

Factors Affecting Intention to Use Online Financial Services

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With sharp growth of Internet use, the increased use of financial services has spread to electronic commerce activities such as investing and banking. The primary objective of this study is to examine factors influencing households' intention to adopt online financial services. Online financial services refer to computer-based financial activities such as making transfers between accounts; inquiring about account balances; opening/closing checking/saving accounts; buying or selling mutual funds, stocks, and bonds; managing investment accounts and so on.

The conceptual framework was based on The Theory of Planned Behavior, which postulates that behavioral intention is influenced by attitude toward the behavior, subjective norm, and perceived behavioral control. This study examined the effects of three factors (attitude toward a behavior, subjective norm, and perceived behavioral control variables) on the intention to use online financial services, controlling for demographic variables. The 1998-99 MacroMonitor Survey used for the study is a biannual survey by the Consumer Financial Decisions group of SRI Consulting Business Intelligence (SRIC-BI). The MacroMonitor Survey provides useful information about consumer attitudes, behaviors and motivations regarding financial products, services, delivery methods, and institutional use. The study sample consists of 3,143 households who were not current users of online financial services. Factor analysis was used to reduce the problem of multicollinearity between independent variables. Logistic regression analysis was used to examine the effect of the independent variables on the probability of the intention to use online financial services.

As results of multivariate analysis, sixteen variables significantly affect intention to use online financial services: attitude toward risk of savings/investments at high risk/high return, satisfaction with finances, attitude toward financial institutions, degree of risk aversion, positive attitude toward credit market, professional advice needed, personal contact desired, one-on-one interaction needed, education, hours spent on PC use, frequency of financial transactions in the past, have ATM/Debit cards, financial discipline, prefer complex financial strategies, and credit use. Consumers who would like to put their savings/investment at high risk/high return were more likely to use online financial services. People who were not pleased with their household's current financial situation had a greater intention of using online financial services. Consumers with positive feelings toward financial institutions were more likely to intend use online financial services. Individuals who were risk seekers in the stock market were more likely to have a greater intention of using online financial services. People seeking greater risk in the credit market were more likely to intend to use online financial services; these individuals were willing to accept risk associated with possible gain. Consumers seeking professional advice were more likely to use online financial services suggesting they were information seekers. People not wanting personal contact and one-on-one interaction were more likely to intend to use online financial services; these people do not seek interpersonal contact when managing their finances. Individuals with a college degree were more likely to use online financial services than those with only some college education. People spending more time using a PC at home were more likely to use online financial services. Consumers' frequently making financial transactions over the last three months had greater intention to use online financial services. ATM/Debit cards increased intention to use online financial services. Individuals lacking financial discipline were more likely to intend to use online financial services. Consumers who preferred complex financial strategies were more likely to intend to use online financial services. Having a greater degree of understanding/knowledge of financial issues led to a greater intention to use online financial services. Consumers with more experience with respect to credit use were more likely to use online financial services.

The finding that consumers intending to use online financial services seek professional information using a non-personal medium to improve their financial situation suggests that the consumers need accurate and complete financial information to make decisions for desired changes. Additionally, this issue suggests that a possible need for indicators reflecting the accuracy and completeness of information provided by online financial

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services. Moreover, through education consumer can improve their ability of analyzing accuracy and completeness of information provided by online financial services.