THE IMPACTS OF ELECTRONIC BANKING ON CUSTOMER SATISFACTION (A CASE OF FBC BANK)

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DEDICATION

I dedicate this research to my family members, especially my mom for her prayers and sacrifices that they made that keeps me going through hard times.
ABSTRACT

The study aims to evaluate impact of electronic banking on customer satisfaction for the purpose of assuring better services delivery from the FBC bank. The study sought to address below mentioned objectives, to evaluate the impact of using electronic banking on FBC bank customers, to identify the factors that are affecting the level of adoption of electronic banking by FBC bank clients, also to find out the extend of customer satisfaction amongst the customers of FBC bank find regarding electronic banking. The case study approach was used. A population and sample size of 100 respondents was used in the study. The findings showed that FBC bank has adopted to the modern way of doing banking transactions and it has realized that the use of electronic banking benefits both the customers and also the bank in a number of ways. The conclusion of the study was that FBC bank is affected by technological innovation and some its customers are not fully aware of the services and products that are offered via electronic banking. The study recommended that modern technology and awareness campaigns be done so that customer will be aware and will fully utilize of the facility so that they will fully utilize the facility.
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Above all, I thank the Almighty Lord for His mercy and guidance in all my academic endeavors. All the Glory be to God.
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<table>
<thead>
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<th>Acronym</th>
<th>Description</th>
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<tr>
<td>ATM</td>
<td>Automated Teller Machine</td>
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<tr>
<td>RBZ</td>
<td>Reserve Bank of Zimbabwe</td>
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<td>E-Banking</td>
<td>Electronic Banking</td>
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<td>ICT</td>
<td>Information and Communication Technology</td>
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CHAPTER 1

1.0 Introduction

This research aims to review impacts of electronic banking on customer satisfactions in FBC Bank. The chapter will outline such aspects as the background of the study, problem statement, research objectives, research hypothesis, significance of the study and assumptions, delimitations of the study.

1.1 Background of the study

The Zimbabwe financial sector is facing deterioration in the level of satisfaction that customers are receiving from financial institutions due to the lagging behind of the services that they are being offered by the financial institutions to its customers. The growth of electronic banking in Zimbabwe has been encouraged by improved internet connectivity and innovation. Information technology is modernizing the banking sector and financial industry in terms of the nature of core products and financial services, the way they are packed, proposed, delivered and consumed (Sathye, 1999). The approach of data and correspondence innovation has surprised the business condition and accordingly retail and corporate players are appropriately altering their methods for directing business to stay upto date with current improvements. At the same time the banking process is becoming faster, easier and wider. Meanwhile the quick improvements of information technology has changed the funds transfer systems in banking and has provided some new concepts such as electronic money and electronic transmission hence creating a new type of banking that is entitled Electronic banking. Electronic banking which is known as the utilization of computers in performing banking transactions which includes withdraws using cash dispensers or transfers of funds at point of sale which is safe faster and efficient. Most consumers now prefer technology based service delivery to that offered by employees such as bank tellers of which electronic banking is part of.

Online banking and ATMs additionally assume a noteworthy job in consumer loyalty and commitment. As per a similar research by Gallup, when clients are amazingly satisfied with their ATM and a web based financial encounters they are 6-7% bound to be completely drawn and fulfilled than clients who are not utilizing those electronic banking channels. In line with global
innovation, the products offered by commercial banks in Zimbabwe have improved to include facilities like point of sale, cell phone banking, automated teller machines and smart cards. In the last decade there has been negative relationship between electronic banking services and customer satisfaction due to difficult accessibility of these services. Reserve Bank of Zimbabwe (RBZ) economic review report dated November 2011 stated that there was more offline transaction as compared to that of online transactions. This report showed that there low uptake of ICT electronic banking in Zimbabwe which may indicate that customer are not satisfied with the e banking products. Customer satisfaction which is known as the number or percentage of total customers whose reported experience with a firm, its products or its services exceeds specified satisfaction goals Khirallah (2005). The process of transforming from manual based system to systemized processes and the proposition to internet-based facilities has shaped a new facet to the banking sector. If electronic banking services offered by a bank improves in its quality in terms of speed and user friendly it tends to lead customer satisfaction. Electronic banking channel has brought a new working environment for banks and other financial institutions by managing to eliminate the geographical barrier, long queues in the banking hall and other industrial barriers. FBC bank is a well-established bank, there has been a increase in the number of complaints from customers and as well as customers preferring banking services of other banks. It is the introduction of electronic banking as a means of payment has urged banks to take a leap from the traditional banking services to the recent banking services. This study therefore seeks assess the impacts of electronic banking on the customer satisfaction as a result of electronic banking service delivery so as to satisfy the customer needs.

