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FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

RESEARCH TOPIC:

The effects of plastic money in the performance of microfinance banks in Harare urban.

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**THIS DISSERTATION IS SUBMITTED IN PARTIAL FULFILMENT OF THE
BACHELOR OF COMMERCE ACCOUNTING HONORS DEGREE AT MIDLANDS
STATE UNIVERSITY**

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DECLARATION

I Tinashe .M. Zhou do hereby declare that this dissertation is a result of my own research and investigation, except to the extent indicated by acknowledgements, references and by comments included in the body of the study. This document has not been submitted in part or in full of any other degree or in any other university.

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DEDICATION

I dedicate this project to my family members, Mr and Mrs Zhou, Blessing Zhou, Happiness Zhou, Diana Zhou and Blessing Zhou. I thank God for allowing me to be part of this loving and caring family.

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ABSTRACT

The main aim of this investigation was to determine the effects of plastic money in the performance of microfinance banks in Harare Urban. The objectives of the study were to identify the effects of plastic money on long-term profits, if plastic money address liquidity crisis, best practises that can be adopted in managing revenue and the factors affecting the use of plastic money. The study utilised a descriptive research methodology in carrying out a research which incorporates a quantitative approach. The sample comprised of forty (40) respondents. Data was gathered using the questionnaires. This data was presented and analysed using tables, graphs and pie charts. The statistical package utilised for regression analysis was the SPSS 2019 and the independent variables were mobile payment, money transfer, mobile financial service, online payment and point of sale and performance was the dependent variable of the study. The statistical package showed that there is a positive correlation between plastic money and performance of 0.9801. The research findings showed that technological advancement, transaction cost, lack of confidence and resistance to change are the major determinants of plastic money that has a greater impact on the long-term profits. Utilisation of plastic money has a greater contribution in lessening the liquidity crisis by guaranteeing that interest for hard cash is reduced and changes of exchange rates are resolved. The researcher recommended that there is need for empowerment and campaign programs for plastic money to be accepted in rural areas and also microfinance banks in Harare Urban should make arrangements with shopping centres so that customers can easily use plastic money.

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CHAPTER 1

1.0 Introduction

This chapter introduces the background of the study, statement of the problem, research objectives, research questions, assumptions of the study, significance of the study, delimitations of the study, limitations of the study, ethical consideration and definition of the terms.

1.1 Background of the study

Plastic money has its source in the United States of America and its formation can be followed to Second World War. The advancement of different kinds of plastic money begins with the presentation of voucher system of payment which was utilised during the Second World War. The plastic money got famous with microfinance banks in Zimbabwe during the 1990s. In developing nations 70% of the population are not alright with the utilisation of Automated Teller Machine (ATMs) and Point of Sale (Holland, 2010).

Harare microfinance banks began working adequately as from 1990s beginning with Getbucks microfinance bank as a result, they were influenced by a number of multiplicity of financial challenge such as liquidity crisis due to reduction of non- interest income generated by cash withdrawal charges and poor management of the economy in those companies. The measurement from Reserve Bank of Zimbabwe (RBZ) says 80% of money related transaction will be through plastic money in five years as it moves to advance a credit only economy, this lead to decrease in money withdrawals and equivalently affects non-interest income of microfinance banks in Harare urban.

Past researchers thought of different difficulties of plastic money on their discoveries which influence smooth flow operations of microfinance banks in Harare urban. The current liquidity is a danger to microfinance banks at a macroeconomic level since they are less setup to combat the crisis (Mutambo, 2013). In addition, the microfinance banks in Zimbabwe are working at low capital base since they are feeling the effect of national liquidity as confirmed by microfinance expert (Mago, 2017).

The fundamental component of microfinance banks is the capacity to give sufficient liquid to clients at all time. An ideal level of liquidity is needed for microfinance banks to be ready to meet their present monetary commitments without incurring unacceptable losses. The bank liquidity position is influenced by the bank particular variables just as macroeconomic environment of the banks as contended by (Vodova, 2011; Sheefeni, 2016 & Assfaw, 2019).

Further to the abovementioned, the absence of awareness campaigns about plastic money and its advantages can likewise influence the performance of microfinance banks in Harare Urban (Sathye, 2002). The view of it being difficult to understand can add to non- adoption of plastic money. In any event, when the clients knew about the plastic money they will be hesitant of utilising plastic money, this influence the exhibition of microfinance banks in Harare Urban in light of the fact that they have financial challenge to meet their commitment as they fell due.

In December 2015, the microfinance banks in Harare urban were hit by liquidity and the government presented the utilisation of plastic money as a relieving factor. The financial business kept on encountering actual money challenges due to popularity of money by the banking public. Notwithstanding, microfinance banks have been advancing the utilisation of plastic money to lessen the interest of actual money.

However, the time limitation and geographical location has adverse impact on the profitability of microfinance banks in Harare Urban (Kass, et al. 2016). The presentation of plastic money has diminished the geographic coverage and time requirement henceforth, this permit banks to diminish transaction cost. Consequently, aftereffects of this examination propose that the presentation of plastic money has a constructive outcome in the performance of microfinance banks.

The risk perceived by individuals in the utilisation of plastic money affects the profitability of microfinance banks in Harare Urban (Ho & Ng, 2015). These risks comprise of financial risk, performance risk, social risk and psychological risk. The researcher express that individuals seen an existence of risk with the utilisation and this influence the performance since some were dismissing to utilise plastic money.

Social risk is the refusal of plastic money by the old age who perceived that its personnel and friendly. Financial risk is the financial loss perceived by consumers after reversing a transaction and stopping a payment subsequently discovering a mistake.

Further to the abovementioned, the utilisation of plastic money has remained slow notwithstanding the comfort that it brings to the clients and other business local area (Bubeet, et al. 2011).The convenience that plastic money bring to the customers and business local area has a positive influence in the profitability of microfinance banks in Harare Urban.

The performance of microfinance banks in Harare urban have been influenced by the enforcement of the utilisation of plastic money which adversely influences the profitability as their telegraphic transfers, RTGs charges and other non -interest pay remain negative which affect the overall performance. The plastic money held by microfinance banks in Harare urban is answerable for inflation, increment in indebtedness, the destruction of the basic virtues utilised for spending and growth (Ullah & Din, 2014).

The presentation of plastics money has influenced the liquidity of microfinance banks in Harare urban. Hyper inflationary period has influenced the statement of financial position of the microfinance banks regarding the current proportion as their present resource was lower than their current liabilities (Mutambanadzo & Makumike, 2013). Therefore, this influences the image of the banks as they need more money to pay their commitments as they fell due.

The Reserve Bank of Zimbabwe (RBZ) anticipates the utilisation of plastic money by microfinance banks in Harare urban. The introduction of more e-channels, point of sale devices, expanding the interoperability of frameworks and sharing of service delivery infrastructure for the convenience of the executing public ought to advance the utilisation of plastic money to each partaking microfinance banks in Harare urban (RBZ, 2013a).In reaction to this liquidity limitation, the Reserve Bank of Zimbabwe embraced various strategy measures to diminish money challenges including bringing in real money, the advancement of the utilisation of plastic money and the use of other currencies within the multi-currency basket and cash withdrawal limits,(RBZ,2016a).

1.2 Statement of the problem

The issue of concern is the failure of microfinance banks in Harare urban to have sufficient money to cater for the liquidity crisis as their income drivers, such as, withdrawal charges; telegraphic transfers and non-interest income were crippled bringing about banks failing to meet their objectives. Therefore, this problem endures the performance of microfinance banks in Harare urban. This investigation therefore, targets at assessing the impacts of plastic money in the performance of microfinance banks in Harare urban.

1.3 Research objectives

The main objectives of the study are to:

- Examine the effects of plastic money on long-term profits of microfinance banks in Harare urban.
- Evaluate if plastic money helped to address liquidity crisis of microfinance banks in Harare Urban.
- Identify the best practises that can be adopted in managing revenue drivers by microfinance banks in Harare urban.
- Examine the factors affecting the use of plastic money by microfinance banks in Harare urban.

1.4 Research questions

- What are the effects of plastic money on long-term profits of microfinance banks in Harare urban?
- How has plastic money helped to address liquidity crisis of microfinance banks in Harare urban?
- What are the best practises that can be adopted in managing revenue drivers by microfinance banks in Harare urban?
- What are the factors affecting the use of plastic money by microfinance banks in Harare urban?

1.5 Assumptions

The researcher assumed that plastic money system is the significant instrument to relieve cash crisis in Harare urban and furthermore, assumed that appropriate steps were taken in embedding plastic money instrument, including instructing market players.

1.5.1 Hypothesis

H0: Plastic money is not the panacea for the Harare urban cash crisis.

H1: Plastic money is the panacea for the Harare urban cash crisis.

1.6 Significance of the study

This study is of great importance to the:

Researcher

This is a partial fulfilment of the attainment of a Bachelor of Commerce Honours Degree in Accounting. Additionally, the researcher will acquire information on the most proficient method on how to carry out a research especially accounting, and would be able to research in the future.

Midlands State University

This study is going to add more information to the existing academic knowledge that the future researchers within my institution will be able at starting point to review or to establish their research gap by basing their research on my study.

Microfinance Institutions

This investigation may draw exercises that can benefit financial institutions which are offering microfinance services and assist in the best practise that can be adopted in the use of plastic money. The exploration will likewise endeavour to bring a change in perspective to individuals' insights about microfinance banks.

1.7 Delimitations

- The study is focused in Harare urban studying all the microfinance banks that are established within the banking sector and others that are far away within Harare urban.
- The study focused on the period starting Tuesday 4 August 2020 to March 2021.

1.8 Limitations of the study

During the research period, the researcher experienced difficulties including confidentiality of information as some managers particularly the human resource managers in numerous microfinance banks in Harare urban might not be willing to disclose information to the researchers. To add, the researcher was confronted with various monetary difficulties for example composing and printing the thesis because resources are scarce due to prevailing hyperinflation in Zimbabwe. Also, the time imperative has been an essential factor in this research study since the researcher need to complete the dissertation within five months. The other constraint was that the researcher was portrayed by a lot of pressure such as academic learning and also writing of dissertation

Regardless of the current number of limits the researcher has made a decent attempt to empower this academic research a success. On the issue of time the researcher is going to have restless evenings to attend to dissertation. Furthermore, on the confidentiality of information the researcher shall conceive the respondent that the researching for information obtained from them shall be used for academic purposes and nothing else.

1.9 Ethical Considerations

The ethical considerations the researcher is going to maintain in undertaking the research are:

- Confidentiality of information -The researcher need to guarantee that sufficient level of private information gathered from the microfinance banks in Harare Urban is maintained .Therefore, the researcher will secure the information given in certainty by the respondents during the research by promising that information will be utilised for scholarly purposes.

- **Plagiarism**-The issue of plagiarism is a significant view point in academic learning. This is the practise where the researcher needs to guarantee that any work which is written ought to be unique and ought to totally circumvent the utilisation of certain writings, results or even articulations which was acquired, controlled or even utilised without recognising where the data has been gotten from. The researcher will going along with this moral thought by acquiring and selecting goggle scholar records to be utilised to recognise the source utilised.
- **Respect of people**-The admiration of the people is one of the major standards in research. It is the acknowledgement of the individual as extraordinary, independent and free person. The researcher will perceive the right for autonomy and to protect people who are burdened to the extent that cannot rehearse this right.
- **Integrity**-It is defined as a dynamic adherence to the moral standards and professional standards fundamental for the dependable act of research. Dynamic adherence implies the selection of standards and practises as an individual philosophy. Hence, the researcher is going to conduct practises such as honesty, fairness and straightforward in proposing, performing and reporting research.
- **Privacy**-This is a concept in research ethics which states that a researcher has a right to privacy when participating in research. Hence, the researchers have experienced problems when their privacy was not upheld after participating in research. Furthermore, the researcher is going to maintain privacy by having control over the extent, timing and circumstances of sharing and limit access of others to the data collected from the Microfinance Banks in Harare urban.

1.10 Definition of terms

- Plastic money -Is a term that predominantly refers to the hard plastic cards, that we use every day, in place of bank notes or coins and they come in many different forms, such as cash cards, credit cards, debit cards, prepaid cash cards and store cards.
- Microfinance banks-is a category of financial services targeting individuals and small business who lack access to conventional banking and related services and it includes microcredit, the provision of small loans to poor clients, savings and checking accounts, micro-insurance, and payment systems, among other branches.
- Money -According to (Milton Friedman,2016) ‘‘Money is whatever is generally accepted in exchange for goods and services accepted not as an object to be consumed but as an object that represent a temporary abode of purchasing power to be used for buying still other goods and services.’’
- Banks -Are financial institutions licensed to receive deposits and make loans and provide financial services such as wealth management, currency exchange, and safe deposit boxes. There are several different kinds of banks including retail banks, commercial banks or corporate banks, and investment banks.

1.11 Chapter summary

The chapter introduced a brief summary of the aspects covered in the research study. It also highlighted the background of the study, the statement of the problem and main objectives of the study. The other aspects introduced are research questions, assumptions, significance of the study, delimitations of the study, limitations, ethical consideration and lastly definition of terms.

CHAPTER 2

LITERATURE REVIEW

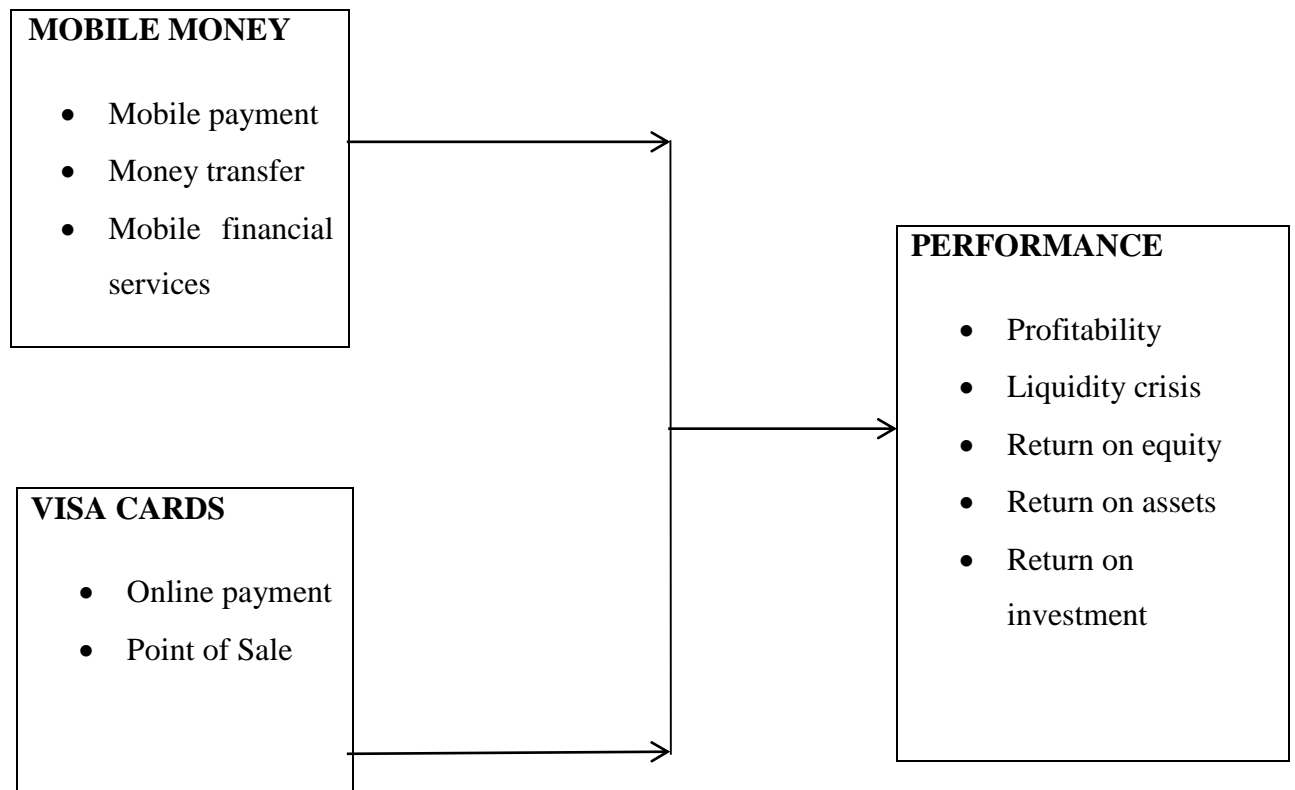
2.0 Introduction

This chapter introduces the related literature to this research study. The literature have been obtained from various sources from the electronic journals, textbooks and also a number of primary and secondary sources within the organisation have been used to develop this literature review as such this chapter is arranged logically following a well-defined order starting with conceptual framework and answering of the research questions.

2.1.0 Conceptual Framework

The conceptual framework of this study is characterised by independent variables, mediating variables and dependant variables. Also other factors are included. The conceptual framework for this study is shown diagrammatically on figure 2.1:

Fig 2.1: Conceptual Framework for Effects of plastic money in the performance of microfinance banks in Harare Urban



2.1 Dependent variables

The dependent variable of the study is performance. The performance which is a subjective measure of microfinance banks might be poor performance or good performance. Dependent variables of the study comprise of profitability, liquidity, return on investment, return on assets and return on equity. These variables are explained in details as shown below:

2.1.1 Profitability

Profit is a proportion of outcome in meeting the objectives of microfinance institutions (Lin, 2008). Financial performance quantify how microfinance banks utilise its assets to generate income (Bessler, et al., 2008). Performance might be estimated regarding monetary and non-monetary performance (Bahar & Ahmad, 2010).

