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Social Influence on Consumer Financial Product Preferences

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This paper uses conjoint analysis to examine the social influence (e.g., social group recommendations) of an individual consumer's immediate social circle on his/her financial product preferences. It proposes that social influence from individuals with whom the consumer has strong ties is stronger than that from those with whom he/she has weak ties in choosing financial products through word-of-mouth referral or recommendation. The importance of social influence on financial product preference is associated with consumers' familiarity with the product and their susceptibility to interpersonal influence. Results reveal that recommendations from social groups with strong ties are influential when forming preferences on financial products. Moreover, social influence becomes significant in financial product selection when consumers are less familiar with the product and are more susceptible to interpersonal influence. While this kind of social influence shows a contributory effect, it has a marginal estimated utility compared with the more explicit attributes of financial product choices (e.g., risks and returns). Despite the expected observation, the study shows a tendency to defer to the value of social influence in contexts where consumers are not familiar with a financial product.

1 Introduction

The Philippine financial system performed well in 2018 despite volatilities in the market, according to the Bangko Sentral ng Pilipinas, or the Central Bank of the Philippines (BSP, 2018). The banking system, which is the primary driver of the financial industry, posted an asset growth of 11.6 percent driven by a 16.4 percent expansion of loans funded by an 11.6 percent increase in deposits (BSP, 2018). On the other hand, the Philippine stock market performed poorly in 2018 (Philippine Stock Exchange, 2019). All sectors posted negative returns leading to a market capitalization decrease of 8.2 percent. Despite this downturn, stock market participation actually increased. PSE (2018) reported that total stock market accounts increased by 12.4 percent. Thus, financial participation through deposits and risky investments such as stocks has continued to thrive as well.

Despite these positive indicators, a major challenge in the Philippine financial market is the low holdings of financial assets among households. The BSP's (2014) Consumer Financial Survey reported that only 14 percent of households had a deposit account. Those with financial assets such as investments in stocks, mutual funds, government securities, and fixed-income securities were even smaller in number and almost negligible. In the National Capital Region, only 0.4 percent of households had held investments in these types of assets and only 0.2 percent for the entire country (BSP, 2014). This participation rate in financial markets is low compared with those of other developing countries (Giannetti & Koskinen, 2010). As a result, financial service organizations have faced the critical task of marketing financial products and improving financial inclusion in the country. One approach is to examine financial product preferences and the factors that influence them.

Challenges exist in marketing financial services because these services require an array of commitments from a very short-term to an extremely long-term period and either too simple or too complex processes. Consumer knowledge of these services varies from no knowledge to highly familiar (Ennew & Waite, 2013). Thus, understanding the factors affecting financial service preferences is critical to be successful in marketing these products. Put simply, marketing financial services and products might take a different decision-making approach compared with marketing goods and services as commonly examined in the marketing field. In most cases, consumers would evaluate goods

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or services from a low-involvement habitual purchase to a high-involvement decision. At the same time, they might consider low-risk versus high-risk (i.e., probability of loss) factors when making decisions with regard to financial products.

Marketing activities on consumer financial products often rely on the direct-selling model through financial advisors hired by financial institutions. Moreover, using customer relationship management (CRM) tools enables financial companies to employ targeted marketing through direct channels such as e-mails, phone calls, and social media. Through relationship marketing techniques using direct channels, consumers are expected to heighten their trust and psychological feelings of safety as they are contacted directly through skilled agents (Albers-Miller & Straughan, 2000; Smith, Vibhakar & Terry, 2007). When consumers find the information provided by marketing agents incomprehensible and confusing, they tend to rely on their relationship with these agents.

However, recent industry reports assert that compared with earlier-generation consumers, new-generation consumers have been less trusting of marketing agents of brands and organizations (e.g., Olenski, 2017). Younger audiences have recently favored third-party sources such as reputable news agencies; paid actors participating in endorsements are perceived to be deceptive or manipulative (Isaac and Grayson, 2017). One's peers have become influential on the financial decisions especially among young people (e.g., Lusardi, Mitchell, & Curto 2010). Meanwhile, Ernst & Young's 2016 Global Consumer Banking Survey highlighted that nowadays, trust is "moving from top-down, institutional-based to bottom-up peer-based" (How can we trust …, November 27, 2017, para. 8).

In view of these changes in the flow of trust in consumer finance, this paper explores the role of social influence, particularly the value of recommendations from a consumer's immediate social environment. Distinct from recommendations from industrial sources such as companies, brands, and agents serving as spokespersons, the social influence studied in this paper comes from non-marketing-driven sources such as those with whom a consumer has strong and even weak social ties. Practically, consumers who are less familiar with financial products value the normative influence from social others. Moreover, a consumer's tendency and susceptibility to interpersonal influence (SII) may explain variations in such social influence.

The Philippines is a collective society where opinions and suggestions of peers in a social circle have substantial weight on individuals' decisions. Huhmann and McQuitty (2009) identified several cultural and psychological differences explaining how financial numeracy operates among consumers. The connections among these constructs are reflexively mediated by social-level influence and contingencies such as familiarity with the products and individual differences in interpersonal influence susceptibility. Industry reports such as the 2015 Nielsen's Global Trust in Advertising survey have found that Filipinos trust word-of-mouth recommendations the most. This comes from the people they know more than messages from industrial sources such as advertising (Matsuzawa, 2015). Moreover, the BSP's 2014 Consumer Finance Survey reports that one of the primary sources of recommendations when opening a bank account is personal acquaintances' word-of-mouth. Another BSP report, the 2015 National Baseline Survey for Financial Inclusion, has shown that word-of-mouth recommendations (i.e., from immediate social circles) are sources of awareness of financial services. From these practice-oriented reports, it can be deduced that Filipino consumers value information from social others with whom they have vested their trust, reliance, and influence. It is important to study how mechanisms of social influence help shape Filipinos' behaviors toward financial products to realize its implications for marketing financial products at the individual level.

Financial services may generally cover a broad range of economic services related to banking, insurance, retirement, stock trading, asset management, credit cards, foreign exchange, trade finance, venture capital, and many more (Ennew & Waite, 2013). The number of financial products and services in the market may continue to grow. The growing academic research on consumer financial behavior reflects the recognition that the financial industry has reached the individual level of clientele. This paper contributes to the literature of consumer financial behavior by focusing on the influence of one's social group in various levels—strong, moderate, and weak ties—when choosing financial products and services. Moreover, the paper explores the conditional effects of consumers' familiarity with the financial product and service and their SII. These variables are examined using two possible prototypes of high-risk and low-risk financial products and services: personal banking and subscription to mutual funds. The paper could be considered a response to several calls for

theoretical elaborations of consumer financial behavior mechanisms (e.g., Anderson et al., 2013, Huhmann & McQuitty, 2009).

Researches identifying important factors in financial product selection are numerous. Speed of service, competence, friendliness of personnel and convenience, advertising, and technology are among the factors deemed important in selecting banks (Laroche, Rosenblatt & Manning., 1986; Zineldin, 1996). On the other hand, risks, fund performance, and image reputation are some of the factors identified to be important in selecting mutual funds (Ranganathan & Kavitha, 2006; Amiri & Gil-Lafuente, 2016). However, according to Ehrlich and Fanelli (2012), the most common factor in selecting financial services is word-of-mouth referral. Previous studies such as Zineldin (1996) found that recommendations from others are a significant factor in selecting banks. This explains why financial consultancy is an important profession in the industry. Information is critical in financial decisions because of the risks involved.

