FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

THE IMPACT OF MOBILE BANKING ADOPTION ON FINANCIAL PERFORMANCE: A CASE OF CENTRAL AFRICA BUILDING SOCIETY (CABS).

BY

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This dissertation is submitted in partial fulfillment of the requirements of the Bachelor of Commerce Honours Degree in Accounting in the Department of Accounting at Midlands State University.

JUNE 2017

DECLARATION FORM

I, Hilda Tinotenda Chiinze do hereby declare that this research represents my own work, and that it has never been previously submitted for a degree at this or any other University.

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APPROVAL FORM

The undersigned certify that they have supervised the student, Hilda Tinotenda Chiinze dissertation entitled : The Impact of Mobile Banking on Financial Performance (A case of CABS). This dissertation is submitted by Hilda Tinotenda Chiinze (R13742Y) in partial fulfillment of the requirements of the Bachelor of Commerce Accounting Honours Degree at Midlands State University.

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DEDICATION

I would like to dedicate this dissertation to my parents, Mr. Maxwell Chiinze and Mrs. Violet Chiinze. I would also like to dedicate this to my late sister Mitchell Chiinze, you were a strong woman and a source of inspiration, not forgetting my late aunt, Monica Nyakabe, you would have been proud.

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ABSTRACT

The purpose of the research was to investigate the impact of mobile banking on financial performance, using CABS a case. The research was mainly aimed at assessing the relationship between mobile banking and financial performance, identifying the risks associated with mobile banking, establishing the critical internal and external factors for successful mobile banking, identifying performance benefits and ways in which mobile banking has contributed to the overall performance of CABS. The study used a descriptive research design and data was presented using tables, graphs and charts. A sample of 28 participants was drawn out of a target population of 40 participants from finance, internal audit and electronic banking departments at CABS. It was found out that mobile banking, adoption affects financial performance positively and that the risks that affect mobile banking the most are fraud and money laundering. The study recommended for CABS to increase their investment in mobile banking. CABS should make a more active effort to educate its clients about the benefits of mobile banking and hence the stand to benefit much more from the adoption of mobile banking.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

The study focused on the adoption of mobile banking and the impact it has on financial performance. This chapter covers the background to the study, problem statement, research objectives, research questions, significance of the study, delimitations and limitations of the study and definition of key terms. The chapter will conclude with a summary at the end.

1.1 Background of the study

Over the past few years, advancements in information and communication technology (ICT) has transformed the way in which organisations operate and conduct business, (Al-Jabri, 2012). Technological advancement introduced mobile banking in the banking arena and this innovation has revolutionized the way in which commercial banks operate. Saleem and Rashid, (2011) define mobile banking as the use of mobile telecommunication devices such as mobile phones and tablets to perform banking services. Mobile banking services have advanced in waves, beginning with payments and transfers before progressing into savings, followed by credit, international transfers and more recently insurance. Hendrickson and Nichols, (2011), focused on a study of the performance of small banks in the United States of America. The authors found out that banks are more efficient when they use mobile banking because mobile banking is a low cost delivery channel to both the bank and the consumer hence leading to profitability and increased market share should banks adopt it. Al-Jabri, (2012) supports this line of thought and the author emphasizes that mobile banking adoption promotes efficiency, improved customer service and growth of the entity. Apart from all the performance benefits gained, mobile banking allows for the integration of advanced e-commerce in the organisation, (Hendrickson and Nichols, 2011). This allows the bank to stay relevant in a fast paced and innovative industry were technology is causing changes. Saleem and Rashid, (2011) state that the younger generation of bankers aged between 18 and 35 will lean towards a bank that has good electronic banking products such as mobile banking. The author goes on to explain that for a bank to gain a significant market share in this demographic, they need to adopt mobile banking. These younger generations need an application on their phone that allows them to perform tasks such as online shopping, recharging public transport passes, pay for their monthly subscriptions amongst other things.

On the contrary, another group of scholars is of the opinion that the innovation of mobile banking has a negative effect on financial performance. Scholars who subscribe to this school of thought include (Shih et al, 2014; Mupfiga, 2013; Ngango, 2015 and Maringe, 2012).

Shih et al, (2014) conducted a study on mobile banking as a method of financial inclusion and the author found that people in rural areas, who are the financially excluded, do not need the services offered by mobile banking. The author goes on to explain that they only need basic banking functions like receiving money, sending money and balance enquiry, all of which can be provided by mobile money operators. Mobile money operators are mobile telecommunications companies and they provide such services at a cheaper rate as long as one owns a mobile phone. Maringe, (2012) states that because of the competition offered by telecommunications companies it is unreasonable for banks to incur the financial cost of adopting mobile banking at the losing end to their counterparts. In fact, the author further explains that for the banks’ clients to use their phones for mobile banking, the bank has to pay a royalty to the mobile telecommunication companies because they provide the network platform. Ngango, (2015) supports this by stating that although banks want to stay technologically competitive, they are fighting a losing battle against the mobile telecommunication companies. The author goes on to say that banks would bear the risk of fraud, mobile malware, data theft and money laundering should they adopt mobile banking.

Despite considerable research on mobile banking by a vast number of scholars across disciplines, a research on the effects of mobile banking adoption on the financial performance of commercial banks in Zimbabwe remains missing. A gap remains in addressing the implications that the adoption mobile banking has on the financial performance of Zimbabwean banks and hence this study is in response to that gap.

Morrison, (2010) noted that although a number of commercial banks in Europe offered mobile banking services as early as 1999, it was not until 2007 that large banks in the United States of America started to develop mobile banking applications that actually worked to customer expectations. Statics support that over 21% of all smart phone users were using mobile banking by 2012 in developed countries. Meanwhile the financial services sector in Africa is changing rapidly and the mobile banking revolution is the key driver to this change, (Jones et al, 2016). In Africa, the emergence of mobile banking was stimulated by competition from the telecommunications industry offering ‘mobile money’ services such as M-Pesa in Kenya, AirtelMoney in Nigeria and EcoCash in Zimbabwe. The banking sector had to adopt mobile banking to stay competitive.

In Zimbabwe, the first banks to adopt mobile banking were Barclays, CABS and Stanbic, (Chikoko and Mangwendeza, 2015). The authors identified laggards in mobile banking as POSB and Agribank who only recently adopted this innovation. Part of the reason why some banks took longer than others to adopt mobile banking was the lack of resources to invest in a mobile banking product and application. In light of the liquidity crisis that has been prevalent since dollarisation but has worsened from 2015, the few banks that had not adopted mobile banking have been forced to adopt it to make banking easier for its customers. CABS adopted mobile banking in 2011 with their mobile banking product named Textacash, (www.cabs.co.zw).

Chikoko and Mangwendeza, (2015) state that mobile banking is a low cost financial services delivery channel, to both the bank and the client, as opposed to traditional banking services such as Real Time Gross Settlement (RTGS), Automated Teller Machines (ATM) and In-branch services. Although the principal business of CABS is mortgage lending, mobile banking has contributed significantly to their financial performance since 2011.

Because of the above discussion, this study seeks to determine whether mobile banking has any bearing on financial performance and to what extent.

1.2 Problem Statement

Of late, research in operations has been basing on the underlying assumption that innovation in technology has a direct bearing on performance of organisations. Since the innovation, mobile banking has been seen that it is a low cost delivery channel for both banks and clients. Zimbabwean banks have the potential to enjoy higher profits because of the low costs associated with mobile banking. This has motivated a study to investigate the impact that mobile banking has on financial performance if adopted. Therefore, the aim of this study is to investigate the degree to which mobile banking adoption has an effect on the financial performance of commercial banks.

1.3 Main Research Objective

The Impact of Mobile Banking Adoption on Financial Performance: A Case of Central Africa Building Society (CABS).

1.4 Research Objectives

- To determine the relationship between mobile banking and financial performance
- To establish the risks associated with mobile banking
- To establish critical internal and external factors for successful mobile banking adoption
- To identify performance benefits gained through the adoption of mobile banking
- To identify ways in which mobile banking has contributed to the performance of banks

1.5 Research Questions

- Analyse the relationship between mobile banking adoption and financial performance
- Assess the risks associated with mobile banking
- Review the critical internal and external factors for successful mobile banking adoption
- Evaluate the performance benefits that banks gain from adoption of mobile banking
- In what ways has mobile banking contributed to the performance of banks?

1.6 Significance of the Study

The study is aimed at investigating the extent to which the adoption of mobile banking can help to improve the financial performance of Zimbabwean banks. This is important because although there are similar studies that have been done by other scholars, a study of this specificity does not exist yet hence the significance of doing this research. The study is focusing mainly on Central Africa Building Society. Any findings and recommendations can be implemented by CABS improve its financial performance. Other scholars can also use this research as a source of literature.

