitt & Dabholkar, 2001). Products that are more often bought on the Internet, include the following: software, books, and music (Bobbitt & Dabholkar, 2001). These products involve little risk in terms of defects, fragility, style, fabric, and color differences; they are also products that consumers have higher levels of experience purchasing (Bobbitt & Dabholkar, 2001).

If consumers lack knowledge about financial services, they may not have the capacity to make favorable decisions based on their presumptions. The lack of financial knowledge may affect an individual's or family's capacity to make a long-term placement, which results in a position that is sensitive to descents in their economy. Research has shown that acquirement of additional information results in improved acting in financial matters (Braunstein & Welch, 2002). According to Mitchel (2002), a lack of financial knowledge may result in two possible scenarios. Individuals who do not understand a product or a service have a tendency to hesitate when they are buying. Consumers who intend to buy despite their lack of knowledge become vulnerable to salespeople who may try to sell them a product or a service that is inappropriate or that they do not need. Neither of these scenarios is good for the supplier of financial services. The first case results in an absent sale, and the second case may result in unsatisfied consumers and increased governance regulation. In the same way that the level of knowledge of financial services may influence the consumers' use of financial services, the level of knowledge of technology may influence the consumers' use of financial services in a technology-intensive context. If consumers learn about financial services, but not how to purchase them, the level of Internet banking usage will not increase. It is therefore important that consumers learn about financial services as well as Internet banking in order to become a regular Internet banking user (Mittal & Sawhney, 2001).

Seller support

However, even consumers who are knowledgeable about the services and the technology may experience occasions when they cannot overcome obstacles on their own and, therefore, need assistance from someone who is more knowledgeable in that particular problem area. In those cases when consumers need assistance, external sources of information are likely to be important in bridging the gaps in the consumers' knowledge. External sources, which provide consumers with information about using the SST, are most often a third party or the seller support. Consumers can transform the information gained from the third party or the seller support into their own personal knowledge. The new knowledge can then serve to bridge the gaps in the consumers' knowledge, which will facilitate future usage of the SST.

Many firms offering their services through SSTs, provide consumers with assistance around the clock, whereas others provide this support for approximately 14 to 18 hours a day. Service firms refer to this support by different names (e.g., support, customer support, customer centers, customer service), but I have chosen to use the term *seller support* as a general term to include all of them. Cleveland and Minnucci (2000) define the seller support as "a coordinated system of people, processes, technologies and strategies that effectively integrates organizational resources and multiple channels of communication to enable customer interactions that create value for the customer and organization." The seller support enables consumers to access the services they want, when they want, and how they want.

Third party influence

Several studies have found that individuals prefer to turn to friends and family members for assistance rather than to strangers or formal agencies (Amato, 1990; Burke & Weir, 1975; Croog *et al.*, 1972). The social network which I in this article refer to as third party, consists of individuals who are connected in some form of contact and have some form of social bonds (Axelrod, 1956). The social network often consists of family members, friends, neighbors, and colleagues (Axelrod, 1956; Bell & Boat, 1957), but the most frequent social contact is with our families (Axelrod, 1956). A social network is "a specific set of linkages among a defined set of persons, with the additional property that the characteristics of these linkages as a whole may be used to interpret the social behavior of the persons involved" (Mitchell, 1969). A social network can be developed from entities around which individuals organize their social relationships; for example, it can be developed in a social, psychological, legal, or physical entity around which joint activities are organized (e.g., workplaces, voluntary organizations, hangouts, families, etc.) (Feld, 1981).

The social network is sets of interpersonal ties that connect people with various knowledge of the SST to one another through relations of for example family and friendship. Having a tie to someone who is more knowledgeable about SST use yields social capital that people can draw upon to gain more knowledge of SST usage. Ties of for example friendship that is less knowledgeable in matters related to the SST usage provides few advantages for an consumer who needs assistance. Once someone in a person's network becomes more knowledgeable in the area of the problem, than the person self, the ties are transformed into a resource which can increase the own knowledge.