In addition, the financial performance may incorporate profit after tax, market share and customer satisfaction. The agency banking guarantees that microfinance banks save money on wages and saves on the floor for banking halls since agency outlets are operated by free agents (Kariba, 2011). Moreover, this affects the profitability of microfinance banks since agency banking hours might be more and consequently, more transactions. Consequently, the profits of microfinance banks might be expanded by agency banking while at the same time keeping cost at least level. In addition, the improvement of income is one of the huge goals for the survival and growth of microfinance banks over a period of time. The profitability of microfinance banks is upgraded by financial innovations which lead to improvement of products and product delivery in banking sector (Alam, 2011).

2.1.2 Return on assets

The return on assets underlines on the return generated by the microfinance banks in Harare urban. The microfinance bank's achievement in producing profit utilising assets in the absence of financing of those resources is estimated by return on assets. Return on assets is consistency in the estimation of operational efficiency thus the reason microfinance banks prefer return on assets than return on investment (White et al., 2015). Furthermore, a microfinance bank's performance might be estimated in terms of return on assets (Cyern; Emre & Asl, 2008). When the assets of the microfinance banks is utilised more productively it means its return on assets is higher (Wen, 2011).

2.1.3 Liquidity

It is defined as the amount of capital available for investment (Ibe, 2013). The liquidity of banks is the funds available to microfinance banks and their capacity to promptly fulfil their growing requirements (Koranteng, 2015). However, the liquidity of microfinance banks is there to constantly meet cash, cheque, withdrawal commitments and loan demands of their customers while meeting their basic requirements for bank reserve as contented by (Ibel, 2013).

Furthermore, in relation to microfinance banks (Amengor, 2010) portray liquidity as the capacity to meet its authoritative commitments for example lending, investment and clients withdrawals of deposits and development of liabilities at the course of bank activities. From the data above, it tends to be noticed that the extent of liquidity is determined by the time required to convert assets of microfinance banks into cash or monetary assets, the certainty with regards to the value realised from the asset and conversion and the ability of microfinance banks to meet their obligation without incurring a loss.

Moreover, liquidity crisis diminishes the capital of microfinance banks since they need to acquire from the market at high rates and furthermore getting to fulfil the need of investors may put banks capital on stake.

2.1.4 Return on equity

The return on equity is one of the suggested profitability ratios in the financial business. The allotment of capital across and inside division of microfinance institutions has been done by the utilisation of return on assets (Moussu & Romec, 2014). The Investigation observes that the focal estimation of performance in the banking is return on equity and the choice of the ratio is a result of risk management approach to banking. The belief in the banking industry that equity ought to be kept at low level to lessen capital cost put some emphasis on the guideline of bank capital as contented by authors in this methodology. In addition, the return on equity is the widely acknowledged in the banking industry (Simpson & Kohers, 2005).

2.1.5 Return on investment

It quantifies the amount of return on a particular investment, comparative to the investment cost. Return on investment measure the profit centre's efficiency in a simple and effective manner by using the capital depended on it (Solomons, 2004). Thus it improves the performance of microfinance banks by utilising capital and estimating the efficiency of its operation.

However, return on investment can be influenced by inflation as a result of gain from investment which negatively affects the operation of the banking sector. In addition, return on investment has many advantages which would account for its wide usage namely; it is consistence in measuring the cost of capital of microfinance banks.

2.1.6 Independent variables

These are the variables that influenced the outcome of the research. The independent variables of the study constitute of mobile money (mobile payment, money transfer and mobile financial services) and visa cards (online payment and point of sale). Therefore these variables are explained in details as shown below:

2.1.6.1 Mobile money

It is defined as offering financial services to clients by a mobile network operator or by another entity that partner with mobile network operators, independent of the traditional banking network. The pioneer in the modern mobile banking is Finland because of its strong mobile phone industry and development of that industry (Suaranta, 2003). In support of the above statement, the development of the telecommunication industry which was built in Finland on the 19th century change the way microfinance banks operate their business as they realised the way to offer financial services through mobile phone. The introduction of smart phones has totally changed the way microfinance banks operates with the new business models offering new ways of 24 hours accessible to customers as argued by (Lonie, 2010).

Mobile money was proposed to compensate their advances and empower the clients to get banking services utilising mobile money. Mobile money was presented to increase the quality of services given by microfinance banks in order to attract clients and also to lessen dealing with cash. The mobile money services fall into three categories as demonstrated below:

2.1.6.2 Mobile payments

It refers to payment services operated under financial regulation and performed from or by means of mobile devices as opposed to paying with cash. The selection and utilisation of mobile payments is controlled by individuals, value-based and situational attributes, just as by payment attributes. Furthermore, higher income earners and educated people like to utilise mobile payments than less educated and elderly who favoured paper-based technique for example, cash, the explanation is that the first group faces higher opportunity cost when utilising cash which set aside more effort to settle (Polasik et al., 2005) thus, this adversely influence the benefits of microfinance banks in Harare urban since they are losing a portion of their income from elderly and less educated individuals. However, the mobile payment as a payment instrument is less expensive, convenient and fit for giving better records, usability and speed which improves the performance of microfinance banks (Mallat, 2007).

2.1.6.3 Money transfer

It is an advancement which empowers moving money utilising the information and communication technology infrastructure of the mobile network operators (Mbiti, 2011). The objective of mobile financial transaction is to improve efficiency of microfinance banks by utilising mobile technology to make transaction quicker, less expensive and safer (Guagraw, 2016). Mobile money transfer permits microfinance banks to move funds from clients to clients, to pay rates of representatives or move funds starting with one bank account then onto the next bank account. It empowers the microfinance banks to move cash global and domestic. In Harare Urban domestic money overwhelms among mobile money services. In addition, money transfer lessens the cost of making settlements from one individual to another, particularly across long distance (World Bank, 2009).

2.1.6.4 Mobile financial services

The process whereby mobile money might be connected to the bank account (savings, credits) that they would be standard access at bank. The monetary related services that are given by microfinance banks are insurance. Mobile financial services utilise mobile system to do the monetary transactions and administrations. There are several factors that add to the development of microfinance banks by utilising mobile financial services, for example, improved internet available, low admittance to custom, expanded security on mobile platforms and increased mobile penetration.

2.1.6.5 Visa cards

The advancement of visa cards improved the performance of microfinance banks in terms of increased market share, better response to customer demand, extended product range and customised product. Microfinance banks that offer visa cards to clients bring in cash through yearly fees, late payment fees and exceptional equilibrium charges. The utilisation of visa cards are now integral as 80% of the families have some kind of the cards (Dougloous, 2005). The visa cards comprise of online payment and point of sale as clarified below:

2.1.6.6 Online payments

This is a payment of making transaction through an electronic medium, without the utilisation of money and it is additionally called electronic payment system. Electronic payment system has negative impacts on the microfinance banks since they need to assign a network and data as administrator with clearly defined roles. Moreover, internet banking presents various risks to microfinance banks when contrasted with the traditional banking. This is critical to refresh innovation since it friendly and cost effective to clients.

In addition, the lack of awareness and uncertainty about the advantages of online payment, worries about skills, set up cost and pricing issues are the barriers to online banking by the microfinance banks (Mahalja et al., 2016). The performance of microfinance banks is adversely influenced by the lack of telecommunication infrastructure for example poor internet connectivity, absence of fixed telephone lines under developed state of internet service (Bingi, Mir & Khamala, 2012).

2.1.6.7 Point of sale (POS)

It is a device which is among the regular payment devices for credit cards, debit cards, smart cards and other electronic transactions in microfinance banks. Point of sale device naturally moves the purchase price from the seller account to the banking system through network connection. Account balances, account billing and delaying a purchase and daily reports are performed by the point of sale device which benefit the microfinance banks in Harare Urban (Begona; Dolores & Zaida, 2014). Furthermore, the presentation of the system has changed the banking system of the microfinance banks and furthermore encouraged issues for bank clients.

2.2.0 Effects of plastic money on long-term profits

Plastic money has a number of adverse effects on long-term profits mainly the negative impacts are the one that are even more common to the research. In this study, the effects of plastic money are lack of confidence, resistant to change, awareness campaigns, convenience, transaction cost, technological advancement, perceived usefulness, normative pressure and negative information about the use of plastic money.

2.2.1 Lack of confidence

Confidence in the banking sector is whereby the customers sensation of self-assurance emerging from appreciation of their bank's capacity to convey their services when needed as a result lack of confidence has a number of adverse effect on the profitability of microfinance banks (Donovan, 2012).The confidence in the banking sector is the belief or trust that the customers have in the microfinance banks or the capacity of banks to act in an appropriate, reliable manner or trustworthy (Bateman, 2010).However, the activities of the microfinance banks is reinforced by building stability and confidence in the financial system.

In addition, the absence of certainty and instability has brought about the decrease of profits and under-utilisation of services of microfinance banks (Donovan, 2012).Trust and assurance are the segments of confidence (Springford, 2011).Trust makes commitments among banks and the client while certainty implies that the idea of the beneficiaries must be clear.

Moreover, the failure of microfinance banks to meet financial obligations is brought about by the loss of confidence from their customers (Kusa, 2013).Further to the above, the regular surveys make it simple to survey the impacts of clients confidence, although the impacts of business confidence are difficult to measure (Garner, 2002).In addition, the withdrawal of funds by customers, low bank charges and capitalisation of banks may regain the confidence from the customers. The literature reviewed that lack of confidence in microfinance banks would influence the profitability of the microfinance banks since certain clients are not able to adjust to the utilisation of plastic money.

2.2.2 Resistance to change

Resistant to change unfavourably affects the profitability of the microfinance banks in terms of the cultural dimensions that are critical in understanding the behaviour of customers. Further to the abovementioned, the conduct of the clients are clarified as far as five cultural dimensions in the Hofstede's model .In addition, uncertainty avoidance as one of the most important dimension can be translated to resistant to change (Golam, 2013).The assumption express that some communities or cultures endure uncertainty and are risk takers.

Individuals in certain societies like to attempt new things than to have more rules and laws though a few people do not enjoy uncertainty and would lean towards a steady and predictive future (Golam, 2013). In Harare urban people have low adoption bearing in mind that plastic money is generally another assistance in the nation as referenced in the study led (Finscop, 2015).

In addition, Zimbabweans have a low degree of creativity; henceforth the tendency for the adoption of the new circumstance, for example e-bank system is limited by delay and uncertainty avoidance (Shambare, 2013). Furthermore, the strongest and unreasonable fear for the utilisation of technology by baby boomers may assist with clarifying why there is increased preference on traditional banking system among the group of individuals who share the common feature particularly when large amounts are included (Longe & Uzoma, 2007). However, a few customers may not appreciate to change their banking habits except if they are compelled to do so. Moreover, the endeavour of microfinance banks in Harare urban to support the adoption of debit cards in-order to increase the utilisation of automated teller machines whilst some clients prefer cash withdrawals within their banking branch.

Furthermore, resistant to change was seen in Nigeria as the customers was not embracing to e-banking services since they would prefer not to change their familiar way of traditional transacting (Oluwagbeme, Abah & Achimugu, 2011). Moreover, with the limitation enacted on the amount of hard cash withdrawn each day would causes consumes to transact online (Zimswitch, 2016). From the literature reviewed, most of the research does not include resistant to change as a possible effect on profitability because the adoption is based on clients in developed nations such as America as indicated by the Hofstede model raking which has low uncertainty avoidance index and it shows that they are prone to innovativeness.

2.2.3 Awareness campaigns

Awareness campaigns is whereby the customers know about the electronic banking offered by their banks and competing banks on the market thus awareness campaigns has various impacts on the profitability of microfinance banks (Pikkarainen, Karjalucto & Pahnla, 2016).

The adoption of new forms of technology may causes individuals to process immediate emotional perceptions which may act as hindrances to adoption (Shamabare,2013).The dominant part of rural communities in Zimbabwe had no admittance to the utilisation of plastic money and therefore they are transacting using cash (Diza, Munyayi & Gumbo,2017).However, rural communities had no access to the utilisation of plastic money due to absence of satisfactory information on the meaning of plastic money, absence of plastic money facilities among rural service providers and low level of income .

Furthermore, the Reserve Bank of Zimbabwe ought to guarantee that all microfinances in Harare Urban ought to embrace the awareness campaign in order to advance the adoption of plastic money (Mlambo, 2016).In the context above this would adversely influence the profitability of microfinance banks since they will lose earnings from the rural communities. However, lack of awareness may present negative impacts on perceived usefulness of plastic money which affect the profitability of microfinance banks (Mokhtar, 2016).

2.2.4 Convenience

The convenience for the utilisation of plastic money by the customers of the microfinance banks is long-standing, particularly in the retailing and client conduct as an outcome convenience has a number of impacts that influences the profitability of microfinance banks (Anderson & Kelly, 2017). The safety and convenience are among the assumed advantages of plastic money. Furthermore, microfinance banks should present more e-channels, more point of sale devise and sharing of service delivery infrastructure to promote the utilisation of plastic money and to persuade the public to execute using plastic money (RBZ,2013a).

2.2.5 Transaction Cost

This is the exchange of monetary and non-monetary which customers make to receive a required service as a result transaction cost has a number of negative impacts on the profitability of microfinance banks (Kotler, 2006).The fulfilment happens when the perceive rewards are better than their perceived cost as referenced in the social exchange theory. In addition, the credit cards are more expensive than different types of credit like personal loans hence the use might be more expensive (Sanderson, 2016).

The impact of transaction charges is that eventually payments which will be more than foreseen since they added to the credit. Notwithstanding, the Reserve bank of Zimbabwe's week after week audit demonstrated a 45% increment on point of sale transaction volume between 27th of May and the third of June. Further to the abovementioned, the real time gross settlement volume transaction increment by 51%, automated teller machines rose by 38% and cheque activity by 17% subsequently when the utilisation of alternatives for money expanded the RTGs and point of sale transactions were pegged at \$10 and \$2.50 per transaction respectively (Gambanga, 2016).

In addition the lack of money has caused the microfinance banks to accelerate charges which got extravagant to the residents. Further of the above it is contented that for clients to embrace the utilisation of plastic money, the customer ought to consider the advantages of plastic money to be worth than the expense brought about for example, payment of internet usage. Conversely, when the perceived benefits for the utilisation of plastic money is lower than cost, there will be little motivation to adopt utilisation use of plastic money.

Moreover, the transaction cost has an essential impact in motivating the appropriation of e-banking in the fast developing economy in Malaysia (Sohrabi, Yee & Nathan, 2013). In contrary in developed nations, the investigations revealed that the utilisation of e-banking system is perceived because the internet and electronic system are well established hence the cost are enormously decreased in this regard. However, in developing countries like Zimbabwe which is faced with economic slowdown, the cost has a significant impact on the customer adoption of plastic economy. Further to the above it revealed that cost adversely affects the profitability of microfinance banks in Harare urban because the electronic systems and internet are not well established.

2.2.6 Technological advancement

The presentation of electronic banking technologies has changed the idea of the connection among clients and banks therefore the electronic banking technologies have various adverse effects on the profitability of microfinance banks.

In addition, the development of electronic banking technology has numerous advantages over traditional banking delivery channels which incorporate the increased client base, cost savings, mass customisation and product development and offering services regardless of geographical area and time (Giannakoudi, 2016). In addition, the credits of plastic money are quick transaction, easy access and fast response (Potaloglu & Ekin, 2002).

Notwithstanding, the microfinance banks from the limitation of time and geographical by the utilisation of plastic money (Goi, 2005). Further to the above, the utilisation of plastic money permit financial institutions to improve delivery services and respond better to the interest of the market (Sullivan & Wang, 2005). In addition individuals also perceived risk in the utilisation of plastic money (Ho & Ng, 2014).

2.2.7 Perceived usefulness

Perceived usefulness is whereby the organisation address to the clients the meaning of embracing electronic banking as it improve work performance subsequently it is a useful measure of upgrading customer's performance as a result perceived has a number of adverse impacts on the profitability of microfinance banks (Aliyu & Tasmin, 2012). In addition, data quality, improved service delivery, improved distribution channels and increased efficiency lessen cost which serves as advantages to electronic banking which are also components of perceived usefulness which increase profits of financial institution (Montszemi & Saremi, 2014).

Besides, to consider the advantages of online banking the customers consider adoption dependent on perceived usefulness. However, clients are compelled to come into bank branch by a process not because they want but everyone inclines towards the efficient channels (Montszemi & Saremi, 2014). Further to the above, it is more critical to discuss why Zimbabweans are visiting bank branch even when they can utilise the same services online. Moreover, a previous investigation conducted on Nigeria indicated that perceived usefulness was significant; it was definitely not the most critical because it was subjected to the perceived ease of use.

2.2.8 Normative pressure

Normative pressure is whereby individual's perception, those individuals who are important to her or him should not perform the behaviour in question as a result normative pressure has number of adverse impacts on the profitability of microfinance banks (Nysveen et al., 2005). In addition, to utilise plastic money clients are influenced by individual around them.

Furthermore, the normative pressure was found as an important factor for the success of information system of microfinance banks as evidenced in the study conducted by (Nysveen et al., 2005). Moreover, plastic money may be used as a means of banking transaction where social pressure may be more prominent among customers to distinguish themselves from others hence this encourage the adoption of plastic money. However, the construction of social influence is significant and cannot be ignored in any adaption model (Pedersen & Ling, 2002).

2.3.0 Roles played by plastic money to reduce liquidity crisis

Plastic money have various roles to reduce liquidity crisis of microfinance banks in Harare urban these include introduction of Automated teller machines (ATMs), establishment of point of sale terminal and internet banking, initiation of mobile money, implementation of national electronic funds transfer (NEFT), adoption of diffusion of innovation theory, introduction of advanced technological system to replace traditional banking and creation of an electronic ecosystem.

