



Direct and Indirect effects of Perceived Usefulness of Loans on Clients' Intention to Recommend Financial Service Providers

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ABSTRACT

This paper examines the direct and indirect effects of perceived usefulness of loan services on clients' intention to recommend financial service providers in a developing country. Drawing on existing literature, a conceptual model was developed and validated with data from 371 loan clients in Ghana. The study involved a cross-sectional survey of loan customers of leading financial service providers in Ghana. A partial least square structural equation modelling (PLS-SEM) was conducted using SmartPLS 3.1.7 for Windows. The results showed that perceived usefulness did not have direct influence on clients' intention to recommend financial service providers, rather, it had significantly positive indirect effect on intention to recommend through the mediation of satisfaction and trust. The findings have implications for developing strategies for managing perceived usefulness of loan services to clients. While this study is limited in terms of generalizability of the findings in developing countries, it provides avenues for further research for modelling the consequence of perceived usefulness in financial service provision.

Keywords: Trust, Loan service, Perceived usefulness, Satisfaction, Recommendation.

1. Introduction

In spite of the fact that traditional means of product and service promotion such as advertising, sales promotion, public media, personal selling to promote their products and service providers are widely used by many business organisations (Allsop, Bassett, & Hoskins, 2007; Edelman, 2009; Lang, 2011; Sweeney, Soutar, & Mazzarol, 2012), research has shown that word of mouth communication (WOMC) from existing customers tend to yield more influence on potential customers' decision to patronise products than the traditional methods do (e.g. Allsop et al., 2007; Hasan, Akif, Subhani, and Osman, 2012; Sweeney et al., 2012). Consumer recommendation in the form of positive WOMC is recognized as important consumer behaviour that has implications for service providers (Coulter & Roggeveen, 2012; Lang, 2011; Lim & Chung, 2011; Sweeney et al., 2012; Sweeney, Soutar, & Mazzarol, 2014). Consumer recommendation is not only more influential than traditional promotion methods, but also tends to be more economical than advertising, sales promotion and other paid-for- promotional tools (Allsop et al., 2007).

Client recommendation can come from family, friends and other social referent groups in a consumer's social network.

Word-of-mouth communication is not only one of the strongest sources of information for consumers (Kotler & Keller, 2012), in many service context, but also, potential customers tend to rely on

existing customers' WOMC as a powerful source of recommendation when seeking credible information to make strategic purchasing decisions, and considered as providing more reliable, trustworthy advice, and personal contacts are generally able to offer social support and encouragement (Allsop et al., 2007; Arndt 1967; Edelman, 2009; Sweeney et al., 20012). In the context of financial services, there is some evidence that client recommendation is a key social factor that influences potential clients' intention to acquire loans and seems particularly important to the marketing of banking and other financial services. (e.g., Choudhury, 2011; Shirsavar, Gilaninia, & Almani, 2012, Nbawuni & Nimako, 2014).

The problem of this research stems from the fact that, in spite of the importance client recommendation plays in increasing potential clients' patronage of financial services in general and loans in particular, there is relatively limited research investigating the key drivers of client recommendation in financial services context. While past studies have examined customer recommendation from different research contexts such as mobile services (Chen, Huang, & Chou, 2008), internet (Lerrthaitrakul & Panjakajornsak, 2014), auto insurance (Berger, 1988), online social media (Brown, Broderik, & Lee, 2007), and retail service (Brown, Barry, Dacin, & Gunst, 2005), very little research has been done in consumer recommendations in financial services contexts (e.g., Cengiz & Yayla, 2007; Choudhury, 2011; Shirsavar et al., 2012). Moreover, while previous studies have emphasized the role of satisfaction and trust in developing strong client recommendations of service providers (File & Prince, 1992; Jiang, Shang, & Liu, 2010; Lerrthaitrakul & Panjakajornsak, 2014; Nbawuni & Nimako, 2014), there is void in the literature regarding the role of perceived usefulness of financial services in influencing recommendation behaviour directly and indirectly. This study attempts to contribute to filling these gaps in the context of loan/credit services from a developing country perspective. Thus, the main contribution of this paper is to provide empirical evidence of the direct and indirect effect of perceived usefulness of loan services in influencing loan clients' recommendation of service providers in financial services in developing countries.

