
BY

Munyaadzi Kingston Muchabaya

B1542620

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AUTHOR’S ADDRESS 4138 OLD HIGHFIELD

HARARE, ZIMBABWE
APPROVAL FORM
The undersigned confirm that they have read and recommended to the Bindura University of Science Education for acceptance; a project entitled: “The effects of mobile banking on financial performances of commercial banks in Zimbabwe: A Case of Steward Bank (2013-2017)” submitted for the fulfilment of the requirements for the Bachelor of Commerce in Banking and Finance Honors Degree.

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DEDICATION

I dedicate this study to my Father and my Mother for their resolute support they gave to me for the entire life so far. I say to my parents, you are the real geniuses. I wish to take this dedication to my brothers as well for their much needed sustenance during my whole study and their thoughts during my spare time from this great work and their inspiration to motivate me to keep moving on.
ABSTRACT

Portable banking is the giving of banking administrations utilizing cell phone. With regards to the development in innovation, business banks have in the cutting edge past experienced major mechanical increments in the arrangement of banking administrations by selection of versatile financial innovation. This model of banking is especially of real use in giving proficiency and openness of banking administrations without the boundaries of area and time. Numerous investigations have been done to survey the effect of versatile counts on monetary incorporation. Very few investigations have been completed in Zimbabwe's banking in regard of the impacts of portable depending on money related execution of business banks. This exploration looked to consider the connection between versatile banking and budgetary execution of business saves money with specific reference to Steward Bank. To achieve this, the banks bits of knowledge and methodologies towards versatile banking, and its consequences for execution on monetary and client based measures were evaluated by controlling polls to the client administration and activities staff. Different diary articles, print media articles, and books were investigated to give discoveries of past work on the region of study. This investigation was correlational in nature as it tried to completely portray all the key factors in the examination and build up the relationship among the factors.

Keywords: Mobile Banking, Financial Performance
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May the good Lord bless you all!!
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CHAPTER I

INTRODUCTION

1.0 Introduction
The researcher presents the research background concisely and from that background, the research problem, the research purpose and the research questions will be derived. The research questions inform the research objectives and the conceptual framework of the study. The researcher then bring out limitations to the study, delimitations, assumptions and the significance of the study and the definition of the study sections to this research study.

1.1 Background of the study

The patterns nowadays in the financial area is that the structures and the global limits are never again influencing the value-based issues. The financial framework has turned into a 24 hour value-based instrument without any limits and outskirts as the financial division spreads its wings into portable and web banking to much accommodation of the clients (Mavhiki et al, 2015), in an exploration on the financial area versatility. Chikoko et al (2012) insinuated that the financial framework in Zimbabwe before the advancement has been packed in significant towns and urban areas to the detriments of the rustic people. Hold bank of Zimbabwe (2011) in Mavhiki et al (2015) noted through the financial strategy explanation that 70% of the clients in the provincial territories in Zimbabwe were adjusted by 11% of the banks' branch arrange. This demonstrates as far as money related consideration pushes the financial part needs to extend and spread their limbs' so as to cover those individuals in the provincial and remote regions of the nation.

Having understood the requirement for inclusivity and serving the wide scope of the clients far and wide, the banks in Zimbabwe have created and structure the different versatile applications that are not influenced by the "dividers" of the banks, the separations from the banks and over
the outskirts frameworks called electronic financial framework. These grasps the versatile banking and the Web banking stages (TechZim 2013). As indicated by Zhou (2010), the cell phones the world over have changed the ways of life of the people including poor people. Thus, the presentation of the versatile financial frameworks. Harelimana (2017) has likewise respected this bit of imaginativeness that unites about the world in a briefest timeframe. Harelimana (2017) affirmed that the portable financial stages because of the network through the versatile correspondence frameworks has numerous focal points to the client, for example, customized, whenever and anyplace banking enabling it to be utilized as an apparatus of budgetary incorporation.

Various such advancements have been created in Zimbabwean financial segment, and pretty much every bank has its interesting portable application to the administration of its clients and past. Garnet et al (2016) contended that the need to support clients in a compelling way has driven financial frameworks in North America and Europe and the Asia-Pacific to burn through billions of cash in creating client fulfilling stages. This demonstrates interest in innovative improvement in the financial segment has been more on the administration conveyance and client fulfilling purposes and consequently the appearance of the portable financial stages. Kombe and Wafula (2015) in an investigation of the versatile financial frameworks and bank exhibitions in Kenya presumed that the decrease in value-based expenses and the simplicity utilization of portable banking has affected the exhibitions of the banks. Additionally Mavhiki et al (2015), reasoned that the volume of exchanges have expanded in the financial part since the grasping and improvement of the versatile financial frameworks. Which implies the exhibitions of the financial frameworks as far as money related and specialized mindfulness has likewise expanded. Mago and Chitowindo (2014) in an investigation of the job of portable financial advancement in the provincial territories reasoned that the eventual fate of the banks isn't in the building dissipated around towns, however in the versatile applications, which improves country people consideration in the financial exercises, in a less expensive and progressively advantageous way. In opposition to these two inquires about, Dube and Gumbo (2017) were of the sentiment that the development in the versatile financial framework has likewise realized some high value-based expenses to the clients as the banks are planning to recover their interests in the portable applications created and presumed that in the prompt, the financial frameworks' execution backs off as starting speculations "eats" into the free money streams produced.
Statement of the problem

Financial performances of the banking sector have been speckled over the past 5 years with some banks showing astonishing growth while others were stressed, especially with the liquidity crisis that has submerged the sector since the multi-currency period. In order to minimize their operational costs, commercial banks have adopted internet banking such as ATMs and mobile banking where customers can access their accounts on their personal computers and mobiles. To facilitate further financial deepening, the Reserve Bank of Zimbabwe, allowed regulated
banks to operate through third party agents, subject to licensing of agents. For example Steward bank introduced the Kambudzi Banking Application in conjunction with the Square application having comprehended that in transacting, the stakeholders would experience challenges such as the failure of the transactions, unallocated deposits and wrongly allocated accounts and amounts to depositors. On a daily basis, the bank encountered for at least a quarter of million returned funds on ZIPIT platform which amounts to about an average of $2million, which by any standards were very cumbersome and showing inefficiencies. A number of studies have been carried out with conflicting conclusions on the effects of the mobile banking systems development and the performances of the banking systems at large. Mixed results have been found across the globe. While some found them to be positively related, other found them to be negatively related at different significant levels and differing theories. Banks are custodians of the customers and other stakeholders’ funds and as a result, the researcher would want to establish the effects that the mobile banking systems has brought about to their financial performances.

1.2 Research objectives

The following are the research objectives:

i. To determine the effects of mobile banking innovation or technology on Bank performance.

ii. To evaluate the impact of the service flexibility on Steward Bank financial performances.

iii. To analyse the effect of financial inclusion on bank performances.

iv. To establish the relationship between mobile banking cost effectiveness on bank financial performances.

1.3 Research questions

i. To what extent does the mobile banking innovation affects banks financial performances?

ii. What impact does the mobile banking service flexibility have on bank financial performances?

iii. To what extent does mobile banking inclusivity affect bank financial performances?

iv. Is there a relationship between mobile banking cost effectiveness and bank financial performances?
1.4 Significance of the study

This research will be of great value to the society that is all stakeholders of the banking sector, the researcher and the university at large.

To the Student

The completion of this study will enable the student to meet the requirements of the attainment of the Bachelor of Commerce in Banking and Finance Degree. The research will improve the student’s knowledge and the ability to conduct a research thereby giving the opportunity of bringing theoretical knowledge acquired into practical. The research will test the student’s ability to identify certain problems and issues evolving in the banking industry and be able to provide solutions to those problems. At the end of the research, the student will have gained experience of carrying out a detailed research hence this will serve as a good basis for future work.