2.3.1 Introduction of Automated Teller machines (ATMs)

Automated Teller Machines is an automated telecommunication machine that provides the clients of microfinance banks with access to banking without the need of a bank teller as a result it plays a pivotal in curbing liquidity crisis in microfinance banks (Sarлак & Hastiani, 2011).

In addition, the advantages of automated teller machines is the accessibility of banking transactions for example, money withdrawals ,bill payment, cash deposit, arrangement of 24 hour banking services and goes about as a value added product that attracts new customers and this lessen the liquidity in light of the fact that the banks will be having unlimited funds.

Moreover, the network of financial providers for example microfinance banks is very significant for accessibility of financial services in this period of innovation. The value of the microfinance banks gets from automated teller machines increment as the network of automated teller machines expands (Saloner & Shepherd, 2017).However, the holding of money at home has decreased by the convenience and broader network combined with 24 hours operation. Further to the abovementioned, automated teller machines have increased the interest for money although the average amount is less than withdrawn through the teller (Sowummi et al., 2014).

2.3.2 Establishment of point of sale terminals and internet banking

Point of sale (POS) terminal it is an electronic machine that processes card transactions at retail locations. Point of sale transaction empowers clients to do their banking through dealers and other bank specialists by the utilisation of debit and credits cards. However, there is no connection between the banking and liquidity crisis (Abubakar; Shagari & Olesegun, 2015).

In addition, the microfinance banks ought to be able to maintain deposit base because point of sale transaction empowers the development of money from one card holder to another inside the same bank. Performing financial transactions through internet by means of website is referred to as internet banking (Sarlak & Hastiani, 2011).The processing centre can be located anywhere in the world instead of having a large network branch, hence internet banking diminishes liquidity crisis by decreasing holding of money by the clients as they can deal with their accounts at home.

Furthermore, internet banking decreases liquidity as it empowers reaching more extensive clients quickly and the presentation of product and information is open by the clients (Gomez, 2011).

2.3.3 Initiation of Mobile money

Mobile money is whereby the financial items offered by microfinance banks to do monetary transactions, for example transferring funds, paying bills and saving by the utilisation of mobile phone and other cellular devices plays a significant role in alleviating the liquidity crisis in microfinance banks. However, the telecommunication, internet and other organisation that are smarter to give mobile banking services than microfinance banks and few lending banks that put resources into substantial innovation (Efma & Mckinsey,2011).Furthermore, mobile money has inverse relationship with microfinance banks since they are mutually given by the banks and mobile services hence reducing cash deposits to microfinance banks will negatively impacting microfinance bank's liquidity (Kamukam & Tumwine,2012).Furthermore, the issue of liquidity crisis of microfinance banks has been settled by the cheaper and convenient services given by the mobile money therefore, financial services has been extended to the unbanked population (Morawczynski & Pickens ,2011).

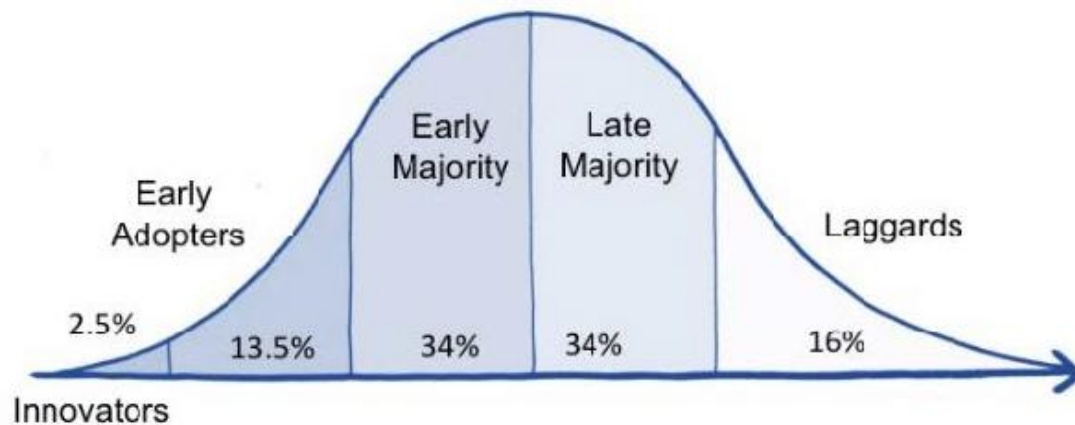
2.3.4 Implementation of National Electronic funds transfers (NEFT)

Electronic funds transfer is a payment system that encourage the funds to be moved from one account to another either with single financial institutions or across numerous transactions through computer based system as a result the presentation of national electronic funds transfers play an important role in relieving liquidity crisis in microfinance banks (Bahia, 2016).In addition, national electronic funds transfer enables to move money from one bank account directly to another without utilising paper money. Furthermore, the system empowers the transactions to be prepared through Automated Clearing House(ACH) which decreases the holding of cash and diminish liquidity crisis (Bahia,2017).Furthermore, the national electronic funds transfer system diminishes administration cost and increment efficiency hence it decrease the liquidity crisis of microfinance banks.

2.3.5 Adoption of Diffusion of innovation theory

The diffusion of innovation theory was acquainted to evaluate whether the small and micro entrepreneurs has embraced the utilisation of plastic money (Rogers, 1962). Diffusion process is whereby new ideas spread from its source of creation to the ultimate user as a result it diminishes liquidity crisis of microfinance banks because clients were monitored on the use of plastic money (Rogers, 1962). The classes in the Rogers's diffusion theory are drastically appeared in fig 2:

Fig: 2. 2 Diffusion theory of innovation



Source:Rogers(1962) the diffusion theory of innovation

Rogers basis his theory on five phases as demonstrated in Fig 2.2. The Early adopters look for new innovation and are willing to adopt to a product in the event that they are given good service support because they are less price sensitive. The Early majority they will not accept a product until it has become socially accepted therefore, they need products to be socially acceptable. The late majority are more cautious than early adopters and they buy the products at the last phase of the product life cycle. The last group are laggards they wait to check whether the product is less expensive and purchase the product as evidenced by (Rogers, 1962).

Furthermore, the appropriation or dismissal of new innovation related products such as debit and credit cards depends on the arrangements of complex emotions of adaptors which may act as inhibitors (Berger, 2009). The transaction charges that are added to the credit amount which make ultimately reimbursements more and improves the liquidity crisis of microfinance banks (Sanderson, 2015).

2.3.6 Introduction of advanced technological based system to replace traditional banking

Because of liquidity crisis that are faced by microfinance banks in Harare urban, the plastic money was presented as new innovation in order to replace traditional banking. To diminish cash shortage, new innovation was acquainted to replace traditional banking with a wide range of plastic and mobile money packages (Chisango, 2016).

Further to the above, the introduction of electronic payments would permit clients to pay exact prices instead of rounding up to the expensive \$1 minimum required with cash (Levin, 2013). However, in the initial four months of 2015 contrasted with a similar period in 2014 the estimation of mobile money and internet base transactions rose by 43,2% and this was proven by the increment of number of individuals embracing plastic money (Kutanga, 2015). The ecocash transactions are managed without utilizing cash, taking for instance the payment of school fees is done online and the transactions via mobile phone. Furthermore, the innovation sector is inclined to disruptions, some intentional and others emergent (Blumenstock et al., 2015).

2.3.7 Creation of an electronic ecosystem

Electronic ecosystem was presented in order to alleviate the liquidity crisis that are faced by microfinance banks in Harare urban. The transformation of economy from cash to electronic system was because of money shortages (Zandi et al., 2016). However, individuals are behind modern technology and still have dread of the unknown hence poor interest in the electronic ecosystem particularly in Zimbabwe (Mangudya, 2016). Furthermore, the question of how plastic money assisted with decreasing liquidity crisis in microfinance banks remain unanswered.

2.4.0 Best practises to manage revenue drivers in microfinance banks

The best practises adopted by microfinance banks in Harare urban in managing revenue drivers has been to a greater extent depend on an assortment of variables ranging from information technology and innovation, staff training and motivation, management leadership, regulatory framework of information technology and innovation, prudent risk management, coverage, reach and marketing, resource access, and corporate governance.

2.4.1 Information technology and innovation

The pillar stone of success for microfinance banks in Harare urban is the innovation. The accomplishment of microfinance banks in Bangladesh has been created by an incredible venture pioneer of microfinance banks in product development and consistency upgrading of products in accordance with the target of the microfinance banks sector which is mainly the poor segment of the society (Chowdhury, 2009).

However, the microfinance banks should put resources into strong management system to guarantee integrity, significance and timeliness of financial information (RBZ, 2015). In addition; this brings about revenue management since they will be truthfulness, straightforward and uprightness in introducing financial information. Furthermore, most of the microfinance banks are utilising traditional system that inhibits the preparation of financial statements that reflects the true and fair condition of business (RBZ, 2015).

2.4.2 Staff training and motivation

The accomplishment of microfinance banks requires high competence standard with respect to the staff. Furthermore, retraining of the staff has been recognised as the primary factor that add to the development of microfinance banks as evidenced by (Chowdhury,2009) as result staff training and motivation assist with improving and managing revenue. Furthermore, the training programs executed by microfinance banks upgrade competency of employees in order to improve efficiency, performance and the quality of services they offer (Tee & Ong 2016)

In addition, the microfinance banks need to consider retraining methodologies to accomplish better outcomes and participate in recruitment process to attract best qualified staff (Chirwa et al., 2016). Moreover, the training of staff increment welfare of employees which guarantees workers maintenance since training is a less expensive method of getting highly competent labour (Khan et al., 2011). The training of workers improve their ability and information which empower the business to accept business environment which in turn drives the income of banks (Nassazi, 2013).

However, microfinance banks cannot bear the cost of training programs since they are expensive to them (Harvey, 2012). In support of the above data the training cost exceed the benefits subsequently, there is no requirement for microfinance banks to take part in training programs but rather utilise qualified staff (Ichiniowski, 2011). Further to the abovementioned, training of staff will make their abilities attractive and leave the association.

2.4.3 Management leadership

Management plays a pivotal role in the development and sustainability of microfinance banks as a result it is critical in overseeing income drivers of microfinance banks in Harare urban. The responsibility and leadership experience are major determinants of achievement of microfinance banks (Chan, 2010). In addition; executives play a significant part in the foundation of organisational structure of microfinance banks, key alliances and significant networks. However, the level of independence granted by the board is significant for the success of microfinance banks (Pinz & Helmont, 2014). The good institutional structure guarantees partition of control and executives (Wood & White, 2006).

2.4.5 Regulatory framework of information technology and innovation

The microfinance banks requires a good and powerful regulatory framework that present the monetary intermediation thus regulatory framework of information technology and innovation plays a critical part in managing income drives of microfinance banks (Boating & Agyel, 2013).

In addition, the government ought to eliminate the unfair competition to advance development of microfinance banks and also to guarantee sustainable development sector (Hubka & Zaidi, 2015). Furthermore, the microfinance banks cannot survive under low interest rate regime since they cannot sustain their cost and business model in an environment where the regulators put a rate cap therefore, the public authority ought to direct lending rate that guarantees the sustainability.

However, the controllers should focus on putting policies to guarantee prudence in the operation of microfinance banks (Servinet et al., 2012). The control of microfinance banks ought to be in a way that does not closedown small and innovative forms of micro financing (Wood, 2006).

2.4.6 Prudent Risk management

Prudent risk is the high exposure of microfinance bank's risk particularly defaults in overseeing income needed to be addressed by executing an effective risk management measures. However, most microfinance banks lack risk management from risk identification, measurement, control and monitoring (Bounoula & Rihane, 2014).

Moreover, to lessen default there is need for legitimate screening of loan applicants. Further to the abovementioned, the unreasonable levels of non-performance loans results from subprime loans hence there is need to continually reconsider the lending process (Caudil, 2012). The choice is critical since the resource quality rely upon the criteria chose by the organisation.

2.4.7 Coverage, reach and marketing

The microfinance banks need to have a high financial coverage of the market, generally the poor and small to medium enterprises that are financial excluded just as high inclusion of products to guarantee sustainability by overseeing income. In addition, to arrive at the whole objective, microfinance banks should have a scope of customised financial packages to the market which empowers the microfinance banks to accomplish its objectives of managing income drivers (Kihoro, 2012).

Moreover, income drivers are adequately managed if there is need to focus on larger geographical coverage and also small communities. However, microfinance banks that have few branch networks countrywide bring about poor market structure which out of 120 microfinance banks that submitted returns to the Reserve Bank of Zimbabwe only 19 hold a loan book surpassing million which comprise 87, 18% of the total market share. The success of microfinance banks relies upon the good marketing strategy (Ngumbao, 2011). Further to the abovementioned, assessment of financial packages and delivery system to embrace to the requirements of the customers as well as enhance customer loyalty improves management of revenue in microfinance banks.

Moreover, branding successfully introducing the advantages that microfinance banks offered to the customers and proper marketing and competitive empowers the objective accomplishment of managing revenue drivers for microfinance banks (Ledgerwood & White, 2006). Further to the abovementioned, the strength of microfinance banks have recognised market opportunities (Wood, White & Ngumbao, 2012).

2.4.8 Resource Access

Resource access refers to the capacity to get resources at an affordable and sustainable cost comparative to with the average yield of the portfolio subsequently it is the way into the achievement of microfinance banks in overseeing income. However, the developments of microfinance banks have been limited by difficulties in accessing and structuring funding (Ledgerwood & White, 2006).

Furthermore, the transformations of a non-deposit taking microfinance bank into a deposit taking enhance the diversification and improvement of existing funding sources. In addition, the microfinance banks need to look for patient capital since they are utilising an excessive amount of obligations which influence their return on equity therefore, they need to consider embracing optimal capital structure that maximise the cost of capital (Ledgerwood & White, 2006).

2.4.9 Corporate governance

The business certainty and buyers in an organisation is heavily impacted by the corporate governance practises of the organisation subsequently corporate governance serves to oversee income drivers of microfinance banks. Moreover, transparent, accountability and honest disclosure of operations are the key drivers for the success of microfinance banks (RBZ,2015).The improvement and development of microfinance banks need strong leadership, vision and abilities at corporate level otherwise the public might lose trust in the microfinance banks particularly microfinance banks that acknowledge deposits form the public (Ledgerwood & White,2006).

2.4.10 Liquidity management

Liquidity refers to the capability of banks to meet cash requirements in time and also assets are converted into cash as a result liquidity management plays a significant role in managing revenue drivers of microfinance banks in Harare urban. In addition, there is positive relationship between liquidity and profitability (Dang,2011).Furthermore, the deposit to total assets that is liquid assets divided by total deposits are the most significant financial ratios of microfinance banks (Said & Tumin,2011).However, the microfinance banks in Malaysia use cash to deposit ratio to measure the liquidity position. However, there is no positive relationship between the liquidity and performance of banks as evidence by the study conducted in China and Malaysia (Ihomovich, 2009).

2.4.11 Product mix

Product mix refers to the total number of products line an organisation offers to its clients as a result the product mix play a significant role in overseeing income drivers of microfinance banks in Harare urban. The revenue volatility and the level of total leverage increment with the share of bank income created from non-trading related, fees based activities and non-deposit related which are the determinants of average bank (Sultan & Hassan, 2016).

Furthermore, the instability of bank earnings increment as bank expand their fees-based activities since they show earnings volatility which is the multiplicative results of revenue volatility and the level of total leverage(Guevara & Maudos,2009).In addition, the risk premium exist when the degree of bank earnings as banks expand their fee-based activities.

However, the connection among marketing and client segmentation where products are produced for various classes of clients basing on their age, earnings and level of education (Zimucha et al., 2013).Furthermore, the dependability of clients is not improved by clients segmentation (Leverin & Liljanda, 2014).In addition, the broadening of banks in their administration in quest for the fee based activities may bring about losing focus and losing important clients in the process.

2.4.12 Bank size

The total assets of the banks are utilised as a measure for the bank size as a result it play a pivotal role in overseeing income drivers of microfinance banks (Gul et al., 2011).In addition, the size of the bank can be a significant driver for the variation of efficiency across banks (Isik & Hassan, 2002).For the microfinance banks to work ideally by acquiring extension and scale they should have a specified level of size. Further to the abovementioned, large organisations need to draw their economic benefits from superior management and superior capabilities in product development (Dogan, 2013).However, there are diseconomies of scale which influence the large firms thus making them less efficient and less profitable(Said & Tumin,2011).

2.5.0 Factors affecting the use of plastic money

Plastic money has a various factors that have adverse impact in the performance of microfinance banks in Harare urban. In this research study the components of plastic money are non-protection of clients and merchants, criminal abuse, interest rate risk, credit risk, security risk, perceived risk.

2.5.1 Non-protection of clients and merchants

Non-protection of customers and merchants is whereby most clients cannot survey the nature of the microfinance banks due to asymmetric availability of information (Malagi & Shela, 2017). In addition, plastic money represents the liabilities on the statement of financial position of the issuer created against the provision of cash of the customers which are payable at par to the entities accepting plastic money as payment to the merchants. Further to the above, the liabilities address the asset that can be utilised as a payment by the customers (Laham, Tarawneh & Badallat, 2017). In addition, the estimation of the plastic money reduces if the liabilities of the guarantor are higher than the estimation of assets (Stradtman, 2015).

