The Use of the Internet as a Source of Financial Information by Households in the United States: A National Survey

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The primary purpose of this paper is to investigate the usage of the Internet as a tool in personal finance decision-making with a focus on investment decisions. This study uses the data gathered by telephone interviews from a national survey of randomly selected 911 U.S. households with incomes of $75,000 or greater. The average interview length was twenty-two minutes. On the list of six potential sources of investment information, the Internet was the third most used source preceded by print media and financial advisors. There is a positive correlation between Internet usage and income as well as education level. Ordinary least squares regression was used to determine the differences between internet users and non users. The results show that older Americans are more likely than younger Americans to use Internet to access financial information for investment purposes. And, men were more likely than women to use the Internet to access financial information. Internet usage was also differentiated by race. Use of internet to access financial information was most common among Asian Americans, followed by Whites, Hispanics and Blacks. The most common reasons for not using internet included security concerns, websites are “difficult and confusing” and preferences for working with people. The results of this study will be useful for educators, financial advisors and policymakers in developing cost effective and individually tailored Internet financial education programs.

Introduction

It can be easily seen that the Internet is revolutionizing the business world from a macroeconomics perspective: quick and reliable e-mail communication, online project management, electronic management of employee benefits, etc. What cannot be seen as easily is the effect the Internet has on a microeconomic environment, primarily individual behavior and how the Internet is being used on a household by household basis to access financial information, particularly when making investment decisions.

There are many different uses of the Internet for individuals, including recreational, work, and personal research. Recreational use can include things such as e-mail, social networking, and gaming. Internet usage for work may include inter-office communication, research, among various other things. Finally, the Internet can be used to access financial information and conduct personal research in order to aid the decision-making process.
Types of decisions that can be made with the use of the Internet include purchasing decisions, organizing activities, creating itineraries, and numerous other decisions that are made easier by accessing quick and reliable information on the Internet. The primary purpose of this paper is to investigate the usage of the Internet as a tool in personal finance decision-making with a focus on investment decisions.

This study will explore the usage of the Internet as a source of financial information and to identify reasons why most Americans do not use the Internet as a source of financial information. The paper also explores socio-demographic differences among those who do and those who do not use Internet as a source of financial information and the most common reasons for not using the Internet.

The paper begins by summarizing an extensive literature review into the use of the Internet as a tool for accessing financial information to make financial decisions. The next section includes an analysis of a national data set to determine the proportion of respondents who used the Internet as a source of financial information and the reasons given by those who did not use Internet as a source of financial information. The following section summarizes the results of the regression analysis to determine the socio-demographic characteristics that are likely to predict the use of the Internet among survey respondents. The study then further elaborates the reasons for not using the Internet and how those reasons differ by socioeconomic and demographic differences.

**Literature Review**

Powell (2001) suggests that the Internet has increasingly been used to access information mainly to make personal finance decisions. On the simplest level, the Internet can be used to access financial information and advice. In the beginning of Internet usage by consumers, the growth of and access to the Internet were slow and limited. Explosive growth occurred between 1995 and 2000, and over this time period the amount of transactional websites doubled and access to the Internet by consumers was improved greatly. This growth can be attributed to an overall growth in the popularity and usage of the Internet but also, more importantly, to a desire by business leaders in the finance industry to broaden their horizons. In addition to a growth in the number of online banking services, there has also been a simultaneous growth in the number of adults using online banking. Powell reports that online financial activity had grown from 6 million in 1995 to a considerably larger 27.5 million users of online financial services in 2000 (Powell, 2001).

According to the Pew Internet and American Life Project, in 2002, in the United States 63% of all those over 18 years of age went online, and over 75% of those ages 12-18 used the Internet (Madden, 2003). The growing usage of the Internet is also a global phenomenon. Jones and Xiao (2004) found that approximately 8.46% of the world's population was online by August 2001, and the top three countries with the largest percentage of Internet usage were Sweden with 64% of its population online, the United States had 60%, and finally the UK with 55% of its population online.

