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WHY INFORMATION TECHNOLOGY IS NOT BEING USED FOR FINANCIAL ADVISORY

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Abstract

Swiss banks have returned to their roots and pay an increasing amount of attention to differentiating themselves from others through good financial advisory services. This has led to a loudly publicized standardization of IT-advisory processes, but not to an increasing use of supporting IT tools. This paper uses interviews with Swiss advisors, sales managers and IT managers, as well as focus groups of users and a survey with users to identify reasons for non-usage. The analysis is based on a framework combining principal-agent theory, IT-business alignment, technology acceptance and information behaviour. We provide evidence that the key problem explanation is the incentive system of the advisors and that poor usability of the software and lack of engagement by sales managers also contribute to the non-usage of most tools.

1 INTRODUCTION

The breaking down of the asset management market has led to a rediscovery of the traditional banking wisdom and banking business. Giving credit to companies and advising clients in their investments are increasingly seen as an attractive and sustainable source of income. As for them cost leadership is not regarded a promising strategy in the long run (Buhl, Kundisch & Steck 2002), an increasing number of financial service providers has turned to financial advisory services as a competitive differentiator. Buhl & Kaiser (2008) argue that such a differentiation may be accomplished by individualizing advisory, i.e. by aligning the advisory activities to the customer needs. Taking into consideration the complexity of advisory, they also conclude the need of extensive IT support for improving advisory services regarding efficiency and effectivity.

Switzerland is one of the leading worldwide destinations for wealth management and enjoys the reputation of being a worldwide leader in financial advisory processes. In recent years, leading Swiss banks have placed considerable effort into restructuring their advisory process in order to further improve their quality. However, studies repeatedly reveal that customers are notoriously dissatisfied with advisory services; we were able to confirm this in the context of a larger study on the investment advisory process (University of Zurich & Solution Providers 2009). In this study we also investigated the advisory's IT support, i.e. the tools advisors have available to better serve their customers, particularly in face-to-face meetings. Our observations regarding IT in advisory were based on a broad definition of IT support - we were interested in the categories of available advisory IT (apart from the widespread tools for customer relationship management (CRM) virtually every bank employs): means of IT-enabled communication (such as email, chat, instant-messaging), IT tools for information access (stock prices, ratings), tools for decision support (simulation and visualizations of scenarios) as well as IT-support for customer self-advisory (such as tax calculators).

We were puzzled to see that almost no banks used IT during the actual advisory meeting, although there were tools available. We even looked over the Swiss-German border and noticed that advisors of Deutsche Bank also did not use IT during the advisory meeting even though Deutsche Bank had won an award for its advisory software (Voss 2005). In the course of pilot interviews it became clear that this phenomenon could be explained not only by simple "usefulness" and "ease of use" as suggested by the popular Technology Acceptance Model (Davis 1989); rather, advisory IT appeared to inject itself into a complex web of interests and accepted behaviour of key bank stakeholders.

We therefore decided to look at these issues from a stakeholder's perspective. Four groups of stakeholders were analyzed: the *advisors* in the banks, their *clients*, the *sales managers* responsible for the advisory process, and the *IT managers* responsible for building tools for supporting the advisory process. All their comments in the interviews were scanned for clues on "Why is IT not used for financial advisory services"? Consequently, the objective of this paper is to provide insight into the reasons why financial service providers fail in tapping the full potential of IT for improving advisory, especially in meetings with customers. Building on different well-established theories we thereby strive to contribute to a better understanding of the behaviours of actors and their effects in an organizational context.

The rest of the paper is organised as follows. The subsequent section reviews relevant literature and identifies useful theories to guide our search for an answer to our research question. The third section offers an overview of our research design, describing the collection and analysis of the data. The findings, presented in section 4, illuminate the problem in the eyes of each of the stakeholders. Section 5 synthesizes and critically discusses the findings, culminating in a preliminary answer to our research question. The final section closes with limitations of our research and the need for further research to support our claims and to deepen the understanding reached thus far.

