

MIDLANDS STATE UNIVERSITY



**The effects of mobile money transfer services on traditional banking
services offered by banks: Case Study of BancABC**

BY

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DEDICATION

This dissertation is dedicated to Mr and Mrs Munalye for their unwavering support and guidance. Thank you mum and dad for the support you gave me in ensuring that my academic endeavors are a success. May God richly bless and reward you. I would also like to thank my wonderful siblings and my daughter. I love you to bits!!

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ABSTRACT

The Zimbabwean banking sector has experienced turbulent times resulting in the closure of many commercial banks due to liquidity problems or shortages which has also had its repercussions, as many people lost faith in the formal banking sector due to such uncertainty and perceived risks. The main aim of this research study was to investigate the effects of mobile money transfer services on traditional banking services offered by banks. A case of BancABC. The objectives of this study are; to establish the effects of mobile money transfer services on traditional banking services, secondly to establish the opportunities brought about as a result of various mobile money transfer services to BancABC and lastly to establish the challenges BancABC are facing as a result of various mobile money transfer services. Several studies pertaining the area under study have been done in the past years by many authors and scholars in other parts of the world, but a study, particularly on the effects of mobile money transfer services on traditional banking services offered by banks have not been well documented in Zimbabwe as many researchers have primarily focused on other issues such as the impact of mobile banking on financial inclusion. The insights and views of these different authorities were of significant help in the completion of this research study, as the researcher managed to identify knowledge gaps and loopholes using the ideas and suggestions by other authors, which gave the researcher a deeper astute of the proliferation and roll-out of mobile money transfer services and the effects it has on the traditional banking services offered by banks. For this particular study, the researcher adopted both exploratory and descriptive research design, using non-probability and probability sampling techniques. Questionnaires were used to collect data from the employees and one-on-one interviews were conducted in order to gather data from management personnel. The total population used for this study was 40, comprising of BancABC management and employees only. The sample size was 36. Pilot testing was done, data was gathered through the use of interviews that were conducted with management and questionnaires were distributed by the researcher to the employees. The researcher encountered some challenges in obtaining information from management and employees due to their busy and tight schedules. The researcher booked appointments to interview the managers in due time though this proved difficult they eventually squeezed in time to offer the researcher valuable information pertaining the area under study. Some respondents were also reluctant to participate as they did not want their confidentiality compromised, in order to eliminate these perceptions, the researcher assured the respondents that any information that they give will be strictly held in confidence. The data from the research study was then presented in tables, graphs and charts. The researcher recommends that BancABC should develop growth strategies along the mobile money transfer services in order to ensure growth and survival as only the survival of the fittest survive in this ever dynamic environment.

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CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

The most significant and evident move in financial advancement on the continent has probably been the mushrooming success of mobile money transfer services in Africa. The proliferation of mobile money, a platform which allows people to use their mobile phones like wallets to transfer money, pay for goods and services and conduct banking services, has started to have a transformative effect at a faster pace as previously envisaged (Kulabako, 2012). This study investigates the effects of mobile money transfer services on traditional banking services offered by banks in Zimbabwe with special reference to BancABC. This chapter will present the background of the study, statement of the problem, research objectives, research questions, significance of the study, delimitations, limitations and definition of terms and abbreviations.

1.1 Background of the Study

According to Reed et al., (2014) cited in Mavhiki et al., (2015) many people do not have a bank account, but it is increasingly likely that they will have a mobile phone and this has presented an opportunity for the mobile to fill a gap in the financial services infrastructure. Additionally, the rate of mobile phone adoption in Africa is expected to grow exponentially (Buys et al., 2009; Howard and Mazaheri, 2009; The Economist, 2009). The most cited example in literature is the incredible success story of Kenya's M-PESA which is indeed one to emulate. M-PESA was launched in March 2007; M-PESA (M for Mobile and PESA for money in Swahili) is a pioneer in the mobile money transfer services in the whole of Africa. According to the M-PESA website, the Mobile Money Transfer (MMT) services is operated by Safaricom, the country's largest mobile network operator and the service is reportedly used by 9, 5 million people or 23% of the adult population.

According to the Postal and Telecommunications Regulatory Authority of Zimbabwe (POTRAZ) (2012) 10, 9 million out of 12 million Zimbabweans own mobile phones, therefore it will only be viable and meaningful for mobile financial services to target the 70% "unbanked" segment of the

population. The mobile phone on the other hand, has taken one step into the realms of global village connectivity. According to the Reserve Bank of Zimbabwe (RBZ) (2011) considering the lack of access to banking facilities as well as the banking apathy in Zimbabwe, US\$ 7, 4 billion is estimated to be circulating outside of the formal banking sector. This is attributed due to high bank charges, meager interest on deposits, and complexity in one opening a bank account where one is required to provide proof of residence, pay slips or financial statements.” Technological advancements such as financial innovation and recent developments in the global and local arena such as access to telephony provides an unprecedented platform allowing access to improve the distribution of financial services, imperative for driving sustainable long-term economic growth and development transformation (Osikena, 2012). Furthermore, due to an enormous increase in technological advancements, the advent of mobile money transfer services has emerged as a huge threat to financial institutions in Zimbabwe. The arrival of mobile money in Zimbabwe has triggered a lot of activity and intense competition as telecommunications and banking institutions scramble for their share of the mobile financial products and services (Biriwasha, 2012).

Telecommunications companies and financial institutions, particularly banks, have pulled their resources together to form strategic alliances, in a bid to create greater synergies by coming up with financial products and services for their clients, both the banked and unbanked individuals. Makosana (2014) stated that there emerged a financial crisis in the banking sector in Zimbabwe at the end of 2003, which saw the closure of most banks, resulting in the public losing confidence in the banking sector. This lose of public confidence pursued until 2008, which saw banks having to engage in non core activities in order to strengthen their financial base and ensure their survival in this highly cut-throat industry. Several players in the banking sector the likes of FBC Holdings have also introduced Mobile Moola a mobile money transfer, CBZ, Standard Chartered, ZB, POSB to name but a few, have also embarked on various projects such as introducing their own mobile banking products and internet banking to broaden products to their clients. However, such products do not deliver full potential as these services are merely limited to account holders and require internet connectivity (Vishal et al., 2012). Conversely, telecommunications companies identified a gap in the banking sector and this prompted MNOs such as Econet Wireless (Zimbabwe’s dominant mobile operator), Telecel and Net-One to seize the opportunity in joining forces and integrating some banks to their mobile money ecosystem namely; EcoCash, Telecash and One Wallet, respectively in a quest to compliment each other

rather than to be confrontational and compete against each other. Mobile money has brought convenience to millions of Zimbabweans and is changing the financial landscape of the country since its inception.

Additionally, for some customers, Econet is a more trusted organization than the banks following Zimbabwe's economic turmoil when people's faith in the formal banking sector was badly shaken, which resulted in many closing their bank accounts due to uncertainty of the future of some banks and perceived risks associated with losing money due to financial constraints such as banks not being able to meet the minimum required threshold and due to liquidity crunch as was previously observed. Levin (2013) revealed that EcoCash managed to register about 2, 3 million people just 18 months after its launch, outnumbering all of Zimbabwe's bank accounts combined.

ABC Holdings is the parent company of a number of Sub-Saharan African banks operating under the BancABC brand that offers a diverse range of financial services including personal, business, corporate banking, asset management, stock broking as well as treasury services. BancABC has a proud heritage dating back to 1956. BancABC previously known as African Banking Corporation, rebranded in April 2009, in line with its expansion into retail banking. The group which has its head office in Botswana was formed as a result of a series of mergers and acquisitions of financial institutions operating in Southern Africa. BancABC has a primary listing on the Botswana Stock Exchange and a secondary listing of the Zimbabwe Stock Exchange. BancABC Zimbabwe has several branches countrywide and a head office in Harare.

According to an analysis of market share and profits of banks obtained from the website techzim.co.zw accessed on 20 March 2015, profits for banks were increasing. A presentation by an Econet representative revealed that approximately 1, 1 million people in Zimbabwe have a bank account which translates to 9% of the total population. Over 74 out of every 100 people have a mobile phone. It is therefore against this backdrop that the researcher is interested in seeking the effects of mobile money transfer services on traditional banking services offered by banks.

1.2 Statement of the Problem

Mounting competition from the telecommunications industry is forcing banks to review and change their operations in order to remain viable or else fail to survive. Stiff competition from companies in the telecommunications sector is giving pressure to banks to develop growth strategies along the mobile money transfer services by streamlining their operations in order to reach greater heights in a bid to bridge the gap between the banked and unbanked individuals. Mobile Network Operators have infringed on the market for the banking sector as even the bank's clients are switching to MMT services which are convenient and within proximity which as a result threatens their clientele base. What are banks doing to remain viable? Should banks compete or core-exist with mobile money transfer services? The main literature gap exists in revealing how mobile money transfer services have affected traditional banking services offered by banks.

1.3 Research Objectives

The study's main objective is to investigate the effects of mobile money transfer services on traditional banking services offered by banks in Zimbabwe.

Other objectives of the study include;

- To establish the effects of mobile money transfer services on traditional banking services offered by BancABC.
- To establish the opportunities brought about as a result of various mobile money transfer services to BancABC.
- To establish the challenges BancABC are facing as a result of various mobile money transfer services.

1.4 Research Questions

The study seeks to answer the following questions;

- What are the effects of mobile money transfer services on traditional banking services offered by BancABC?

- What are the opportunities brought about by mobile money transfer services to BancABC?
- What are the challenges BancABC are facing as a result of various mobile money transfer services?

1.5 Significance of the Study

To the Institution

The study is significant because it is expected to give an insight on the state of mobile money transfer services in Zimbabwe. The financial institution, particularly management, will be able to identify and adapt strategies along the mobile money transfer model in order to determine which strategies will stir the bank into the right direction in this ever changing industry and at the same time stay competitive. Policymakers such as BAZ and POTRAZ can also find the study useful in order to completely regulate mobile money transfer services.

