The current issue and full text archive of this journal is available at
www.emeraldinsight.com/0265-2323.htm

Received 6 September 2011
Accepted 21 November 2011

Customer intention to adopt a fee-based advisory model

An empirical study in retail banking

Arvid O.I. Hoffmann
Department of Finance, School of Business and Economics, Maastricht University, Maastricht, The Netherlands and Network for Studies on Pensions, Aging and Retirement (Netspar), Tilburg, The Netherlands

Heiner Franken
Department of Finance, School of Business and Economics, Maastricht University, Maastricht, The Netherlands, and

Thijs L.J. Broekhuizen
Department of Innovation Management and Strategy, Faculty of Economics and Business, University of Groningen, Groningen, The Netherlands

Abstract

Purpose – The paper aims to identify which factors determine (German) retail banking customers' intention to adopt a new remuneration system for financial advice. The new system is a pay-per-use advisory model that supersedes existing commission-based advisory approaches.

Design/methodology/approach – The paper develops and tests a comprehensive conceptual framework that includes perceived innovation characteristics, relationship quality, and socio-demographic and psychographic variables to explain adoption intentions of the new remuneration system. The data come from a survey among clients of a large German retail bank.

Findings – Perceived innovation characteristics (i.e. relative advantage) largely determine the intention to adopt the fee-based advisory model. Consumer and relationship quality variables do not directly impact adoption intentions, but have an indirect effect through influencing perceived innovation characteristics and moderating their relative importance. Relationship quality indicators, such as satisfaction with the current service and trust in the bank or its employees, do not impact customers' intentions to switch to the new remuneration system.

Research limitations/implications – The paper describes a (case) study using data from a large German retail bank. Future research may investigate the findings' (international) generalizability using different datasets and also assess additional drivers of customers' intentions to adopt a fee-based advisory model.

Practical implications – The results suggest that banks should always explain the relative advantage of financial service innovations to their clients, as existing satisfaction and trust levels are not sufficient to ensure adoption.

Originality/value – This is the first paper examining the adoption of a new remuneration system for financial advice in the retail banking industry. By assessing a variety of variables the authors increase understanding of why customers adopt or reject such complex and difficult to evaluate service innovations.

Keywords Fee-based advice, Financial advice, Innovation adoption, Remuneration scheme, Retail banking, Financial services, Innovation, Remuneration, Banking, Financial information, Advisory services

Paper type Research paper

International Journal of Bank Marketing
Vol. 30 No. 2, 2012
pp. 102-127

0265-2323
DOI 10.1108/02652321211210886

1. Introduction

Today's banking industry faces several challenges: increased competition, stricter regulation, and customers who are increasingly sophisticated, price-conscious, and discriminating in evaluating banking services (Beckett *et al.*, 2000; Çalik and Balta, 2006; Fandos Roig *et al.*, 2006; Goode and Moutinho, 1995; Ozdemir and Trott, 2009). Alongside this, the financial crisis caused a tremendous loss of customer trust, especially in Europe (Edelman, 2010). European regulators complain about opaque fee structures concerning bank products, insufficient consumer protection, and the inherent conflicts of interest between financial advisors and their clients (Kuneva, 2009). Most of the criticism concerns the traditional commission-based remuneration model, which is judged to be mostly profit-driven and not always in the best interest of consumers (Commission of the European Communities, 2009; Federal Ministry of Food Agriculture and Consumer Protection, 2010; Financial Services Authority, 2010). Similarly, academics criticize the traditional coupling of product and consultation as principal-agent problems may cause a "commission-bias" (Maas and Graf, 2008; Van Dijk *et al.*, 2008). This bias constitutes a threat to investors' wealth and raises doubts about the added value of financial advisors (Bergstresser *et al.*, 2009; Van Dijk *et al.*, 2008). In sum, current market conditions give rise to rethink the existing commission-based remuneration model to restore consumer trust, which is a fundamental premise for successfully providing financial services (Beckett *et al.*, 2000; Branca, 2008; Cox, 2007; Tyler and Stanley, 2007).

An often-mentioned alternative to the current commission-based remuneration scheme is a fee-based remuneration model. This approach separates the advisory process from downstream product sales. Financial advisors operating in a fee-based advisory environment are paid exclusively for their time, expenditures, and know-how, not for the products they sell. Consequently, potential systematically embedded conflicts of interest in a client-advisor relationship, namely the selling of preferably high-commission products, is largely diminished (cf. Rauch, 2011). Proponents of a fee-based advisory approach argue that customers benefit from more cost-transparency, independent advice, and a better fit between financial products sold and customers' actual needs (Habschick and Evers, 2008; Ostarhild, 2010; Rauch, 2011; Reents *et al.*, 2009). Although this fee-based advisory model is well established in Anglo-Saxon countries, such as the USA or the UK (Fischer and Nagl, 2010; Rauch, 2011), bank customers in continental Europe are still used to receiving *prima facie* financial advice at no charge. A fee-based advisory model thus holds innovative characteristics, and the current market share of this remuneration concept is still low in continental Europe. In Germany, for example, less than 1 percent of retail bank customers currently pay their advisor according to this remuneration system (Hinterberger, 2010; Lepold, 2011).

The aim of this study is to identify the drivers of German retail bank customers' intentions to adopt the fee-based advisory model as a new remuneration scheme to pay for their financial advice. Knowledge of these drivers is of particular interest as innovation failure rates are generally high and cost-intensive (De Brentani, 1995; Gourville, 2005). For banks it is crucial to understand which customers are first to adopt a new service to identify the most rewarding marketing targets (Lassar *et al.*, 2005, p. 177). The current study helps bank managers to identify consumer innovators that act as catalysts for the successful diffusion of innovations such as the fee-based

advisory model (Im *et al.*, 2003; Rogers, 2003). As many bank managers acknowledge the need for business model innovations and have the propensity to make further investments, especially regarding compensation schemes, this study's results provide valuable strategic insights to them (McKinsey Quarterly, 2007).

This study extends previous work in bank marketing by combining key findings from different areas of research, namely relationship marketing and innovation diffusion research, to develop and test a comprehensive conceptual model of the determinants of retail banking customers to adopt a fee-based advisory model. The model simultaneously incorporates perceived innovation characteristics, elements of relationship quality, as well as a wide range of socio-demographic and psychographic control variables. By clarifying the relative importance of these different decision drivers in explaining customer intention to adopt a specific financial service innovation, this study contributes to the further development of bank marketing theory. Moreover, by investigating the possible interactions between innovation and adopter-related characteristics (Arts *et al.*, 2011) we extend recent work that examines how socio-demographic client characteristics can moderate the impact that product characteristics have on their financial decision-making (Morrin *et al.*, 2011). In contrast to prior adoption studies that frequently examine more matured innovations and often concern new distribution channels such as internet banking, this study examines customers' intention to embrace the introduction of a new, market-induced, remuneration scheme for financial advice. This innovation potentially heralds a paradigm shift in the financial services industry, is still in its infancy, and has not received research attention to date. Finally, this study responds to calls from public media and policy makers to investigate alternative and more customer-based remuneration models in retail banking.

The remainder of this paper is organized as follows. Section 2 reviews relevant literature. Section 3 introduces the conceptual framework and hypotheses. Section 4 presents the data and methodology. Section 5 empirically tests the conceptual model. Section 6 concludes.

2. Literature review

2.1 Financial services industry and the role of advisors

Financial services and in particular bank advisory services possess several unique characteristics. They are risky and complex, and often difficult to evaluate in terms of quality and benefits (Beckett *et al.*, 2000; Davies, 1996; Easingwood and Mahajan, 1989; Maas and Graf, 2008). This exacerbates the introduction of new service offerings. Lovelock (1983) notes that banking services are directed at people's intangible assets. Customers face difficulties in judging the quality of these services as they are heterogeneous, co-developed with the customer, and the service outcome is not always clear a priori (Davies, 1996). As such, financial (advisory) services hold many credence attributes (Nelson, 1970). Credence services involve uncertainty, resulting from a lack of pre-purchase knowledge and information, and thus imply higher risk. Such services induce a greater reliance on personal information sources as well as greater information search (Mitra *et al.*, 1999).

Clients of financial services often view financial advisors as their key source of information and seek their personal advice to reduce purchase risk (Beckett *et al.*, 2000; Capon *et al.*, 1996; Lee, 2002). Financial advisors are responsible for customer value

creation by assessing and presenting personalized proposals to customers, reducing search costs and information asymmetries, and overcoming the sometimes weak self-control of customers (Crosby *et al.*, 1990; Eisingerich and Bell, 2006; Fandos Roig *et al.*, 2006; Statman, 1999; Van Dijk *et al.*, 2008). Nevertheless, considering the ambiguous nature of financial services and current industry characteristics, it remains challenging for clients to be certain whether their advisors act fair, independent and in their best interest, often even after receiving the advice (Davies, 1996). Consequently, as risk remains an obstacle whenever financial advice is needed, the role of trust is important.