2 LITERATURE REVIEW

There is no generally agreed upon definition of financial advisory. Fischer & Gerhardt (2007) provide a general definition that describes a financial advisor as “a person or organization that offers its professional financial expertise to individuals who seek assistance or want to completely delegate their investment decisions” (p. 9). From a financial service provider's perspective, the advisory process may be seen as the structured arrangement of advisory activities, with the objective to standardize and control these activities. For investment advisory, these activities may be arranged into a process with multiple phases of customer interaction, such as customer contact (collecting basic customer information), actual advisory (developing investment strategies based on the customer's situation and requirements, mostly in face-to-face meetings), realization (implementing strategies into specific product portfolios) and periodic customer support (updating the customer's requirements and optimizing strategies/portfolios). Similar definitions and arrangements of advisory activities can be found both in literature (e.g., Homburg, Schäfer & Schneider 2003, Kallhardt 1997, Lippitt & Lippitt 1984) and practice (e.g., the four steps advisory process of UBS¹).

We chose to base our research on financial advisory on the perspectives of the main actors involved in an advisory process. This approach reaches beyond organizational boundaries (looking at advisors and customers), organizational levels (covering both advisors and the managers responsible for the advisory process) and functions (IT and business). Accordingly, the areas traditionally covered in different IT and business subdisciplines are combined (see Figure 1). On the operational level, theories and models explaining the behaviour of the actors are selected. For clients, this is “information behaviour” and for advisors, the corresponding “advisory behaviour.” On the management level, the corresponding management disciplines provide models; for sales managers, the discipline is “marketing”; for IT management, the discussion on “technology acceptance” leads to the field of “usability.” Further,

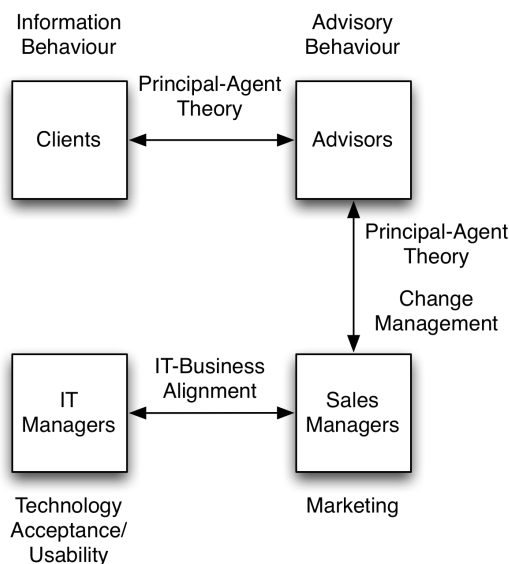


Figure 1: Integrated Non-Usage Framework

theories and models of the relationships of the actors are used: The relationships between clients and financial advisors, as well as financial advisor and the sales manager, can be analyzed by “principal-agent theory.” Any changes have to overcome the conflict using “Change Management” models. The relationship between sales managers and IT managers is covered in more detail in the “IT-business alignment” literature.

Clients: Typically, the customer's buying cycle (Muther 2001) is not as systematic as the bank's selling cycle. For financial advisory services, the customer's buying cycle can be best understood using models from information behaviour (e.g., Wilson 1999). They explain how clients search, select and use information, as well as show the settings that they prefer. These models are particularly useful in explaining situations where a client has to uncover information needs s/he is not yet aware of (Belkin et al. 1982). Advisory service is typically a powerful strategy in such situations (Schwabe et al. 2008), fulfilling pragmatic information needs.

¹ http://www.ubs.com/1/e/ubs_ch/wealth_management_switzerland/relationship/advisory_approach.html

Client – Advisor: The relationship between client and advisor has the features of a principal-agent conflict (Eisenhardt 1989, Golec 1992): The advisor (= agent) is paid to work for the client (= principal), but s/he may have hidden characteristics (e.g., lack of knowledge about the market) and hidden intentions (e.g., optimizing fees for the banks instead of the investment profit of the client) and may engage in hidden actions (e.g., selling assets without the real consent of the client). S/he may not want to use IT, which, for example, may make investment solutions more transparent and thus may allow the client to better monitor the advisor's behaviour.

Advisors: We are not aware of any published empirical models on actual advisory behaviour. There are, however, ample normative models on how advisors should behave during the advisory process. These models originate from advisory service process design and banks promoting their advanced advisory process (see definitions above), from the finance literature, e.g., promoting a theoretically sound portfolio choice (Markowitz 1991) and from IT tool descriptions suggesting a suitable advisory approach (Buhl, Kaiser & Winkler 2007, Eberhardt & Zimmermann 2007).