1.2 Statement of the problem

Bringing up of electronic banking technology to banks was portrayed to be more superior in delivery of financial services as compared to the use of cashiers which will improve customer satisfaction. However, not every stakeholder of the banking sector in the country sees electronic banking as a solution to customer satisfaction. The researcher aims to find out why is it that regardless of advantages that are being taken by the banks of advancement in technology and introducing electronic banking, there still appears to be a general outcry by the customers that the quality of financial service delivery has not been up to their expectations. This research aims to investigate the impact of electronic banking on customer satisfaction and the factors affecting the full utilization of electronic banking across the country mainly focusing on the FBC bank.
1.3 Research Objectives
The core objective of the research is to determine if electronic banking can be effectively used to ensure customer satisfaction. In this research, analysis of this broad objective will be accomplished through the following sub-objectives

- To examine the impacts of using Electronic banking on FBC bank customers within Zimbabwe
- To identify the factors that are affecting the adoption of Electronic banking by FBC bank customers.
- To find out the extent of customers satisfaction among the customers of FBC bank regarding electronic banking

1.4 Research hypothesis
In order to satisfy the aforementioned objectives, the researcher makes use of the following research hypothesis

H0: electronic banking products and service have not significantly improved customer satisfaction
H1: electronic banking and service have significantly improved customer satisfaction.

1.5 Significance of the study
This research is also significant to the following stakeholders:

1.5.1 Commercial banks
Commercial banks in the country will benefit much from this research as it will help in the formulation of future policies with connection to the type of investments that will improve the quality of service delivered to customers. This will present to them some issues affecting the adoption of the e-banking services by consumers which is leading to increase in customer complaints. The operators will also be informed on strategic options that are available to them
in order to increase their customer base, and ultimately their profits from offering electronic banking services that satisfy customer’s needs.

1.5.2 The Student
Besides the obvious benefit of being a partial fulfilment of the researcher’s degree programme, the research also poses other benefits to the researcher. The researcher will gain a set of essential research skills which will be useful at any organization in the economy that the researcher might end up being working for. Through the research, the researcher will also gain an in depth knowledge in the electronic banking area which are increasingly becoming a part of the national payment system. The research will also enhance the researcher’s time management capabilities.

1.5.3 The University
The university will benefit from an increase in literature in its library. This will be useful to other students or staff members who might also want to undertake studies on the impacts of electronic banking. The research might also inspire other researchers who will notice gaps in this research and endeavors to fill the gaps.

1.5.4 The Customer
From the findings of this research, customers will tend to benefit from improved service delivery benefit in terms of improved service and reduced time spent at the bank hence resulting in customer satisfaction and customer confidence in the banking sector. It is possible if commercial banks take corrective measures to provide the expected service. Improved service delivery as a result of reducing hours spent on queue by the customer and accessing services on the automated teller machine 24 hours. However this will be achieved if commercial banks implement policy that will remove bottlenecks which affect the smooth working of electronic banking services

1.6 Assumptions of the study
The research will be carried out in an environment where uncertainties are a reality. As such, it is necessary to make the following assumptions:
All of the sources of data that will be used in the research will provide true and fair information or results.

The selected sample of respondents will be a fair representation of the entire population

The selected respondents will fully cooperate and give information which is true and accurate.

1.7 Delimitations of the study

The study focuses mainly focuses on FBC bank as a represent of commercial banks in Zimbabwe, however the findings could, to some extent apply to a wider spectrum of corporate organizations in the economy especially those in the financial services sector. The research will also focus on the period from 2012 to 2018.

1.8 Limitations of the study

- The main constraint of the research will be that it will be difficult to consider the entire Zimbabwean population in the study so data fairness might be affected.
- Some respondents might be unwilling to partake in the study, which can result in high non-response rates.
- Some of the information provided by the respondents might not be accurate as they might lack information on the full mechanics of electronic banking, or they might just do it deliberately.
- Financial constraints – The research required funding which was scarce and this had a negative bearing on the ability to conduct a full research, though necessary measures were taken into consideration so as to reduce cost and ensure that the finance for the research was adequately provided.
- Confidentiality-Because of the topic that was being researched respondents were not comfortable with revealing certain data. In this case, all data unveiled by respondents was managed in strict secrecy. Endeavours to impart this to respondents in order to guarantee respondents are completely mindful of this previously were made.
- Time constraints-This research was done under a restricted time span which made it hard to acquire all the data that was necessary to make this exposition as the researcher
The researcher had to work for extended periods of time to compensate for the limited time.

