Understanding consumer financial trust

across national levels of interpersonal trust

Abstract

Trust is generally considered to be one of the most important variables for developing and maintaining well-functioning financial customer relationships. Trust not only relates to consumer trust in individual companies but also to the more general and broader business context in which consumers may plan and carry out their behaviour (i.e., general financial trust, GFT). A number of studies have empirically considered GFT in a consumer market context using either general contextual approaches (i.e., comparing one market situation with another market situation at different points of time) or more specific contextual approaches (i.e., using GFT as a moderating construct in analysing customer-seller interactions at one point in time). This study contributes to marketing research by proposing and demonstrating that the role of GFT in customer-seller relationships may vary according to national levels of interpersonal trust (IPT). More specifically, we propose that both the direct influence of GFT on relationship variables and the moderating influence of GFT on relations between customer relationship variables will differ according to national levels of IPT. Based on a baseline model derived from relationship marketing theory and trust theory, our results indicate that in national markets where IPT is low (vs. high) consumers are (a) *more* inclined to take GFT into account as a factor that directly influences their anticipated outcome (i.e., expectations) and perceived outcome (i.e., quality, satisfaction) and (b) *less* inclined to take GST into account as a contextual moderator of relationships between expectations, quality, and satisfaction. Our study is based on two surveys with bank customers in Sweden (n=6,049) and Spain (n=1,450), respectively. In the study, Sweden was a national market with relatively high IPT (i.e., 68.8% of citizens agree to the statement 'most people can be trusted'), whereas Spain was a national market with low IPT (i.e., 19.0% of citizens agree to the statement 'most people can be trusted').

1. Introduction

Extant research has established trust as one of the most critical variables for developing and maintaining well-functioning customer relationships (Van der Cruijsen et al. 2021; Eisingerich and Bell 2007), and the financial crisis has in particular increased the focus on consumer trust in financial services (e.g., Hansen 2012a, 2012b). Recently, this focus has been even further strengthened by the collapse of Silicon Valley Bank, and the crisis of still other banks, which has hit trust in banks around the world (Partington 2023). Trust not only relates to consumer trust in individual companies (i.e., individual financial trust, IFT) but also to the more general and broader business context in which consumers may plan and carry out their behaviour (i.e., general financial trust, GFT). A number of studies have empirically considered consumer GFT in a market context using either general contextual approaches (i.e., comparing one market situation with another market situation at different points of time) (e.g., Hansen 2014) or more specific contextual approaches (i.e., using GFT as a moderating construct in analysing customer-seller interactions at one point in time) (e.g., Grayson, Johnson, and Chen 2008). Clearly, none of these studies have considered how variations in national levels of interpersonal trust (IPT) can impact the strength and direction of the GFT - customer relationship link. IPT can be conceptualized as the general tendency of an individual to trust others (Johnson-George and Swap 1982). This is unfortunate, since taking national levels of IPT into account is highly relevant from a practical point of view since research suggests that national markets may indeed differ in their cultural and economic factors (Haberstroh et al. 2018), which in turn may affect consumers' choices, intentions, and behaviour (Jiao et al. 2018). Indeed, "interpersonal trust is a basic feature of all social situations that demand cooperation and interdependence" (Johnson-George and Swap 1982, p.1306) such as customer-seller financial relationships. This study contributes to marketing research by proposing and demonstrating that the role of GFT in customer-seller relationships may vary according to national levels of IPT.

2. Conceptual model and hypotheses

This section consists of two main parts. In the first part, a conceptual baseline (non-hypothesized) model is introduced (Figure 1) alongside with a discussion of its theoretical underpinnings. The second part hypothesizes how these relationships may differ according to varying levels of IPT.

[Insert Figure 1 about here]

2.1 Baseline model

For the following reasons, we build our baseline model specifically upon the following three relationship variables: service expectations, service quality, and relationship satisfaction. First, the (positive) relationships between these variables have received much attention and are all well-established in the literature (e.g., Habel et al. 2016; EPSI Research Services 2013). Second, these variables are especially relevant in a trust context and when dealing with complex products such as financial services where the information is perceived as complex and/or associated with uncertainty (Van der Cruijsen et al. 2021). Many consumers undoubtedly possess highly limited knowledge about financial products and often regard them as complex (e.g., Chen, Lu, and Wang 2022), which may boost the demand for trust and the need to develop expectations.