Hoffman and Novak (1998) found that a digital divide of sorts separates the classes and
races by use of the Internet and the costs associated with participation. The study reported that Caucasians in the U.S. are more likely than African Americans to have a computer in their household. Hoffman and Novak’s study also found that when looking at income less than the median annual income of $40,000, African Americans were only half as likely as their Caucasian counterparts to have a computer at home. It was also found that after adjusting for race there was a direct correlation between income and computer usage. This was evident in the fact that at an income level above $40,000 a year, African Americans were more likely to use a computer at work because they were more likely to be young, have a college degree, and work with computers in the workplace (Hoffman & Thomas, 1998). There was, however, a large difference between African Americans and Caucasians in the context of home computer ownership.

The Internet and its usage have not only been determined to be different by race and class but also by age. The age differences can distinctly observed when looking at the adoption of new technology. Horrigan from the Pew Internet & American Life Project (2003) suggests that those who adopt technology quickly can be divided in to three groups. The first are the Young Tech Elites which have an average age of around 22 and make up 20% of the tech elite. The second are Older Wired Baby Boomers, who make up another 20% of the tech elite and are around 52 years old. Finally we have the Wired Generation Xers who are approximately 36 years old and make up around 60% of the tech elite. It is important to note that this research was conducted in 2003, and at that time 60% of the population was not considered to be technologically elite. The study also found that 22% of Internet users got their news daily from an Internet source and that of all the daily Internet news consumers, 42% used the Internet to trade stocks, 52% followed financial news online, and 74% got their financial information and research from Internet sources (Horrigan, 2003).

From 2000-2002, financial and transaction based activities were growing more than any other type of online pursuit, with online banking increasing by 127% and the use of the Internet to search for financial information increasing by 32% (Madden, 2003). According to Horrigan & Raine (2006) in 2002, 36% of American adults were online and this number grew to 44% in late 2005. As the Internet becomes more popular and incorporates itself into mainstream American life its uses also grow. This is evident in the fact that 45% of Internet users, which is approximately 60 million Americans, said that the Internet was a crucial source of information and that it helped them make large decisions (Horrigan & Raine, 2006).

Horrigan & Raine (2006) also found that 45% of Internet users interviewed said that the Internet played a major role in their decision making process when it came to making a major investment decision. Their study also found that most Americans did not feel overwhelmed about the amount of information on the Internet. Only 15% claimed to have had too much information, while the majority, 71%, claimed that they had enough information and could manage. The study suggests that some of the increase in popularity and use of the Internet can be attributed to high-speed broadband Internet as well as word of mouth.
Smith (2007) cites a Britain based study by Birmingham Midshires that found that more people are turning to the speed and convenience of the Internet to get financial advice. This study also found that 43% of those searching online were searching for information about online savings accounts and 23% were looking for information on mortgages. Out of all the people searching for financial advice, 55% used information to compare prices before making their financial decision. An interesting finding is that 46% of respondents said they would be able to find all the financial and monetary advice they need on the Internet and 50% said they would get preliminary information from the Internet before seeing a professional. This revolution in Internet use had allowed consumers to do their own research which, coupled with traditional sources of financial advice, allows them to make more informed decisions (Smith, 2007).

According to the Pew Internet and American Life Project, in 2006, 43% of Internet users in the United States, or about 63 million Americans, used online banking. This was up from 53 million American adults in 2005 (Fox 2005). Although online banking is growing along with Internet use, it does not seem as though it is accelerating as much as other online activities (Fox and Beier 2006). According to Fan et al. (2000), since the introduction of the Internet, investors are now able to see real-time stock quotes and financial information as well as execute buy and sell orders online. This study suggests that this access has directly reduced the cost of trading by as much as 30%.