To the University

The findings of the research might be used to further research or simply reinforce research findings by other researchers. The research findings would form the basis for future research endeavors on related topics by other students.

To the Researcher

The researcher learnt and gained extended knowledge on the proliferation of mobile money transfer services and theoretical knowledge to practical business situations in order to enhance strategic decision making. The research was also carried out in partial fulfillment of the requirements of Bachelor of Commerce in Marketing Management Honours Degree at Midlands State University.

1.6 Assumptions

- Respondents are familiar with the term mobile money transfer services.
- The political and economical environment is expected to be the same.

- Respondents answered the questions asked truthfully.

1.7 Delimitations

The study only focuses on the effects of mobile money transfer services on traditional banking services offered by banks in the Midlands and Matebeleland Province, Zimbabwe. Therefore, the findings of this study shall not be generalized to other banks apart from those BancABC branches in the aforementioned province. The research was carried out from November 2014 to May 2015. The data compiled for this research will be from 2013-2015.

1.8 Limitations

Some respondents were reluctant to participate and give information and were biased due to issues of loyalty perhaps. The researcher resolved this by guaranteeing the respondents that the information gathered is merely and strictly for academic purposes. Some respondents were afraid to complete the questionnaires because they did not want their confidentiality compromised which prevents the researcher from collecting accurate, truthful and adequate results. However, the researcher minimized this problem by assuring the respondents that all the information given will be handled with the highest degree of confidentiality and professionalism.

1.9 Definition of Terms and Abbreviations

- **Mobile Money-** is a term describing the services that allow electronic money transactions over a mobile phone. It is also referred to as mobile financial services, mobile wallet and mobile payment. Monetary transactions executed via mobile phones.
- **B/G 2C-** Business-to-Government Business-to-Customer
- **B2B-** Business-to-Business
- **C2B-** Customer-to-Business
- **MMT-** Mobile Money Transfer
- **MNO(s)-** Mobile Network Operator(s)

- **P2P-** Person-to-Person
- **POS-** Point of Sale

1.10 Summary

The chapter introduced the research carried out on investigating the effects of mobile money transfer services on traditional banking services offered by banks. The proliferation and evolution of mobile money has changed the face of banking as mobile platforms have become the order of the day. The rapid technological changes have influenced the new orientation in banking from counter banking to branchless banking. Some background aspects of this research study have been addressed in this chapter. The statements of the problem and research questions have been formulated. The next chapter seeks to explore a deeper understanding of the relevant literature related to area under study. Chapter three shall seek to explore the research methodology and the research design that was chosen as well as the research instruments in order to gather accurate, adequate and reliable information. Chapter four shall seek to present the gathered data and interpret as well as discuss the findings of the researcher. Lastly, chapter five is meant to sum up all the chapters in a nutshell by providing a short summary and give a snapshot of conclusions as well as the recommendations on the strategies that the bank can implement.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter discusses and explores theoretical underpinnings depicting the effects of mobile money transfer services on traditional banking services offered by banks. Classifications of mobile money transfer services will be looked at as well as the effects of mobile money transfer services on traditional banking services offered by banks, the challenges and opportunities brought about by various mobile money transfer services will also be explored. The chapter is meant to assist the researcher and the readers to understand the theoretical prepositions of the study with already existing information about the area under study.

2.1 Theoretical Framework

2.1.1 Systems Theory and Mobile Money Transfer

This theory was first proposed by Ludwig von Bertalanffy in 1945. It sees a system as comprising of many subsets. This perspective can be one school of thought in seeing the relationship between mobile money transfer agents as being there to service those that are financially excluded to improve the functionality of society in general. The perspective by (Mengich, 2014:5) citing Lomerson (2007) states that “system theory provides a framework for identifying the subject entity, creating a formalized model of the entity and thereby enabling the ability to study the entity by which groups of elements and their properties may be studied jointly in order to understand results.” Here the effects of mobile money and traditional banking are being studied within BancABC. System Theory, first proposed by Ludwig von Bertalanffy, Okiro and Ndungu (2013) posit that technology has had a tremendous impact as it is playing an important role in improving the standards of service delivery in the financial institution sector. Days were clients had to wait in long and grueling queues in banking halls to carry out a number of financial transactions are long gone. The mobile phone particularly, has totally transformed the face of banking as the device has not only improved means of communication, but has

altogether created a platform to allow the transfer of payments 24/7 especially in the developing countries where services are barely unavailable or inaccessible.

2.1.2 Mobile Money Transfer (MMT) and Cultural Theories

Cultural theories by Hofstede (2001) and Hall (1976) have been used to study the effect of national culture. Traditional banks can be considered as a national culture as they have shaped a certain way of doing things. Mobile money transfers are having an effect on this culture and may not be something easy to accept from the perspective of the traditional banks.

2.2 Definitions of Mobile Money

This new phenomenon known as mobile money (m-money) has gained momentum in Sub-Saharan Africa and has been defined by many authorities with some of the definitions given below. Tobbin (2011:60) asserts that “mobile money can be said to include all the various initiatives covering long distance remittance, micro-payments and informal airtime bartering schemes aimed at bringing financial services to the unbanked using mobile technology.” According to Mbiti (2011) cited in Mutong’Wa et al., (2014) mobile money transfer is an innovation to transfer money using the Information and Communication Technology (ICT) infrastructure of the Mobile Network Operators (MNO). Jenkins (2008) concurred that mobile money is accessed and used via mobile phones, highlighting that mobile subscribers in African markets are beginning to use mobile money for a variety of transactions and services domestically and internationally. Mazambani and Madzikanda (2014) are also of the idea that mobile money involves the performing of banking services through the use of a mobile device.

In light of the aforementioned definitions, it has been noted that mobile money transfer services is an invention that facilitates payments, transferring of money and carrying out of transactions which are performed with the use of a mobile device which is aided by an infrastructure or system from the mobile network operator such as Near Field Communication (NFC) technology or Short Message Services (SMS) to name but a few, in order for previously inaccessible citizens to access financial services or for transferring of money through long distances such as remittances or locally.

Mobile money refers to a suite of financial services offered through mobile phones and other hand-held mobile devices. These services can include (i) person-to-person transfer of funds, such as domestic and international remittances, (ii) person-to-business payments for the purchase of a range of goods and services, and (iii) mobile banking, through which customers can access their bank accounts, pay bills, or deposit and withdraw funds (Dolan, 2009). Desai (2011) “supports that a service is considered as mobile money if it fulfills the following criteria; (a) The service must offer at least person-to-person (P2P) transfers, bill payments, bulk payments and storage of value (b) A service must exploit a network of transactional agents outside bank branches for cash in or cash out (c) The service must offer an interface for initiating transactions for customers and agents and lastly (d) Customers must be able to use the service without being previously banked.” Esselaar (2011) also coincided with Desai (2011) and Dolan (2009) that mobile money transfer ranges from person-to-person (peer-to-peer) transfers, purchase of airtime, payment of bills, salaries, bank balance enquiries to mobile finance. The peer-to-peer transfers, whereby people send money to their relatives or friends over long distances whether domestically or internationally are the most common mobile money transfer transactions in the developing world. The service facilitates transfer of funds from person-to-person, payment of bills and government-to-person transfers (Mazambani and Madzikanda, 2014).

2.3 Classifications of M-Money Systems

Mobile money services can be broadly categorized into three groups as coined by (Gencer, 2011). The categories comprise of the following; i) Money transfers (M-transfers), (ii) Mobile payments (M-payments) and (iii) Mobile financial services (M-financial services) also referred to as Mobile banking or Agency banking. Additionally, authors like Porteous (2006), Weber and Darbellay (2010) have also subdivided mobile money into the following two categories mobile banking (m-banking) and mobile payments (m-payments). There are two m-payments and m-banking models that are significant in SSA region, namely the additive and transformative models. The additive models allow bank account owners to use their mobile phones to access their existing bank accounts and associated services such as checking account balances, transfer funds between accounts. While the transformative models, on the other hand, allow the unbanked to access financial products without existing bank accounts, mainly through their mobile phones

based on services provided by MNOs, microfinance institutions (MFIs) and non-bank agencies (Weber and Darbellay, 2010; Porteous, 2006; Dias and McKee, 2010).

2.3.1 Money Transfers (M-transfers)

M-transfer refers to the transferring of money from one user to another, normally without an accompanying exchange of goods and services. These are also referred to as Person-to-Person (P2P) transfers and may be domestic or international. The bulk of these transactions occur between urban and rural areas, as migrants to urban areas send money back to the rural areas to support their extended families (Madanmohan, 2011). In this case, mobile money replaces traditional informal methods like sending money with someone or by bus to name but a few. Part of the success of mobile money is attributed to the lack of scale and reliability of informal methods (Jack and Suri, 2011).

2.3.2 Mobile Payments (M-payments)

According to Kirui et al., (2012) m-payments money is exchanged between two users with an accompanying exchange of goods and services. From m-transfers, MNO has broadened mobile money services to include a range of m-payments (ibid). MNO's started out by targeting entities that receive recurrent payments from diverse customers like utility companies for example; power, water, sewerage, pay TV, DSTV subscriptions etc, and those that make bulk payments for instance salaries and school fees. To date, the biggest m-payment beneficiaries are the MNOs themselves through the sale of airtime or credit directly to consumers (ibid). This avenue to sell airtime is helping them to make significant savings through bypassing the traditional distribution system of scratch cards. MNOs save by avoiding the need to print new cards and pay commission to dealers and their agents (Kumar and Mino, 2013).

2.3.3 Mobile Financial Services (M-financial services)

According to Kirui et al., (2012) this is where mobile money may be linked to a bank account to provide the user with a whole range of transactions (savings, credits) that they would ordinarily access at a bank branch. Additionally, users can access novel financial-related services like insurance, micro-finance and many more via their mobile phones. Some transactions span different service categories, for example a user can access his or her bank account and transfer money to another bank account holder or mobile money wallet without an accompanying exchange of goods and services (ibid). This entails both m-transfers and m-financial services.