Aside from referrals from professional groups, information from nonmarketing agents are gradually being recognized in the field. For instance, opinions from social groups such as family and peers are found to affect financial behavior. Personal acquaintances are identified as the fourth most important reason for keeping a deposit account, with proximity to home as the top factor (BSP, 2014). Thus, there seems to be evidence that shows that social groups affect the decision of households in keeping a deposit account. According to Hoffmann and Broekhuizen (2009), the influence of social agents is always present in the investment context. Individuals seek approval from important social groups (e.g., family) before making an important financial decision. Peers and neighbors may influence consumers in terms of asset allocation. Individuals living in communities with high stock ownership are more likely to participate in the stock market (Hong, Kubik & Stein, 2004). Moreover, each social group differs in their level of influence on an individual. For example, a family represents social agents with stronger ties to the individual compared with his or her peers. Strong ties can reduce uncertainty through extensive information exchange, similarities, and personal interaction (Berger & Calabrese, 1975). Therefore, the influence of family is strong in decision-making.

This study examines the importance of social group referrals in financial product selections. In the real-world setting, the decision-maker faces information that may or may not affect the cognitive process. However, the individual must make a trade-off on which factor or information must be considered first. Little is known about how consumers make trade-offs among various bits of information especially in choosing financial products (e.g., online services versus long queuing time versus excellent customer relations in banking services). This study uses conjoint analysis to understand how financial product preferences are affected by information from social group referrals. The method is commonly used in marketing, particularly in product design. Specifically, it determines what attributes and levels of attributes significantly contribute to product preference through computed utility and level of importance (Hair et al., 2010). Zinkhan and Zinkhan (1990) suggested using conjoint analysis in designing financial products. Utility and level of importance of social group referrals can be calculated if this factor is integrated as one of the attributes in the conjoint experiment.

This study is extended further to explain the importance of social groups in financial product selection using the notion of product familiarity and SII. The key premise is that the influence of social group referrals becomes significant in the financial product selections if the individual has little familiarity with such products and is highly susceptible to interpersonal influence.

In light of its objectives and methods, this paper attempts to answer the following questions: (1) Do referrals from various social groups affect financial product preferences? (2) How important are social group referrals relative to other factors in financial product selection? (3) How does product familiarity affect social group referrals? Finally, (4) how does consumers' susceptibility to influence affect the influence of social group referrals?

The following section reviews related works on social influence and financial behavior, as well as the factors investigated in this paper—product familiarity and consumers' SII.

2 Review of Related Literature

2.1 Social Influence and Financial Behavior

Factors affecting financial behavior outside standard finance are recognized in the field of behavioral finance. While standard finance tackles the issue of rationality and irrationality, behavioral finance considers factors in the field of psychology (De Bondt et al., 2010). More particularly, De Bondt et al. (2010) included social psychology as one of the strands that inform behavioral finance. This strand considers social factors that theoretically explain financial behavior and preference.

There is sufficient empirical evidence that shows that social factors directly and indirectly affect individual financial behavior. Starting in the family, which is the basic unit of society, young children directly learn from their parents and other family members. Behaviors related to consumption, savings, debt accumulation, independence, and many more are copied from family members by the child through the socialization process (Gudmunson & Danes, 2011; Kasser et al., 1995; Pinto, Parente & Mansfield, 2005; Schroder & McKinnon, 2007; Webley & Nyhus, 2006). Family members are also critical in the decision-making process. According to Davis (1976), decision-making in the family context is consensual, which means that decisions can be based on predetermined rules, the judgment of one person, or problem-solving activities. However, during disagreements, decision-making can be accommodative (Sheth, 1974). Financial matters such as savings and investments are important decisions that sometimes need to be consulted with family members.

Peers, an often-utilized variable in social influence research, have been found to play a role in an individual's asset allocation decisions, which include savings, retirement, stocks, and other investments. These peers include members of the household (Zhang, Jacobsen & Marshall, 2014), co-workers (Duflo & Saez, 2000; Madrian & Shea, 2000) people with the same or similar ethnicity (Mugerman, Sade & Shayo, 2014), and even neighbors (Brown et al., 2008) and people living in the same community (Hong, et al., 2004). Additionally, this also results in a herding behavior as far as these asset allocation decisions are concerned, both from the perspective of the investor (Bursztyn et al., 2014), and the fund manager (Hong, Kubik & Stein, 2005)

The effect of social factors on financial behavior and preferences can be explained by social distance, reference groups, and strength of ties. Park (1924) defined social distance as "grades and degrees of understanding and intimacy which characterize personal and social relations generally." Social distance affects the representation of information through the construal level theory (CLT) (Trope & Liberman, 2010). When social distance is high, information is more vague and decontextualized; when social distance decreases, information is clear and detailed (Centeno, 2018). Word-of-mouth referral can come from different persons with various social distances. Thus, referrals from persons within a narrow social distance imply more detailed and clearer information, which could help in decision-making. Information is critical in financial decisions.

Reference groups are critical sources of influence in the socialization process. These are individuals or groups with whom the individual compares himself/herself in terms of attitudes, beliefs, and behaviors (Hoyer, Pieters & MacInnis, 2013). These can be formal groups, such as an organization with a structured set of officers, or an informal one, such as a group of friends. These can also be groups with whom the consumer wants to associate or disassociate or always spends time with. For instance, younger consumers spend most of their time with their family and friends; this is considered to be their primary group. There are many ways to categorize reference group sources depending on the perspective. Reference groups are important to marketers and must be considered, for example, in selecting an endorser or spokesperson. Normally, these are persons with whom the target market wants to be associated.

Reference groups are generally deemed to be persuasive (Solomon, Askegaard & Hogg, 2006). This can be explained by social power and social conformity theory. Social power refers to the ability to influence the action of others (Gergen & Gergen, 1986). For example, reference groups can exert referent power if the individual admires the group and tries to imitate it. Information power exists when the reference group knows more than the individual. This is related to expert power, where the reference group is considered the authority in a specific area. Individuals or groups are also compelled to follow them because their legitimate power is given by virtue. This is closely related to reward and punishment power. Coercive power, on the other hand, compels the individual to conform through

force or intimidation (French & Raven, 1959). As reference groups exert their power to influence, individuals face the pressure to conform. Such pressure can be normative in nature, in which the individual wants to meet expectations. It can also be informative, where the individual considers the reference group's actions to be correct, which should therefore be followed (Burnkrant & Cousineau, 1975). Conformity also occurs because of cultural pressure, fear of deviance, commitment, group unanimity, and SII (Solomon et al., 2008).

Social groups differ in their magnitude of influence on consumers. This difference can be explained by strength of ties. Hoyer and MacInnis (2008) defines strength of ties as the extent to which an intimate relationship connects people. Strength of ties depends on several factors such as frequency of contact, importance of relationship, and type of relationship (Granovetter, 1973, 1982; Weimann, 1983). A strong tie means that there is an intimate relationship between individuals brought about by frequent interpersonal contact. Thus, family and close friends form reference groups with strong social ties.

Strength of ties is positively related to the perceived credibility of information. According to Rogers (1983), strong-tie sources are perceived to be more credible than weak-tie sources. This was supported in Brown and Reingen (1987), who concluded that information from a strong-tie referral is more influential in a receiver's decision-making than that from a weak-tie referral. Strong ties can reduce uncertainty through extensive exchange of information, similarities, and personal interaction (Berger & Calabrese, 1975). Strength of ties has implications for consumer financial decisions. Information is a critical factor in the decision process, and consumers perceive information from strong-tie sources such as family and close friends as more credible. Thus, referrals from this reference group are more likely to be considered and selected.