Advisor – Sales manager: The relationship between advisor and sales manager can also be regarded as a principal-agent conflict. While the sales manager is responsible for designing an advisory process optimizing the bank's long-term income, an advisor may focus rather on maximizing her personal short-term income through fees. Furthermore, it may be in her personal interest to bind the customer to herself as a person rather than to the bank as a whole. This may foster hidden intentions and lead to hidden actions. The advisor again may have no interest in implementing IT that could make her intentions more transparent or may prevent her from engaging in hidden actions. Swiss banks have implemented standardized advisory processes to address this known problem. Implementing supporting IT could greatly enhance their capability to enforce these new processes.

The literature on change management may enhance our understanding of why sales managers have failed in implementing advisory IT. In the context of the advisory process the sales manager owns, an understanding of conflicts of interests as well as an active design and change of incentive systems is of particular importance. As advisory technology supports client-advisory collaboration in an organizational context, the literature on groupware adoption is the most applicable regarding change management issues. In her seminal work on the failed diffusion of a Lotus Notes based knowledge management system, Orlikowski (1992) shows how the highly competitive culture of a consulting company ("up or out") contradicts the sharing approach that lies at the heart of the knowledge management system. Top managements' efforts to enable and persuade the consultants to use the software remained fruitless in this context. Grudin (1988) uses the example of shared calendars to demonstrate that implementation of groupware requires a critical mass of users to make them useful for everybody. Only peer pressure (Grudin & Palen 1995) may convince users to compromise their own interests (e.g., in privacy, flexibility, or, more generically, in hiding their characteristics, intentions and actions) for the sake of everybody else's benefit (improving the coordination and increasing the efficiency). Generally, the organizational implementation of software is difficult if one group of actors has the costs and another group of stakeholders reaps the benefits (Grudin 1994). Furthermore, successful changes require a shared vision and the affected users have to be enabled to perform the change. Ward and Daniel (2006) establish the managers' responsibility to actively manage IT benefits on the basis of a sound understanding of the stakeholders' interests and the needed business changes.

Sales manager: Sales management strives for a competitive advantage (Porter 1985). The implementation of IT is interesting from the sales manager's strategic perspective if it serves as strategic differentiator (Ward & Peppard 2002). From an operational point of view, IT can serve as a means of monitoring the advisors to avoid hidden actions and to enforce quality standards.

Sales manager – IT Manager: The alignment of IT to the needs of the business remains on the top of a CIO's agenda (McGee 2008). Successful companies establish joint decision making on the business demand for IT support (Weill & Ross 2004). Ward and Peppard (2002) recommend including the management levels of IT and business, as well as the user levels in determining the demand and the steering of IT projects. IT managers are requested to actively market their products in business (OCG

2007), and sales managers and users need to actively participate in IT projects, even though it may not be their primary interest.

IT Manager: The IT managers strive to provide acceptable software. Davis' (1989) model on technology acceptance (TAM) proposes that this mainly depends on usefulness (i.e. the functionality it provides) and the ease of use. Newer literature from HCI expands the idea of "ease of use" to the concept of "usability." Apart from having pragmatic qualities of the software (e.g., whether the user finds the information s/he is searching for within reasonable time), the rising popularity of computer games has stressed the importance of the hedonic qualities of IT (Heijden 2004), i.e. how enjoyable IT use is.

The TAM has been frequently used, but also been frequently criticized and expanded upon. Newer models like the Unified Theory of Acceptance and Use of Technology (Venkatesh et al. 2003) include contextual constructs of performance expectancy, effort expectancy, social influence and facilitating conditions. The Model of Information System Success (DeLone & McLean 2003) describes the relations between information, system and service quality and use of information systems, correctly declaring that the net benefits of such systems are dependent from usage and user satisfaction. Current technology acceptance models explain the adoption behaviour of individuals, teams in special settings (Powell, Piccoli & Ives 2004) or whole organizations (Bajwa et al. 2007). They are not yet specifically tailored to explain adoption of dyads or to link individual adoption to organizational adoption.