To the management of commercial banks

The study will help in the determination of the appropriate approaches and mobile banking products that the sector can leverage on in order to improve financial performances. This study will inform them on the financial effect of mobile banking on the performance of their institutions. Through the findings of this study, the management will be able to strategize on how to realize maximum benefits from mobile banking.

To the University

The contents of this research study will be used as referral material for other scholars who would want to do research in the same field.

1.5 Assumptions

- The banks’ business model does not change significantly in terms of product offering in the Mobile banking platforms.
- Technological advancement does not lead to severance of the current systems at banks.
- There will be accessibility of the selected branch networks both in the rural areas and the urban centres.
- The respondents will provide reliable and quantifiable information on the basis of their knowledge of the mobile banking process development
1.6 Delimitation of the study

The researcher will delimit the study based on the following:-

Scope Delimitation- The study will be limited in terms of its scope, with focus mainly on the mobile banking systems and the bank performances.

Geographical Delimitation- The study will be delimited to selected branches within the urban centres and some in the rural areas outside town environment.

Time Delimitation- The study will be based on the performances and developments post multi-currency era.

1.7 Limitations of the study

- The banking sector is governed by a number of pieces of legislation and as a result there is confidentiality matters of client-bank relationships which could not be easily disclosed without appropriate authority.
- The study will use financials that are attributable to mobile banking alone such as revenue attributable to mobile banking and incremental costs of mobile banking.
- Access to senior management of the bank could be a challenge and hence efforts will be done to ensure requests for meetings and interviews be done in advance.

1.8 Definition of key terms

Mobile Banking- is a service provided by financial institutions that allow clients to perform their transactions away from the banks through the use of mobile telecommunications devices such as cell phones and tablets.

Financial performance- it is a subjective measure of how well a firm can use its assets from its primary mode of business to generate revenue (Greenwood 2010).

1.9 Abbreviations

RBZ Reserve Bank of Zimbabwe

ZSE Zimbabwe Stock Exchange

FI Financial Inclusion
1.10 Chapter Summary

The chapter focused mainly on giving the background to the study on the two variables that is mobile banking adoption and financial performance. The statement of the problem outlined was in relation to a few selected commercial banks in Zimbabwe, research objectives, research questions, significance of study, delimitations and limitations of the study were discussed. Definition of terms explaining the related study key terms was included.
CHAPTER II

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter goes through the literature on the effects of mobile banking on the performance of commercial banks in Zimbabwe. From this review, extensive types will be derived which help in coming up with the critical impact of economic and financial effect of mobile banking on the performance of commercial banks in Zimbabwe. Specifically, the chapter addresses the theoretical framework guiding the study, economic and financial effect of mobile banking, empirical literature and chapter summary.

2.1 Commercial Banks Activities

Exercises of business banks are lawful exchanges that includes loaning, speculation and remote money exchanging relying upon the goals and size of the bank. As indicated by Best (2005), banking exercises rely upon the financial approaches of its principle state, going from access to national bank subsidizing framework to being item to administrative orders for sound working benchmarks (Lomerson 2007).

2.2 Theoretical Framework

This area audits speculations that will manage the examination. It comprises of the hypotheses which oversee the execution of business banks in their tasks. Specifically, the area considers the money related intermediation hypothesis which manages the center capacity of budgetary organizations which includes the intermediating between the surplus and the shortfall units for continued monetary advancement. Additionally it surveys the cutting edge financial aspects hypothesis which holds that for a business to make returns, it needs to comply with the advanced financial matters. It likewise audits the market control hypothesis which holds that states expanded outer market powers results into Market Power. The development dispersion
hypothesis expresses that organizations draw in advancements in order to increase upper hand and limit costs in order to direct their vital positions.

2.2.1 Financial intermediation theory

Budgetary intermediation is a procedure which includes surplus units keeping assets with monetary foundations who at that point loan to shortfall units. Bisignano (1992) distinguished that money related middle people can be eminent by four criteria. To start with, their principle classes of liabilities or stores are indicated for a fixed total which isn't identified with the execution of a portfolio. Second, the stores are normally present moment and of an a lot shorter term than their benefits. Third, a high extent of their liabilities are chequeable which can be pulled back on interest and fourthly, their liabilities and resources are to a great extent not transferable. The most imperative commitment of delegates is a relentless stream of assets from surplus to deficiency units. As indicated by Scholtens and Van (2003), the job of the money related go-between is basically observed as that of making particular budgetary products. These are made at whatever point a go-between finds that it can offer them at costs which are relied upon to take care of all expenses of their creation, both direct expenses and opportunity costs.

2.2.1 Modern Economics Theory

Present day financial aspects has gone far in finding the different conductors through which a great many chances of, and choices by, people can offer ascent to promising highlights of networks and social orders like rate of expansion, efficiency gains, and dimension of national pay, costs, and loads of different kinds of capital, social qualities, and social standards. Two components make financial hypothesis especially troublesome as insinuated by Simpson et al (2003). To begin with, singular choices at any minute are themselves impacted by these developing highlights, by past choices learning, practice, and propensity, and by future desires. Second, the developing highlights that can be all around dealt with by existing monetary hypothesis and strategy concern just quick moving factors. The more gradually developing properties that influence mentalities, culture, and institutional courses of action are perceived, yet are inadequately fused.

As per Herstatt (2006), business analysts realize that achievement in accomplishing monetary come back from quick elements prompts gradually developing, about concealed, changes in
more profound and slower structures, changes that can at last trigger unexpected emergency and astonishment. In any case, the challenges that emerge are with the end goal that most current financial experts are baffled in their endeavors to comprehend the collaborations among quick and moderate moving rising highlights.

2.2.2 Technology Acceptance Model (TAM)

The origin of this model is credited to Davies who in 1986, noted that the acceptance of the technology in the world is dependent on a number of issues, such as environmental dynamics in existence, the willingness to familiarize with changes and the ability to accept change (Munyoncho, 2015). Furthermore Cranknell (2004) argued that the development of the technology has led to the reduction of costs and on the other hand improved efficiency of processes.

Davies et al (1989) asserted that the TAM delves on technology acceptance rather than usage and as such the user have the determination of where, when and how they can use the technology based on the level of acceptance achieved. The relevance of this model to this study is that it enables us to gauge the levels of mobile banking products and services acceptance by the populace.

2.2.3 Innovation diffusion theory

The development dispersion hypothesis expresses that organizations consider industry advancements in order to stay aggressive, lessen costs and to protect their vital positions. Rogers (2010) suggested that the hypothesis comprehends the conduct of clients in the reception or non-appropriation of a development. The hypothesis gives that the adopters of developments pursue a ringer formed dissemination bend which can be isolated into five parts to characterize clients dependent on their ingenuity. Rogers (2010) arranged clients as trend-setters, early adopters, early larger part, late lion's share and slouches.

Reception of versatile financial evacuates the hindrances in the formal budgetary division to the monetarily avoided populace in Africa on the loose. This advancement dissemination hypothesis will be utilized in the exploration to recognize how the adjustments in portable financial applications influences the execution of business banks in Zimbabwe.
2.3 Conceptual framework

This study will mainly focus on the establishment of the effects of m-banking on the performance of commercial banks in Zimbabwe, a case of Steward Bank. The study focuses on the m-banking which is the independent variable with several indicators considered such as M-transactions, Bill payments and Funds transfer between accounts. The effect on financial performance being the dependent variable having the following measures such as ROA, ROE and NIM.

**Independent variables**

Mobile banking
Transaction volume
- Withdrawals
- ATM withdrawals
- Transfers

**Dependent variable**

Financial performance
- ROA
- ROE
- NIM

Mobile banking services/products
- Funds transfer
between accounts
- Bill payments

Bank innovation

financial inclusion

(H2)

(H1)

FINANCIAL PERFORMANCE

Flexibility of service

Cost effectiveness

(H3) (H4)

Source: Author’s compilation

**Figure 2: Showing the Dependent and Independent variables**

### 2.4 Empirical Review

Quite a few research studies were conducted by many different scholars in various countries trying to explain the effects of mobile banking on financial performance of commercial banks. These studies focused on the researchers’ countries and their respective economies therefore I had to come up with this research on the Zimbabwean context. The research finds to fill the gap left by other researchers. The study reviewed the literature based on the empirical analysis in the following categories, mobile banking innovation and bank performances, service flexibility and bank performances, mobile money and financial inclusion and mobile banking cost effectiveness and bank performances in line with the objectives in chapter 1.