These observations by previous works in other countries are expected to be manifested in this research. Being collectivistic with interdependent self-construal, Filipinos regard others' opinions in evaluating financial products. This research predicts that the valuations (i.e., ratings) of consumers on the financial product utility considers the weight of social influence from recommendations of social peers with varying social ties (i.e., parents, high school friends, or club friends).

In principle, social factors affect financial behavior because they affect the perceived quality of information (i.e., social distance and strength of ties) and pressure individuals to conform. Therefore, this study expects to observe greater influence from social groups with strong ties, narrowed social distance, and primary references. Particularly, in conjoint analysis, higher utility is expected from levels of social factors representing strong ties, narrowed social distance, and primary reference groups (e.g., family members).

Conjoint analysis of financial services and products are limited in the literature, especially with the integration of social group referrals as a decision-making factor. Therefore, this study makes no attempt to form any expectations about the importance of social group referrals relative to other factors in financial product selection.

2.2 Product Familiarity and Social Influence

The importance of social group referrals in financial decision-making may be related to the individual's familiarity with the financial product. The financial industry offers a wide array of financial services that can be very simple or very complex. Exposure to these products varies from person to person. Some financial services and products are never advertised, as a result individuals' awareness of these services and products is limited.

Familiarity with the product can be viewed in two ways: how much the person knows about it or how much the person thinks he knows about it (Park & Lessig, 1981). The construct has been used to examine many phenomena in consumer studies such as message acceptance, product preference, and purchase intentions (Marks & Olson, 1981); choice of decision rules (Park, 1976; Tan & Dolich, 1981); and product satisfaction and new learning (Johnson & Russo, 1984).

Product familiarity affects the degree of confidence the decision-maker has in a particular choice. According to Park and Sheth (1975), individuals with a lower degree of familiarity have lower confidence in choosing a product. Moreover, Chira, Adams and Thornton (2008) noted that the effect of familiarity on confidence extends to the selection of brands within a product category. They pointed out that an individual's confidence is higher when making a purchasing decision about a familiar brand.

They also emphasized that when consumers are confident, they can make faster decisions because they feel comfortable. On the other hand, individuals who are unfamiliar with the product may engage in more cognitive processes in decision-making (Centeno, 2018).

In the financial context, the notion of familiarity bias is defined as "the preference for investing in the shares of companies that are familiar to the individual investor" (Baker & Nofsinger 2002; Grullon, Kanatas & Weston, 2004; Huberman, 2001). According to Fox and Tversky (1995), individuals prefer alternatives that they are more familiar with. Individuals also have a distaste for unfamiliar products (Huberman, 2001). Familiarity bias can stem from professional and geographical proximity. Massa and Simonov (2002) pointed out that investors tend to choose stocks of companies that they work for or that are near them. Furthermore, familiarity bias can be due to asymmetric information. According to Foad (2010), investors do not invest in stocks about which they do not have enough information. As a result, investors forgo higher returns from unfamiliar stocks. Moreover, familiarity bias exposes the portfolio to higher risks because investors tend to invest only a substantial amount of their wealth in securities that they are familiar with (Foad, 2010).

Social influence on financial decisions can reduce an individual's anxiety in the decision process with regard to an unfamiliar product. It provides informative signals that can lead investors to simply base their decisions on heuristics (Centeno, 2018). Interactions with social agents involve supportive communication that reduces perceived uncertainty (Kiecker & Hartman, 1994). These interactions involve inflow of information and resources from other social agents, thus reducing perceived threats, increasing perceived control over the situation, and developing resiliency (Eyres & MacElveen-Hoehn, 1983). Social influence becomes relevant in the decision process when financial services or products are not familiar to the decision-maker. Therefore, this study expects to observe patterns in the analysis where the importance of social group referrals is higher for individuals with a low level of familiarity with the product.

2.2.1 Consumer Susceptibility to Interpersonal Influence

Consumer SII was formally introduced by Bearden, Netemeyer and Teel (1989). They defined it as "the need to identify with or enhance one's image in the opinion of significant others through the acquisition and use of products and brands, the willingness to conform to the expectations of others or seeking information from others (p. 474)." It is an individual trait that can be distinguished by: susceptibility to normative influence and susceptibility to informational influence. Susceptibility to normative influence pertains to a people's propensity to conform to the expectation of others (Burnkrant & Cousineau, 1975). This type of influence drives individuals to enhance their self-image by associating themselves with a reference group or to get rewards or avoid punishment enforced by others (Hoffmann & Broekhuizen, 2009). Susceptibility to informative influence, on the other hand, is a result of seeking information from others who are perceived to be knowledgeable (Park & Lessig, 1977). It comes from a desire to have a precise interpretation of the situation at hand to make better and informed decisions (Cialdini & Goldstein, 2004).

Research on SII was mostly done in relation to demographics, personal values, situational factors, and psychographic traits (Batra, Homer & Kahle, 2001; Bearden et al., 1989; Bearden & Rose, 1990; D'Rozario & Choudhury, 2000; Lascu, Bearden & Rose, 1995; Mangleburg, Doney & Bristol, 2004). SII has been found to affect individual purchasing behavior. For example, Roberts, Manolis, and Tanner (2008) found that peer normative influence has a strong effect on materialism and compulsive buying.

Opinions of social agents are perceived to be important by those who are susceptible to interpersonal influence (Batra et al. 2001; Kropp, Lavack & Holden, 1999). For instance, Netemeyer, Bearden, and Teel (1992) found that respondents with high attributional sensitivity also have high consumer susceptibility. This means that individuals who are susceptible to the influence of others tend to purchase products that they think would help them earn favorable attributions from others. Conversely, they tend not to purchase products that would give them negative evaluations. Individuals with high SII prefer to buy products approved by reference groups to maintain relationships (Hoffmann & Broekhuizen, 2009). Clark and Goldsmith (2005) observed that consumers susceptible to interpersonal influence would most likely avoid buying innovative products early because they need approval from social factors before purchasing. Moreover, social agents fulfill the strong social needs

of people with high SII (Hoffmann & Broekhuizen, 2009). This is similar to Maslow's (1954) need for a sense of belonging, which is satisfied through social interactions (Hoffmann & Broekhuizen, 2009).

In an investment context, those who are susceptible to interpersonal influence would most likely exhibit conformist behavior especially in the stock market (De Bondt, 1998). This conformity could result in herding behavior, which is observed in financial markets (Bikhchandani, Hirschleifer & Welch 1992; Hirschleifer, 2001; Shiller, 1995).

Hoffmann and Broekhuizen (2009) proposed that informative and normative interpersonal influence have different effects on the number of investment transactions. High susceptibility to informational influence is negatively related to the number of transactions because this may reinforce investors' belief that they indeed lack knowledge about the investment. On the other hand, those who are highly susceptible to normative influence would likely have more investment transactions because they are likely to be swayed by the opinions of others to strengthen bonds. Both propositions were supported in their study; Hoffmann and Broekhuizen (2009) stated that investment choices are consistently influenced by the opinion of others, and SII reinforces the impact of interpersonal influence in a voluntary information context.

In general, susceptibility to interpersonal influence shapes consumers' financial decisions through pressure to conform and confidence. Consistent with Hoffmann and Broekhuizen (2009), this study expects to observe patterns in which the importance of social group referrals is higher for those with high SII.