The rest of the paper is organised as follows. It continues with relevant literature review and development of conceptual framework and hypothesis. This is followed by a description of the research methodology and data analysis. It then presents results, discussion of findings, and theoretical and practical implications of the research. It finally ends with discussion of limitations, areas of further research and conclusion.

2. Literature Review

2.1. Theoretical Background to WOMC

Arndt (1967, p. 291) defines WOMC as 'face-to-face communication about a brand, product or service between people who are perceived as not having connections to a commercial entity'. The American Word of Mouth Marketing Association (WOMMA), defined word of mouth (WOM) as the act of consumers providing information to other consumers' (WOMMA, 2008). These definitions imply that WOM is a natural, non-commercial, inter-personal communication about brands, products or services that may either be positive or negative. According to the WOMMA (2008), WOMC relates to giving people a reason to talk about your products and services, and making it easier for that conversation to take place. It is the art and science of building active, mutually beneficial consumer-to-consumer and consumer-to-marketer communications.'

Theoretically, the social network analysis has been used to study WOM behaviour. The social network perspective of WOMC is based on the exchange of (tangible and intangible) resources between social actors (Bansal & Voyer, 2000; Brown & Reingen, 1987) who operate in different social networks in which they influence each other. Each kind of resource exchange is considered a social exchange relation, and individuals who maintain the relation are said to maintain a tie. Social network theory holds that individual, group and organizational behaviour is affected more by the kind of ties and networks in which actors are involved than by the individual attributes of the actors themselves.

Consumer recommendation occurs within the framework of consumers social networks. Past research confirms that WOMC between friends and acquaintances is becoming more credible and influential source of information for potential customers than mass communication media such as advertising, media stories, personal experience and opinion of company employee (Allsop et al., 2007; Edelman, 2009).

In modern times, the scope of WOMC media used by consumers appear to be broader than before. This is because consumers are now able to use multiple media to engage in WOMC from traditional offline conversations, referrals and club meetings to many online platforms such as chatting, forums,

blogs, making the strategic use of WOMC extremely important (Libai, Bolton, Bügel, De Ruyter, Götz, Risselada, & Stephen, 2010). Therefore, firms much understand these stakeholder social networks in order to understand and influence for positive WOM and minimize negative WOMC (Allsop, 2007).

2.2. Drivers of Client Recommendations: Conceptual Framework and Hypotheses

Drawing on a prodigious body of knowledge in the context for this research, this section presents the conceptual framework of three determinants of loan clients' recommendation and hypotheses for this study. The framework is depicted in Figure 1. The framework depicts satisfaction, trust and perceived usefulness of loan as direct predictors of clients' recommendation behaviour. It also conceptualises perceived usefulness of loans as predictors of satisfaction and trust, which implies the trust and satisfaction are mediating variables.