A research done by Kithaka (2014), concentrated on the effects of mobile banking on financial performance of commercial banks in Kenya. The main aim was to determine the extent to which mobile banking had an influence on financial performance. The researcher tried to come up with solutions on the problems of overall implication of m-banking with relation to traditional banking transactions. This was showed by the literature that was reviewed by the author that
showed unsolved problems in mobile banking and the examination on how the innovation was impacting banking transactions. The study adopted a census method whereby all the commercial banks in Kenya who adopted m-banking were studied. However, a gap remains in addressing the implications of mobile banking in a Zimbabwean economy.

Mupfiga et al (2013) conducted an explanatory research on the use and adoption of mobile banking services in Zimbabwe. The main aim of the study was to come up with the merits of mobile banking and the challenges faced by banks that were adopting this innovation as a delivery channel. The data was collected using questionnaires and interviews and it was collected using a sample of 15 banks. Of the 15 banks selected, some were already using m-banking and the others were not yet adopted the system. From the findings, it was concluded that even though m-banking started in early 2004 in Zimbabwe, the technology was still at the early stages of development. The results showed that affordability and accessibility were the major drivers of mobile banking adoption in developing countries such as Zimbabwe. However this has been aggravated by the lack of m-banking regulation in our Zimbabwean context. The study although conducted in Zimbabwe, it only focused on the adoption of m-banking only. A gap remains in addressing the effects of m-banking adoption on financial performance of Zimbabwean banks and therefore this study seeks to fill the gap left by the researchers.

Nyango, (2015) also carried out a research on internet banking in Rwanda using the bank of Kigali as a case study. The study was meant to find out the benefits that internet banking brought about to the financial performance of commercial banks in Rwanda. The researcher was trying to come up with solutions on the problems of paying cheques between banks and also to reduce the time customers spend in queues in trying to access banking services. The study used a mixed approach of both quantitative and qualitative research methods and some descriptive research also. The results from the study showed that electronic banking systems such as ATMs, EFTs, internet banking and mobile banking have a positive effect on bank performance. The study also noted that electronic banking contributes positively to the performance of commercial banks despite the challenges faced in its operation such as system malfunctioning and network problems. According to Ngango (2015), he recommended that banks should employ skilled personnel in network management. However since this study focused on a Rwandan bank, a
research gap remains in coming up with the effects of m-banking on a Zimbabwean bank and hence this study is in answer to this gap.

2.4.1 Mobile banking innovation and bank performances.
Kasmari et al (2016) done a study on electronic banking innovations and its impact on the bank deposit market share through the use of panel data from 123 Iranian banks. It was conducted at the information for the 7 year period that is from 2007 to 2013. The study found out that mobile banking innovation has a positive relationship with market share growth but on contrary market share drives innovation and not vice versa. The study also concluded that the bank innovation should be a continuous process that helps to improve the overall bank performances.

In another study by Zanamwe et al (2013) on mobile money in Zimbabwe, integrating mobile infrastructure and processes to organisation infrastructure and processes, using case study approach on the banking sector in Zimbabwe, noted that the sector has had some institutions which tried to package and design new mobile products but were not successful in implementation. Furthermore, the study asserted that there has been a challenge in aligning the new technological developments and the previously available infrastructures and designs. This the authors noted have led to high costs of alignment or redundancies of some of the older equipment. This process has led to high costs incurrences which have affected the profitability of the institutions.

The analysis above on the effects of mobile banking innovation on the performances of commercial banks in Zimbabwe has contributed to the development of the following hypothesis, 

\textit{H1: There is a positive relationship between mobile banking innovation and bank performances in Zimbabwe.}

2.4.2 Service flexibility on bank financial performances.
Mavhiki et al (2015), undertook a study on the impact of mobile banking on the traditional banking practices in Zimbabwe. The observations were that although customers have become loyal to their banking service providers, the banks have done little to improve the awareness of the technology based services like mobile banking services. The authors submitted that the banking systems should work together with the Mobile Network Providers so as to improve the
service flexibility and hence financial inclusion. The implication of this study is that without linking up of services by the two sectors, the service flexibility in the banking sector will remain a pipe dream in Zimbabwe.

Maswaure and Choga (2016) in their study on electronic banking uptake in Zimbabwe using open and closed-ended questionnaires noted that 43% of representative sample had computer experiences of less than 5 years. The study also shows that 13% of the banking sector players uses mobile money systems, while the resistance to uptake of the banking sector mobile banking services were as a result of a mix of lower knowledge levels on the products and lack of confidence in the banking sector. The effect of the study is that most customers are not flexible enough to embrace new technology without awareness.

Munalye (2015) conducted a study on the effects of mobile banking services on the traditional banking services in Zimbabwe. The study adopted both exploratory and descriptive approach using a population of 40 employees from BancABC in Zimbabwe. The study concluded that there are higher growth prospects if banks could model their products offering around the mobile banking which they can blend with the traditional services. The researcher noted that this has a long-term performance augmentation.

The analysed above on the effects of service flexibility on the performances of the banks in Zimbabwe has led to the development of the following hypothesis,

\[
H2: \text{There is a positive relationship between mobile banking service flexibility and bank performances in Zimbabwe.}
\]

2.4.3 Mobile money and financial inclusion

Mago and Chitokwindo (2014) in their investigation of the effect of versatile betting on money related consideration in Zimbabwe dependent on the quantitative research structure and dependent on the Southern town of Masvingo. The examination discovered that low pay individuals are eager to receive portable financial stages as they give accommodation, low expenses and simple access to their budgetary needs. The charge of this examination was that the casual area has turned into a focal point of business exchanges and has brought a high level of
monetary incorporation. In the event that the nation is to improve its monetary incorporation procedure and methodologies, at that point versatile financial stages ought to be the telecaster.

Dube and Gumbo (2017) in their examination entitled "A model of monetary consideration: The retail Business in Zimbabwe" noticed that the utilization of the portable stages have reinforced the dimension of money related incorporation in the retail area by permitting different strategies for installments. The ramifications of this investigation is that the more the consciousness of the portable banks' stages in the nation the more the provincial individuals are included and be banked in Zimbabwe.

In another investigation Mbengo and Phiri (2015) entitled "Versatile Financial appropriation: A rustic Zimbabwean viewpoint" depended on the Innovation Acknowledgment Display (TAM). The consider noticed that there is a moderate and disappointing acknowledgment of the portable financial practices in the provincial regions in Zimbabwe because of inhibitive factors, for example, the expense of the cell phone gadgets and the poor availability (Musiyandima, et al 2017) The charges of the examination were that the financial division needs to create administrations and items that empower the unbanked to approach these items.

Musiyandima et al (2017) in their investigation of money related incorporation and nature of vocations in Zimbabwe utilizing auto-relapse display , noticed that the budgetary consideration rate in Zimbabwe is between 53% and 58% on the grounds that the customary financial frameworks are separating opening in the country regions or in different zones of the unbanked. The examination noticed that the drive to portable financial frameworks has brought help and empowered budgetary consideration nationwide. This demonstrates the Hat inside the Zimbabwean economy is lower than in neighboring nations.

Ndlovu and Ndlovu (2013) in their investigation of versatile banking the fate of provincial monetary consideration in Zimbabwe, utilizing an example contained bank authorities, portable cash specialists and the save bank, reasoned that the utilization of versatile cash exchanges noticed that the rustic people can execute however low dimension for their business exercises.
The examination likewise presumed that the portable cash frameworks could be the panacea to neediness decrease in the primarily unbanked individuals from the economy in Zimbabwe.