In summary, there are considerable general building blocks that can contribute to an understanding of why IT is not used in the advisory process. However, we have also identified a few holes. What is still missing is (a) a model that is specifically tailored to financial advisory issues and (b) a combined and coherent full picture that identifies the key factors and also explains the interplay of these factors.

3 RESEARCH DESIGN AND DATA COLLECTION

The question of why IT is not used for financial advisory processes surfaced in the course of a larger study on the quality of financial advisory services (University of Zurich & Solution Providers 2009) in which IT use was only one question. We were thus fortunate to have a very rich set of data to contextualize the observed IT use. The larger study combined an adapted and enhanced Servqual model (Zeithaml et al. 1990) and an information behaviour model (Wilson 1997). Following the Servqual gap model, we contrasted the perceptions of bank customers, advisors and the sales managers responsible for the advisory process. Typically, these were senior executives, one or two organizational levels below the company board. We then added the IT management perspective, addressing the person responsible for advisory IT, typically a senior IT manager. The questionnaires were based on the Servqual items for the five dimensions of service quality (reliability, assurance, tangibles, empathy, responsiveness) and extended by items for the advisory process dimension (effectivity and efficiency) as well as IT-related questions. In this paper we focus on the results of the IT items and of the items on Servqual's assurance dimension (i.e. confidential behaviour of employees), which add to the discussion on the importance of trust regarding information asymmetries.

All four stakeholder groups received the same core set of questions and each received a set of additional questions targeted at their special competence. The most extensive enhancement was on the client side where we applied a survey of their information behaviour, building on Wilson's model (Wilson 1997) and asking which sources they preferred for their information search, how they judged them in comparison and why they chose to do so.

The data collection took place in two waves. From December 2007 to February 2008, four researchers performed a total of 21 "mystery shopping episodes" that were performed in Switzerland (16) and - for the purpose of comparison - in Austria (3) and Germany (2). The episodes entailed consulting talks with retail banks (12), private banks (6) and one provider of bank assurance. Each session typically lasted from 60 to 90 minutes. Targeting the affluent banking customer segment in our study, the researchers requested advice about the investment of sums of 50,000 to 500,000 Swiss francs, which generally classifies a customer as "affluent" by a bank. For details see Nussbaumer et al. (2009).

In the second wave of data collection, which lasted from June to October 2008, we focused on financial service providers in the Swiss banking region² to obtain a more homogeneous sample (European banks, for example, show substantial differences regarding legal regulations on advisory). A total of 21 advisors from 19 banks, 28 responsible sales managers from 27 banks and 12 IT managers from 12 banks were interviewed. As we strove for deeper insights, the questionnaire consisted not only of quantitative questions from Servqual, but also open-ended questions for each of the dimensions. This paper draws mostly from these open-ended questions. A typical interview lasted 60 to 90 minutes. All sales manager interviews were transcribed³, and in two cases where interviews could not be conducted, the respondents answered the questions electronically. We have audio recordings plus written notes for the interviews with the other stakeholders.

For the customer perspective, we applied electronic questionnaires and involved customers in a written discussion as part of two focus group sessions. The workshops lasted 150 minutes each. A total of 28 clients participated, almost all of which belonged to the affluent customer segment. We furthermore collaborated with a very popular investment journal (Cash⁴) to apply purely quantitative questionnaires on advisory quality and information behaviour in September/October 2008 (for details see University of Zurich & Solution Providers 2009). A total of 136 users responded to the survey, with the vast majority again being from the affluent customer segment. The online survey was based on refined questionnaires that were used for the focus groups. The applied triangulation of methods (Flick 2000) allowed both finding support for existing working hypotheses and seeking for a deeper understanding in areas less well understood.

The subsequent paragraphs describe in more detail the data that were actually used for explaining why IT was not used in the financial advisory services. The overall research question of “Why is IT not used for financial advisory services?” can be split into three subquestions: (1) “Is IT not used in financial advisory services?” establishes the basis for our argument, (2) “What reasons are given by the stakeholders?” establishes the multiple-perspective view for which we argued in the literature review, with (3) “Which of the reasons appear credible?” we interpret the findings.

The research on “Is IT not used in financial advisory services?” primarily draws on our observation in mystery shopping. We can further support the analysis with (a) the outcome of two student research projects (à Porta 2008, Hämmerli 2008) covering another 10 advisors, and (b) results from the interviews with advisors.