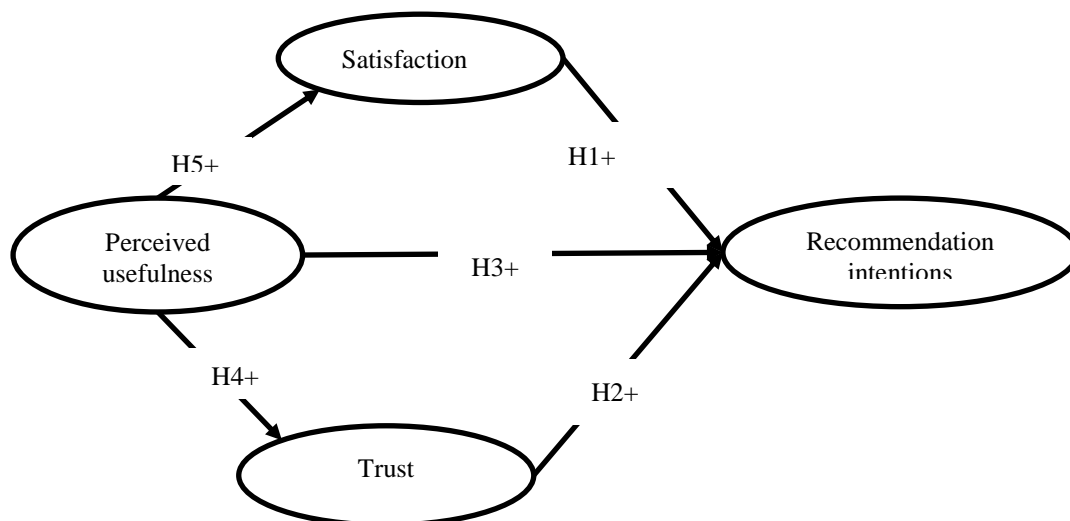


Figure-1. Conceptual framework and hypotheses

Source: authors' conceptualisation

2.2.1. Satisfaction (SAT) and Customer Recommendation (REC) Relationship

Satisfaction “reflects a person’s judgements of a product’s performance (or outcome) in relationship to expectation,” (Kotler & Keller, 2012, p. 54). Satisfaction has been found as a key antecedents of many behavioural intentions such as repurchase intention and recommendation behaviour in many research contexts (Belanche, Casaló, & Guinalú, 2013; Bolton, 2011; Jiang et al., 2011; Kotler, & Keller, 2012). Clients are likely to either speak evil or good, and discourage or endorse a financial service provider depending on whether they are satisfied or dissatisfied with the financial service experienced (Coulter & Roggeveen, 2012; Lim & Chung, 2011; Nimako & Mensah, 2012, 2014). When customers are satisfied with existing products, they are more likely to recommend it to other potential customers. As customers talk freely about their satisfaction to others, it serves a potential tool for recommending the loan services to potential clients. Consistent with existing literature on satisfaction-recommendation intentions literature (e.g., Jiang, et al., 2011; Lam et al., 2004;; Morgan et al., 2005; Nimako & Mensah, 2013), it is expected that satisfaction for existing loans services will lead to positive word-of-mouth (recommendations) of loans services and loan service provide to customers social networks. This leads to the hypothesis that:

H1: Consumer satisfaction will have significantly positive effect on clients' recommendation behaviour. Specifically, the higher the satisfaction, the stronger will be the consumer's recommendation of loan services to social groups.

2.2.2. Trust (TRU) and Customer Recommendation (REC)

Trust is the “confidence in an exchange partner’s reliability and integrity” (Morgan & Hunt 1994, p. 23). Trust is manifested in a customers’ confidence that a financial service provider will be truthful, trustworthy, honest and would not take advantage of the vulnerability of the consumer regarding the terms and conditions in the delivery of loan service to customers. Hasan et al. (2012) found that generally, trust factors play a significant role in consumer acceptance of recommendation. Consumers are more likely to have positive WOMC about loan service providers where consumers feel more and more

confident and have trust in financial service providers (Ranaweera, & Prabhu, 2003; Fullerton, 2011; Mouzas, Henneberg, & Naude´ 2007; Jiang et al., 2011). Thus, it is expected that when a consumer's trust for a loan service provider is high, the consumer is likely to engage in positive WOMC and recommend loan service providers to other social groups. This, therefore, leads to the hypothesis that:

H2: Consumer trust will have significantly positive effect on consumer recommendation of service provider. Specifically, the higher the trust for loan service provider, the stronger will be the consumer's recommendation of loan services to social groups.

2.2.3. Direct Effects of Perceived Usefulness (PUS)

Perceived usefulness of loan (PUS) is defined as the degree to which a person believes that acquiring a loan facility from a financial institution will enhance his or her personal well-being or will be beneficial to the society as a whole (Legris et al., 2004; Mbawuni & Nimako, 2014). In particular, Mbawuni and Nimako (2014) found that perceived usefulness of loan services have significantly direct effect on clients' intentions to acquire future loans. When consumers perceive a particular loan facility to be useful as expected, either through previous acquisition or information from marketing promotion, they will be more likely to trust the service provider, become satisfied and recommend the loan facility and financial service provider to others in their social network. Different types of loans are likely to have different perceived usefulness by clients. Many previous studies have established a strong relationship between perceived usefulness and customer behavioural intentions in many research contexts (e.g., Bagozzi, 2007; Legris, et al., 2004; Park, 2009; Venkatesh, Thong, James, & Xu, 2012). Therefore, consistent with existing literature, perceived usefulness of loan acquired could be an important predictor of client's trust, satisfaction and recommendations of the financial service provider's product/service to other potential clients in financial markets. Therefore, we hypothesize that:

H3: Perceived usefulness of loan will have significantly positive effect on client's trust for financial service provider. Specifically, the higher the perceived usefulness of the loan, the stronger will be client's trust for service provider.