The dissected above on the impacts of versatile cash advancement on the exhibitions of the banks in Zimbabwe has prompted the improvement of the accompanying theory, \( H3: \) There is a positive relationship between mobile banking development and financial inclusion in Zimbabwe.

### 2.4.4 Mobile banking cost effectiveness on bank financial performances.

Kato et al (2014) carried out a study on Mobile banking and bank performances in Kenya using population of banks in Kakamenga town. The researchers used questionnaires and correlational analysis to define the relationship of the variables. The results show that there was a positive correlation ship between mobile banking and banks financial performances as the innovations mitigates costs and allows the insertion of the many apparent customers. This necessitates that banks needs to improve their mobile banking products and services in order to improve their financial and technical performances.

Kombe and Wafula (2015) carried out a study on the effects of internet banking on the financial performance of commercial banks in Kenya. Adopting a descriptive survey design using a population of the Kenya Central Bank, Treasury Office and commercial banks, the researchers conducted questionnaires to gather the data. The research found out that transactional time reduction and service quality and convenience improves profitability and technical performances of the banks.

Kithaka (2011) carried out a study on the effects of mobile banking on financial performances of commercial banks in Kenya. The study used a cross-sectional descriptive survey based on banks listed on the Nairobi Securities Exchange (NSE) and found out that there are some mobile banking variables which have a behaviour on the performance of the banks, like assets quality, adequacy ratio and bank penetration rate. The study shows that mobile banking positively and significantly affects the performances of the banks. Therefore the more the banks innovate and improve their mobile banking offerings, the higher the profitability and the technical growth.
Dube et al (2011) conducted a research on the effects of SMS banking’ ability to adopt technology in Zimbabwe. The study followed an exploratory research design and observed that the major setbacks faced by banks in the acceptance of technology-based growth strategies were accessibility and affordability of the services by the general populace. The study went on to recommend that the banking sector should develop a framework for technology driven growth which enhances awareness of services and products offerings.

The analysis above on the effects of service flexibility on the performances of the banks in Zimbabwe has led to the development of the following hypothesis,

\[ H4: \text{There is a positive relationship between mobile banking cost effectiveness and bank performances in Zimbabwe.} \]

### 2.5 The measures of financial performance

Greenwood (2010), characterized money related execution as a natural proportion of how well an association can make income utilizing resources from its essential business activities. In an increasingly wide view, money related execution is the dimension which budgetary destinations have been achieved. The scientist will utilize diverse proportions in estimating the execution of the chose banks, for example, return on resources (ROA), return on value (ROE) and net premium edge (NIM).

**ROE**-It is a ratio which articulates the profit a company made as compared to the total shareholders’ equity found on the financial statement. This ratio shows the amount of return the shareholders receive on their investments. ROE is what the shareholders look in return on their investments. A business that has a high ROE is more likely to be capable in generating more cash internally. The higher the ROE the better the company is in terms of profit generation. ROE shows how effectively the bank management is utilizing the shareholders’ funds.

The study therefore seeks to determine the extent to which incremental costs and revenue attributable to mobile banking have on ROE, ROA and NIM. It is aimed at determine how much does mobile banking affects the total revenue of banks and the cash flows generated from operations amongst other financial performances analysis methods.
There are some external factors that can cause bank failures which may include lack of information and deregulation. As noted by Thomson et al (1991), the CAMEL was initially used as an early warning system that is when an on-site examination or supervision on a bank is necessary. The CAMELS rating system will also be used on performance measurement of these commercial banks. CAMEL is an acronym for five components of bank safety and soundness that is Capital adequacy, Asset quality, Management quality, Earning ability and Liquidity. CAMELS’ framework regulates the banking sector through giving a guide on the governance. It measures a firm’s performance measure from 1.0 to 5.0 showing very strong performance and weak performance respectively.

**Capital Adequacy:** According to Karlyn (1984), he defined capital adequacy in terms of the capital-deposit ratio since the primary risk is depository risk which come up from the unpredicted and considerably large scale of deposit withdrawals. It determines how well the financial entities deal with blows to their balance sheet of a company. In commercial banks it is measured in relation with the risk weight assigned to various category of asset held both on and off the balance sheet item.

**Asset Quality:** As per Mugambe (2008), the reliability of a budgetary foundation commonly is the point at which their advantages wind up lessened. It is basic for banks to screen the pointer of value, resources of budgetary establishments in Zimbabwe regarding over presentation to some particular hazard inclines in non-performing credits, benefit and soundness of bank borrowers' particularly corporate area. As indicated by Grier (2007), poor resource quality is the significant reason for bank disappointments. Most significant resource class is the advance portfolio, the most serious hazard confronting banks is danger of credit misfortunes gotten from the careless advances. Credit examiner ought to anyway complete the benefit quality appraisal by playing out the credit chance administration and assessing nature of advance portfolio utilizing the pattern examination and friend correlation. Anyway estimating resource quality is troublesome as it is generally gotten from investigator's perspective.

**Management Quality:** Grier (2007) alluded that management is reflected to be the single most important aspect in the CAMELs rating system as it plays a pivotal role in bank’s success. It can
be defined as the capability of the board of directors and management, to identify, measure and control risks of an institute’s activities and to ensure safe, sound and efficient operation in agreement with appropriate laws and regulations.

**Earnings:** it is the ability to have enough retains from its assets and capital is depended on continued viability of a bank. Good earnings performance enables a bank to fund its expansion therefore remain competitive in the market and increase on its capital. Consistently healthy earnings are important to the sustainability of banking institutions profitability ratios measure the ability of a company to generate profits from revenue and assets.

**Liquidity:** poor administration of transient liquidity may result in conclusion of monetary organizations. As indicated by Grier (2007), he stressed that liquidity communicates the dimension at which a bank can meet its specific commitments. Banks make cash by collecting the transient stores at lower loan costs and after that loaning or putting these assets in long haul at higher rates to make benefits. The store the executives practices ought to guarantee an organization can keep up a dimension of liquidity enough to cover for money related commitments in a convenient way and able to do rapidly selling resources with insignificant misfortune.

**Performance of Commercial banks (2009-2014)**
Source: Annual financial statements

2.6 Relationship between Mobile Banking and Financial Performance

This relationship is drawn from the indicators of m-banking and financial performances such as money transfers across accounts and balance enquiry and payments of utility bills.

2.6.1 Money transfer across accounts and financial performances

In relation to this study funds transfer between accounts is the availability, accessibility and usage of e-cheques with reference to cash deposits and withdrawal. These resulted in increased transactions through the bank therefore customer depositing heavily with the bank, leading to high liquidity of the bank which the bank uses to make profit.

2.6.2 Balance inquire and its effect on financial performances

This is when the clients of the bank can access inquiry services such as bank balance and mini statements making use of their mobile phones. This has enhanced the convenience of the customer therefore customer loyalty and also improving customer base which result in bank expansion and also on its activities which the banks can use to generate revenues leading to hyper profits.
2.6.3 Payments of utility bills and its effect on financial performances

the partnership of utility operator and the likes of ZETDC, DSTV and ZINARA, and the Zimbabwe telecom such as Econet Wireless in which consumers directly pays for their bills using SQUARE Mobile money platform. This has made easy for customers and encouraging them to bank their funds with Steward Bank.

Quite a few enabling technologies are being used in the delivery of m-banking services applications. Abunyang (2007) include Short Messaging Service (SMS), wireless Access Protocol (WAP) and stand-alone mobile application clients (MAC).

**SMS Banking** uses text messaging and works in either push or pull mode. In pull mode, a bank can send a one-way text message to notify or alert the client or mobile subscriber of a certain account situation or to promote a new bank service. On the other side push mode is when the mobile subscriber sends a text message with a predefined request code to specific number. The bank will then respond with a reply SMS containing the specific information (Nyango 2015).