The processes associated with mobile money transfer include cash-in processes; cash transfer process and cash-out processes. Donner and Tellez (2008) highlighted that mobile banking is a set of applications that allow one to conduct financial services that can include payments and transfers through a mobile phone linked to a store of value like a bank account. Wambari (2009:11) stressed that “m-banking refers to the provision and availment of banking and financial services with the help of mobile telecommunications devices.” Table 2.1 below shows a typology of mobile money.

Table 2.1 A Typology of Mobile Money

Mobile Financial Services

1) Mobile Payments	P2P	<ul style="list-style-type: none"> • Mobile money transfer • Domestic or international • Mobile remittances
	C2B	<ul style="list-style-type: none"> • (At store proximity payments) • Mobile online (for instance eBay or ringtones)
	B2B	<ul style="list-style-type: none"> • Replace cash in supply chain
	B/G 2C	<ul style="list-style-type: none"> • Salary disbursement or replacement • Pensions • Rebates
2) Mobile Finance	Credit /Insurance/Savings	<ul style="list-style-type: none"> • Disbursement/Repayments • Insurance premium/claims • Asset accrual
3) Mobile Banking	Transactional	<ul style="list-style-type: none"> • Mobile bill payment • Brokerage
	Informational	<ul style="list-style-type: none"> • Alerts • Account balance and history

Source: Gencer (2011:4)

2.4 To establish the effects of mobile money transfer services on traditional banking services offered by BancABC.

Traditional Banking

Khianonarong (2014) asserts that traditional payment systems are mainly account-based electronic payment services. This is primarily dominated by financial institutions such as banks and payment company cards. Additionally, according to (Firpo, 2008) formal financial services are usually only extended to those with regular income or collateral.

2.4.1 Brick and Mortar Structures

According to Wambari (2009:13) “a vicious cycle driven by perceived low levels demand, low levels of bank income, high bank fees, inappropriate products and extremely limited geographical reach, ensure that only a small percentage of people in developing countries use banking services. The branch infrastructure is a substantial fixed cost for traditional banks as it is both expensive to maintain and expensive to increase its geographical spread. Hence conventional banking business models tend to primarily focus on relatively dense urban areas and relatively affluent areas as they derive a lot of advantages due to their profitability and high population levels. Furthermore, Wambari (2009) stressed that due to geographical dispersion, the banking network is hindered by the high cost of rolling out a physical network of bank branches, by the small average size of customer deposits, by relatively low population densities and a lack of documented histories.

McAndrews and Strahan (2002) define e-finance as “the provision of financial services and markets using electronic communication and computation” and today banks are switching to multi-channel distribution of financial services in hybrid platforms where the traditional services of banks are provided through both “bricks and mortar” branches and internet. Traditionally provision of banking services was an expensive venture. The banks had to invest in staff, machines and building in order to provide services to their customers. Banks find it hard and almost mission impossible to penetrate into the remote areas. This is brought about by many constraints such being cost, poor infrastructure, geographical boundaries, low population levels and low income levels to name but a few. Financial institutions particularly banks face a lot of challenges as it is difficult to cut across all areas in the country as its costly to penetrate and build

proper structures or bank branches in the remote areas due a number of various reasons. Fengler (2012) and Chikoko et al., (2012) noted that due to geographical constraints bank branches are particularly limited to urban areas this is because, there is poor infrastructure in the remote areas and also it is difficult and costly to invest in these areas because of low or poor income levels of the inhabitants residing in the rural areas due to high levels of unemployment. It should however be the responsibility of the banking industry to take advantage of risk based regulations and introduce new products and services appropriate for low income earners or client groups (Alexandre and Almazan, 2012). Financial institutions should remain focused on specializing in financial services allowing technology companies to keep pushing the frontier of financial services innovation in order to improve the way the service is delivered (Tortelli, 2012).

It is indeed clearly evident that there is an urgent need for banks to do away from their usual ways of conducting business or traditional banking services that they offer in order to remain active or else lose out to mounting competition pressures such as threats of new entrants and threats of substitutes as a result of improvements in technology and the introduction of financial innovative products and services from the telecommunications sector. Banks should therefore abandon their old ways of doing things or operations and adopt survival strategies in order to stir through rough times or navigate through troubled waters.

2.4.2 Banks Should Know Their Customers

Wambari (2009:18) stressed that “there is a variety of ways to comply with both know your customer (KYC) and anti-money laundering (AML) regulations. AML tools for instance might be applied only when transactions exceed specific limits in terms of both frequency and amount.” According to Finscope Zimbabwe (2011) lack of documentation is a hurdle, though 91% do have National Registration Cards, 77% do not have proof of residence, such as electricity or water bill, pay-slip from an employer as a result of high unemployment levels. Banks do not only set parameters for themselves when they ask for proper documentation such as credit histories and the likes when a prospect wants to open a bank account, by so doing it appears if they are only interested in those with proper documentation and decent means or a source of income. Additionally, banks put tight measures in place that disadvantages a lot of people especially those in the remote areas and those that are unemployed as they have strict and tight policies put in place. According to Finscope Zimbabwe (2011) banks are losing their

confidence grip as a result of these because they have such tight security measures put in place to protect the customers in a bid to minimize fraudulent activities such as theft, embezzlement of funds etc.’

2.4.3 Geographical Constraints

Bångens and Söderberg (2008) said that branch based retail banking services are usually outside of geographic and affordable scope for the average rural user in Sub-Saharan Africa. According to BB (2012) cited in Alam et al., (2013) mobile financial services indicates the ability to make deposits, withdraw, and to send or receive money from a mobile account and habitually such services are enabled by the use of bank agents which permit mobile account holders to transact at independent agent locations outside of bank branches. According to Mishra and Sahoo (2013) cited in Alam et al., (2013) mobile banking eliminates the time as well as space shortcomings from banking operations like, balance enquire and fund transfer from one account to another account without physically visiting bank branches. According to Swift Whitepaper (2012) there are many new entrants investing heavily in mobile payments; mobile network operators like Vodafone, e-commerce companies like Google, retailers like Carrefour, payment service providers like PayPal, as well as money transfer operators and card companies.

2.5 To establish the opportunities brought about as a result of various mobile money transfer services to BancABC.

2.5.1 Convenience and Cost Reduction

Alam et al., (2013) postulated that mobile banking enhances efficiency, offers access financial and banking services, generates new opportunities for income generation and improving governance and give poor people a voice. Heyer and Mas (2009) show that mobile money should at a bare minimum assist in three ways, that is, firstly increase convenience by reducing travelling and queuing times; secondly, due to the virtual element of mobile money increase safety of transactions for users when transacting through the mobile device as it is inherent that by instantly transacting, live users begin to trust the system; and finally mobile money offerings through their footprint of agents and outlets, give the user a greater control on where to transact, which helps “protect privacy” and “reduce corruption”.

The introduction of mobile money platforms offers convenience to clients in a number of ways such as a reduction in the percentage of customers visiting the banks with an increase in alternative channels of distribution will also minimize the queues in branches (Thornton and White, 2001). Additionally, according to Thornton and White (2001) this ultimately leads to improved customer satisfaction. Alam et al., (2013) noted that mobile banking saves time compared to traditional banking, majority of the customers use mobile banking for air-time-top-up service and it is costlier than traditional banking. Birch and Young (2007) observed that m-money services in general offer relative advantage in terms of accessibility, convenience, speed privacy, cost effectiveness and control for conducting financial transactions over other money transfers or payment intermediaries such as banks and financial institutions. The mobile payments platform offers new services to move money from place to place and present an alternative to the payments systems offered by the banks. Gross et al., (2012) states that increased use of the mobile devices' coupled with the evolution of technologies has enabled customers to conduct financial transactions, fostering financial access and inclusion.

2.5.2 Attracting New and Retaining Existing Clients through New Product Innovation

The remarkable progression of mobile sector all over the world has made an exclusive chance for delivering financial as well as social services through mobile network (Kabir, 2013). According to (Wishart, 2006; GSMA, 2008) for financial institutions mobile banking and mobile money can assist increase mobile penetration, develop customer loyalty, reduce operational costs as well as meet government service obligations. Barlow in Adeya (2002:1) cited in Mutong'Wa (2014) maintains that "Africa should skip industrialism entirely and leap directly into the information era." Mobile payments have gained wider acceptance as an emerging payment method in both advanced and emerging economies.

According to a (Washington D.C's CGAP 2015, Dias and McKee 2010 and Jenkins 2012) mobile subscribers in Kenyan and South African markets who do not have bank accounts are now using mobile money for transactions including bill payment, payroll deposits, international remittances, loan receipts and payments, airtime purchases, groceries, bus tickets and a whole range of other financial services. With the introduction of mobile money conducting business outside the normal branch working hours has also been a factor that has been considered convenient for bankers. Mobile money transfer services' rapid diffusion and growth potential

have been largely shaped by many factors including increased deployments worldwide, mobile phone penetration, financial inclusions and market demand for convenient, faster and more economical means of payments (ibid). The design of risk proportionate regulation has also been reviewed as enabling innovations to help broaden financial services to understand populations while also being flexible enough to tighten if their expansion could compromise financial stability (Dittus and Klein, 2011 cited in Khiaonarong, 2014). Mobile money is revolutionizing how customers gain access to financial services especially in the developing world where the poor have been excluded from formal banking services (Ngugi et al., 2010).

Jack et al., (2011) propounded that much transformation has been in the Sub-Saharan Africa, where the technology has allowed millions of Africans to leapfrog the landline technology enroute the 21st century. Mobile telephony adoption is on the rise and the related technological innovations have dramatically enhanced the capabilities of the mobile phones (Salzaman et al., 2001). Technology plays a pivotal role in today's modern world, because due to the emergence and adoption of ICT in the banking sector the mobile phone knows no physical boundaries anymore as funds can be transferred electronically for example from one business partner in Africa in the comfort of his or her home at anytime to another in any part of the world without actually having to visit a brick and mortar structure to do this.