H4: Perceived usefulness of loan will have significantly positive effect on client's satisfaction of loans delivered by a financial service provider. Specifically, the higher the perceived usefulness of the loan, the stronger will be client's satisfaction of the loans acquired.

H5: Perceived usefulness of loan will have significantly positive effect on client's recommendation of loans from a financial service provider. Specifically, the higher the perceived usefulness of the loan, the stronger will be client's recommendation of the loans acquired to others.

2.2.4. Indirect Effects of Perceived Usefulness

From the above discussion, perceived usefulness can also have an indirect effect on client recommendation through trust and satisfaction of financial service provider. It is argued that perceived usefulness of loan services to clients may not generate stronger positive word-of-mouth communication until it strongly causes client satisfaction and trust for financial service provider. In this regard, in spite of the direct effect perceived usefulness of loan services is likely to have clients' recommendation of loans to others (Mbawuni and Nimako, 2014), understanding the indirect effect of perceived usefulness on client recommendation can provide useful theoretical and managerial insights. Consequently, we expect trust and satisfaction to play a mediating role in the direct relationship between perceived usefulness of loan service and clients' recommendation of loans of financial service provider. This leads to the hypothesis that:

H6: Perceived usefulness of loans acquired will have a significantly indirect effect on clients' recommendation of loan services through trust and satisfaction. Specifically, trust and satisfaction will have a significant stronger indirect effect on the relationship between perceived usefulness and recommendation than the direct effect between perceived usefulness and recommendation than.

3. Methodology

The population consisted of customers who have acquired loan facilities from various financial institutions in Ghana. A convenient sample size of 500 respondents was chosen for the study. In order to collect data of high quality that reflect customers' opinion and improve representativeness of the sample, a survey was conducted from in central business district of Kumasi in Ghana in August 2014. Out of the 500 questionnaire administered, a 371 usable questionnaire were obtained, representing 74.2% response rate. A self-administered, structured questionnaire was developed and pre-tested to a sample of

10 customers. Adjustments were made based on the pre-test to get a more effective instrument. After that the questionnaire was finally administered to the customers through personal contact by researchers for nearly two weeks. We used informed consent form to seek permission from the respondents and assured them of anonymity and confidentiality of their responses. A five- point Likert scale was used to measure variables for the research constructs as recommended in previous work (e.g., Danaher & Haddrell, 1996). The Likert scale ranged from strongly disagree to strongly agree, coded 1 to 5 respectively. As this paper is part of a larger study, the four multi-item constructs for this paper had 10 items that were derived from previous studies and modified to suit the research context as shown in Table 1.

Table-1. Constructs and measurement items

Constructs	Code	Measurement items	Source
Perceived usefulness	PUS1	Taking loans from a bank can help you meet some needs	Venkatesh et al. (2012)
	PUS2	Taking loans from a bank can be useful to one’s business or life.	
Trust	TRU1	This bank is a trustworthy bank when it comes to deducting loan charges.	Morgan & Hunt (1994), Romani (2006)
	TRU2	I have confidence in this bank to deliver professional services in loan facility	
	TRU3	This bank is reliable bank in terms of granting of loans to me	
Recommendation	LR1	I will say positive things about this bank’s loan facility to other people,	Coulter & Roggeveen, (2012), Lim & Chung (2011), Nimako & Mensah (2013)
	LR2	I will recommend this bank’s loan facility to others.	
Satisfaction	SAT1	I am satisfied with the bank’s loan facility process.	Cronin & Taylor, (1992); Nimako (2012)
	SAT2	Overall I am happy about the loan repayment terms.	

Source: authors’ design

These constructs are trust, satisfaction, perceived usefulness and recommendation intentions. The questionnaire also contained respondents’ demographic data: gender, age, education, income and loan characteristics, among others.

