Editorial

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In this third issue of Volume 19, I am pleased to introduce the following six papers. The first paper, ‘Do investors show an attentional bias toward past performance? An eye-tracking experiment on visual attention to mutual fund disclosures in simplified fund prospectuses’ by Andreas Hüsser and Werner Wirth, explores the impact of past performance as an informational cue on mutual fund investors. Making financial decisions is complex, and evidence shows that investors often make decisions that are based on limited information, or use heuristics to simplify a complex situation. A key information cue often communicated and used by investors in making mutual fund investment decisions is past fund performance. Promotional material routinely contains reference to past performance and marketers selectively promote their high-performing funds to attract investors, which can lead to biased risk–return perceptions. It is well established that past performance is, though, a poor predictor of future returns, and firms must provide by law such disclaimers in their promotional material.

Set against this context, the authors assessed whether such information interventions have an effect on attention paid to past performance. The study examined the effectiveness of disclaimers in a competing information environment to enhance external validity. Previous studies have tended to focus only on isolated impacts of disclosures together with past performance. Using an experimental design method, the authors provided investors with performance data that competed for attention with other investment-relevant information, such as investment objectives, arguments, risk measures, fees, expenses and portfolio holdings. The attention that investors

paid to mutual fund disclosures in a simplified fund prospectus was measured by using unobtrusive infrared eye tracking. The results suggest that prior fund performance received considerable attention from investors. Moreover, the impact of prior fund performance on investors’ purchasing intentions was fully mediated through expected returns and attention paid to past performance information. The results indicate that investors apparently believe in performance persistence and are persuaded by superior performance. The disclaimer, which warns that past performance does not guarantee future results, was found to be ineffective in reducing investors’ extrapolation biases, despite the fact that investors did pay attention to the disclaimer and properly encoded it.

In the second paper, ‘An integrative model of installed online trust in the financial services industry’, Lova Rajaobelina, Jasmin Bergeron and Élisar Toufaily examine the factors affecting ongoing (installed) trust in the use of online banking. Trust is crucial for any long-term consumer–firm relationship, but is particularly important in an online environment in which customers are faced with a lack of physical presence, lack of human interaction and increased security risks. Numerous studies have focused on trust in an online context, yet many of these studies have tended to focus on ‘initial online trust’ – trust in an online company with whom a consumer has no previous experience. By comparison, ‘Installed online trust’ – ongoing trust in an online company by a customer acquired through use of the Website – has received much less attention. Initial online trust has been the focus of studies of online banking adoption. Yet many online banks face the challenge of

encouraging customers to use the online channel for a wider range of services and products beyond the current account and simple transactions. To achieve this requires that customers continue to have trust in the online channel (installed trust). Set against this context, the authors test an integrative model of installed online trust in the financial services industry and test the impact of installed online trust on four levels of loyalty.

An online survey was conducted with 476 panel members. The study finds that three Website features – design, perceived security/privacy and information quality – as well as the quality of support (a characteristic of the relationship) positively affect installed online trust. In contrast to initial online trust, the reputation of the company does not influence installed online trust. The study also confirms that installed online trust influences all four levels of loyalty (cognitive, affective, conative and behavioral). The authors provide some useful practical implications of the findings.

In the third paper, ‘Developing the Islamic financial services (IFS) sector in Italy: An institutional theory perspective’, Barbara Petracci and Hussain Rammal discuss how Italy, as an example of a European country, can develop an IFS sector. The authors note that the IFS sector is growing globally and has demonstrated resilience during the financial crisis. Although IFS continue to grow rapidly in much of Asia, the authors argue that there has been limited institutional support for the development of the sector in Europe, which has historically been slow to realize the sector’s potential. To address this gap, the authors focus on the potential for IFS to be developed in other parts of Europe.

As little is documented about the suitability of a regulatory environment for the introduction of IFS into the European Union (EU), the authors take an exploratory case study approach to provide a detailed descriptive understanding of the issues through the lens of a single European country. The authors use Italy as the case context to highlight the potential for IFS to be introduced and

promoted in countries in the wider EU. Italy is particularly well situated for the introduction of IFS: it has a growing Muslim population, but to date has not developed the IFS sector; its geographic position provides a prime link to the Arab world; it continues to enjoy a privileged political and economic relationship with the Arab world; and its strong Catholic roots share some similarity with Islamic values. The authors take an institutional theory perspective to analyze the Italian laws and regulatory environment to provide an understanding of the opportunities and challenges that the development of the IFS sector and introduction of Islamic financial products would face in Italy in particular, and the wider EU context in general. The paper discusses the regulatory, normative and cultural–cognitive elements that require to be addressed in Italy (and possibly other EU countries) for the successful development of the IFS sector. The authors propose that a developed IFS sector in Italy would help attract investment from countries in the Middle East and North Africa region, and would also facilitate the financial inclusion of the Muslim population in the domestic market.