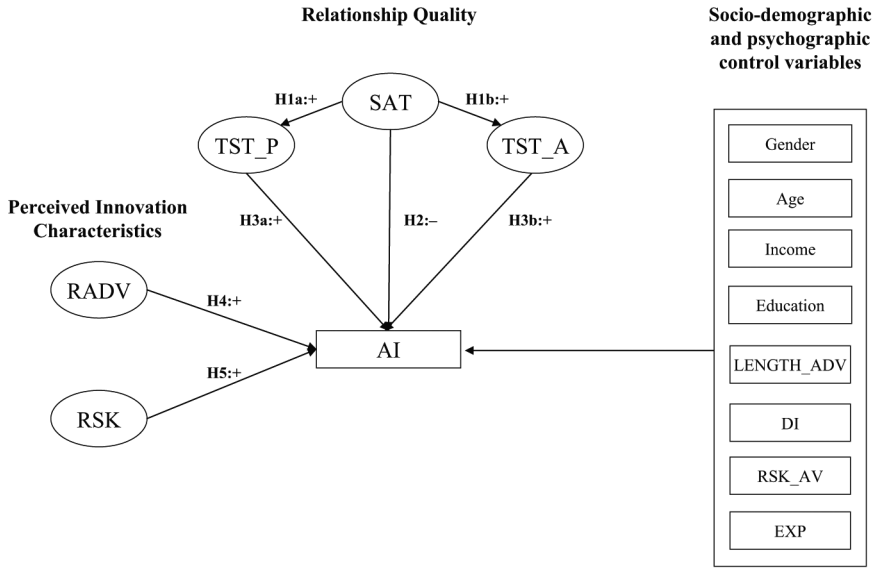
Trust plays a key role in situations that involve high vulnerability, risk and interdependence (Ennew and Sekhon, 2007; Maas and Graf, 2008), as it is considered a prime mechanism for reducing customers' uncertainty (Tyler and Stanley, 2007). Generally, trust is acknowledged to have a beneficial influence on customer attitudes, intentions, and behaviors (Swan *et al.*, 1999). Trust related to financial services is vital for business success (Howcroft *et al.*, 2003; Tyler and Stanley, 2007). It influences the selling of risk-based products (Cox, 2007), and is positively related to the intention to adopt financial service innovations such as internet banking (Yousafzai *et al.*, 2009).

2.2 Adoption of financial service innovations

Prior studies on the adoption of financial service innovations suggest several factors that may be relevant for customers' intention to adopt a new remuneration scheme for financial advice such as the one studied in this paper. From a customer's perspective, innovations need to offer components such as "exceptional utility at an attractive price" (Kim and Mauborgne, 2000, p. 130), "incremental profit" (Webster, 1969, p. 37) or generally provide unique benefits and better value than previously available services (Cooper and de Brentani, 1991; Easingwood and Storey, 1991). From a provider's perspective, the new financial product's uniqueness/superiority or the quality of service delivery is important for its successful diffusion (Cooper and de Brentani, 1991). Effective marketing communications, sufficient launch preparation as well as marketing and financial synergy are essential (Cooper *et al.*, 1994). Despite the importance of perceived innovation characteristics and firm-specific factors for the successful introduction of an innovation, personal characteristics may also influence adoption behavior (Branca, 2008; Im *et al.*, 2003; Rogers, 2003). Rogers (2003, p. 22) classified people according to their degree of innovativeness, meaning "the degree to which an individual is relatively earlier in adopting new ideas than other members of a system". He finds that early adopters possess distinctive socio-economic and psychographic characteristics in comparison with late adopters.

3. Conceptual framework

The conceptual framework proposes that customers' intention to adopt a fee-based advisory model is a function of relationship quality, perceived innovation characteristics, and a set of socio-economic and psychographic characteristics (see Figure 1). This notion is congruent with major findings from diffusion research (Rogers, 2003; Tornatzky and Klein, 1982). However, prior research largely disregarded findings from relationship marketing literature. We include relationship quality as expressed by satisfaction and trust as key antecedents of customers' intention to adopt the fee-based advisory model. Satisfaction with the commission-based advisory



Notes: AI = adoption intention; TST_P = trust in bank; TST_A = trust in personal adviser; SAT = satisfaction; RADV = perceived relative advantage; RSK = perceived risk; LENGTH_ADV = relationship length personal adviser; DI = (domain-specific) dispositional innovativeness; RSK_AV = risk aversion; EXP = investment expertise

Figure 1.
Conceptual model

approach serves as a standard of evaluation to which people compare the possible value of the new alternative. Comparing the innovation to the entrenched alternative is a key issue in adoption processes (Geyskens *et al.*, 1999; Selnes, 1998). Trust, as the second component of relationship quality, only recently received academic attention in innovation adoption studies and is a key element for innovative behavior, especially in the risky context of financial services (Lee *et al.*, 2007; Mukherjee and Nath, 2003). We measure trust on two levels:

(1) the provider level; and;

(2) the advisor level.

Further, we include two important innovation characteristics:

(1) perceived relative advantage; and

(2) perceived risk.

Both are well-known and often-used predictors for innovative behavior (cf. Arts *et al.*, 2011; Tornatzky and Klein, 1982). Lastly, a review of the innovation diffusion literature provided a battery of socio-demographic and psychographic control variables.

3.1 Relationship quality

Past research in relationship marketing tends to treat trust and customer satisfaction as a combined higher-order construct, namely relationship quality, and links this construct to behavioral and attitudinal outcomes (cf. Crosby *et al.*, 1990; De Wulf *et al.*,

2001). However, although the two constructs seem to be related, empirical evidence suggests that they should be treated separately (cf. Geyskens *et al.*, 1999; Szymanski and Henard, 2001) and that satisfaction is an antecedent of trust (Geyskens *et al.*, 1999).

3.1.1 Customer satisfaction. Customer satisfaction is a key variable for many behavioral and attitudinal outcomes (cf. Szymanski and Henard, 2001; Yi, 1990) and is considered to be a central element of evaluation for a variety of marketing-related activities (Goode and Moutinho, 1995). Relationship literature noticed the crucial role that customer satisfaction plays for relationship continuity (Patterson *et al.*, 1997; Selnes, 1998), especially in a banking context (Dimitriadis, 2010). According to Anderson *et al.* (1994, p. 54), "cumulative customer satisfaction is an overall evaluation based on the total purchase and consumption experience with a good or service over time". Satisfaction has a positive impact on purchase intentions (Anderson and Sullivan, 1993; Cronin and Taylor, 1992; Rajaobelina and Bergeron, 2009), word-of-mouth and cross-buying (Dimitriadis, 2010), and loyalty (Bloemer *et al.*, 1998; Fandos Roig *et al.*, 2009). Satisfaction with previous interactions or outcomes leads to higher levels of trust, respectively to significant improvements of one's credibility and perceived benevolence (Johnson and Grayson, 2005).

Although previous literature stresses the positive effects of customer satisfaction on several behavioral outcomes, innovation-related research provides a somewhat different viewpoint. Gourville (2005) points out that customers tend to irrationally undervalue an innovation relative to the entrenched alternative. This biased behavior originates from loss aversion, reference dependence, and a status quo bias. Additional support for the negative relationship between customer satisfaction and the intention to adopt an innovation shows that when customers are satisfied with their current situation, they might see little reason to change and consequently have a tendency to resist to an innovation (Ram, 1987; Sheth, 1981). Devlin and Yeung (2003) find that greater satisfaction with different elements of in-branch financial services discourages people from using an alternative service offering (i.e. internet banking).

H1. Customers' satisfaction with the current advisory model is positively related to (a) the level of trust towards the financial service provider and (b) the level of trust towards the personal financial advisor.

H2. Customers' degree of satisfaction with the current advisory service is negatively related to the intention to adopt a fee-based advisory model.

3.1.2 Consequences of trust. Trust is an important component in the development and sustainability of business relationships (Bejou *et al.*, 1998; Morgan and Hunt, 1994). Specifically in case of financial services, which are characterized by a high degree of human interaction, credence/search qualities, and perceived risk, trust plays an important role (Branca, 2008; Davies, 1996; Tyler and Stanley, 2007), and is personalized rather than institutional (Beckett *et al.*, 2000; Maas and Graf, 2008). Ozdemir and Trott (2009) identified a lack of trust as a hindering factor for the adoption of internet banking. Similarly, Grabner-Kräuter and Faullant (2008) illustrate the influence of internet trust on risk perception and consumer attitudes towards internet banking. Mukherjee and Nath (2003) found a causal relationship between trust and commitment and emphasize that future commitment of the customer to online banking depends on perceived trust. Lee *et al.* (2007) noted that consumers' trust had a significant influence on the adoption of mobile banking services.

H3a. Trust in one's financial service provider is positively related to the intention to adopt a fee-based advisory model.

H3b. Trust in one's personal financial advisor is positively related to the intention to adopt a fee-based advisory model.

3.2 Perceived innovation characteristics

Prior studies show that perceived innovation characteristics have a significant effect on adoption intentions and behavior (Arts *et al.*, 2011; Rogers, 2003; Tornatzky and Klein, 1982). Perceived innovation characteristics are claimed to be better predictors of innovativeness than personal characteristics (cf. Arts *et al.*, 2011; Lockett and Littler, 1997; Ostlund, 1974). The list of potential predictor variables is compelling (cf. Tornatzky and Klein, 1982) and their importance differs across studies (Holak and Lehmann, 1990). A thoughtful, context-specific, and goal-directed selection of relevant innovation attributes is thus indispensable.