The research on “What reasons are given by the stakeholders?” draws from the interviews with the advisors, sales managers and IT managers, as well as from the workshops with clients. All the gathered data was scanned for remarks that could indicate a reason. Any applicable remark was noted and later synthesized in an overview map (see Figure 2). Most remarks came from the IT sections of the questionnaire, but a significant number was also mentioned in other sections. For a few observations we have further support from the quantitative sections of the questionnaires. Most importantly, we can give quantitative evidence on the clients' expectation of IT and the other stakeholders' views on this.

The research on “Which of the reasons appear credible?” is mainly interpretative. We particularly focussed on contradictory claims and their support by theory.

² including Liechtenstein

³ Only one interview partner refused recording.

⁴ <http://www.cash.ch>

4 FINDINGS

4.1 Is IT not used in financial advisory services?

The advisors did not use IT in any of the observed 21 mystery shopping episodes. We had purposefully added Deutsche Bank to our sample because Deutsche Bank had received an award for its financial advisory solution; however, it was also not used there. Further, a student of ours interviewed 7 advisors in his Bachelor Thesis (à Porta 2008) – all of whom critically discussed IT usage in advisory meetings and emphasized customer expectations. Another student modelled the advisory process in three banks as a part of a small research project (Hämmerli 2008). He was able to identify one advisor who frequently used a computer during the actual face-to-face session. He claimed to benefit from the efficiency of the structured process and the increased shared understanding facilitated through the visualization of an investment choice on the screen in the advisory meeting. Interestingly, this advisor belonged to a retail bank (where efficiency is more an issue than in private banks). This lone exception can be seen as proof that an efficient and effective use of IT is possible in advisory meetings, but it does not change the overall picture. We therefore conclude: IT is not used during advisory meetings.

This picture changes if one includes back-office use. The advisors who prepared for the meeting (a minority) obviously had gathered information from the banking system; however, they printed the information and brought it to the meeting. Both interviewed advisors and sales managers stated that CRM systems were used to collect information on their interaction with customers and special systems were used to enforce compliance (e.g., to money laundering laws). Yet the systems appear to remain invisible during the actual advisory meeting. The following types of information systems are rarely or never used in the advisory process: decision support systems, e.g., allowing the customer to visualize and simulate investment options, and systems for self-advisory, e.g., over the Internet.

As we were not able to identify any publications on the diffusion of advisory IT into advisory meetings, we relied on our own Swiss data. We thus concluded that some IT systems are used during advisory services, but never during the actual advisory meetings. The subsequent sections provide reasons for why no systems are used during the actual advisory meeting and why only the mentioned types of systems are used in the advisory process at all.

4.2 What reasons do the stakeholders give?

Figure 2 gives an overview of the reasons for non-usage, as given by the interview partners. If a stakeholder group places the responsibility with themselves, the reason is put above the boxes. If it is in the eyes of stakeholder A and it is stakeholder B that is responsible, the reason is written on an arrow pointing from A to B.

The advisors' perspective: Advisors state that they do not feel confident in using IT with customers. They fear the loss of competence in the eyes of the customer if they run into problems with using the IT system while the customer is present. The older generation has a lack of IT-affinity. Additionally, they are not convinced of the functionality provided by the tools and their usability. In many places, the IT-tools are poorly integrated and therefore require the advisors to switch tools during the process. In the survey they state that they have been properly trained in the usage of the tools; however, participants stated that isolated training of tool usage was insufficient for them to be applied in the advisory process, let alone in an advisory meeting, and that they should rather learn how to embed tool usage into the actual process and its diverse activities. It is thus not surprising that the benefits of using IT tools in the advisory process remain unclear to the advisor. In the interviews it became clear that the degree of standardization of established advisory processes is rather low – in most cases neither the detailed activities of the processes, nor the usage of accordingly supportive tools, is specified or enforced by management, respectively. Also, the involvement in standardizing the process is perceived as being very low, since the management specifies the processes and implements them top-down.

However, advisors in the few banks that have established rather stringent advisory processes and integrated some IT tools conceive them to be very supportive.