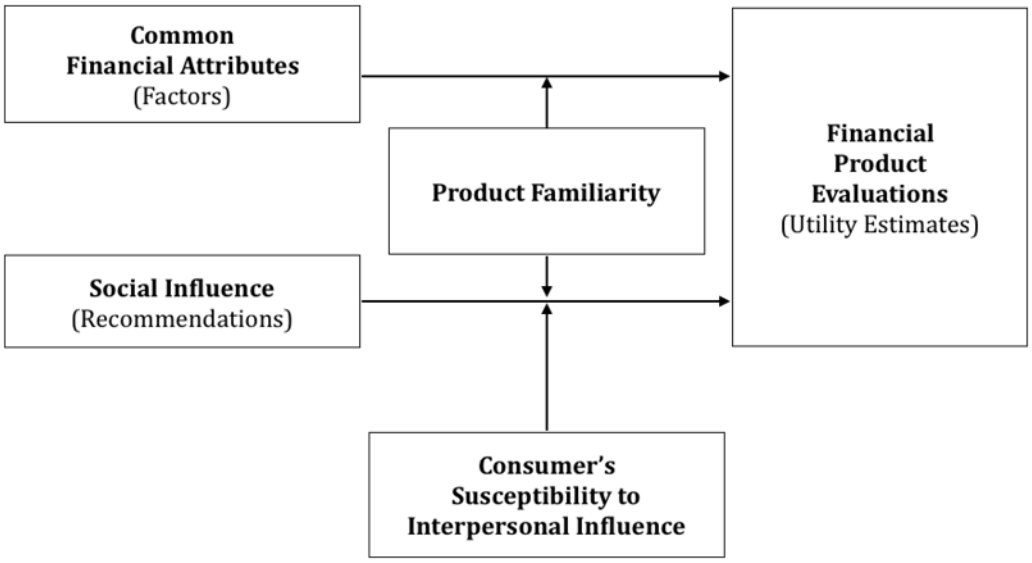
2.3 Synthesis

Social groups affect financial behavior through strength of ties, social distance, and primary reference. This study contributes by using conjoint analysis, which is rarely used in financial studies. This method integrates referrals from different social groups as an attribute of the product. It helps determine the importance of these referrals vis-à-vis other factors in a more realistic decision-making situation. Moreover, the analysis is extended by examining factors related to the importance of group referrals in financial product preferences. Two individual-difference factors are tested: familiarity with the financial product and SII. The importance of social group referrals is expected to be higher for individuals with a low level of familiarity with the product and higher SII.

2.4 Conceptual Framework

The intended contribution of this paper is its explanation of social influence and its mechanism through the contingencies of product familiarity and consumer SII. Huhmann and McQuitty (2009) provided a metaconceptual framework on the interconnections between and among psychographic and cultural differences related to financial numeracy. While not directly named as such, this paper empirically investigates the power distance identified by Huhmann and McQuitty (2009) in the facet of social influence. Other works in the literature review have contributed to the formulation of the present conceptual model tested in a conjoint analysis. The following diagram illustrates the flow of relationships between social influence and how it adds value to financial product evaluations alongside common financial attributes that function as key criteria for product preferences. This paper focuses on social influence from peer recommendations (i.e., word-of-mouth) and on how familiarity with financial products moderates this normative value of social influence. Finally, consumers' SII is further manifested by the effects of social influences.

Figure 1. Conceptual Model



3 Methodology

3.1 Sample

The study uses a sample of students from a leading business school in the Philippines, which comprises undergraduate and graduate students. Whilst the sample consists mainly of students from both undergraduate and MBA levels, the study explores the varied responses on the variables investigated, namely, social influence, its importance, familiarity with financial products, and susceptibility to interpersonal influence. Moreover, a subset of the sample is composed mainly of MBA students who have professional experience and have been exposed to financial decision-making. The paper strongly acknowledges that the sample representativeness of this study is limited but that the sample closely resembles stock investors in the country. Mutual funds are after all portfolio from different securities, but mostly from stocks. According to the PSE (2017), 58.4 percent of the investors are between 18 and 44 years old, 64.2 percent reside in Metro Manila, and 42.3 percent have an annual income of Php 500,000 or less. The BSP's 2014 Consumer Finance Survey has shown that those who have investments in stocks, mutual funds, government securities, and fixed-income securities are mostly college graduates and undergraduates.[1] Empirical studies reveal that individuals' chances of investing in financial markets increase with financial knowledge, literacy, and education (Becker & Mulligan, 1997; Halek & Eisenhauer, 2001; Harrison, Lau & Williams, 2002). The sample used in the study is considered to be potential investors and is a good representation of investors in the country. More importantly, the sample exhibits a fairly normal distribution of familiarity with banking and mutual trust subscription (minimum score = 1.0, maximum score = 10). Therefore, the sample can be considered to exhibit a spectrum of knowledge and familiarity levels over financial products.

A total of 57 respondents answered the conjoint instrument for banks, and 45 for mutual funds, for a total of 102 respondents. In conjoint analysis, estimates of utilities and importance can be determined even with only one sample (Hair et al., 2010). A sample consisting of between 30 and 60 respondents is enough for investigation purposes (Johnson & Orme, 2003). This study used individual-level estimation of utilities and importance values suggested by the literature (Hair et al., 2010). The individual estimates were then aggregated using the average.

Appendix 1 summarizes the profile of the respondents.

[1] Authors' calculation using the 2014 Consumer Finance Survey microdata obtained from the BSP library.

3.2 Financial Products—Personal Banking and Mutual Funds

Two sets of financial products were examined in the study—personal banking (deposit accounts) and mutual fund subscription. Financial products have varying attributes, including risks, returns, and complexity, among others. The paper intends to represent key characteristics of financial products in a myriad of criteria. Personal deposit accounts and mutual funds represent a class of financial assets from two opposite extremes in terms of risks, returns, complexity, and usage. A deposit account, for example, is considered to be low risk and less complicated and is commonly maintained by individuals and households. Mutual funds, on the other hand, could be said to bear higher a risk and uncertain returns. Although stocks could be used in the analysis, mutual funds is deemed appropriate since it does not pressure the individual to make critical decisions. Stocks as an investment have a connotation of being too risky, which could affect the result of this study. Since this is a choice experiment, it is preferred that other individual-level difference factors of financial product preference such as risk aversion be controlled to strengthen the direct influence of the variables. It is in the interest of the study to examine how respondents integrate social referral (i.e., social influences) in decision-making when it is presented along with other conventional finance factors such as risks and returns.

3.3 Measure of Familiarity with the Financial Product and Susceptibility to Interpersonal Influence

Familiarity with the product was measured using a single-item 11-point scale. The respondents were asked how familiar they were with the product using a response of "0" for not familiar and "10" for very familiar. Although a multi-item scale is primarily recommended in behavioral studies, single-item scales can also provide reliable and meaningful measures as they quickly elicit responses (Loo, 2002). Tam (2008) used a single-item measure of product familiarity and assessed its validity by examining its relationship with experience and found consistency in the results despite the fact that a single-item scale was used. The authors chose a single-item scale of familiarity to classify the respondents into a high-, moderate-, and low-familiarity within-subject factor for descriptive results. They did not intend to perform regression analysis using the factor as conjoint analysis was primarily employed.

Consumer SII was measured using Bearden's (1989) 12 items 7-point scale. The measure was determined to be reliable at 0.89 alpha level. Table 1 presents the descriptive statistics of familiarity and SII. The respondents show familiarity with bank services. Although they are only moderately familiar with mutual funds. This is notably expected as investments in financial securities registered low figures according to BSP reports. The survey instrument provided a correct explanation on the nature of the financial products and the factors that could affect preference for these products.