2.5.3 Branchless Banking and Reliability and Financial Accessibility

The technological invention is considered easy to use yet efficient and reliable with the potential to extend financial services to the unbanked or those preferring cheaper financial services. It is an appropriate technological invention for clients that continue to face challenges related to limited affordable and accessible financial services to support their business operations. According to Banda (2011) mobile money which is simply the ability for cell phone users to transfer money from one subscriber to another as well as withdrawing cash from appointed mobile money agents , has greatly helped Zimbabwean people whose country is facing liquidity challenges through facilitating transactions in the financial sector without the need for bank accounts and queues. The introduction of mobile money is viewed as a stepping-stone to include more of those who lack access to formal financial services like savings, credit and insurance (Comminos et al., 2009). The ubiquity of mobile phones have allowed the unbanked to access financial services through M-PESA as if it were a bank, making it qualify as playing the role of

“branchless banking” (Jack and Suri, 2011; Martinez and McKay, 2011). Increased availability and accessibility of more self service distribution channels help bank administration in reducing the expensive branch network and associated staff overheads (Birch and Young, 1997). According to Dermish et al., (2011) branchless banking refers to a distribution channel that allows financial institutions and other commercial actors to offer financial services outside traditional, brick and mortar premises. Branchless banking technologies come in the form of smart cards or mobile phones services that can be used to conduct transactions. According to Owen (2008) m-banking refers to the provision and availing of banking and financial service with the help of mobile telecommunication devices. Services include performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone which is mostly used in developing countries or Personal Digital Assistant (PDA). According to Nasikye (2009) mobile banking (m-banking) involves the use of a mobile phone or another mobile device to undertake financial transaction linked to a client account.

2.5.4 Building Relationships and Networks through Interoperability

Banks and other businesses alike are turning to Information Technology (IT) to improve business efficiency, service quality and attract new customers (Nath et al, 2001 and Kannabiran and Narayan, 2005). Banks have largely been on the back and front when it comes to mobile financial services and they need to find a new model to work effectively with telecommunications companies and other players in the mobile financial services ecosystem (Lee, 2012). Financial services are no longer the preserve of banks as they increasingly find themselves competing with other non-traditional players like mobile network operators, retailers, and social networks (Lee, 2012). Lukic (2014) cited in Mautsu (2014) attested that the proliferation of ICT in business has transformed relationships within the organizations and those between and among organizations and individuals. The two important sectors namely; banking and telecommunications in Sub-Saharan Africa (SSA) are developing innovative strategies and combining collaborative efforts for business management, services delivery and particularly financial services delivery. These efforts are a positive move towards financial inclusion for the 80 percent of the region’s unbanked population. An important strategy is the collaboration by banks and mobile network operators (MNOs) to deliver mobile phone-based money transfer services (Ehrbeck 2012; Jenkins, 2008).

The emergence of mobile money transfer services have helped to build, establish and foster business relationships and networks. The cost of travelling and standing in exhausting and tedious queues have been reduced because due to the mere fact of having a handset one can perform almost any transaction be it bartering of goods or carrying out any transactions without having to be physically present or enter a bank as previously the case.

2.5.5 Cross Selling and Up-Selling and The Value Proposition for Mobile Money Transfer for Banks

For financial institutions, mobile banking is more than an addition to fee-based income and cross-selling; it offers significant cost savings Vis-a` -Vis ATMs and brick-and-mortar branches. According to GSMA (2008) there is an opportunity to up-sell remittance to banking products (for instance mortgages, loans, insurance, pensions). Omwansa (2012) cited in Mutong'Wa et al., (2014) stressed that both institutions namely the MNOs and financial institutions particularly the banks have shortcomings. MNO does not have expertise in banking and in most cases is not allowed to undertake banking business regrettably on the other hand also the reach out costs to the rural areas by banks is extremely expensive. This has spawned a model that brings the two to cooperate. Therefore banks especially in Kenya have significantly increased their usage of mobile banking platforms in their banking transactions (Anyanzwa and Owino, 2014). However, the value propositions for mobile money transfer for banks according to (GSMA, 2008) are summarized as follows;

1. Increases banking penetration/untapped market at low acquisition cost.
2. Increases 'stickiness' of current customers.
3. Reduces operational costs with “straight through processing”.
4. Meets government service obligations.
5. Increased productiveness in the remittance service.
6. Potential revenue streams (for example retention of deposits, increased transaction and foreign exchange spread revenues in case of foreign remittances).

2.6 To establish the challenges BancABC are facing as a result of various mobile money transfer services.

In the researcher's view, banks in the past years and recently have embarked on a number of technological developments in order to attract potential clients and offer their existing clients convenient, fast and reliable financial products and services such include but are not limited to; the deployment of Automatic Teller Machines (ATMs), introduction of Electronic Funds Transfers (EFTs), Internet banking and most recently mobile banking. However, despite this, one still needs to be an account holder or affiliated with some bank in order to make use of these services. Hence, banks still have not met the majority of millions on the African continent's needs as more people still remain unbanked and do not have bank accounts, let alone access to internet connectivity in order to make use of the services. Banks might have improved a few people's lives for instance those in the diaspora, or those sophisticated and privileged that have unlimited access to the internet to do banking through the internet such as e-banking, but the gap between the banked and unbanked keeps getting even wider as millions on people are deprived from even basic financial services due to such technological advancements.

2.6.1 Competition

According to Lowe and Kuusisto (1990) over the recent years rapid development of information technology and deregulation of financial markets has caused fundamental changes in retail banks' business environment. This has put traditional banks under an unprecedented competitive pressure. Previously stable oligopolistic business environment has become very dynamic as new market entrants are offering retail banking services and proliferation of delivery channels has further increased the supply side fragmentation. Banks in the past years and recently have embarked on a number of technological developments in order to attract potential clients and offer their existing clients convenient, fast, reliable and flexible financial products and services. However, even despite their efforts, one still needs to be an account holder or affiliated with some bank in order to make use of these services. Hence, banks still have not met the majority of millions on the African continent's needs as more people still remain unbanked and do not have bank accounts, let alone access to internet connectivity in order to make use of the services. According to Goswami and Raghavendran (2009) some of the proactive PSBs have been striving hard to make their structures flexible enough to accommodate technological changes. Adoption

of technology has facilitated alternative channels for delivery within the PSBs, and, in turn, put pressure on them to restrict or limit the branch network and employ a better skilled workforce.

2.6.2 Current Financial Products and Services offered by banks

External factors relating to geography and socioeconomic conditions have partly contributed to the level of mobile penetration in Africa. Some of these include the poor or lack of infrastructure, the difficult geography and the scattered populations living in remote areas where there are no roads (Fengler, 2012). According to Chikoko and Mangwendeza (2012) cited in Mavhiki et al., (2015) the geographical representation of bank branches in Zimbabwe was concentrated in major cities and towns. These conditions have made it difficult to offer formal financial services. The introduction of mobile money has, therefore, been a revolution that has received high penetration levels on the continent. Most of the families in Africa have been dispersed due to urbanization. Some members of the families have settled in urban areas that are far from their rural villages and yet they would still want to keep in touch and support their families with remittances.

The introduction of mobile money proved more convenient than the expensive and sometimes risky methods they were using before. It is these difficult conditions, giving rise to a high demand of mobile money that partly led to the success of mobile money operators (Fengler, 2012). Social norms were found to have a very strong positive association towards the intention to adopt the mobile banking service. The results were concurred with the findings from (Puschel and Mazzon, 2010, Riquelme and Rios, 2010, Schepers and Wetzels, 2007). A possible explanation to the results is that there is a very strong communal cohesion in rural communities, where individuals often respond to social normative influences to establish a favourable image in a reference group.

2.7 Summary

The various literature sources indicate a lot of information about research that has been done on the subject under study, but there is little literature depicted in the Zimbabwean context. This is the gap to be filled by this study. Much has been reviewed in this chapter as the chapter focused on the related literature of the effects of mobile transfer services on traditional banking services offered by banks. The overall analysis was on the views of different authors and scholars on the subject of mobile money transfer services. The next chapter seeks to look at the research

methodology and its primary focus is to find out the research instruments that were used and the methods, procedures and processes that will be employed to gather the data. The researcher noted that due to geographical locations most of the research which were carried out on the area under study, the researcher noted that most of them were carried out in countries like Kenya. The Zimbabwe case is not well documented as there are a few studies on the effects of mobile money transfer services on traditional banking services offered by banks. Additionally, the sample size that other researcher used was more than 100 but for this particular study it is only 24. Most of the researchers have also only focused about the effects of mobile money transfer services on financial inclusion. Other researchers have also only touched on the effects of mobile money transfer services on the adoption of customers. Other researchers also conducted their research as exploratory or survey, but for this particular study the researcher is doing a case study. Hence, the need to find out if Zimbabwe faces the same problems that have been documented in other countries. Other studies were also qualitative whereas this particular research was a quantitative. It is therefore the aim of the researcher to establish the correct position in basing their agreement. The next chapter seeks to look at the research methodology and its primary focus is to find out the research instruments that were used and the methods, procedures and processes that will be employed the gather the data.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter seeks to give a detailed description on how the research was conducted. The focus is to outline and discuss the research design of the study, the population and the sampling techniques and procedures that were used in this research in order to fulfill the objectives of the study. The chapter also encompasses the research instruments which were employed to gather the data. The procedures that were used to obtain and analyze the data are also incorporated and outlined in this chapter. Lastly, the chapter seeks to explain the manner in which data obtained, analyzed, compiled, tabulated and finally presented in order to draw conclusions based on the interpretations of the findings and the results.

3.1 Research Design

For the purposes of this study the design that was adopted by the researcher for this research is a case study. The researcher made use of various research designs and these included the exploratory as well as the descriptive research designs. The research design permitted the researcher to collect both qualitative and quantitative data about the problem under investigation.

