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## Trust in Financial Services: The Influence of Demographics and Dispositional Characteristics

### ABSTRACT

So far very little attention has been paid to examining consumer perceptions of trust from an interdisciplinary perspective. The purpose of this study is to examine how consumer trusting belief and disposition to trust within the financial services sector vary on the basis of individual demographic differences in trust. The research provides new insights into how consumers with higher dispositional trust have higher institutional trust and higher trusting belief; and how consumers' trusting belief significantly differs according to their demographic background in terms of age, marital status, ethnicity and gross annual income. The findings offer useful insights for the managers in financial institutions to carefully consider the impact of the influence of these individual differences on consumer behaviour in order to serve the needs of consumers in their target market and be able to design financial products and develop trust building strategies to attract and retain them. They also call for the action of the regulators and the financial institutions to play their part in building strong institutional systems that contribute to engendering higher levels of consumer trust.

**Keywords:** Demographics, dispositional characteristics, interpersonal trust, institutional trust, financial services.

### INTRODUCTION

Trust has been found to be at the heart of the marketing concept (Arnott, 2007) and works as 'glue' (Berry, 1995) in any relationships including those between sellers and buyers. Although extensive scholarly work has been done (Ping Li, 2007) on trust in the domain of organisational management and strategic alliance (Gambetta, 1988; Inkpen and Currall, 2004; Koza and Lewin, 1998; Rousseau et al., 1998; Zaheer and Harris, 2006), relatively little attention has been paid to this construct in the marketing

domain (Arnott, 2007) with the result that much less is known about trust in the context of financial services. With the exception of empirical work mostly focusing around the attributes of trustees i.e. trustworthiness and measurement of trust in various financial institutions in general (Ennew and Sekhon, 2007, Ennew *et al*, 2011) or cognitive and affective trust in particular (Sekhon *et al*, 2014), as well as the testing of interdisciplinary trust theories within the financial services context (Sekhon *et al*, 2013; Moin *et al*, 2015; Moin *et al*, 2016), no research has been found that has examined the influence of demographic differences on consumer perceptions of trust from an interdisciplinary perspective in this context. Marketers need to understand the influence of demographic differences on consumers' perception of trust in financial services so that they can serve the needs of each segment of consumers and be able to develop effective strategies to attract and retain them. Therefore, this study aims to understand whether there are individual differences in consumer perceptions of trusting belief, institutional trust and dispositional trust based on demographic characteristics such as gender, age, marital status, ethnicity and gross annual income. The paper starts with a brief literature review on trust research in management and related disciplines to justify the rationale for this research before focusing on the interdisciplinary perspectives of trust with particular attention to a number of trust constructs rooted in psychology, sociology and economics. Next the research methodology is described followed by the analysis and discussion of results. Finally conclusions are drawn and implications of this research outlined as well as directions for future research.

## LITERATURE REVIEW

### **The demographic analysis of trust in financial services**

The research on trust dates back to 1958 in psychology with the early work of Deutsch (1958) on conflict resolution. The next two notable research studies in psychology covered the aspects of interpersonal trust by Rotter (1967) and Zand (1972). However, among the early studies the mostly cited research in sociology was on trust and power by Luhmann (1979). Management researchers became interested in the topic in the mid-80s and Dwyer *et al's* (1987) research looking at the interpersonal trust relationships between buyers and sellers was found to be the most notable study (Arnott, 2007). Some of the widely cited studies in management in the

early and mid-90s examined trust between business and marketing research agencies (Moorman *et al*, 1992 and 1993); trust in relationship marketing (Morgan and Hunt, 1994) and cognitive and affective trust (McAllister, 1995). Thereafter trust research has attracted a lot of interest in the fields of management, organisational behaviour and business ethics with numerous articles published about online or system security (Arnott, 2007). In addition, trust has been conceptualised from an interdisciplinary perspective (Mayer *et al*, 1995; McKnight *et al*, 1998; McKnight and Chervany, 2001-2002; McKnight *et al*, 2002; Tan and Sutherland, 2004; Moin *et al*, 2015; Moin *et al*, 2016). However, trust in the services context in general and financial services in particular remains under-researched (Tyler and Stanley, 2007). So far, very little attention has been paid to the influence of demographic differences on consumer trust. Nienaber *et al* (2014) has given a brief account of all the major trust research in the context of financial services sector, which also do not contain any research that involved demographic analysis of trust in the context of financial services sector. The limited research involving demographic analysis of trust is further evidenced through a recent search of outputs generated by the '*Business Source Complete*' database using keyword(s) 'trust', 'demographic(s)', and 'financial services' within the abstract of the documents published between 1981 and February 2017. The search of keyword 'trust' within the abstract resulted 76,757 documents of which 39,530 are scholarly publications including peer reviewed journal articles. The search of keywords 'trust' and 'financial services' resulted 843 documents of which 421 are scholarly publications. The search of keywords 'trust', 'demographic(s)', and 'financial services' resulted only 13 documents of which 7 are scholarly publications whereas the keywords 'trust' and 'demographics' resulted 417 documents of which 138 are scholarly publications. This also shows that the demographic analysis of the level of trust in case of financial services is inadequate yet important particularly for the managers and regulators. Such types of studies have been conducted in other sectors and the empirical findings suggest that the level of trust varies based demographic differences. Higher levels of trust propensity have been found in individuals with high income (Alesina and La Ferrara, 2002), higher educational level (Uslaner, 2002), and gender (Feingold, 1994). Feingold (1994) research focused on examining gender differences in personality where males were found more assertive and with slightly higher self-esteem than females but females were higher in trust, extraversion, anxiety and tender-mindedness. Alesina and La Ferrara (2002) research investigated how trust