4. Data Analysis and Results

Data were analysed using descriptive analysis and partial least squares structural equation modelling approaches available in SPSS 16.0 and SmartPLS 3.1.7 (Ringle, Wende, & Becker, 2015) respectively.

4.1. Respondents’ Profile

For the characteristics of the respondents, in terms of gender, 36.9% of the respondents were males and 63.1% were females. 46.7% of the respondents were 35 years and below, 38.8% were between the ages of 36 and 45 while 14.5% were 46 years and above. In terms of education, about 11% of them had lower than Diploma/Higher Diploma levels of education, 59% had Diploma level education and about 28% had degree level education. About 22% of the respondents earned a monthly income below USD 250, 59% of them earned monthly income between USD 250 and USD 500, about 16% of them earned between USD 500 and USD 1000 and about 18% of them earned above USD1000. 93% of the respondent had taken loans within the past five years while only 7% of them had taken loans longer than five years. About 18% of the loans taken by respondents had a repayment period of one year, 68% of the loans taken had a repayment period of two to four years and about 10% of the loans elapsed between 5 to 8 years and only 4% of the loans taken by respondents covered periods above 8 years.

4.2. Assessment of Structural Model

The structural model was analysed using SmartPLS 3.1.7 (Ringle et al., 2015) to perform Partial Least Squares Structural Equation Modelling (PLS-SEM) to test the hypothesized relationships among the constructs in the proposed model depicted (see Figure 1). PLS-SEM was deemed most appropriate because of the predictive focus of the study (Chin, 2010). Moreover, PLS-SEM was chosen because of

its distribution-free assumption which was appropriate for our purpose. For sample size considerations in PLS-SEM, according to Hair, Ringle and Sarstedt (2011, p.144), as a common rule of thumb for appropriate sample size for testing PLS-SEM models is the rule of ten, which suggests ten times the largest number of structural paths directed at a particular latent construct in the structural model. In this study, the highest number of structural paths (three independent variables) directed a latent construct (likelihood to recommend and future intention for loan) at a time was three. Hence three multiplied by ten gives 30 cases; thus, our sample 371 respondents could be described as adequate. The SmartPLS 3.1.7 software was set to 500 bootstrap samples for the estimation of significance of the t-values (Chin, 2010). Generally, the PLS-SEM analysis followed Hair et al.'s (2011, p.144), two-step approach; estimation of the measurement (outer) model before the structural (inner) model.

4.3. Measurement Model Reliability and Validity

Construct reliability measures the extent of internal consistency of measures used, and it is assessed through at item factor loadings with acceptable value of 0.50 and through Cronbach's alpha with the acceptable level of 0.7 (Hair et al., 2010; Hair et al., 2011, p.144; Straub, Boudreau and Gefen, 2004). From Table 2, all of the constructs have item loadings higher than the recommended 0.50. Then in Table 3, all Cronbach alphas are above 0.70, indicating that these multiple measures are highly reliable for the measurement of each construct.

Table-2. Item loading, cross Loadings and variance inflation factor (VIF)

	PUS	REC	SAT	TRU	VIF
PUS1	0.893	0.269	0.223	0.301	1.086
PUS2	0.683	0.163	0.179	0.155	1.086
REC1	0.229	0.911	0.529	0.643	1.828
REC2	0.285	0.918	0.573	0.655	1.828
SAT1	0.237	0.524	0.886	0.535	1.508
SAT2	0.213	0.548	0.891	0.602	1.508
TRU1	0.221	0.561	0.584	0.843	1.861
TRU2	0.301	0.594	0.558	0.878	2.052
TRU3	0.255	0.670	0.517	0.862	1.768

Source: authors' field data, 2014

Construct validity assesses the degree to which a measurement represents and logically connects the observed phenomenon to the construct through the fundamental theory (Fornell & Larcker, 1981). It is assessed through convergent validity and discriminant validity (Hair et al., 2010). Convergent validity can be assessed through Average variance extracted (AVEs) that should have minimum loading of 0.5, and composite reliability (CR) with acceptable minimum of 0.70 (Fornell and Larcker, 1981; Hair et al. 2010). Table 2 also depicts collinearity statistics in terms of the variance inflation factor (VIF), which are all below five, suggesting that multi-collinearity will not be a problem among the constructs (Chin, 2010; Hair et al., 2011).