Rogers' innovation characteristics received widespread academic attention throughout the last decades in varying fields of research and proved to be of consistent influence for the rate of adoption of an innovation (Rogers, 2003). According to a recent meta-analysis, innovation characteristics are able to explain 36 percent of the observed variance for adoption intention (Arts *et al.*, 2011). Particularly, relative advantage or "the degree to which an innovation is perceived as being better than the idea it supersedes" (Rogers, 2003, p. 229) has one of the most consistent relationships to adoption (Rogers, 2003; Tornatzky and Klein, 1982). Studies related to financial services (e.g. direct banking, internet banking, mobile banking) support the positive relationship between relative advantage and adoption intention or behavior (Frambach *et al.*, 1998; Gounaris and Koritos, 2008; Kolodinsky *et al.*, 2004; Lockett and Littler, 1997; Püschel *et al.*, 2010).

Similarly, perceived risk plays a prominent role in the innovation literature as the decision to adopt an innovation involves subjective judgments concerning the potential outcomes and consequences of this decision in an environment of uncertainty (Cox and Rich, 1964; Taylor, 1974; Webster, 1969). Ostlund (1974, p. 24) defined perceived risk as the "degree to which risks are perceived as associated with the innovation". In this context, higher levels of risk are often associated with (new) services (Flynn and Goldsmith, 1993; Mitchell and Greatorex, 1993). This counts especially for the introduction of new financial services due to their intangibility and credence qualities (Bejou *et al.*, 1998; Davies, 1996; Mitra *et al.*, 1999). Adoption studies in the field of financial services innovations showed that perceived risk often has a direct negative effect on consumers' adoption behavior (Koenig-Lewis *et al.*, 2010; Kolodinsky *et al.*, 2004; Lockett and Littler, 1997; Ozdemir and Trott, 2009; Riquelme and Rios, 2010).

H4. Perceived relative advantage is positively related to the intention to adopt a fee-based advisory model.

H5. Perceived risk is negatively related to the intention to adopt a fee-based advisory model.

3.3 Socio-demographic and psychographic control variables

We include a number of socio-demographic and psychographic control variables. Concerning socio-demographics, we include gender, age, income, education, and

relationship length (advisor-level). Most of them are widely used in adoption studies (cf. Gatignon and Robertson, 1985; Im *et al.*, 2003; Im *et al.*, 2007; Prins and Verhoef, 2007; Rogers, 2003; Tellis *et al.*, 2009). Regarding psychographics, dispositional innovativeness is considered as a personality trait that reflects one's predisposition to buy new products and brands rather than to continue with previous choices and consumption patterns (Steenkamp *et al.*, 1999). As the adoption of an innovation generally involves risk (Lockett and Littler, 1997), and innovators are ought to be better able to cope with risk (Rogers, 2003), we also include risk aversion in our framework. Additionally, we include investment expertise, as an indicator of bank customers' knowledge and experience. Customers with more expertise may be better able to strip down the disadvantages of the present remuneration scheme and thus be more likely to adopt the fee-based advisory model.

4. Methodology

4.1 Data collection

Customer data were collected via a self-administered online questionnaire sent by e-mail. A (branch of a) large German retail bank agreed to collaborate in the study and handled the data collection process. The bank is representative for the most prevalent chain of retail banks in Germany. In 2010, the particular branch had 4,900 employees handling over 1,700,000 client accounts. While developing the questionnaire, in-depth interviews with bank customers, managers, and industry experts ensured a holistic view of the topic (cf. Branca, 2008). Part of these interviews was a paper-based pretest to assess face and content validity of the questionnaire and its scale items in particular. Based on the pretest results, the survey was improved regarding the sequence of the questions, item wording, and response format.

The actual sample was randomly selected from the bank's client database and included a total number of 5,000 customers. In total, 429 completed questionnaires were returned, representing a response rate of 8.6 percent. We compared early and late respondents to test for non-response bias, but find no significant differences in the variables of interest, which makes it unlikely that selection bias affects our results (Armstrong and Overton, 1977). As relationship quality is a key aspect of this study, we include in our final sample only the 245 bank customers who had a relationship with a personal bank advisor at the time of the survey.

4.2 Sample characteristics

The respondents are predominantly male (78 percent) with a mean age of 54 years (SD = 12.08). Around 78 percent of respondents has a net monthly income of more than €2,500. The sample is relatively highly educated with around one third of the respondents holding a university degree (32 percent) and half a university-entrance diploma (49 percent). The majority (65 percent) had a relationship with their current bank advisor of up to five years, whereas only a minority knows their personal advisor longer than 12 years (16 percent).

4.3 Measures

All measurement scales were based upon existing scales, modified to fit the context of bank services (see Table I). In conjunction with perceived innovation characteristics, we measured perceived risk via three items from Cox and Cox (2001). As no German

Item label	Constructs	Authors
Relationship quality		
Trust (institutional level): Bank X ...		
TST_P1	... is a reliable counterparty	Tax *et al.* (1998)
TST_P2	... can be relied upon to keep its promises	
TST_P3	... is trustworthy	Based on Crosby *et al.* (1990)
TST_P4	... is overall and honest counterparty	
Trust (advisor level): my bank advisor ...		
TST_A1	... is trustworthy	
TST_A2	... can be relied upon to keep his/her promises	
TST_A3	... puts customers interests before his/her own	Crosby *et al.* (1990)
TST_A4	... is always honest when dealing with me	
Satisfaction (sub-dimensions)		
SAT_1	Professional competence of your financial advisor	Deduced form a conceptualization used by Evans *et al.* (2000)
SAT_2	Situation	
SAT_3	Distinctness and clarity concerning dues and fees of the recommended products	
SAT_4	Overall performance/rate of return of the recommended financial products	
SAT_5	Cost/performance ratio of the recommended products	
SAT_6	Range and quality of in-house products and products from affiliated companies	
SAT_7	Range and comprehensibility of the information provided and communicated through the bank advisor	
Innovation characteristics		
Perceived relative advantage		
RADV_1	A fee-based advisory model increases the distinctness and clarity concerning dues and fees of recommended products	Combined results from mass media (newspapers, magazines, online databases) and qualitative research
RADV_2	A fee-based advisory model advances the cost/performance ratio of recommended products	
RADV_3	By making use of a fee-based advisory model, I save the commissions previously paid by the bank, and consequently make a better overall performance (rate of return) with my investments	
RADV_4	A fee-based advisory model leads to better product selection – product recommendations are more objective and customer-oriented	
RADV_5	A fee-based advisory model allows bank advisors to recommend in-house products as well as products from third parties, dependent on clients' needs	
RADV_6*	A fee-based advisory model is an additional source of revenue for banks – for clients hardly anything would change except for additional costs in terms of extra fees	
RADV_7	A fee-based advisory model allows the advisory process to become more customized	
RADV_8*	Services	

Table I.
Measures

(*continued*)

Item label	Constructs	Authors
Perceived risk		
RSK_1	Getting fee-based advice is risky	Cox and Cox (2001)
RSK_2	Fee-based advice can lead to bad results	
RSK_3	Fee-based advice has uncertain outcomes	
Personal characteristics (psychographies)		
Domain-specific dispositional innovativeness		
DI_1	When I get confronted with new financial products or services, I'm reluctant to give them a try	Steenkamp and Gielens (2003)
DI_2	If I am satisfied with financial products or services, I rarely switch from them just to try something new	
DI_3	I rarely buy new financial products or services before other people do	
DI_4	I do not lie to buy new financial products or services before other people do	
Risk aversion		
RSK_AV1	I would rather be safe than sorry	Donthu and Gilliland (1996)
RSK_AV2	I want to be sure before I purchase anything	
RSK_AV3	I avoid risky things	
Investment expertise		
Exp_1	Knowledge of financial products and services	Bell *et al.* (2005)
Exp_1	Experience with financial products and services	
Intention to adopt (dependent variable)		
AI	How important would it be for you to have the opportunity to make use of a fee-based advisory service at your current bank X?	New item
Socio-demographics, psychographics, and relationships (control of variables)		
Gender	Male (= 1), female (= 2)	
Age	What is your age?	
Income	What is your current net household income per month? (1 =< €500, 2 = €201 − €1, 000, … 9 = €4, 001 − €4, 500, 10 => €4, 500)	
Education	Please indicate your highest educational level (1 = elementary school, 4 = some university degree)	
Length_ADV	How long have you known your current bank advisor at bank X? (1 = 0 − 2 years, 2 = 3 − 5 years, … 5 => 12 years)	

Notes: All items, unless otherwise indicated, were measured using a five-point Likert scale (1 = strongly disagree/very dissatisfied/very unimportant/not knowledgeable at all/very inexperienced to 5 = strongly agree/very satisfied/very important/very knowledgeable/very much experienced). Asterisks indicate reverse-coded items

Table I.

bank implements a fee-based advisory approach yet, innovation experience among bank customers is limited. Consequently, our eight-item scale to measure relative advantage is a reflective, multidimensional construct based on a content analysis from mass media publications (newspapers, magazines, etc.) and discussions with bank managers/industry experts regarding the nature and advantages of a fee-based advisory model. This approach is similar to that followed by Frambach *et al.* (1998) and

is consistent with the notion that the conceptualization of perceived relative advantage is highly innovation specific (Rogers, 2003).