Our baseline model also includes GFT. The influence of GFT on customer expectations, perceived quality, and customer satisfaction have also been investigated by previous research, although to a more limited extend. However, we expect in our baseline model that GFT will positively influence customer expectations, perceived quality, and customer satisfaction, respectively. When GFT is low, it means that not every service provider can be trusted to deliver satisfying services and therefore the consumer faces the problem of avoiding pitfalls in the

market place (Tan and Vogel 2008). However, this problem might not be easily solved. Several research results and financial reports point to the fact that many consumers possess highly limited knowledge about financial products (e.g., O'Connor 2019; Lee and Hanna 2022). Thus, the consumer risks that her/his interests are currently not being properly served. In such incidents, past research suggests that in order to maintain self-confidence and to avoid cognitive dissonance the consumer will assign external blame for perceived negative experiences (Gotlieb 2009), which may reduce customer expectations, perceived quality, and customer satisfaction.

Conceptualization of baseline model constructs. A review of the perceived quality and customer satisfaction literature unveils an ambiguous array of definitions of customer expectations. *Customer expectations.* In the present study customer expectations represents the accumulated service expectations the customer has developed based on prior experience with the bank's service offerings (Anderson and Fornell 2000). *Perceived quality.* In line with Fornell et al. (1996) and Johnson et al. (2002) perceived quality is conceptualized as the customer's evaluation of recent experiences concerning the quality of their acquired services. *Customer satisfaction.* Customer satisfaction research has focused on two different types of evaluations: transaction-specific satisfaction and cumulative satisfaction (Johnson et al., 2002). Similar to past customer relationship and service-related research (Nanda and Banerjee 2021; Guo et al. 2013), customer satisfaction is in the present study conceptualized as an overall, cumulative consumer evaluation of her/his relationship with a financial service provider. Cumulative satisfaction recognizes that customers may rely on their entire experience with a financial service provider when evaluating its performance (Dimitriades 2006).

General financial trust (GFT). While individual financial trust (i.e., IFT) has been extensively investigated within the relationship marketing literature (e.g., Burjke and Hung, 2021; Morgan and Hunt 1994), a more throughout understanding of GFT still lacks. Consistent with prior research, we conceptualize (informal) GFT as consumers' expectation that companies within a certain business type are generally dependable and can be relied on to deliver on their promises. This definition is consistent with previous research suggesting that informal GFT (or generalized trust) is a generalized expectancy that the promise of a group can be relied upon (Rotter 1980; Siegrist et al. 2005).

Control variable. Since our focus in this study is on GFT, IFT is included as a control variable in the model (Greene 2000). While a large body of research exists within the concept of IFT, with different points of views being advocated, we adapt the often-cited definition proposed by Sirdeshmukh et al. (2002) and conceptualize *IFT* as ''the expectation held by the consumer that the service provider [i.e., the specific individual bank] is dependable and can be relied on to deliver on its promises'' (p. 17).

2.2. Hypotheses development

We argue that the anticipated positive influence of GFT on customer expectations, perceived quality, and customer satisfaction, respectively, will be higher in national markets where IPT is on a low level than in national markets where IPT is on a high level. Past research suggests that GFT may be applied as a heuristics (Siegrist et al. 2005; Sjöberg 2001), which can be regarded as 'inferential rules of thumb' (Allison et al. 1990). This is because consumers may rely on GFT to reduce the complexity they are faced with when choosing among various services and when evaluating their outcome (Siegrist and Cvetkovich 2000). In that respect, cognitive consistency theory (Festinger 1957; Heider 1946, 1979; Newcomb 1953; Osgood and Tannenbaum 1955) suggests that consumers will seek to establish mental justification in relation to their decision-making in order to avoid a state of cognitive dissonance (Todd and Gigerenzer 2003). Consumers may easily gain mental justification when IPT is high, but may experience a mental imbalance when IPT is low since their choices are less easily confirmed. This is consistent with threat-rigidity theory, which suggests that when faced with complex situations individuals become more likely to incorporate information that can be associated with risk in their choice

considerations (Jeong, Gong, and Zhong 2023). Based on the above reasoning, it can therefore be expected that in markets where IPT is on a low level (i.e., indicating risk), consumers should be *more* inclined to take GFT into account when determining their anticipated or perceived outcome. Hence, increases in GFT should be expected to be especially useful in national markets where IPT is on a low level. In sum, the following research hypotheses are proposed.