Table 1. Descriptive statistics for familiarity with financial product and susceptibility to interpersonal influence

	Observations	Minimum	Maximum	Mean	Std. Deviation
Banks					
Familiarity with bank services	57.00	1.00	10.00	7.51	1.64
Susceptibility to interpersonal influence	57.00	23.00	76.00	50.47	12.82
Mutual funds					
Familiarity with mutual funds	45.00	1.00	10.00	5.29	2.14
Susceptibility to interpersonal influence	45.00	22.00	69.00	47.40	10.70

3.4 Conjoint Analysis

Conjoint analysis is a multivariate technique that examines respondents' preference for any type of objects that, in the context of marketing, mostly include products and services, but it is also applicable to abstract objects such as ideas (Hair et al., 2010). It is based on the principle that individuals evaluate an object by combining separate amounts of value from each attribute (Hair et al., 2010). This value is

technically termed "utility" in the conjoint analysis context. This method determines what product attribute is most important to the consumer and, at the same time, how each level within the attribute contributes to the total value or utility of the product. This method was first used in psychology and was later heavily adapted to consumer marketing studies.

Conjoint analysis is appropriate in preference studies. It captures a more realistic degree of decision-making by hypothetically choosing among several alternatives. The method allows the consumer to evaluate several products with different attributes. Therefore, the consumer makes trade-offs among various level of attributes, thus revealing their preferences about the product. This method is convenient to use because it makes no assumption about normality, homoscedasticity, and independence (Hair et al., 2010). Hargrove (1988) proposed that the method be used in financial decisions. Teas and Dellva (1985) and Zinkhan and Zinkhan (1990) used it to analyze consumer preferences for financial services. Zinkhan and Zinkhan (1994) used this method in a study involving capital budgeting.

The conjoint model has a general form:

$$(Total\ Worth\ of\ the\ Product)_{ij} = Part\ worth\ of\ level\ i\ for\ attribute\ 1 + Part\ worth\ of\ level\ j\ for\ attribute\ 2 + \cdots + Part\ worth\ of\ level\ n\ for\ attribute\ m \quad (1)$$

where the product has m attributes with each having n levels (Hair et al., 2010). The part worth (also called utility) of each attribute is the beta estimated using an appropriate regression technique, where the dependent variable is the preference response of the consumer, which can be metric or nonmetric. The independent variable is the level of each attribute (e.g., for the attribute "Returns," the level can be 2%, 5%, or 7%), which is usually expressed as a dummy variable. Since this study examined the preference for two financial products (banks and mutual funds), two separate conjoint analyses were performed.

Several authors have their own procedures for performing the conjoint analysis. The present study adopts the approach developed by Hair et al, (2010) as well as Green and Srinivasan (1990, 1978) (see Green and Srinivasan, 1990; Hair et al., 2010). This study uses a traditional conjoint (TC) method since there are only five factors examined in each of the two focal products. Two TCs are done separately for banks and mutual funds. Table 2 shows the factors and the levels of each factor used in the study. The factors included are informed by previous works as well as common industry-used criteria. Profiles of banks and mutual funds were formed by combining the levels of each factor. The profiles were formed using an orthogonal design. Sixteen profiles were generated for each financial product. These profiles were evaluated to ensure that there would be no "impossible" profile assessed in banks and mutual funds in reality. Appendixes 2 and 3 present examples of the profile evaluated by the respondents. The respondents rated the profiles of the financial services for both bank accounts and mutual funds based on their likelihood to open a bank account and invest in mutual funds. For example, they were asked: "How likely are you to open a bank deposit account?" where they indicated answers from 0 to 100. Data were gathered using a survey instrument.

Table 2. Factors and levels used in the conjoint analysis

Factors in Selecting a Bank	Levels	References
Accessibility	With branches in almost ALL major areas With branches in SOME major areas	Laroche et al. (1986) Mokhlis (2009) Zineldin (1996)
Customer service relations	Excellent, good, fair	Zineldin (1996)
Online banking services	Without online services With online services	Zineldin (1996) Rehman and Ahmed (2008)
Average queueing time	15 mins 10 mins 5 mins	Laroche et al. (1986)
Recommendation from	Parents (strong social ties) High school classmate (moderate social ties) Club friend (weak social ties)	Zineldin (1996) Hoffmann and Broekhuizen (2009)

Factors in Selecting a Bank	Levels	References
Risk	High, moderate, low	Gupta and Jithendranathan (2012) Pasewark and Riley (2010)
Trust fee	1%, 0.5%, 1.5%	
Historical 1-year return	9%, 7%, 5%	Ramamurthy and Reddy (2005)
Historical 3-year return	–1%, 0%, 1%	Singh and Vanita (2002)
Recommendation from	Parents High school classmate Club friend	Hoffmann and Broekhuizen (2009)

4 Findings

4.1 Conjoint Analysis of Banks

Table 3 presents the result of the conjoint analysis for banks showing the utilities (u) of each level in the factors. The analysis reveals the factor levels with the highest contribution to total utility of the respondents in the preference for banks. These factor levels are recommendations from parents (u = 3.282), branches in almost all major areas (u = 5.444), excellent customer service relations (u = 7.773), online banking services (u = 10.769), and 5-minute average queuing time (u = 5.240). It is observed that in the "recommendation" factors, the social group with the highest contribution to preference is the one with the strongest ties (i.e., parents), while a club friend representing the social group with the weakest ties has the least contribution to preference. This is consistent with the expectations that social group referrals with strong ties have higher influence on the financial product selections than those with weaker ties.

Table 3. Estimate of utility per factor level for banks

Factors	Levels	Utility Estimate
Recommendation	Parents (strong social ties)	3.282
	High school classmate (moderate social ties)	0.548
	Club friend (weak social ties)	–3.830
Accessibility	With branches in some major areas	–5.444
	With branches in almost all major areas	5.444
Customer service relations	Fair	–6.224
	Good	–1.549
	Excellent	7.773
Online services	Without online banking services	–10.769
	With online banking services	10.769
Average queuing time	5 mins	5.240
	10 mins	–1.628
	15 mins	–3.613

Table 4 presents the overall importance of each factor. The two most important factors for the respondents in selecting a bank are online services (28.556) and customer service relations (22.225). "Recommendation" (15.827) is one of the least important factors in selecting a bank. This suggests that social group referrals are not as important compared with other factors in bank selection.

Table 4. Importance score of each factor for banks

Factors	Importance Score (%)
Online services	28.556
Customer service relations	22.225
Average queueing time	17.963
Recommendation from social groups	15.827
Accessibility	15.429

4.2 Conjoint Analysis of Mutual Funds

Table 5 presents the utilities of the factor levels of the mutual fund. The factor levels with the highest utilities are recommendation from parents (u = 19.422), low risk (u = 35.277), 1% trust fee (u = 32.473), 7% historical 1-year return (u = 33.899), and 1% historical 3-year return (u = 10.111). Again consistent with the expectation, recommendation from social groups with the strongest ties is most preferred (i.e., parents) by the respondents in mutual fund selection.

Table 5. Estimates of utility per factor level for mutual funds

Factors	Levels	Utility Estimate
Recommendation Social groups	Parents (strong social ties)	19.422
	High school classmate (moderate social ties)	–8.878
	Club friend (weak social ties)	–10.544
Risk	Low	35.277
	Moderate	–14.873
	High	–20.404
Trust fee	0.5%	–14.988
	1%	32.473
	1.5%	–17.485
Historical 1-year return	5%	–21.540
	7%	33.899
	9%	–12.359
Historical 3-year return	–1%	–19.167
	0%	–6.100
	1%	25.267

The importance of each factor for mutual funds is presented in Table 6. The most important factor in selecting a mutual fund is 3-year historical return (25.267%). Trust fee and "recommendation" are the least important factors when selecting mutual funds with importance values of 14.407% and 17.857%, respectively.