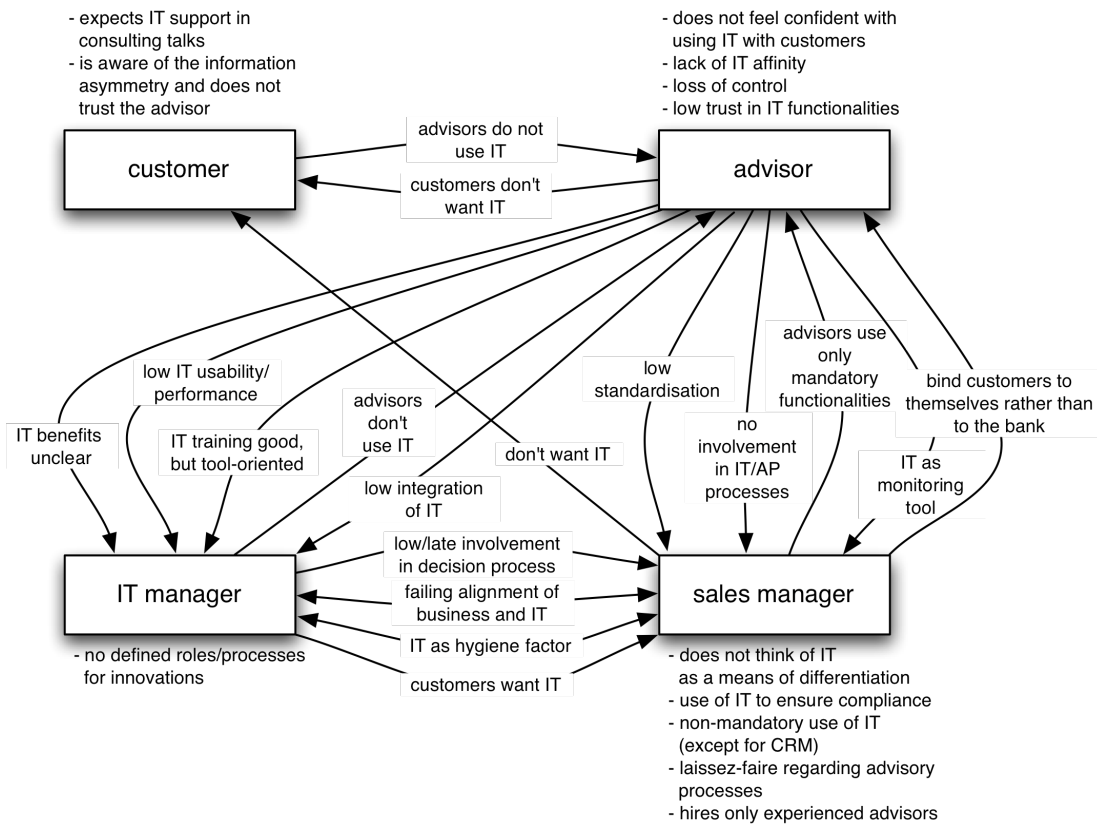


Figure 2: Overview of arguments

The advisors claim that customers do not want IT in the advisory processes. Advisory service is said to be a very personal and trust oriented business; IT would endanger this set-up, or – as one advisor reported – it would “destroy the magic” of advisory.

Clients: From the clients’ perspective, the picture is clear: There is no IT provided during the advisory meeting and therefore they cannot use it. Yet, their view of the usefulness of IT for advisory processes differs from the other stakeholders’ perceptions. When asked whether they expected IT support in very good advisory processes, the clients evaluated all offered IT support tools positively, i.e. above 5 on a Likert scale of 1= “I absolutely disagree” to 7= “I absolutely agree”. IT-support for communication (E-Mail, Instant Messaging...) was rated (5,01) as lowest, and IT-support for access to latest information (e.g., stock prices, ratings, tests) as highest (5,86). IT for self-advisory was rated 5.35. Most surprisingly, even tools for decision support (simulations and visualizations of scenarios) that can realistically only be applied in a meeting, were rated as 5.68. All ratings on what clients think are significantly above the expectations of advisors and sales managers. A much lower rating of the IT support they have experienced so far indicates that there is a significant gap. Thus, we can conclude that clients are more positive on IT support than advisors and sales managers think they are.