3.1.1 Exploratory Research Design

With regards to gathering data for this study, the researcher used exploratory research design because it is research that is mostly qualitative in nature as it offers a better understanding or to develop preliminary background for a more detailed follow up study. Exploratory research descriptive focuses on collecting either secondary or primary data. The researcher will make use of in-depth interviews to gather relevant, accurate as well as adequate information pertaining the problem under investigation. Exploratory research design was used by the researcher in seeking insights in establishing the effects of mobile money transfers services on traditional banking practices, to establish the opportunities brought forth by mobile money transfer services to BancABC and lastly the challenges that BancABC is facing as a result of the emergence of mobile money transfer services. Though exploratory research design is useful for generating

ideas, it fails to be a good basis for decision making and the results often defies statistical analysis because of these there is substantial pressure to make research less exploratory.

3.1.2 Descriptive Research Design

The researcher used descriptive research design in order to give a more detailed description of what is currently happening and to give an accurate portrayal of the characteristics of events as noted by (Polit and Hungler, 2014). The researcher used descriptive research design in order to describe the characteristics of events and acquire the required information such as the opportunities and challenges brought about by mobile money transfer services through research instruments such as questionnaires and in-depth interviews in order to gather data. The researcher used exploratory research design as it allows the researcher to present the analyzed data quantitatively through the use of charts such as pie charts, graphs and tables to gather data.

3.2 Target population

The targeted population for this study is 40 comprising of employees and management personnel from Midlands and Matebeleland branches who are currently working at BancABC in the aforementioned provinces. All the employees that work at BancABC were chosen to partake in the research. The targeted population was chosen as it gives a representation of the whole population. This is where the sample will be drawn from.

3.3 Sampling Methods and Sampling Techniques

The researcher made use of both probability and non-probability sampling as it facilitate one to use respondents who are easy to locate and willing to partake in the research. Thus it assists the researcher to measure both qualitative and quantitative elements in the research.

3.3.1 Sample Frame

The study frame for this particular study was drawn from all BancABC employees and all the management personnel in abovementioned provinces. In this specific study, the sample frame was chosen because these are the people that are in contact and interact with clients on a daily basis as they are service providers and thus they will be in a better position to give adequate and appropriate information to the researcher regarding the problem under study.

3.3.2 Sample Procedure

The selected procedures that the researcher used for this research study are given and explained as follows.

3.3.2.1 Simple Random Sampling

When using this technique every population element has a known chance of being randomly picked or selected to be a sample. All the employees from BancABC have an equal chance of being selected for sampling using the lottery method as suggested by Leedy (1985). The researcher randomly selected whereby names were drawn from a container according to the number given in the sample composition table of participants.

3.3.2.2 Judgmental Sampling

Elements are intentionally handpicked because the assumption is that they will be a representation of the population and or because they offer the contributions sought by the researcher. The researcher used judgmental sampling for BancABC management and employees as this method allows the researcher to use his or her judgment to identify respondents within proximity and those that are approachable and easy to contact.

3.3.3 Sample size

The researcher randomly selected the respondents from the sample frame. The researcher eventually settled for 36 respondents. Krejcie and Morgan (1970) model was adopted by the researcher in this particular study in order to determine a sample size for the employees from BancABC of which it comprised of non-management staff and personnel from management staff. In order to draw the sample size for management the researcher opted for convenience sampling because it was deemed convenient as respondents are selected based on their availability and it was also convenient as it reduces time for the researcher and it is cost effective.

3.4 Data sources

The researcher will gather information using both data sources as it gives the researcher current and specific data to the problem whilst secondary sources shed more light and give more insights into the root cause of the problem.

3.4.1 Secondary data

The researcher made use of secondary data because it was conveniently available, having been collected for other purposes and not necessarily for this particular study and thus it reduces costs and minimizes the time.

3.4.2 Primary data

The researcher made use of questionnaires and conducted interviews in order to gather new, up-to-date and reliable data, though it was time consuming and costly. The researcher obtained primary data through interviews conducted with the management personnel from BancABC and questionnaires were distributed to the employees of BancABC to fill and complete. The questionnaires were properly crafted and formulated in order to create ease for the respondents and also for them to understand what was required and expected of them.

3.5 Research instruments

The researcher made use of questionnaires which were directed to BancABC employees only and conducted in-depth or one-on-one interviews with the team leaders for all three branches in order to collect and gather as much information as possible. The questionnaires seeks to establish whether mobile money transfer services have had an effect of traditional banking practices, to establish the opportunities brought about by various mobile money transfer services and to establish the challenges brought about by various mobile money transfer services.

3.5.1 Questionnaires

In order to establish the opportunities and challenges brought about by various mobile money transfer services, the researcher developed questionnaire in order to capture information from BancABC non-management and management staff on the basis of the research questions formulated in Chapter One. The questionnaires were standardized resulting in easy analysis of data. The questionnaires composed of close ended questions and open ended questions. The use of structured questions is a design feature in the questionnaires, making the task of filling in the questionnaires easier for the respondents' whilst taking very little time and keeping the respondents interested in answering and completing the questionnaires. The structured form of questions also facilitates consistency in the response obtained and the generation of objective data that is fair and easy to tabulate and analyze. Simple language and straight forward questions

were used in the questionnaires to enhance the clarity of the questions and to maximize the reliability of the questionnaires.

3.5.2 Personal interviews

The researcher made use of personal interviews in order to further conduct a thorough investigation. The researcher conducted one-on-one interviews with four personnel from management who were randomly selected from the sample in order to be able to elicit further clarification about the effects that mobile money transfer services have on traditional banking practices.

3.6 Data collection procedure and administration

The researcher sought the permission to carry out the research at four branches in the Midlands and Matebeleland Provinces. Letters to the team leaders of BancABC were hand delivered to them and forwarded to the various departmental section heads notifying them that the researcher was conducting a research. The researcher also used drop and collect methods. This choice of collecting data is chosen because it is regarded as an effective way of ensuring that the questionnaires are completed on time and also the researcher collects the data in person. Respondents who have time were encouraged to participate in completing the questionnaires.

3.7 Validity and reliability of findings

The questionnaires and interview guides were pilot tested before they were distributed to the target population. A pilot study was used whereby three questionnaires were given to some college mates to test on the clarification and ambiguity of the questions given, so as to allow the researcher to refine the quality of questions so that the intended respondents were able to give responses clearly. This exercise provides assurance of reliable responses since respondents are expected to understand the questions and respond correctly.

3.8 Data analysis and presentation tools

The chapter focused on establishing whether data collected answered the research questions. It involves descriptive analysis-describing responses, calculating averages in order to transform raw data into an understandable form for the subsequent interpretation of data. Data presentation

and analysis highlights the overall procedures in organizing, describing and analyzing data collected pertaining to this subject under study.

Data was presented and analyzed using quantitative analysis techniques. The volume of data was reduced to a manageable size to allow for summarization and the comparison with a view of evaluating and interpreting the results in relation to the research problem. The researcher made use of softwares like Microsoft excel, SPSS and STATA in order to present the research findings gathered from BancABC employees and management personnel. The researcher also made use of other statistics in order to compute and present the compiled information such as ANOVA. Charts, graphs and tables were used to depict and represent the gathered information. These diagrams give a presentation of the information under study. Statistical tables are to be constructed to display detailed numerical information concisely. Charts give a quick overall impression of research findings making it easy to draw conclusions from the research.

3.9 Summary

In this chapter, the researcher focused on the research design citing the different designs which were used. The target population was identified, and the method of sampling explained. These sampling methods were the basis for coming up with the sample size as cited. Different sources of data are also highlighted in this chapter. The research instruments used were explained and justified, as well as how they were administered. The chapter also looked at how the data collected would be analyzed and presented in the next chapter.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter serves to present, analyze as well as to discuss empirical findings relating to the effects of mobile money transfer services on traditional banking services offered by BancABC. Data that was collected by the researcher through the use of questionnaires that were distributed and interviews that were conducted is presented, analyzed, discussed and interpreted. The chapter gives a meticulous analysis and discussion of what the researcher gathered from the respondents. Presentation of the results is done in the form of tables, graphs and charts.

4.1 Analysis Response Rates

The researcher distributed a total of 32 questionnaires to non- management staff and conducted 4 scheduled one-on-one interviews with management. The response rate is tabulated below and the-- --+

analysis and discussion of research findings will follow after the table.

Table 4.1 Response Rate

Respondents	Questionnaires Issued	Questionnaires Completed	% Response
Employees	32	27	84
Management	4	4	100
Total	36	31	86

Source: Primary data

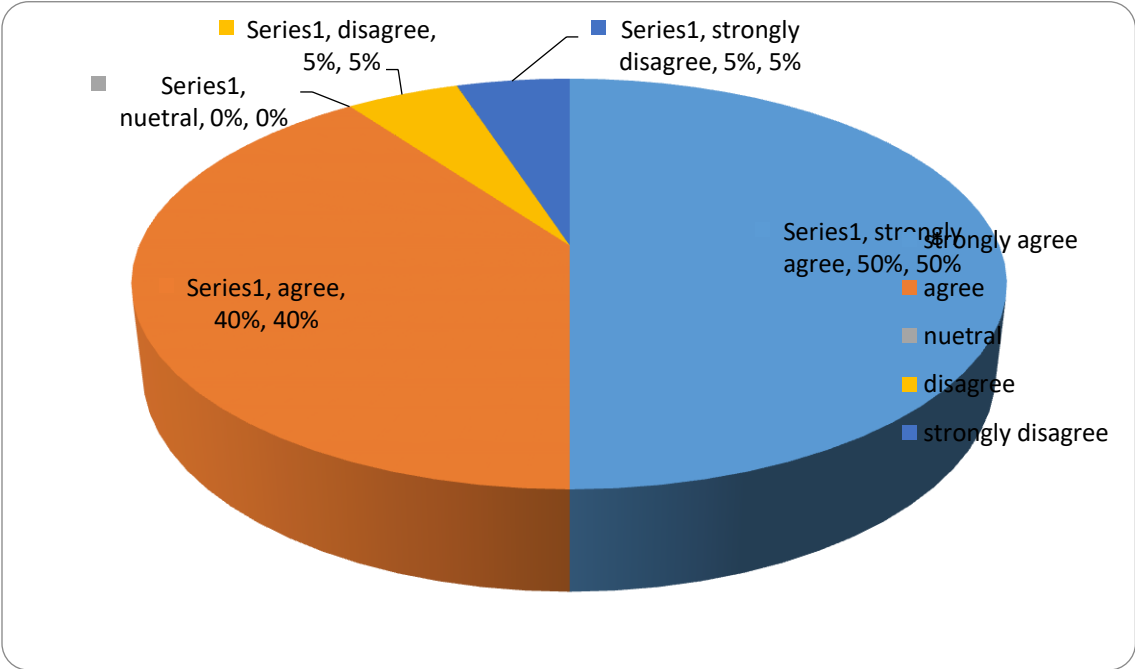
Of the 32 questionnaires distributed to the employees, only 27 were completed which represented a response rate of 84%. Eight employees did not manage to return their questionnaires probably due to tight and demanding schedules or for other reasons not known to the researcher since they did not communicate. The table illustrates the response rate of 84% --- which represents a satisfactory response rate from which conclusions will be drawn from.-

Martella, Nelson and Morgan (2013) posit that a responsive rate which is 75% and above is considered to be very good. The greater the response rate, the more reliable the results of the sample will be and thus the research findings can be said to be reliable.