Relationship quality was measured using three different scales. Advisor trust measured the trust in the salesperson using four items from Crosby *et al.* (1990). Bank trust is a four-item scale based upon a combination of the work of Crosby *et al.* (1990) and Tax *et al.* (1998). Seven items from Evans *et al.* (2000) measured satisfaction with the current advisory service. This measure includes various dimensions of the advisory service (e.g. advisor competency, cost-performance ratio of the recommended products).

The socio-demographic and psychographic characteristics are measured following prior research. Dispositional innovativeness is measured using four items by Steenkamp and Gielens (2003). These items were made domain-specific, as domain-specific innovativeness ought to tap "a deeper construct of innovativeness more specific to an area of interest" (Citrin *et al.*, 2000, p. 296). The scale to measure risk aversion is based upon the work by Donthu and Gilliland (1996) and measures "the degree to which a person expresses a [general] desire to avoid taking risks" (Bruner *et al.*, 2005, p. 491). Investment expertise relates to customers' knowledge and experience with financial products and services and was adopted from Bell *et al.* (2005). The socio-demographics (gender, age, income, education, relationship length with advisor) were measured as depicted in Table I.

Lastly, to measure adoption intention, we used a single-item scale asking respondents how important it is for them to have the opportunity to receive fee-based advice through their current bank institution in the future. Here, importance served as a proxy for adoption intention. Although structural equation modeling (SEM) and scale-related literature generally favor the use of multi-item measures (Netemeyer *et al.*, 2003), the use of single-item measures is not unusual in established SEM research (Baumgartner and Homburg, 1996) and is also theoretically well grounded in the social sciences (cf. Martenson, 2008).

4.4 Scale reliability and validity

We employed confirmatory factor analysis and several statistical procedures to test the scales' reliability and validity. After dropping some items because of low loadings or high cross-correlations, we derived an acceptable measurement model using maximum likelihood estimation (chi-square fit index divided by degrees of freedom (χ^2/df) = 1.68, goodness of fit index (GFI) = 0.84, comparative fit index (CFI) = 0.94, incremental fit index (IFI) = 0.94, Tucker-Lewis index (TLI) = 0.92, root mean squared error of approximation (RMSEA) = 0.053). We deleted three items from the "relative advantage" construct, one item from the "trust advisor" construct, and two items from the "satisfaction" construct.

We found evidence for convergent validity and unidimensionality because all items load significantly on their posited underlying construct and insignificantly on all other constructs. Furthermore, except for dispositional innovativeness, every construct's average variance extracted (AVE) exceeded the established benchmark of 0.50 (Fornell and Larcker, 1981).

To establish discriminant validity, we note that the intercorrelations between the latent constructs (± two standard errors) did not include unity (Anderson and Gerbing, 1988) and none of the correlation coefficients among the latent constructs exceeded the

cut-off point of 0.85 (Kline, 2005). Moreover, the AVE of each latent construct was greater than its squared correlations with other constructs (Fornell and Larcker, 1981). See Table II for details.

All scales were reliable (see Table III) as Cronbach's α ranged from 0.73 to 0.94, exceeding the recommended threshold of 0.70 (Nunnally, 1978). The scales' composite reliabilities (CR) provide further support, as all constructs exceed the 0.6 threshold (cf. Bagozzi and Yi, 1988). Finally, multicollinearity diagnostic tests in a set of regression analyses reveal no serious concerns, as the maximum variable inflation factor is 2.17 (Kline, 2005).

5. Results

5.1 Structural model

Figure 2 shows the structural analysis results. The hypothesized model fits the data reasonable well ($\chi^2/\text{df} = 1.71$, GFI $= 0.83$, CFI $= 0.93$, IFI $= 0.93$, TLI $= 0.92$, RMSEA $= 0.054$ (LO/HI $90 = 0.05 - 0.06$)) and explains a considerable amount of variance in adoption intention.

5.2 Hypotheses testing

Regarding relationship quality, neither bank trust (*H1a*: $\beta = 0.07$, $p = 0.39$), advisor trust (*H1b*: $\beta = -0.03$, $p = 0.72$), nor satisfaction (*H2*: $\beta = -0.10$, $p = 0.38$) have a significant direct impact on the intention to adopt to a fee-based advisory service offering. We find support for *H3a* and *H3b*, which predict a positive impact of satisfaction on financial service provider trust (*H3a*: $\beta = 0.71$, $p < 0.001$) and personal financial advisor trust (*H3b*: $\beta = 0.68$, $p < 0.001$). As anticipated by *H4*, perceived relative advantage has a positive effect on the intention to adopt a fee-based advisory model (*H4*: $\beta = 0.66$, $p < 0.001$). We do not find direct support that perceived risk impacts adoption intention (*H5*: $\beta = 0.05$, $p = 0.37$). Additional analyses, however, reveal that the insignificant effect of perceived risk is due to the strong impact of perceived relative advantage. When tested in isolation, perceived risk negatively impacts the intention to adopt as hypothesized in our conceptual model ($\beta = -0.17$, $p = 0.01$). None of the control variables have a significant direct impact on the intention to adopt a fee-based advisory model.

5.3 Mediating and moderating effects

The prior results showed that the socio-demographic and psychographic control variables had little direct impact on customers' adoption intentions. We performed additional tests to investigate whether these variables had an indirect effect (mediation tests) or impacted the strength of other relationships (moderation tests). Previous research (Branca, 2008; Hoffmann and Broekhuizen, 2010) demonstrated that socio-demographic (gender, education) and psychographics variables (dispositional innovativeness) may indirectly impact adoption timing or use of financial innovations by influencing perceived innovation characteristics. We investigate the significance of indirect effects using Sobel tests (Sobel, 1982), and check whether the effects are fully mediated. The Sobel tests indicate that gender and education indirectly impact adoption intentions through relative advantage ($p < 0.05$). Mediation tests (Baron and Kenny, 1986) reveal that relative advantage fully mediates the effects of gender and education. Perceived risk does not act as a mediator.

Table II.
Construct correlations

	AI	RADV	RSK	SAT	TSP_P	TST_A	DI	RSK_AV	EXP	Gender	Age	Income	Education	LENGTH_ADV
AI	N/A													
Correlation														
Standard error														
RADV		*0.86*												
Correlation	0.62													
Standard error	0.05***													
RSK			*0.73*											
Correlation	−0.17	−0.35												
Standard error	0.08	0.09***												
SAT				*0.80*										
Correlation	0.09	0.24	−0.14											
Standard error	0.08	0.07***	0.08											
TST_P					*0.89*									
Correlation	0.14	0.24	−0.02	0.69										
Standard error	0.07*	0.08**	0.08	0.04***										
TST_A						*0.91*								
Correlation	0.04	0.14	−0.08	0.65	0.62									
Standard error	0.06	0.07	0.07	0.05***	0.06***									
DI							*0.67*							
Correlation	−0.08	−0.14	−0.13	−0.05	−0.16	−0.07								
Standard error	0.08	0.09	0.11	0.09	0.10	0.09								
RSK_AV								*0.73*						
Correlation	0.00	0.03	0.13	0.23	0.21	0.11	−0.54							
Standard error	0.08	0.08	0.08	0.08**	0.09*	0.07	0.10***							
EXP									*0.84*					
Correlation	−0.08	−0.10	−0.01	−0.26	−0.18	−0.12	−0.03	−0.28						
Standard error	0.07	0.08	0.09	0.7***	0.08*	0.08	0.11	0.10**						
Gender										*N/A*				
Correlation	0.11	0.17	−0.05	−0.10	−0.09	−0.21	−0.03	0.07	−0.08					
Standard error	0.07	0.07*	0.06	0.07	0.07	0.07**	0.08	0.07	0.06					
Age														
Correlation	0.01	−0.00	0.01	0.10	0.07	0.12	−0.18	0.21	0.09	−0.35	*N/A*			
Standard error	0.07	0.07	0.07	0.06	0.07	0.06*	0.08*	0.07**	0.07	0.07***				
Income														
Correlation	−0.08	−0.10	−0.02	−0.11	−0.14	0.00	−0.03	−0.11	0.25	−0.30	0.28	*N/A*		
Standard error	0.08	0.07	0.06	0.07	0.05**	0.06	0.07	0.08	0.09***	0.007***	0.07***			
Education													*N/A*	
Correlation	−0.04	−0.16	0.01	−0.22	−0.13	−0.20	0.08	−0.23	0.21	0.05	−0.13	0.36		
Standard error	0.07	0.07*	0.07	0.06***	0.06*	0.05***	0.07	0.07***	0.07**	0.07	0.07	0.06***		
LENGTH_ADV														*N/A*
Correlation	−0.02	−0.04	−0.04	−0.20	0.16	0.25	0.08	0.02	0.02	−0.11	0.17	0.6	−0.04	
Standard error	0.06	0.06	0.07	0.06***	0.05**	0.06***	0.08	0.09	0.09	0.05	0.05***	0.6	0.6	