Despite the influence the third party has on the consumers' behavior, most diffusion research has ignored the effects of social influence (Karahanna *et al.*, 1999). Karahanna *et al.* (1999) identifies two types of social influence: (1) Informational influence, which occurs when individuals accept information as evidence of reality, through either information from someone about their personal experience and evaluation of the innovation or when the individual can observe someone using the innovation, and (2) normative influence, which occurs when individuals conform to the expectations of relevant others.

An innovation creates uncertainty (Rogers, 1995) and individuals are in general uncomfortable with uncertainty and therefore tend to increase the interaction with a third party to interpret the innovation (Karahanna *et al.*, 1999). The increased interactions with the third party influence the behavioral decision via informational and normative influence (Karahanna *et al.*, 1999). Informational influence occurs when relevant others of the individual inform of their own personal experience and evaluation of the innovation or when the individual can observe the relevant others using the innovation. In addition to informational influence, normative pressure from relevant others to adopt or use the innovation reduces the risk of adoption or use and uncertainty because it provides strong evidence indicating the behavioral decision to adopt or use is a good decision.

When the consumer receives assistance from a third party, the service supplier can not influence the consumer's behavior, instead an individual in the consumer's social network have the power to influence the consumer's behavior. The third party uses their

own attitudes to influence the consumer, and the consumers' behavior therefore may be influenced by the attitudes of the third party, and not by the service supplier. Individuals tend to communicate negative word-of-mouth more frequent than positive word-of-mouth (Lau & Ng, 2001). Therefore, consumers contacting a third party for assistance is expected to use the SST less than individual who do not.

Method

This article aims to study the differences in SST usage behavior when consumers are contacting a third party or the seller support for assistance. Internet banking is an example of an SST, and the research question in this article will be studied within this context. Consumers often perceive financial services, such as funds, placements, and loans, as being difficult to understand (Eriksson & Mattson, 2002) and as being full of uncertainty (Eriksson & Sharma, 2003). Internet banking became the focus of this study because the Internet is one of the main channels to these financial services, despite its being perceived by many consumers as difficult to use. Consumers' difficulties with Internet banking usage, which involves implementation of an errand, are associated with both financial services and technology; therefore, this channel is suitable for studying the effect of the consumers' problem-solving behavior.

Quantitative method

To study the influence contacting a third party or the seller support for assistance has on consumers Internet banking use, a questionnaire was sent to 1000 individuals in Sweden. The number of questionnaires returned was 348, and therefore, the response rate was 34.8%. Of the 348 respondents, 166 were not using Internet banking and 182 were using Internet banking in some extent. Because the aim of this study were to study the influence over consumers use, only questionnaires of the 182 respondents using Internet banking was used in the analysis. The results of the questionnaire revealed that the respondents' age ranged from 23 to 84 years; 60% were male; the median age was 45.3 years; and 62% had a university degree. The average number of years the consumers had been with the current bank was 19.8 years; the average number of years with the Internet bank was 5.6 years. The average number of times the consumers visited their bank's branch offices in a year was 3.6, whereas the consumers visited their Internet bank an average of 5.8 times a month.

Analysis of the quantitative data

Multiple regression analysis

To gain insights in how the factors affect the usage of the SST a model was developed using multiple regression analysis. The analysis consisted of two independent variables ("usage of the seller support for assistance" and "usage of third party for assistance"). The dependent variable ("Internet bank use") consisted of questions of how much the consumers uses the Internet bank, what experience they have of using Internet banking, and how often they make payments at the Internet bank (see Appendix 1, for an overview of all questions used in the analysis). The correlation between the two independent variables was low (-0.029) and, therefore, it was justified to perform the analysis. With the use of a $p < .001$ criterion for Mahalanobis distance, no outliers among the cases were found (Tabachnick & Fidell, 1996). The normal probability plot is a straight diagonal line, indicating that the analysis did not deviate from the normality. The values in the scatterplot are centered along the 0 point and, therefore, do not violate

the assumption. The adjusted R square value was 15.2%. The reliability of this study is increased by a comparison of early and late respondents which showed only very limited differences. We also performed an analysis on split random halves of the sample, which did not either, results in any differences worth mentioning.