From Table 3, the AVEs are all above 0.50 indicating that items for each construct together explains adequately the constructs they represent, supporting the convergent validity of the derived measures. Moreover, the CR values for all constructs range from 0.717 to 0.911 exceeding the acceptable requirement of 0.70 confirming convergent validity of the measurement (outer) model.

Discriminant validity was considered adequate since the square root of the AVEs (in the diagonal) are greater than their respective inter-construct correlations as is in Table 3 (Fornell & Larcker, 1981). Additional support for discriminant validity comes through inspection of the cross-loadings (Table 2), which indicate that the measurement items for each construct load higher on their respective constructs than they load on other constructs (Chin, 2010; Hair et al., 2011). These confirm that the measurement items explains adequately their respective constructs more than they do explain other constructs in the structural model. Given that construct reliability and validity conditions of the measurement model are acceptable, we proceed to assess the psychometric properties of the structural (inner) model.

Table-3. Construct Reliability and discriminant validity

	PUS	REC	SAT	TRU	AVE	CR	CA
PUS	0.795				0.602	0.771	0.50
REC	0.281	0.915			0.837	0.911	0.805
SAT	0.253	0.603	0.889		0.790	0.883	0.735
TRU	0.302	0.710	0.640	0.861	0.741	0.896	0.826

Source: authors' field data

Notes: square roots of AVEs are in the diagonal; correlations are below the diagonal; AVE-Average variance extracted, CR- Composite reliability, CA – Cronbach's alpha

4.4. Results of Structural Model

In PLS-SEM, structural models' validity are assessed through the strength of regression weights, t-values, *p*-values for significance of t-statistics, as well as effect sizes of independent variables on the dependent variables (Chin, 2010; Hair et al., 2011). The results of hypothesis testing are presented in Table 4.

Table-4. Results of hypothesis testing and predictive power analysis

Hypothesis	Relationship	Regression weight	Standard Error	T-Statistics	p-value	Remarks
H1	SAT -> REC	0.247	0.063	3.935	0.000***	Supported
H2	TRU -> REC	0.535	0.060	8.937	0.000***	Supported
H3	PUS -> TRU	0.302	0.047	6.444	0.000***	Supported
H4	PUS-> SAT	0.253	0.046	5.448	0.000***	Supported
H5	PUS -> REC	0.058	0.039	1.479	0.140	Not Supported
H6	PUS->TRU->SAT->REC	0.224	0.036	6.305	0.000	Supported
R-square (REC)		0.544(0.000)				Significant
R-square (SAT)		0.064(0.009)				Significant
R-square (TRU)		0.091(0.002)				Significant

Source: authors' field data

Note: all p-values are two-tailed, * significant at 0.05, *** significant at 0.001.

The results in Table 4 show that, all four of the five hypotheses were supported by the data. First of all, satisfaction has significantly positive effect on recommendation intentions ($\beta = 0.247$, $t = 3.935$, $p < 0.001$), providing support for hypothesis H1. Trust significantly influences recommendation intentions positively ($\beta = 0.535$, $t = 8.937$, $p < 0.001$), confirming hypothesis H2. Moreover, perceived usefulness significantly influences trust ($\beta = 0.302$, $t = 6.444$, $p < 0.001$), confirming hypothesis H3. Again, perceived usefulness significantly influences satisfaction ($\beta = 0.253$, $t = 5.448$, $p < 0.001$), confirming hypothesis H4. Then, perceived usefulness significantly did not have a direct effect on clients' recommendation intentions ($\beta = 0.058$, $t = 1.479$, $p > 0.05$), disproving hypothesis H5. Among the independent variables, the results indicate that trust made the greatest influence on recommendation intentions (53.5%), followed by satisfaction (24.7%). Overall, the proposed model explains about 9% of trust, about 6% of satisfaction and about 54% of recommendation intentions, which are all significant (Hair et al., 2011).

