

## The Interplay between Consumer Knowledge, Cognitive Effort, Financial Healthiness and Trust in the Financial Marketplace

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**Abstract :** While trust has long been regarded as one of the most critical variables for developing and maintaining well-functioning financial customer-seller relationships it can be suggested that trust not only relates to customer trust in individual companies (narrow-scope trust). Trust also relates to the broader business context in which consumers may carry out their financial behaviour (broad-scope trust). However, despite the well-recognized significance of trust in marketing research, only few studies have investigated the role of broad-scope trust in consumer financial behaviour. Moreover, as one of its many serious outcomes, the global financial crisis has elevated the need for an improved understanding of the role of broad-scope trust in consumer financial services markets. Only a minority of US and European consumers are currently confident in financial companies and 'financial stability' and 'trust' are now among the top reasons for choosing a bank. This research seeks to address this shortcoming in the marketing literature by investigating direct and moderating effects of broad-scope trust on consumer financial behaviour. Specifically, we take an ability-effort approach to consumer financial behaviour. The ability-effort approach holds the basic premise that the quality of consumer actions is influenced by ability factors, for example consumer knowledge and cognitive effort. Our study is based on two surveys. Survey 1 comprises 1,155 bank consumers, whereas survey 2 comprises 764 pension consumers. The results indicate that broad-scope trust negatively moderates relationships between knowledge and financial healthiness and between cognitive effort and financial healthiness. In addition, it is demonstrated that broad-scope trust negatively influences cognitive effort. Specifically, the results suggest that broad-scope trust contributes to the financial well-being of consumers with limited financial knowledge and processing capabilities. Since financial companies are dependent on customers to pay their loans and bills they have a greater interest in developing relations with consumers with a healthy financial behaviour than with the opposite. Hence, financial managers should be engaged with monitoring and influencing broad-scope trust. To conclude, by taking into account the contextual effect of broad-scope trust, the present study adds to our understanding of knowledge-effort-behaviour relationship in consumer financial markets.

**Keywords :** cognitive effort, customer-seller relationships, financial healthiness, knowledge, trust

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