on each other is influenced by individual and community characteristics, where individual characteristics refer to age, gender and race. Another research conducted by Christensen and Laegreid (2002) found that trust in government is also influenced by demographic factors such as age, education and occupation. Therefore, our research is particularly interested in a detailed demographic analysis of the interdisciplinary perspective of trust in the context of financial services sector. To be more specific, this study addressed the following two research questions:

*RQ1:* To what degree do consumers' general disposition to trust and their trust in the system (i.e. institutional trust) impact on their level of trusting belief for their own bank?

*RQ2:* Whether the financial services' consumers differ in their perception of trusting belief for their own bank based on demographic factors such as marital status, age, ethnicity, gross annual income, gender and so forth?

### **Interdisciplinary perspective of trust**

Trust is a multidimensional construct. A wide range of interdisciplinary literature conceptualise trust as (a) a set of beliefs or expectations about the motives or future intentions of trustees (Sitkin and Roth, 1993); (b) willingness of trustors to rely/depend on trustees (Doney *et al*, 1998; Mayer *et al*, 1998) or as behavioural intention, which comes from the willingness of trustors to use their expectations or belief (Luhmann, 1979; McAllister, 1995 and Scott, 1995); and (c) trust related behaviour or taking actions, which involve risk-taking (Moorman *et al*, 1992) and will increase the vulnerability of one person to another (Deutsch, 1962). The major constructs of trust which have been mostly referred in the management research originate from psychology, sociology, economics, and social psychology (McKnight *et al*, 1998), offering important distinctive insights on trust, which includes three major categories of trust such as interpersonal, institutional and disposition trust (McKnight and Chervany, 2001-2002) and a number of interdisciplinary trust constructs such as trusting belief, trusting intention, structural assurance, situational normality, faith in humanity and trusting stance (McKnight *et al*, 2002).

Trusting belief is one of the most important antecedents of trusting intention, and concerns the belief of one about another based on the cognitive belief about that person (Bromiley and Cummings, 1995; Gabarro, 1978) and the person's emotional security about those beliefs. Trusting belief is both person and situation-specific (McKnight *et al*, 1998), meaning that one person believes that the other person is trustworthy in a specific situation rather than in a broad range of situations. Furthermore, trusting belief depends on trustworthiness, which includes attributes like competence, benevolence, honesty, predictability and so forth (Mayer *et al*, 1995; Tan and Sutherland, 2004; McKnight *et al*, 1998; McKnight and Chervany, 2001-2002). In the context of financial services sector Ennew and Sekhon (2007) and Ennew *et al*, (2011) identified five drivers for organisational trustworthiness (i.e. integrity and consistency, concern and benevolence, shared values, expertise and competence and communication), which have subsequently been used by the researchers to measure trusting belief for financial services consumers (Moin *et al*, 2015).

The concept of institutional trust, also known as system trust, comes from sociology and is a two-dimensional construct: structural assurance and situational normality (McKnight *et al*, 1998). Institutional trust assumes that situations or environmental setting impacts on the outcome of an endeavor within the situation and thereby influence trust. This construct is influenced by the situational attributes (i.e. structural assurance) rather than human traits (i.e. trustworthiness of trustees) and the perception that the situation is normal (i.e. situational normality). Therefore, it is situation-specific but also interpersonal (Chervany, 2001-2002). When structures, situations, roles and so forth provide assurance of a successful outcome, thereby resulting in a sense of structural assurance and situational normality, people find it easier to trust the organisation. The robustness of the structures: regulatory, legal, technical environment and so on provides confidence to trust (McKnight and Chervany, 2002). This two-dimensional construct comprising structural assurance and situational normality (McKnight *et al*, 1998) is particularly significant in the context of financial services sector given that the financial products and services are complex and risk perceptions in this sector are high.

Dispositional trust is a two-dimensional construct and these dimensions are faith in humanity and trusting stance. Stems from psychology and economics, essentially dispositional trust refers to peoples' disposition to trust others; and advocates that peoples' tendency to trust in general over a broad range of situations and persons (McKnight *et al*, 1998) is driven by the personality-based traits they develop through their life-experience (Tan and Sutherland, 2004). Therefore, families, elementary educational institutions and the society at large, where peoples' life-experiences come from has significant role in shaping their perceptions about others and thereby their disposition to trust others. Although there are plenty of theories on personality traits, the widely used 'big five personality traits' theory (McCrae *et al*, 1989) describes a person's personality through five factors: extraversion, neuroticism, conscientious, openness to experience, and agreeableness. 'Faith in humanity' refers to "the extent to which one believes that nonspecific others are trustworthy" (McKnight *et al*, 1998, p.478) whereas 'trusting stance', drawn from calculative economic-based research stream, refers to an assumption that believing others and depending on them rather than not depending on them at all will lead to a superior outcome irrespective of people's perception about others. Faith in humanity contributes towards positive perception about others but trusting stance contributes to depend on others as a choice or strategy of trustors.