> H1: The positive influence of GFT on customer expectations is higher when IPT is low (i.e., Spain) compared to high (i.e., Sweden).
> H2: The positive influence of GFT on perceived quality is higher when IPT is low (i.e., Spain) compared to high (i.e., Sweden).
> H3: The positive influence of GFT on customer satisfaction is higher when IPT is low (i.e., Spain) compared to high (i.e., Sweden).

Using attribution theory (Weiner 1986, 2000; Tomlinson and Mayer 2009) as a theoretical platform, we suggest that GFT may moderate relationships between expectations, perceived quality, and satisfaction, and that the strength of these moderations is influenced by IPT.

Several insightful studies have investigated trust using an attribution theory approach. As an overall conclusion, these studies indicate that trust in a relationship (i.e., IFT) is enhanced to the extent that the other's trustworthiness can be ascribed to factors that are internal to the trustee, rather than situationally driven (e.g., Hansen 2012a; Hansen 2012b; Tomlinson and Mayer 2009). However, in this study we contribute to previous research by arguing that the moderating effects suggested by previous research will be affected by the IPT such that negative moderating effects are more likely to occur in national markets where IPT is on a high absolute level compared to national markets where IPT is on a low absolute level. When IPT is low it points to the existence of financial system failures, which means that the consumer risks that her/his interests are not being properly served. When faced with such circumstances, consumer choice theory suggests that consumers are generally more likely to thoroughly evaluate the more specific consequences both of choosing one alternative and of foregoing the other (Shiu et al. 2011). Hence, the consumer could be expected to pay more attention to her/his expectations/evaluations when determining the cause for a specific relationship outcome, thereby reducing the reliance on trust (Dixon and Wilkinson 1989). Hence, in markets where IPT is on a low level, consumers should be *less* inclined to take into account GFT as a *cause* of their perceived outcome (i.e., in the present context perceived quality and customer satisfaction) than in markets where IPT is on a high level. In sum, the following hypotheses are proposed.

> H4: The influence of customer expectations on perceived quality is more likely to be negatively moderated by GFT when IPT is high (i.e., Sweden) compared to low (i.e., Spain).
> H5: The influence of perceived quality on customer satisfaction is more likely to be negatively moderated by GFT when IPT is high (i.e., Sweden) compared to low (i.e., Spain).

3. Methodology
3.1 Data collection
Two countries were selected for this study: Sweden and Spain – with Sweden representing a national market with high IPT (i.e., 63.8% of citizens agree to the statement 'most people can be trusted') and Spain representing a national market with low IPT (i.e., 32.8% of citizens agree to the statement 'most people can be trusted') (Ortiz-Ospina and Roser, 2023). In each country, data were collected by telephone interviews with bank customers conducted by a professional market research agency as a part of the pan European EPSI (Extended Performance Satisfaction Index) customer satisfaction study. The largest banks were selected, such that coverage included the majority of the bank market. For each bank, at least 200 customers were interviewed, and in

total 6,049 interviews with Swedish bank customers and 1,450 interviews with Spanish bank customers were conducted and used for this study.

3.2 Measurements
The measures used in this study are those developed for the pan European EPSI customer satisfaction model and analysis. *Customer expectations* were measured by four items: products (services) offered by the bank, added functions offered, personal service and advice, and reliable and accurate service. *Perceived quality* was measured by four items relating to both product and service quality: the banking products offered, added functions offered, advice and information given by the personnel of the bank, and politeness and friendliness of the personnel. *Customer satisfaction* was measured by three items: overall satisfaction, comparison with ideal bank, and fulfilment of expectations. These measurements of customer satisfaction are commonly used in research concerning customer-seller relationships (e.g., 2002). *GFT* and *IFT* were measured by two items concerning customers' perceived level of trust in the banking sector and trust in their current bank, respectively (e.g., Pérez and Descals 1999; Hansen 2012a). All items were measured on 10-point scales.

4. Analyses and results
4.1 Validation of measurements
Confirmatory factor analysis (CFA) was conducted on the four latent variables, with each indicator specified to load on its hypothesized latent factor. The measurement model for each sample was examined individually to take into account the difference in sample size (Table 1).