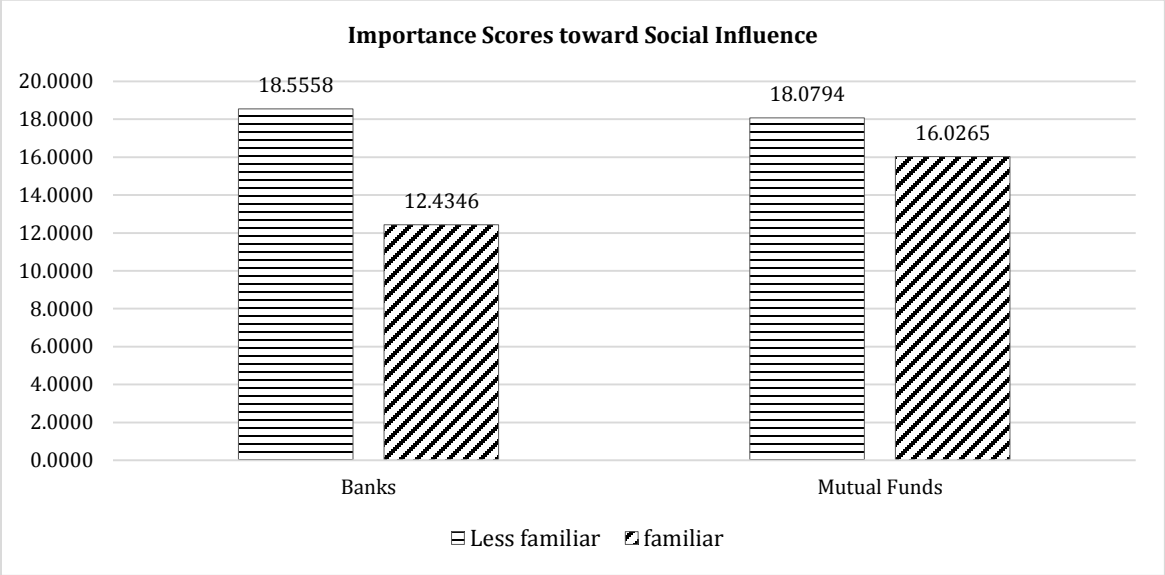
Table 6. Importance score of each factor for mutual funds

Factors	Importance score (%)
Historical 3-year return	27.634
Risk	21.589
Recommendation	17.857
Historical 1-year return	18.513
Trust fee	14.407

4.3 Role of Product Familiarity

The role of product familiarity in the importance of social influence was examined by looking at the importance score of social influence (i.e., recommendation) when the sample was grouped according to level of familiarity. The groups were formed by dividing the respondents at the mean level of familiarity. The upper half forms the "familiar" group, while the lower half forms the "less familiar" group. Figure 2 shows the importance score of each factor in banks and mutual funds when the respondents were grouped according to their level of familiarity with the product. It can be noted that the mean importance score of recommendation is higher in the "less familiar" (18.56) group than in the "familiar" (12.43) group in banks. This difference is less pronounced in the case of mutual funds. The observed differences in the mean importance score of recommendation between "familiar" and "less familiar" are statistically significant in the banks category (Mann-Whitney U = 140.5, p-value = 0.037) but not in mutual funds (Mann-Whitney U = 166.00, p-value = 0.696).

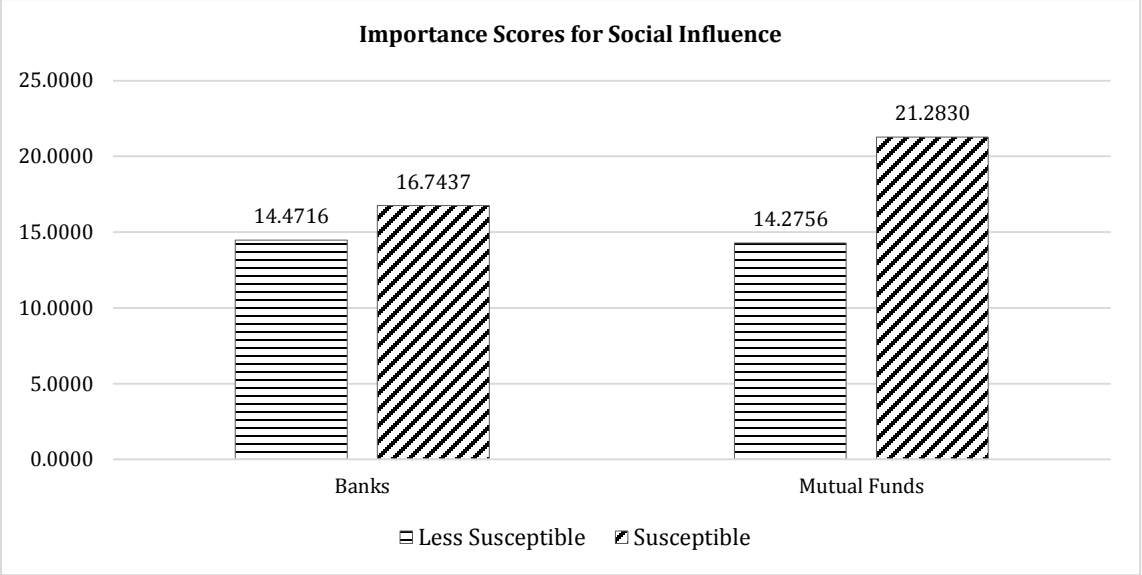
Figure 2. Importance score of social factors when the respondents are grouped according to level of familiarity



4.4 Role of Consumer Susceptibility to Interpersonal Influence

Figure 3 presents how SII is related to the importance of recommendation or referral in banks and mutual funds selection. The respondents were grouped according to level of SII in the same manner the respondents were grouped according to familiarity. Two groups were formed by dividing the respondents at the mean score of susceptibility to interpersonal influence. The upper half is composed of the respondents who are "more susceptible to interpersonal influence" while the lower half forms the "less susceptible to interpersonal influence." It can be noted that the respondents who were classified as more susceptible to interpersonal influence reflect a higher importance score for recommendation for both banks (16.74) and mutual funds (21.28). The difference in the mean importance score of recommendation between the two groups is more conspicuous in mutual funds. This pattern is consistent with the premise of the study that persons who are susceptible to interpersonal influence give more importance to social factors. The difference, however, is not statistically significant (banks: Mann-Whitney U = 342.5, p-value = 0.42; mutual funds: Mann-Whitney U = 210.0, p-value = 0.329).

Figure 3. Importance score of social factors when the respondents are grouped according to level of SII



4.5 Product Familiarity and Susceptibility to Interpersonal Influence When the Respondents Are Grouped according to Level of Importance of Social Groups in Bank Selection

To fully understand the result of conjoint analysis, it is necessary to examine other approaches in analyzing the conjoint data. Hair et al. (2010) recommends that when using conjoint analysis, the characteristics of the market can be examined after grouping them based on their importance score. The idea is to group respondents based on the homogeneity of preferences and then examine their characteristics. Following this recommendation, this study grouped the sample according to the importance score of social factors before examining the profile of each group. The sample was divided according to the importance of social factors at the mean. The upper half was composed of the respondents who considered social factors as "important" and the lower half the respondents who considered social factors as "less important." The mean product familiarity and SII of the respondents in each group were then computed and compared. Table 7 presents the product familiarity and SII of the respondents when they were grouped according to level of importance given to social influence. The mean product familiarity is higher (7.9167) for those who considered the recommendation from social groups as less important than those who considered it as important (7.00). However, the observed difference in familiarity between the two groups is not significant (Mann-Whitney U = 167.5; p-value = 0.127). Meanwhile, the mean SII is higher (51.26) for the respondents who considered the recommendation from social groups as important in bank selection. However, the test of mean difference reveals no significant difference between the two groups (Mann-Whitney U = 368.0; p-value = 0.554).