1.7 Assumptions

The respondents at CABS will provide admissible and authentic data that is free from bias for a successful study.

The respondents will answer most of the administered questionnaires for data collection and the data will be used for analysis and presentation in the study.

1.8 Delimitations of the study

The study is limited to CABS head office in Borrowdale, Harare, Zimbabwe –where financials are centralised. The time frame for the study is January 2011 to December 2016. The target population in the study is from the electronic banking department, internal audit department and finance department. The study area is on mobile banking adoption and financial performance.

1.9 Limitations

The study concentrated on CABS mobile banking product in isolation of other CABS products such as mortgage lending that also influence the financial performance of the bank. The study will use financials that are attributable to mobile banking alone such as revenue attributable to mobile banking and incremental costs of mobile banking.

At first respondents were unwilling to divulge company information because of the confidentiality expected from them by the employer and the official secrecy of banking data. Confidentiality of information provided was guaranteed in the study.

There was limited time to undertake the research due to other academic obligations. The researcher had to work long hours to strike a balance between research and other academic obligations.

1.10 Definition of key terms

CABS - Central Africa Building Society

MSU - Midlands State University

Mobile Banking – is a service provided by financial institutions that allows clients to perform financial transactions away from the bank using mobile telecommunication devices such as a phone or a tablet

Financial Performance - is a subjective measure of how well a firm can use assets from its primary mode of business to generate revenue

The Bank- CABS

1.11 Summary

The chapter focused on giving the background to the study on the two variables, mobile banking adoption and financial performance. The statement of the problem outlined was in relation to CABS, research objectives, research questions, significance of study, delimitations and limitations of the study were discussed. Definition of terms explaining the related study key terms was included.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed literature from different scholars on the topic of the impact of mobile banking on the financial performance of banks. This chapter focused on providing proper understanding of the area of study. The areas covered are theoretical literature and empirical literature. The chapter will conclude with a summary at the end.

2.1 Theoretical Review

2.1.1 Mobile Banking

Tawari et al, (2010) defined mobile banking as a transaction whereby there is a transfer of rights to use goods and services, which is initiated and completed by using mobile access to telecommunication networks with the help of an electronic device. The scholars further explain that mobile banking is the provision of financial services with the assistance of mobile tele communication devices. It is usually performed via text (sms) or the internet but it can also be performed using special computer programs called applications that are downloaded onto the phone or tablet, (Banerjee, 2015). (www.businessdictionary.ac.zw) defined mobile banking as a service provided by a bank or other financial institution that allows clients to perform financial transactions using mobile communication devices.

Siciliano, (2013) interprets mobile banking or text (sms) banking as banking that takes place using a mobile phone rather than using a laptop or desktop computer. The difference between mobile banking and online banking is that online banking refers to any banking transactions that can be conducted over the internet, generally through a banks' website under a private profile, and with a desktop or laptop computer. On the other hand, mobile banking allows you to perform many of the same services as online banking using a tablet or smart phone instead of a desktop or laptop. People assume that online banking is the same as mobile banking but the two are different.

Porteous, (2010) classified mobile banking into transformational mobile banking and additive banking. The former is the provision of financial services using mobile phones to reach the financially excluded population and the latter is whereby mobile phones are an additional channel used to accentuate banking services to the already banked. It has increased provision of financial services with a wide choice of services geared towards to all levels of society (Vaidya, 2011). People do not know the difference between mobile banking and mobile money and for the purposes of this study the distinction shall be made. Banerjee, (2015) refers to mobile banking as an access channel for your existing relationship with the bank. One can carry out transactions such as funds transfer, pay bills, check mini-statements, view balance, apply for loans and stop orders. All the transactions are based on existing bank accounts.

Mobile money on the other hand is used for mobile based accounts offered primarily to the underbanked or unbanked. It draws primarily from deployments where network operators have offered accounts to their subscribers. Thus, they typically do not have any banks as a part of the ecosystem (though you do find banks getting into this business). The typical transactions you would see on a mobile money system would be prepaid airtime recharge, domestic and international remittances and merchant payments. In Zimbabwe mobile money services examples are EcoCash, TeleCash and OneWallet whilst mobile banking services examples are CABS Textacash, FBC Mobile Moola and CBZ Smart Money. In this study when mobile banking is mentioned, reference should be made to the exclusive definition of mobile banking and not mobile money. Mobile banking is the provision of financial services using mobile devices. The dawn of mobile banking was fostered by competition from telecommunication companies with their mobile money services. The banking industry had to adopt the technological advancement to stay competitive. Mutua, (2015) noted that mobile banking provides a number of advantages to both banks and customers. Mobile banking removes limitations due to geography therefore bringing convenience to clients. To the bank, it reduces operating costs (Chogi, 2006).

The gap this study is trying to research on is the extent to which financial performance of banks is influenced by mobile banking.

2.1.2 The Measures of Financial Performance

Financial performance is an intuitive measure of how effectively an institution can generate revenue using assets from its primary business operations (Greenwood and Jovanovic, 2010). (www.businessdictionary.com) defines financial performance as measurement of an entity's policies and operations using monetary terms. These policies and operations are reflected in the entity's return on investment and value added. Shodgana, (2012) defines financial performance as the undertaking of financial activity. In a more extensive view, financial performance is the extent to which financial goals have been achieved. The financial health of an entity over a given period is measured using financial performance ratios. The ratios are used to compare like firms in the same industry or to compare sectors collectively. There is a vast number of ways to measure financial performance and all measures should be assessed collectively, (Mutua, 2015). Revenue from operations and cash flows from operating activities are line items that can be used to measure performance, (Jayawadhera et al, 2010). The main objective of every firm is to make profit. Several ways are available to measure profitability such as ratios like Return on Asset (ROA), Return on Equity (ROE) and Net Interest Margin (NIM), (Murthy and Sree, 2008).

ROA is an important ratio that expresses the profitability of a bank. It is a ratio of the bank's income to the bank's total assets, (Khrawish, 2011). It is a measure of an organisation's ability to generate income by utilizing the assets at their disposal. NIM measures of the difference between revenue generated from a bank's assets and the expenses associated with paying out its liabilities. (www.businessdictionary.com) defines NIM as the difference between the income from loan interest generated by financial institutions and the amount of interest paid out to the bank's lenders, for example, the amount of deposits as compared to their interest earning assets. It is expressed as a percentage. The calculation is what the bank gains on loans and other assets over a specific period minus the interest paid on funds borrowed divided by the average assets that produced income in that specific period.

ROE is a ratio that expresses the profit a company made as compared to the total shareholders' equity found on the balance sheet. ROE is an important ratio to the shareholders because it indicates how much return they get on their investment.

This study therefore seeks to determine the extent to which incremental costs and revenue attributable to mobile banking have on ROE, ROA and NIM. The aim of the study is determining how much mobile banking affects total revenue of the bank and cash flow from operations amongst other financial performance analysis methods.

2.1.3 Financial Intermediation Theory

In 1960 it was established by Gurley and Shaw that the financial intermediation theory was a base theory of informational asymmetry and agency. An entity that performs the role of a broker between two parties in financial transactions is a financial intermediary. Examples of financial intermediaries are commercial banks, building societies and pension funds. The duty of a financial intermediary is to direct funds from lenders to borrowers. The financial mediation theory highlights the role of such entities in an economy and many studies undertaken review the role of financial intermediaries in attaining durable growth in the economy, the effects of regulations governing intermediaries, emphasizing the duty of the central bank in supervision and control of financial intermediaries. The theory helped to analyse the transactions of mobile banking in Zimbabwe and how it affects the financial performance of the banking industry.

2.1.4 Innovation diffusion theory

Bradley and Stewart introduced the theory in 2002. The innovation diffusion theory states that firms engage industry innovations in order to remain competitive, minimise costs and to guard their strategic positions. The theory originally put forward in 1962 is well-known and it explains how an innovation is spread among users over time (Liu and Li, 2009). The theory helps to understand the behavior of customers in the adoption or non-adoption of an innovation (Rogers, 2010). The theory gives the idea that the adopters of innovations follow a bell shaped distribution curve that can be divided into five parts to categorise users based on their innovativeness (Liu and Li, 2009). Rogers classified users as innovators, early adopters, early majority, late majority and laggards.