In the fourth paper, ‘Management of front-line financial sales personnel’, Brian Rutherford, Joonhee Oh and Jungkun Park examine the relationships among emotional exhaustion, organizational commitment, propensity to leave and the facets of job satisfaction on frontline employees. Financial services firms rely heavily on frontline employees for the distribution and delivery of financial services, for service quality and for relationship development and maintenance. Frontline employees have been identified as occupying a crucial boundary-spanning role, connecting the firm with its customers and through which the values and goals of the firm are realized. It has been recognized that such employees in financial services often face role conflicts and job pressures. Not surprisingly, the employee turnover rate within the financial services industry has been found to be among the highest for all industries.

Previous studies have demonstrated that a salesperson's organizational commitment and propensity to leave are impacted by job satisfaction and emotional exhaustion. The authors empirically test established models in the context of frontline financial services employees and provide further clarification of the interrelationships between emotional exhaustion, dimensions of job satisfaction, organizational commitment and propensity to leave. The sample consisted of 929 frontline personnel from banking, insurance and real estate firms in the United States. The findings of the study partially confirm earlier findings, but additionally reveal some discrepancies that appear to be specific to financial services. For example, the findings confirm that the propensity of financial services frontline employees to leave is influenced by emotional exhaustion, that emotional exhaustion is mediated by multifaceted job satisfaction in predicting organizational commitment, and the facets of job satisfaction are, in part, mediated by organizational commitment in predicting propensity to leave. The findings of the study present a number of implications for managers in terms of ensuring appropriate and adequate training of employees in order to develop capacity to cope with the demands of the job, and in providing a suitable supportive and effective organizational culture.

In the fifth paper, 'An exploratory study of factors affecting credit card brand and category selection in India', Abhilash Ponnam examines the influence of credit card issuing bank and consumer demographics on credit card selection. In most developed countries, credit cards are widespread and credit card markets are mature. However, in emerging economies, such as India, the credit card is still a relatively recent phenomenon and the credit card market is still developing. The development of the credit card market though has quickened in pace following the liberalization and privatization of the financial services sector. There are now three types of banks offering credit cards to the market: public or state

operated banks, private national banks and private foreign banks.

Set against this background, the study investigated whether an association exists between credit card selection factors and the type of credit card-issuing bank (public, private national or private foreign). In addition, the study also investigated whether an association exists between the type of credit card-issuing bank used and the income level of the individual, as literature has suggested that demographic factors are closely related to credit card selection and usage patterns. Finally, the study provided an opportunity to explore the above factors in the context of an emerging economy and contribute to the wider discussion on credit access in developing nations.

The analysis was carried out using a mixed method research design involving thematic analysis of focus group data, factor analysis, PERMAP analysis and Multiple Correspondence Analysis. The analysis revealed five primary credit card selection factors (convenience, promotion, exclusivity, monetary and security). A strong correspondence was found between credit card selection factors, personal income levels and choice of credit card-issuing bank. The paper discusses the phenomenon of bank category-based stereotyping of brands and the implications of this phenomenon with respect to brand identity conception, target segmentation, brand positioning and marketing communication.

In the final paper in this issue, 'Bancassurance in East Asia: Cultural impact on customers' cross-buying behaviour', You-il Lee and Jung Kee Hong explore the impact of collectivism as an indicator of culture on customers' cross-buying intentions in the context of bancassurance. Cross-selling of insurance products to bank customers, known as 'bancassurance', has only recently been possible in East Asian countries such as South Korea and Taiwan, compared with a longer history in Europe, primarily because of the later establishment of appropriate regulatory

frameworks. Yet, despite the late start, bancassurance in South Korea and Taiwan is growing at a rapid pace. In an attempt to explain this phenomenon, the authors investigate whether the cultural values of the countries have any impact on bancassurance, as previous literature suggests that cultural values do influence purchase intentions. The paper, thus, examines the determinants of the growth in bancassurance in these two countries, by investigating the influence of 'collectivism' as a proxy for national culture on the relationship between cross-buying determinants and customers' cross-buying intentions.

The research was based on a qualitative study involving interviews with 13 professional senior

managers and academics engaged in customers' cross-buying activities in bancassurance in South Korea and Taiwan. The research reveals 'perceived value', 'trust', 'image' and 'satisfaction' among the key determinants of customers' cross-buying intentions in the context of bancassurance in South Korea and Taiwan, among which 'trust' and 'satisfaction' appear to be significantly influenced by collectivism. The paper shows that even among countries with similar levels of collectivism, the influence of collectivism can differ because of the determinants of cross-buying intentions.

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