## RESEARCH METHOD

### **Sample and data collection**

To collect data for the purpose of this research a quantitative method was employed and a paper-based survey questionnaire was used to collect data. For ease of access and pragmatic reasons a convenience sample was drawn from UK employees of a multinational corporation having operations within 70 countries in the world including the major cities of the UK. With the support of the managers and customer service representatives and using internal mails and snowballing technique 420 paper-based questionnaires were distributed to the employees working in various branches located in some of the major UK cities. The questionnaire contained instructions, asking the respondents to indicate to what extent they agree or disagree with the statements (i.e. the measurement variables) in relation to their main bank. Within the questionnaire brief, the main bank was defined as the bank they use most of the time.

To identify their demographic background, information on gender, marital status, age range, ethnicity, gross annual income and so forth were collected. Of 420 questionnaire, 301 were returned of which 300 were usable, resulting in a response rate of 71.43%. Table 1 summarises profile of the sample.

**Insert “Table 1: Summary of Sample Profile” here**

### **Measures**

The measurement scales (Table 2) that were used to measure the various dimensions of interpersonal trust, institutional trust and dispositional trust have been adopted and developed from well-established measurement scales. The measures for the dimensions of institutional trust such as structural assurance and situational normality and for the dimensions of dispositional trust such as faith in humanity and trusting stance have been developed from the interdisciplinary literature on trust (McKnight *et al*, 1998; McKnight and Chervany, 2001-2002; Mayer *et al*, 1995). A robust scale development methodology has been followed for this – however, the process of the scale development is beyond the scope of this paper. The measures for the five dimensions of trusting belief such as integrity and consistency, concern and benevolence, shared values, expertise and competence, and communication have been replicated from Ennew *et al*'s (2011) trust index. Since consumers trusting belief in financial services is measured by the organisational trustworthiness and Ennew *et al*'s (2011) trust index was found to be a well-constructed validated measurement with strong construct validity and widely in used financial services research, this was done to avoid gap between conceptualisation and operationalisation (McEvily and Tortoriello, 2011). Prior to the main study all the scales were tested and purified through pilot testing.

**Insert “Table 2: Measurement Scale” here**

## DATA ANALYSIS AND RESULTS

### **Exploratory and confirmatory factor analyses**

To test the factor structure of trusting belief, trusting intention, institutional trust and dispositional trust, and identify poorly-performing items and test scale reliability, Exploratory Factor Analysis (EFA) was conducted followed by Confirmatory Factor Analysis (CFA) to examine uni-dimensionality and validity (Garbing and Hamilton, 1996; Cadogan *et al*, 2009) using LISREL 8.80. Exploratory Factor Analysis was completed using SPSS Principal Component Analysis using a standard Varimax with Kaiser Normalisation Rotation Model with a cut-off point of 0.50. Out of fifty variables used to measure the ten sub-constructs/dimensions of the four main constructs, only six variables were dropped (i.e. five due to cross-loadings and one due to an item factor loading of less than 0.50). The summary of the results of EFA including the correlation coefficients between variables, factor loadings and measurement properties are summarised in Table 3.

**Insert “Table 3: Summary of the Result of EFA” here**

The factor solutions obtained through EFA was used for CFA using Lisrel to further confirm the factor structure and to measure the reliability and validity of the measurement scales. Table 4 presents the summary of the results of CFA including the indices for goodness of fit of the model and discriminant validity of the scales (Cadogan *et al*, 2009).

**Insert “Table 4: Construct Correlation and Measurement Properties” here**

### **Model fit and validity of the measurement scales**

The output generated through CFA, support that the model has achieved a reasonably good measurement fit to data on the basis of commonly used fit indicators. The value of RMSEA is 0.077 (< 0.8) and the values for CFI, IFI and NNFI are all above 0.9 – all of which support a good measurement fit (Hu and Bentler, 1995; Hooper *et al*, 2008). The ratio of the Chi-Squared ( $\chi^2$ ) to degrees of freedom (df) is 2.63 (within 1 to 3) provides further evidence to the model fitness (Carmines and McIver, 1981). The



measurement scales of the constructs achieved Composite Reliability (CR) greater than the recommended threshold of 0.7 (Nunnally, 1978) and thereby also greater than the recommended threshold of 0.6 (Bagozzi and Yi, 1988). There is also strong support in favour of the discriminant validity of the measures as the Average Variance Extracted (AVE) for all the constructs are also greater than 0.5 (Fornell and Larcker, 1981) and the root square of Average Variance Extracted (AVE) for all the scales is greater than the correlation between those variables (Cadogan *et al*, 2009). All these findings confirm that the convergent and discriminant validity of the measures have been achieved.

