

Impact on the Financial Attitude to Financiers' Claim Willingness

Based on Social Network Perspective*

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Abstract—The information of risk preferences, service satisfaction, the social network scale and relationship length of urban residents' management of personal money was investigated in Guangdong province across 2017 and 2018. This paper uses Logit model to analyze the influence of these factors on the claim possibility of financiers. Results show that: the more prudent financiers are, the more likely they are to claim to the bank; the more satisfied financiers with the banking service, and the larger the scale of financial circles they have, the less likely they are to claim. It is also found that the higher the education level of financiers, the longer they are engaged in financial transactions, the more kinds of financial products they buy, the more comprehensive the risk of financial products reminded by bank staff, the less willing they will claim to the banks. Whereas, bank's promise of bottom guarantee will greatly increase the probability of claim.

Keywords—*financial attitude; claim willing; financial circle; rigid payment*

I. INTRODUCTION

Due to the immature development of financial markets in China and the lack of financial knowledge and legal awareness of residents, there are many unsatisfactory phenomena in the financial management market. Such as "rigid payment", this phenomenon is not limited to trust plans, but has already been extended to many financial areas such as bank wealth management products and bond markets. The direct reason for this is that China's financial institutions have maintained their reputation between regulators and investors. Specifically, it involves the complex system interest relationship such as the regulatory agency and its system, financiers' cognition and concept. Although the China Banking Regulatory Commission have issued a series of relevant documents on breaking the rigid payment and regulating the market for wealth management products, it clearly stipulates the terms of taking responsibility for buyers themselves, preventing the transmission of interests or breaking the rigid payment. However, this phenomenon has always been widespread. Financiers, banks, and other financial institutions and regulatory agencies have formed

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complex game relationships (Adrian & Shin, 2010; Gorton & Metrick, 2010). Among them, the psychological motives of the buyers and sellers are not the same: financial institutions are generally based on the need to maintain their reputation in financial markets. Often they are forced to transfer benefits to ease things, financiers are mostly to create disturbance for the deserved interest or income that they take it for granted.

This paper focuses on the psychological motivation of financiers, that is, whether the financiers' actual repay has reached the expected value, and the financiers' psychological state in the face of actual repay. If real returns are lower or significantly lower than expected result, financiers may develop an unbalanced mentality, with the result that they either choose to be silent, grumble or defend their rights. Its rights protection behavior is an important cause of rigid payment.

The financial attitude of a financier fundamentally determines whether to file a claim with the bank. There are two issues that need to be focused on: one is the risk preference of the financier and the other is the satisfaction degree of the financier with the banking service. The former is an internal cause and the latter is an external cause, which together affect the motivation of its claim. In this paper, the perspective of social network is chosen to analyze the impact of the financial attitude on the claim willingness when the financiers are affected by its financial circle.

II. SAMPLES AND VARIABLES

A. Sources of Data

All the data are derived from questionnaires and interviews. The first phase was from July to August 2017 and was conducted in the Pearl River Delta region of Guangdong Province. The second phase was held in the non-Pearl River Delta region of Guangdong Province from July to August 2018. This paper issues and recycles questionnaires through on-site visits and the use of email, WeChat, QQ and other electronic platforms. The questionnaire covers 18 kinds of commercial banks including Bank of China, Industrial and Commercial Bank of China, China Construction Bank, Guangzhou Bank, Dongguan

Bank, etc. Our aim is to obtain the relevant information of financial customers through the convenience of commercial bank staff. It mainly includes basic information such as financiers' age, gender, occupation, etc., as well as financiers' risk preference, awareness of risk and income, attitude towards losses, views on claims, and psychological motivation, as well as financiers' social network relationship, and so on.

In the survey of first phase, a total of 800 questionnaires were issued, 629 were recovered, 583 questionnaires were valid, and the effective rate is 92.7%; in the second phase, 800 questionnaires were also issued, 577 were recovered, 506 were valid, and the effective rate is 87.7%. Overall, the questionnaire recovery effect is satisfactory. The total number of valid questionnaires in the two surveys was 1089, which is the total sample size of this paper. Due to the inconsistent number of respondents to different questions, these questions are not affected in the descriptive statistical analysis. But in the empirical analysis, we adopt the questionnaires that all questions were filled as an empirical sample, namely a total of 804.