1.9 Definition of terms
Electronic banking –is defined as several types of services through which a bank's customer can request information and carry out most retail banking services via computer or mobile phone (Lustsik 2004)

Customer satisfaction-it is a measure of how products and services supplied by a company meets or surpass customer expectations (Gerald 2012)

Mobile banking -is defined as an electronic banking way of using mobile devices to access banking service as well as performing banking transactions (Khan 2010)

Internet banking- uses the internet as the delivery channel by which to conduct banking activity.

PC Banking – is a form of online banking that enables customers to execute bank transactions from personal computer via modem (Taylor 2011)

1.10 Chapter Summary
This chapter of the research proposal highlighted key issues in the research and what prompted the researcher to undertake the study. Issues that were outlined includes the background of the study, problem statement, research objectives, hypothesis, assumptions, delimitations and limitations of the study. The following chapter will put much emphasis on literature review, which will give a theoretical framework for the research.
CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter of the research will review the related literature in the area of study. Literature review is defined in simple terms by Taylor (2011) as an account of what has been researched and published before on the subject being researched by recognized scholars and researchers. Therefore, this chapter aims to unfold the views of different authors in the field of electronic banking and thus provide a solid background for this study by presenting a proper orientation into the electronic banking field.

2.1 Conceptual framework

2.1.1 An overview of Electronic banking

Electronic banking is considered to be the latest service delivery channels in most developing countries and it is widely agreed that this new channel will have significant effect on the banks operations as well as its market. Lusticks (2003) states that electronic banking refers to several types of banking services through which customers use electronic devices such as mobile phones, computers and internet to gain access to their banking accounts and finances. (RBZ Banking Supervision Annual Reports, 2012) defined electronic banking as the establishment of large value retail products, low value banking products and services and wholesale products being delivered electronically. Electronic banking otherwise called electronic store exchange (EFT), utilizes PC and electronic innovation instead of checks and other paper exchanges. EFTs are started through gadgets like cards or codes that let you, or those you approve, get to your record. Numerous budgetary establishments use ATMs or check cards and Personal Identification Numbers (PIN) for this reason.

On the other hand, Gerard (2012) also pointed out that electronic banking can be divided into five major categories namely internet banking, telephone banking, TV based banking, mobile banking and personal computer (PC) banking. However due to improvement in technology, commercial
banks in Zimbabwe are now employing different channels such as online banking, mobile banking, automated teller machines and internet to deliver their banking services.

### 2.2 Various forms of Electronic Banking

De-Young (2001) suggested that there are three different levels of electronic banking which includes basic information electronic banking sites that just disseminate information on products and services offered to bank customers and the general public, simple transactional electronic banking sites that allow bank customers to submit applications for different services, make queries on their account balances and submit instructions to the bank, but do not permit any account transfers and the last level was the advanced transactional electronic banking sites that allow bank customers to electronically transfer funds to or from their accounts, pay bills and conduct other banking transactions online. Ovia (2001) argued that electronic banking is a product of e-commerce in the field of banking and financial services. Commercial banks are now assisting their customers with payment system on behalf of their clients for those who usually shop in different supermarkets that have ZimSwitch or that which use MasterCard’s such as OK and TM supermarkets. Forms of electronic banking includes the following

#### 2.2.1 Automated Teller Machine (ATM)

Barron (2000), defined an ATM as a telecommunication device which allows clients of financial institutions to complete their financial transactions which includes cash withdrawals, deposit, transfer funds or account inquiry without the help of a branch representative at any time. (Khan, 2010) asserted that an ATM is an electronic machine that provides customers access to their personal or business accounts for dispensing of cash to carry out other financial transactions without necessarily going to the bank. (Khan, 2010). According to Lovelock (2000), ATMs customize service offerings, reduce waiting time for customers to receive service. He further states that secure, adequate and convenient location of automated teller machines determines the quality of service of the automated teller machine.

On the other hand, Curry (2010) pointed out some factors which stimulate satisfaction about ATM service quality and these factors include reduction in costs incurred when using automated teller machines, efficient and reliable function of an ATM. Also Zambara (1999) states that commercial
banks had to introduce automated teller machines so as to avoid mistakes, errors and to reduce the time taken for a client to complete the transaction and also to increases the level of security for both the bank and the customers. Whitely (2002), suggested that ATMs are a very efficient tool and provide a wide variety of services like cash withdrawals, deposits, cheque deposits, request for new cheque books and a number of other services provided by the bank. Although these scholars agreed that ATMs are efficient tools which provide a wide range of services this is not the case in most developing countries because ATMs are not providing a wide variety of services that meet customers’ expectations, this maybe because they did their studies in developed countries.