### **Development of high-trust and low-trust clusters**

In order to investigate the impact of the consumer characteristics of a general disposition to trust and trust in the system (i.e. institutional trust) have a notable impact on trusting belief in the respondents main bank, cluster analysis was used to create a high and low trust cluster for both dispositional trust and institutional trust. Cluster analysis is a common, respected and well-used method in marketing research for generating empirical groupings of individuals for use in further analysis (Punj and Stewart, 1983). As explained above, dispositional trust comprises of two elements, faith in humanity and trusting stance – and their measures are shown in Table 2. Factor means for these two measures were then used to produce a two-factor solution. Results are shown in Table 5. Data indicate that the mean scores for ‘cluster 1’ are significantly lower than for ‘cluster 2’ for both sub-dimensions of dispositional trust. Therefore, ‘cluster 1’ is the ‘LOW general disposition to trust cluster’ and ‘cluster 2’ is the ‘HIGH general disposition to trust cluster’. Institutional, or system trust also has two elements, namely structural assurance and situational normality and measures for these constructs are also shown in Table 2. Data for the two factor means for these items also indicate that ‘cluster 1’ is the low trust cluster, whilst ‘cluster 2’ is the high trust cluster, as illustrated in Table 5. Thus, ‘cluster 1’ is the ‘LOW trust in the institutional trust group’, whilst ‘cluster 2’ represents those with relatively ‘HIGH trust in the system (i.e. with High institutional trust)’. The groups produced by the cluster analysis were then used in subsequent analysis.

<b>Insert “Table 5: Measurement of Trust ” here</b>
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### **General disposition to trust and trusting belief**

Firstly, an independent samples t-test was employed to confirm whether a general disposition to trust manifested itself in a higher degree of trusting belief in one's own bank. Whilst it might be expected *ex-ante* that a general tendency to give people the benefit of the doubt and to trust media such as TV and newspapers would transfer to specific sectors, it is also the case that banking and financial services holds particular challenges for consumer, since this sector has been the subject of a number of scandals in the recent past and is generally considered a very low trust environment. Such factors could easily dominate anyone's general disposition to trust, meaning that trusting belief in one's bank is low regardless of general dispositional trust. Results are presented in Table 6 and show that for all five dimensions of trusting belief, the mean score for the high general disposition to trust cluster is significantly higher than that for the low general disposition to trust cluster. Therefore, results confirm unequivocally that a general propensity to trust does transfer effectively to the financial services sector.

**Insert "Table 6: General Disposition to Trust and Trusting Belief " here**

### **Trust in the system (institutional trust) and trusting belief**

Although it might be reasonably assumed that trust in the system that supports financial institutions would translate into higher levels of trust for a user's bank, it is not necessarily the case. Previous research (Grayson *et al*, 2008) has shown a marked difference between "broad scope" trust (equivalent to trust in the system) and "narrow scope" trust (trust in a particular institution). Therefore, an independent sample t-test was employed to check whether higher overall trust in the system manifests itself in higher levels of trust in the respondent's bank. Results are shown in Table 7. Results indicate that the high trust in the system cluster does indeed have significantly higher levels of trusting belief across all dimensions. Whilst not entirely surprising, this result offers re-assurance that general system trust does lead individuals to trust their own bank to a greater degree.

**Insert "Table 7: Trust in the System (Institutional Trust) and Trusting Belief " here**

### **Gender and trusting belief in financial services**

This study also tests the impact of a number of demographic variables on levels of trusting belief, using independent samples t-tests for dichotomous categories and ANOVA where there are more than two categories. From an interdisciplinary perspective, as trusting belief is both person and situation specific (McKnight *et al*, 1998), our particular point of interest here is to test whether consumers' demographical characteristics influence their trusting belief in the context of the financial services sector. The t-test for gender is shown in Table 8 and results indicate that there are no significant differences in trusting belief between males and females.

**Insert "Table 8: Gender and Trusting Belief" here**

### **Age and trusting belief in financial services**

The results of the ANOVA for conducting this test are presented in Table 9 and reveal that among various age groups there are differences in their perception of integrity and consistency ( $F = 4.037$ ,  $\text{Sig} = 0.019$ ), shared values ( $F = 5.815$ ,  $\text{Sig} = 0.003$ ) and communication ( $F = 3.511$ ,  $\text{Sig} = 0.031$ ), which are statistically significant but the differences among various age groups in their perception of concern and benevolence ( $F = 2.185$ ,  $\text{Sig} = 0.114$ ) and expertise and competence ( $F = 0.785$ ,  $\text{Sig} = 0.457$ ) are not statistically significant. Thus, on balance, there is reasonable support for the contention that there is variation in the level of trusting belief on account of age. Post hoc analysis<sup>1</sup> indicates that those in the older age group (35 and older) are significantly more trusting than others.