Notes: AI, adoption intention; RADV, perceived relative advantage; RSK, perceived risk; SAT, satisfaction; TST_P, trust in provider; TST_A, trust in personal adviser; DI, domain-specific dispositional innovativeness; RSK_AV, risk aversion; EXP, financial expertise; LENGTH_ADV, relationship length with personal bank adviser, The numbers demonstrate the correlations between the latent constructs. Standard errors are also shown. The diagonal (italicised) represents the square root of the average variance extracted. N/A, not applicable. *$p < 0.05$; **$p < 0.01$; ***$p < 0.001$ (two-tailed). Correlation and standard errors are derived from bootstrapping with 500 replications

Table III.
Construct validity and reliability

Construct and item wording		Corrected item-total correlations	Cronbach's α	Factorr loading[a]	Critical ratio (t-value)	Composite reliability	Average variance extracted (AVE)
Relationship quality							
Trust (institutional level): Bank X ...			0.937			0.938	0.790
TST_P1	... is a reliable counterparty	0.851		0.868	–		
TST_P2	... can be relied upon to keep its promises	0.821		0.842	15.51		
TST_P3	... is trustworthy	0.878		0.929	21.28		
TST_P4	... is overall and honest counterparty	0.860		0.913	20.54		
Trust (advisor level): my bank advisor ...			0.933			0.937	0.832
TST_A2	... can be relied upon to keep his/her promises	0.829		0.867	–		
TST_A3	... puts customers interests before his/her own	0.855		0.902	20.18		
TST_A4	... is always honest when dealing with me	0.909		0.964	22.64		
Satisfaction (sub-dimensions)			0.891			0.896	0.634
SAT_3	Distinctness and clarity concerning dues and fees of the recommended products	0.674		0.710	10.85		
SAT_4	Overall performance/rate of return of the recommended financial products	0.770		0.824	12.66		
SAT_5	Cost/performance ratio of the recommended products	0.781		0.841	12.92		
SAT_6	Range and quality of in-house products and products from affiliated companies	0.786		0.864	13.28		
SAT_7	Range and comprehensibility of the information provided and communicated through the bank advisor	0.687		0.729	–		
Innovation characteristics							
Perceived relative advantage			0.934			0.935	0.743

(*continued*)

Table III.

Construct and item wording		Corrected item-total correlations	Cronbach's α	Factorr loading[a]	Critical ratio (t-value)	Composite reliability	Average variance extracted (AVE)
RADV_1	A fee-based advisory model increases the distinctness and clarity concerning dues and fees of recommended products	0.861		0.904	16.40		
RADV_2	A fee-based advisory model advances the cost/performance ratio of recommended products	0.853		0.908	16.50		
RADV_3	By making use of a fee-based advisory model, I save the commissions previously paid by the bank, and consequently make a better overall performance (rate of return) with my investments	0.870		0.911	16.59		
RADV_5	A fee-based advisory model allows bank advisors to recommend in-house products as well as products from third parties, dependent on clients' needs	0.772		0.790	13.69		
RADV_7	A fee-based advisory model allows the advisory process to become more customized	0.767		0.786	–		
Perceived risk			0.886			0.888	0.725
RSK_1	Getting fee-based advice is risky	0.789		0.868	14.83		
RSK_2	Fee-based advice can lead to bad results	0.798		0.880	14.96		
RSK_3	Fee-based advice has uncertain outcomes	0.751		0.804	–		
Personal characteristics (psychographies)							

(*continued*)

Table III.

Construct and item wording		Corrected item-total correlations	Cronbach's α	Factorr loading[a]	Critical ratio (t-value)	Composite reliability	Average variance extracted (AVE)
Domain-specific dispositional innovativeness			0.757			0.761	0.443
DI_1	When I get confronted with new financial products or services, I'm reluctant to give them a try	0.571		0.659	–		
DI_2	If I am satisfied with financial products or services, I rarely switch from them just to try something new	0.533		0.632	7.75		
DI_3	I rarely buy new financial products or services before other people do	0.604		0.721	8.43		
DI_4	I do not lie to buy new financial products or services before other people do	0.516		0.648	7.90		
Risk aversion			0.731			0.776	0.539
RSK_AV1	I would rather be safe than sorry	0.644			8.90		
RSK_AV2	I want to be sure before I purchase anything	0.587			8.56		
RSK_AV3	I avoid risky things	0.526			–		
Investment expertise			0.791			0.812	0.699
Exp_1	Knowledge of financial products and services	0.669		0.638	5.30		
Exp_1	Experience with financial products and services	0.669		0.995	–		

Note: [a]Standardized regression weights (maximum likelihood estimates). All items load significantly on their respective construct ($p < 0.001$), range of t-values is 5.3-22.6

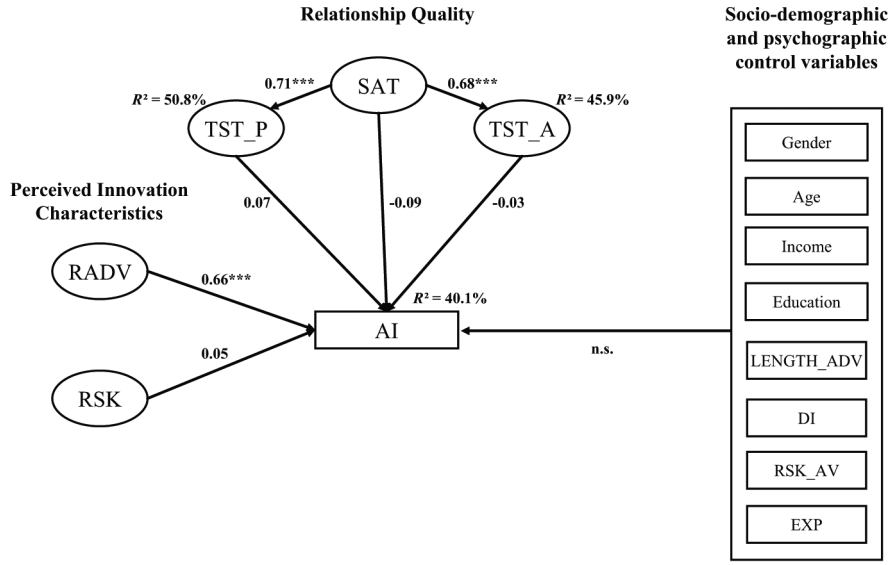


Figure 2.
Structural model results

Notes: Reported coefficients = standardized regression weights (β); *** = $p < 0.001$ (two tailed); n.s. = not significant

Additionally, we perform a moderation analysis (Baron and Kenny, 1986) to test the moderating impact of the socio-demographic and psychographic characteristics. A χ^2 difference test tested the difference in the strength of the relationships based on two-group confirmatory factor analysis. For each socio-demographic or psychographic characteristic, a median split divided the sample into two groups (e.g. young/old bank customers). The difference in χ^2 with one degree of freedom was used as an indicator for the significance of moderation. The fixation of one structural parameter to be equal across two groups leads to a worsening in fit. A significant increase in χ^2 indicates moderation (Byrne, 2010).

Prior to testing the structural invariance, that is whether the structural weights are dissimilar across groups, it is necessary to establish measurement invariance. This means that the items measure the same thing to the same degree across groups (cf. Byrne, 2010; Vandenberg and Lance, 2000). For all constructs, except education and dispositional innovativeness, we established full metric invariance. For education it was necessary to free up one item, for dispositional innovativeness two items, to establish partial metric invariance.

According to the previous proceedings, we found several moderation effects. The relationship between satisfaction and bank trust was stronger for respondents with higher dispositional innovativeness ($p < 0.05$), more expertise ($p < 0.05$), and who are older ($p < 0.10$). The relationship between satisfaction and advisor trust was stronger for respondents who scored higher on dispositional innovativeness ($p < 0.05$). Satisfaction was a stronger predictor of fee-based adoption intentions for those with higher dispositional innovativeness ($p < 0.05$). Finally, the relationship between relative advantage and fee-based adoption intentions was stronger for higher-educated and female respondents ($p < 0.05$). The findings support the notion that people with a

higher educational level are potentially better able to strip down the potential pros and cons of an innovation, and intend to follow their subjective evaluation in their decision adoption process. Furthermore, recent literature shows that better educated people are generally more eager to adopt new financial services (Hoffmann and Broekhuizen, 2010). The moderating role of gender illustrates that gender is important to better understand factors relevant in the innovation adoption process (cf. Riquelme and Rios, 2010).

6. Discussion and conclusion

6.1 Discussion

This paper examines retail bank customers' intention to adopt a fee-based advisory model. Results from a sample of German bank clients increase our understanding of the complex relationship between perceived innovation attributes, socio-demographic and psychographic characteristics, relationship quality indicators, and bank customers' adoption intentions.

With regard to perceived innovation characteristics, perceived relative advantage proved to be of utmost importance in explaining adoption intentions. This result concurs with findings from other studies in the field of innovation research (Arts *et al.*, 2011; Rogers, 2003; Tornatzky and Klein, 1982). However, in contrast to other studies dealing with the adoption of bank-related innovations (Koenig-Lewis *et al.*, 2010; Lockett and Littler, 1997; Zhao *et al.*, 2008), perceived risk had neither a direct nor a mediational impact on adoption intentions. A possible explanation is provided by Holak and Lehmann (1990, p. 67), who argue that a minor relevance of perceived risk might be due to the nature of the dependent variable, measuring intentions rather than actual choice and therefore "people may suppress negative impacts until a decision is made". Alternatively, a lack of existing knowledge or experience regarding the modalities and work flows of a fee-based advisory model might contribute to the minor role of perceived risk with regard to adoption intentions. In this context, Littler and Melanthiou (2006, p. 441) noted that consumers, due to a lack of information and experience, are often not in the position to adequately assess the risk of an innovation and are therefore faced with uncertainty leading to an "inability to know". Finally, the relatively high income and education of the respondents may underlie this finding.