Fan et al. (2000) also suggests that although the Internet has sped up this portion of the investment process and made information more readily accessible, it cannot be said that the Internet has improved the market's efficiency. One improvement to the financial markets that can be attributed to the Internet is the Financial Bundle Trading System (FBTS). The FBTS allows customers to, as the name suggests, bundle a variety of different types of transactions and financial instruments to be purchased or sold with one order (Fan et al., 2000). Another improvement that can be attributed to the Internet is the ability to electronically sign a contract. The act, signed in 2000, allows two parties to sign a contract over the Internet by doing a specific task such as clicking on a button or creating a digital signature. This technology has improved the way people invest, and it has also created a new level of convenience and fluidity in the markets and investing (Powell, 2001). Overall, it is believed that the Internet has improved communication for the financial markets but not necessarily market efficiency.

Ramaswami, Strader, & Brett (1998) found that many leading financial institutions recognize the Internet's potential in growing their customer base. The researchers also determined that a customers' buying depends on motivation, ability, and opportunity to access the online markets. According to Ramaswami et al. "Not only do a majority of consumers not have a clear understanding of the financial choices available to them for satisfying their financial needs, they also do not fully trust financial intermediaries such as agents, brokers, and financial planners." These restraints are causing consumers to turn to online financial resources to buy financial products. The study estimated that in 2000, the number of retail customers involved in electronic finance would reach five million. One important finding was the fact that customers who used the Internet to
gather information and do research were more likely to take advantage of online financial products and services. Conversely, customers who did not use the Internet regularly were less likely to seek out online financial services.

Gibbins (2008) conducted a study of British Internet shoppers and found that for about half of the British population, the most popular source for financial and money saving information was the Internet. The study reports that 48% of the respondents now make savings decisions based on the Internet and 56% of the younger population said they used the Internet to find money saving and financial information (Gibbins, 2008). Finding different ways to save online has become more popular and convenient for many Brits. Many comparison sites now exist which allow users to read reviews, see customer testimony, and compare prices among many different retailers. In addition to savings, the study found that most people value the ability to manage their accounts online.

Similarly, Kohut et al. (2000) reported that there are a multitude of websites on the Internet containing personal financial information on topics such as purchasing a home, investing, online shopping, as well as online brokerages. On a more complex level, the Internet can be used to buy or sell stocks or even allocate or reallocate entire retirement and savings accounts. There are simple websites designed to house important and useful financial information, and there are complex websites that not only have information, but also facilitate the trading of stocks, bonds, and many other kinds of financial assets. According to a study by the Pew Internet and American Life Project, in 2003 one in ten online adults had used the Internet to buy or sell stock.

Although the Internet search engines and comparison-shopping sites may be the best-known information intermediaries (Caillaud and Jullien 2001; Waldhofgel and Chen 2003), consumers often rely on personal sources to sort and integrate information as well (Barrett and Maglio 1999). In fact, for decisions involving high degrees of uncertainty and importance, consumers prefer human sources for information acquisition/integration to nonhuman sources (Coleman, Warren, and Huston 1995).

Lee and Hogarth (2000a, 2000b) reported positive interactions between the use of different information sources, indicating that the use of one information source increases the use of another. Ratchford, Talukdar, and Lee (2001) reported that the use of one information source (specifically the Internet) reduced consumers’ overall search time and time spent with other information sources.

Due to constantly evolving perceptions and usages of the Internet, this literature review primarily focused on research published after 1999. The most important thing gathered from this literature review is that Internet usage for personal finance is growing substantially, and its usage and importance have been increasing over time. Because of its increasingly popularity and growing use, it is important to understand how the Internet is being used currently, as well as what ways the Internet can be used in order to develop a more financially literate society. There seems to be no recent empirical studies that have explored who uses the Internet to access financial information and to make investment decisions, and how the internet use varies by demographic and economic characteristics.
of the household including race/ethnicity. Furthermore there is not much known about why people still don’t use internet for these purposes. Therefore, the goal of this study is to shed some light on who uses the Internet to access financial information as well as how the Internet is used as a source of financial information.