The adoption of mobile banking has the potential to remove barriers in the formal financial sector to the financially excluded population in Africa. Ivatury and Mas, (2010) highlighted the characteristics of the early adopters of WIZZIT, which was the first major initiative dedicated to providing mobile banking to the unbanked in Southern Africa. The innovation diffusion theory was used in the research to see how upgrades in mobile banking products affect financial performance of commercial banks.

2.2 Empirical Review

Kithaka, (2014) worked on a research paper focused on the effects of mobile banking on the financial performance of Kenyan commercial banks. The main research objective was to determine to what degree mobile banking had an influence on financial performance. The problem the author was trying to solve was the overall implication of mobile banking in relation to traditional banking transactions. This was evidenced by the literature reviewed by the author that showed unsolved issues in mobile banking and minimal examination on how the innovation is impacting banking transactions. The study adopted a census method whereby all commercial banks that had adopted mobile banking in Kenya were studied. The study made use of secondary data from Audited Financial Statements and Banking Survey Reports. The data was organized and coded in a way that made analysis using Statistical Package for Social Sciences (SPSS) feasible. An Analysis of Variance was performed to test the model strength and the impact mobile banking has on financial performance.

The regression model showed that mobile banking variables influencing the financial performance of commercial banks positively are: the amount of money moved through mobile banking annually; number of mobile banking users; amount of capital available to invest in mobile banking; quality of assets; liquidity and the efficiency of management. The six independent variables studied explain 75,1% of the financial performance of Kenyan banks. The conclusion of the study was that mobile banking has a positive and significant impact on the financial performance of banks in Kenya. The study recommended that policy makers should consider mobile banking in their formulation of policies. The study also recommended that banks should keep using mobile banking in their operations and encouraged banks that had not adopted mobile banking to adopt it. The study has made tremendous contributions to research in the field of mobile banking and financial performance. However, a gap remains in addressing the implications of mobile banking in a Zimbabwean economy.

Ndungu and Okiro, (2013) studied the effects of electronic banking on the performance of banking institutions in Kenya. The main research objective was establishment of the extent of use of electronic banking in Kenyan financial institutions. The research elaborated that while mobile banking has made some tasks more efficient and cheaper, it has had its own share of challenges for example, it consumes a large share of the financial resources, plastic card fraud and higher need to manage risk. This study also noted that the emergence of mobile money offers real competition to banks and this needs to be countered by stepping up to the challenge and offering a range of banking services through mobile banking platforms. The research design used was descriptive and the qualitative approach was applied.

Data was collected from managers, customers and staff from financial institutions. Data was collected using closed and open-ended questionnaires. They purported to gather information regarding mobile and internet banking usage levels, customer demographics, financial functions offered and used, satisfaction levels, growth opportunities and difficulties faced through the use of mobile banking. Questionnaires reduced costs and saved time for both the respondents and the researchers. The findings showed that amongst all financial institutions, banks had the highest use of mobile banking. Mobile banking had various challenges such as delays in the system caused by the network providers, prolonged transaction processing especially during holidays and high fraud rate. Though this study has contributed valuable insight on the effects of electronic banking innovations, it was conducted in Kenya which has a different economic environment from that in Zimbabwe therefore leaving a gap in research. This study aims to fill that gap.

Al-Jabri, (2012) undertook a research on mobile banking adoption focusing on the application of the innovation diffusion theory. This study investigated a number of technological attributes and their influence on mobile banking adoption using Saudi-Arabia as a case. This research used the innovation diffusion theory as the base-line theory. The main research objective was to examine the facilitators of mobile banking adoption. There were 6 hypotheses guiding the research including : relative advantage, complexity, compatibility, observability and perceived risk.

Data was collected using a two-part questionnaire. The first part of the questionnaire captured the demographics of the respondents and their usage patterns. The second part captured information on factors affecting the adoption of mobile banking. The findings showed that in Saudi Arabia, banks should offer mobile banking services that are compatible with the different user requirements, beliefs and lifestyle of citizens in a developing country in order to fulfill customer expectations and encourage consumer adoption. Improved mobile banking support and provision of an array of services would encourage consumers to increase their level of adoption.

The study recommended that banks should focus their attention on comprehending customer behavior and designing mobile banking systems that are reliable and able to meet customer needs whilst providing quality services. The study further recommended that banks should communicate information that emphasizes the usefulness and relative advantage of mobile banking compared to other banking channels like in-branch transactions at the banking hall or using ATMs. Banks were encouraged to educate customers about the perceived risks of using mobile banking and offering them safeguards against such risks. Banks were urged to educate consumers about the safety of mobile banking and to take consumer complaints seriously and urgently. However the study focused on the technical facilitators of successful mobile banking adoption. It did not review how, once adopted, mobile banking would affect financial performance of banks. This study is investigating how the adoption of mobile banking affects the financial performance of Zimbabwean banks therefore filling the gap.

Ngango, (2015) worked on a research on internet and mobile banking in Rwanda. The author used the bank of Kigali as a case. The main research objective was to examine the contribution made by electronic banking to the performance of Rwandan commercial banks. The problems that the author was trying to solve were delays in payment of cheques between banks; time wasted in banking halls as people waited in long queues for service; errors resulting from manual work and fraud. The study used a descriptive research design and a mixed approach of both quantitative and qualitative research. Data was collected using questionnaires and bank documents analysis.

The findings showed that electronic banking systems like ATMs, Electronic Funds Transfers, internet banking and mobile banking have a positive effect on bank performance. The study showed that electronic banking increases bank efficiency, assets, revenue and reduces cost of operations. The study concluded that electronic banking contributes positively to the performance of banks in spite of a few challenges like network failures. The study recommended that the bank should subscribe to reliable internet service providers for the best provision of electronic banking services to its clients. The study further recommended that the bank should employ skilled personnel in network management. This study focused on a bank in Rwanda, a gap remains in addressing the impact of mobile banking on a Zimbabwean bank, and hence this study is in response to this gap.

Mupfiga et al (2013) worked on an exploratory study on the use and adoption of mobile banking services in Zimbabwe. The objective of the study was to find out the benefits of mobile banking and the drawbacks faced by banks that were adopting this innovation as a delivery channel. Data was collected using questionnaires and follow up interviews. It was collected from sample of 15 banks, some already using mobile banking and others that had not adopted it yet. The respondents were personnel from marketing and electronic banking departments. They provided information about the variety of functions their mobile banking product offered, adoption level, value and volume of transactions and security of the channel. Data was presented using tables and graphs. Statistics describing the collected data were used in the interpretation of the findings.

From the findings, it was noted that although in Zimbabwe mobile banking started in 2004, the technology was still at the early stages of development. The findings showed that affordability and accessibility were the major drivers of mobile banking adoption in developing countries. This has been worsened in Zimbabwe by the lack of mobile banking regulation. The study though it was conducted in Zimbabwe, it focused on adoption only. A gap remains in addressing the implications mobile banking adoption on the financial performance of Zimbabwean banks and hence this study seeks to fill this gap.

2.3 Summary

This chapter began by introducing the chapter and dissecting the theoretical framework where it defined the variables under study and discussed the theories on which the study was based. The study also reviewed empirical literature to recognize related studies done by other scholars from different countries. Most of the existing studies were done in different economic enviroments from that in Zimbabwe and therefore this research seeks to fill the gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter focused on the research techniques applied in this study in order to answer the research objectives. A clear and concise description of how the study was carried out is given. Precisely, the chapter covers research design, population and sampling, research instruments, data collection procedures and data analysis.

3.1 Research Design

Research design refers to the all-inclusive strategy that is selected to join together various elements of the research in a logical way, thereby, guaranteeing that the research problem is appropriately tackled. Research design constitutes the strategy for data collection and analysis, (Wilkinson, 2012). This study adopted a descriptive research design. Teo et al , (2011) explains research design as a master plan that provides answers to 'who, what, when, where and how' questions related to a specific research problem. Ahrens and Khalifa, (2013) explain that descriptive research is used to acquire information pertaining to the situation at present and to explain 'what exists' regarding variables of the situation. There are mainly two research methods namely qualitative approach and quantitative approach. Mixed methods research is a combination of both qualitative and quantitative approaches. This study adopted the mixed methods approach. The mixed methods approach was suitable for this study because it strengthens the overall results of the study. The qualitative approach will be used to analyse data collected from the interviews whilst the quantitative approach will be used to analyse data collected from the closed questionnaires and the data from audited financial statements.

3.1.1 Qualitative Research

Qualitative research is basically exploratory research. Qualitative research is used to obtain an appreciation of concealed opinions and motivations. Wilkinson, (2012) elaborates that it is concerned with understanding the behavior of humans from the informants' point of view. Open-ended questionnaires, observations and unstructured interviews are the data research instruments used to collect qualitative data. Qualitative data provides depth and detail and encourages people to give in-depth responses which may even open the way for new topics areas that were never considered at first.