Trust is also not the important facilitator that advisors claim it to be; rather, the opposite is true. The surveyed clients reported a rather low level of trust towards their advisors (mean agreement of 4.72 to the statement “The advisor’s behaviour is trustworthy.”). As a client noted in a focus group, there is information asymmetry in the advisor-client relationship and this asymmetry reduces trust. Thus, clients do perceive the principal-agent conflict. This explains why IT is important in the clients’ views since it reduces information asymmetry.

Sales managers: The sales managers responsible for the advisory process were mainly marketing oriented people. In their eyes, IT - e.g. for transaction processing - is not a means of differentiation. They also do not think that IT tools supporting the advisory process (like tools for CRM or decision support) may add to a competitive advantage. Thus, for them IT is rather a “hygiene” factor: Banks have a disadvantage without it (since today, for example, transactions are processed fully electronically), but they do not have an advantage if they have it (since other banks have implemented such IT as well). IT managers mostly share this view.

The interviewed sales managers pointed out that IT use might not be in the advisors’ interest, since advisors prefer to tie the customers to themselves rather than to the company (and its information system). In Switzerland, it is not unusual for advisors to take their clients along when they switch companies. The more interesting their clients and the tighter they can bind them, the higher is the advisor’s market value. They do not like the controlling function of the IT. These sales managers’ comments show that there is indeed a principal-agent conflict between advisors and their sales managers.

Sales managers confirmed that advisors are afraid of losing face with their customers when they run into trouble with IT. They are aware of the fact that advisors use only mandatory functions. They enforce the use of tools only in two areas: IT that ensures compliance (such as laws on money laundering) and the customer relationship management system, i.e. systems that indeed can be seen as hygiene factors. For other systems, they have the same laissez-faire attitude as regarding their advisory process. Managers – especially in private banks – only hire experienced advisors. As they tend to be older and have built up experience in advising without IT support, they have difficulties appropriating IT.

Both the sales managers and the IT managers agreed that IT-business alignment remains a problem. IT is rarely included in the design of advisory processes and decisions on applying tools. Thus, the developed tools do not fit newly designed advisory processes. In the eyes of the sales managers, clients do not want IT in the advisory process. In this regard, they disagreed with some IT managers.

IT Managers: Several IT managers did see that customers want to use IT in advisory, and they also saw some benefits. They were able to more precisely estimate the clients' expectation in regard to decision support systems and information systems than advisors and sales managers. They also confirmed lack of usage by the advisors and voiced frustration about the unused expensive tools. In their relationship with the sales managers, they complained about low and late involvement in decision processes regarding the design and support of advisory processes. Internally, they had a lack of roles and processes to develop and implement innovations.

5 DISCUSSION

Some of the statements of the stakeholders reinforce one another; others are obviously contradictory. In this section we discuss the credibility of the statements in the light of other statements and the literature. Further, we link arguments to identify chains of reasons and identify root causes of non-usage.

The most striking difference is the question of whether clients want visible IT support. If they didn't want IT, it would be a plausible root cause for non-usage. While advisors and their sales managers claim that customers dislike visible IT support in the advisory process, IT managers have a more positive attitude towards such IT. Most importantly, clients themselves voiced interest in support, the highest interest being in pure information access, but there is also considerable interest in decision support and self-advisory systems. Thus, we conclude that the responding clients and IT managers are more credible and that a significant number of clients would welcome visible IT support.

The most obvious cause for lack of usage would be lack of software quality. In this regard, advisors pointed at many specific quality issues where quality seemed to be a great challenge. Particularly, the widespread poor integration into processes and low usability were major issues. The IT managers cannot push process integration ahead because they are not involved in the decision processes for advisory design. The IT-business alignment is regarded as poor from both sides in this area. An indicator of

poor IT-business alignment can be found in the valuation of IT support for advisory. It is not regarded as a means of differentiation. Therefore, it is applied only in areas where it increases efficiency (CRM) or where the bank has to document compliance with regulations. Thus, we conclude that one root cause for the lack of adoption of advisory support is its low potential for strategic differentiation. This leads to a low priority of such projects, poor IT-business alignment and an isolated IT department that can neither embed advisory support sufficiently into the advisory process, nor train users adequately.