4.2 To establish the effects of mobile money transfer services on traditional banking services offered by BancABC.

The research sought to find out if mobile money transfer services have any effects on the traditional banking services offered by BancABC. The employees and management were asked to rate whether the emergence of mobile money transfer services have changed the way their customers bank. Many attributes were looked at so as to come up with a conclusion as to how mobile money transfer services have affected traditional banking services offered by BancABC. In order to establish the effects of mobile money transfer services on traditional banking services offered, the respondents were also asked if mobile money transfer services is a better way than traditional banking services. The responses were rated on a likert scale as represented in the diagram below **figure 4.1**

Figure 4.1 The effects of mobile money transfer services



Source: Primary Data

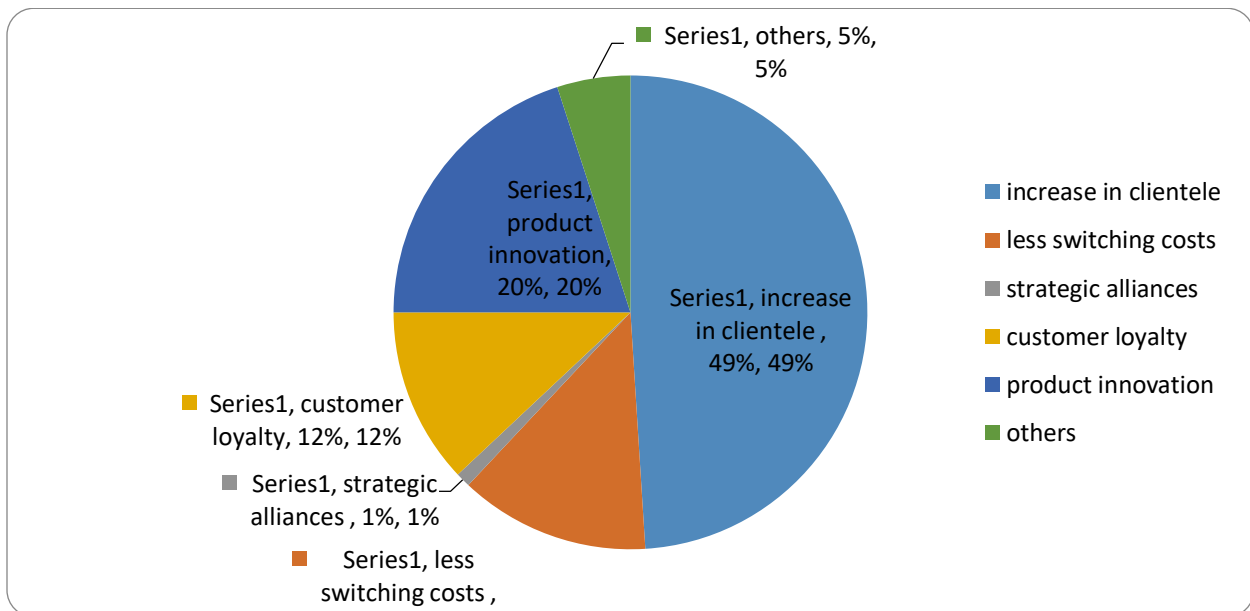
The employees were asked whether mobile money transfer services had changed the way their customers were banking. This was done so that the researcher could relate to the effects of the mobile money transfer services on traditional banking services offered by BancABC. As illustrated by figure 4.1 above, the employees' response rate was 50% strongly agreeing that mobile money transfer had changed the way customers banked citing examples that the customers were now enquiring their balances using their mobile phones without visiting the banking halls as was the traditional system, 40% of the employees also agreed that the customers had changed the way they were previously banking due to the emergence of mobile money transfer services, 5% of the employees disagreed that mobile money transfer services had any impact on the traditional banking services offered by BancABC citing reasons that the roles of any bank was to ensure the facilitation of the transfer or movement of funds over long transactional matters rather than episodic transfers which are associated to mobile money transfer services and 5% strongly disagreeing to the notion that the emergence of mobile money transfer services have changed the way their customers bank. The 5% that strongly disagreed highlighted that mobile money transfers had not affected the traditional banking services offered by BancABC citing vivid reasons that traditional banking cannot be replaced by any alternative but can only be competed with. Of the respondents, none of them were undecided on the effects of mobile money transfer services on traditional banking services offered by BancABC.

The above data from the questionnaires is in agreement with views expressed in the interviews where management highlighted that their clients are switching to cheaper, reliable, easier and more convenient and accessible products. However, in one of the interviews one manager said that, "due to business being dynamic the proliferation and roll-out of mobile money has had a positive impact as it reduces the workload for the employees and paperwork. One of the managers went on to further say that the advent of mobile money has affected them greatly on the liquidity side in terms of cash flows. These results are consistent with the views of (Chikoko and Mangwendeza 2012 cited in Mavhiki et al., 2015) who stated that banks in Zimbabwe are more present in urban and peri-urban areas yet 70% of the population resides in the remote areas of the country. Accordingly, 70% of the country's population which is in the rural areas is served by only 11.7% of the banks' total branch network (Reserve Bank of Zimbabwe, 2011).

4.3 Opportunities brought about as a result of various mobile money transfer services to BancABC.

The employees were asked what opportunities were brought to them as a result of various mobile money transfer services. The responses are depicted in the graph below **figure 4.2**

Figure 4.2 Employees Responses on opportunities derived from mobile money transfer services.



Source: Primary Data

These results were being based on a pre-determined scale which was ranging from a positive of an increase in the clientele base to an increase in profits. As illustrated in figure 4.2 above 49% of the respondents mentioned that there has been a growth in their clientele base since the inception of mobile money as it has brought about a new market that is previously unbanked clients, 13% of the employees also mentioned that there have been less switching costs as clients prefer convenient and affordable financial products and services that they can access even after working hours when the banking halls are closed, 12% of the employees also cited reasons that the roll-out of mobile money transfer services have facilitated cross selling and up-selling whereby BancABC can offer a whole wide range of other banking products and services, 20% of the employees were of the nation that mobile money transfer services has resulted to branchless

banking as clients can access the financial products in the comfort of their own homes and at their own time this gives them convenience as they have access to their own accounts and can make enquires instantly and even transfer money at any time that suits them, 1% of the employees also mentioned that mobile money transfer services has opened new business ventures for them through forging relationships with other players that they are in the same line of business with in a bid to offer their clients tailor-made products and services that best meet their ever changing needs by being customer centric or customer oriented since the customer is king.

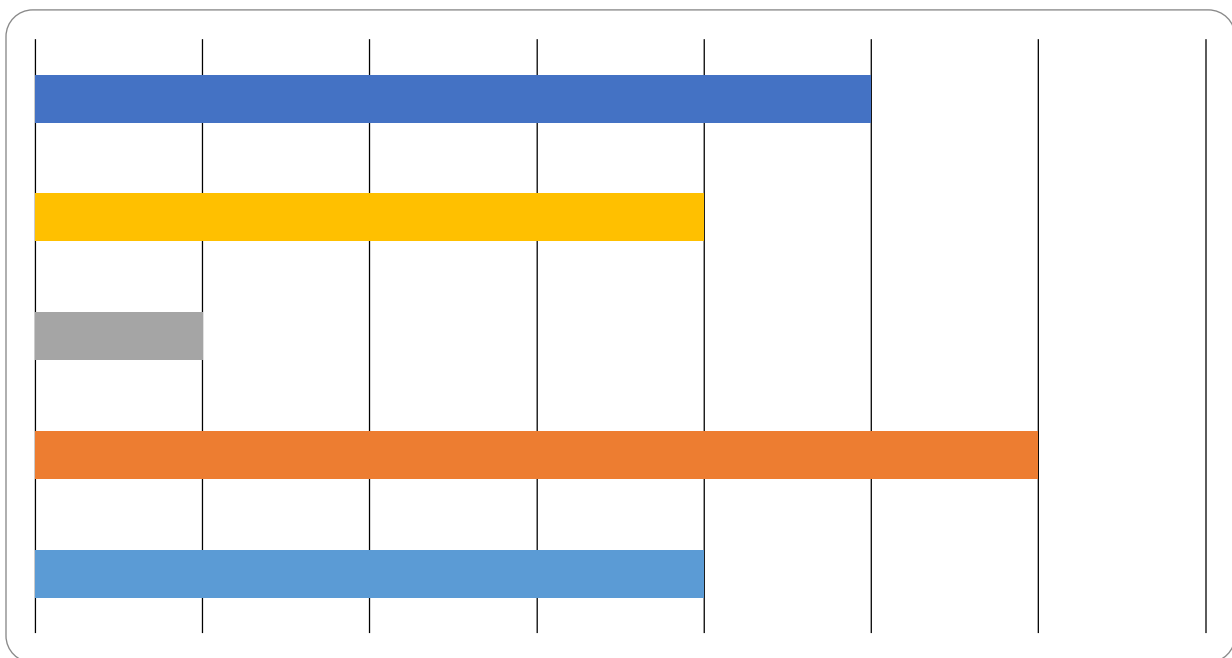
One of the managers also shared the same sentiments with the employees by admitting that the emergence of mobile money transfer services has had a positive impact to the bank as it has helped in attracting new prospects and also in retaining existing and old clients, which in turn results in customer loyalty and less switching costs. However, one of the managers highlighted that mobile money transfer services do not threat the traditional banking services offered by banks because mobile money transfer services was designed mainly to cater for low transactions and they only allow low limits on withdrawals unlike with the traditional banks. One of the managers mentioned that whatever the bank will introduce should be simple and should be easy to adopt by the clients and it should be supported by technology. Most of the managers also highlighted that they are facing a lot of competition so that threatens the survival of their financial institution as there has been a sudden decrease in the number of clients who come to do transactions with the bank ever since the introduction of mobile money transfer services especially customers are no longer using the bank to send money but rather use mobile money due to its convenience and accessibility.