However the collection of qualitative data is more time consuming. Unless there is sufficient time and financial resources, it is important to limit the size of the sample to a smaller one. Another drawback of qualitative research is that it requires the work of an expert to make systematic comparisons to interpret it.

In this study, the qualitative research approach is suitable when analyzing responses from the interviews that were undertaken.

3.1.2Quantitative Research

Quantitative research is the verifiable investigation of circumstances that can be observed using statistical and mathematical methods. Wilkinson, (2012) states that quantitative research deals with finding out facts about situations and it is based on a fixed and measurable assumption. Quantitative research collects data using numbers which can be categorized and ranked in order or measured. Experiments are concerned with measuring things and usually yield quantitative data. However, research methods such as questionnaires may produce both quantitative and qualitative data. Quantitative methods give researchers the opportunity to conduct broad surveys that involve a vast number of subjects and standardised findings. More likely than not, they give accurate results.

However quantitative methods are inflexible and provide little to no evidence about the attitudes and behavior of the subjects under study. In this study, quantitative methods were used to analyse data from the questionnaires and audited financial statements. This was suitable because numbers were used to group responses from the questionnaires and numbers were also used to depict meaning and reach conclusions about the data from audited financial statements.

3.2 Population

Wilkinson, (2012) defines population as a group of individual persons from which samples are taken for statistical measurement. Green and Carmone, (2011) further explain that research population is the totality of all members, objects and subjects that have common characteristics and features relative to the study to which sample findings can be generalised. The population for this study comprised of departments at CABS such as finance department, electronic banking department and internal audit department. The target population was forty individuals.

3.2.1 Sample Size and Design

According to Scott and Vessey, (2015) sampling refers to selection of individuals from a population of interest to make an estimation of the qualities of the population. The use of sample population made the research objective and successful as this research is limited to CABS employees. Oliveira and Martins, (2011) pointed out that a large sample, not too big will produce information that is adequate for the research to be carried out but a sample that is too small may provide inadequate information. Brick and Wood, (2014) further explained that a sample population that shows a good representative should be 30% or more of the target population.

Good and Hart, (2013) further justifies this by stating that a sample of more than 50% of the total population should produce reliable results.

Table 3.1 below illustrates how the sample population was constituted.

Sample Elements	Population	Sample Size	Sampled Population
Finance	18	12	67%
Internal Audit	13	7	54%
Electronic Banking	9	9	100%
Total	40	28	70%

The research indicates a good representation of the target population of 70% was obtained in the sample population, and it is more than 50% of the target population. Judgement sampling was used to select the sample.

3.2.2 Judgment Sampling

Judgment sampling is a sampling technique that makes use of the learning and expert judgment by the researcher on the units sampled. Hedman and Kalling, (2014) further explained that the approach is straightforward, no statistical knowledge is required, and hence it is not time consuming. Lee and Jeong, (2013) stated that if the researcher has the knowledge on liable authority to assemble a sample represented, the use of judgmental sampling is recommended. In this research judgmental sampling was used. Judgment sampling was suitable for this study because it

3.3 Primary Data

Ahrens et al, (2015) defined primary data as an indigenous report on the results of collected data from a sample population. Primary data is raw data that must be collected by the researcher (www.shodganga.inflibnet.ac.in2014). Primary data gives raw and relevant answers to specific research questions so as to give an accurate view of results. However primary data may be very costly to collect. Respondents may falter in filling out questionnaires and the research has no control over this when data is being collected. It is important that that researcher must be skilled enough to collect the data in order to avoid collecting insufficient information. Interviews and questionnaires were used to collect primary data. Data about the demographics of the respondents and their opinion on the performance of CABS was collected.

3.3.1 Interviews

According to (Kapoulas, 2012 and Fontana et al, 2011), an interview is a process of communication through which the respondent and the interviewer exchange information. Information gathered from interviews is influenced by the respondent who is tasked to translate their past experiences, (Theo, Ranganathan and Dhaliwal, 2011). Interviews can be divided into open ended and structured interviews, (Guilford, 2013). In this study, semi-structured interviews were used with respondents from CABS on the topic under study. These types of interviews allow the respondents to express their opinion freely on how the organisation is performing and how it can be improved. They provide comparable, reliable and relevant qualitative data.

3.3.2 Questionnaires

According to (Borg et al, 2012) a questionnaire is an instrument of research used to collect information from respondents for the research topic under study. Church, (2013) stated that there are two kinds of questionnaires, open-ended and closed-ended questionnaires.

Closed-ended questions allow the respondent to choose a response from explicit options given, (Guilford, 2013). For the purpose of this study, closed-ended questions were used to obtain information on how mobile banking has affected financial performance of CABS. When closed-ended questions are used to collect data, the research is made easier and faster because the respondents are restricted to the responses that are provided only. The use of closed-ended questions when carrying out research makes it easier and quicker to obtain the responses and comparisons of different responses are easier to make.

However (Stanley and Campbell, 2013) argue that if too many response choices are provided, closed questions may be confusing and errors on marking the incorrect boxes when filling out the questionnaire is possible.

3.4 Secondary Data

Gray, (2014) defined secondary data as data that already exists and might have been collected for the purposes of another research or for record keeping but is still relevant for use. Secondary data provides the history of an organisation. Because secondary data makes use of data that was previously collected by another party it is cheaper to undertake. Secondary data maintains its relevance Even if secondary data is purchased, the cost is likely to be less than the cost of collecting fresh data, (Gray, 2014). Secondary data is reliable as it is collected and published by professionals which adds value to the research. Gray, (2014) adds that secondary data it is convenient for students since they have to complete their dissertations within a set period of time.

However secondary data may be obsolete, incomplete, biased and inaccurate which may affect the results of the research. Secondary data was collected from audited financial statements and mobile banking surveys and reports. This data is relevant because it allows analysis for measures of financial performance such as ratios.

3.5 The Likert Scale

Kahn and Cannell (2014) defined a likert scale as a strategy used for ranging or measuring responses given by respondents on qualitative data, used for the analysis data analysis. The likert scale enables easy interpretation of data. This study used the likert scale to allow respondents to select the most appropriate answer for each question presented on the questionnaires, (Gilgal, Bux and Cul, 2011).

Table 3.2 The Likert Scale

Strongly Agree	Agree	Neutral/Uncertain	Disagree	Srongly Disagree
1	2	3	4	5

3.6 Validity and Reliability of Data

The study adopted triangulation as a data validation strategy. Triangulation entails gathering data from a number of sources and making comparisons of the responses and findings gathered. Data gathered from research instruments is compared against each other to establish a solid conclusion. This study compared data from questionnaires, interviews and audited financial statements to see if the data points towards the same response then results would be considered reliable.

Validity refers to how effectively a test measures what it is purported to measure. The data collected from respondents was valid because the findings were similar to those collected from other closely related studies. Data collection methods used were also similar to those used by closely related studies. The data collected from respondents was valid because the research instruments were approved by the academic supervisor before they were distributed to the sample population for data collection. In the pilot study, the designed questionnaires were distributed to a small group of fellow students who found it easy to answer all the questions as they were clearly asked and structured in an understandable way. This ensured that the questionnaires would collect valid and reliable data.

The use of closed questions and audited financial statements for data presentation and analysis guaranteed that relevant data was gathered to ensure validity of the findings. The research carried out on the impact of mobile banking on financial performance was reliable as a good representation of the target population was achieved at 70%. Green, (2011) was of the view that a reliable research must have a sample population that is 50% or more in relation to the whole population.

3.7 Data Presentation

Data collected was presented in graphs, pie charts and tables.

Tables give a clear picture to the reader when presenting numerical data and they are easy to formulate. Data is classified into categories for easy interpretation using tables. However, tables are unsuitable for a lot of numerical data as they fail to clearly show trends and connect dots.

Graphs show an understandable picture of trend or results that is present in a set of data. Graphs are easy to understand. However, complex graphs are difficult and time consuming to construct.

3.8 Data Analysis

Data was analysed both quantitatively and qualitatively. The qualitative data that addressed the objectives was complemented by quantitative analysis.

3.9 Ethical Considerations

The study accounted for ethical considerations when undertaking the research study on the impact of mobile banking on financial performance, a case of CABS. The study made sure that the ethical considerations were not violated, (McShane and Pekele, 2012). The study was carried out at CABS with confidentiality highly maintained. Information from the interviews and questionnaires distributed was treated with confidentiality; the respondents from the various departments did not disclose their names. The information was neutral. The respondents were well informed about what the research was about and they participated willingly and with the permission of the employer.