B. Variable Settings

1) *Explained variable*: *Claim* is chosen as an explained variable, which can also be interpreted as "claim possibility". The meaning is whether the financier decides to claim compensation from a financial institution in the face of a loss of wealth management products or failure to meet the expected repay. It is a virtual variable, which means that if the financier wants to claim, assignment 1; otherwise, assignment 0.

2) *Explaining variables*: Financial attitude (*Attitude*) and Social Network (SNR) are chosen as explaining variables. *Attitude* includes two sub-variables, namely risk preference (*Preference*) and service satisfaction (*Utility*). *Preference* refers to the risk tolerance of financiers to financial products, which can be divided into adventure, aggressive, conservative and disgust ones according to the risk attributes of financial products. This indicator can be assigned using Likert Scale 4 points. *Utility* refers to the overall satisfaction of financiers with the service given by banks. It can be measured by subjective experience utility (Kahneman, 1997) and measured by Likert scale 5 points. Meanwhile, two commonly used social network variables are selected as the explaining variables, namely network scale (*Scale*) and relationship length (*Length*). *Scale* refers to the number of related subjects in the social network relationship, the number of friends and relatives who are also engaged in financial management in the circle of friends of financiers are specifically referred; *Length* refers to the time spent with these relatives and friends on financial issues.

3) *Control variables*: This paper also controls financiers' age (*Age*), gender (*Gender*), per capita disposable income of a family (*PCDI*), education level (*Education*), Financial years (*Time*), type of wealth management products

(*Type*), amount of investment (*Amount*), the bank's income promise (*Promise*) and risk reminding (*Reminding*) variables.

III. EMPIRICAL ANALYSIS

This paper explores the relationship between financiers' attitude towards financial risk and banking service, financiers' financial circle size, and network relationship length and claim willingness. According to the characteristics of the variables, a classification assessment model was set, as shown in equation (1):

$$\text{Logit}(\text{Claim}_i) = \alpha_0 + \beta_1 \text{Attitude}_i + \beta_2 \text{SNR}_i + \gamma \text{Control variables}_i + \varepsilon_i \quad (1)$$

In formula (1), $i = (1, 2, \dots, n)$ represents the sample quantity used for empirical research, namely 804 tested financiers. α_0 is a constant term, and the coefficient β_1 , β_2 and γ respectively represents the financiers' financial attitude, social network, and series of control variables, ε_i is an error term.

Firstly, the correlation among the explaining variables in model (1) was tested and a significant positive correlation was found between *Time* and *Scale* at the level of 0.05, indicating that the longer the financiers' financial management years, the larger the financial circle. That is, the more friends and relatives who have financial activities. The significant positive correlation level between *Age* and *Utility* is 0.10, which indicates that the older the financier, the lower the satisfaction with banking service, namely older financiers are significantly less dissatisfied with banking-related service than younger ones. *Gender* and *Preference* have a significant negative correlation at the level of 0.10, indicating that women prefer prudent investments, which is in line with the objective reality. Other explaining variables have no correlation with each other, and the overall correlation coefficients are small. The correlation analysis results show that the explaining variables selected are reasonable and there is no multi-co-linearity problem. Next, in order to test the fitting superiority of model(1), the H-L Test method was used to obtain a statistical value of 4.35 and a P value of 0.644, indicating that the model has a good fitting effect. Finally, in order to solve the problem of variance that may exist in the model, the Likely Ratio (LR) method is used to test in regression analysis and finds that the equation (1) has passed the significant test at the level of 0.01.