**Insert "Table 9: Summary of Output of ANOVA: Age and Trusting Belief" here**

### **Marital status and trusting belief in financial services**

The results of ANOVA (Table 10) reveal that people with different marital status differ significantly in their perception of integrity and consistency ( $F = 4.876$ ,  $\text{Sig} = 0.008$ ), concern and benevolence ( $F = 4.474$ ,  $\text{Sig} = 0.012$ ) and expertise and competence ( $F = 4.881$ ,  $\text{Sig} = 0.008$ ) but they do not significantly differ in their

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<sup>1</sup> Post Hoc analyses are not presented in the paper in the interests of clarity and brevity, but are available from the authors on request

perception of shared values ( $F = 1.269$ ,  $Sig = 0.283$ ) and communication ( $F = 2.059$ ,  $Sig = 0.130$ ). Again, on balance, there is reasonable evidence that some elements of trusting belief vary significantly by marital status. Post-hoc analysis indicates that where there are differences, divorced people have significantly higher levels of trusting belief than others in the sample.

**Insert “Table 10: Summary of Output of ANOVA: Marital Status and Trusting Belief ” here**

#### **Ethnicity and trusting belief in financial services**

The results of ANOVA (Table 11) reveal that people with different ethnic background differ significantly in their perception of integrity and consistency ( $F = 4.900$ ,  $Sig = 0.008$ ), concern and benevolence ( $F = 4.691$ ,  $Sig = 0.010$ ) and shared values ( $F = 3.313$ ,  $Sig = 0.038$ ) but they do not significantly differ in their perception of expertise and competence ( $F = 0.786$ ,  $Sig = 0.457$ ) and communication ( $F = 0.549$ ,  $Sig = 0.578$ ). Post-hoc analysis indicates that where there are differences the main pattern is that South Asian respondents are most trusting, followed by white respondents and black and other respondents are the least trusting.

**Insert “Table 11: Summary of Output of ANOVA: Ethnicity and Trusting Belief” here**

#### **Income and trusting belief in financial services**

The results of ANOVA (Table 12) reveal that people with different gross annual income differ significantly in their perception of shared values ( $F = 4.489$ ,  $Sig = 0.012$ ) and communication ( $F = 3.967$ ,  $Sig = 0.020$ ) but they do not significantly differ in their perception of integrity and consistency ( $F = 1.286$ ,  $Sig = 0.278$ ), concern and benevolence ( $F = 1.708$ ,  $Sig = 0.183$ ) and expertise and competence ( $F = 2.245$ ,  $Sig = 0.108$ ). Therefore, there is some evidence to suggest differences according to income, but less than in the case of other demographic factors. Post-hoc analysis shows that trust levels generally increase with income.

**Insert “Table 12: Summary of Output of ANOVA: Income and Trusting Belief ” here**

## DISCUSSION AND IMPLICATIONS

This research offers novel insights through empirically testing the relevance of the interdisciplinary theories of dispositional trust, institutional trust and trusting belief (McKnight *et al*, 1998; McKnight and Chervany, 2001-2002; McKnight *et al*, 2002; Mayer *et al*, 1995) in the context of the financial services sector. A comprehensive investigation of the trust literature postulates that this research is the first study that finds empirical evidence suggesting consumers' disposition to trust in terms of faith in humanity and trusting stance along with their perception of institutional trust in terms of structural assurance and situational normality (McKnight *et al*, 1998; McKnight and Chervany, 2001-2002; McKnight *et al*, 2002) are transferred to the financial services sector. Consumers' disposition to trust has also found to be linked to their institutional trust. The findings of this research demonstrates that consumers of financial services can be categorised based upon their disposition to trust i.e. consumers with higher and lower dispositional trust. These segmentations of consumers of the financial services are congruent with the segmentations based on their perceptions of institutional trust: structural assurance and situational normality. The study also reveals that consumers with higher dispositional trust have higher trusting belief than the consumers with lower dispositional trust; and consumers with higher institutional trust have higher trusting belief than the consumers with lower institutional trust – thereby also validating the theoretical links between trusting belief, dispositional trust and institutional trust.

This study also underscores that the difference between two above groups are statistically significant. Thus, this research highlights the importance of institutional trust and dispositional trust to improve the overall trusting belief of the consumers. While many research focus on the trustworthiness (Ennew and Sekhon, 2007; Ennew *et al*, 2011), cognitive and affective trust (Sekhon *et al*, 2013), this research calls for the attention of the regulators and financial institutions to the importance of building a sound and strong financial structure to influence consumers' trusting belief. In case of financial services the perception of strong structural assurance can be promoted through enforcing appropriate regulatory regimes, redress mechanisms, compensation and deposit guarantee schemes and so forth (Moin *et al*, 2015). Therefore, this

research contributes through projecting the relevance of the interdisciplinary theories of trust in the context of financial services sector.