[Insert Table 1 about here]

The measurement models yields the following chi-square values: Sweden: 1970.74 (d.f.=41, $p<.01$), Spain: 690.98 (d.f.=41, $p<.01$) suggesting a lack of absolute model fit. However, since the chi-square test is highly sensitive to sample size other fit measures are given greater prominence in evaluating model fit (e.g., Ye, Marinova, and Singh 2007). The comparative fit index (CFI) (Sweden=.96; Spain=.94) and the normed fit index (NFI) (Sweden=.96; Spain=.93) both suggest an acceptable degree of fit of the measurement model (Bagozzi and Yi, 1988). The testing of path differences between samples assumes measurement invariance meaning that the construct measures are assumed to be invariant across each the two levels. A chi-square difference test between the unconstrained model and a model where the measurement weights were constrained to be equal across groups suggest that the applied measures are invariant across groups: $\Delta\chi^2=13.39$, Δd.f.=8, $p=0.10$.

All composite reliabilities exceed .80, indicating good reliability of measured constructs. Also, extracted variance is greater than .60 for all latent constructs, which satisfies the threshold value recommended by Fornell and Larcker (1981). An examination of Table 2 shows that the extracted variance for each of the constructs exceeds the squared correlation except for 'customer satisfaction' with respect to its correlation with 'perceived quality' (Swedish sample) (variance, satisfaction=.65<squared correlation satisfaction-quality=.73), although the latter is below the suggested threshold of .85 (Frambach et al. 2003). Also, as a path from quality to satisfaction is expected in the conceptual model, the relatively high correlation should not be regarded as a serious violation of discriminant validity. In order, to further inspect the distribution of measurement items across constructs, a three-dimensions principal component analysis (PCA) with oblimin rotation (Kaiser nomalization) was conducted for the Swedish and Spanish samples. For both samples, items distribution patterns suggested that the applied items constituted viable representations of their specified underlying constructs.

[Insert Table 2 about here]

4.3 Hypotheses testing

The conceptual model (Figure 1) was analyzed by means of structural equation modeling (SEM), and the model was estimated and tested using a covariance-based SEM method using SPSS AMOS 28. Initially, an estimation of the model for each of the two samples separately showed a reasonable model fit in both incidents (Swedish sample: χ^2=4249.01, d.f.=174; CFI=.96; NFI=.96; Spanish sample: χ^2=1371.22, d.f.=174; CFI=.94; NFI=.93). The hypothesized model was then fitted simultaneously to the Swedish and Spanish samples using multiple-group latent variable structural equation modeling (SEM) analysis. In the SEM model, the interaction effects (i.e., GFT x expectations and GFT x quality, respectively) were formed using the residual-centering (i.e., orthogonalizing), two-step procedure recommended by Little et al. (2006).The model fits the data reasonably well (χ^2=5663.69, d.f.=348, p<.01; CFI=.95; NFI=.95; Hoelter(.05)=493). Figure 2 displays the multiple-group SEM results.

[Insert Figure 2 about here]

As expected, the results suggest that the positive influence of GFT on expectations was higher in Spain (β=.49, p<.01) than in Sweden (β=.38, p<.01). The difference between coefficients was significant ($\Delta\chi^2$=45.09, Δd.f.=1; p<.01). Hence, H1 was supported in the study. Rejecting H2, the influence of GFT on quality was lower in Spain than in Sweden (Spain; β=.08, p<.01; Sweden: β=.13, p<.01; $\Delta\chi^2$=6.08, Δd.f.=1; p=.01). Supporting H3, the influence of GFT on customer satisfaction was higher in Spain (β=.30, p<.01) than in Sweden (β=.18, p<.01) ($\Delta\chi^2$=42.10, Δd.f.=1; p<.01). In addition, the results suggest that the influence of customer expectations on perceived quality was negatively moderated by GFT in Sweden (β=-.03, p=.02) and positively moderated by GFT in Spain (β=.05, p=.02) ($\Delta\chi^2$=14.01; Δd.f.=1, p<.01). Hence, H4 was supported. Consistent with our expectations, the influence of quality on customer satisfaction was negatively moderated by GFT in Sweden (β=-.03, p<.01) whereas no moderating effect was detected for Spain (β=.01, p=.87) ($\Delta\chi^2$=6.00, Δd.f.=1; p=.01). Hence, H5 was also supported in the study.

5. Discussion

In both the investigated national markets (i.e., Sweden and Spain) we found that GFT was positively related to expectations, perceived quality and satisfaction, respectively. As an extension of previous consumer trust research, we also found that the effect of GFT on anticipated outcomes is likely to be influenced by IPT. Specifically, we found that when IPT is on a low level, consumers seems to be *more* inclined to take into account GFT as an indicator of their expectations and as a variable influencing their level of satisfaction. Hence, this study provides further evidence for the usefulness of taking GFT into account as a contextual factor when investigating customer-seller relationships.