The results of the regression analysis are shown in "Table I":

TABLE I. LOGIT REGRESSION RESULTS

		Basic model	a	b	c	d	
<i>Explaining variables</i>	<i>Preference</i>		-0.344* (0.098)				
	<i>Utility</i>			-0.307*** (0.210)			
	<i>Scale</i>				-0.363** (0.249)		
	<i>Length</i>					0.125 (0.159)	
<i>Control variables</i>	<i>Age</i>	0.258* (0.132)	0.312 (0.233)	0.196* (0.157)	0.375* (0.109)	0.171* (0.410)	
	<i>Gender</i>	0.103* (0.007)	0.078* (0.004)	0.159** (0.004)	0.162 (0.001)	0.178** (0.008)	
	<i>PCDI</i>	0.137 (0.079)	0.172 (0.063)	-0.084 (0.147)	0.053* (0.193)	-0.180 (0.216)	
	<i>Education</i>	-0.201** (0.449)	-0.191** (0.296)	-0.335*** (0.386)	-0.165*** (0.267)	-0.381** (0.334)	
	<i>Time</i>	-0.098** (0.134)	-0.165* (0.092)	-0.081** (0.040)	-0.111* (0.048)	-0.072* (0.112)	
	<i>Type</i>	-0.292** (0.332)	-0.301* (0.139)	-0.126** (0.414)	-0.135** (0.188)	-0.216* (0.551)	
	<i>Amount</i>	0.095* (0.431)	0.128* (0.645)	0.030* (0.404)	0.101** (0.308)	0.079 (0.376)	
	<i>Promise</i>	0.198*** (0.253)	0.280*** (0.418)	0.137*** (0.066)	0.248*** (0.297)	0.174** (0.435)	
	<i>Reminding</i>	-0.216* (0.136)	-0.119* (0.001)	-0.090* (0.100)	-0.063** (0.518)	-0.024* (0.467)	
	<i>Likely Ratio</i>	LR	31.62***	34.47***	41.55***	34.10***	40.97***

^aNote: *, ** and *** respectively indicates that the statistics are significant at 10%, 5% and 1% levels, and the standard error are in brackets.

A. Analysis of the Main Explaining Variables

The regression results of “Table I” are analyzed as follows:

1) *Financial attitude variables have significant negative effects on claim:* The low level of correlation between *Preference* and *Claim* indicates that the greater the risk attribute of the financiers, the less likely is to claim against the bank. Conversely, the more conservative the financiers are, the more likely it is to seek a claim. Risky financiers generally prefer to invest in risky financial products such as stocks. They are often familiar with the psychological qualities of risk and exposure to risk, while conservative financiers generally look at stable returns, once there is a loss or failure to meet the expected returns phenomenon, it is inevitable to seek an argument. What’s more, there is a high level of correlation between service satisfaction and claim, indicating that the more satisfied with banking service, the less likely it is to seek a claim, conversely, the lower the level of satisfaction is, the more likely it is to resort to claim.

2) *Influence of social network on claims:* There is a significant negative correlation between *Scale* and *Claim* at a level of 0.05, indicating that the more friends and relatives the financier has in the financial circle, the less likely it is to

file a claim with the bank. The reason is that the larger the financiers’ financial circle, the wider the financiers’ exposure, the more opportunities there are to obtain financial information from other financiers, and the more comprehensive the understanding of the relationship between risks and benefits of financial products. So, claims against banks are much more rational. In addition, the *Length* has an insignificant positive effect on the *Claim*, indicating that the time length that financiers’ and their relatives and friends in the financial management circle have exchanged on financial issues has not significantly affected their attitude toward the claim. It is mainly due to the limitations of the homogeneity of the financial circle of financiers, that is, the friends in the financial circle with a certain economic level or other characteristics are generally not very different, leading to the trend of assimilation of the circle’s exchanges.

B. Analysis of Control Variables

1) Basic information

- With the exception of model a, there is a significant positive correlation between *Age* and *Claim* at the level of 0.10, indicating that the older the financiers, the more likely it is to file a claim with a bank when she/he loses or fails to reap the expected benefits. Due to the short history of China’s financial

management market, many older financiers have not been exposed to financial management for a long time, and their internal understanding is still very limited.