Methodology

Conceptual Model
This study draws from the Social Learning Theory. This approach is used to frame the current study that aims to investigate how demographic and socioeconomic characteristics influence the usage of the Internet as a source of financial information. While a large amount of research was found on the usage of the Internet as a source of financial information, no literature was found on possible differences in usage as a source of financial information between demographic and socioeconomic characteristics. This study proposes that a relationship exists between demographic and socioeconomic characteristics and the usage of Internet as a source of financial information. This study also hypothesizes that demographic and socioeconomic characteristics will be related to reasons for not using the Internet as a source of financial information.

Sample and Data Set
This research study is based on the responses of a randomly selected national sample of 911 U.S. households with annual household incomes of $75,000 or higher. The data was collected through telephone interviews conducted from October 2005 to February 2006 by trained staff at the Center for Survey Statistics and Methodology (CSSM) at Iowa State University. The average interview length was twenty-two minutes. Information was collected on various aspects of respondents’ investment behaviors, attitudes, and beliefs. The overall adjusted response rate for this study was 22%.

Model Variables
The first response variable used for the regression analysis was Internet usage as a source of financial information. Respondents were asked how often they used the Internet on a scale of one to five, with one being never and five being very often. When looking at percentages of usage, this study looks primarily at those who responded that they used the Internet as a source of financial information often or very often. The other response variables used were three specific reasons for not using the Internet as a source of financial information. Respondents who never or seldom used the Internet as a source of financial information were asked yes/no questions about three reasons for not using the Internet as a source of financial information. These reasons were security concerns, investment websites being difficult or confusing, and prefer to work with people.

Several variables were chosen from this data set to represent the demographic differences. Age was a continuous variable, representing the respondents’ actual age. Gender was treated as a dummy variable with female being the base variable. Respondents were asked to choose their race among the following categories: Caucasian, African, Hispanic, Asian, American Indian or Alaska Native, or other. For further analysis, race was treated as a
dummy variable with Caucasian being the base variable. Two socioeconomic variables were also included in this analysis. Education levels were coded as 1 = less than high school diploma, 2 = high school diploma, 3 = some college but no four year degree, 4 = Bachelor’s degree, 5 = Master’s degree and 6 = PhD, MD, DDS, etc. Information on annual household income was coded in 14 categories, with an increment of $10,000 per category after the first category. The lowest income category was $75,000-$80,000 and the highest was $200,000 and above.

**Analytic Strategy**

For the first portion of the analysis, the demographic and socioeconomic explanatory variables listed in the previous section were modeled against the response variable on Internet usage as a source of financial information. Because the objective of this study was to determine the relationship between one response variable and several explanatory variables and the responses to the Internet usage response variable were not greatly skewed, ordinary least squares (OLS) regression was deemed as an appropriate regression model to conduct the analysis.

For the second portion of the analysis, the demographic and socioeconomic variables were modeled against the three reasons for not using the Internet as a source of financial information; these three reasons being (1) security concerns about using the Internet, (2) investment websites being difficult or confusing to understand, and (3) individuals not using the Internet because they prefer to work with people. Because this analysis was used to determine the relationship between one response variable and several explanatory variables and the response variable was a categorical yes/no response, a normal logit model was deemed a good model for this purpose.

**Figure 1: Conceptual Model: Explanatory and Response Variables**

- Use of Internet as a source of financial information
- Reasons for Not Using the Internet as a Source of financial Information:
  1. Security Concerns
  2. Investment Websites Difficult or Confusing
  3. Prefer to work with People
Results

Sample Characteristics

A summary of several socio-demographic characteristics is presented below in Table 1. The average participant was 48 years old, male, married, Caucasian, employed, and held a professional or managerial position. The household had, on average, 3.4 occupants, but the occupants' dependency statuses were not specified.

Internet Usage Characteristics

A small proportion of respondents (21.2%) indicated that they used the Internet as a source of financial information often or very often. A larger proportion (28.1%) of respondents said they used financial advisors. Print media, such as newspapers, magazines, books, and newsletters, were identified as a source of information by 22.4% (Table 1).