In terms of the indirect effects, for the mediation analyses for hypotheses H6, it is important to note that a direct main effect rule as suggested by conventional wisdom for mediation analysis (e.g., Baron & Kenny, 1986), has been refuted (e.g., Zhao, Lynch, & Chen; 2010; Rucker, Preacher, Tormala, & Petty, 2011). Specifically, Zhao et al. (2010, p. 6) maintain that there need not be a significant effect to be mediated. Similarly, Rucker et al. (2011, p. 359) argue that:

"We suggest that the collective evidence raises considerable concern that the focus on the significance between the independent and dependent variables, both before and after mediation tests, is unjustified and can impair theory development and testing."

Thus, in mediation analysis the main effect need not be significant. This means that, in the present study, the non-significant relationship between perceived usefulness and service recommendation (hypothesis H5) does not affect mediation analysis. Therefore, the mediation of trust and satisfaction in the relationship between perceived usefulness and recommendation (H6) is supported because perceived

usefulness has a significantly positive effect on trust and satisfaction, which in turn influence recommendation. In addition to this the indirect effect as shown in Table 4 is significant ($\beta = 0.224$, $t = 6.305$, $p < 0.000$), confirming hypotheses H6.

4.5. Predictive Power Analysis

The R-Square measures the predictive power of the structural model in PLS analysis. The predictive power of each independent variable to their respective dependent variables were conducted by eliminating each of the independent variable in question, one at a time in an iterative process. The effect size is estimated as:

$$\frac{R^2 \text{ included} - R^2 \text{ excluded}}{1 - R^2 \text{ included}} \quad (1)$$

The effect size of each of the independent variables is presented in Table 5. Cohen (1988) provides the following guidelines for interpreting effect sizes: Less than 0.02 – no effect, Small – 0.02, medium – 0.15, large – 0.35.

Table-5. Predictive power analysis

	f-squared (f^2)		
	REC	SAT	TRU
PUS	0.007 (small effect)	0.068 (small effect)	0.100 (small effect)
REC			
SAT	0.078 (small effect)		
TRU	0.357 (large effect)		

Source: authors' field data

Notes: Effect size: 0 – none, 0.02 – small, 0.15 – medium, 0.35 – large (Cohen, 1988), N/A – Not applicable.

From Table 5, overall, trust made a large effect size on recommendation intentions ($f^2 = 0.357$). Satisfaction made a small effect size on recommendation intentions ($f^2 = 0.078$). Perceived usefulness made a small effect on both satisfaction ($f^2 = 0.068$) and trust ($f^2=0.100$). Finally, perceived usefulness made a small effect size on recommendation intentions ($f^2=0.007$).

5. Discussion and Implications

In this research, the overarching purpose was to assess the direct and indirect influence of perceived usefulness on loan clients' intentions to recommend loan services in a developing country. We draw on a rich body of knowledge to develop the research model and its hypotheses. Using data from the a survey of 371 loan customers of leading financial service providers in Ghana, the results show that perceived usefulness of loans have positive effect on satisfaction, trust and clients' recommendation intentions significantly. These results have important implications for theory and practice in financial service delivery in general and loan service delivery in particular.

First, on perceived usefulness of loan (PUS), our findings confirm many previous studies have established a strong relationship between perceived usefulness and customer behavioural intentions in many research contexts (e.g., Bagozzi, 2007; Legris, et al., 2004; Park, 2009; Venkatesh, Thong, James, & Xu, 2012; Mbawuni and Nimako, 2014; Mouzas et al., 2007). Therefore, consistent with existing literature, perceived usefulness of loan acquired is found to be an important direct influence on client's trust and satisfaction of the financial service provider's product/service. When consumers perceive a particular loan facility to be useful as expected, they will be more likely to trust the service provider, become satisfied and recommend the loan facility and financial service provider to others in their social network.

Second, perceived usefulness did not have a direct influence on clients' recommendation, rather it had an indirect effect. This underscores the significance of trust and satisfaction as mediators of perceived usefulness and recommendation. The implication of this finding is that the perceived usefulness of loans might not induce client recommendation until and unless it leads to clients' satisfaction and trust for service providers.

Third, our findings confirm many previous studies that trust for service providers contributes significantly to influencing clients' recommendation of service providers (e.g., Fullerton, 2011; Hasan et al., 2012; Jiang et al., 2011; Mouzas et al., 2007). In the present study, the results shows that client trust made the greatest contribution towards influencing loan clients' recommendation intentions. What it also means it that existing customers could use their trust for loan service providers to convince potential

customers to acquire loan products from service providers because they have proven to be trustworthy to existing customers.