The consistent, insignificant, direct impact of socio-demographic characteristics such as income or education on adoption intentions in this study is striking. On the one hand, this might be a consequence of the fact that most respondents were relatively highly educated and more than 78 percent had a net monthly income of over €2,500. On the other hand, some researchers already stated that compared to perceived innovation characteristics, personal characteristics are weak predictors of adoption behavior (Arts *et al.*, 2011; Ostlund, 1974). The results from our mediation and moderation analyses contribute to our understanding of the interplay between perceptional, attitudinal, and personal characteristics. Perceived relative advantage acts as a full mediator for the effect of certain socio-demographics on adoption intention. These findings extend recent literature arguing that "the role of innovation attributes is important, both *per se* and for the impact of the demographic characteristics they are mediating" (Branca, 2008, p. 253). This study's findings reinforce earlier research that showed the mediating role of innovation attributes in linking customers' innovativeness to their adoption behavior (Hoffmann and Broekhuizen, 2010). The results suggest that,

besides simple analyses of direct effects, more complex mediation and moderation analyses are necessary to correctly assess the importance of socio-demographic variables and to help refute their "alleged minor role" in predicting adoption behavior (cf. Branca, 2008, p. 239).

Lastly, relationship quality did not have a substantial impact on the intention to adopt a fee-based advisory model. Although financial services research often attests a strong connection between relationship quality and purchase intentions (Rajaobelina and Bergeron, 2009), this does not seem to hold for the specific adoption intentions of a new remuneration scheme for financial advice. Cooper and de Brentani (1991, p. 86) offer an explanation, noting that "[t]he new service must stand or fall on its own" and an "ongoing relationship[s] with the customer[s] appear[s] to have no impact on the success of the new product [service]".

6.2 Managerial implications

This paper has several managerial implications. First, the strong relationship between perceived relative advantage and adoption intentions reveals that bank managers who consider introducing a fee-based advisory approach are well advised to concentrate marketing activities towards the promotion of the advantages of this advisory model over existing remuneration schemes. In particular, the absence of any potential conflict of interest may be seen as such an improvement. Second, to foster long-term loyalty amongst bank customers who decide to use the fee-based advisory approach, it remains indispensable for marketers and advisors to provide "tangible cues", illustrating the continuous value of their advisory service. As noted by Davies (1996, p. 70), "[re]assurance needs to be developed before, during and after purchase", while "making the service tangible" is key. Third, the results of this study showed that customers' relational status quo, measured by their satisfaction with and trust in their bank and advisor, does not hinder or foster intention to adopt the fee-based advisory model. From a strategic perspective, this result implies that customers do not necessarily view a fee-based advisory model as conflicting the commission-based advisory model they are used to.

6.3 Limitations and future research opportunities

As with all empirical research, this study has limitations, which require acknowledgement, but simultaneously provide avenues for future research. First, our results come from a sample of German retail banking clients, and might not generalize to clients of discount banks or other countries. Testing our framework in other European countries, where a fee-based advisory approach is also a central theme (e.g. The Netherlands) is desirable. Second, as German retail banks currently do not offer fee-based remuneration schemes, we could only study adoption intentions. Follow-up research is advised to examine the drivers of actual adoption, as prior literature noted differences regarding the predictive power of certain variables in this regard (Arts *et al.*, 2011). Third, future research might include extra predictor variables. For example, the degree of knowledge in terms of the awareness of commissions currently paid to the financial service provider seems relevant for the decision to adopt a fee-based advisory model (Estelami, 2005). Perceived compatibility might also be important (Rogers, 2003). Adopters of a fee-based advisory approach pay upfront fees to receive advice. Bank customers might consider this remuneration concept to be

inconsistent to their past experience and hence struggle to adopt (cf. Holak and Lehmann, 1990). Fourth, we examined customer intention to adopt a fee-based advisory model if their current bank would offer that through advisors acting as tied agents of this bank. Although the nature of fee-based advice and the competition that retail banks experience from untied advisors help to assure that the advice from both types of advisors is comparable, our data does not allow us to draw conclusions on whether customers might still expect untied financial advisors to act differently from tied advisors. Future research could examine how such varying expectations might impact retail bank customers' intention to adopt a fee-based advisory model.

References

Anderson, E.W. and Sullivan, M.W. (1993), "The antecedents and consequences of customer satisfaction for firms", *Marketing Science*, Vol. 12 No. 2, pp. 125-43.

Anderson, E.W., Fornell, C. and Lehmann, D.R. (1994), "Customer satisfaction, market share, and profitability: findings from Sweden", *Journal of Marketing*, Vol. 58 No. 3, pp. 53-66.

Anderson, J.C. and Gerbing, D.W. (1988), "Structural equation modeling in practice: a review and recommended two-step approach", *Psychological Bulletin*, Vol. 103 No. 3, pp. 411-23.

Armstrong, J.S. and Overton, T.S. (1977), "Estimating nonresponse bias in mail surveys", *Journal of Marketing Research*, Vol. 14 No. 3, pp. 396-402.

Arts, J.W.C., Frambach, R.T. and Bijmolt, T.H.A. (2011), "Generalizations on consumer innovation adoption: a meta-analysis on drivers of intention and behavior", *International Journal of Research in Marketing*, Vol. 28 No. 2, pp. 134-44.

Bagozzi, R.P. and Yi, Y. (1988), "On the evaluation of structural equation models", *Journal of the Academy of Marketing Science*, Vol. 16 No. 1, pp. 74-94.

Baron, R.M. and Kenny, D.A. (1986), "The moderator-mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations", *Journal of Personality and Social Psychology*, Vol. 51 No. 6, pp. 1173-82.

Baumgartner, H. and Homburg, C. (1996), "Applications of structural equation modeling in marketing and consumer research: a review", *International Journal of Research in Marketing*, Vol. 13 No. 2, pp. 139-61.

Beckett, A., Hewer, P. and Howcroft, B. (2000), "An exposition of consumer behaviour in the financial services industry", *International Journal of Bank Marketing*, Vol. 18 No. 1, pp. 15-26.

Bejou, D., Ennew, C.T. and Palmer, A. (1998), "Trust, ethics and relationship satisfaction", *International Journal of Bank Marketing*, Vol. 16 No. 4, pp. 170-5.

Bell, S.J., Auh, S. and Smalley, K. (2005), "Customer relationship dynamics: service quality and customer loyalty in the context of varying levels of customer expertise and switching costs", *Journal of the Academy of Marketing Science*, Vol. 33 No. 2, pp. 169-83.

Bergstresser, D., Chalmers, J.M.R. and Tufano, P. (2009), "Assessing the costs and benefits of brokers in the mutual fund industry", *Review of Financial Studies*, Vol. 22 No. 10, pp. 4129-56.

Bloemer, J., de Ruyter, K. and Peeters, P. (1998), "Investigating drivers of bank loyalty: the complex relationship between image, service quality and satisfaction", *International Journal of Bank Marketing*, Vol. 16 No. 7, pp. 276-86.

Branca, A.S. (2008), "Demographic influences on behaviour", *International Journal of Bank Marketing*, Vol. 26 No. 4, pp. 237-59.

Bruner, G.C., Hensel, P.J. and James, K.E. (2005), *Marketing Scale Handbook: A Compilation of Multi-Item Measures for Consumer Behavior & Advertising*, Vol. IV, American Marketing Association, Chicago, IL.

Byrne, B.M. (2010), *Structural Equation Modeling with AMOS: Basic Concepts, Applications, and Programming*, 2nd ed., Routledge, New York, NY.

Çalik, N. and Balta, N.F. (2006), "Consumer satisfaction and loyalty derived from the perceived quality of individual banking services: a field study in Eskişehir from Turkey", *Journal of Financial Services Marketing*, Vol. 10 No. 4, pp. 135-49.

Capon, N., Fitzsimons, G.J. and Prince, R.A. (1996), "An individual level analysis of the mutual fund investment decision", *Journal of Financial Services Research*, Vol. 10 No. 1, pp. 59-82.

Citrin, A.V., Sprott, D.E., Silverman, S.N. and Stem, D.E. Jr (2000), "Adoption of internet shopping: the role of consumer innovativeness", *Industrial Management & Data Systems*, Vol. 100 No. 7, pp. 294-300.

Commission of the European Communities (2009), "On the follow up in retail financial services to the Consumer Markets Scoreboard", available at: http://ec.europa.eu/consumers/rights/docs/swd_retail_fin_services_en.pdf

Cooper, R.G. and de Brentani, U. (1991), "New industrial financial services: what distinguishes the winners", *Journal of Product Innovation Management*, Vol. 8 No. 2, pp. 75-90.

