

Gertrude N. Ugwu
Department of Computer and Information Sciences
University of Strathclyde, Scotland, UK
gertrude.ugwu@strath.ac.uk

Prof. Gobinda Chowdhury
Department of Computer and Information Sciences
University of Strathclyde, Scotland, UK
gobinda.chowdhury@strath.ac.uk

Dr Michael Harker
Department of Marketing, Strathclyde Business School
University of Strathclyde, Scotland, UK
michael.harker@strath.ac.uk

**CUSTOMERS' INTENTION TO ADOPT ONLINE PURCHASING IN UK RETAIL BANKING: INTEGRATING INFORMATION PRACTICES AND TRUST
(Lightning talk)**

Abstract

Technological advancements have significantly influenced global consumer behaviour, especially in online purchasing. This paradigm shift is evident in the UK retail banking sector through the swift adoption of digital business models. The study takes a dual approach to understanding key factors influencing the adoption of online purchasing of consumer banking products in the UK. The paper discusses preliminary findings from initial studies aimed at understanding what information UK retail banking consumers seek before purchasing online, and how banks can boost trust in online purchasing of financial products. An inductive thematic analysis revealed 7 key themes. The findings outline crucial areas of focus for the UK retail banking sector.

Keywords: retail banking, trust, information practices, online purchasing, technology acceptance

Introduction

Digitization has transformed and continues to redefine the way we live and do things, steadily changing the way consumers all over the world make purchases. Despite privacy and security concerns, the percentage of ecommerce retail sales continues to rise globally with ecommerce retail sales accounting for 16% of all retail sales during Q2 of 2020 and nearly accounting for a third of all retail sales within the UK in the same period (Statista, 2021). The UK retail banking industry is also following up with this trend, speedily moving towards digital business models leading to rapid branch closures. Worth noting, the retail banking sector has a huge impact on individuals and communities. Everyone is either directly or indirectly affected by the services it provides. This industry is a key economic contributor. In the year 2019, the UK financial services industry contributed £132bn towards the overall UK economy which is 6.9% of total economic output while in the first quarter of 2020, this industry contributed to 1.1m jobs which makes up 3.2% of all jobs (Hutton, Chris and Georgina, 2021).

Smooth transition to digital services requires deeper understanding of consumer behaviour. It has been noted that basic research with improved scientific theories is required for UK banks to complement routine innovation in order to better understand and rightly predict consumer behaviours (Deloitte, 2020). Similarly, KPMG (2021), has identified customer insight as a key focus area for UK retail banks. Several studies have investigated intention to purchase consumer products online. However, few studies have investigated willingness to purchase financial products and services online. Additionally, studies found to have focused on UK retail banks and financial services have little or nothing to do with online purchasing. Examples include the works of (Asmi and Ishaya, 2012; Sekhon *et al.*, 2015; Mbama and Ezepue, 2018; Ahmed, Bangassa and Akbar, 2020; Dada, 2021; Hanif and Lallie, 2021; Thomas, Chowdhury and Ruthven, 2023). Additionally, the experiences and difficulties that consumers face at the start of the purchasing process, prior to the actual purchase, has not been fully investigated.

The paper is part of a broader research project which examines the factors that influence UK consumers intention to adopt online purchasing of retail banking products and services. The term ‘online purchase intention’ as used in this paper refers to the extent to which a consumer is willing or prepared to buy a specific product or service through online channels. (Van Der Heijden, Verhagen and Creemers, 2001). The work reported in this paper specifically addresses the following overarching research question:

RQ1: What information do UK retail banking consumers seek before making online purchases?

RQ2: How can UK retail banks increase customers’ trust towards the acceptance of online purchasing?

Literature Review

The extent to which a person perceives, accepts and uses a technology is known as technology acceptance (Dillon and Morris, 1996). Technology acceptance models have been used over the years for comprehending consumer behaviour and predicting the adoption of different technologies. Nevertheless, past studies have overlooked the integration of two key factors. The impact of information and trust have not been simultaneously investigated in previous studies on technology acceptance within the domain of UK retail banking.