Fourth, our findings also confirm numerous previous studies that satisfaction and trust are two important determinant of customer recommendation in service context (e.g., Belanche, Casaló, & Guinalíu, 2013; Bolton, 2011; Jiang et al., 2011; Kotler, & Keller, 2012; Coulter & Roggeveen, 2012; Ghane et al., 2011; 2000; Lim & Chung, 2011; Nimako & Mensah, 2013; Morgan et al., 2005; Suki, 2011). Specifically, this finding implies that clients are likely to recommend loan facility or services to their social groups when they have strong trust and satisfaction for loan services, resulting from their perception of the usefulness of the loan product/service.

5.1. Theoretical Contribution

Theoretically, this paper advances our knowledge on the effect of perceived usefulness of financial services on client recommendation through the mediation of client satisfaction and trust for financial service providers in a developing country context. First, since relatively few past studies have examined customer recommendation in financial services contexts (e.g., Cengiz & Yayla, 2007; Choudhury, 2011; Shirsavar et al., 2012; Nbwuni and Nimako, 2014), this paper contributes to increasing knowledge in the extant literature regarding the direct and indirect role of perceived usefulness of financial services on client recommendation of financial services. Second, the present study emphasizes the mediating role of trust and satisfaction in influencing consumer behaviour such as recommending service providers. Third, unlike previous studies that have emphasized the role of satisfaction and trust in developing strong client recommendations of service providers (File & Prince, 1992; Jiang, Shang, & Liu, 2010; Brown et al., 2005; Lerrthairakul & Panjakajornsak, 2014), the present study, has validated that, in financial service context, the perceived usefulness of financial services could increase the effect of trust and satisfaction in the determination of the degree of customer recommendation of service providers.

5.2. Managerial Contribution

Generally, the findings of this study imply that in order to influence client recommendation of loan service provider, management of loan service firms should focus on educating and promoting the nature of perceived usefulness of loans and other financial services to clients. This will in turn increase their satisfaction and trust for the financial service provider. As this study shows, management could build client trust and satisfaction through enhancing client perception and understanding of the usefulness of loan facilities. This can be done principally through quality customer education and effective promotion activities on loan services.

It is equally important for management to understand that, failure to educate customers and promote the perceived usefulness of loan products could result in consumer perceived deception and negative word of mouth instead of positive recommendation of the products (Chaouachi, e.g., East et al., 2005; Rached, & Saied, 2012; Wangenheim, & Bayón, 2004).

6. Limitations and Directions For Future Research

The main limitations of this study are in terms of context and variables captured, which are important avenues for future research. First, this study did not examine all the variables that could influence client recommendation, such as social influence, service quality, critical incidence, the influence of demographic factors among others. Future research should include other variables to develop a comprehensive framework for understanding client recommendation of financial service providers. Moreover, the sample of this study was based on only Ghanaian respondents, which limits the generalizability of the findings to the Ghanaian context. Future research should extend the research model to other loan service context in other countries. Furthermore, in this study, we did not examine the consequence of client recommendation on financial service provider image/reputation and potential client intention to patronise financial services. It is recommended that future research should attempt to explore these areas to advance our knowledge of the consequence of client recommendation in financial service markets in general and developing countries in particular.

7. Conclusion

This study assesses the direct and indirect effect of perceived usefulness on satisfaction, trust and quality information provision on loan clients' recommendation of service providers in a developing country. It draws on a rich body of existing literature to develop a research model, which was tested using

data from a survey of 371 loan customers of leading financial service providers in Ghana. The results show that perceived usefulness of loan products have a significant indirect effect on clients' recommendation intentions for loan service providers through clients' satisfaction and trust. The findings suggest that the direct effect of perceived usefulness on client recommendation intention is not significant. Managers of loan service firms are encouraged to focus on loan product education and promotion in order to improve clients' perceive usefulness of loan products, build client satisfaction and trust and then recommendation of the loan services to others. While this study is limited in terms of generalizability of the findings, it provides avenues for further research towards developing a comprehensive framework for understanding the antecedents and consequence of customer recommendation intentions and behaviour in financial services contexts.

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