Table 7. Mean familiarity and susceptibility to interpersonal influence when the respondents are grouped according to importance of recommendation in bank preference

Level of Importance of Recommendation	Familiarity	Susceptibility to Interpersonal Influence
Less important	7.9167	49.7667
Important	7.0000	51.2593
Total	7.5116	50.4737

4.6 Familiarity and Susceptibility to Interpersonal Influence (SII) When the Respondents Are Grouped according to Level of Importance of Social Influence in Mutual Fund Selection

As suggested by Hair et al. (2010), the respondents were again grouped according to the importance score of social factors in mutual fund selection, and the mean familiarity and SII of the respondents were then examined. Table 8 presents the mean familiarity and SII when the respondents were grouped according to level of importance of social factors. In the familiarity column, the mean is higher for the respondents who considered the recommendation from social groups as important (5.33) than those who considered social factors as less important (5.26). However, the observed difference is not significant (Mann-Whitney U = 149.5; p-value = 0.841). In the SII column, the mean SII of the respondents who considered social factors as important is higher (52.18) than those who considered these factors as less important (44.5). The observed difference in the SII is also significant at 5% (Mann-Whitney U = 146.5; p-value = .032). This result indicates that individuals who give importance to recommendations from social groups are susceptible to interpersonal influence.

Table 8. Mean familiarity and susceptibility to interpersonal influence when the respondents are grouped according to importance of social factors in mutual fund preference

Level of Importance of Social Factor	Familiarity [ns]	Susceptibility to Interpersonal Influence*
Less important	5.2692	44.5000
Important	5.3333	52.1765
Total	5.2895	47.4000

[ns] observed mean difference is not significant
[*] Observed mean difference is significant at 0.10

5 Summary and Conclusion

This research aimed to answer a set of research questions. Firstly, the research wanted to investigate whether referrals from an individual's social groups affect preferences in financial products. Findings showed that recommendations gain potential utility estimate from the respondents, especially from those with whom the respondent feels a closer social tie. Tables 3 (banks) and 5 (mutual funds) show that more positive utilities are reflected in the responses towards parents (i.e., strong ties) and a high school classmate (i.e., moderate social ties) than a club friend with whom social tie is weak. In Tables 4 and 6, the importance score of recommendation from social groups is around 16% to 18% when selecting a financial product.

Familiarity towards financial products was proposed to have an effect on the way utility towards recommendations would vary. As seen in Figure 1, respondents who are less familiar with financial products give higher importance towards social influence (i.e., recommendations). Finally, consumers' susceptibility to interpersonal influence also plays a moderating role in the use of recommendations towards the respondents' selection of financial products. Figure 2 shows that those respondents who are more susceptible to interpersonal influence give higher importance to social groups' recommendations. In sum, social groups' influences as manifested through their recommendations are strongly considered by consumers who put importance on social groups' referrals. Those consumers are less familiar with financial products, and are more susceptible to interpersonal influence.

The findings show consistency with previous works on social influence. For example, scores on the utility of recommendations from parents exhibited the highest influence compared with other social categories. Davis (1976) earlier pointed out that in financial decisions, family contexts have been influential among individuals. This condition might be attributed to the huge influence of parental authority, as Sheth (1974) suggested.

As previous studies suggest (Foad, 2010), product familiarity has a role in an individual's perceived efficacy of gaining returns. That is, when a financial product is unfamiliar, then perceived risks are deemed higher. Therefore, that individual would resort to other sources of information that are external to the key features. This condition is demonstrated in the present study. Moreover, consistent

with the general findings (e.g., Bikhchandani et al., 1992; De Bondt, 1998; Hirschleifer, 2001; Shiller, 1995) on how SII further characterizes the social influence value, the present study shows that those who are in fact high in SII perceive the importance of recommendations as strongly more pronounced.

This study uses conjoint analysis to examine how recommendations or social group referrals are related in the decision process of an individual concerning financial product selections. The method offers a new methodological perspective in measuring preference for financial products. Recommendation from social groups is integrated as one of the factors in selecting banks and mutual funds. Three social groups, namely, parents, high school classmates, and club friends, are included as factors in the conjoint experiment.

The conjoint analysis reveals the utilities of each social group, which are found to be consistent with expectations. Recommendations from parents have the highest utility both for choice of banks and for mutual funds. This result implies that the respondents could perceive more utility towards banks and mutual funds that are recommended by their parents than by other social groups. Thus, this result supports the first premise that social groups with a narrowed social distance, considered as primary references, and have stronger ties have greater influence in financial product selections. Family members are important reference groups that can affect an individual's financial behavior. Recommendations from family members are more preferred than those from classmates or friends.

The conditional effects rely on consumer differences on how or when social influence becomes significant in financial product selections. Product familiarity and SII have been examined in relation to the importance of social factors in financial product selections. This study has found out that if individuals are not familiar with a product, they tend to seek information from others. Thus, social influence becomes significant in this context. On the other hand, individuals who are susceptible to interpersonal influence find the opinions of others as important in fulfilling their social needs and in maintaining the bond. Therefore, social groups become an important factor for individuals who are highly susceptible to interpersonal influence.

When selecting banking service offerings, the importance of recommendation is higher when the respondents are less familiar with bank services. This result supports the notion that the influence from social groups becomes important for individuals who have lower familiarity with the product. On the other hand, the importance of social groups' influence is not related to the susceptibility of an individual to interpersonal influence. Hair et al. (2010) recommends grouping respondents according to utilities or importance score and then examining their profile and characteristics. Following this suggestion, the sample was grouped according to importance score, and then familiarity and SII were examined. Only one result supports the hypothesis of the study on mutual fund selection: the respondents who considered the recommendation from social groups as important are also susceptible to interpersonal influence. This result supports Hoffmann and Broekhuizen (2009) who stated that SII reinforces the impact of interpersonal or social influence in the investment context.

Overall, the influence of recommendation or referral differs on the type of social groups. Social influencers whose social ties are strong are perceived to influence individuals more in the selection of products. Their opinions and recommendations are considered. Social groups' referrals become important when consumers are less familiar with products and are highly susceptible to interpersonal influence. Such effects vary on the types of financial product such as mutual funds and banks (representing possible perceived risk levels).

The apparent scarcity of theoretical explications on the role of social influence that is particular to the Philippine context provides an appropriate venue for the paper to provide exploratory evidence on the role of social influence in financial behaviors among individuals. This paper illustrates, albeit in a limited sample size, that recommendations from immediate social others have utility toward financial product evaluations. This general finding is consistent with what the literature suggests regarding the normative influence of word of mouth in financial product evaluations. As Huhmann and McQuitty (2009) highlight in their overall model of psychographic and cultural differences, product familiarity is a crucial contingency on how financial products are assessed. Therefore, a validation from social influence is necessary.

6 Implications

The study provides both theoretical and practical implications in consumer financial decisions in the Philippines. Theoretically, social influence variables are examined in the paper by illustrating the conditional effects of the strength of a consumer's tie with an immediate social influencer on financial product preferences. This connection is linked with the moderating effects of consumers' familiarity with the product and their SII. This nexus in the consumer behavior area adds value to modeling behaviors in the context of consumer finance.