3.10 Summary

This chapter focused on the research techniques applied in the study in order to answer the research objectives. Precisely the chapter covered research design, population, data collection, presentation and analysis.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

The chapter focused on presenting and analysing data obtained from research instruments used, that is questionnaires and interviews as discussed in chapter three. The data gathered from questionnaires was presented using graphs, pie charts and tables. A summary was included at the end to give an overview of the chapter.

4.1 Questionnaire Response

Harnett and Murphy, (2012) defined response rate as a measure, usually expressed in percentage, of how many of the distributed questionnaires were returned to the researcher. With 28 people forming the target population, 28 questionnaires were distributed and out of them only 24 questionnaires were returned (86%). Table 4.1 below shows the response rate to the questionnaires.

Table 4.1 : Questionnaire response rate

Responding Group	Questionnaires Distributed	Questionnaires Returned	Response Rate
Finance	12	10	**83%**
Internal Audit	7	5	**71%**
Electronic Banking	9	9	**100%**
Total	**28**	**24**	**86%**

As illustrated in the table above, of the 9 questionnaires distributed to the electronic banking department, 9 were returned (100%), from both the finance department and internal audit department 2 questionnaires each, were not returned and the response rate was 83% and 71% respectively. Overall the distributed questionnaires had 86% response rate. A better and higher representation of the target population was is obtained if a high response rate of at least 70% is achieved, (Kahn and Carnell, 2014). They further explain that this ensures validity of the research. According to (Goode and Hart, 2013), research data that is sound for objective analysis must have a high response rate. This study got a response rate of 86% and hence it is valid as it exceeds 70%.

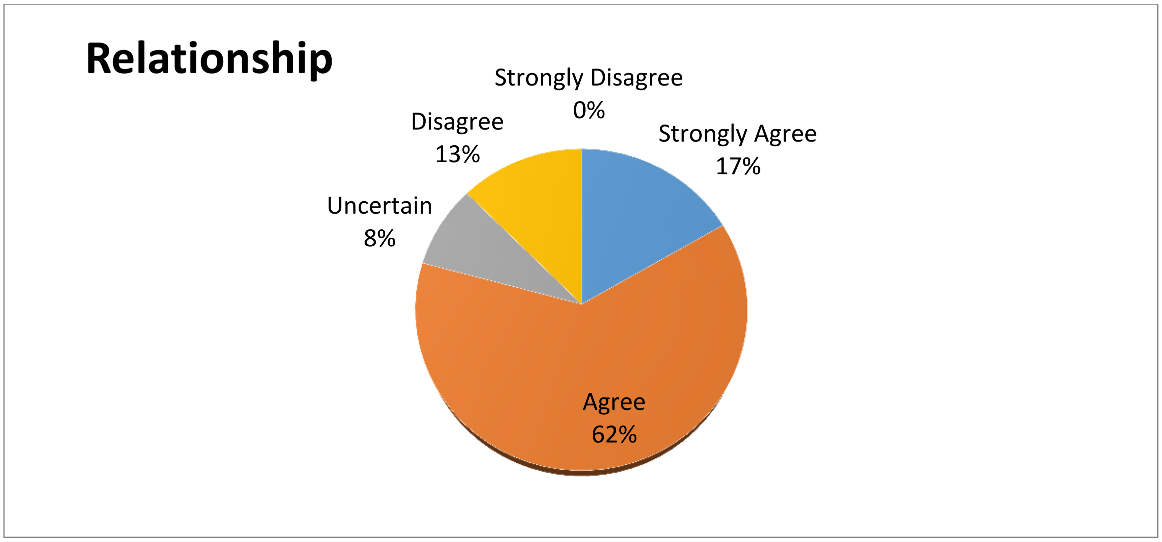
In order to gather corroborative data, the respondents were interviewed over the telephone. Interviews were conducted to 3 members in the sample population , one from each department. Closed-ended questions were structured and the answers were comprehensive. The response rate for the interviews was 100%.

4.2The relationship between mobile banking adoption and financial performance

Table 4.2 : Mobile banking has an effect on financial performance

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Mobile banking has an effect on financial performance	19	0	5	0	0

Fig 4.1 Mobile banking has an effect on financial performance



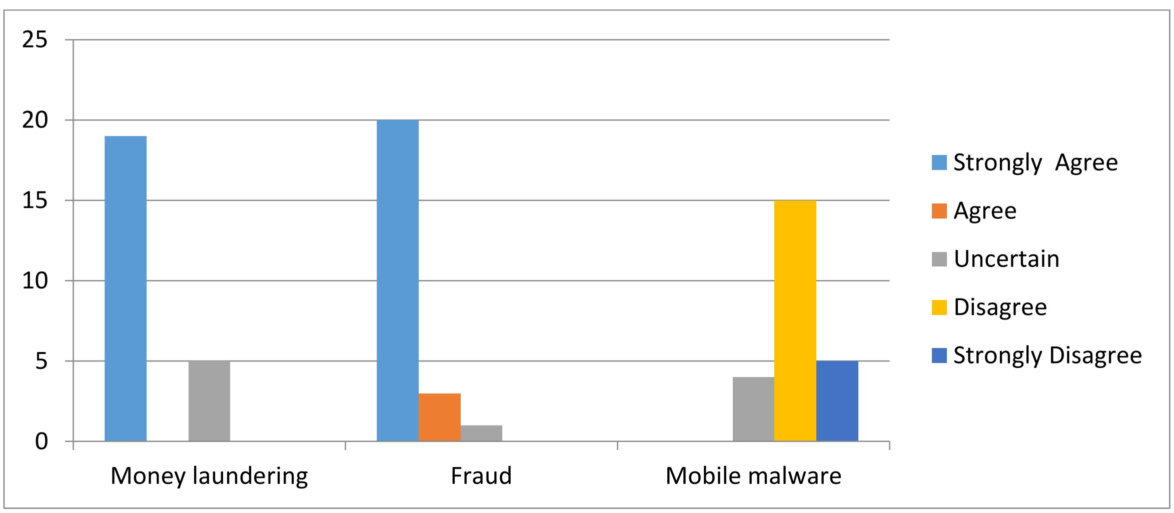
As shown by Fig 4.1 7% (4/24) strongly agree, 62% (15/24) agree, 8% (2/24) are uncertain and 13% disagree to the notion that mobile banking affects financial performance. A total of 79%are of the view that mobile banking has a direct link to financial performance. These findings are in line with (Kithaka, 2014) who tested whether mobile banking had an effect on financial performance using a regression model. From the test, she concluded that mobile banking positively and notably has an effect on the financial performance of banks. Possible reasons for this positive relationship could be the amount of money that moves through the mobile banking system each year, capital injected in mobile banking and bank liquidity.

4.3 Risks associated with mobile banking

Table 4.3 : Risks associated with mobile banking

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
a) Money laundering	19	0	5	0	0
b) Fraud	20	3	1	0	0
c) Mobile malware	0	0	4	20	0

Fig 4.2 Risks associated with mobile banking



4.3.1 Money Laundering

As shown in Fig 4.2 above, 79% (19/24) of the respondents strongly agreed that there is a high risk of money laundering with mobile banking and 21% (5/24) of the respondents were uncertain whether money laundering was a risk associated with mobile banking. The majority of the respondents agreed with the view that money laundering is a risk associated with mobile banking. These findings are also supported by (Kumar, 2015) who stressed out that the easy transfer of money in and out of the mobile banking system can be used as a platform for laundering unaccounted money. With a total of 79% the respondents agreeing to this point, it can be concluded that money laundering is a risk associated with mobile banking.

4.3.2 Fraud and mobile banking

With reference to Fig 4.2, it can be noted that 83% (20/24) of the respondents at CABS strongly agree that fraud is a risk associated with mobile banking and 13% (3/24) agree to the same notion. 4% (2/24) are unsure whether mobile banking is susceptible to fraud whilst no respondents disagree with the point. A total of 96% of the respondents are of the view that there is a high risk of fraud with mobile banking. Brooke, (2016) shares the same view as the respondents and the author states that cheque fraud is the biggest type of fraud in financial institutions. Remote desktop capture allows users of mobile banking to take a picture on their mobile device and deposit a cheque. Although banks have put rigid customer agreements in place and monitoring of this technology in place, fraudsters have managed to find weaknesses in the system. With the majority of respondents in agreement with this line of thought, a conclusion that fraud is a risk associated with mobile banking can be arrived at.