The study adopts definitions of information practices from the perspectives of Savolainen (2007) and Wilson (2000). In this context, information practices refer to how UK consumers seek, acquire, and utilize information to make decisions about purchasing consumer banking products online. The importance of information in purchase decision making has been largely emphasized in literature. Waite and Harrison (2002); Chaturvedi, Gupta and Singh Hada (2016), in their work, noted that consumers utilize information to make decisions regarding the purchasing of a product or service. Similarly, (Reibstein, 2002; Laukkanen and Kiviniemi, 2010; Smith, Johnston and Howard, 2011; Graupner *et al.*, 2015), all acknowledged the significance of information and its impact on the utilization of online services. On the other hand, Stouthuysen *et al.* (2018) found the

concept of trust to be central to the success of any buyer-seller relationship irrespective of channel used for the transaction. Furthermore, trust is seen as a prerequisite to consumers' adoption of any electronic services (Beldad, De Jong and Steehouder, 2010).

To address this gap, the study incorporates two pivotal factors that influence the consumer journey towards online purchasing. Perceived information and perceived trust were incorporated into the foundational Unified Theory of Acceptance and Use of technology 2 (UTAUT2) by Venkatesh, Thong and Xu (2012).

Methodology

The study adopts a quantitative methodology. A questionnaire was developed using Qualtrics, and participants were recruited online through convenience sampling. Except for the demographics, the questions primarily consist of closed-ended rating statements, predominantly in the form of Likert scales. However, to gain deeper insights into consumers' information needs and perceptions of trust in UK retail banking, the research introduced three open-ended questions within the survey questionnaire. Bhattacharjee (2012) noted the importance of leveraging the strengths of qualitative methodology in a quantitative study.

The online survey utilized a two-branch structure to accommodate distinct respondent groups: online and offline consumers. It included 32 measurement items for online consumers and 17 for offline consumers, along with three open-ended questions for each group. Out of 438 responses received, 61 were deemed invalid and excluded, leaving 377 valid responses (n=377). Preliminary findings, presented in this paper, are based on thematic analysis of qualitative data from two open-ended questions corresponding to RQ1 and RQ2. The qualitative data was analyzed and reported quantitatively using a three-stage inductive thematic process. Codes were initially derived from the data, grouped into sub-themes, and then further categorized into seven key themes, detailed in the subsequent section. Subsequent work will analyze the quantitative data and compare both results.

Findings

Information

Table 1, through the quantification of codes, indicates that respondents strongly require more security and safety information. This aligns with previous studies that have identified fear as an inhibiting factor to online financial transactions (Jordan, Leskovar and Marič, 2018; Thomas, Chowdhury and Ruthven, 2023).

Information Needs	Count of Theme Codes	Percentage
Security and safety information	31	17%
Live chat support information	24	13%
Simple language, simple English	23	13%
Contact details, quick access to advisors	21	12%
Information on cost of borrowing/lending	18	10%
Detailed product information	15	8%
Online tutorial, beginner's guide, Enriched FAQ	14	8%
Clarify financial terms	13	7%
Clear information	13	7%
Information on charges & fees	10	6%

Table 1: Major Recurring Themes on Information Needs

The following are some of the views expressed by respondents, reflecting their specific information needs.

R2: *“It will be useful to provide explanation of all key financial terms used for the benefit of customers with very little financial literacy.”*

R68: *“Sometimes there's too much information on websites which could confuse the consumers. It would be better if it is short, clear, and concise.”*

Trust

It can be inferred from figure 1 that the safety and security of data and infrastructure emerged as the top trust-related concern. This is a global issue, evidenced by the loss of over 1.2 billion in fraud in 2022 (UK Finance, 2022) and which has also been highlighted in previous studies (Mangala and Soni, 2023; Ahmed, Bangassa and Akbar, 2020). A smooth transition to digital also requires accessible and well-trained customer support. These findings are in line with previous results from studies on retail banking which emphasized the significance of training and developing front-line staff (Shim, Serido and Tang, 2013; Giannakis, Harker and Baum, 2015) .