This is in agreement with the illusion from (Wambari, 2009) who stated that with mobile technology banks can afford to do cross selling as they can offer a wide range of financial products and services to their clients. Of which, furthermore, literature reveals that the mobile money transfer service is faster, cheaper, more reliable, and safer (Jack and Suri, 2011).

4.3.1 Opportunities BancABC have benefited as a result of mobile money transfer services.

The researcher wanted to find out about the improvement on market share due to emergence of mobile money transfer services. Customers were asked to choose from a pre-determined scale whereby they were required to tick the appropriate option from a pre-determined scale ranging from strongly agreeing to strongly disagreeing that mobile money transfer services had improved the market share of BancABC. The research findings from the employees are illustrated in the figure below.

Figure 4.3 Employees' Response on improvement in market share



Source: Primary Data

As shown in figure 4.3 above 20% of the employees strongly agreed and also another 30% of the employees agreed that mobile money transfer services have improved their market share. This added to a total of 50% who had a positive opinion that mobile money transfer services have had a positive influence on the market share. However, 5% neither agreed nor disagreed that mobile money transfer services had anything to do with the market share, 20% of the respondents disagreed that mobile money transfer services had improved the market share, they cited other reasons for an improvement in the market share such as greater investment in advertising and also 25% of the employees strongly contented the idea of mobile money transfer services

improving the market share this meant that the idea of mobile money transfer services in improving market share was tightly contested with 50% agreeing that mobile money transfer services had improved market share and 45% of the employees disagreeing on any contributions made by the mobile money transfer services on market share.

The above data from the questionnaires is in agreement with the views expressed in the interview where management concurred with the above statements from the employees that mobile money transfer services have increased their customer base due to its affordability and it has thus managed to increase their market share as they have managed to acquire 10% of the market share considering they are new in the sector far surpassing and competing with other players in the industry. However, one manager totally condemned the idea that BancABC's increase in market share was as a result of mobile money citing reasons that other players like EcoCash have already dominated a large portion in the market as they have managed to position themselves very well in the minds of the customers. In fact he said there has been an increase as they are losing out to competition. One of the managers agreed that banks should try and provide financial services and products that are specifically tailor-made for the customers according to their specifications and expectations in order to ensure service quality.

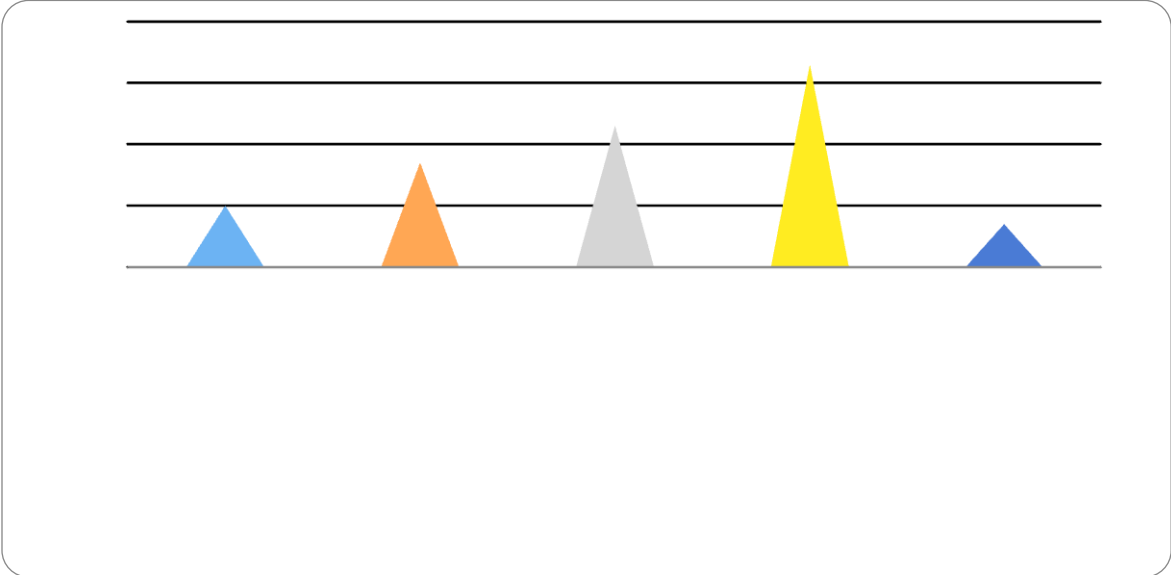
The results are consistent with what was alluded (Sohail and Shanmugham, 2003) who attested that banks aided by technological developments, have responded to the challenges by adopting a new strategy, which emphasizes on attempting to build customer satisfaction through offering better products and services and at the same time to minimize operation costs. It should however be the responsibility of the banking industry to take advantage of risk based regulations and introduce new products and services appropriate for low income earners or client groups (Alexandre and Almazan 2012). Lee (2012) and Alexandre et al., (2012) also noted that mobile money does not only have a positive influence on the end users or the targeted customers, but mobile network operators and banks are fairly at the receiving end as well. This is due to the fact that the two sectors particularly the banking sector and the telecommunications sector are forging partnerships as they combine their resources namely the banking expertise and the ICT expertise. The strategic alliances by the two sectors is in pursuit of complementing each other in order to come up with financial products and services that meet and fulfill customers' needs profitably as propounded in the definition of marketing. The partnerships of the two institutions does not only

yield greater results of increased profits, but it also facilitates, establishes and create long lasting and meaningful relationships in order to offer customers affordable and innovative financial products and services in response to the ever changing environment and to keep abreast of technology.

4.4 Challenges BancABC are facing as a result of various mobile money transfer services.

The employees were asked about the challenges that they were currently facing as a result of various mobile money transfer services and deviating from the traditional banking services offered by BancABC. Various responses were collected and analyzed from the pre-determined scale as depicted in the figure below.

Figure 4.4 Challenges brought about by mobile money transfer services



Source: Primary Data

As shown in the figure above, 17% of the employees were of the notion that there was a challenge of poor client response to the introduction of mobile money transfer services which lead to lesser trial of the mobile money transfer services, 23% of the employees also confirmed that their clients may not be unaware of the mobile money transfer services since it was only

recently introduced and might have had lower exposure. However, 33% of the respondents attributed the challenges internally due to an increase in costs and technological investments which the investors were not willing to meet. A further 10% of the respondents concurred that the challenges which were being faced as a result of mobile money transfer services was due to competition from other non-banking institutions for instance EcoCash, Telecash and other mobile money transfer services. On the contrary, 5% of the employees said they faced no challenges but viewed mobile money transfer services as a beneficial development to the banking sector, however also, another 5% of the respondents cited other challenges such as low confidence in supporting mobile money transfer services and lack of trust in the national banking system, the remaining 7% of the employees highlighted that it was difficult to take up mobile money transfer services because one needs to do a proper extensive market research as there are a lot of costs incurred and without the full knowledge, human capital and resources such as expertise their efforts can render futile considering the unpredictable Zimbabwean economy.

Of all the above mentioned data from the questionnaires one of the managers also agreed with the employees' responses that they prefer focusing in the area of their expertise because due to a lack of the appropriate resources such as technology and expertise they might fail. One manager concurred with the above data from the questionnaires as he mentioned that there are a lot of risks associated with the uptake of mobile money transfer services with the current Zimbabwean situation because once you introduce a new financial product or service you tend to realize that other competitors will benchmark or do reverse-reengineering which results in "me too" products whereby your competitors will imitate your product.

The results are consistent with the views of (Tortelli, 2012) who said that financial institutions should remain focused on specializing in financial services allowing technology companies to keep pushing the frontier of financial services innovation in order to improve the way the service is delivered.

4.5 Summary

The chapter presented the results of the research and the data which was obtained from the surveys carried out on management and non-management staff was presented in the form of tables, charts and graphs. Data revealed that mobile money transfer services do have a huge

impact on traditional banking practices both negatively and positively. The next chapter will summarize and conclude the findings and it shall also seek to outline the recommendations, strategies that BancABC can implement and adapt in order to ensure survival and growth in this ever changing environment.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Summary

The broad aim of this research study was to investigate the effects of mobile money transfer on traditional banking services offered by banks. A case of BancABC Zimbabwe. The objectives of the study were to establish the effects of mobile money transfer services on traditional banking services offered by BancABC, to establish the opportunities brought about as a result of various mobile money transfer services to BancABC and lastly to establish the challenges BancABC are facing as a result of various mobile money transfer services.

Studies on the effects of mobile money transfer services on traditional banking services offered by banks in the past years were explored by many scholars in other parts of the world, but a only a few studies if any particularly on these issues were documented in the Zimbabwean context specifically in the banking sector. The findings are similar to those reported in various literature review that technology plays a pivotal role in today's modern world, because due to the emergence and adoption of ICT in the banking sector the mobile phone knows no physical boundaries anymore as funds can be transferred electronically for example from one business partner in Africa in the comfort of his/her home anytime of the day to another in any part of the world without actually having to visit a brick and mortar structure to do this.