4.3.3 Mobile malware

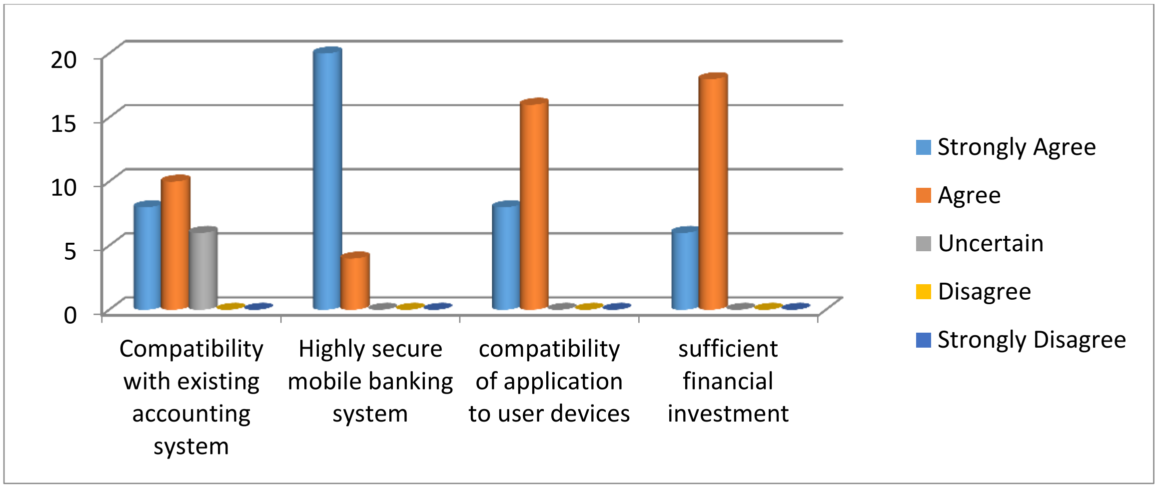
As shown in Fig 4.2, 17% (4/24) are uncertain whether mobile malware is a risk associated with mobile banking and 83% (20/24) disagree that mobile malware is a risk to mobile banking. None of the respondents agree that mobile malware is a threat to mobile banking. Brooke, (2016) states that computer viruses, Trojans and spyware specifically targeting mobile devices have become a prominent threat. However the author further explains that such malware do not affect the mobile banking system itself. The author goes on the explain that if a bank takes enough time to develop a good mobile banking system, malware should not be a significant risk. 89% of the respondents disagree that mobile malware is a threat to mobile banking and hence it can be concluded to be so.

4.4 Factors essential for successful mobile banking adoption

Table 4.4 : The factors that affect successful mobile banking adoption

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
a) Compatibility with accounting system	8	10	6	0	0
b) Secure mobile banking system	20	4	0	0	0
c) Compatibility to user devices	8	16	0	0	0
d) Sufficient financial investment	6	18	1	0	0

Fig 4.3 Factors that are essential for successful mobile banking adoption



4.4.1 Compatibility with existing accounting system

Fig 4.3 above shows that 33 % (8/24) of the respondents strongly agreed and 42% (10/24) of the respondents at CABS agreed to the point that compatibility of the mobile banking system to the existing accounting system is essential. 25% (6/24) were uncertain whilst 0% (0/24) respondents neither disagreed nor strongly disagreed to the same point. A total of 75% were i agreement that for mobile banking adoption to be successful, it is important for the mobile banking system to be compatible to the existing accounting system. Agarwal and Prasad, (2011) stated that for an electronic banking system to be successfully implemented, it is essential that the new system works in harmony with the already existing accounting system. In information technology (IT) it is important that any two systems that work together in the same network are able to understand each other so that they can receive and send messages to each other for the system to flow smoothly.

4.4.2 Highly secure mobile banking system

As shown by Fig 4.3 above, 83% (20/24) of the respondents from CABS strongly agreed whilst 17% (4/24) agreed that a highly secure mobile banking system is essential for successful mobile banking adoption. 0% (0/24) neither disagree nor were uncertain. Chiou and Shen, (2012) stated that in order for a mobile banking system to be trusted by users it should be able to guarantee high levels of security to them. Most of the late adopters of mobile banking took their time to build systems that secure enough to withstand hackers and system malwares.

4.4.3 Compatibility of application to user devices

With reference to Fig 4.3, 33% (8/24) of the respondents at CABS strongly agreed to the point that it is essential for successful mobile banking adoption that the mobile banking application is compatible to user devices and 67% (16/24) agreed. None of the respondents neither disagreed nor were unsure. If technology is compatible and provides best solutions to consumer banking needs, there is a higher chance of successful adoption, by both the bank and the consumers, (Kumar, 2015).

4.4.4 Sufficient financial investment

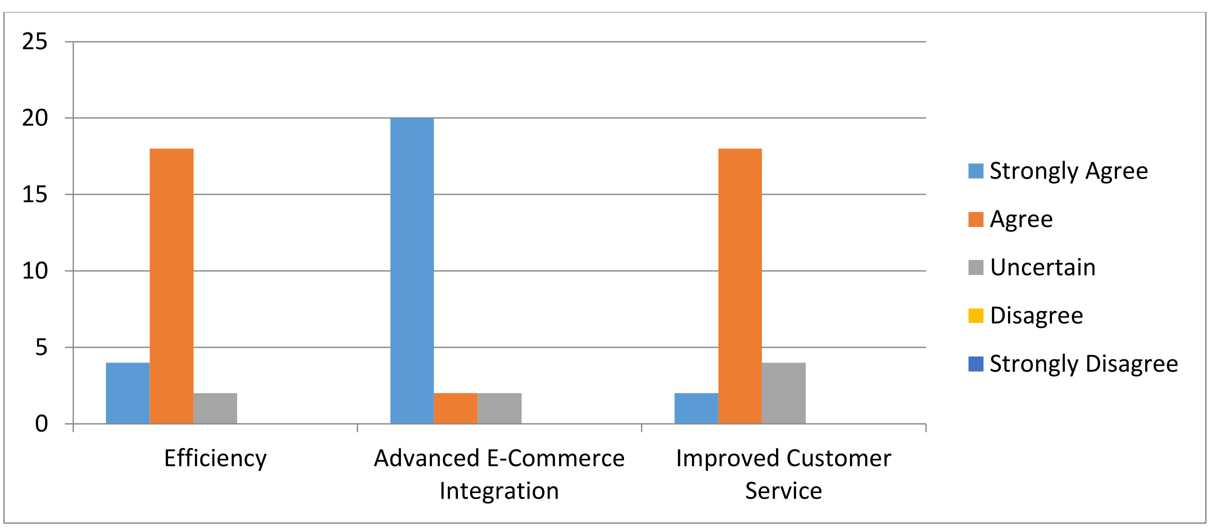
As shown in Fig 4.3 above, 25% (6/24) of the respondents at CABS strongly agree that sufficient financial investment is essential for successful mobile banking adoption whilst 75% (18/24). Only 4% (1/24) of the respondents were unsure whether financial investment had a bearing on whether implementation of mobile banking would be successful. Kumar, (2015) states that advancement of technology adds some indirect and direct costs such as investment cost, operation cost and utilisation cost. Affordability of purchasing, running and maintain a mobile banking system has a noteworthy implication on the ability of a bank to adopt a successful mobile banking system.

4.5 Performance benefits that are gained through mobile banking adoption

Table 4.5 : Performance benefits gained through mobile banking adoption

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
a) Efficiency	4	18	2	0	0
b) Advanced E-Commerce integration	20	2	2	0	0
c) Improved customer care	2	18	4	0	0

Fig 4.4 Performance benefits gained through mobile banking



4.5.1 Efficiency

With reference to Fig 4.4 above 17% (4/24) strongly agreed and 75% (18/24) agreed to the point that efficiency was a performance benefit that the bank gained through mobile banking whilst 8% (2/24) were uncertain. A total of 92% of the respondents are of the view that mobile banking increases the efficiency of a bank. This is supported by (Zhou and Wang, 2010) who state that with a mobile banking system in place, better service is provided to the clients. With a mobile banking system, clients do not need to visit the banking halls or ATMs for banking services meaning that banking hall personnel have time to focus on other work. Clients are also able to get all their banking services in the comfort of their homes by simply using mobile banking. With a mobile banking system in place, the bank cuts down on operational costs, (Mutua, 2015). The incremental costs of mobile banking are miniscule compared to the incremental costs of other banking services delivery channels offered by the bank. This means that the bank is more efficient and profitable with mobile banking because the financial resources injected in mobile banking yield profitable returns.