Contrary to our expectations, we also found that in markets where IPT is low, consumers were less inclined to use GFT an indicator of quality. However, by showing that the positive influence of GFT on customer expectations and satisfaction is higher in when IPT is low (vs. high) level, this study establishes both GFT and IPT as key characteristics in understanding consumer financial relationship behaviour. In a similar vein, and consistent with our expectations, we found that when IPT was high, GFT negatively moderated the relationships between expectations and quality and between quality and satisfaction, whereas positive (the expectations-quality relationship) and no moderation (the quality-satisfaction relationship), respectively, was found when IPT was low.

Our results have important implications for both international financial service managers and financial authorities. Managers operating in national markets where IPT is low should be especially concerned that a decreasing level of GFT may have a strong direct negative influence

on expectations and satisfaction. On the other hand, with higher levels of IPT managers in such markets may benefit from an improved relationship between GFT and these relationship variables.

5.1 Limitations and future research

Respondents were approached via online surveys; they may behave differently when engaging in specific relationship settings. While surveys are commonly used for data collection, there's limited control over contextual factors and consumer response patterns. The study employed perceptual measures for the examined moderator, raising concerns about potential bias in responses. To address this, future research could explore the issue by manipulating GFT in controlled experimental setups. Also, it is acknowledged that the identified effects might not universally apply. The impact of GFT on endogenous variables could differ based on specific market conditions and product complexities, as increased complexity might heighten consumer demand for trust.

However, the constructs investigated in this study are applicable to financial service businesses, suggesting similar effects across various sectors. Elements like expectations, perceived quality, and satisfaction are pertinent not only to financial industries but also to diverse business types. The study's theoretical model aligns with findings in other financial service contexts, implying potential applicability beyond this domain. The theoretical framework, exploring the interplay between expectations, perceived quality, GFT, and satisfaction, may also hold relevance in industries like the food market, which also is characterized by perceived complexity and trust requirements (e.g., Hansen and Thomsen, 2022, 2013). In conclusion, future research should consider the insights from this study as initial steps in understanding the impact of GFT on consumer financial behaviour in diverse national markets - an area that remains underexplored.

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Table 1. Confirmatory Factor Analyses Results

Construct/measures	Standardized factor loading[a] Sw./Sp.	Critical ratio (χ^2) Sw./Sp.	Composite reliability Sw./Sp.	Extracted variance Sw./Sp.
Customer expectations			.91/.92	.71/.73
1. Products offered	.88/.89	-/-		
2. Personal service and advice	.83/.82	82.09/64.69		
3. Reliable and accurate service	.82/.90	74.16/35.51		
4. Added functions offered	.84/.81	77.07/30.73		
Perceived quality			.92/.92	.74/.74
5. Advice and information given by the personnel	.83/.89	-/-		
6. Banking products offered	.85/.78	80.15/32.56		
7. The personnel's commitment	.89/.90	86.42/43.29		
8. Politeness and friendliness of the personnel	.86/.87	82.23/40.45		
Customer satisfaction			.85/.88	.65/.70
9. Close to 'ideal' bank	.82/.81	-/-		
10. Overall satisfaction	.78/.85	65.17/30.91		
11. Fulfilment of expectations	.81/.85	64.73/30.85		

Notes:

[a] One item for each construct was set to 1.
Sw: Sweden; Sp: Spain.

General financial trust (GFT) and individual financial trust (IFT) were both measured by a single item and therefore not included in the confirmatory factor analysis.

GTF: Consumers' expectation that companies within a certain business type are generally dependable and can be relied on to deliver on their promises (Siegrist et al. 2005).

IFT: The expectation held by the consumer that the service provider [i.e., the specific individual bank] is dependable and can be relied on to deliver on its promises (Sirdeshmukh et al. 2002).