**Table 2.1: Summary of various mobile banking services**

<table>
<thead>
<tr>
<th></th>
<th>Push</th>
<th>Pull</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transaction</strong></td>
<td></td>
<td>• Funds transfer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Bill payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Share trade</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Check order</td>
</tr>
<tr>
<td><strong>Inquiry</strong></td>
<td>• Minimum balance alert</td>
<td>• Account balance inquiry</td>
</tr>
<tr>
<td></td>
<td>• Credit/Debit alerts</td>
<td>• Account statement inquiry</td>
</tr>
<tr>
<td></td>
<td>• Bill payments alerts</td>
<td>• Check status inquiry</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Transaction history</td>
</tr>
</tbody>
</table>

*Source: Author’s design*

2.7 Research Gap

The study is there to cover up what was left by other researchers when they do their studies in relation to mobile banking and financial performance. The other researchers were mainly
focusing on other issues which are not exactly directed to the effects of mobile banking on financial performance of commercial banks in Zimbabwe. For example they concentrated on the effects of electronic banking and the adoption of mobile banking in relation to financial inclusion. The gap still exists on the effects that are brought about by mobile banking on financial performance. Also some of the studies that were carried out were not in the context of Zimbabwean economy therefore the gap still exists. Hence the key purpose of this study is to cover up gap left by other researchers.

2.8 Chapter Summary

The part checked on writing on the administration adaptability of the versatile financial stages, in which the requirement for non-unbending frameworks is desirable over the customers and decreases bothers. A survey was done on the impacts of portable cash advancements and the accomplishment of social money related incorporation particularly to the unbanked and it was seen that there are additionally blends of ends from different creators. Finally the audit of portable financial cost viability and the exhibitions were likewise done and again creators couldn't concur on the impacts with some locating the way that the dimension of cost develop repudiates with the positives structure the cost adequacy of the versatile exchanges' stages. It can thusly reason that the absence of assention by the creators has made a hole in the need to set up the impacts in the Zimbabwean area, and specifically Steward Bank the subject of this exploration.
CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

The purpose of chapter 3 is to ensure that the research methodology is well articulated including the research philosophy, the research design and the data gathering methods that the researcher used during the research. Precisely the chapter covers research design, data sources, research instruments, validity, reliability, data collection procedures and data analysis procedures. A vibrant and brief description of how the study was carried out is provided.

3.1 Research design

Collins and Hussey (2009) characterized the exploration structure as the arranging of how the scientist is going to direct the investigation, making and guaranteeing compelling outcomes are practiced and will be of centrality to the zone of the examination. At the end of the day explore configuration demonstrates the procedures for the information accumulation and examination. Research configuration gives answers to the inquiries identified with a particular research issue. Parahoo (1997) characterized inquire about structure as the methods and the arrangement set out for leading an examination. It subtleties the procedure and the way in which the scientist needs to embrace so as to acquire the imperative data from the exploration objects (McMillan and Schumacher, 2002). In this way the exploration configuration is the system and a procedure of activity to be utilized in the examination or research. Along these lines, a system that the specialist sets up when assembling the information which educates the consequences of a predefined explore consider. The decision of research procedure as per Lewis and Thornhill (2009) is educated by the exploration questions and the theory figured from these inquiries.
Moreover, the procedure is additionally founded on the degree to which the present learning, size of the populace and the assets accessible to execute the picked methodology. There are three sorts of research structures, which is subjective, quantitative and blended strategies are progressed by Creswell (2009). Blended techniques examine is a mix of both subjective and quantitative methodologies. This investigation, being quantitative, utilized a cross-sectional review structure as it set up the recurrence of a sensation at a specific point in time. The subjective methodology will be utilized to examine information gathered from polls and information from evaluated budget summaries.

3.2 Justification for Research Design

The two important variables in this research study are the mobile banking development and the performances of the banking sector and as such, it is important that these variables be proved numerically and subjectively. This drives the need for a mixed research design anchored on the choices of the pragmatism philosophy (Creswell 2014). There is need to establish whether there is a correlation between the two variables and if there is, the degree of the correlation ship that exists. Furthermore, the need to establish the qualitative analysis of the results from the face to face interviews.

3.2.1 Qualitative research

Qualitative research is used to acquire an appreciation of hidden views and motivation. It is concerned with appreciative behavior of humans from their point of view. According to Creswell (2014) qualitative design uses subjective reasoning to a conclusion and as a result the level of bias is very high. Furthermore, Saunders et al (2014) alluded that the philosophies, the state of mind and the environment could have a posture on the responses that a person provides. Qualitative data is collected through the use of research instruments such as open-ended questionnaires, observations and unstructured interviews and others. This kind of data provides depth and detail and encourages the respondents to give an in-depth responses that can be used for new topics areas that were not considered at first.

Saunders et al (2014) went on to argue that the results obtained through qualitative research cannot be re-measured to ascertain their reliability or validity because of the beliefs, understanding of the object and the state of mind of the respondents. Also collecting data using
qualitative data has its own drawbacks such as its time consuming in gathering the necessary information. Also this type of research requires the work of an expert so as to make systematic comparisons to interpret it. In this study, the qualitative research approach is suitable when analyzing the responses from the interviews that were undertaken.

### 3.2.2 Quantitative Research

Quantitative research is the evident examination of conditions that can be seen using measurable information and other numerical techniques. Saunders et al, (2014), insinuated that quantitative research configuration pursues the positivism logic of research and is intended to give the logical determinations to an investigation, in a numerical way. It centers around discovering the certainties about circumstances and depends on a lasting and quantifiable suspicion. Creswell (2015), referenced that its fundamental point is to test speculations and theory in a quantitative way and along these lines to demonstrate the connections between given factors. The quantitative methodology is gone for exhibiting the presence or non-presence of an apparent relationship and along these lines to anticipate their practices (Van Der Merwe, 1996). Quantitative research gathers information utilizing numbers which can be classified and positioned in their request or estimated. Anyway the examination strategies, for example, polls may deliver both quantitative and subjective information. Quantitative techniques offer scientists the chance to lead wide studies which includes a substantial number of subjects and institutionalized discoveries.

However the quantitative methods are less flexible and can give diminutive or no evidence about the attitudes and behavior of matters under study. The study employed the quantitative methods in analyzing the data from questionnaires to show the meaning and to reach conclusions about data from audited financial statements.

### 3.3 Population of the study

In statistics, it is the particular population about which information is preferred. A population is a well-defined or set of people, services, elements, and events, group of things or households that are being inspected. Green and Carmone (2011) explained that research population is the total of all members, objects and subjects that have common features relative to the study to which sample findings can be generalized. Vasloo (2014) defined the population as the universal number of items or units from the data available. Vasloo (2014) further alluded that the research
population is the pool from which all the items of the study or units can be picked from in a research. The population for this study were drawn from all the staff who are responsible for product/service development and promotion. The population also considers the officials from the regulator of banks, that is, the Central Bank’s Department of Bank Supervision and Surveillance. The target population for the study include different departments at Steward Bank such as Centralized Processing, Treasury and Electronic banking departments. The target population was forty-five individuals.

3.3.1 Sample size justification
Molenberghs (2011), defined population sample as the subset of the population under study. The employees size in banking sector and in particular Steward Bank is larger and the researcher chose only those close to the study. The possibility and feasibility of the researcher covering all the respondents informed the decision to concentrate on the selected few. Mugenda and Mugenda (2011) debated that the sample size of at least 50% of the population is reflective of the population and in this case the sample is more than the standard set out.

Table 3.1 Population and sample.

