

Consumer Perceptions on Technology Enabled Service Delivery (TESD) Adoption in the Zimbabwean Banking Sector

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Abstract

This study contributes to an understanding of how consumer perceptions can affect the adoption of technology-enhanced banking within a developing economy perspective. The study utilized multiple methods in order to bring multiple view points to the emerging mixed perceptions surrounding the adoption of TESD.

Extended Abstract

The business of banking has been undeniably changed by the developments in technology. The increasing use of information and communication technologies (ICTs) has enabled banking applications to be transformed to electronic and even mobile devices. Northern European countries are among the most advanced ones in the adoption and use of different new mobile and technological appliances and these countries have long extended the implementation of technological advancement in banking services (Finland Statistics, 2002), with “real rate of rejection” lower than 8% (Tiwari and Buse, 2006). The innovations in telecommunications have led to the use of mobile devices in banking services. However, despite the growing prevalence of devices such as mobile phones and the realization of the importance of the concept by some developing economies (Bandyopadhyay, 2010), the concept of technology-enabled banking is still lagging behind in Africa. Zimbabwe is no exception.

Automated Teller Machines (ATMs) were introduced early 2002 while mobile banking services were introduced in to the country in late 2011 by mobile network operators (MNOs) such as Econet Wireless Zimbabwe (EcoCash) and Telecel Zimbabwe. Despite many wireless commercial services increasing quickly, the use of technology in banking has been much lower than expected (Cruz *et al.*, 2010) and still underused (Huili & Chunfang, 2011) and the market of mobile banking still remains very small in comparing to the whole banking transactions (Laukkanen, 2007; Yang, 2009). Thus the widespread adoption and large usage of mobile phones did not reflect on the adoption and usage of mobile banking, although mobile banking perhaps was the first commercial mobile service (Scornavacca & Hoehle, 2007). Many preceding studies (e.g. Barnes and Corbitt, 2003; Brown *et al.*, 2003; Lee *et al.*, 2003; Suoranta, 2003; Barnes and Scornavacca, 2004; Laukkanen and Lauronen, 2005) have been conducted to ascertain why the adoption of technology-enabled banking mostly in form of the uptake of mobile banking is below expectations. However, very few of these studies have been executed in the context of a developing economy, and in most cases, findings have been generalized despite the contextual variances. Besides, most of these studies have mainly considered mobile banking and have not embraced the technology-enabled banking as a total system or package. Thus, this study was aimed at exploring the extend of adoption, impact and the future of technology-enabled banking in developing economies, with particular focus on Zimbabwe. For the purposes of this study, TESD is taken to refer to such facilities as Internet (or online) banking, telephone banking, TV-based banking, mobile phone banking, and e-banking (or offline banking). It thus emerged that mobile banking is a subset of TESD in banking which underlies not only the determinants of the banking business but also the special conditions of mobile commerce (Tiwari *et al.*, 2007).

Adoption of TESD in many developing economies might have been affected by consumer perceptions in terms of perceived usefulness, perceived ease of use, perceived credibility, perceived self-

efficacy, social norms, performance expectancy and perceived cost of service, as reviewed by literature on related past studies. Six hypotheses were thus developed, and subsequently tested, to establish whether a relationship existed between TESD and each of these forms of consumer perception.

Riding on the increasing usage and value of multiple research methods, the study made use of participatory observations, self-administered questionnaires administered on 240 randomly selected banking consumers as well as key informant face-to-face interviews with four banking experts. The growing usage and impact of multiple methodologies has primarily earned its credit to its ability to enhance data validity and complementarity (Pinto, 2010; Chitakunye and Takhar, 2012). Thus data for the study were gathered in four phases - Published Material through literature review, pparticipatory observations, Key informant interviews with Banking experts, and of course, self-administered questionnaires to banking clients.

The study established that the TESD in Zimbabwe is still at its grassroots level, with an average of 4.5% of the respondents indicating that they have fully embraced technology-enabled banking. 67% respondents indicated that that have attempted to use mobile banking at some point in their life, but felt unsafe to continue transacting using their mobile devices. Regarding the forms of banking transactions entrusted through technology, the trend seems conform with a couple of past studies (e.g. Suoranta and Mattila, 2004; Suaiman *et al.*, 2007) that have undoubtedly noted that technology-enabled banking such as mobile banking is used mostly for viewing account balances, SMS and e-mail being the most popular mediums for the delivery of banking services. When security concerns are high i.e. when the security measures in place are weak, then the adoption of the TESD is low. When security is perceived to be at least average there is a high level of adoption while when the need for an improved security system the adoption of TESD is a little below average. It also emerged that when perceived usefulness of TESD is low then the adoption of the TESD is low, and vice versa. When perceived usefulness of TESD is average there is a high level of adoption while when the perceived usefulness of TESD the adoption of TESD is a little below average as well. Regarding the perception on cost of service, the descriptive results noted were 44% of the respondents agreed; 13% of respondents were not sure and 43% disagreed that cost of service influence their intention to adopt mobile banking. Trust, understanding and literacy level, service characteristics, socio-economic background and culture and marketing had an influence on the adoption of mobile banking. Proposed hypotheses were tested at the 0.05 level of significance - all hypotheses were supported.

TESD has enabled banks in developing economies to provide more diversified and convenient financial services, even without accumulating the ‘expensive-to-construct’ physical branches. The Zimbabwean banking sector has indeed undergone a rapid revolution with the adoption of technology-based banking solutions. TESD has the impact of shortening transaction time. Information Technology developments in many banks, especially commercial banks, have quite optimistically impacted their customers, but lamentably in an inadequate way. Despite the positive impact TESD has had on both service providers and users, the phenomenon has continued to be affected by such factors as lack of confidence and trust (Farquhar and Meidan, 2010), understanding and literacy level (Meuter *et al.*, 2005), cost of service, service characteristics (Laukkanen, 2007), social norms influence (Riquelme and Rios, 2010), marketing strategy (Laforet and Li, 2005), as confirmed by the study. There is, nevertheless, confidence that TESD usage will increase given the benefits that the service provides. In some developed countries where mobile devices have become abundant, mobile banking adoption rate was reportedly still low (UK – 20.4%, USA – 22%, Sweden – 20%) (Cellular News Report, 2011). Technology-enabled banking operations in developing nations are still in their immaturity, leaving a great deal of room for development. The study thus recommends that strategies be implemented to improve and benefit from TESD adoption by developing economies in form of advertising and awareness campaigns, and improved network connection and coverage, cheap transaction costs and affordable phones, improvement on security, improvement on customer services, introduction of incentives for usage, multi – lingual and user friendly platforms, reduced electricity outages, introduction of mandatory mobile banking, improved error rectification, and system allowing for error rectification.

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