Cooper, R.G., Easingwood, C.J., Edgett, S., Kleinschmidt, E.J. and Storey, C. (1994), "What distinguishes the top performing new products in financial services", *Journal of Product Innovation Management*, Vol. 11 No. 4, pp. 281-9.

Cox, D. and Cox, A.D. (2001), "Communicating the consequences of early detection: the role of evidence and framing", *Journal of Marketing*, Vol. 65 No. 3, pp. 91-103.

Cox, D.F. and Rich, S.U. (1964), "Perceived risk and consumer decision-making – the case of the telephone shopping", *Journal of Marketing Research*, Vol. 1 No. 4, pp. 32-9.

Cox, P. (2007), "Should a financial service provider care about trust? An empirical study of retail saving and investment allocations", *Journal of Financial Services Marketing*, Vol. 12 No. 1, pp. 75-87.

Cronin, J.J. Jr and Taylor, S.A. (1992), "Measuring service quality: a reexamination and extension", *Journal of Marketing*, Vol. 56 No. 3, pp. 55-68.

Crosby, L.A., Evans, K.A. and Cowles, D. (1990), "Relationship quality in services selling: an interpersonal influence perspective", *Journal of Marketing*, Vol. 54 No. 3, pp. 68-81.

Davies, M. (1996), "Image problems with financial services: some considerations for improvement", *Management Decision*, Vol. 34 No. 2, pp. 64-71.

De Brentani, U. (1995), "New industrial service development: scenarios for success and failure", *Journal of Business Research*, Vol. 32 No. 2, pp. 93-103.

De Wulf, K., Odekerken-Schröder, G. and Iacobucci, D. (2001), "Investments in consumer relationships: a cross-country and cross-industry exploration", *Journal of Marketing*, Vol. 65 No. 4, pp. 33-50.

Devlin, J.F. and Yeung, M. (2003), "Insights into customer motivations for switching to internet banking", *International Review of Retail, Distribution & Consumer Research*, Vol. 13 No. 4, pp. 375-92.

Dimitriadis, S. (2010), "Testing perceived relational benefits as satisfaction and behavioral outcomes drivers", *International Journal of Bank Marketing*, Vol. 28 No. 4, pp. 297-313.

Donthu, N. and Gilliland, D. (1996), "The infomercial shopper", *Journal of Advertising Research*, Vol. 36 No. 2, pp. 69-76.

Easingwood, C.J. and Mahajan, V. (1989), "Positioning of financial services for competitive advantage", *Journal of Product Innovation Management*, Vol. 6 No. 3, pp. 207-19.

Easingwood, C.J. and Storey, C. (1991), "Success factors for new consumer financial services", *International Journal of Bank Marketing*, Vol. 9 No. 1, pp. 3-10.

Edelman (2010), "Edelman Trust Barometer", available at: www.edelman.com

Eisingerich, A.B. and Bell, S.J. (2006), "Relationship marketing in the financial services industry: the importance of customer education, participation and problem management for customer loyalty", *Journal of Financial Services Marketing*, Vol. 10 No. 4, pp. 86-97.

Ennew, C. and Sekhon, H. (2007), "Measuring trust in financial services: the Trust Index", *Consumer Policy Review*, Vol. 17 No. 2, pp. 62-8.

Estelami, H. (2005), "A cross-category examination of consumer price awareness in financial and non-financial services", *Journal of Financial Services Marketing*, Vol. 10 No. 2, pp. 125-39.

Evans, K.R., Kleine, R.E., Landry, T.D. and Crosby, L.A. (2000), "How first impressions of a customer impact effectiveness in an initial sales encounter", *Journal of the Academy of Marketing Science*, Vol. 28 No. 4, pp. 512-26.

Fandos Roig, J.C., Garcia, J.S. and Moliner Tena, M.A. (2009), "Perceived value and customer loyalty in financial services", *Service Industries Journal*, Vol. 29 No. 6, pp. 775-89.

Fandos Roig, J.C., Garcia, J.S., Tena, M.A.M. and Monzonis, J.L. (2006), "Customer perceived value in banking services", *International Journal of Bank Marketing*, Vol. 24 No. 5, pp. 266-83.

Federal Ministry of Food Agriculture and Consumer Protection (2010), "BMELV-Studie sieht Reformbedarf beim Vertrieb von Finanzdienstleistungen", available at: www.bmelv.de

Financial Services Authority (2010), "FSA publishes rules on adviser charging", available at: www.fsa.gov.uk

Fischer, K. and Nagl, H.G. (2010), "Honorarberatung: nie wieder falsch beraten", Handelsblatt, July 23, available at: www.handelsblatt.com

Flynn, L.R. and Goldsmith, R.E. (1993), "Identifying innovators in consumer service markets", *Service Industries Journal*, Vol. 13 No. 3, pp. 97-109.

Fornell, C. and Larcker, D.F. (1981), "Evaluating structural equation models with unobservable variables and measurement error", *Journal of Marketing Research*, Vol. 18 No. 1, pp. 39-50.

Frambach, R.T., Barkema, H.G., Nooteboom, B. and Wedel, M. (1998), "Adoption of a service innovation in the business market: an empirical test of supply-side variables", *Journal of Business Research*, Vol. 41 No. 2, pp. 161-74.

Gatignon, H. and Robertson, T.S. (1985), "A propositional inventory for new diffusion research", *Journal of Consumer Research*, Vol. 11 No. 4, pp. 849-67.

Geyskens, I., Steenkamp, J.-B.E.M. and Kumar, N. (1999), "A meta-analysis of satisfaction in marketing channel relationships", *Journal of Marketing Research*, Vol. 36 No. 2, pp. 223-38.

Goode, M. and Moutinho, L. (1995), "The effects of free banking on overall satisfaction", *International Journal of Bank Marketing*, Vol. 13 No. 4, pp. 33-40.

Gounaris, S. and Koritos, C. (2008), "Investigating the drivers of internet banking adoption decision – a comparison of three alternative frameworks", *International Journal of Bank Marketing*, Vol. 26 No. 5, pp. 282-304.

Gourville, J. (2005), "The curse of innovation: a theory of why innovative new products fail in the marketplace", HBS Marketing Research Paper No. 05-06, available at: http://ssrn.com/abstract=777644

Grabner-Kräuter, S. and Faullant, R. (2008), "Consumer acceptance of internet banking: the influence of internet trust", *International Journal of Bank Marketing*, Vol. 26 No. 7, pp. 483-504.

Habschick, M. and Evers, J. (2008), *Anforderungen an Finanzvermittler – mehr Qualität, bessere Entscheidungen*, Studie im Auftrag des Bundesministeriums für Ernährung, Landwirtschaft und Verbraucherschutz, Hamburg.

Hinterberger, M. (2010), "Nachrechnen hilft", Financial Times Deutschland, May 29, available at: www.ftd.de

Hoffmann, A.O.I. and Broekhuizen, T.L. (2010), "Understanding investors' decisions to purchase innovative products: drivers of adoption timing and range", *International Journal of Research in Marketing*, Vol. 27 No. 4, pp. 342-55.

Holak, S.L. and Lehmann, D.R. (1990), "Purchase intentions and the dimensions of innovation: an exploratory model", *Journal of Product Innovation Management*, Vol. 7 No. 1, pp. 59-73.

Howcroft, B., Hewer, P. and Durkin, M. (2003), "Banker-customer interactions in financial services", *Journal of Marketing Management*, Vol. 19 Nos 9/10, pp. 1001-20.

Im, S., Bayus, B.L. and Mason, C.H. (2003), "An empirical study of innate consumer innovativeness, personal characteristics, and new-product adoption behavior", *Journal of the Academy of Marketing Science*, Vol. 31 No. 1, pp. 61-73.

Im, S., Mason, C.H. and Houston, M.B. (2007), "Does innate consumer innovativeness relate to new product/service adoption behavior? The intervening role of social learning via vicarious innovativeness", *Journal of the Academy of Marketing Science*, Vol. 35 No. 1, pp. 63-75.

Johnson, D. and Grayson, K. (2005), "Cognitive and affective trust in service relationships", *Journal of Business Research*, Vol. 58 No. 4, pp. 500-7.

Kim, W.C. and Mauborgne, R. (2000), "Knowing a winning business idea when you see one", *Harvard Business Review*, Vol. 78 No. 5, pp. 129-38.

Kline, R.B. (2005), *Principles and Practice of Structural Equation Modeling*, 2nd ed., The Guilford Press, New York, NY.

Koenig-Lewis, N., Palmer, A. and Moll, A. (2010), "Predicting young consumers' take up of mobile banking services", *International Journal of Bank Marketing*, Vol. 28 No. 5, pp. 410-32.

Kolodinsky, J.M., Hogarth, J.M. and Hilgert, M.A. (2004), "The adoption of electronic banking technologies by US consumers", *International Journal of Bank Marketing*, Vol. 22 No. 4, pp. 238-59.

Kuneva, M. (2009), "Restoring consumer trust in retail financial services", paper presented at the ESBG Conference "Retail Banking in Europe – The Way Forward, Lessons from the Crisis and Priorities for the Future", available at: http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/09/403&format=HTML&aged=0&language=EN&guiLanguage=en

Lassar, W.M., Manolis, C. and Lassar, S.S. (2005), "The relationship between consumer innovativeness, personal characteristics, and online banking adoption", *International Journal of Bank Marketing*, Vol. 23, pp. 176-99.