<table>
<thead>
<tr>
<th>Sample clusters</th>
<th>Population</th>
<th>Sample</th>
<th>Percentage of sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury department</td>
<td>13</td>
<td>10</td>
<td>77%</td>
</tr>
<tr>
<td>Centralized Processing</td>
<td>15</td>
<td>13</td>
<td>86.67%</td>
</tr>
<tr>
<td>Other departments</td>
<td>12</td>
<td>10</td>
<td>83.3%</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>31</td>
<td>77.5%</td>
</tr>
</tbody>
</table>

Source: Author’s compilation

2.9 Data Sources
Two data types were used in this research study that is primary data and secondary data. The primary data will be composed of data from questionnaires that were administered and interviews, while secondary data will be obtained from reports, published financial statements and other necessary correspondences.
2.10 Research Instruments

Creswell (2014) and Annum (2017) alluded that the data collection instruments are those tools in which the researcher uses in the actual gathering of the information required for the research. There are many tools that can be used in data collection which are observations, questionnaires and interviews to mention but a few.

2.10.1 Questionnaire

As indicated by Annum (2017), he suggested that it is a survey is a deliberately organized rundown of inquiries in which the respondents need to address the inquiries in a legitimate way to the best of their comprehension. Its motivation is to entreat for the reaction toward a path that the specialist needs (Creswell, 2014). The polls are to be structured such that they meet the prerequisites of the exploration goals with the goal that they incorporate every one of the parts of the examination think about. To acquire some numerical qualities, the surveys ought to be obvious from the begin for instance for those which are quantitative ones (Bolarinwa 2015). Surveys are anything but difficult to pursue in the event that they are structured in a way which expels intricacy and disarray. Be that as it may, there are two sorts of surveys in particular, open and shut finished to be examined underneath.

Open ended Questionnaire

In an open ended questionnaire, respondents are at liberty to add their own views and opinions to the issues that are under study without any restrictions (Bolarinwa, 2015). Creswell (2015) highlighted that there is need for simplicity, shortness and specificity in any quantitative research questionnaires. The researcher used the Likert scale, which is easier to grasp and analytical in nature.

Close- ended Questionnaire

Creswell (2014), highlighted that in closed-ended questionnaires, respondents are not at liberty to express their own opinions on the subject matter of the research under study. In other words, they will be either agreeing or disagreeing on a given question by the researcher. Results from closed-ended questionnaires are easy to analyse and quantify also.
2.11 Data collection procedure

The questionnaires were personally administered by the researcher in order to obtain control. This also made it easier for guiding the questionnaires to the suitable people who have a clear understanding of the issues that are under study.

2.12 Data sources

Two data types were used in this research study viz. primary data and the secondary data. These types are further articulated below.

2.12.1 Primary data

Creswell (2014) characterized essential information as the first information got for a short report objective. At the end of the day, it implies the information will be explicit to the analyst and no other individual would have gathered the information before in this manner direct crude information. Essential information as per Saunders et al (2015) is of the favorable position that it will be of explicitness to the investigation because of its innovation. Essential information is of more noteworthy significance when taking care of the current issue and the assessment procedure will be anything but difficult to complete. The information under essential information will be gathered in this examination utilizing the survey structure for the 5-point Likert scale. The examinations of the information will at that point happen under the utilization of factual bundle for sociology (SPSS) form 20.
2.12.2 Secondary data

Then again, optional information identifies with the kind of information for which the gathering has just been accomplished for different investigations or purposes, hence second hand information. As indicated by Saunders et al (2015), this kind of data is gotten from libraries, server farms, and distributions, for example, papers, budget reports and diaries. Auxiliary information is of the preferred standpoint that it is now accessible in this way shabby to get. In any case by and large it can't be utilized for the conclusions on another exploration in that it doesn't shape the underlining target of the investigation. Its motivations for the particular investigation is restricted to control data as it were.

2.3 Data analysis and presentation

Information gathered by the specialist was introduced by method for diagrams, tables and outlines. The information displayed was gotten by the method for poll managed to different respondents and furthermore obtained from distributions and different reports. Surveys were screened and arranged in a count as per the respondents in every poll. The strategy is incorporated into the topical and relative investigation. The information is investigated utilizing the SPSS 16.0 program which gives illustrative outcomes. Additionally the Pearson connection grid is utilized to build up the degree of the connection between the factors in the calculated structure and to bank’s execution. The Pearson connection grid is utilized in light of the estimation scale connected in surveying the feelings of respondents with respect to their dimensions of understanding and contradiction with the impact of factors on the result.

2.13 Ethical Considerations

This study also take into account the ethical considerations when the research was being taken on the effects of mobile banking on financial performance of commercial banks, a case of Steward Bank. The study made sure that the ethical considerations were not dishonoured as alluded by (McShane and Pekele, 2012). The study was carried out at Steward Bank with confidentiality greatly preserved. The information obtained from questionnaires and interviews were treated with high confidentiality. The respondents from different departments do not reveal their names
that is, the information was neutral. Also the respondents were well informed about what the research was all about and they contributed willingly and with the approval of the employer.

2.14 Chapter Summary

This part underscored on the examination strategies that has been connected by the specialist while completing the exploration. The populace was gotten from the financial division set up. The section additionally secured the systems to be utilized in gathering of information. Essential information will be gathered through poll and optional information would be gotten from organization reports and distributed articles, for example, fiscal approach explanations and others. To put it plainly, the part covers the examination plan, populace, information gathering, introduction and investigation. The exploration approach will be a formal report with bearing towards quantitative techniques on estimating reactions to surveys. In the accompanying section, the examination of information being gathered will be displayed through the strategy of this part.
CHAPTER IV

DATA ANALYSIS AND FINDINGS

4.0 Introduction

This is where the analysis of the findings will take place as from the objectives and methodology of the study. The findings are presented on the effects of mobile banking on financial performance of commercial banks in Zimbabwe. The chapter focused on presenting and analysing of the findings obtained from the research instruments used by the researcher, which are questionnaires and interviews as alluded earlier in chapter three. A variety of models were used in presenting the data such as tables, graphs, pie charts and histograms.

4.1 Questionnaire Response

Harnett and Murphy (2012), defined response rate as the measure which is usually communicated as percentages of how many of the distributed questionnaires were returned to the researcher. As 40 people constitutes the target population, 31 questionnaires were returned, which is (77.5%). Below is a table which illustrates how the respondents reacted to the questionnaires.

Table 4.1: Questionnaire response rate

<table>
<thead>
<tr>
<th>Responding Group</th>
<th>Questionnaire Distributed</th>
<th>Questionnaire Returned</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury department</td>
<td>13</td>
<td>10</td>
<td>77%</td>
</tr>
<tr>
<td>Centralized Processing</td>
<td>15</td>
<td>13</td>
<td>86.67%</td>
</tr>
<tr>
<td>Other departments</td>
<td>12</td>
<td>10</td>
<td>83.3%</td>
</tr>
</tbody>
</table>
As shown by the above table, of the 13 questionnaires distributed to the treasury department, 10 were returned (77%), from both centralized processing department and other departments, only 2 were not returned which gives a response rate of 86.6% and 83.3% each respectively. On overall, the distributed questionnaires have a response rate of 77.5%. As alluded by Kahn and Carnell (2014), a high and better response rate of about 70% should be achieved. Therefore the researcher obtained a better representation of a target population as a response rate of more than 705 was obtained, which is 77.5%.

As a way of gathering a corroborative data, the respondents were interviewed through face to face interviews. Interviews took place to six members in the sample population, two from each department. Some closed-ended questions were administered and the responses were very comprehensive. Therefore the response rate for the interviews were 100%.

### 4.1.2 Respondents by Age

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 25 years</td>
<td>12</td>
</tr>
<tr>
<td>26-30 years</td>
<td>6</td>
</tr>
<tr>
<td>31-40 years</td>
<td>6</td>
</tr>
<tr>
<td>41-50 years</td>
<td>4</td>
</tr>
<tr>
<td>50 years and above</td>
<td>3</td>
</tr>
</tbody>
</table>

According to age distribution, there were 4/33(12%) being above 50 years 5/33(15%) in the age group of 41-50 years, while 6/33(18%) were in the 31-40 age group. The other
6/33 (18%) were in the group of 26-30 years and remainder of 12/33 (36%) were in the group below 25 years of age. This means that most firms have a mean of the 31-40 years age group and a mode of below 25 years.