While 21.2% of respondents is not a very large proportion, it is important to compare this with the proportion of respondents that use other sources of financial information. For example, financial advisors were the most used source of financial information by far. The Internet and print media were almost equal in their usage. As we can see from Figure 2, financial advisors, print media, and the Internet were the most likely to be used source of financial information. A very small proportion of respondents (10% or fewer) indicated using workplace, friends and colleagues, or any other source for financial information. However, it is important to note that the significance in the usage of these sources may lie in what forms of financial information they are usually obtaining and not just how many people identify these places as a source of information.

Reasons for Not Using the Internet

Respondents who indicated that they "never" or "seldom" used the Internet as a source of financial information were asked to identify their reasons for not using the Internet. An overwhelming majority of the respondents (82.4%) said that they don't use the Internet because they preferred to work with people. A large proportion of respondents also reported that they did not use the Internet due to security concerns (44.0%) and because the found investment websites to be difficult or confusing (37.9%). This information is presented in Figure 3.

Additional Uses of the Internet for Personal Finance

The respondents were also asked about uses of the Internet for other financial activities. Responses were measured on a five point scale where 1 = never, 2 = seldom, 3 = sometimes, 4 = often, and 5 = very often. Almost 10% of respondents stated that they often or very often read e-mail investment newsletters, however 49.5% said they never use the Internet for this purpose. Fourteen percent of respondents stated that they often or very often use personalized market watch websites, while 53.2% of the respondents stated that they never use them. Twelve percent of respondents stated that they often or very often buy or sell investments over the Internet, while 60.9% of the respondents say that they never do this. This information is also presented in Figure 4.
Table 1: Demographic characteristics

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
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<tr>
<td>20-39</td>
<td>195</td>
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<tr>
<td>40-59</td>
<td>601</td>
<td>66.0</td>
</tr>
<tr>
<td>60+</td>
<td>113</td>
<td>12.6</td>
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<tr>
<td><strong>Gender</strong></td>
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<td></td>
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<td>Male</td>
<td>591</td>
<td>64.9</td>
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<tr>
<td>Female</td>
<td>320</td>
<td>35.1</td>
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<td><strong>Race</strong></td>
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<td>.822</td>
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<tr>
<td>African-American</td>
<td>71</td>
<td>7.8</td>
</tr>
<tr>
<td>Asian-American</td>
<td>69</td>
<td>7.6</td>
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<tr>
<td>American Indian, Alaska Native</td>
<td>5</td>
<td>0.6</td>
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<tr>
<td>Hispanic</td>
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<td>7.8</td>
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<td>Less than high school diploma</td>
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<td>0.3</td>
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<tr>
<td>High school/GED</td>
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<tr>
<td>Some college</td>
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<td>Bachelor's degree</td>
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<td>Master's degree</td>
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<td>$75k-$100k</td>
<td>301</td>
<td>35.7</td>
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<tr>
<td>$100k-$150k</td>
<td>317</td>
<td>37.6</td>
</tr>
<tr>
<td>$150k-$200k</td>
<td>109</td>
<td>12.9</td>
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<tr>
<td>$200k and higher</td>
<td>116</td>
<td>13.8</td>
</tr>
</tbody>
</table>

Figure 2: Sources of Financial Information
Figure 3: Reasons for Not Using the Internet as a Source of Financial Information

- Security concerns
- Investment websites confusing or difficult to understand
- Prefer working with people
- Other

% Respondents who responded yes

Figure 4: Additional Uses of the Internet for Personal Finance

- Read e-mail investment newsletters
- Use personalized market watch websites
- Buy or sell investments over the internet

% Respondents who Responded "Often" or "Very Often"
Results

Demographic Differences in the Use of the Internet as a Source of Financial Information

To conduct the first portion of the regression analysis, several demographic variables were tested against the dependent variable "use of the Internet as a source of financial information." Table 2 shows the coefficients, standard errors, and p-values corresponding to each of the independent variables. Each demographic variable and its results are discussed in further detail following Table 2.