Furthermore, trusting belief of the consumers significantly differs due the differential demographic backgrounds such as age, marital status, ethnicity and gross annual income as found by this study contributes to the intersection of relationship marketing (Free, 1996; de Chernatony *et al*, 1999; Berry, 2000; Elliott and Percy, 2007), services marketing (Elliott and Percy, 2007) and interpersonal trust (McKnight *et al*, 1998). This is because the findings of the study suggest that the financial services institutions should carefully consider the demographic backgrounds of their consumers to better understand their needs and wants. The demographic analysis of consumers' perception of trusting belief reveals some interesting findings that consumers of the age of 35 years and older are significantly more trusting than others; divorced people have significantly higher levels of trusting belief than others; consumers with South Asian backgrounds are most trusting, followed by white and black and others; and level of trust levels generally increase with the income of the consumers. Nonetheless, the findings indicate that there are no significant differences in trusting belief between males and females.

This study provided some significant implications for the managers and regulators within the financial institutions. First, the concept of higher and lower dispositional trust will help marketing managers in segmentation, targeting and positioning and product development strategies. While doing so the managers in financial institutions should carefully ponder on the demographic differences amongst their consumers and design the product ranges, which meet the needs and demands of each group of customers. Thus, the financial institutions will be more effective in devising the overall marketing strategies which are more conducive to fostering overall consumer perception of trust in financial services. This also means that the financial service providers should have a wide range of products to support the diverse needs of each segment of consumers. Second, the study calls for the actions of the regulators and the financial institutions to build strong and credible institutional systems that contribute towards higher consumer trust and continue to provide their consumers with a sense of strong structural assurance and situational normality. This is where media has an important role to play in spreading more good-news stories and narratives, which will

contribute towards consumers' perception of situational normality and thereby contribute to their trusting belief. Third, since the family, elementary educational institutions and society have a significant impact on people's disposition to trust, this research highlights the role of the families, elementary educational institutions and the society as a whole to positively influence all aspects of trust through influencing peoples' disposition to trust.

## LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Although the study has made some valuable contributions to both theories and practice, it is not completely free from limitations. The study gathered cross-sectional data with a comparatively small sample size than some of the funded research with access to a large and representative sample. From a sceptical angle this may raise some concern about the generalizability of the findings. However, the fundamental outcome of this study is to understand the importance of consumers' demographics and the dispositional characteristics on their perception of trusting belief – particularly in the context of financial services sector and there is no reason as to why future research cannot be conducted with a larger sample size and more representative sample. We believe our research has set the ground to understand consumers' trusting belief from the demographic perspective and further in-depth qualitative research has the potential to unveil the innate reasons behind some of the findings. This will be particularly beneficial for the financial institutions to design their products and services more effectively to meet the needs of diverse group of customers. Therefore, the future qualitative research has the potential to develop new theories within the cross-sections of trust, services and relationship marketing in relation to consumers' demographics and their disposition to trust.

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## Trust in Financial Services: The Influence of Demographics and Dispositional Characteristics

**Table 1: Summary of Sample Profile**

	Frequency	Percent (%)
<b>Cluster</b>		
Cluster 1 (High trust group)	171	57.0
Cluster 2 (Low trust group)	129	43.0
<b>Gender</b>		
Male	94	
Female	205	
Missing	1	
<b>Marital Status</b>		
Single	179	59.7
Married or with partnership	87	29.0
Divorced	12	4.0
Preferred not to say	22	7.3
<b>Age</b>		
25 and under	106	35.3
26 – 35	112	37.3
36 and over	71	23.7
Missing	11	3.7
<b>Ethnicity</b>		
White: British and Other	163	54.3
South Asian: India, Pakistan and Bangladesh	77	25.7
Black and Other	35	11.7
Missing	25	8.3
<b>Gross Annual Income</b>		
Up to £30,000	138	46.0
£30,001 - £50,000	51	17.0
Over £50,000	45	15.0

**Table 2: Measurement Scale**

Main Constructs	Sub-constructs	Variables
*Trusting Belief	Integrity and Competency	My bank keeps its word
		My bank shows high integrity
	Concern and Benevolence	My bank is honest
		My bank conducts transactions fairly
		My bank is consistent in what it does
Shared Values	My bank can be relied upon for honest advice	
	My bank shows respect for the customer	
	My bank treats customers fairly	
Expertise and competence	Communication	My bank is receptive to my needs
		My bank has the same concerns as me
		My bank has the same values as me
		My bank acts as I would
**Institutional Trust	Structural Assurance	My bank informs me immediately of any problems
		My bank informs me immediately of new developments
**Dispositional Trust	Faith in Humanity	My bank communicates regularly
		I am confident that existing policies and regulations protect customers of financial services institutions
**Dispositional Trust	Situational Normality	I have faith and confidence in the financial system
		I generally trust financial institutions to act honestly and ethically
**Dispositional Trust	Trusting Stance	I trust financial institutions to stick to rules and regulations
		I trust all financial institutions to ensure that their employees are well trained and professional
**Dispositional Trust	Trusting Stance	I expect the government-appointed authorities to ensure that financial institutions behave themselves
		I expect the government-appointed authorities to take complaints about financial institutions seriously
**Dispositional Trust	Trusting Stance	In general, I trust people that I meet
		In general, I like to give people the benefit of the doubt
**Dispositional Trust	Trusting Stance	I think that people are generally honest in their dealings
		I usually trust people until they give me a reason not to trust them
**Dispositional Trust	Trusting Stance	I generally give people the benefit of the doubt when I first meet them
		My typical approach is to trust new acquaintances until they prove I should not trust them
**Dispositional Trust	Trusting Stance	In general, I trust what I read in the newspapers
		In general, I trust the news provided by TV channels
**Dispositional Trust	Trusting Stance	In general, I trust supermarkets