Table 2. Descriptive Statistics and Discriminant Validity of Constructs

| Construct	1 Sw./Sp.	2 Sw./Sp.	3 Sw./Sp.	4 Sw./Sp.	5 Sw./Sp.
1. Customer expectations	.71/.73				
2. Perceived quality	.43/.64	.74/.74			
3. Customer satisfaction	.52/.66	.73/.67	.65/.70		
4. General financial trust (GFT)	.15/.28	.13/.22	.25/.45	*n.a.*	
5. Individual financial trust (IFT)	.01/.13	.02/.11	.02/.20	.01/.08	*n.a.*
Mean	8.01/6.51	8.24/6.74	7.58/5.88	6.36/4.58	7.57/6.39
SD	1.55/2.07	1.52/2.01	1.55/2.15	1.95/2.49	1.95/2.66

Notes:

Diagonals represent average amount of extracted variance for each construct.
Non-diagonals represent the shared variance between constructs (calculated as the squares of correlations between constructs).

Customer expectations, perceived quality, and satisfaction were measured on 10-point scales ranging from 1='very low' to 10='very high'.
Averaged means are reported for expectations, perceived quality, and satisfaction.
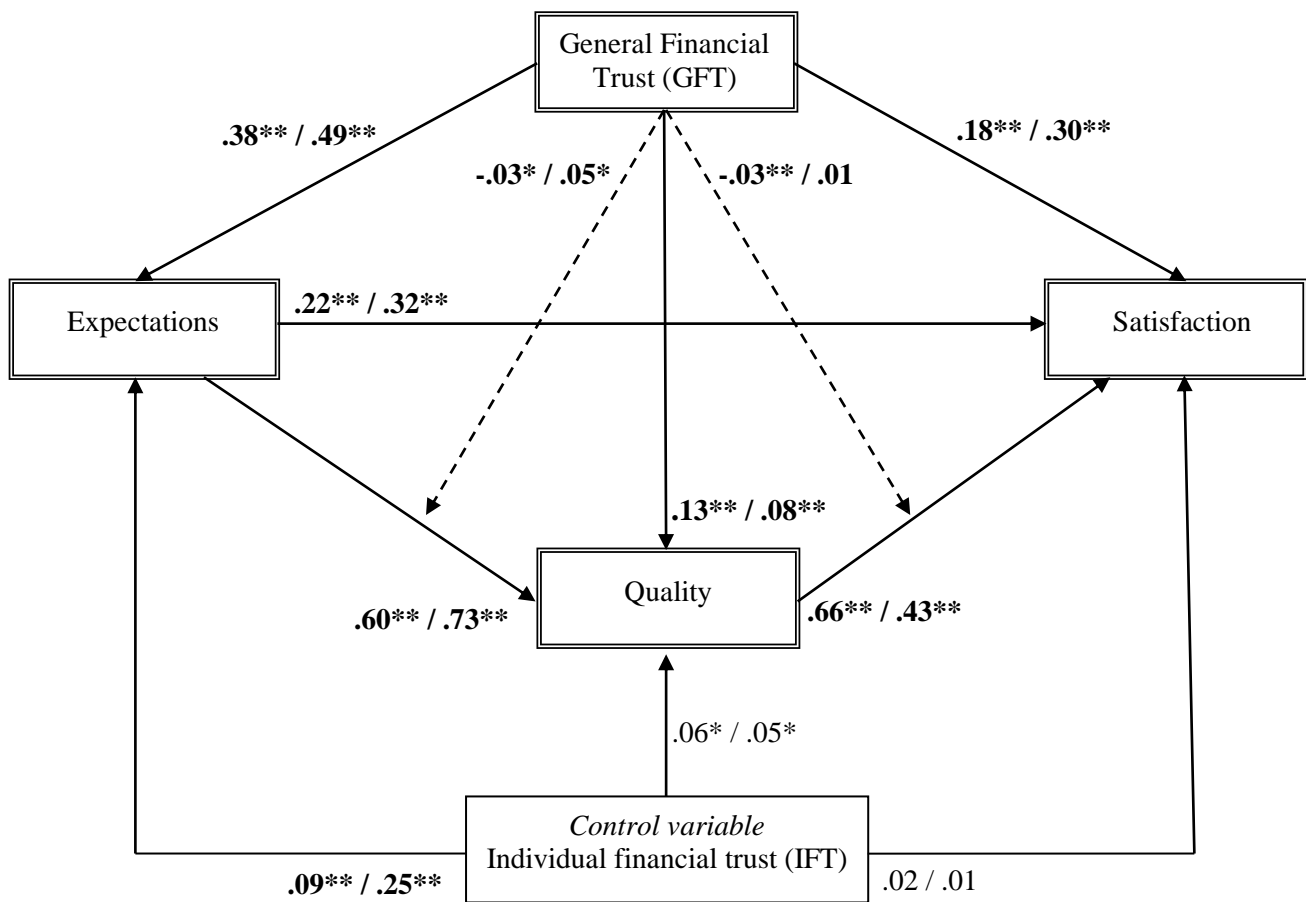
Sw: Sweden, high IPT
Sp: Spain, low IPT