As can be seen from the results presented in Table 2, a significant but negative relationship existed between age and the use of the Internet as a source of financial information (coefficient: -0.015; p-value<0.0001). This suggests that older respondents were less likely to use the Internet as a source of financial information than younger respondents. A possible explanation may be that younger respondents feel more comfortable around technology including the Internet than older respondents and not because Internet usage decreases as an individual ages.

Results presented in Table 2 also show that gender was significantly and positively related to internet use (coefficient: 0.476; p-value<0.0001). This indicates that men were more likely to use the Internet than women as a source of financial information. However, other research studies have shown that women are quickly closing the gap in all forms of Internet usage (Ono & Zavadny 2003).

As can be seen from the results presented in Table 2, Asian Americans were the most likely to use the Internet as a source of financial information (coefficient: 0.666; p-value<0.0001), and Caucasian Americans were the second most likely to use the Internet (base variable), on the other hand, Hispanic Americans (coefficient: -0.353; p-value=0.0221) and then African Americans (coefficient: -0.471; p-value=0.0027) were less likely than Asians and Caucasian respondents to use the Internet for functional information.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std Error</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>-0.015</td>
<td>0.004</td>
<td>&lt;.0001</td>
</tr>
<tr>
<td>Male</td>
<td>0.476</td>
<td>0.088</td>
<td>&lt;.0001</td>
</tr>
<tr>
<td>African Americans</td>
<td>-0.471</td>
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<td>0.0027</td>
</tr>
<tr>
<td>Asian Americans</td>
<td>0.666</td>
<td>0.161</td>
<td>&lt;.0001</td>
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<tr>
<td>Hispanic Americans</td>
<td>-0.353</td>
<td>0.154</td>
<td>0.0221</td>
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<td>Education Level</td>
<td>0.108</td>
<td>0.042</td>
<td>0.0097</td>
</tr>
<tr>
<td>Income</td>
<td>0.037</td>
<td>0.010</td>
<td>0.0002</td>
</tr>
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</table>

R-Square=0.127  F-Ratio = 15.1007  Prob>F = <0.0001
A significant and positive relationship existed between education level and the use of the Internet as a source of financial information (coefficient: 0.108; p-value=0.0097). This suggests that the more educated an individual is, the more likely he or she is to use the Internet as a source of financial information. A significant and positive relationship also existed between income and the use of the Internet as a source of financial information (coefficient: 0.037; p-value=0.0002), indicating that the higher income of an individual the more likely he or she is to use the Internet as a source of financial information.

Reasons for Not Using the Internet as a Source of Financial Information: Differences by Demographic Characteristics

In the second portion of the analysis, demographic variables were fit against the three reasons that respondents gave for not using the Internet as a source of financial information. Table 3 below shows the coefficients, standard errors, and p-values associated with the fitted models.

It can be seen in Table 3 that age did not have a significant relationship with any of the reasons meaning that those reasons were not specific to a certain age group. However, gender was a significant predictor of reasons for not using the Internet. Females were more likely than males to indicate that “Investment websites are difficult or confusing”.

Reasons given for not using the Internet differed significantly by respondents’ ethnicity. Asian Americans were the most likely to report that the difficulty or confusing nature of investment websites was a reason for not using the Internet. Asian Americans were also the most likely to state that a preference to work with people was a reason for not using the Internet. African Americans were the least likely of the all groups to cite security concerns as a reason for not using the Internet. Hispanic Americans were less likely

<table>
<thead>
<tr>
<th>Variable</th>
<th>Security Concerns</th>
<th>Investment Websites Difficult or Confusing</th>
<th>Prefer to Work with People</th>
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<tbody>
<tr>
<td></td>
<td>Coefficient</td>
<td>Std Error</td>
<td>P-Value</td>
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<tr>
<td>Age</td>
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<tr>
<td>Income</td>
<td>0.049</td>
<td>0.027</td>
<td>0.068</td>
</tr>
</tbody>
</table>