Furthermore, the liquidity crisis strains will trigger the risk of the issuer if the resources are liquid with heavy losses than credit risk (Mokosana, 2014). In addition, the risk of theft or loss will cause customers and merchants to hold part of their wealth as plastic money (Mandeep & Joginger, 2011). The retailers are additionally prone to put their takings in the bank account. However, plastic money was designed as an elective use to bank notes and coins (Kaur & Sharma, 2014). Furthermore, the banks in Zimbabwe have high security on electronic banking and microfinance banks focus on the utilisation of plastic money.

2.5.2 Criminal abuse

The absence of technical security and inadequate management of operation risk can make plastic money vulnerable to fraud as a result of criminal abuse. This has a number of adverse impacts on the performance of the microfinance banks (Jones & Farquha, 2007). The illiterate, aged and disabled are targeted by the plastic money fraudsters (Chisango, 2014).

Further to the above, these individuals are targeted in light of the fact that gadgets are too complex for them and they are not easy to use (Makosana, 2016). However, the fraudsters get the significant data by professing to help the unsuspected card holder which in turn defrauds them (Nyangosi, 2011). Moreover, the fraudster hacks the mobile banking system of the customers and defrauds them (Krauter and Faullant, 2014).

In addition there are different approaches to control the operating risk and the defensive measures are accessible to control risk (Deadman & Tissot,2011).The absence of secured technology on credit cards may causes criminal abuses (Cornish et al., 2011).Furthermore,the clients has to ensure their financial data so that fraudulent activities would be limited (Mutengezanwa & Mauhi,2013).

2.5.3 Interest rates risk

Interest rate risk is whereby the banks incurs loss due to the changes in the market as a result interest rate risk has number of adverse impacts in the performance of the microfinance banks (Hellwig,2015).In addition, the bank deposit have a short-term maturity whereas loans given to clients have longer maturity. Therefore, the income of banks is influenced by increment in interest rate earnings of the banking institutions. In other words depositors have to be paid higher interest rate by the banks after the development date when finance cost arise .However, the advances given to the clients does not change income created from the interest (Stanton,2017).

However, the adjustments in the interest rate adversely affects the estimation of the microfinance bank's asset, liabilities and off balance sheet instrument through changes in the present value of the future cash flows and this influence the profitability of the banks (Rosenburg & Guy 2002).The borrowing and deposits rates were averaging from 300 and 800 % as of June 30,2007,with inflation at 3,700% as of May 30,2007(The Herald 06/06/07).Therefore, the gap between the deposit and lending rate is too wide demonstrating some profiteering by some financial institutions. The negative real interest rate advanced the surplus units to manage with deficit units obtained in the financial market.

2.5.4 Credit risk

Credit risk is the failure of partners to pay commitments and it is one of the most significant risk in banking as a result it has various impacts in the performance of microfinance banks (Bessis, 2010).The microfinance bank's advance portfolio changes as result of immutability of credit risk in the utilisation of plastic money (Cooper et al., 2003).

In addition, the changes in the bank's profitability are largely due to changes in credit risk associated with the utilisation of credit cards (Duca & McLaughlin, 2017). However, estimating the bank credit risk is a questionable issue (Rasaiah, 2010).

Further to the abovementioned, the bank credit risk level ought to be evaluated by unpaid loans (Sufian and Chong, 2010). However, different specialist in their examination on the effects of credit risk on profitability of microfinance banks said that the proportion of loan loss provision to add up to outstanding is a proportion of credit risk (Athanasoglou et al., 2008). Furthermore, the accumulation of the bad debts is brought about by the expansion in the risk of loan to the assets of financial institution, therefore the credit risk might be conversely relative to profitability (Miller and Noulas, 2005).

2.5.5 Security Risk

Security risk is whereby the frequency of occurrence of the magnitude of the consequences and defined hazards are combined as a result the security risk has a number of adverse effects that influence the performance of microfinance banks (Royal society, 2006). The hazards that comprise risk with regards to plastic money incorporate the physical fraud, for example, the card can be taken by criminals on automated teller machines. The security risks contain data security risk and physical security risk.

In addition, the security risk of using credit cards is a worldwide phenomenon (Shengabavalli et al., 2012). The risk related with information security risk incorporates the fraud which occur electronically where details of the plastic money card holders can be taken through internet and transactions are carried out fraudulently (Adepoju & Mohammed 2010). Furthermore, phishing, hacking, cloning, skimming and others are information security risk (Shengabavalli et al., 2012).

However, there is physical risk of information because there is no component of getting the individual data included in the pin (Mohamme, 2010). The electronic fraud and physical security of being followed by the prospective arise because the clients is permitted to punch their pin in full view of other clients.

Further to the information above, it shows that security risk influence the profitability of microfinance banks since clients may not be willing to utilise plastic money because of the risk of fraud.

2.5.6 Perceived risk

Perceived risk refers to the loss endured by clients in quest of a desired outcome as a result perceived risk is one of the significant risks that impacts the performance of microfinance banks (Wang et al.,2003). In addition, perceived risk is multi-dimensional in nature and captures performance, physical, physiological and social loss (Greatorex & Mitchel, 1994).Further to the abovementioned, perceived risk is difficult to capture objectively (Pavlou, 2011).

Moreover, the primary concern about the utilisation of plastic money is the absence of certainty, security reliability and privacy issues (Min & Galle, 2016).Furthermore, perceived credibility is the most critical factor in the reception of plastic money in banking as confirmed by the past researcher (Wang et al., 2003).However, perceived creditability is indifferent in nature and it capture reputation, data and economic reasoning (Ba & Pavlou, 2002).

2.6.0 Literature gap

The evidence of the investigation above showed that researchers and authors come up with different views and statistics in regards to the effects of plastic money in the performance of microfinance banks. These examinations have been taken from various nations taking for instance Finland, Nigeria, United States of America and Switzerland with different economic set ups. Through integration of these studies, it can be noticed that they generate unique views which could be applicable to different economic arrangements, period and size of firms. These studies from various researchers utilised theories in order to formulate the connection between plastic money and the performance of microfinance banks. From the different studies analysed above it can be noticed that fewer studies have been analysed for retail sectors in Zimbabwe.

However, Zimbabwe has different economic set up, when contrasted with different countries due to the prevailing error, lack of data about the impact of plastic money in the performance of microfinance banks hence it created a research gap such that this study will assess the impacts of plastic money in the performance of microfinance banks in Harare urban which are part and parcel in huge projects.

2.7.0 Chapter summary

This chapter looked at the conceptual framework and past researchers on the research questions of the study of plastic money in the performance of microfinance banks in Harare Urban. As concern, it can be observed that conclusion on the impact of plastic money in the performance of microfinance banks in Harare urban is missing and fewer studies relating to the topic were undertaken. The next chapter will focus on the methodology to be used for the purpose of the research.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

This chapter introduces the research methodology, research design, population and sample, sampling, data collection instruments, data collection plan, data analysis plan and data management plan.

3.1.0 Research Methodology

In carrying out the research study on the impacts of plastic money in the performance of microfinance banks in Harare Urban, a quantitative research methodology was adopted.

3.1.1 Quantitative Research Methodology

The research study adopted quantitative research methodology because it makes use of figures and graphs, tables that provide unbiased results in carrying out the research. The quantitative research method was significant in carrying out the research of the effects of plastic money in the performance of microfinance banks in Harare Urban because it assisted the researcher in the collection of data that either supports or deny the views of the theories, making revision and conducting additional tests (Creswell,2003).

3.2.0 Research Design

The research design of the study is descriptive research design. Descriptive research design was chosen because it helps to describe the characteristics of the events and obtain the required information such as challenges and opportunities brought about by the use of plastic money in the performance of microfinance banks in Harare Urban.

3.2.1 Descriptive Research Design

For the purpose of the study, descriptive research study was adopted to find out the impacts of plastic in the performance of microfinance banks in Harare urban. The descriptive research design covered the features associated with plastic money, a description of the subject population and the discovery of association between the performance and its variables. In addition, descriptive research design was importance in carrying out the research as it gave accurate picture of the impacts of plastic money in the performance of microfinance banks in Harare Urban as it occurs (Burns & Grove, 2003). Moreover, this research design draws the accurate profile of events and situations on the adoption of plastic money (Sekara, 2008).The descriptive research design can be administered to lager number of microfinance banks and there is chance of obtaining original data from respondents.

3.2.2 Survey Research

Survey research was applicable in carrying out this examination since it utilise the use of questionnaires which was utilised by the researcher in collecting data about the opportunities and challenges that arose in the use of plastic money by the microfinance banks in Harare urban. In addition, this research design was utilised by the researcher in conducting the research on the impacts of plastic money in the performance of microfinance banks in Harare Urban because it is ideally suited for collecting data about the population that is too large to observe directly as evidenced by the target population used in carrying out the research.

3.2.3 Cross Sectional Survey

The researcher adopted the cross sectional survey in carrying out this research as it might be used to demonstrate the cause and the effect of variables of the research therefore, the cause of this research study is plastic money and the effect is poor performances such as liquidity crisis .Furthermore, this research design allowed the researcher to look at the numerous characteristics such as age, income and gender of the respondents at once through sending questionnaires to different respondents . Moreover, cross sectional survey was used as it provides current information about the impact of plastic money in the performance of microfinance banks in Harare Urban.

3.3 Population and Sample

3.3.1 Population

The population of this study comprised of sixty-eight registered microfinance banks in Harare urban.

3.3.2 Sample

A sample of 30% and above is regarded as effective rather than less than 30% as argued by Gray (2010).

3.4.0 Sampling

The convenience sampling technique was used in this research study. This method was chosen by the researcher since it empowered the researcher to persuade the individuals who are more likely to give detailed information required on the purpose of assessing the effects of plastic money in the performance of microfinance banks in Harare Urban.

3.4.1 Convenience sampling

The research study utilised this method as it enables the researcher to focus on the respondents of the microfinance banks that were in a position to provide the data needed on the purpose of assessing the effects of plastic money in the performance of microfinance banks in Harare Urban. In addition, the researcher used this sampling technique in carrying out the research because it enhances the validity of the effects of plastic money as it arises from its factual accuracy. The convenience sampling has been done whilst basing on the work done by (Kinmond, 2012) who argued that convenience sampling may be realible since the respondents will be available. Convenience sampling is a faster and simple way of collecting data from respondents as contended by (Hale, 2011).

3.5.0 Data Collection Instruments

This section sets out the research instruments utilised by the researcher to gather applicable information about the impacts of plastic money in the performance of microfinance banks in Harare Urban. The researcher used a questionnaire and interviews in collecting data.

3.5.1 Questionnaire

The data was gathered by circulation of questionnaires among people with different gender, age, level of education and profession. A five point Likert scale was utilised for participants to answer, ranging from 5= strongly agree to 1=strongly disagree and structured questions. The questionnaire contained two sections, the initial part particularly for demographics and the second for questions related to plastic money and performance of microfinance banks in Harare Urban.

The advantages of the questionnaire in carrying out the research is that it require fewer skills to administer and the researcher captured a number of respondents in a short period of time in a relatively cost effective way. In addition, the researcher's own opinions will not influence the respondents to answer questions in a certain manner. Furthermore, the use of questionnaires gave the respondent sufficient time to go through the questions and fill in the answers at their own pace therefore, there are high chances of getting correct information about the use of plastic money.

3.6 Data collection plan

The researcher designed the questionnaire and these questions were placed in pilot testing which permitted the researcher to make few changes for example ambiguous questions. The final research was then led and the questionnaires were circulated to the microfinance banks in Harare Urban and collected them after two days. Moreover, the questionnaire were accumulated and investigated after a specific determined period.

The researcher managed to deliver questionnaires by hand to ensure that they reach the respondents and explain the aim of the research study to the respondents that is to note the effects of plastic money in the performance of microfinance banks in Harare urban. The respondents who have time were encouraged to participate in completing the questionnaires.

3.7.0 Data analysis plan

The researcher utilised a multiple regression analysis in gathering data under this section.

3.7.1 Multiple regression analysis

The multiple regression analysis was embraced to establish the relationship between the plastic money and the performance of microfinance banks. In this examination the dependant variable is the performance and the independent variables are mobile payment, mobile financial services, mobile money transfers, online payments and point of sale hence, these variables are included in the multiple regression analysis to examine their relationships. The analytical model was engaged in the examination of independent variables and dependent variables of the study:

$$Y=B_0+B_1X_1+B_2X_2+B_3X_3+B_4X_4+B_5X_5+E$$

Where:

Y=Performance of microfinance banks addressed by profitability, liquidity, return on investment, return on assets and return on equity

B₀= The constant

B= The correlated volatility of estimated value of Y

X₁= Mobile payments

X₂= Mobile financial services

X₃= Mobile money transfers

X₄= Online payment

X₅=Point of sale

E= Error term

The multiple regression analysis was utilised to discover the estimation of B₀ and B which clarify the connection between the dependent variable which is performance estimated utilising profitability, liquidity, return on assets, return on equity and return on investment and the independent variables were number of point of sale machines, online payments, mobile payment, money transfer and mobile financial services.

3.8 Data management plan

The researcher coordinated and gathered the exact data about the impacts of plastic money in the performance of microfinance banks in Harare Urban. Furthermore, the researcher expanded the validity of data by utilising data triangulation techniques that links several methods of data collection. Furthermore, the information gathered from the respondents will be ensured by setting passwords on the data gathered; limit number of people with admittance to the classified data. The researcher captured the information gathered on the database for the future researchers.

3.9 Summary

This chapter underlined on the approaches that were applied by the researcher in conducting the research process. These approaches include research design, population and sample, sampling procedure, data collection instruments, data collection plan and data management. The findings acquired by utilising the techniques from this chapter will be presented and interpreted in the next chapter.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter present data and analyses the data obtained from the research participants. The data was gathered from the research participants through the questionnaire. Data is presented in various forms such as graphs, pie charts and tables. Graphs, pie charts and tables were used because they present the data quantitatively as well as give a pictorial representation of the data anticipated from the research respondents

4.1 Response rate from the questionnaire

A total number of forty (40) questionnaires were administered to respondents as an approach to gather information concerning the effects of plastic money in the performance of microfinance banks in Harare urban. Out of the forty questionnaires issued, thirty participants responded which gives a response rate of 75%.The questionnaire response rate is tabulated below in table 4.1.

Table 4.1 Questionnaire response rate

Respondents	Questionnaires Issued	Questionnaires completed	Response rate (%)
Male	18	15	83
Female	12	12	100
Total	30	27	90

Source: Raw data from the research questionnaire

Of the 18 questionnaires distributed to the male group, only 15 were completed which represented a response rate of 83%. Three respondents did not manage to return their questionnaires probably due to demanding and tight schedules or for other reasons not known to the researcher since they did not communicate. The table illustrate a response rate of 83% which represent a satisfactory response rate from which conclusions will be drawn.

4.2.0 Presentation and analysis of the questionnaires

The researcher analysed the data obtained from the utilisation of questionnaires. It presents the findings and discussions arranged by four research objectives. The respondents were given questions to respond. The questionnaire responses depended on a likert scale which was concealed with numerical values.

4.2.1 Objective one: The impact of plastic money on long-term profits

The following questions aims at providing data on the impact of plastic money on long-term profits. The respondents helped in coming up with an overall decision as they provided with their insights.