Table 4.2: Departments of the respondents

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralized processing</td>
<td>13</td>
<td>39.4%</td>
</tr>
<tr>
<td>Treasury department</td>
<td>10</td>
<td>30.3%</td>
</tr>
<tr>
<td>Other departments</td>
<td>10</td>
<td>30.3%</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Source: Primary data*

The respondents from various departments namely Centralized processing, Treasury department and other departments were 39.4%, 30.3% and 30.3% respectively. However this shows that the response is dominated by the Centralized department who process all the transactions therefore they are able to monitor the financial performance of the bank as they can identify the number of items being processed per each given period. This is revealed by the table above which shows the percentages of the respondents from various departments. Centralized processing constituted a larger percentage of 39.4%.
4.2 How long has your bank providing e-platforms

Source: Primary data

The information obtained points out that banks have provided e-platforms for a longer time as shown by the responses obtained, 10 having provided the platforms for less than 5 years, 15 for a period between a year and 5 years, 8 have been on the platform for a period more than 5 years but less than 10 years. This reflects that the e-platforms is not new and that the banking sector has been improving their e-offerings over the years since Steward bank was formed early in 2013.

4.2.2 Reasons behind internet banking proposals
Source: Author’s compilation

The reasons behind the adoption and implementation of e-banking platforms were brought about by many factors and they also vary from banking sectors. From the total of 33 respondents, 12/33 (37%) noted that their bank have resorted to e-banking platforms due to competition within the banking sector. On the other note, 10 of the respondents 10/33 (30%) support that e-platforms are as a result of improvements in innovation and the other 24% argued that it was as a result of staff shortages. The last 9% were as a result of customers suggesting a new way of banking to the management.

As from the above analysis, it shows that the main reason for the adoption and implementation of e-platforms were the competitive front where the banks compete for customer loyalty and attention. The other factors are anchored on the basis of innovation and the uniqueness in product offering within the sector.
4.2.3 E-banking improves bank performances

Source: Primary data

Of the total respondents from the study, 13/33 (39.4%) strongly agreed to the notion that e-banking platforms improves the performances of the banks and 7/33 (21%) agreed the other 3/33 (9%) were neutral while 6/33 (18%) just disagreed and the remaining 5/33 (15%) strongly disagreed that e-banking platforms services improves bank performances.

In total, of the 33 respondents 20/33 (60.6%) respondents were in agreement and the other 13/33 (39.4%) were in disagreement. This shows that the respondents were of the opinion that electronic platform process in the banking sector improves performances of banks and they assist in reducing transaction costs and at the same time increase the volumes of transacting at the same time.
4.3 The relationship between mobile banking adoption and financial performance

The pie outline above demonstrates the connection between versatile banking and budgetary exhibitions of the bank. It demonstrates that a bigger level of the respondents unequivocally concur with thought that versatile banking positively affects the execution of banks as this is appeared by a high level of 65%. As appeared by the Fig above, it very well may be seen that just a couple of level of the respondents were in contradiction of the way that portable banking affects money related execution of business banks. Of the considerable number of respondents, just 16% were as yet unsure if versatile banking affects money related execution or not.

Source: Primary data

**Fig 4.3 Effect of m-banking on financial performance**
4.4 Performance benefits that are gained through mobile banking adoption

![Performances gained through m-banking](image)

Source: Author’s design

**Fig 4.5: Performance gained through mobile banking**

### 4.4.2 Efficiency

As taken from Fig 4.4 over, 10/33 firmly concurred and 15/33 consented to the idea that versatile banking improves effectiveness of banks. Of the 33 respondents, 6 respondents were questionable and 2 respondents simply differ that effectiveness is increased through versatile banking. Consequently a sum of 25/33 respondents were in concurrence with the view that effectiveness is accomplished through portable banking. This is additionally bolstered by (Zhou and Wang, 2010) who pinpointed that with a versatile financial framework set up, better administrations are given to the customers. Using portable financial framework, customers won't be in a situation to visit banks or ATMs for banking administrations. Customers will almost certainly perform banking administrations in the solace of their homes utilizing portable banking. For instance at Steward bank, customers are presently ready to do banking exchanges through whatsapp (Sosholoza). This is the place they can purchase broadcast appointment, balance enquiring, purchase ZESA tokens, send cash to different banks and different administrations to make reference to yet a couple. As per Mutua (2015), with portable financial frameworks set up, the bank will most likely lessen operational expenses.

### 4.4.3 Improve customer service

Fig 4.5 above shows that 5/33 respondents at Steward Bank strongly agree and 18/33 just agreed that customer is a benefit gained by banks through the use of mobile banking. A small number of 7/33 respondents were uncertain if the customer loyalty benefit is attained through mobile banking. Also of the 33 respondents, only 3 respondents were in disagreement of the point that
the performance gained through mobile banking is customer service. However a total of 23 respondents were of the view that Steward Bank were providing good customer service since the adoption of mobile banking. High quality services that are as a result of efficient and proper business processes improve sales margin leading to an overall improvement in the financial performance of an entity. Only 7/33 were uncertain and 3/33 were in disagreement therefore a conclusion can be reached that mobile banking adoption improves customer service.

4.4.4 Advanced E-Commerce Integration

From fig 4.5 over 20/33 respondents emphatically concur and 10/33 simply concur that cutting-edge web based business coordination is increased through portable financial appropriation. Just 3/33 respondents were dubious whenever propelled online business mix is an act advantage versatile financial appropriation. Along these lines an aggregate of 30/33 respondents were in concurrence with this perspective on cutting edge web based business joining. Headman and Kalling (2014) were in help of this idea, pinpointed that internet business helps organizations in performing on the web subsequently improves the substance of the bank to the general public everywhere and furthermore empowering applications inside the association. Since the standard of the respondents concurred with the point, we can settle that cutting-edge online business is an act advantage increased through portable financial appropriation.

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

Source: Author’s design

Fig 4.6 Contributions made by mobile banking to financial performance
4.5.2 Growth of the bank
As appeared by the diagram over, 6/33 were in solid assention that portable financial selection has cleared route for the development of Steward Bank and 9/33 simply concur. The questionable respondents were not knowing whether the development of the bank is because of versatile banking or not and this gathering was established of 18/33 respondents. Barker (2013), featured that despite the fact that m-banking is a high benefit conveyance framework because of its low costs conveyance, it must be notable that banks have been in there productively for a long time before m-banking was acquainted. For this situation, it is realized that Steward bank is an imaginative bank, in light of these actualities, 18/33 of the respondents were uncertain that the development of the bank is because of portable banking since there are numerous variables which can add to its development.

4.5.3 Increase customer portfolio
Fig 4.6 above, shows that 18/33 respondents strongly agree that mobile banking has added to an improvement in customer portfolio at Steward Bank and 10/33 also agree with this notion. A total of 28/33 respondents were in agreement that mobile banking contributed a lot in widening the customer portfolio of the bank. However 5/33 of the respondents were uncertain if the increase in customer portfolio is as a result of mobile banking or not. Nyango (2015) alluded that financially excluded people are strong on signing up for a delivery systems which meets their needs for example mobile banking. In short, mobile banking has increased the customer portfolio of a bank such as Steward bank.

4.5.4 Increase in profit margins
As appeared in fig 4.6 over, 8/33 of the respondents unequivocally concur with the view that versatile financial expands net revenues of the bank and 12/33 additionally concur with the thought. Be that as it may, of the 33 respondents, 7/33 were unsure if the expansion in overall revenues was because of versatile financial reception or not and 6/33 were simply can't help contradicting the perspective on portable banking being the real driver in expanding benefits of the bank. In complete 20/33 respondents were in assention of versatile banking being the driver for increment in overall revenues of Steward bank. As indicated by Loh (2013), he called attention to that versatile financial clears route for consumer loyalty because of its simplicity of
use and proficiency. Customer satisfaction will increase sales margins hence profitability at large.