Security Concerns: R-Square=0.052  Chi Square = 28.279  Prob>Chi-Square = 0.0002
Confusing Websites: R-Square=0.031  Chi Square = 15.751  Prob>Chi-Square = 0.0275
Prefer People: R-Square=0.029  Chi Square = 10.459  Prob>Chi-Square = 0.1641
than Caucasian Americans, but more likely than African Americans, to report that security concerns were a reason for not using the Internet. Hispanic Americans were also more likely than Caucasian Americans and less likely than Asian Americans to report that a preference for working with people was a reason they did not use the Internet as a source of financial information.

Two demographic variables, education and income were significantly related to security concerns, suggesting that the higher the income and education level, the more likely a person is to report security concerns as a reason from not using the Internet. However, results show that individuals with higher education levels are less likely to find investment websites difficult or confusing.

Conclusions

An overwhelming majority of respondents who never or seldom used the Internet as a source of financial information reported that they did not use the Internet because they prefer working with people (82.4%). Also, many respondents reported that they did not use the Internet because they felt that investment websites were difficult or confusing (37.9%). Finally, 44% of respondents stated that they did not use the Internet to access financial information due to security concerns.

This study found that the Internet was the third most used source to access financial information, with 21.8% of respondents reporting that they used the Internet often or very often as a source of financial information. First and second most used sources were financial advisors and print media, which were 28.1% and 22.4% of respondents respectively. When looking at those who used the Internet often or very often for several additional uses, 10.4% of respondents stated that they read e-mail investment newsletters, 14.2% of respondents reported that they used personalized market watch websites, and 11.6% of respondents stated that they buy or sell investments over the Internet.

Age, gender, ethnicity, education, and income were all found to have significant relationships with the use of the Internet as a source of financial information. For financial information purposes, older adults were less likely to use the Internet than younger adults. Men were more likely to use the Internet than women. Asian Americans were the most likely to use the Internet as a source of financial information, followed by Caucasian Americans, Hispanic Americans then African Americans. Finally, as income and education levels increased, usage increased among participants in this study.

Ethnicity, education, and income were found to have significant relationships with security concerns as a reason for not using the Internet as a source of financial information. African Americans were the least likely of the races to cite security concerns as a reason for not using the Internet. Hispanic Americans were less likely than Caucasian Americans, but more likely than African Americans, to report that security concerns as a reason for not using the Internet. There is a positive relationship between income and education and the use of the Internet as a source of financial information. Higher income and a higher level of education corresponded to with respondents who reported security concerns as a reason from not using the Internet.
Gender, ethnicity, and education were found to have a significant relationship with the reason “investment websites difficult or confusing”, for not using the Internet. Men were less likely than women to cite that they did not use the Internet because investment websites were difficult or confusing. Asian Americans were the most likely to indicate that the difficulty or confusing nature of investment websites was a reason for not using the internet. The more educated a respondent was, the less likely he or she was to find investment websites difficult or confusing.

Ethnicity was the only demographic variable found to have a significant relationship with a preference for working with people as a reason for not using the Internet. Asian Americans were the most likely to state that they preferred to work with a person to determine financial information instead of using the Internet to find information. Hispanic Americans were more likely than Caucasian Americans and less likely than Asian Americans to report a preference for working with people as the reason for not using the Internet as a source of financial information.

Implications and Further Research

While much research exists on the usage of online banking and Internet trading, there is little information regarding the factors that influence the use of the Internet for financial information and financial decision making process. Additional research on the use or lack of use of the Internet to access financial information will be useful in our efforts to improve financial literacy among Americans through the strengthening and creating of financial education programs through the Internet. A better understanding of the reasons for not using the Internet will help improve the web design and financial information layout to meet the needs of future users.

This research will also be useful to existing online financial information and educational programs, as well as to develop additional personal finance education programs. The online financial education programs that can be developed from this kind of research area can be easily and inexpensively implemented in a variety of settings including the academic realm, corporate world, and at home.

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