The usability problems remain in the domain of the IT managers. There is great potential for improvement, as usability is particularly important for dyad users. Only well-designed software could ease the fears of the advisors for losing control or losing face. Furthermore, including the lessons from hedonistic software design could protect or even increase “the magic” of advisory meetings. Schwabe et al. (2008) have demonstrated for the domain of tourism, how this can be done using large screens. Yet, we are not convinced that poor usability is the root cause for the low uptake of advisory software. IT managers have bought many expensive off-the-shelf tools that have not been adopted either. We have the example of Deutsche Bank that did not use their award-winning tool. Researchers have developed advisory software with an emphasis on usability (e.g., visual product editors such as the multi-touch table developed by the Swiss Design Institute for Finance and Banking⁵). And we have the example of the one advisor who successfully used a standard banking system in the advisory session. Thus, we conclude that poor usability contributes to non-usage and gives advisors a welcome excuse, but it is not a root cause.

This leaves us with the two principal-agent conflicts. There is an information asymmetry between customers and advisors. This asymmetry is to the advantage of advisors and therefore they will not use IT tools without other strong incentives. Especially private banking advisors have the incentive to bind the customers to themselves. Any information that the bank has on the customer, and any binding of the customer to an information system are detrimental to this interest. Since the clients rather distrust their advisors, they have a high demand for transparency, participation and control of the advisory process. Novak (2009) discusses the design of such (collaborative) approaches to better involve end-users in advisory settings. Still, the sales managers have to enforce standardized advisory processes (and not only their design) to allow establishing a mandatory usage of more tools. They would have to apply strong change management techniques to align the interests of the customers with the interests of the advisors. However, they do not see the priorities, as IT is no strategic differentiator.

Thus, our overall conclusion is that the advisors are the main obstacles to visible IT use in the advisory process. The key to the solution is, however, in the hands of the sales managers. They do not view IT for advisory as a strategic asset, and thus neither enforce the use of IT in the advisory process (with a few exceptions), nor sufficiently collaborate with IT managers.

There are two scenarios that could change this situation: An entrepreneurial bank could demonstrate that IT can serve as a differentiator and thus force the other banks to follow suit. In the discussions, particularly the IT managers saw a realistic chance of this happening. The second scenario is a consequence of the current financial crisis. After the experience with investment bankers, banks may not tolerate uncontrollable “entrepreneurs” in their own organization any longer. They may want to enforce their processes and reap efficiency and service benefits of IT tools in the advisory process.

6 LIMITATIONS AND FUTURE WORK

Our research is targeted at a deeper and multi-faceted understanding of a yet poorly understood phenomenon. We had to make some compromises in order to reach this target within reasonable time.

⁵ http://www.sdfb.ch/de/aktivitaeten/projekte/strukturierte_produkte

While we were able to talk to sales managers, advisors and IT managers of all major Swiss banks, we cannot be completely certain that we have reached a representative client sample. As banks are very reluctant to provide direct access to their own customer pool, we had to accept the compromise of a public survey. The survey was launched over an electronic website; thus users may have had an IT-bias. However, as the majority of the Swiss population uses the Internet, this should not be major problem. The focus groups may also have had more IT-affinity than the average affluent client, as they were recruited from our alumni organisation and from a consultancy company. We were therefore very careful with using their interpretations in this paper and for the important parts relied rather on the client survey.

A second limitation is the emerging nature of our research question: We wanted to observe the current use of IT for advisory in the mystery shopping and talked to the stakeholders about the actual use of IT and ended up with a paper on non-usage. Thus, we rarely explicitly talked to the stakeholders about non-usage but rather drew conclusions from their reactions on our questions of their usage behaviour. This approach did not allow us to discuss specific non-usage issues and we therefore could not reliably count frequency of answers.

A third limitation is the diversity of the banks covered: The arguments given by a stakeholder in one bank may be specific to this bank and may not hold true for the situation in another bank. We were surprised about the coherent picture we received by adding arguments from stakeholders in different banks. But we still had to do some interpretation and sense making in order to reach the clear picture presented in this paper.

The next steps for research in this domain could go in two directions. Firstly, we need a deeper understanding of the dynamics between the stakeholders. For this purpose, observing stakeholders within one bank could be a viable approach. Secondly, there is room to validate the barriers to the adoption of advisory systems and the causal relationships proposed in the discussion section in a quantitative study.

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