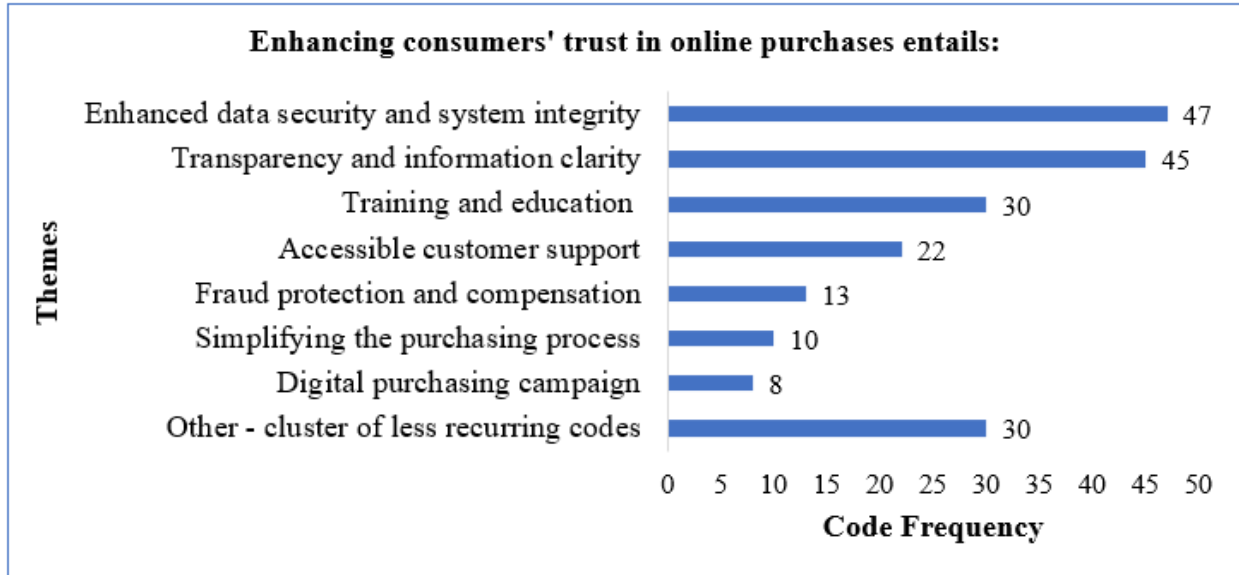


Figure 1: Major Recurring Themes on Trust in Online Purchasing

The following are quotes from the study participants.

R17: *“In my opinion, should simplify the product information, increase and present identifiable security measures and quick technical responses when needed”*

R229: *“The biggest challenge is helping with digital skills for the older generation to help them with navigating this process”*

Conclusion & Next Steps

The initial findings presented in this paper hold significant implications for UK retail banks, financial institutions, marketers, and product proposition experts. These insights also contribute valuable learnings applicable to retail banks globally. Furthermore, these findings highlight the pivotal role of trust and information in technology acceptance, particularly in the context of information seeking, sharing, and use to facilitate purchase decision-making. Subsequently, the study will proceed with statistical analysis of the quantitative data using SmartPLS and conduct hypotheses testing to discern the key factors influencing adoption.

References

- Ahmed, S., Bangassa, K. and Akbar, S. (2020) 'A study on trust restoration efforts in the UK retail banking industry'. *The British Accounting Review*, 52 (1), pp. 100871.
- Asmi, F. and Ishaya, T. (2012) Published. 'Understanding the behavior of the elderly towards Internet Banking in the UK'. *proceeding of the 2nd International Conference on Social Eco-Informatics, October, 2012*. pp.21-26.
- Beldad, A., De Jong, M. and Steehouder, M. (2010) 'How shall I trust the faceless and the intangible? A literature review on the antecedents of online trust'. *Computers in human behavior*, 26 (5), pp. 857-869.
- Bhattacharjee, A. (2012) *Social science research: Principles, methods, and practices*. University of South Florida.
- Chaturvedi, D., Gupta, D. and Singh Hada, D. (2016) 'Perceived risk, trust and information seeking behavior as antecedents of online apparel buying behavior in India: an exploratory study in context of Rajasthan'. *Sachin and Singh Hada, Devendra, Perceived Risk, Trust and Information Seeking Behavior as Antecedents of Online Apparel Buying Behavior in India: An Exploratory Study in Context of Rajasthan*.
- Dada, A. (2021) *Exploring The Influence of Electronic Word-Of-Mouth (eWOM) On Intention to Share-Wallet: A Study of UK Retail Banking Customer Using the Theory of Planned Behaviour (TPB)*. Cardiff Metropolitan University.
- Deloitte (2020) *The Future of Retail Banking*. Available at: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/financial-services/deloitte-uk-hp-the-future-of-retail-banking.pdf> (Accessed: 15 March 2022).
- Dillon, A. and Morris, M.G. (1996) 'User acceptance of information technology: Theories and models'. *Annual Review of Information Science and Technology (ARIST)*, 31 3-32.
- Giannakis, D., Harker, M.J. and Baum, T. (2015) 'Human resource management, services and relationship marketing: The potential for cross-fertilisation'. *Journal of Strategic Marketing*, 23 (6), pp. 526-542.
- Graupner, E. et al. (2015) 'Customers' intention to use digital services in retail banking-an information processing perspective'.
- Hanif, Y. and Lallie, H.S. (2021) 'Security factors on the intention to use mobile banking applications in the UK older generation (55+). A mixed-method study using modified UTAUT and MTAM-with perceived cyber security, risk, and trust'. *Technology in Society*, 67 101693.
- Hutton, A.S., Chris, R. and Georgina (2021) *Financial services: contribution to the UK economy*. Available at: <https://commonslibrary.parliament.uk/research-briefings/sn06193/>.
- Jordan, G., Leskovar, R. and Marič, M. (2018) 'Impact of fear of identity theft and perceived risk on online purchase intention'. *Organizacija*, 51 (2), pp. 146-155.
- KPMG (2021) *The future of banking - KPMG United Kingdom*. Available at: <https://home.kpmg/uk/en/blogs/home/posts/2021/04/the-future-of-banking.html>.
- Laukkanen, T. and Kiviniemi, V. (2010) 'The role of information in mobile banking resistance'. *International Journal of bank marketing*, 28 (5), pp. 372-388.
- Mangala, D. and Soni, L. (2023) 'A systematic literature review on frauds in banking sector'. *Journal of Financial Crime*, 30 (1), pp. 285-301.
- Mbama, C.I. and Ezepue, P.O. (2018) 'Digital banking, customer experience and bank financial performance: UK customers' perceptions'. *International journal of bank marketing*, 36 (2), pp. 230-255.
- Reibstein, D.J. (2002) 'What attracts customers to online stores, and what keeps them coming back?'. *Journal of the Academy of Marketing Science*, 30 (4), pp. 465-473.