4.5.2 Advanced E-Commerce Integration

From Fig 4.4 above, 83% (20/24) of the respondents strongly agree and 8% (2/24) of the respondents agree that advanced e-commerce integration is a performance benefit gained from mobile banking adoption. 8% (2/24) is uncertain whether advanced e-commerce integration is a performance benefit gained through mobile banking adoption. A total of 91% of the respondents are of the opinion that adopting mobile banking leads to advanced e-commerce. Hedman and Kalling, (2014) and (Lee and Jeong, 2013) support this line of thought and they stressed out the point that e-commerce helps business that is performed online thus augmenting the image of the bank to society and empowering applications within the organisation. A majority of the respondents agreed and hence we can safely conclude that advanced e-commerce integration is a performance benefit of adopting mobile banking.

4.5.2 Improved customer service

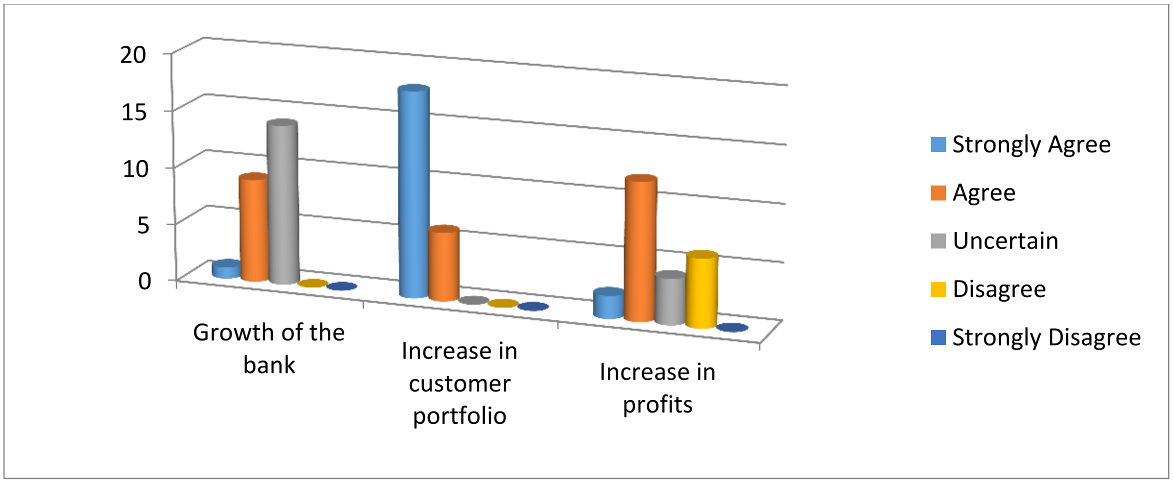
Fig 4.4 above shows that 8% (2/24) of the respondents at CABS strongly agreed and 75% (8/24) of the respondents agreed to the point that improved customer service was a performance benefit that the bank gained because of mobile banking adoption. A meager 16% (4/24) of the respondents were unsure. A total of 83% were of the view that CABS has been providing better customer service since the adoption of mobile banking. Loh and Koh, (2013) emphasized this point by stating that the quality of services that are offered to clients has an influence on the organizational performance. High quality services that are as a result of efficient business processes improve sales margin leading to an overall enhancement in the financial performance of an entity. Only 16% of the respondents were uncertain therefore a conclusion can be reached that mobile banking adoption leads to improved customer service.

4.6 Mobile banking has contributed to the financial performance in the following ways

Table 4.6 : Contributions made by mobile banking to financial performance

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
a) Growth of the bank	1	9	14	0	0
b) Increase in customer portfolio	18	6	0	0	0
c) Increase in profits	2	12	4	6	0

Fig. 4.5 Contributions made by mobile banking to financial performance



4.6.1 Growth of the bank

As shown in Fig. 4.5 4% (1/24) of the respondents strongly agree that mobile banking has contributed to the growth of CABS and 38% (9/24) also agree. The uncertain respondents did not know whether mobile banking has contributed to the growth of the bank were a staggering 58% (14/24). Barker, (2013) states that though mobile banking is a high profit delivery channel because of its low costs it should be noted that banks have been in existence profitably for many years before mobile banking was ever introduced. In this case, it is well known that CABS is mainly the business of mortgage lending were it holds over 80% of the country market share and yields over 60% of its overall profits. Because of such facts and a 58% of the respondents unsure of the notion it can be conclude that mobile banking has not contributed to the growth of CABS.

4.6.2 Increase in customer portfolio

As shown in Fig 4.5 above, 75% (8/24) of the respondents at CABS strongly agreed that mobile banking has contributed to the increase in the customer portfolio of the bank and 25% (6/24) agreed to the same point. A total of 100% of the respondents were of the view that mobile banking played a big role in the increase in the customer portfolio of the bank. Ngango, (2015) states that the financially excluded are keen on signing up for a delivery channel that meets their needs such as mobile banking. Decisively, mobile banking has contributed to the increase in the customer portfolio of CABS.

4.6.3 Increase in profits

As shown in Fig 4.5 above 8% (2/24) of the respondents strongly agree, 50% (12/24) agree, 17% (4/24) are unsure and 25% (6/24) disagree that mobile banking has contributed to the increase in profits of the bank. A total of 58% of the respondents were of the view that mobile banking contributes to the profits of the bank. Loh, (2013) stressed that mobile banking increases customer satisfaction because of its ease of use and efficiency. Customer satisfaction improves sales margin and hence profitability. Harris and Davenport, (2013) also pointed out that mobile banking has low operational costs to the bank and yields a reasonable amount revenue due to the high volumes of transactions and hence profitability. A conclusion that mobile banking contributes to the increase in profits of CABS can be reached.

4.7 Analysis of interview questions

4.7.1 Since adoption of mobile banking, have you noted a change in the financial performance of CABS?

The respondents seemed to agree that there have been major changes in the banks' performance since 2011, the year of adoption. Some of the major changes that were mentioned by the respondents were the 30% in growth, a larger customer portfolio and an increase in the revenue. The respondents are of the view that some of these changes are attributable to mobile banking.

4.7.2 What are the key differences have you noted in the pre-adoption and post-adoption performance of CABS?

The respondents seemed to be I agreement that the key differences between pre-adoption performance and post-adoption performance of CABS were change in volume and value of transactions, change in customer portfolio and changes in profit. Since adoption, the volume of transactions has increased significantly, most of these transactions are mobile banking transactions. A respondent from the finance department said that the department had to engage additional personnel in order to meet the high volumes of work they were faced with because of the increase in volume of transactions. The respondents also said that the customer portfolio for the bank has increased significantly since 201, most of the new customers are registered with Textacash which now has over 700,000 users, most of which were previously unbanked.

4.7.3 What are the major drivers in consumer adoption of mobile banking?

The common response to this question was that consumers are motivated to adopt mobile banking because it is cheap. Account opening is free and transaction costs are low. The respondents also mentioned that consumers sign up for mobile banking because it is convenient and efficient. To those who are far from the bank branch network, they no longer have to travel long distances to access a physical banking hall. The most emerging response was that consumers like mobile banking because of its low cost.

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4.7.4 Do you think the bank has benefited from early adoption of mobile banking over its competitors?

The respondents were of the opinion that CABS benefited from early adoption of mobile banking. The benefits mentioned were, the large market share of the unbanked that they gained, the clients that switched from their own banks to CABS for the convenience of mobile banking. CABS has a big piece of the mobile banking market share in Zimbabwe.

4.7.5 Of all the delivery channels offered by the bank, is mobile banking the most popular with consumers?

The respondents seemed to agree that amongst all the delivery channels, mobile banking was quite unpopular. Corporates still preferred to perform their transactions using the banking hall because mobile banking does not offer special features for corporate banking. A large share of customers also preffered using ATMs because they had access to them. The respondents also mentioned that because of the liquidity crisis in the country, most clients were using POS machines but not all merchants accepted mobile banking transfers.

4.8 Analysis of Audited financial statements

Table 4.7: Financial performance ratio analysis

Details	2011	2012	2013
ROE	7.6%	7.9%	8.5%
NIM	2.6%	2.7%	3.0%
ROA	11.8%	12.0%	12.8%

From the table above it can be noted that besides being the most profitable bank in 2014 and 2015, CABS has been growing very well. The ratios show that the bank is growing on a steady pace. The return on equity has increased from 7.6% to 8.5% since the year of mobile banking adoption. This means the investment made by shareholders into mobile banking is yielding reasonable returns.