Source: \*Adapted from Ennew *et al* (2011) and \*\*developed from interdisciplinary trust literature (McKnight *et al*, 1998; McKnight and Chervany, 2001-02; Mayer *et al*, 1995)

**Table 3: Summary of the Results of Exploratory Factor Analysis (EFA)**

Main Constructs	Factors loading under the sub-dimensions	Number of variables loaded	Correlation coefficients between variables	Cronbach's Alpha	% of variance explained	Total % of variance explained
Trusting Belief	Integrity and Consistency	5	0.818, 0.764, 0.779, 0.732, 0.748	0.950	22.735	<u>84.408</u>
	Concern and Benevolence	4	0.620, 0.705, 0.657, 0.691	0.940	13.832	
	Shared Values	3	0.871, 0.866, 0.868	0.919	15.382	
	Expertise and Competence	4	0.821, 0.756, 0.688, 0.776	0.926	17.656	
	Communication	3	0.759, 0.837, 0.839	0.896	14.803	
Institutional Trust	Structural Assurance	6	0.597, 0.698, 0.856, 0.896, 0.899, 0.725	0.903	22.859	<u>71.041</u>
	Situational Normality	2	0.828, 0.851	0.886	11.526	
Dispositional Trust	Faith in Humanity	6	0.709, 0.804, 0.699, 0.759, 0.847, 0.807	0.892	21.657	
	Trusting Stance	3	0.832, 0.879, 0.819	0.871	15.00	

**Table 4: Construct Correlation and Measurement Properties**

Constructs	Trusting Belief (TBLF)					Trusting Intention (TINT)	Institutional Trust		Dispositional Trust	
	IC	CB	SV	EC	COMM		SA	SN	FH	TS
IC	1									
CB	0.879	1								
SV	0.584	0.597	1							
EC	0.766	0.798	0.467	1						
COMM	0.62	0.67	0.48	0.733	1					
*TINT	0.695	0.723	0.502	0.745	0.672	1				
SA	0.436	0.433	0.436	0.367	0.422	0.379	1			
SN	0.396	0.401	0.185	0.428	0.322	0.407	0.454	1		
FH	0.434	0.426	0.199	0.334	0.333	0.417	0.296	0.33	1	
TS	0.265	0.235	0.245	0.093	0.123	0.227	0.385	0.105	0.478	1
CR	0.951	0.942	0.921	0.926	0.898	0.952	0.899	0.888	0.892	0.874
AVE	0.794	0.802	0.797	0.758	0.746	0.693	0.646	0.799	0.581	0.699
<i>Root Square of AVE</i>	<i>0.891</i>	<i>0.896</i>	<i>0.893</i>	<i>0.871</i>	<i>0.864</i>	<i>0.832</i>	<i>0.804</i>	<i>0.894</i>	<i>0.762</i>	<i>0.836</i>
Model Fit	Chi-Squared ( $\chi^2$ ) = 2256.605 (p=0.000), df = 856, $\chi^2/df$ = 2.63, RMSEA = 0.077, NNFI = 0.970, IFI = 0.973, CFI = 0.972, GFI = 0.732									
<i>*Trusting Intention (TINT) was part of the confirmatory analysis but beyond the scope of this research</i>										

**Table 5: Measurement of Trust**

Types of Trust	Dimensions	Cluster 1	Cluster 2
<b>Dispositional Trust</b>	Faith in Humanity	3.94	5.18
	Trusting Stance	2.51	4.60
<b>Institutional Trust</b>	Structural Assurance	3.50	4.94
	Situational Normality	3.82	6.08

**Table 6: General Disposition to Trust and Trusting Belief**

	General disposition to trust	N	Mean	SD	Sig
<b>Integrity and Competency</b>	Low	129	4.51	1.26	0.000
	High	171	5.14	1.18	
<b>Concern and Benevolence</b>	Low	129	4.41	1.42	0.000
	High	171	5.05	1.13	
<b>Shared Values</b>	Low	129	3.44	1.37	0.000
	High	171	4.06	1.27	
<b>Expertise and Competence</b>	Low	129	4.87	1.36	0.008
	High	171	5.26	1.14	
<b>Communication</b>	Low	129	4.57	1.49	0.004
	High	171	5.04	1.30	