Financial marketers could use nonmarketing or nonfinancial groups that represent a narrow social distance and strong ties in promoting financial services. For instance, the advertising medium must reflect family members that favor a particular financial product. Marketing managers of financial products can learn from these findings for their customer sensing, segmentation, and messaging. By understanding that not all customers might possess similar levels of knowledge of these products, managers need to craft specific product information as well as product persuasion depending on the customer knowledge and familiarity. Moreover, by turning into the aid of peers' word of mouth, marketers can create programs wherein the flow of trust is facilitated from the social agents towards the product trust. Testimonials, positive feedback in all channels, and social networking (i.e., hiring financial advisors/agents who have potentially huge social networks and are deeply credible and trustworthy) are potential tools to communicate value in personal financial product category.

Finally, to reflect on the trend reported by several industry updates, the bottom-up flow of trust (i.e., from a peer-based recommendation flowing through the brand) should be given attention on how messaging is done in marketing. Fundamental to a product design is its quality to be worth advocating for. Practitioners should recognize the trust value from the word of mouth of consumers' peers and create programs to strengthen such flow. The intrinsic value of word of mouth to where consumers put their trust into should be highlighted and managed through amplification and aggregation in ways that preserve the utility of such source of information.

7 Limitations and Future Research

Although the findings are descriptive, pointing to a degree of merit on analyzing social influence in personal finance, the results of this study should be taken with caution. The approach of the study is descriptive and involves only a small sample for exploratory purposes. The student sample in the study is an aspect that might be critical in the results that were generated. Business students may be deemed knowledgeable in banking and finance. However, as the scores indicated in the product familiarity question, not all are familiar with these products even with the common criteria set when opening bank accounts. These familiarity responses may correspond to a certain extent of heterogeneity among the small sample. The findings can be definitely substantiated when the sample size is increased and widened in a more representative (i.e., more randomly chosen) pool.

The aggregation of conjoint analysis results is still an issue in the literature. There are those who contend to use average to obtain the overall importance of each factor of a segment, and there are those who contend to conduct one overall conjoint analysis. The research opted to examine both ways and found that the importance scores of the latter are lower than those of the former. However, the relative importance is still the same, and has no effect on the conclusion. There are other factors not considered in the conjoint analysis, such as interest rate on deposit accounts that can also be significant for large deposits. Factors such as reputation, ability of the fund manager, strategy of the fund, and stock picking criteria were not examined in the preferences for mutual funds. Future research could analyze these factors using conjoint analysis. The adaptive conjoint method can allow the use of more than 10 factors in the analysis.

Finally, a preceding section pointed out that the use of a single-item scale for familiarity can be viewed as a limitation for a more advanced statistical testing in view of the current sample. Future research can adopt a multi-item scale on product familiarity to allow essential statistical analyses that necessitate significance testing and validity requirements. Such scales can be adopted from previous works such as those of Park and Moon (2003) and Park and Lessig (1981) incorporating a list of questions that further validate familiarity with the product.

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Appendix 1
Demographic profile of the respondents (N=102)

Demographics		Percent
Sex	Male	49.0
	Female	51.0
Age	20 and below	19.6
	21 to 25	32.4
	26 to 30	33.3
	31 to 35	8.8
	36 to 40	2.9
	41 to 45	1.0
	46 to 50	2.0
Civil Status	Single	95.1
	Married	4.9
Employment	Employed in Private Organization	61.8
	Employed in Government	1.0
	Self-employed	1.0
	Not Employed	33.3
	Others: Part Time Job	2.9
Income	15,000 and below	3.9
	15,001 to 25,000	1.0
	25,001 to 35,000	9.8
	35,001 to 45,000	13.7
	45,001 to 55,000	15.7
	55,001 to 65,000	7.8
	65,001 to 75,000	6.9
	75,001 to 85,000	7.8
	85,001 to 95,000	3.9
	95,001 to 105,000	4.9
	105,001 to 115,000	2.9
	125,001 to 135,000	3.9
	145,001 to 155,000	2.0
	155,001 to 165,000	1.0
	175,001 to 185,000	2.0
	195,001 and above	10.8
	No response	2.0

Appendix 2

Conjoint Task on Bank Profiles Evaluated by the Respondents

Conjoint task. You are now considering opening an account in a bank. After doing some research and consultation with certain person, you were able to list the banks with a total of 16 banks. Each bank has its own features. **Please evaluate carefully each bank. Rate each bank based on your likelihood of opening an account on that bank. Refer to the scale below for the scoring. Feel free to use any numbers from 0 to 100.**

0	10	20	30	40	50	60	70	80	90	100
Not likely to open an account										**Very likely to open an account**

Bank	Accessibility	Customer Service Relation	Online Banking Services	Average Queueing Time	Recommended by your	Your Rating
1	with branches in almost ALL major areas	Excellent	With online banking services	15 mins	Parents	
2	with branches in SOME major areas	Good	With online banking services	5 mins	Parents	
3	with branches in SOME major areas	Fair	With online banking services	10mins	Parents	
4	with branches in almost ALL major areas	Excellent	With online banking services	5 mins	High School Classmate	
5	with branches in SOME major areas	Excellent	Without online banking services	5 mins	Parents	
6	with branches in almost ALL major areas	Fair	Without online banking services	5 mins	Club friend	
7	with branches in SOME major areas	Excellent	Without online banking services	15 mins	High School Classmate	
8	with branches in SOME major areas	Fair	With online banking services	15 mins	High School Classmate	
9	with branches in SOME major areas	Good	With online banking services	15 mins	Club friend	
10	with branches in almost ALL major areas	Fair	Without online banking services	15 mins	Parents	
11	with branches in almost ALL major areas	Excellent	With online banking services	10mins	Club friend	
12	with branches in almost ALL major areas	Good	Without online banking services	15 mins	Parents	
13	with branches in SOME major areas	Excellent	Without online banking services	10mins	Parents	
14	with branches in SOME major areas	Excellent	Without online banking services	15 mins	Club friend	
15	with branches in almost ALL major areas	Excellent	With online banking services	15 mins	Parents	
16	with branches in almost ALL major areas	Good	Without online banking services	10mins	High School Classmate	

Appendix 3

Conjoint Task on Mutual Fund Profiles Evaluated by the Respondents

Conjoint task. You are considering investing in mutual funds. After much research and consultation with certain persons, you were able to come up with a list of mutual funds with a total of 16 mutual funds. **Please examine carefully each mutual funds. Rate each mutual fund profile based on your likelihood of investing. Refer to the scale below for the scoring. Feel free to use any numbers from 0 to 100.**

0	10	20	30	40	50	60	70	80	90	100
Not likely to invest										**Very likely to invest**

Mutual Fund	Risk	Trust Fee	Historical 1 year return	Historical 3 year return	Recommended by your	Your Rating
1	High	1%	5%	-1%	Parents	
2	High	1%	9%	1%	Club friend	
3	Low	1.5%	9%	0%	Parents	
4	Low	1%	7%	1%	Parents	
5	Moderate	0.5%	7%	1%	Parents	
6	High	0.5%	5%	0%	Parents	
7	Low	1.5%	5%	1%	High School Classmate	
8	Moderate	1.5%	9%	-1%	Parents	
9	Moderate	1%	9%	0%	High School Classmate	
10	High	1.5%	7%	0%	Club friend	
11	High	1.5%	7%	-1%	High School Classmate	
12	Low	0.5%	9%	-1%	Club friend	
13	High	1.5%	9%	1%	Parents	
14	High	1.5%	9%	1%	Parents	
15	High	0.5%	9%	1%	High School Classmate	
16	Moderate	1.5%	5%	1%	Club friend	