2.2.2 Internet Banking

Fredrickson (2003) define internet banking as a system which uses internet to enable bank customers to access their accounts and general information of the bank products and services through the use of a bank’s website, without the intervention or inconvenience of sending letters, faxes, original signatures and telephone confirmation thus conducting banking activities via the internet such as transferring funds, paying bills, viewing and checking savings account balances and purchasing of financial instruments. He also states that internet banking also enables non-customers to visit virtual banks using the public network whilst existing clients are limited to use of PC banking which use closed network. Internet banking will help customers whether individual or corporate to access accounts and transact. Enables financial institutions, customers, individuals or business to access accounts, transact and obtaining of information through a public or private network (Prakash and Malik, 2008).

According to Mafirakureva (2012), acceptance and use of internet banking is still limited in Zimbabwe because it is a new industry and some customers are not yet aware of the facility. According MPS (2012), argued that there is an accelerated growth of internet banking in Zimbabwe due to the recent launch of broadband internet by Econet, Africon, and Powertel among others in the country. To a larger extent internet banking has improve customer satisfaction since there is an improvement in the way services are being delivered as customers can now access their bank account anytime; anywhere a customer has an internet connection.
2.2.3 Mobile banking

Mobile banking can be defined as a service provided by a bank or other financial institutions that allows its customers to conduct financial transactions remotely using a mobile device such as smartphone or tablet unlike internet banking which uses a software usually called an app that is designed for that purpose (Bolyai, 2003). He further states that mobile banking is fast, secure and efficient service which offers up to date information on the status of the clients’ bank accounts. Mobile banking enables users to access financial services from banks even when they are miles away from their nearest branch or home computer (Haris, 2010). According to MPS (2012), mobile phone penetration in Africa has leapfrogged and Zimbabwe is no exception with a subscriber base estimated to be over 5 million. According to Gerard (2012) mobile banking offers the following services: account information, mini statements, balance checking in the account, payments, deposits, monitoring term deposits, make adjustments between accounts, withdrawals, domestic and international funds transfer and bill payment processing.

According to Prior and Santina (2010), the rapid growth in mobile phones usage and continuous rise in wireless coverage fuel expectations that access to financial services through mobile phones could transform the way financial services are delivered to customers in turn which will increase satisfaction of customers. According to Daniela and Simona (2007), there are two main types of technology available for use in mobile banking: Wireless Application Protocol (WAP) and Wireless Internet Gateway (WIG). WAP is an application environment and set of protocols for wireless devices built to enable manufacture, vendor and platform independent access to the internet and advanced telephony services. WIG is an SMS-based service in which a menu of banking services options is downloaded from the bank to the phone (Daniela and Simona, 2007).

In Zimbabwe, cell phone banking can be described as the newest services in electronic banking by commercial banks in conjunction with mobile network operators. The high growth and penetration of mobile banking is transforming cell phones into banks in pockets and also providing opportunities for commercial banks to deliver their financial services even to people in rural areas (Ondiege, 2010). The increasing application of wireless technologies in most developing economies has provided commercial banks with the opportunity to provide their services anytime, anywhere. However using mobile banking as a delivery channel to people in rural areas is only
possible where there is network coverage. Poor network coverage is reducing the effectiveness of cell phone banking in delivering financial services in most developing economies.

2.2.4 Telephone and PC Banking Products

Through telephone banking facility customers have been allowed accesss to the general information about the position of the account by simply dialing telephone numbers that was given to them by the bank (Shittu, 2010). He further states that the computers on the phone would require special codes given to the customers as a means of identification of authentic users before they can receive any information they requested for example at FBC Bank they use *220#. According to Ovia (2001), this service was introduced into the banking balance as a result of computer telephone technology being made available. Telephone and PC banking brings the bank to the doorstep of the customer, it does not require the customer to visit the bank..

2.2.5 Smart card

According to Shuabi (2010) smart card is a security token that has embedded integrated circuit that can be either a secure micro controller or equivalent intelligence with internal memory or a chip alone. Amedu (2005) also defined a smart card as a plastic devices with embedded integrated circuit being used for settlement of financial obligations. A smart card usually contains an embedded 8-bit microprocessor (a kind of computer chip) it can be debit card or credit card. The micro-processor on the smart card is there for security. The computer and card reader actually “talk” to the micro-processor. The micro-processor enforces access to the data on the card.