**Table 7: Trust in the System (Institutional Trust) and Trusting Belief**

	Trust in the System	N	Mean	SD	Sig
<b>Integrity and Competency</b>	Low	110	4.29	1.41	0.000
	High	190	5.21	1.03	
<b>Concern and Benevolence</b>	Low	110	4.20	1.43	0.000
	High	190	5.11	1.09	
<b>Shared Values</b>	Low	110	3.43	1.24	0.000
	High	190	4.01	1.37	
<b>Expertise and Competence</b>	Low	110	4.51	1.46	0.000
	High	190	5.43	.98	
<b>Communication</b>	Low	110	4.23	1.45	0.000
	High	190	5.19	1.26	

**Table 8: Gender and Trusting Belief**

	Gender	N	Mean	SD	Sig
<b>Integrity and Competency</b>	Male	94	4.83	1.27	0.707
	Female	205	4.89	1.26	
<b>Concern and Benevolence</b>	Male	94	4.79	1.23	0.913
	Female	205	4.77	1.34	
<b>Shared Values</b>	Male	94	3.74	1.31	0.640
	Female	205	3.82	1.37	
<b>Expertise and Competence</b>	Male	94	5.06	1.21	0.767
	Female	205	5.10	1.28	
<b>Communication</b>	Male	94	4.72	1.30	0.322
	Female	205	4.89	1.46	



**Table 9: Summary of Output of ANOVA: Age and Trusting Belief**

		Sum of Squares	df	Mean Square	F	Sig.
<b>Integrity and Consistency</b>	Between Groups	12.776	2	6.388	4.037	.019
	Within Groups	452.548	286	1.582		
	Total	465.325	288			
<b>Concern and Benevolence</b>	Between Groups	7.474	2	3.737	2.185	.114
	Within Groups	489.026	286	1.710		
	Total	496.500	288			
<b>Shared Values</b>	Between Groups	20.652	2	10.326	5.815	.003
	Within Groups	507.887	286	1.776		
	Total	528.539	288			
<b>Expertise and Competence</b>	Between Groups	2.526	2	1.263	.785	.457
	Within Groups	459.997	286	1.608		
	Total	462.523	288			
<b>Communication</b>	Between Groups	14.018	2	7.009	3.511	.031
	Within Groups	570.898	286	1.996		
	Total	584.916	288			

**Table 10: Summary of Output of ANOVA: Marital Status and Trusting Belief**

		Sum of Squares	df	Mean Square	F	Sig.
<b>Integrity and Consistency</b>	Between Groups	15.570	2	7.785	4.876	.008
	Within Groups	439.116	275	1.597		
	Total	454.686	277			
<b>Concern and Benevolence</b>	Between Groups	15.202	2	7.601	4.474	.012
	Within Groups	467.197	275	1.699		
	Total	482.399	277			
<b>Shared Values</b>	Between Groups	4.733	2	2.367	1.269	.283
	Within Groups	512.755	275	1.865		
	Total	517.488	277			
<b>Expertise and Competence</b>	Between Groups	15.335	2	7.668	4.881	.008
	Within Groups	431.976	275	1.571		
	Total	447.311	277			
<b>Communication</b>	Between Groups	8.329	2	4.164	2.059	.130
	Within Groups	556.215	275	2.023		
	Total	564.544	277			

**Table 11: Summary of Output of ANOVA: Ethnicity and Trusting Belief**

		Sum of Squares	df	Mean Square	F	Sig.
<b>Integrity and Consistency</b>	Between Groups	15.472	2	7.736	4.900	.008
	Within Groups	429.451	272	1.579		
	Total	444.923	274			
<b>Concern and Benevolence</b>	Between Groups	15.505	2	7.752	4.691	.010
	Within Groups	449.469	272	1.652		
	Total	464.974	274			
<b>Shared Values</b>	Between Groups	11.840	2	5.920	3.313	.038
	Within Groups	486.025	272	1.787		
	Total	497.865	274			
<b>Expertise and Competence</b>	Between Groups	2.565	2	1.283	.786	.457
	Within Groups	443.929	272	1.632		
	Total	446.494	274			
<b>Communication</b>	Between Groups	2.227	2	1.114	.549	.578
	Within Groups	552.061	272	2.030		
	Total	554.288	274			

**Table 12: Summary of Output of ANOVA: Income and Trusting Belief**

		Sum of Squares	df	Mean Square	F	Sig.
<b>Integrity and Consistency</b>	Between Groups	4.113	2	2.056	1.286	.278
	Within Groups	369.372	231	1.599		
	Total	373.485	233			
<b>Concern and Benevolence</b>	Between Groups	5.908	2	2.954	1.708	.183
	Within Groups	399.475	231	1.729		
	Total	405.383	233			
<b>Shared Values</b>	Between Groups	16.745	2	8.372	4.489	.012
	Within Groups	430.866	231	1.865		
	Total	447.611	233			
<b>Expertise and Competence</b>	Between Groups	7.172	2	3.586	2.245	.108
	Within Groups	368.968	231	1.597		
	Total	376.139	233			
<b>Communication</b>	Between Groups	16.104	2	8.052	3.967	.020
	Within Groups	468.833	231	2.030		
	Total	484.937	233			