4.2.1.1 Plastic money has resulted in increased customer spending

The results from the likert scale on the effects of plastic money in increased customer spending is as follows 11/30 (37%) strongly agreed that plastic money has a major impact on the customer spending, 13\30 (43%) agreed that plastic money has an impact in increased customer spending, 3/30 (10%) were uncertain that plastic money has an impact in increased customer spending ,2/30 (7%) disagree that plastic money has resulted in increased customer spending and 1\30 (3%) strongly disagree that plastic money has resulted in increased customer spending therefore a mode of 24/30 (80%) were agreed that plastic money has resulted in increased customer spending. Therefore, most of the microfinance banks in Harare urban according to the research participants the increased customer spending is as a result of the introduction plastic money. The results were rated on a five likert scale as represented in the diagram below:

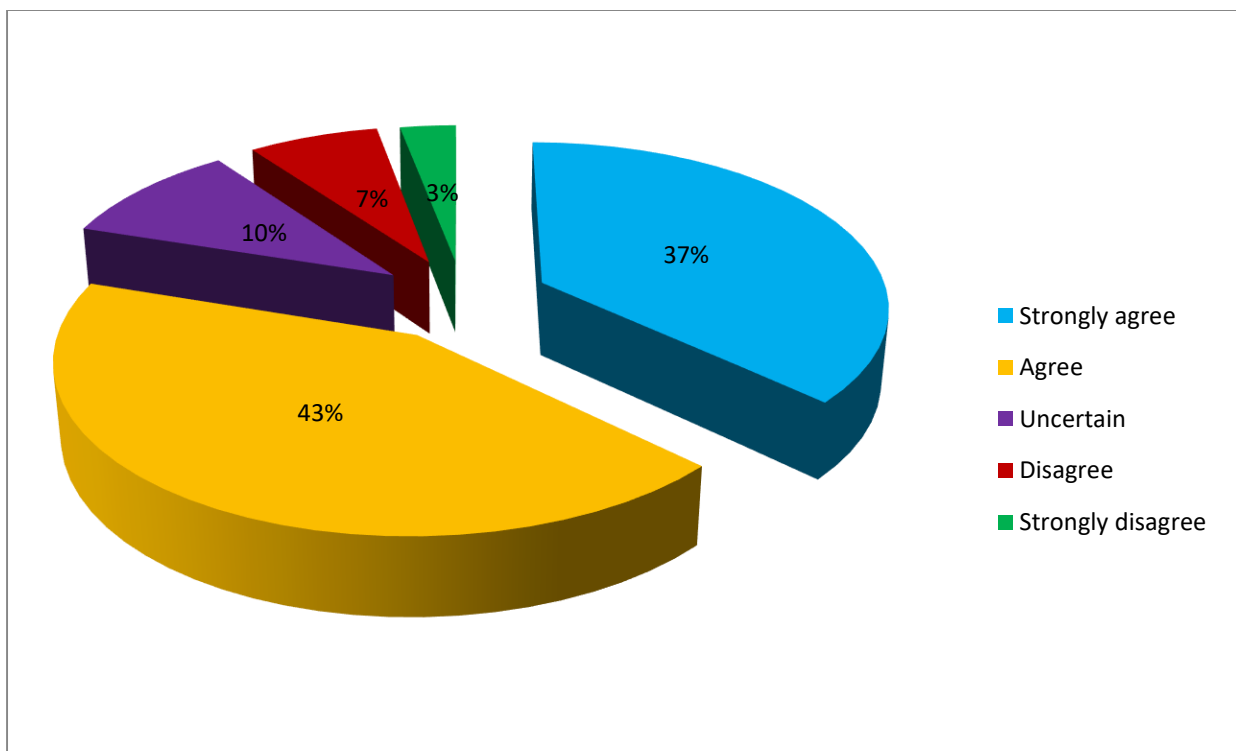


Fig 4.1: Customer spending response rate

Source: Raw data from the research questionnaire

4.2.1.2 Plastic money plays a major role on long-term profit retention

The outcome from the likert scale on the impact of plastic money on long-term profit retention are as follows 5/30 (17%) strongly agreed that plastic money plays a major role on the long-term profit retention, 15/30 (50%) agreed that plastic money played a major role on long-term profit retention, 3/30 (10%) were uncertain that plastic money plays a role on long-term profit retention, 5/30 (17%) disagree that plastic money plays a major role on long-term profit retention and 2/30 (7%) strongly disagree that plastic money played a major role on long-term profit retention therefore a mode 20/30 (67%) were agreed that plastic money plays a major role on long-term profit retention .Therefore ,most of the microfinance banks in Harare Urban according to the research participants the long-term profit retention is as result of the introduction of plastic money. The results have rated on a five likert scale as represented in the diagram below:

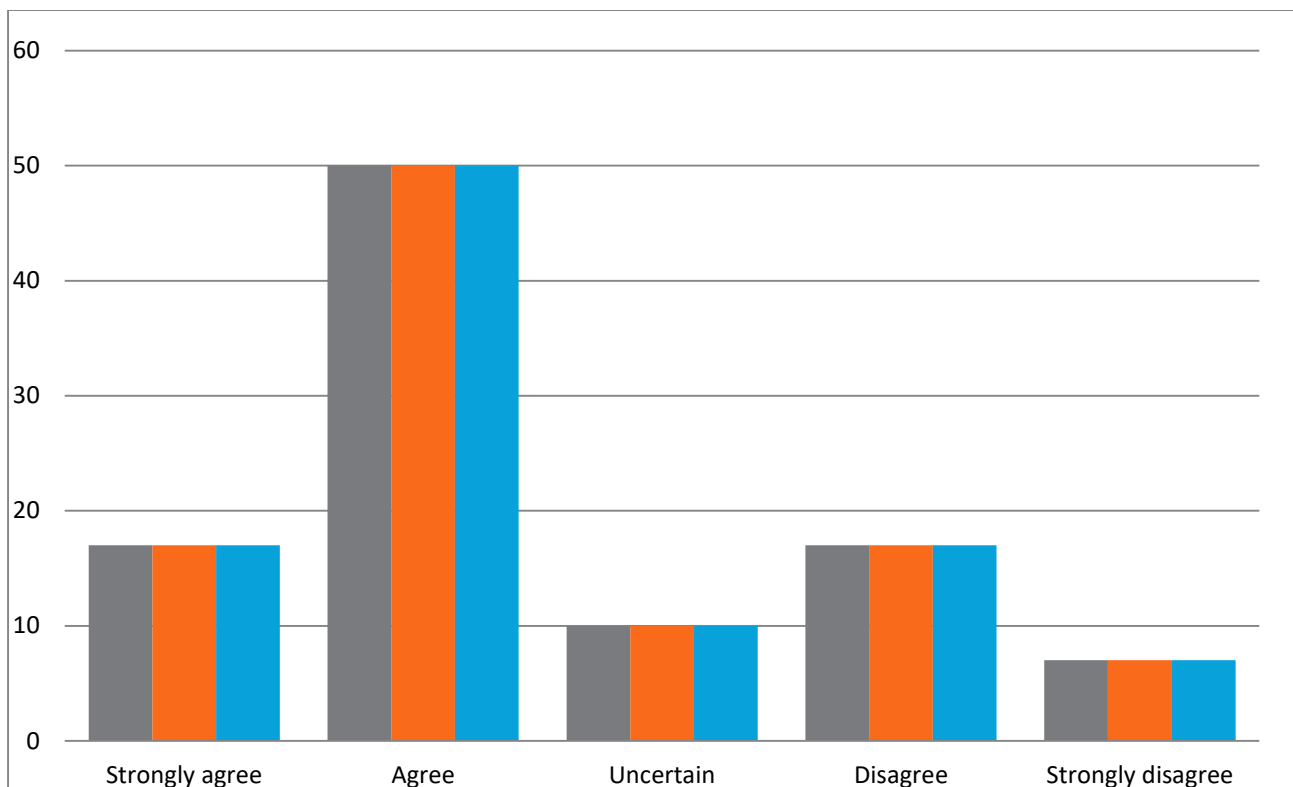


Fig 4.2: Percentage of long-term profits

Source: Raw data from the research questionnaire

4.2.1.3 Plastic money increased clientele basis

The outcome from the likert scale on the effects of plastic money on the clientele basis is as follows 2/30 (7%) strongly agreed that plastic money played a major role in increasing clientele basis,7/30 (23%) agreed that plastic money increased clientele basis,10/30 (33%) were uncertain that plastic money increased clientele basis,5/30 (17%) disagree that plastic money increased clientele basis and 6/30 (20%) strongly disagree that plastic money increased clientele basis therefore a mode 9/30 (30%) were agreed that plastic money increased clientele basis. Therefore, most of the microfinance banks in Harare Urban according to the research participants increased clientele basis are a result of the invention of plastic money. The responses are shown below:

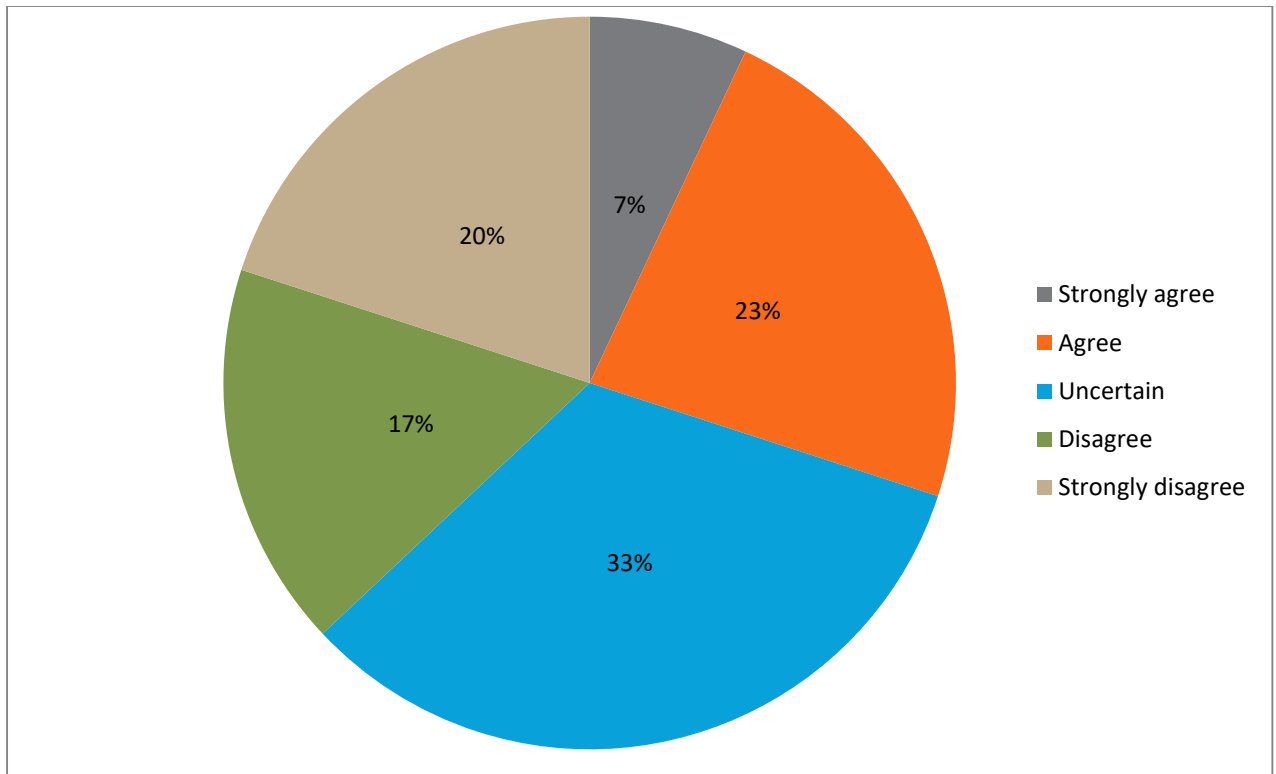


Fig 4.3: Clientele basis percentage response

Source: Raw data from the research questionnaire

4.2.1.4 The introduction of plastic money increased the degree of customer confidence

The results from the likert scale on the effects of plastic money on the degree of customer confidence is as follows 6/30 (20%) strongly agreed that introduction of plastic money has increased the degree of customer confidence, 5/30 (17%) agreed that plastic money has increased the degree of customer confidence, 11/30 (37%) were uncertain that plastic money increased the degree of customer confidence, 7/30 (23%) disagreed that plastic money has increased the degree of customer confidence and 1/30 (3%) strongly disagree that plastic money increased the degree of customer confidence therefore a mode of 11/30 (37%) were agreed that introduction of plastic money increased the degree of customer confidence. Therefore, most of the microfinance banks in Harare urban according to the research participants the degree of customer confidence has increased by the introduction of plastic money. The results have rated on a five likert scale as represented in the diagram below:

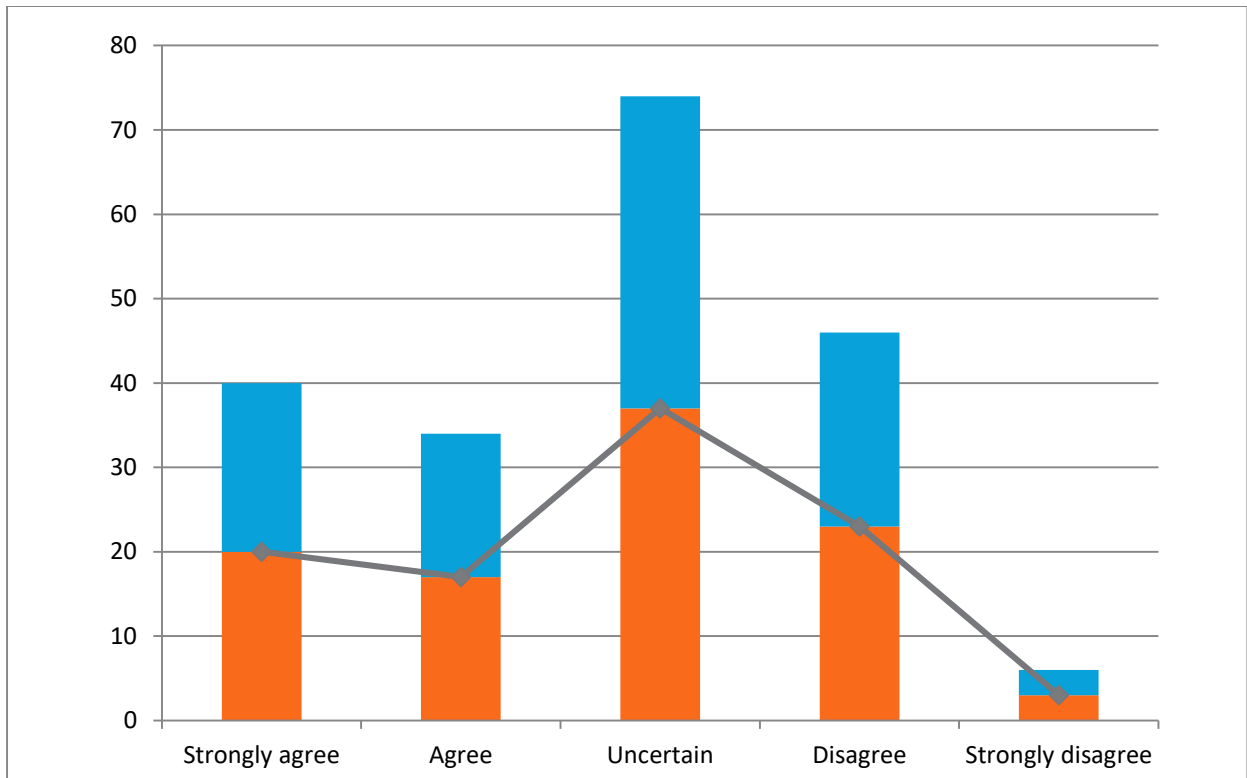


Fig 4.4: Degree of customer confidence respondents

Source: Raw data from the research questionnaire

4.2.2 Objective two: Roles of plastic money in reducing liquidity crisis

The following questions aims at providing data on the use of plastic money in reducing liquidity crisis. The respondents assisted in coming up with overall decisions as they provided their views.

4.2.2.1 Plastic money played a major role in reducing changes of exchange rates

The results from the likert scale on the role played by plastic money in reducing changes of exchange rates is as follows 4/30 (13%) strongly agreed that plastic money played a major role in reducing changes of exchange rates,16/30 (53%) agreed that plastic money played a role in reducing changes of exchange rates,

5/30 (17%) were uncertain that plastic money plays a role in reducing changes of exchange rate, 4/30 (13%) disagree that plastic money played a role in reducing changes of exchange rates and 1/30 (3%) strongly disagree that plastic money played a role in reducing changes of exchange rate therefore a mode of 21/30 (70%) were agreed that plastic money played a major role in reducing changes of exchange rates. Therefore, most microfinance banks in Harare Urban according to the research participants a change of the exchange rates has been reduced by the introduction of plastic money. The responses are shown in the diagram below:

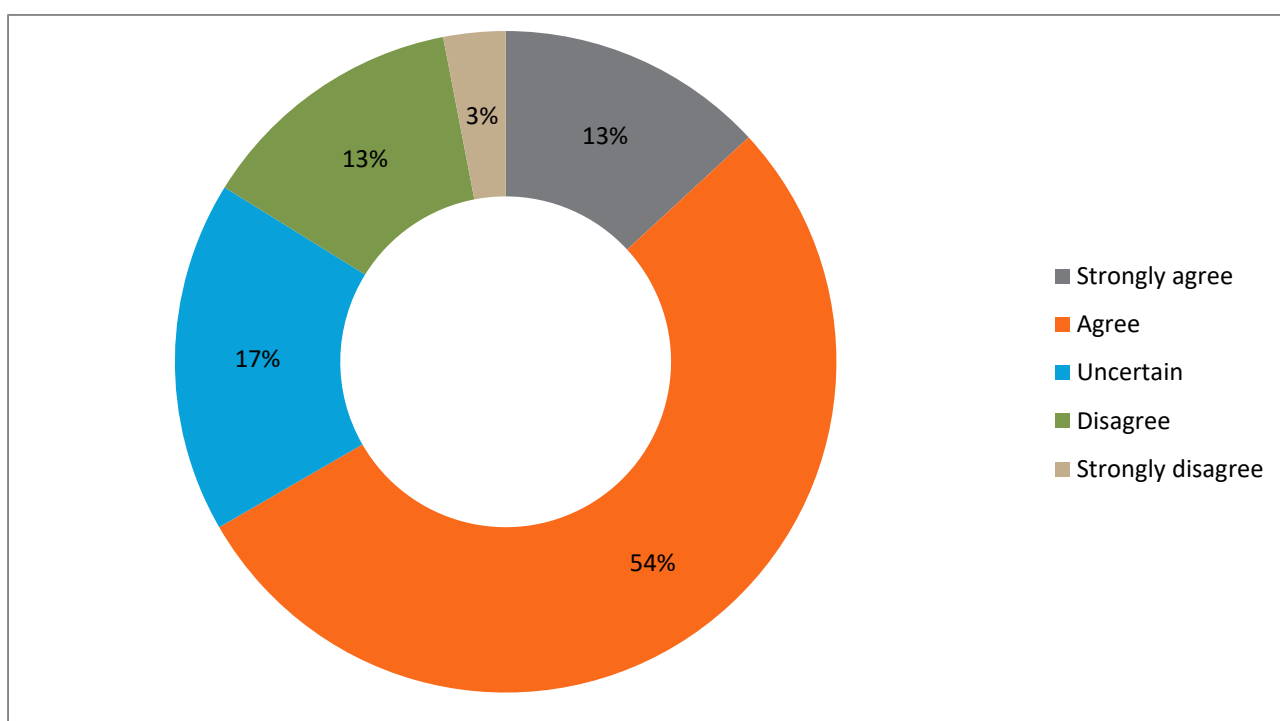


Fig 4.6: Frequency of the respondents on changes of exchange rates

Source: Raw data from the research questionnaire

4.2.2.2 Plastic money has addressed changes of interest rates

The results from my likert scale on plastic in addressing changes of interest rates is as follows 1/30 (3%) strongly agreed that plastic money has addressed changes of interest rates,10/30 (33%) agreed that plastic money has addressed changes of interest rate,12/30 (40%) were uncertain that plastic money has addressed changes of interest rates, 6/30 (20%) disagree that plastic money has addressed changes of interest rates and 2/30 (7%) strongly disagree that plastic money has addressed changes of interest rates therefore a mode of 13/30 (43%) were agreed that plastic money has addressed changes of interest rates. Therefore, most of the microfinance banks in Harare Urban according to the research participants the changes of interest rates have been addressed by the introduction of plastic money. The findings will be presented in the diagram below:

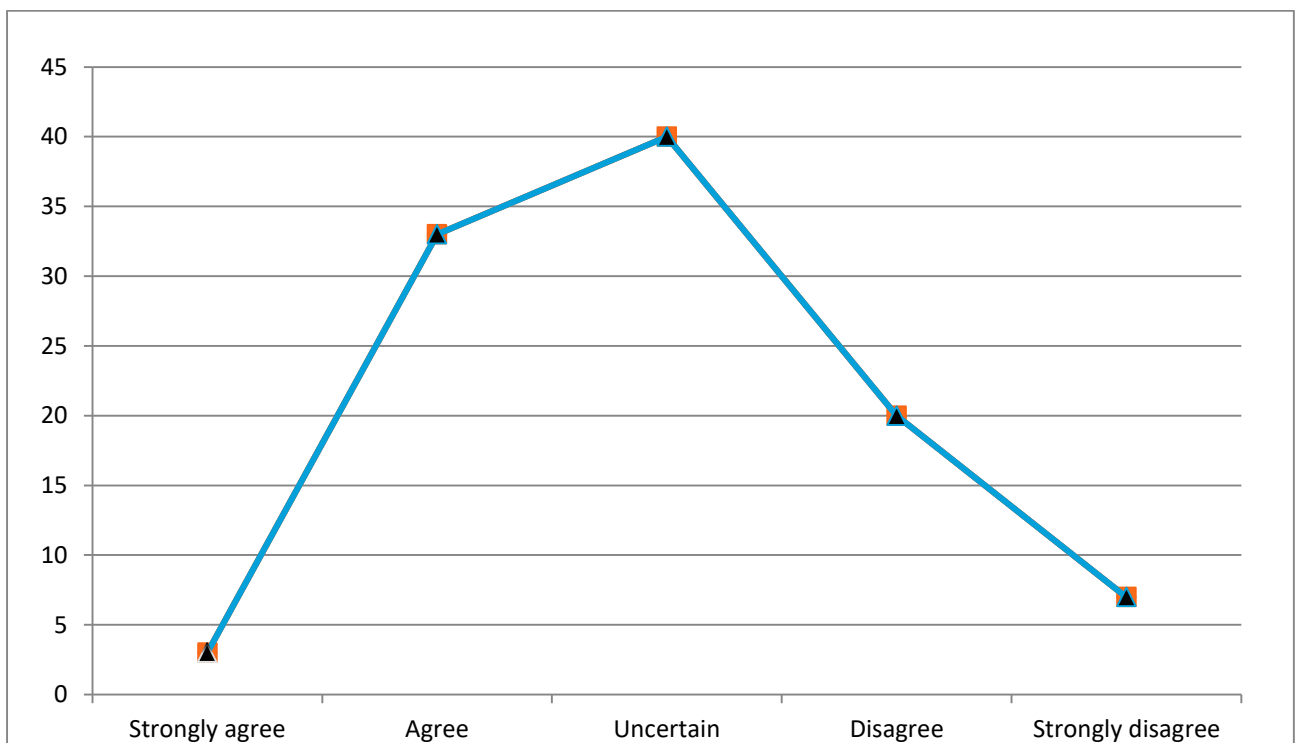


Fig 4.7: Response rate on changes of interest rates

Source: Raw data from the research questionnaire

4.2.2.3 Plastic money helped in reducing demand for physical cash

The results from the likert scale on the role played by plastic money in reducing demand for cash is as follows 11/30 (37%) strongly agreed that plastic money played a major role in reducing demand for physical cash,9/30 (30%) agreed that plastic money helped in reducing demand for physical cash, 7/30 (23%) were uncertain that plastic money helped in reducing demand for physical cash,2/30 (7%) disagree that plastic money helped in reducing demand for physical cash and 1/30 (3%) strongly disagree that plastic money helped in reducing demand for cash therefore a mode of 20/30 (67%) were agreed that plastic money has an impact on the demand of physical cash. Therefore, most of the microfinance banks in Harare Urban according to the research participants the demand for physical cash is reduced by the introduction of plastic money. The results were rated on a five likert scale as represented in the diagram below:

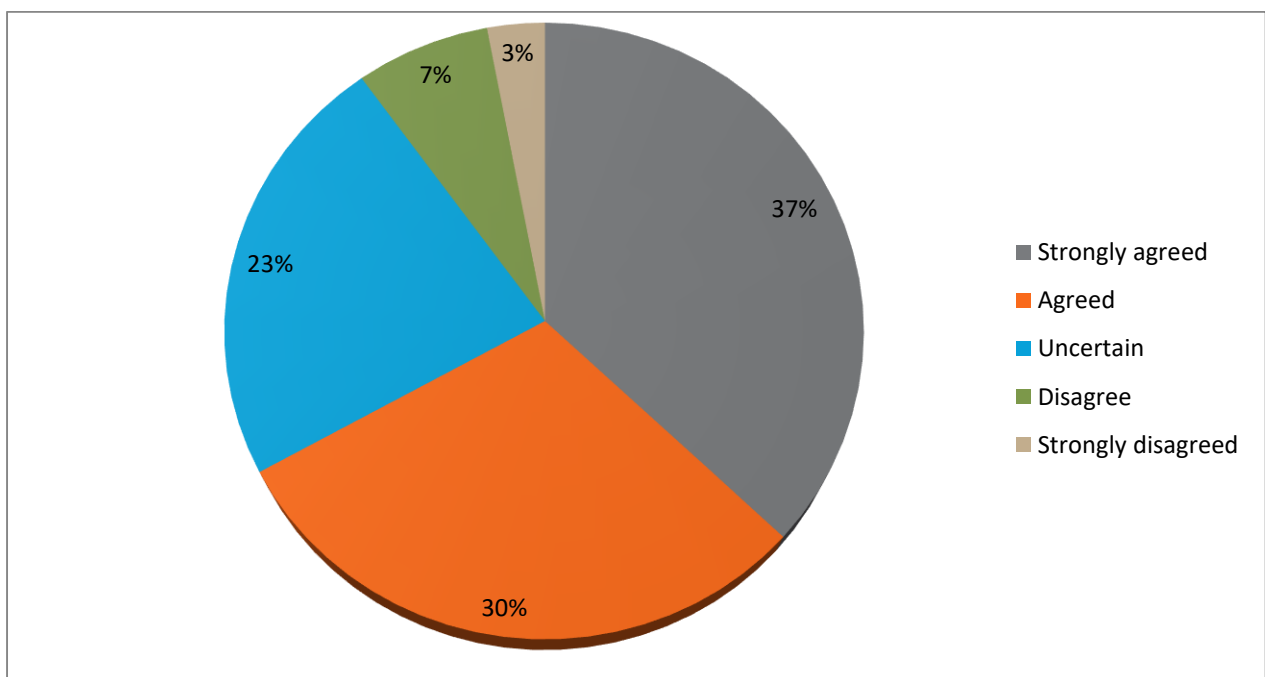


Fig 4.8: Frequency of respondents for demand of physical cash

Source: Raw data from the research questionnaire

4.2.2.4 Plastic money played a major role in reducing the chances of fraud

The results from the likert scale is as follows 5/30 (17%) strongly agreed that plastic money played a major role in reducing chances of fraud, 11/30 (37%) agreed that plastic money played a role in reducing fraud,12/30 (40%) were uncertain that plastic money played a role in reducing the chances of fraud,1/30 (3%) disagree that plastic money played a role in reducing chances of fraud and 1/30m (3%) strongly disagree that plastic money played a major role in reducing chances of fraud therefore a mode of 16/30 (53%) were agreed that plastic money played a major role in reducing the chances of fraud. The responses will be presented in the diagram below:

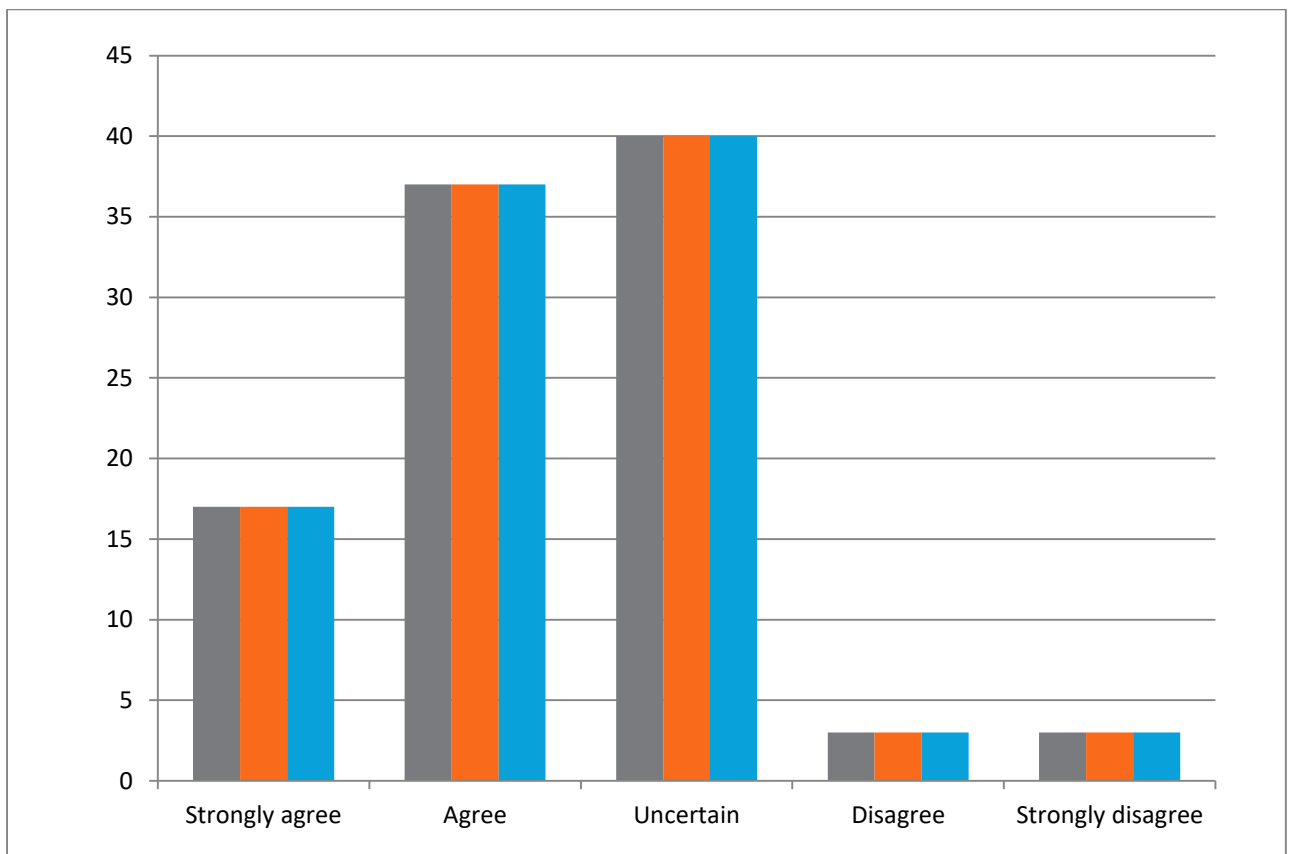


Fig 4.9: Respondents on plastic money in reducing chances of fraud

Source: Raw data from the research questionnaire

4.2.3 Objective three: Best practises in managing revenue

The researcher gathered information to understand the best practises in managing revenue of microfinance banks in Harare Urban.

4.2.3.1 Information technology and innovation can be used as a best practise to manage revenue

The results from the likert scale is as follows 12/30 (40%) strongly agreed that information technology and innovation played a major role in managing revenue,10/30 (33%) agreed that information technology and innovation can be used as best practise in managing revenue,4/30 (13%) were uncertain that information technology and innovation can be used as best practise to manage revenue,2/30 (7%) disagree that information technology and innovation can be used as a best practise to manage revenue and 2/30 (7%) strongly disagree that information technology and innovation can be used as a best practise to manage revenue therefore a mode of 22/30 (73%) were agreed that information technology and innovation can be used as the best practise to manage revenue. Therefore, most of the microfinance banks on Harare Urban according to the research participants the information technology and innovation can be the best practise to manage revenue. The results were rated on a five likert scale as represented in the diagram below:

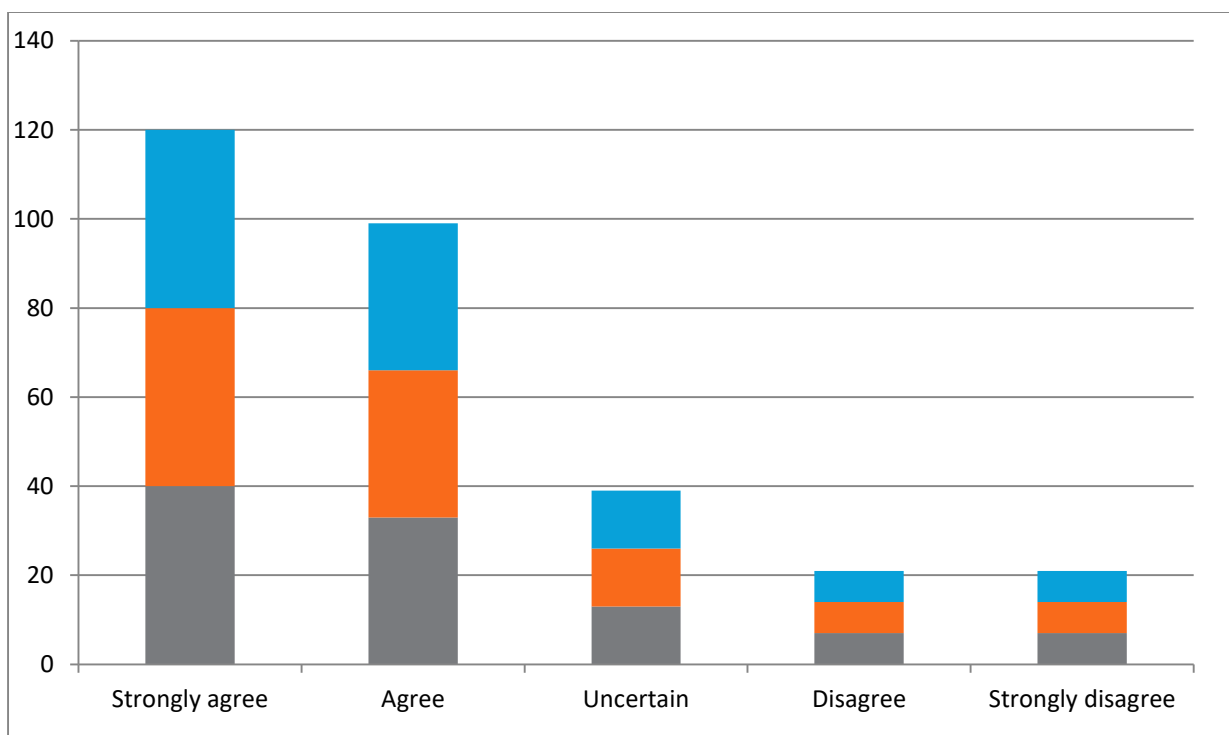


Fig 4.10: Information and technology response rate

Source: Raw data from the research questionnaire

4.2.3.2 The creation of new bundles of services or products to offer to the clients helped in managing revenue

The results from the likert scale is as follows 10/30 (33%) strongly agreed that the creation of bundle of services or products to offer to the client played a major role in managing revenue, 11/30 (37%) agreed that the creation of new bundles of services or products to offer to the clients helped in managing revenue, 4/30 (13%) were uncertain that creation of new bundles of services or products to offer to the clients helped in managing revenue, 3/30 (10%) disagree that creation of new bundles of services or products to offer to the clients helped in managing revenue and 2/30 (7%) strongly disagree that creation of new bundles of services or products to offer to the clients helped in managing revenue therefore a mode of 21/30 (70%) were agreed that the creation of bundle of services or products to offer to the clients helped in managing revenue.