- With the exception of model c, there is a significant positive correlation between *Gender* and *Claim* at the level of 0.10, indicates that female financiers are more likely to file claims. This is related to the characteristics of women, mainly reflected in the investment risk attributes, indicating that women are mostly stable investors.
- *PCDI* has basically no significant effect on the *Claim*, indicating that the economic situation of the family has little effect on the financiers' idea of whether to claim compensation.
- There is a significant negative correlation between *Education* and *Claim* at a level of 0.05. This suggests that the more educated financiers are, the less likely they are to claim.
- There is a negative correlation between *Time* and *Claim* of 0.10 or 0.05. It shows that the more financial experience financiers have, the more rich financial experience, the less likely there is to claim.
- There is a significant negative correlation between *Type* and *Claim* at the level of 0.10 or 0.05. That is, the more categories of wealth management products financiers buy, the less they will seek compensation from the bank. According to principle of "Don't put all eggs in one basket" (Tobin, 1958), investors' choice of a variety of wealth management product combinations can effectively reduce risk and obtain better results, therefore the likelihood of claims is reduced.
- *Amount* has a significant positive effect on *Claim* at the level of 0.10 in most molecular equations, indicating that the more the financiers' financial investment, the more likely it is to claim.

2) *Bank behavior: Promise* has a high level of significant positive impact on *Claim*, which indicates that if bank staff gives a promise of a bottom line when financiers purchase wealth management products, then financiers are likely to ask the bank to pay the expected return value. The results are even worse for many financiers who do not have a careful understanding of the risk attributes of the products they purchase, and for financiers who are aware of the relationship between risk and return but who have the psychology of drilling the system. *Reminding* is negatively related to *Claim* at a significant level of 0.10, indicating that financiers who have been reminded by banks to risks when purchasing wealth management products are less likely to file claims with banks. The more adequate the risk reminding, the less likely the financier is to claim. Conversely, financiers who are not reminded are more likely to file claims.

C. Robustness Test

The stability analysis is carried out through the lag control variables. This paper chooses fixed explaining variables, that is, the explaining variables of the second phase are used, and the corresponding control variables are delayed by one period, the control variables data of 2017 are used in the second survey. Similarly, an analysis of the above processes shows a decrease in the levels of visibility of *Scale*, *Utility* and *Amount*, and individual changes in the level and coefficient symbols of other explaining variables. The results of stabilization analyses have undergone a small change, which may be due to the smaller sample size. Overall, the regression results have maintained good consistency.

IV. CONCLUSION

The main conclusions of this paper are as follows: the stronger the financier's risk preference, the higher satisfaction degree with banking services, and the larger the financial circle, the weaker the willingness of financiers to claim compensation from banks. In addition, financiers with higher education, longer years of financial management, and more types of financial products purchased are less willing to claim; By contrast, the older they are, the women, the larger the amount of money they put into their portfolios, the less reminding banks have of risks and the more promise of bottom-line earnings, the more willing they are to file claims. The research findings provide some insights for financiers, banks and other financial institutions as well as regulatory authorities.

A. Improving Financiers' Satisfaction

Banks can survey financiers with high service satisfaction, draw on their experience, and apply it to lower satisfaction and new financiers. For example, according to the financiers' risk preference characteristics, two, three or four "risk advisory groups" may be established. Each team leader is responsible for collecting, collating and summarizing the risk preference psychological and behavioral information related to the group's financiers. The different groups communicate fully with each other and feed back to financiers with different risk attributes in a timely manner to reduce the claim motivation of financiers with higher risk preferences.

B. Strengthening the Supervision of Banks Sequentially

On the one hand, it should be to conduct regular financial training within the bank to improve staff's moral and professional knowledge about financial management; on the other hand, an financier risk assessment system ought to be established; subsequently, signature and video measures are implemented.

C. Promoting Communication Among Financiers

Banks may consider holding occasional wealth management product briefings, or organizing wealth management knowledge lectures in cooperation with universities, printing address books or setting up WeChat

groups to provide financiers with opportunities to exchange and learn from each other. In particular, it pays attention to build a bridge between "veteran" and "novice" in financial management, so that financiers with short financial years can quickly learn more financial knowledge. For financiers, it is an opportunity to expand the circle of communication; for banks, the principle of social networks can reduce the probability of disputes with financiers, and in the long run, the effect is even greater.

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