The return on asset increased by 1% since 2011, which is a big improvement in the banking industry. This means all the assets acquired to invest in the mobile banking system having been working to yield positive returns to the bank.

The net interest income also increased by 0.4%. this means that CABS enjoyed a surplus of 0.4% over their borrowed funds, some of which were borrowed to invest in mobile banking and some of which were lent to customers through mobile banking.

Table 4.8: Analysis of profit

Details	**2011**	**2012**	**2013**
Overall profit	**$15, 756,800**	**$19,285,700**	**$24,564,600**
Profit attributable to mobile banking	**$823,500**	**$3,465,500**	**$5,245,400**

From the table above it can be noted that CABS has been profitable since 2011. In the year of adoption, 2011 it can be seen that mobile banking contributed $823,500 to the overall profit of the bank. In 2012 mobile banking contributed 17,9% to the banks' overall profit. In 2013 mobile banking contributed $5,245,400 which translates to 21.3% of the overall profit.

In conclusion, mobile banking has contributed positively to the financial performance of CABS since adoption.

4.9 Summary

The chapter covered presentation and analysis of data collected using the various research instruments as discussed in chapter 3. The data was presented using graphs, pie charts and tables. The findings were linked to related studies by other scholars who researched on similar topics.

CHAPTER 5

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.0 Introduction

This chapter is focused on the summarising chapters 1 to 4, the main research findings, recommendations and conclusions, having studied the effects of the adoption of mobile banking on financial performance.

5.1 Executive Summary

The principal objective of the study was to investigate the impact of mobile banking on financial performance.

The first chapter presented the research problem and the background of the study explaining financial performance and mobile banking and how they are related. The chapter also consists of research objectives and questions, limitations and delimitations of the study, definition of key terms and a summary.

In the second chapter, theoretical literature and empirical literature were reviewed. Research papers, online scholarly journals, textbooks and dissertations written by scholars about mobile banking adoption and financial performance were used.

The third chapter comprised of the research methodology. The target population comprised of 40 individuals and the sampled population was 28 individuals using random sampling. The third chapter also discussed the validity and reliability of data and the ethical considerations made in the research.

In chapter four, data was analysed and presented. Questionnaires and interviews provided the primary data whilst the published financial statements and reports provided secondary data. Out of the 28 questionnaires distributed, 24 (86%) were returned. Analysis and presentation of data was done using tables, graphs and pie charts. Results were reinforced by finding made by other scholars in their relative studies.

5.2 Summary of Major Findings

- The relationship between mobile banking and financial performance is positive and adopting mobile banking in an organisation like CABS has improved the performance of CABS because it has increased the customer portfolio and reduced operational costs.
- For successful mobile banking implementation, it is important for the mobile banking system to be compatible with the existing accounting system, compatible with user devices, highly secure and sufficient financial investment should be made into the system.
- The major risks that affect mobile banking are money laundering and fraud. It was found that mobile malware was not a threat to the mobile banking system as it is insignificant if the bank took its time when developing the product to ensure that it is not vulnerable t such a risk.
- The performance benefits that the bank is experiencing are efficiency, advanced e-commerce integration and improved customer service may be as a result of mobile banking adoption
- It was found that mobile banking has lead to the increase in the customer portfolio and increase in profits however it has not significantly contributed to the overall growth of the entity. These contributions of mobile banking have made CABS perform better.

5.3 Conclusion

The research was successful as the investigation indeed revealed that mobile banking adoption has a positive and significant effect on financial performance. The factors affecting successful mobile banking as well the risks that are associated with mobile banking were laid out. Finally a review of best practice led the study in coming up with recommendations.

5.4 Recommendations

In relation to the findings of the research, the advantages currently being enjoyed by CABS of being the most profitable bank in the country and having a huge market share are partly attributable to the adoption of mobile banking. The author recommends that:

- CABS should inject more financial resources into its mobile banking product because for the findings, it was noted that mobile banking has a positive and significant relationship to financial performance. This means that if more resources are injected into mobile banking to make it more efficient, then the bank will enjoy better profits.
- CABS should make an active effort to safeguard against the risks associated with mobile banking. The risks associated with mobile baking are of significance and if nothing is done to safeguard the mobile system, it could fail.
- CABS should keep upgrading its mobile banking system because if they have a good mobile banking system the bank will enjoy a larger customer portfolio, growth and profits.
- CABS should educate their clients about their mobile banking system because of the performance benefits they stand to gain. From the findings it was noted that mobile

banking increases efficiency, improves customer service and allows for advanced e-commerce integration.

- CABS should consider reviewing their current mobile banking system. From the findings the critical factors for successful mobile banking are sufficient financial investment, compatibility with existing accounting system, compatibility with user devices and security.

5.4 Suggestion for future research

Future research should focus on the possible impact of financial inclusion on the overall performance of the banking sector.

5.5 Summary

This chapter summarized input from previous chapters, major research findings, conclusions and recommendations. Overall CABS stands to benefit greatly should they invest more in mobile banking.

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APPENDIX 1

Midlands State University

Faculty of Commerce

Department of Accounting

P Bag 9055

Gweru

13 March 2017

Central Africa Building Society

3 Northend Close, Northridge Park

Borrowdale

Harare

Dear Sir/Madam

RE: APPLICATION FOR AUTHORISATION TO CARRY OUT RESEARCH ON YOUR ORGANISATION

I am a final year student currently studying a bachelor of commerce accounting honours degree. In partial fulfillment of this program students are require to carry out a research of their choice. My research topic is THE IMPACT OF MOBILE BANKING ADOPTION ON FINANCIAL PERFORMANCE: A CASE STUDY OF CENTRAL AFRICA BUILDING SOCIETY. I am seeking approval to carry out the research on your organisation. In addition, assistance will be required of any information related to my topic. All the information provided will be treated with confidentiality and only used for academic purposes.

Thank you for your co-operation.

Yours faithfully

Chiinze Hilda Tinotenda

APPENDIX 2

This questionnaire has been prepared by a final year student studying a Bachelor of Commerce Accounting Honours Degree at Midlands State University. In partial fulfilment of the program, every student is required to conduct a dissertation on a topic of her/his choice. **<u>Research Topic</u>** **The Impact of Mobile Banking Adoption on Financial performance: A Case of Central Africa Building Society.** **<u>Instructions</u>** **Please indicate your response by ticking in the box corresponding your desired response.** **Please do not write your name anywhere on this questionnaire.** **Kindly assist by completing the questionnaire. Information provided shall be treated with strict confidentiality and used for academic purposes only.**

SECTION A

Please tick where appropriate

1. Department in which one is stationed

Finance	Internal Audit	Electronic Banking

SECTION B

2. **The relationship between mobile banking and financial performance**

	Strongly Agree	Agree	Neutral/ Uncertain	Disagree	Strongly Disagree
a) Mobile banking has an effect on financial performance					

3. **The following risks are associated with mobile banking**

	Strongly Agree	Agree	Neutral/ Uncertain	Disagree	Strongly Disagree
a) Money laundering					
b) Fraud					
c) Mobile malware					

4. **The following factors are essential for successful mobile banking adopti**on

	Strongly Agree	Agree	Neutral/ Uncertain	Disagree	Strongly Disagree
a) Sufficient financial investment in the product					
b) Compatibility with existing accounting system					
c) Compatibility of application to user devices					

d) Highly secure mobile banking system					

5. Mobile banking has contributed in the following ways to the financial performance

	Strongly Agree	Agree	Neutral/ Uncertain	Disagree	Strongly Disagree
a) Growth of the organisation					
b) Increase in customer portfolio					
c) Increase in profits					

6. The following performance benefits were gained through adoption of mobile banking

	Strongly Agree	Agree	Neutral/ Uncertain	Disagree	Strongly Disagree
a) Efficiency					
b) Advanced e-commerce integration					
c) Improved customer service					

APPENDIX 3

Interview Guide for Staff

My name is Hilda Tinotenda Chiinze and I am a final year student studying Bachelor of Commerce Accounting Honours Degree at Midlands State University. This interview is meant for a research topic on The Impact Of Mobile Banking Adoption On Financial Performance and is in partial fulfillment of the program. Each student is required to conduct a dissertation on topic of his/her own choice.

1. Since mobile banking adoption, have you noted a change on the financial performance of CABS?
2. What key differences in have you noted in pre-adoption and post-adoption of mobile banking in the performance of CABS?
3. What are the major drivers in consumer adoption of mobile banking?
4. Do you think the bank has benefited from early adoption of mobile banking over its competitors?
5. Of all the delivery channels offered by the bank, is mobile banking the most popular with consumers?