### 4.6 Relative importance of providing internet banking systems

<table>
<thead>
<tr>
<th>Valid</th>
<th>Vision for future</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Customer satisfying</td>
<td>10</td>
<td>30%</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>Market share</td>
<td>7</td>
<td>21%</td>
<td>69%</td>
</tr>
<tr>
<td></td>
<td>Innovation culture</td>
<td>10</td>
<td>30%</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>33</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s design

The reasons why the banks have also taken it upon themselves to provide internet banking services and mobile services has been brought about by a number of factors. 7/33(18%) alluded that the reasons are that of creating a bank vision for the future, while the other 10/33(30%) are of the belief that it raises market share in terms of customers and service provision. The other 7/33(21%) believe it’s a means of showing a bank’s level of innovation and initiatives and the remaining 10/33(30%) are of the opinion that it improves customer satisfaction today and tomorrow.

It can be concluded on the above analysis that the banking sector drive for electronic banking systems is largely driven by customer satisfaction and innovation. It is therefore imperative that banks ensure that customers are satisfied as this brings loyalty.

### 4.8 Audited financial statements analysis

**Table 4.9: Analysis of financial performance ratios**

<table>
<thead>
<tr>
<th>Details</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>8%</td>
<td>9%</td>
<td>26%</td>
</tr>
</tbody>
</table>
As from the table above, it can be seen that the return on equity (ROE) of bank has increased from 8% to 26% during the period 2016 to 2018 as a result of mobile banking adoption. This shows that the investments made by shareholders into the mobile banking is yielding some reasonable returns. The net interest margin (NIM) has decreased by 1% as from 2017 to 2018 period which means that the bank has faced with a deficit of 1% over their borrowed funds. The liquidity ratio increased from 2016 by 18% to 2107 which surpasses the minimum required ratio of 30% among the three years. This shows that the bank is making more profits due to adoption of digital platforms such as mobile banking.

Table 4.4.1: Trend analysis of mobile banking

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of mobile banking devices</th>
<th>Profits</th>
<th>Liquidity ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3</td>
<td>#</td>
<td>#</td>
</tr>
<tr>
<td>2015</td>
<td>3</td>
<td>USD$5.4million</td>
<td>59%</td>
</tr>
<tr>
<td>2016</td>
<td>4</td>
<td>USD$6.2million</td>
<td>72%</td>
</tr>
<tr>
<td>2017</td>
<td>6</td>
<td>USD$8.4million</td>
<td>81%</td>
</tr>
<tr>
<td>2018</td>
<td>6</td>
<td>USD32.7million</td>
<td>70%</td>
</tr>
</tbody>
</table>

As shown by the table above, it can be seen that from the year 2015, the bank has about 3 digital services and its profits were recorded as USD$5.4million due to mobile banking. Also its liquidity asset ratio was at 59% which was above the 30% required regulatory ratio. As from the trend analysis, it can be noted that the profits of the bank increases as the number of mobile banking devices were increasing, the profits were also increasing as well as the liquidity ratios of
the bank. So there can be noted that there is a positive relationship between mobile banking and financial performance of the banks.

4.9 Summary
The chapter covered all the presentation and the analysis of data that was collected using many different research instruments as discussed in chapter 3. The data was presented using some graphs, pie charts and different tables. The findings were also linked to the related studies by other scholars who do their researches on similar topics.
CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction
The findings from this research, conclusions and recommendations will be tendered in this chapter. These findings and conclusions will be based on the collective issues in the literature review and the data analysis and presentation sections of this study. These conclusions and recommendations were brought about in order to address the research objectives and some of the questions so as to establish the effects of mobile banking on financial performance of commercial banks in Zimbabwe.

5.1 Executive summary
The main objective of the research study was to find out the effects of mobile banking on financial performances of commercial banks in Zimbabwe.

Chapter one was there to present the research problem and the background of the study that is enlightening in detail the financial performance, mobile banking and how the two are related. Also the chapter comprises of the research objectives and questions, limitations and delimitations of the study, definition of some key terms and summary.

In second chapter, theoretical literature and empirical literature were reviewed. Sources such as research papers, online scholarly journals, textbooks and dissertations written by other scholars concerning mobile banking adoption were also used.

Furthermore, the third chapter consists of research methodology. The target population which comprised of 43 individuals and the sampled population was of 33 respondents using the random sampling technique. This chapter also discussed the validity and reliability of the data collected in the research.

Data was analysed and presented in chapter four. Primary data was presented by questionnaires and interviews whilst the secondary data was obtained by the use of published financial
statements and reports. Also the analysis and presentation of data was done using tables, graphs and charts. Also the results were being enforced by the findings that were made by other scholars or researchers in their studies.

5.2 Summary of the major findings

- Quite a few customers are now familiar or accustomed to the electronic banking platforms even though there are others who are resisting to change to modern day technologies.
- Electronic banking platforms have improved the performances of many banks in Zimbabwe.
- The affiliation concerning mobile banking and financial performance is positive and the idea of adopting mobile banking in an organisation such as Steward bank has yield many positives to the bank as it improved the performance of the bank and increased the customer base as well as reduce the operational costs faced by the bank.
- Also the major risks that the banks encountered through mobile banking are fraud and money laundering. It was found that mobile malware has a negative effect on the mobile banking system as it is less important as this can be reduced if a bank took its time to develop the product so that it will not be exposed to that risk.
- It was found that mobile banking has paved way for a stronger customer portfolio and an increase in profits. However it has not importantly backed to an overall growth of an organisation.
- As a result of m-banking adoption, the performance benefits that an entity will enjoy are efficiency, advanced e-commerce integration and an improvement in customer service.
- For a fruitful mobile banking application, it is of greater importance for the m-banking structure to be attuned with other systems within an organisation such as accounting system, user devices, highly secured and enough financial support should also be ploughed into the system.

5.3 Conclusions

It can be concluded that the research was an efficacious one as the research revealed that mobile banking has a positive and a substantial effect on financial performance of the bank. Some of the successful factors and the risks associated with mobile banking were all highlighted in the study.
To conclude, a review of the best practice paved way for the study to come up with the recommendations.

5.4 Recommendations
The suggestions can be drawn from the above discoveries. In connection to the discoveries, the advantages that are as of now appreciated by Steward Bank are being of a standout amongst the most beneficial bank in Zimbabwe with countless offer and these are halfway being ascribed to the selection of portable banking in their center business exercises. A portion of the proposals that the creator can prescribes are:

- Banks should continue to improve on their innovations if they are in the realm of improving their market share and visibility within the market.
- Due to positive and significant relationships that mobile banking have on financial performance, banks such as Steward bank should inject more financial resources into its mobile banking products.
- Banks should also create some training hubs in different regions in order to improve on its product usage or acceptance and appreciation by its customers.
- Banks should also increase on their visibility as they are the major players in the financial inclusion drive in the country.
- Also for a bank like Steward bank should make sure it safeguards its product against risks which are associated with mobile banking so as to reduce the risks of product failure.
- The bank should also keep on updating its mobile banking system so as to enjoy a large pool of customer portfolio, growth and hyper profit margins.
- Steward bank has also to contemplate revising its recent mobile banking system. This is because from the research discoveries, it was noted that the major factors for a successful mobile banking are adequate financial investment, compatibility with the current accounting systems and user devices and security.

5.4.1 Suggestions for future research
This study focused on mobile banking and financial performances, but it will be of much importance to further research on the impact of mobile banking on financial inclusion on the overall performance of the banking sector in Zimbabwe at large.
5.5 Summary

The chapter summarizes on the input from the past chapters, on major findings, conclusions and on the recommendations. On overall, Steward bank is there to benefit greatly should they invest much in the mobile banking system.
REFERENCES