- Savolainen, R. (2007) 'Information behavior and information practice: Reviewing the “umbrella concepts” of information-seeking studies'. *The library quarterly*, 77 (2), pp. 109-132.
- Sekhon, H.S. et al. (2015) 'Service excellence in UK retail banking: Customers' perspectives of the important antecedents'. *International Journal of Bank Marketing*, 33 (7), pp. 904-921.
- Shim, S., Serido, J. and Tang, C. (2013) 'After the global financial crash: Individual factors differentiating young adult consumers' trust in banks and financial institutions'. *Journal of Retailing and consumer services*, 20 (1), pp. 26-33.
- Smith, S.P., Johnston, R.B. and Howard, S. (2011) 'Putting yourself in the picture: an evaluation of virtual model technology as an online shopping tool'. *Information Systems Research*, 22 (3), pp. 640-659.
- Statista (2021) *Internet share of UK retail sales monthly 2021* | Statista. Available at: <https://www.statista.com/statistics/286384/internet-share-of-retail-sales-monthly-in-the-united-kingdom-uk/>.
- Stouthuysen, K. et al. (2018) 'Initial trust and intentions to buy: The effect of vendor-specific guarantees, customer reviews and the role of online shopping experience☆'. *Electronic Commerce Research and Applications*, 27 23-38.
- Thomas, D., Chowdhury, G. and Ruthven, I. (2023) Published. 'Exploring older people's challenges on online banking/finance systems: early findings'. *2023 ACM SIGIR Conference on Human Information Interaction and Retrieval (CHIIR)*, 2023.
- UK Finance (2022) *Annual Fraud Report - The Definitive Overview of Payments Industry Fraud in 2022*. Available at: https://www.ukfinance.org.uk/system/files/2023-05/Annual%20Fraud%20Report%202023_0.pdf (Accessed: 24 June 2023).
- Van Der Heijden, H., Verhagen, T. and Creemers, M. (2001) Published. 'Predicting online purchase behavior: replications and tests of competing models'. *Proceedings of the 34th annual Hawaii international conference on system sciences*, 2001. IEEE, pp.10 pp.
- Venkatesh, V., Thong, J.Y. and Xu, X. (2012) 'Consumer acceptance and use of information technology: extending the unified theory of acceptance and use of technology'. *MIS quarterly*, 157-178.
- Waite, K. and Harrison, T. (2002) 'Consumer expectations of online information provided by bank websites'. *Journal of Financial Services Marketing*, 6 (4), pp. 309-322.
- Wilson, T.D. (2000) 'Human information behavior'. *Informing science*, 3 (2), pp. 49-56.