Figure 1. The Conceptual Baseline Model
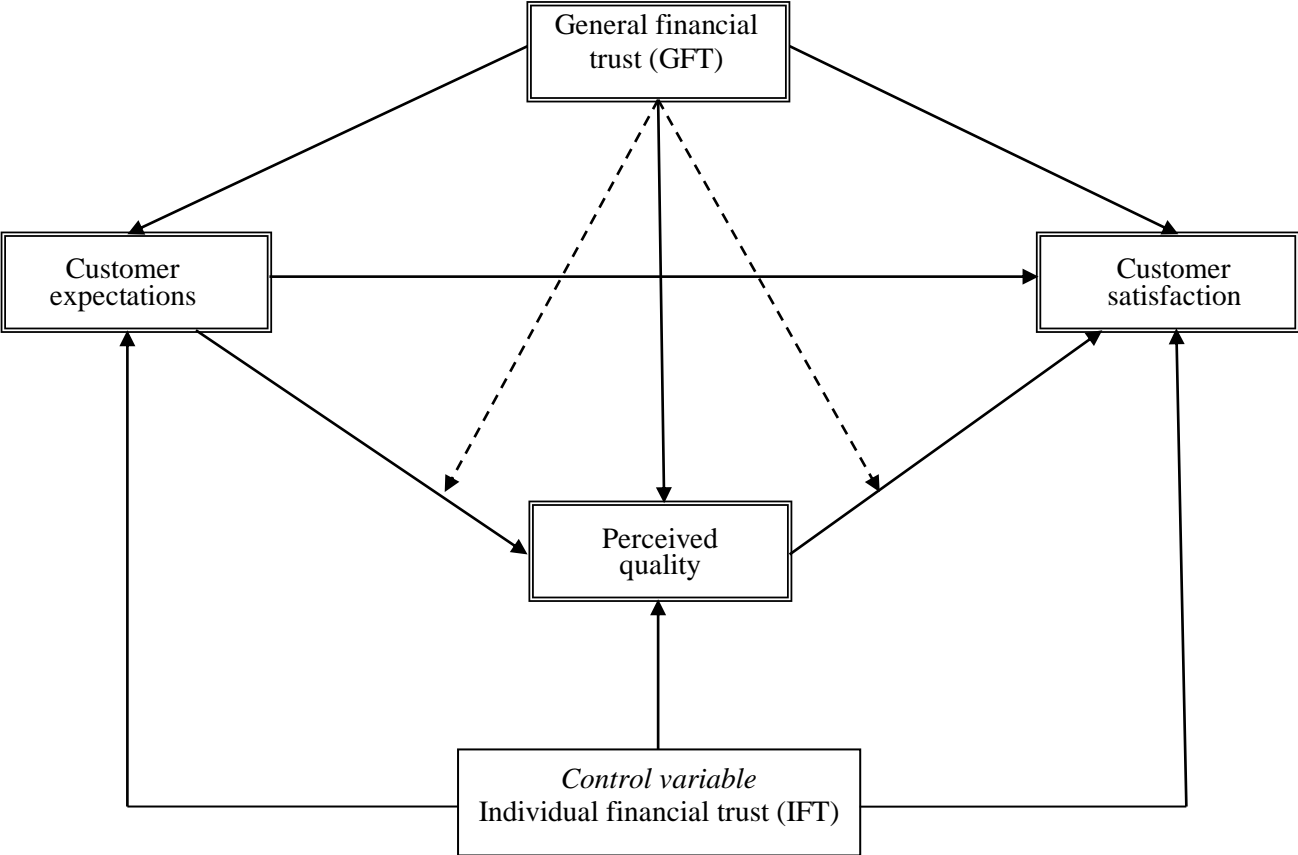
——— Direct effetcs

----- Moderating effects

Figure 2. The Estimated Model

Model fit: (χ^2=5663.69, d.f.=348, *p*<.01; CFI=.95; NFI=.95; Hoelter(.05)=493).

Coefficients marked in bold are statistically different (α=.05).

Order of standardized coefficients displayed: Swedish sample (high IPT) / Spanish sample (low IPT).

**: *P*-value<.01; *: *P*-value<.05.