

Chapter 11

Internet Trust as a Specific Form of Technology Trust and its Influence on Online Banking Adoption

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ABSTRACT

The construct of trust is important for online banking, because it underlines what is conducive to an enabling online banking environment. This chapter reports on an empirical study of 381 bank customers in Austria that investigates the role of Internet trust as a specific form of technology trust in the context of Internet banking. Furthermore the impact of propensity to trust as a facet of personality on Internet trust is investigated. The findings stress the importance of Internet trust as a determinant of consumer attitudes toward Internet banking and its adoption. In addition, the results show that propensity to trust is a determinant not only for trust in interpersonal relationships but also for trust in technological systems.

INTRODUCTION

Trust in general, is an important factor in many social interactions, involving uncertainty and dependency. Trust is central to any economic transaction, whether conducted in a retail outlet in the real offline world or over the Internet, by means of a website. However, trust is even more important in an online situation (Riegelsberger, Sasse, & McCarthy, 2005; Walczuch & Lundgren, 2004). One reason for the

importance of trust in e-commerce is the fact that in a virtual environment the degree of uncertainty of economic transactions is higher than in traditional settings. Internet-based commercial transactions are accompanied by several risks that either are caused by the implicit uncertainty of using open technological infrastructures for the exchange of information (system-dependent uncertainty) or can be explained by the conduct of actors who are involved in the online transaction (transaction-specific uncertainty) (Grabner-Kräuter, 2002).

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Internet banking can be regarded as an especially suitable research context for examining questions related to risk and trust, as particular features of Internet banking render a unique environment, in which trust is of crucial importance. Compared to face-to-face transactions, Internet banking transactions have some unique characteristics, such as the extensive use of technologies, the distant and impersonal nature of the online environment, and the implicit uncertainty of using an open technological infrastructure for financial transactions (Gan, Clemes, Limsombunchai, & Weng, 2006; Yousafzai, Pallister, & Foxall, 2003). Indeed, recent literature on online banking shows that the lack of trust has to be considered to be one of the main reasons why consumers are still reluctant to conduct their financial transactions online (Flavian, Guinalu, & Torres, 2006; Luarn & Lin, 2005; Mukherjee & Nath, 2003; Rotchanakitumnuai & Speece, 2003). In Austria (and in many other countries) potential users object to conducting their financial transactions online, despite the huge amount of money banks have spent on building user-friendly Internet banking systems. This points out the need to further investigate the factors that hinder consumers' acceptance of Internet banking.

Using numerous different theoretical approaches and models several researchers have investigated the factors that impact the decisions of customers to adopt Internet banking (for recent reviews see e.g. (Hernandez & Mazzon, 2007; Sayar & Wolfe, 2007)). Concerning different types of barriers to Internet-based financial transactions, trust-related issues are of critical importance (Rotchanakitumnuai & Speece, 2003). Most empirical studies on consumer online trust focus on interpersonal trust, where the object of trust is the Internet vendor (e.g. Gefen, 2000; Gefen, Karahanna, & Straub, 2003; Koufaris & Hampton-Sosa, 2004; Pavlou, 2003; Suh & Han, 2003), whereas the influence of technology or system trust on online consumer behavior is largely neglected (Grabner-Kräuter & Kaluscha, 2003).

This paper adds both to technology adoption research and to trust research in marketing by examining the role that different types of online trust play in the adoption of Internet banking. The focus is on the concept of Internet trust, analyzing if it is a distinct type of trust that influences the consumer's perceived risk of Internet banking and the consumer's attitude toward Internet banking. To form a more complete picture of factors influencing consumer decisions to use the Internet as a medium for conducting financial transactions we encompass selected psychological antecedents of Internet trust in our study. In several studies the consumer's general disposition to trust was found to have an impact on the consumer's initial trust in an online vendor (Gefen, 2000; McKnight, Choudhury, & Kacmar, 2002; Teo & Liu, 2007). However, little research has addressed the question whether an individual's propensity to trust other people also has a major influence on his/her trust in technical systems (Grabner-Kräuter & Faullant, 2008; Kaluscha, 2004; McKnight, et al., 2002; McKnight & Chervany, 2002). Hence, another aim of our study is to shed light on the potential influence of dispositional trust on trust and risk perception in the context of Internet banking. Furthermore, we include self-efficacy as a dimension of perceived behavioral control that might influence Internet trust and online banking adoption in our research model.

The paper continues as follows: Below, in the first section, we give an approximate and brief overview of several theoretical frameworks that have been used to investigate the adoption of online banking. The subsequent discussion focuses on the central construct Internet trust, followed by the development of hypotheses regarding antecedents and consequences of Internet trust in the context of online banking. Then, methodology, results, and hypotheses testing are presented. The final section discusses the study's findings, contribution, and theoretical and managerial implications.

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