A case study design was adopted for this research. The researcher used various research instruments such as questionnaires for collecting data on employees were used, while management data collection was done using interviews. The researcher experienced challenges in obtaining information particularly from management due to their busy and tight schedules. The researcher booked appointments in due time to interview them. Some respondents were biased and afraid to complete the questionnaires so in order to ensure the respondents of their safety the researcher assured them that any information that they gave the researcher would be held with the highest degree of professionalism and confidentiality.

The total population consisted of 40 people and a sample size of 36 was used. The sample of the study comprised of BancABC employees and management. Data was gathered using one-on-one interviews with management, questionnaires were designed by researcher for employees. The findings from the research study was then presented, analysed and discussed by the researcher in relation to the research objectives that were set in Chapter One. The data gathered was presented in graphs, charts and tables. Ancillary findings in this study revealed that financial institutions due to the roll-out of mobile money transfer services are lose out to mounting competition pressures from the telecommunications companies due to threats of new entrants and threats of substitutes as a result of improvements in technology or due to the introduction of financial innovative products and services. It can therefore be deduced that the widespread ubiquitous of mobile money has had a negative impact on the BancABC as they are losing out on market share and profits A summary of the entire research, conclusions as well as the recommendations were also presented in this chapter.

5.1 Conclusions

5.1.1 To establish the effects of mobile money transfer services on traditional banking services offered by BancABC

The purpose of the research was to investigate the effects of mobile money transfer services on traditional banking practices. The research findings revealed that mobile money transfer services had a positive as well as an impact on the traditional banking services. From the data gathered mobile payments have gained popularity due to the mere fact of owning a mobile phone movement of funds and accessing financial services such as balance enquiry is just a click away due to the proliferation and advancement in technology, ICT and innovation. Mobile money is therefore a tool that can facilitate financial inclusion and also it is one of the key steps in promoting a banked nation. 50% of the employees revealed that there have been a pervasive impact on people's lives as mobile money brings about convenience and flexibility. The managers also shared the same sentiments as they agreed that the adoption of technology

particularly that of mobile money transfers services is therefore detrimental to any traditional banking institution in order to attract potential clients and retain the existing ones.

5.1.2 To establish the opportunities brought about as a result of various mobile money transfer services to BancABC

The research concludes that mobile money transfer services have brought a lot of benefits and advantages to the banking sector as it increases their clientele base which further yields to increased profits. It can be concluded from the findings 49% of the respondents highlighted that there has been an increase in their client base. Employees and the team leaders all support the benefits that mobile money transfer services have as it has minimized their workload making work easy for them. Further the employees also stated obvious reasons such as cross selling and up-selling whereby the institution offers a whole wide range of other products and hence this allows the institution to attract more clientele or potential clients and such a move can also help the organizations to retain their old clients that have lost faith in the banking sector and also to increase their customer base.

5.1.3 To establish the challenges BancABC are facing as a result of various mobile money transfer services.

The research concludes that advent of mobile money has resulted in customer switching costs as clients prefer affordable and better financial products and services offered by other competitors such as the telecommunications. Furthermore, mobile money transfer services has low withdrawal limits and this hinders clients from accessing loans such mortgages, vehicle loans, personal loans, business loans. However he also noted that in order to fully implement and take up mobile money transfer services an institution should be backed by adequate and appropriate technology and should also have IT expertise. 17% of the employees were of the notion that there was a challenge of poor client response to the introduction of mobile money transfer services which lead to lesser trail of the mobile money transfer services also cited reasons that some clients may not want to take up mobile money transfer services especially their corporate clients that deal with large sums of money and make huge transactions. The managers also shared the same sentiments as they mentioned that some of their corporate clients may not want to take up mobile money because they prefer using methods which are safe and reliable though they highlighted that internet nor mobile money is any of those, but rather preferred brick and

mortar structures. One of managers also mentioned that there are a lot of risks associated with the uptake of mobile money transfer services such as benchmarking or reverse-reengineering therefore there is need for adequate market research in order to offer financial products and services that are truly unique and tailor-made according to the specifications and expectations of the clients.

5.2 Recommendations

From the summary of the findings and conclusions, the researcher managed to draw some recommendations that the bank can execute and they are discussed below.

5.2.1 To establish the effects of mobile money transfer services on traditional banking services offered by BancABC

It is indeed clearly evident that there is an urgent need for banks to do away from their usual ways of conducting business or traditional banking practices in order to remain active. Banks should therefore abandon their old ways of doing things or operations and adopt survival strategies in order to stir through rough times or navigate through troubled waters. Competition is one of the most inevitable aspect in today's business world and market environment, therefore there is need to constantly scan the environment both the micro and macro. Organizations should also rethink and assess their strategies in order to best meet the demands of the customers and to come up with innovative banking products and services that cater for those without basic financial services. Institutions especially banks should try and provide financial services and products that are specifically tailor-made for the customers according to their specifications and expectations in order to ensure service quality. In light of the above conclusions it can be recommended that indeed mobile money is the game changer as it has transformed the face of banking and has managed to target the unserved market that had previously been unbanked. Mobile money is detrimental to any organization in order to remain competitive and to increase its market share and profits. Alexandre and Almazan (2012) also suggested that banks should take advantage of risk based regulations and introduce new products and services appropriate for low income earners or client groups.

5.2.2 To establish the opportunities brought about as a result of various mobile money transfer services to BancABC

The emergence of mobile money has given clients especially the previously disadvantaged an opportunity to access financial services and a sense of belonging, as they are no longer excluded and can now access formal and semi-formal financial services and products they once lacked, due to the extended and expansion of other services rather than the core send and receive money transfer functionality. Word of mouth is therefore a strong communication tool in marketing, as positive word of mouth elevates the organization to greater heights through referrals which in turn results to brand loyalty through repeat purchases. Ordinary citizens especially those in the remote areas that are unbanked and once inaccessible can now access financial products and services which at the same time are convenient and affordable. According to Welch (2011) given mobile money transfer services current scale relative to the market, the sheer size of the personal banking market clearly presents a major opportunity in terms of the overall market share. Lee (2012) postulates that banks who fundamentally rethink their mobile strategy towards an emerging business model will stand to not only reap the rewards of increasing customer acquisition and loyalty but also achieve competitive advantage, which in turn will increase the clientele base of Banc ABC as a result of positive word of mouth and efficient and convenient service delivery or service quality.

5.2.3 To establish the challenges BancABC are facing as a result of various mobile money transfer services

In order for banks to ensure their survival and growth in this tough times there is an urgent need for banks to do away from their usual ways of conducting business or traditional banking services in order to remain active or else lose out to mounting competition pressures such as threats of new entrants and threats of substitutes as a result of improvements in technology or due to the introduction of financial innovative products and services. Banks should therefore abandon their old ways of doing things or operations and adopt survival strategies in order to stir through rough times or navigate through troubled waters. It should however be the responsibility of the banking industry to take advantage of risk based regulations and introduce new products and services appropriate for low income earners or client groups (Alexandre and Almazan 2012).

5.3 Suggestion for future research

The research looked at investigating the effects of mobile money transfer services on traditional banking practices. Although this study explored new research areas and ensured a greater understanding of the effects of mobile money transfer services on traditional banking services offered by BancABC, the researcher identified loopholes and grey areas for future research. Future research pertaining this topic can be extended to include geographical areas, for example nationwide studies and the study can also be carried out using telecommunications companies instead of financial institutions. Further research concerning this topic can also be carried out by other researchers in order to determine the impact of mobile money transfer services on customer relationship management.

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APPENDICES

APPENDIX I

QUESTIONNAIRES FOR BANCABC EMPLOYEES

1. The emergence of mobile money transfer services have changed the way your customers bank.

Strongly agree	<input type="checkbox"/>	Agree	<input type="checkbox"/>
Neutral	<input type="checkbox"/>	Disagree	<input type="checkbox"/>
Strongly disagree	<input type="checkbox"/>		

2. The introduction of mobile money transfer services have led to an increase in your clientele base?

Yes	<input type="checkbox"/>	No change	<input type="checkbox"/>
Not sure	<input type="checkbox"/>	No	<input type="checkbox"/>

3. What challenges are you currently facing as a result of mobile money transfer services?

.....

.....

.....

.....

4. Mobile money transfer services are a better way than traditional banking services offered by BancABC.

Strongly agree	<input type="checkbox"/>	Agree	<input type="checkbox"/>
Neutral	<input type="checkbox"/>	Disagree	<input type="checkbox"/>
Strongly disagree	<input type="checkbox"/>		

5. What opportunities have you benefited from the advent of mobile money transfer services?

Increase in clientele base

Less switching costs

Strategic alliances

New product innovation

Attracting new and retaining existing clients

Others

If others, please explain

.....
.....
.....

6. Has the emergence of mobile money transfer services affected your profits in any way?

Yes

Not sure

Maybe

No

7. What other challenges are you currently facing as a result of mobile money transfer services?

No challenges

Competition

Poor client response

Increase costs in technological advancements

Others

If others, please specify

.....

Thank you for your time and effort!!!!

APPENDIX II

INTERVIEW GUIDE FOR MANAGEMENT

- a) What are the effects of mobile money on your traditional banking services?
- b) Have you ever received customer complaints or suggestions on how to make the provision your financial products and services conveniently available and accessible to those that are not within the proximity of financial institutions like banks?
- c) How do you ensure that the provision of your financial products and services are conveniently available to those that are not within the proximity of financial institutions like banks?
- d) How are your clients responding to the financial products and services that you mentioned in (d)?
- e) Do you think mobile money transfer services are a better way than traditional banking services?
- f) What other financial products and services are available for your clients apart from online and mobile banking?
- g) What opportunities have you benefited as a result of mobile money transfer services?
- h) What challenges are you facing as a result of the advent of mobile money transfer services?

Thank you for your time and effort!!!!

APPENDIX III

Table for Determining Sample Size for a Given Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
 "S" is sample size.

Source: *Krejcie & Morgan, 1970*