Lee, J. (2002), "A key to marketing financial services: the right mix of products, services, channels and customers", *Journal of Services Marketing*, Vol. 16 No. 3, pp. 238-58.

Lee, K.S., Lee, H.S. and Kim, S.Y. (2007), "Factors influencing the adoption behavior of mobile banking: a South Korean perspective", *Journal of Internet Banking & Commerce*, Vol. 12 No. 2, pp. 1-9.

Lepold, O. (2011), "Honorarberatung: Weg vom Abstellgleis", January 5, available at: www.dasinvestment.com

Littler, D. and Melanthiou, D. (2006), "Consumer perceptions of risk and uncertainty and the implications for behaviour towards innovative retail services: the case of internet banking", *Journal of Retailing and Consumer Services*, Vol. 13, pp. 431-43.

Lockett, A. and Littler, D. (1997), "The adoption of direct banking services", *Journal of Marketing Management*, Vol. 13 No. 8, pp. 791-811.

Lovelock, C.H. (1983), "Classifying services to gain strategic marketing insights", *Journal of Marketing*, Vol. 47 No. 3, pp. 9-20.

McKinsey Quarterly (2007), "Innovation in financial services: a McKinsey Global Survey", April, available at: www.mckinseyquarterly

Maas, P. and Graf, A. (2008), "Customer value analysis in financial services", *Journal of Financial Services Marketing*, Vol. 13 No. 2, pp. 107-20.

Martenson, R. (2008), "How financial advisors affect behavioral loyalty", *International Journal of Bank Marketing*, Vol. 26 No. 2, pp. 119-47.

Mitchell, V.W. and Greatorex, M. (1993), "Risk perception and reduction in the purchase of consumer services", *Service Industries Journal*, Vol. 13 No. 4, pp. 179-200.

Mitra, K., Reiss, M.C. and Capella, L.M. (1999), "An examination of perceived risk, information search and behavioral intentions in search", *Journal of Services Marketing*, Vol. 13 No. 3, pp. 208-28.

Morgan, R.M. and Hunt, S.D. (1994), "The commitment-trust theory of relationship marketing", *Journal of Marketing*, Vol. 58 No. 3, pp. 20-38.

Morrin, M., Broniarczyk, S. and Inman, J.J. (2011), "Fund assortments, gender, and retirement plan participation", *International Journal of Bank Marketing*, Vol. 29 No. 5, pp. 433-50.

Mukherjee, A. and Nath, P. (2003), "A model of trust in online relationship banking", *International Journal of Bank Marketing*, Vol. 21 No. 1, pp. 5-15.

Nelson, P. (1970), "Information and consumer behavior", *Journal of Political Economy*, Vol. 78 No. 2, pp. 311-29.

Netemeyer, R.G., Bearden, W.O. and Sharma, S. (2003), *Scaling Procedures: Issues and Applications*, Sage Publications, Thousand Oaks, CA.

Nunnally, J.C. (1978), *Psychometric Theory*, McGraw-Hill, New York, NY.

Ostarhild, J. (2010), "Beratung auf Provisionsbasis: unheilbarer Interessenskonflikt bei System- und Produktauswahl", *Honorarberatung*, pp. 32-3.

Ostlund, L.E. (1974), "Perceived innovation attributes as predictors of innovativeness", *Journal of Consumer Research*, Vol. 1 No. 2, pp. 23-9.

Ozdemir, S. and Trott, P. (2009), "Exploring the adoption of a service innovation: a study of internet banking adopters and non-adopters", *Journal of Financial Services Marketing*, Vol. 13 No. 4, pp. 284-99.

Patterson, P.G., Johnson, L.W. and Spreng, R.A. (1997), "Modeling the determinants of customer satisfaction for business-to-business professional services", *Journal of the Academy of Marketing Science*, Vol. 25 No. 1, pp. 4-17.

Prins, R. and Verhoef, P.C. (2007), "Marketing communication drivers of adoption timing of a new e-service among existing customers", *Journal of Marketing*, Vol. 71 No. 2, pp. 169-83.

Püschel, J., Mazzon, J.A. and Hernandez, J.M.C. (2010), "Mobile banking: proposition of an integrated adoption intention framework", *International Journal of Bank Marketing*, Vol. 28 No. 5, pp. 389-409.

Rajaobelina, L. and Bergeron, J. (2009), "Antecedents and consequences of buyer-seller relationship quality in the financial services industry", *International Journal of Bank Marketing*, Vol. 27 No. 5, pp. 359-80.

Ram, S. (1987), "A model of innovation resistance", *Advances in Consumer Research*, Vol. 14 No. 1, pp. 208-12.

Rauch, D. (2011), *Honorar statt Provision*, Finanzbuchverlag, München.

Reents, H., Hinterberger, M., Krüger, A., Schikora, S. and Kracht, R. (2009), "Special Issue – Honorarberatung", Financial Times Deutschland, October 13.

Riquelme, H.E. and Rios, R.E. (2010), "The moderating effect of gender in the adoption of mobile banking", *International Journal of Bank Marketing*, Vol. 28 No. 5, pp. 328-41.

Rogers, E.M. (2003), *Diffusion of Innovations*, 5th ed., The Free Press, New York, NY.

Selnes, F. (1998), "Antecedents and consequences of trust and satisfaction in buyer-seller relationships", *European Journal of Marketing*, Vol. 32 Nos 3/4, pp. 305-22.

Sheth, J.N. (1981), "Psychology of innovation resistance: the less developed concept (LDC) in diffusion research", *Research in Marketing*, Vol. 4, pp. 273-82.

Sobel, M.E. (1982), "Asymptotic confidence intervals for indirect effects in structural equation models", in Leinhart, S. (Ed.), *Sociological Methodology*, Jossey-Bass, San Francisco, CA, pp. 290-312.

Statman, M. (1999), "Behavioral finance: past battles and future engagements", *Financial Analysts Journal*, Vol. 55 No. 6, pp. 18-27.

Steenkamp, J.-B.E.M. and Gielens, K. (2003), "Consumer and market drivers of the trial probability of new consumer packaged goods", *Journal of Consumer Research*, Vol. 30 No. 3, pp. 368-84.

Steenkamp, J.-B.E.M., Ter Hofstede, F. and Wedel, M. (1999), "A cross-national investigation into the individual and national cultural antecedents of consumer innovativeness", *Journal of Marketing*, Vol. 63 No. 2, pp. 55-69.

Swan, J.E., Bowers, M.R. and Richardson, L.D. (1999), "Customer trust in the salesperson: an integrative review and meta-analysis of the empirical literature", *Journal of Business Research*, Vol. 44 No. 2, pp. 93-107.

Szymanski, D.M. and Henard, D.H. (2001), "Customer satisfaction: a meta-analysis of the empirical evidence", *Journal of the Academy of Marketing Science*, Vol. 29 No. 1, pp. 16-35.

Tax, S.S., Brown, S.W. and Chandrashekaran, M. (1998), "Customer evaluations of service complaint experiences: implications for relationship marketing", *Journal of Marketing*, Vol. 62 No. 2, pp. 60-76.

Taylor, J.W. (1974), "The role of risk in consumer behavior", *Journal of Marketing*, Vol. 38 No. 2, pp. 54-60.

Tellis, G.J., Yin, E. and Bell, S. (2009), "Global consumer innovativeness: cross-country differences and demographic commonalities", *Journal of International Marketing*, Vol. 17 No. 2, pp. 1-22.

Tornatzky, L.G. and Klein, K.J. (1982), "Innovation characteristics and innovation adoption-implementation: a meta-analysis of findings", *IEEE Transactions on Engineering Management*, Vol. EM-29, pp. 28-43.

Tyler, K. and Stanley, E. (2007), "The role of trust in financial services business relationships", *Journal of Services Marketing*, Vol. 21 No. 5, pp. 334-44.

Van Dijk, M., Bijlsma, M. and Pomp, M. (2008), "The price of free advice", *Applied Economics*, Vol. 40 No. 14, pp. 1889-903.

Vandenberg, R.J. and Lance, C.E. (2000), "A review and synthesis of the measurement invariance literature: suggestions, practices, and recommendations for organizational research", *Organizational Research Methods*, Vol. 3 No. 1, pp. 4-70.

Webster, F.E. Jr (1969), "New product adoption in industrial markets: a framework for analysis", *Journal of Marketing*, Vol. 33 No. 3, pp. 35-9.

Yi, Y. (1990), "A critical review of consumer satisfaction", in Zeithaml, V.A. (Ed.), *Review of Marketing*, American Marketing Association, Chicago, IL.

Yousafzai, S.Y., Pallister, J.G. and Foxall, G.R. (2009), "Multi-dimensional role of trust in internet banking adoption", *Service Industries Journal*, Vol. 29 No. 5, pp. 591-605.

Zhao, A.L., Hanmer-Lloyd, S., Ward, P. and Goode, M.M.R. (2008), "Perceived risk and Chinese consumers' internet banking services adoption", *International Journal of Bank Marketing*, Vol. 26 No. 7, pp. 505-25.

Corresponding author
Arvid O. I. Hoffmann can be contacted at: a.hoffmann@maastrichtuniversity.nl