Therefore, most of the microfinance banks according to the research participant the revenue management as a result of the creation of new bundles of services or products to offer to the clients. The results were rated on a five likert scale as represented in the diagram below:

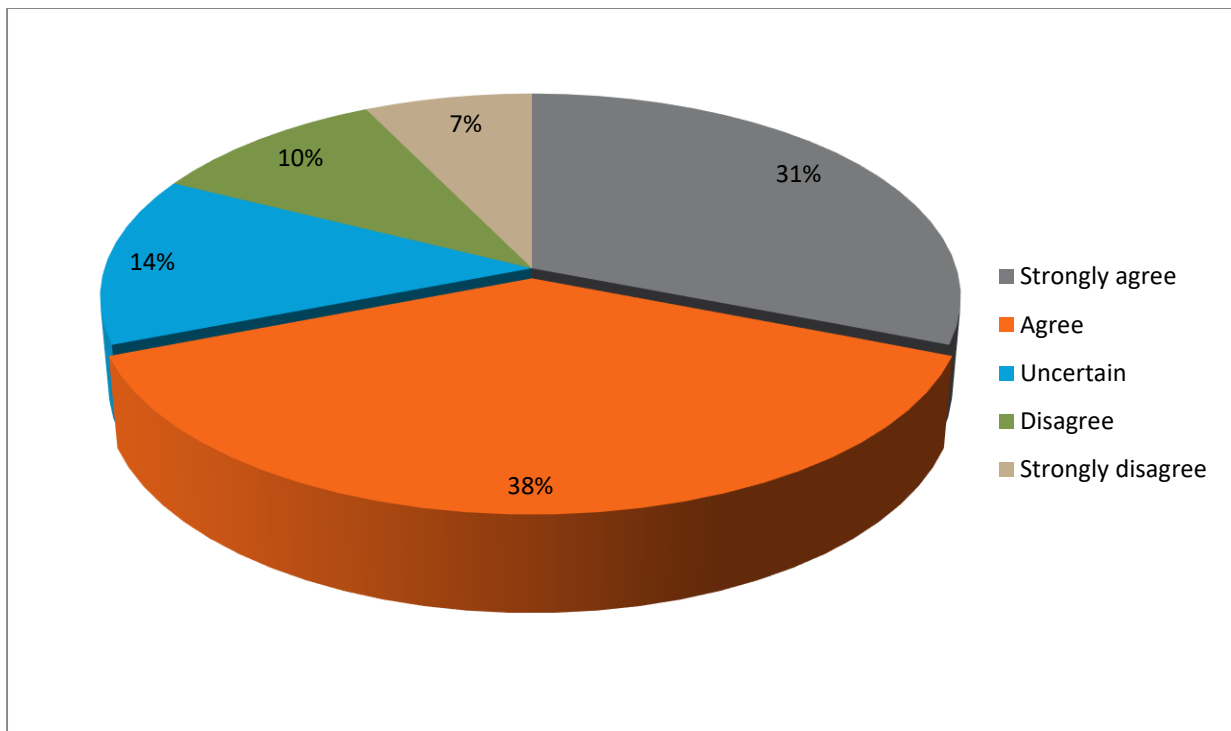


Fig 4.11: Percentage of creation of new bundles of services or products to offer to clients

Source: Raw data from the research questionnaire

4.2.3.3 Staff training and motivation played a pivotal role in managing revenue

The results from the likert scale is as follows 11/30 (37%) strongly agreed that staff training and motivation played a major role in managing revenue, 8/30 (27%) agreed that staff training and motivation played a pivotal role in managing revenue, 7/30 (23%) were uncertain that staff training and motivation played a pivotal role in managing revenue, 7/30 (23%) were uncertain that staff training and motivation played a pivotal role in managing revenue,

2/30 (7%) disagree that staff training and motivation played a pivotal role in managing revenue and 2/30 (7%) strongly disagree that staff training and motivation played a pivotal role in managing revenue therefore a mode of 19/30 (63%) were agreed that staff training and motivation played a pivotal role in managing revenue. The responses will be presented in the diagram below:

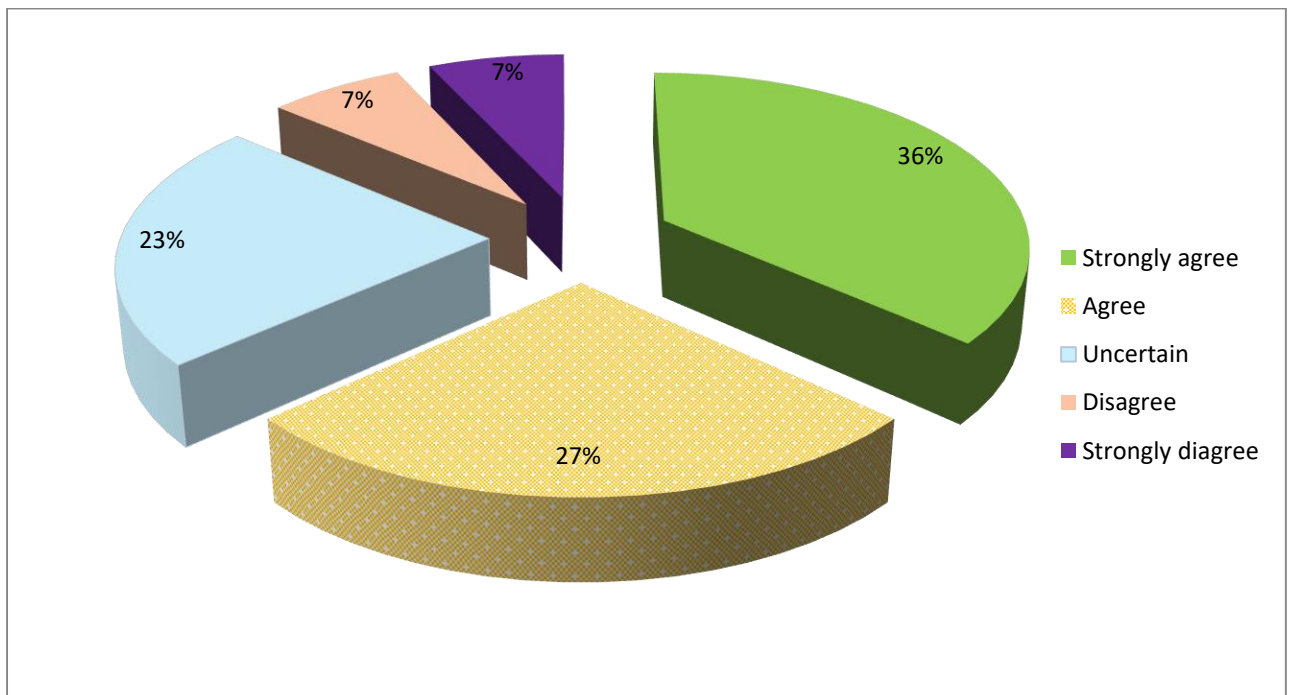


Fig 4.12: Staff training and motivation response rate

Source: Raw data from the research questionnaire

4.2.3.4 The expansion of relationship helped in revenue management

The results from the likert scale is as follows 2/30 (7%) strongly agreed that the expansion of relationship played a major role in revenue management, 11/30 (37%) agreed that the expansion of relationships helped in revenue management,

13/30 (43%) were uncertain that expansion of relationships helped in revenue management,3/30 (10%) disagree that the expansion of relationships helped in revenue management and 1/30 (3%) strongly disagree that expansion of relationship helped in managing revenue therefore a mode of 12/30 (40%) were agreed that expansion of relationship helped in revenue management. Therefore, most of the microfinance banks in Harare Urban according to the research participants the revenue management is a result of expansion of relationship. The results were rated on a five likert scale as represented in the diagram below:

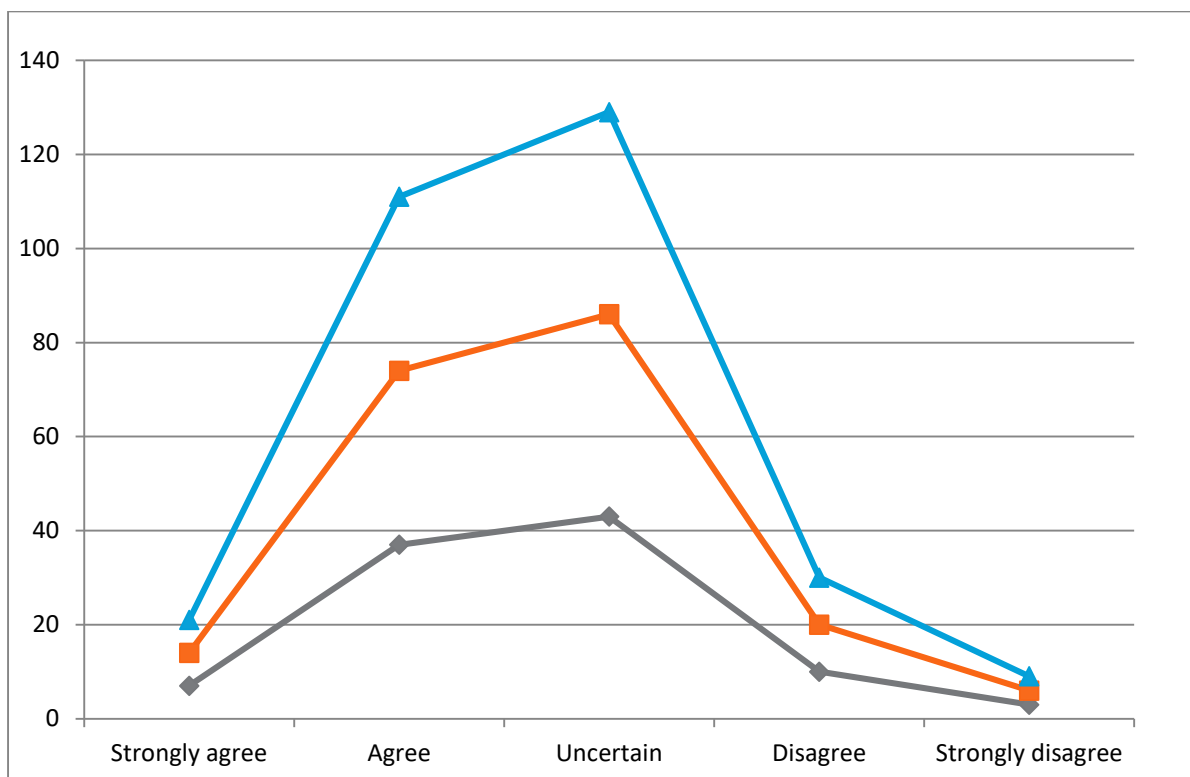


Fig 4.13: Percentage of expansion of relationships

Source: Raw data from the research questionnaire

4.2.4 Objective four: Factors affecting the use of plastic money

The following questions aim at providing data on the factor affecting the use of plastic money. The respondents help in coming up with overall decision as they provided their insights.

4.2.4.1 Plastic money reduces the technical security to the customers

The results from the likert scale is as follows 11/30 (37%) strongly agreed that plastic money played a major role in reducing the technical security to the customers, 10/30 (33%) agreed that plastic money reduces the technical security to the customers, 5/30 (17%) were uncertain that plastic money reduces the technical security to the customers, 2/30 (7%) disagree that plastic money reduces the technical security to the customers and 2/30 (7%) strongly disagree that plastic money reduces the technical security to the customers therefore a mode of 21/30 (70%) were agreed that plastic money reduces the technical security to the customers. Therefore, most of the microfinance banks in Harare Urban according to the research participants the technical security to the customers is reduced by the introduction of plastic money. The responses will be represented in the diagram below:

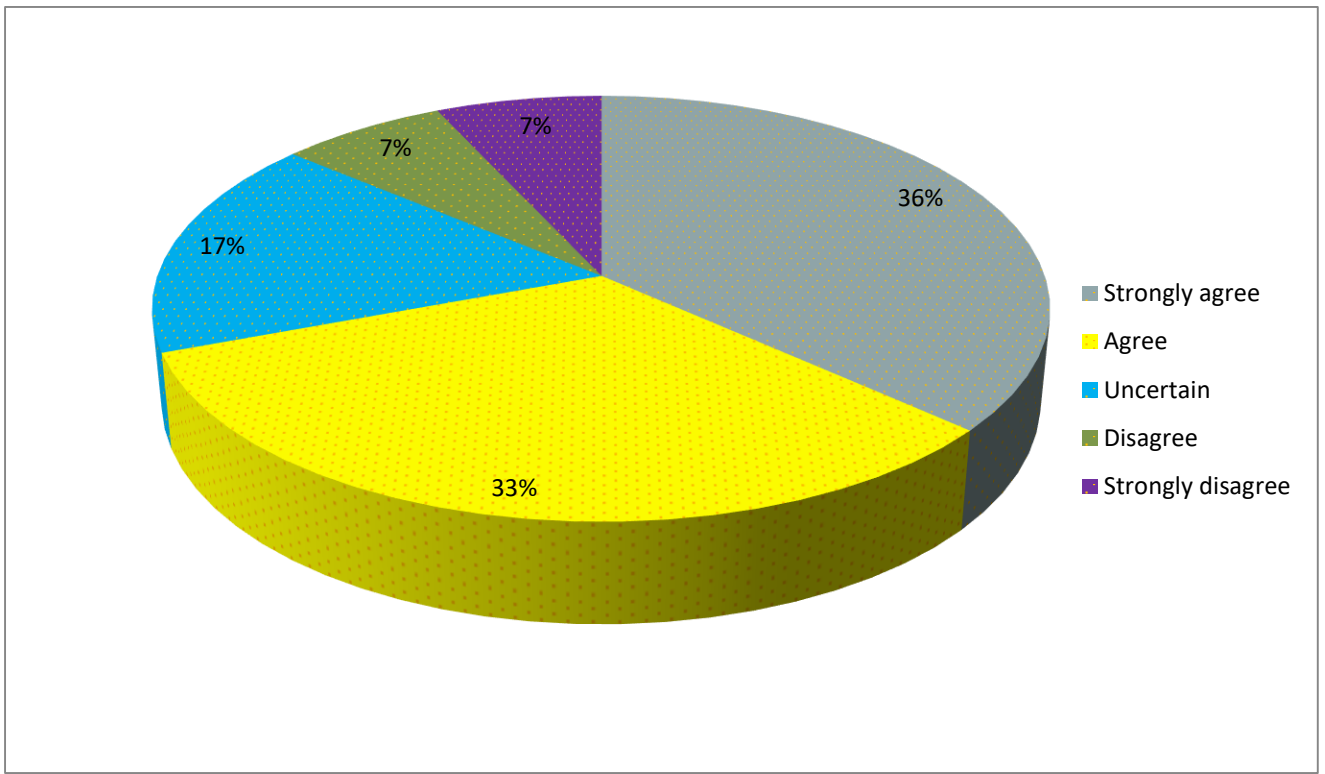


Fig 4.14: Respondents on technical security to the customers

Source: Raw data from the research questionnaire

4.2.4.2 Plastic money has increased bank loss due to changes in the market

The results from the likert scale is as follows 1/30 (3%) strongly agreed that plastic plays a major role in increasing bank loss due to changes in the market,11/30 (37%) agreed that plastic money has increased bank loss due to changes in the market,9/30 (30%) were uncertain that plastic money has increased bank loss due to changes in the market,5/30 (17%) disagree that plastic money has increased bank loss due to changes in the market and 4/30 (13%) strongly disagree that plastic money has increased bank loss due to changes in the market therefore a mode of 12/30 (40%) were agreed that plastic money has increased bank loss due to changes in the market.

Therefore, most of the microfinance banks in Harare Urban according to the research participants the bank loss has increased due to the changes in the market. The responses will be presented in the diagram below:

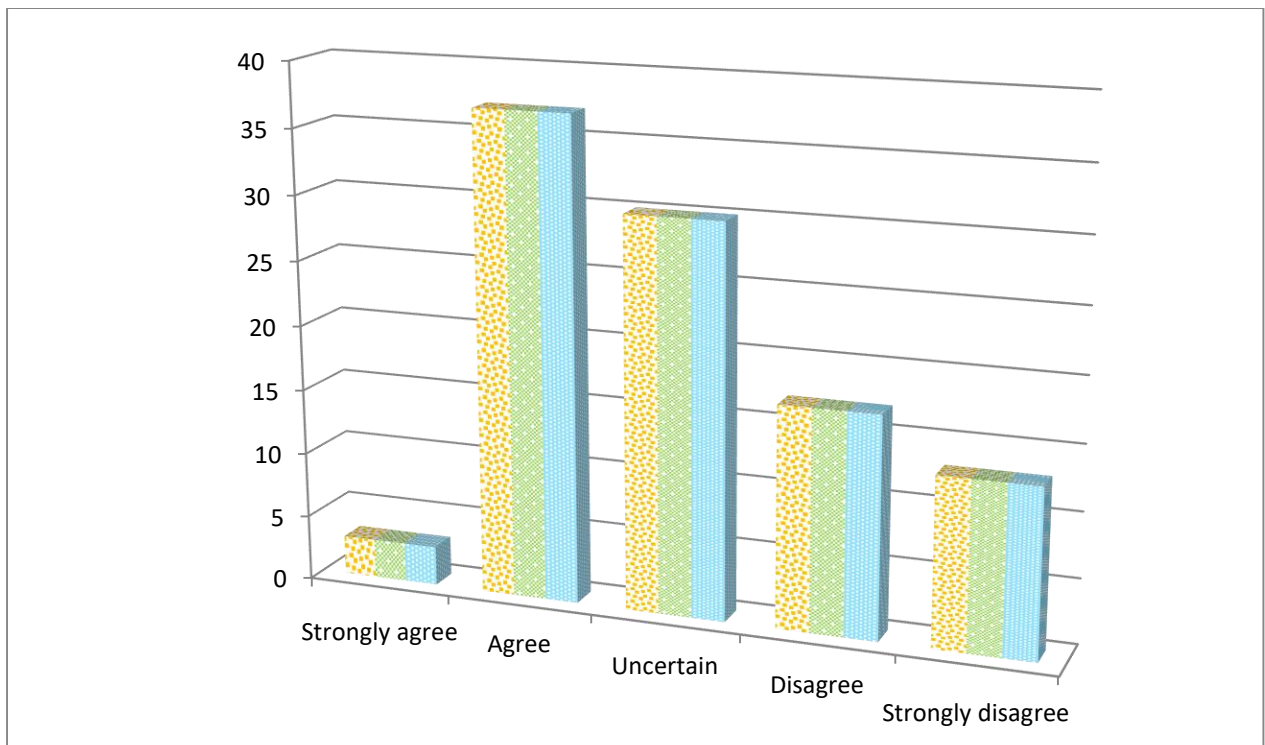


Fig 4.15: Frequency of response rate on bank loss due to changes in the market

Source: Raw data from the research questionnaire

4.2.4.3 Non-protection of customers affects the use of plastic money

The results from the likert scale is as follows 11/30 (37%) strongly agreed that non-protection of customers affects the use of plastic money, 12/30 (40%) agreed that non protection of customers affect the use of plastic money, 5/30 (17%) were uncertain that non-protection of customers affect the use of plastic money,