Results from the quantitative study

The analysis revealed significant correlations between the use of assistance and use of the SST. The correlation between use of seller support and use of the SST (0.354) indicates that the more contact consumers have with the seller support, the more the consumer uses the SST. The correlation between use of a third party and use of the SST (-0.176) indicates that the more consumers contact a third party for assistance with the SST, the less the consumers uses the SST.

Table 1. The Help Sources Influence over the SST Use

Coefficients(a)

Model 1		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	-,232	,179		-1,293	,198
	Seller Support	,238	,046	,354	5,147	,000
	Third party	-,102	,040	-,176	-2,558	,011

a Dependent Variable: Use of SST

Word-of-mouth communication have a powerful influence on consumers' evaluation of a product or service because the communication usually occurs through sources that the consumers view as being credible (Laczniak *et al.*, 2001). Therefore, word-of-mouth has more influence on the consumers' evaluation than does information received through commercial sources (Laczniak *et al.*, 2001). It would, thus, be expected that the third party would have a strong influence on consumers' behavior. Because this study found that contacting a third party results in less usage of the SST, this finding suggests that the third party may have a negative attitude toward the usage of the SST and, thus, influence consumers to use the SST in less extension. Research has found that negative word-of-mouth (WOM) is communicated to more people than positive WOM (Lau & Ng, 2001). Individual receiving negative WOM about the product used were 24% less likely to purchase the product than other individuals were (Mahajan *et al.*, 1984). By comparison, individuals receiving positive WOM were 12% more likely to purchase the product (Mahajan *et al.*, 1984). It is therefore shown that negative WOM has a stronger impact on consumers' behavior than positive WOM, which possibly can explain the negative impact the third party has on the consumers SST usage.

Conclusion

Consumers' attitudes toward using the SST are rapidly changing, and more and more service providers offer their services through SSTs. When using an SST, consumers may encounter obstacles and need assistance to overcome them. Because of the popularity of SSTs and that many consumer uses a third party or the seller support for

assistance it is critical to study how the use of these channels for assistance are affecting their usage of the SST.

The finding of this study shows that the consumers' usage of the SST is influenced by whom they contact for assistance. The result of the quantitative study shows a positive correlation between consumers' usage of the seller support and usage of the SST; the more contact consumers have with the seller support, the more they use the SST. However, a negative correlation between consumers' usage of third party and usage of the SST is also shown in the quantitative study; the more contact consumers have with a third party, the less they use the SST.

Managerial implications

This section discusses the managerial implications of this study regarding how their used channels for assistance affect consumers' usage of the SST. It is important for the service provider that consumers contact the seller support instead of a third party if they need assistance so that the service provider can be sure their consumers are receiving suitable and correct information. If consumers contact a third party instead, they may also be influenced by the third party's subjective attitudes about the service and the service provider. Contacting the seller support for assistance results in an increased usage of the SST, whereas contacting the social network for assistance results in a decreased usage of the SST. From a managerial perspective, this finding is another reason to convince consumers to contact the seller support instead of a third party.

The key to attract consumers to the seller support is to offer information suitable to the consumers' situation. The seller support needs to be adjusted so that also consumers with limited knowledge feel they can contact it. The banks also should be better to inform the consumers about the possibility to receive assistance through this channel.

The seller support should have not only a good level of knowledge about the technology and the services but also an understanding and knowledge about their consumers and their needs. The seller support available today is too focused on just answering questions. The seller support should take a more proactive approach and place greater emphasis on thinking and acting in terms of quality, asking consumers questions, and strengthening the relationships with consumers. Instead of the reality today, where the seller support demands the consumers adjust to the service provider, there should be a mutual adjustment between the service provider and the consumers.

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Appendix 1. Questions from the questionnaire used in the data analysis.

Questions	
Independent variables	
Usage of the seller support for assistance	How often do you use the Internet bank seller support?
Usage of third party for assistance	I'm learning about the Internet bank by contacting family, friends and colleagues.
Dependent variable	
Internet bank use	How many times were you visiting the Internet bank last month? How often do you use Internet banking to pay your bills? What is your experience of using Internet banking?