Chapter 3

In Digital Technology We Trust:
A FinTech B2B Context

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ABSTRACT

This chapter explores the concept of trust and issues relating to how the construct is conceptualised and understood in a traditional offline context as well as in online environments. The chapter opens with a mini case study that highlights the complexities of being a privately-owned small firm operating in a dynamic and largely unregulated web environment. The firm is relatively new to the financial sector thus augmenting the challenges that lie in reducing perceived risk in an industry that has a chequered history with customer perceptions of credibility and integrity in the financial services sector. The chapter introduces the theoretical underpinning, which draws from the trust theories and technology adoption at firm level, which is critiqued through the lens of the technology acceptance model. Concepts related to institution-based trust are discussed and managerial implications are considered for pure play firms operating online. Each section of the chapter explores these theoretical perspectives from a FinTech context.

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INTRODUCTION

This chapter critically discusses trust in an online B2B context. The chapter opens with a B2B company that operates in the financial lending sector of the FinTech industry. The case company provides a backdrop to the context and as such, case illustrates the importance of digital businesses developing and maintaining trust in an environment that is disruptive, highly fragmented, dynamic and largely unregulated. Issues relating to increased uncertainty, risk perceptions, and lack of knowledge regarding the firms’ solution services create challenges for pure play FinTech firms that are looking to develop long-term relationships with clients. Empirical research in B2B services acknowledge that trust plays a pivotal role in relationships operating in an online context as it shifts the focus to future conditions and is considered a necessary ingredient for long-term orientation (Briggs & Douglas, 2010; Brun et al., 2014; Harris & Goode, 2004). This chapter explores issues relating to digital trust - how it is defined, the process to trust creation online and institutional trust mechanisms that need to be considered when operating in an intangible environment that is perceived to be high risk and afflicted with reduced trust. The managerial implications indicate that it is prudent for firms to develop trust building procedures, and systems that are designed to generate trust and alleviate firms risk perceptions. The chapter introduces the Technology Acceptance Model (TAM) by way of gaining conceptual insight into research that has examined factors influencing web adoption at firm level. This theoretical lens specifically explores the concept of digital trust and the key factors that influence it. To develop this agenda, the theory of trust is explored, followed by an assessment of the dimensions of institution-based trust and the trust building mechanisms used to facilitate secure online transactions and privacy protection. The main objectives of this chapter are to interrogate the literature on trust and digital trust & understand the process of the creation of trust in web based business environments. Explore the theoretical underpinning of web adoption at the firm level through the lens of the Technology Acceptance Model. This model continues to be the most widely applied theoretical framework in Information Systems research. Understand key institution-based trust dimensions and trust building mechanisms to facilitate secure online transactions and privacy protection as well as to highlight how management may implement web design strategies to reduce risk perceptions and build trust online.
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