1/30 (3%) disagree that non-protection of customers affect the use of plastic money and 1/30 (3%) strongly disagree that non-protection of customers affect the use of plastic money therefore a mode of 23/30 (77%) were agreed that non protection of customers affects the use of plastic money. Therefore, most of the microfinance banks in Harare Urban according to the research participants the use of plastic money is affected by the non-protection of customers. The results were rated on a five likert scale as represented in the diagram below:

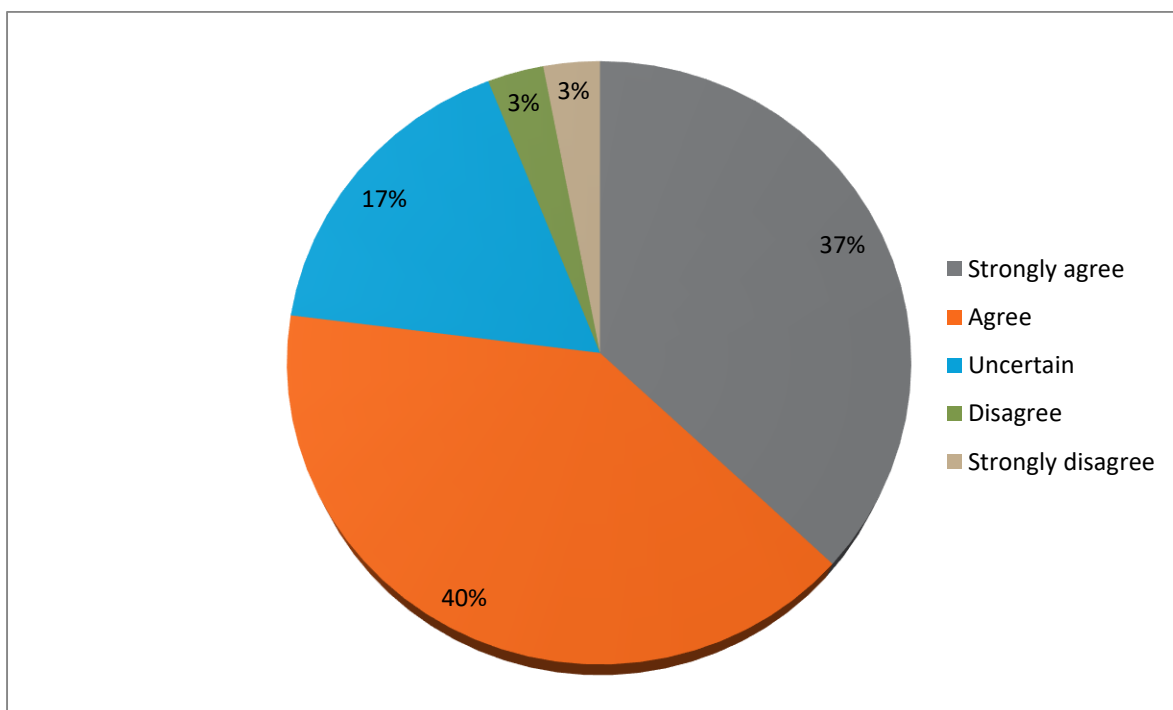


Fig 4.16: Response rate on non-protection of customers

Source: Raw data from the research questionnaire

4.2.4.4 The perceived risk affect the use of plastic money

The results from the likert scale is as follows 6/30 (20%) strongly agreed that perceived risk has a major impact on the use of plastic money, 7/30 (23%) agreed that perceived risk affect the use of plastic money, 11/30 (37%) were uncertain that perceived risk affect the use of plastic money, 4/30 (13%) disagree that perceived risk affect the use of plastic money and 2/30 (7%) strongly disagree that perceived risk affect the use of plastic money therefore a mode of 13/30 (43%) were agreed that use of plastic money is affected by perceived risk. Therefore, most of the microfinance banks in Harare Urban according to the research participants the use of plastic money is affected by the perceived risk .The responses will be presented in the diagram below:

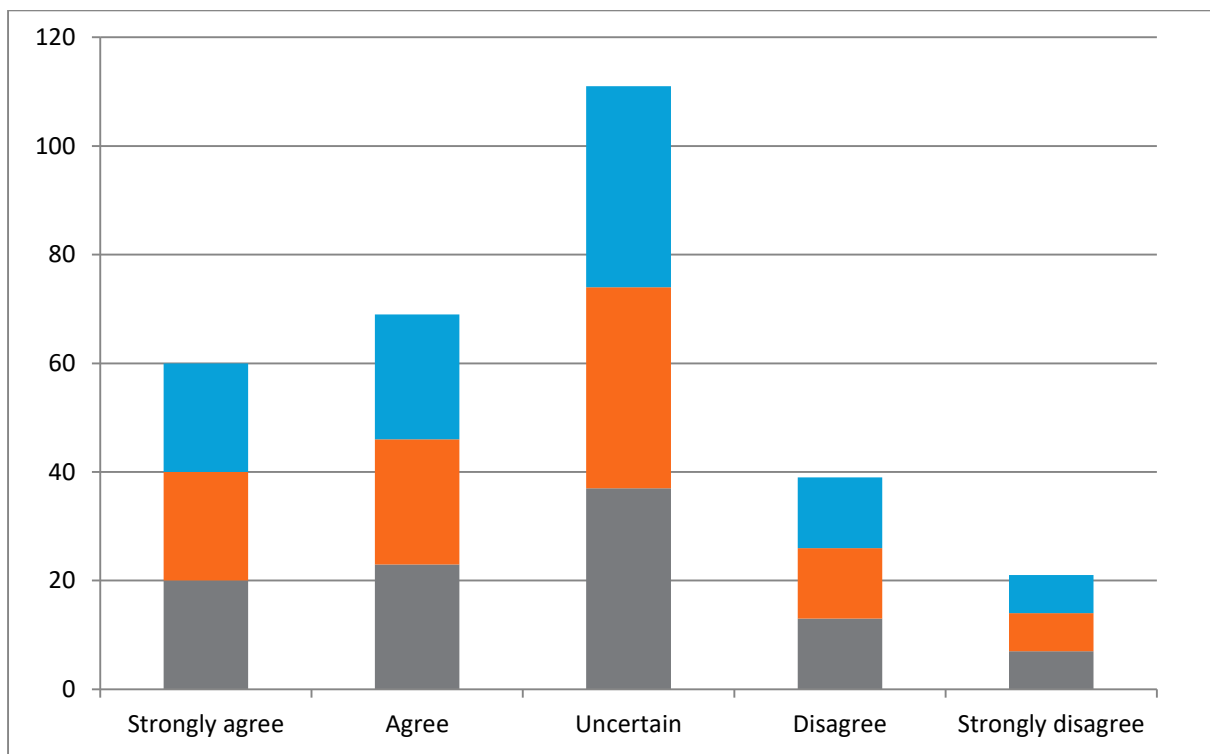


Fig 4.17: Perceived risk response rate

Source: Raw data from the research questionnaire

4.3 Multiple Regression Analysis

The researcher utilised the regression analysis which assisted in assessing the unknown dependant variables with the help of several known independent variables.

4.3.1 Discussion of Multiple Regression Analysis results

Model Summary

Model	R	R Square	Adjusted R Square
1	0.999	0.9801	65535

Source: SPSS Results 2019

Independent variables: (Constant), Mobile money (Mobile payment, money transfer, mobile financial services), Visa cards (number of point of sale installed by bank, online payments).

Dependent variable: Performance

Table 4.2 address the coefficients of model fitness on how plastic money clarifies the performance of microfinance banks. The performance has an overall correlation with the plastic money of 0.9801 which is strong and positive. This implies that approximately 98% variations from performance are explained by the plastic money variable at 5% level of significance.

The residual 2% of the variable is clarified by other independent variable not included in the model and the random error term. These indicate good fit of the regression equation used. Therefore, there is a good indication of true position that bank performance can be explained by the number of automated teller machines installed, the number of debits/credit cards issued, number of POS installed.

Table 4.3: ANOVA

ANOVA	Df	Sum of Squares	Mean square
Regression	4	9481147.18	2370286.795
Residual	0	0	65535
Total	4	9481147.18	0

Source: SPP results 2019

Table 4.3 shows the overall significance of the regression estimation model. It indicates that the model is significance in explaining the relationship between profitability and performance at 95% level of confidence. This implies that the regression equation was well specified and therefore, the coefficient of the regression shows that there is a strong relationship between plastic money and performance

4.7 Summary

In this chapter the researcher presented, analysed and interpreted the data obtained from the research. The major findings were outlined. Furthermore, the chapter has been instrumental for answering the research objectives and the research questions. Data revealed that plastic money has a major impact in the performance of microfinance banks both negatively and positively. The next chapter looks at summaries, findings and recommendations of the study.

CHAPTER 5

SUMMARIES, FINDINGS AND RECOMMENDATIONS

5.0 Introduction

The chapter presenting the summaries, findings and recommendations of this research study.

5.1 Chapter Summaries

5.1.1 Chapter one

The research was carried out to investigate the effects of plastic money on the performance of microfinance banks in Harare Urban. The chapter outlined the background of the study showing how plastic money was presented and how the performances of microfinance banks in Harare Urban were influenced. The objectives of the examination were also laid down. It also showed how the investigation is importance to the researcher, microfinance institutions and Midlands State University. The researcher was set off to do this examination after observing that plastic money played a pivotal role in the performance of microfinance banks.

5.1.2 Chapter two

The chapter looked at literature that was written earlier around that study area. The authors made their decisions in their particular investigations of the utilisation of plastic money and its effects on the performance of microfinance banks in Harare Urban.

5.1.3 Chapter three

The chapter give a portrayal of how the investigation was carried out in order to meet the objectives of the study. Moreover, the chapter gave an approach, sampling and population used in the study. The quantitative research methodology was utilised to gather data. Descriptive research was adopted to find out the effects of plastic money in the performance of microfinance banks in Harare Urban.

Data was obtained through distribution of questionnaires. This was used as primary data. The data was used to gather information used to calculate and draw conclusion on the effects of plastic money in the performance of microfinance banks in Harare Urban.

5.1.4 Chapter four

The chapter focuses on the results and analysis of data gathered in chapter three. The data was presented by the use of graphs, pie charts and tables. A response of 8% was approved to be reliable and usable (Robin, 2010). Data was presented for each of the question that was asked in the questionnaire.

5.2.0 Summary of research findings

5.2.1 To evaluate the effects of plastic money on long-term profits of microfinance banks in Harare Urban

Basing on the outcome of the investigation, it can be noted that transaction cost, technological advancement, lack of confidence and resistance to change were the most importance determinants of plastic money that impacts on the long-term profits of microfinance banks in Harare Urban. These findings were noticed from the modal ranging from 80% to 30% contrasted with different impacts.

5.2.2 To determine if plastic money helped to address liquidity crisis of microfinance banks in Harare Urban

The research concludes that plastic money has a greater contribution to liquidity crisis shown by the 80% of the respondents from the questionnaires who indicated that plastic money has a greater contribution on the liquidity crisis of microfinance banks as they ensure that demand for physical cash, chances of fraud, changes of interest rates and changes of exchange rates are resolved. Moreover, the acceptance of plastic money by the public can help to alleviate the liquidity crisis however banks need to have gadgets that are user friendly and affordable to all. The plastic money decreases interest for hard cash hence reducing liquidity crisis.

5.2.3 To ascertain the best practises that can be adopted in managing revenue

The research findings conclude that microfinance banks can utilise different techniques in managing revenue drivers. These include product mix, staff training and motivation, information technology and innovation, management leadership and resource access.

5.2.4 To identify factors affecting the use of plastic money

It can be concluded that interest rate risk, credit risk, criminal abuse, security risk and non-protection of customers greatly affects the utilisation of plastic money as demonstrated by the 50% of the respondents from the research questionnaire. The past few years have seen a great increment in technological advancement and most customers now prefer to do transactions at the comfort of their homes or workplaces.

5.3 Recommendations

- There is need for empowerment and campaign programs for plastic money to be acknowledged in rural areas. The rural people ought to be permitted to be more financially active hence; if they can earn something on a monthly basis it means they are likely to accept the plastic money as a payment pool.
- The microfinance banks in Harare Urban should make arrangements with shopping centre so that clients can easily utilise plastic money and point of sale will be readily available for transactions. Plastic money should be country wide to enable electronic payments methods.
- The network quality service ought to be improved. The internet connection between banks is still a challenge (Gumbo,2016).This challenge has troubled clients as they find themselves failing to get back their monies with time because of long procedures to be followed. Organisation ought to bring about off cost to set up a good network that empowers a two way communication with their banks.

- The microfinance banks in Harare Urban should guarantee strong measures in place for safety and security of e-banking products to avoid fraud.
- The microfinance banks ought to embark on staff training and developments so that staff members become acquainted with the new innovation.

5.4 Areas of further research

A further study is recommended on the impacts of plastic money in the future performance of companies. Future researchers ought to be focused on examining the effects of product mix on profitability. The researcher also suggests that further research should be undertaken to show the effects of plastic money in alleviating cash shortages.

5.5 Summary

The chapter emphasised on giving the summaries of each chapter of this research that is from chapter one to chapter four. It discussed on the findings of the study as far as the research objectives are concerned. It also highlighted the recommendations of the study and lastly highlighted the areas of further research of the study.

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APPENDIX I: QUESTIONNAIRE



Faculty of Commerce

Department Accounting

P. Bag 9055

Gweru

My name is Tinashe .M. Zhou I am studying with Midlands State University for the Honours Degree in Accounting. I am carrying out a study on the topic entitled the effects of plastic money in the performance of microfinance banks in Harare Urban.

All the information will solely be used for academic purposes and high degree of confidentiality will be exercised. For further clarification you may contact the University. Your assistance will be greatly appreciated.

Yours faithfully

Tinashe .M .Zhou

Section A: Demographic Information

1. Gender

Male []

Female []

2. Age

Between 21 and 30	
Between 31 and 40	
Between 41 and 50	
51 and above	

3. Experience at work

Below 5 years	
Between 5 and 10 years	
Between 11 and 15 years	
Between 16 and 20 years	
21 years and above	

4. Highest level of education attainment

A level	
Diploma	
Honours Degree	
Masters	
Other	

If other please specify.....

5. Marital Status

Single	
Parent	
Married	

6. Which category of management do you belong?

First-level management	
Middle-level management	
Top-level management	
Other	

If other please specify.....

SECTION B: IMPACT OF PLASTIC MONEY ON LONG-TERM PROFITS

1. Plastic money has resulted in increased customer spending

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

2. Plastic money plays a major role on long-term profits retention.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

3. Plastic money increased the clientele basis.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

4. The introduction of plastic money increased the degree of customer confidence.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

Below are the effects of Plastic money on long-term profits:

Effects	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Lack of confidence					
Resistance to change					
Awareness campaigns					
Transaction cost					
Technological advancement					
Perceived usefulness					

SECTION C: ROLES OF PLASTIC MONEY IN REDUCING LIQUIDITY CRISIS

1. Plastic money has played a major role in reducing changes of exchange rates.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

2. Plastic money has addressed changes of interest rates.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

3. Plastic money helped in reducing demand for physical cash.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

4. Plastic money played a major role in reducing the chances of fraud.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

Below are the ways of reducing liquidity crisis by the use of plastic money:

Roles	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Introduction of Automated Teller Machines(ATMs)					
Establishment of point of sale machines					
Initiation of mobile money					
Creation of an electronic ecosystem					
Introduction of advanced technology based system to replace traditional banking					
Implementation of national electronic funds transfer (NEFT)					

SECTION D: BEST PRACTISES IN MANAGING REVENUE

1. Information technology and innovation can be used as a best practise to managed revenue.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

2. The creation of new bundles of services or products to offer to the clients helped to manage revenue.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

3. Staff training and motivation played a pivotal role in managing revenue.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

4. The expansion of relationship helped in revenue management.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

The following are the solutions in managing revenue drivers:

Best practises	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Information technology and innovation					
Staff training and motivation					
Management leadership					
Resources Access					

Corporate governance					
Product Mix					

SECTION E: FACTORS AFFECTING THE USE OF PLASTIC MONEY

1. Plastic money reduces the technical security to the customers

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

2. Plastic money has increased bank loss due to change in the market.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

3. Non-protection of customers affects the use of plastic money.

Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree

4. The perceived risk affect the use of plastic money

Strongly Agree	Agree	Uncertain	Disagree	Strongly

Below are the factors that affect the use of plastic money:

Factors	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Non protection of customers					
Interest rate risk					
Credit risk					

Criminal abuse					
Perceived risk					
Security risk					

Thank you for your cooperation

APPENDIX II: INTERVIEW GUIDE



1. What are the effects of plastic money on longterm profits of microfinance banks in Harare urban?
2. In what ways does plastic money helped to address liquidity crisis of microfinance banks?
3. What are the best practises that can be adopted by microfinance banks in managing revenue drivers?
4. What are the factors affection the use of plastic money?
5. What challenges does plastic money impose to the performace of microfinance banks?
6. In what ways does plastic money increases cuatomer spending?

Match Overview



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