2.2.7 Debit card

(Shuaibi, 2010) defined debit card as a plastic payment card that provides cardholders electronic access to their bank account at any financial institution. He also asserted that debit cards are also known as check cards and may bear a stored value with which a payment is made, while most relay a message to the cardholders bank to withdraw funds from a payer designated bank account. When a person uses a debit card, his or her money is quickly deducted from his or her savings account.
Theoretical framework

2.3 Electronic banking as a customer satisfaction tool

Kotler (1997) defines satisfaction as a person’s feeling of pleasure or disappointment resulting from comparing a product’s perceived performance or outcome in relation to his or her expectations. On the other hand, Khirallah (2005) defines customer satisfaction as a customer's perception that his or her needs, wishes, expectations, or desires with regard to products and services have been fulfilled. Hersbett and Hart (1990) pointed out that the total customer satisfaction is the highest form of service quality. They further added that increased competition and consumer demand for quality has compelled corporations to devote much of their market research budgets to studies of consumer satisfaction. The performance of a commercial bank is driven largely by its ability to attract and retain customers who have a wide range of alternatives to choose from.

In the marketing and consumer behavior literature, satisfaction has been defined as a post purchase evaluation of a service or product. Satisfaction comes when a product performs better than expected and dissatisfaction comes when expectations exceed performance. This analysis is in line with the expectation-disconfirmation model which highlights some outstanding satisfaction of the study (Mushabati, 2008). This model states that an individual’s expectations are either confirmed when a product performs as expected and negatively disconfirmed when the product performs more poorly than expected. Negative disconfirmation results in dissatisfaction and consumption of the product or use of the service are likely to be discontinued (Mushabati, 2008).

Mushabati (2008) further states that confirmation or positive disconfirmation results in satisfaction and continued use of the product or service. Expectations, performance and disconfirmation have been studied extensively and found to be successful in explaining customer satisfaction. In the banking sector, attracting customers with modern electronic banking services is necessary but retaining them is paramount and as such creating satisfaction is central to the viability of the bank. Satisfied customers are likely to remain loyal whereas dissatisfied customers are likely to remain defiant to alternatives. Therefore, commercial banks can make use of electronic banking services as customer satisfaction tools. However these can only be customer satisfaction tool if they are effective in delivering financial services and if they meet customers’ expectations.
A research by Brownlie (1989) have a view that consumers have positive attitudes regarding electronic banking services based on dominant perceptions of convenience, accessibility, reliability and ease of use, this was also observed by Malcolm (2008). On the other hand, Reichheld and Sasser (1990) have recognized the benefits that customer satisfaction delivers to a bank. For instance, the longer a customer stays with a bank the more utility the customer generates. This is a result of a number of factors relating to the time the customer spends with a bank.

A problem exists in the measurement of performance in satisfaction reach. Even in multi-attribute products and services, it is often treated as a uni-dimensional construct, measured either as a single attribute or as summed scores across two or more performance evaluation questions which is then related to overall satisfaction. However some researchers still argue that consumer evaluation of performance attributes form the best predictions of satisfaction and this was supported by Kano (1984) who came up with a customer satisfaction model as outlined below.

2.3.1 Customer Satisfaction Model: Kano model

Kano model was an idea brought about by Dr Kano, who was a Japanese quality engineer and customer satisfaction expert who spent years studying consumer needs and expectations. This model classified the attributes of the products and as well as the importance based on the perception of the customers, and its effect on customer satisfaction. As shown in fig.1 customer satisfaction is broken down into three parts as follows:

- **Basic factors (dissatisfies, must have)** - These are significant or the must have attributes which eventually cause dissatisfaction if they are not certainly fulfilled but do not cause satisfaction if fulfilled or exceeded. The customer takes these as pre-requisites and takes them for granted. The availability of electronic banking services at a branch is one such example of which a client may not be interested in opening an account with a bank that’s if are not in use of electronic banking if they do not have electronic banking services.

- **Performance factors** - these attributes cause satisfaction if performance is high and cause dissatisfaction if performance is low. Hence the attribute performance overall satisfaction is linear and symmetric. These factors are directly connected to
customer’s explicit needs and desires electronic banking services being easily accessible 24 hours a day and seven days a week is one such example as customers will be assured of a service any time of the day.

- **Excitement factors (satisfiers, attractiveness)** - these increase customer satisfaction if delivered but do not cause dissatisfaction if they are not delivered. These factors surprise the customer and generate “delight”. These factors can cause differentiation of the service and this puts the bank at a competitive advantage with respect to other banks which do not have a particular electronic banking service.

Figure 1.1 Kano Model

Source: Adapted from Kano (1984)

Kano (1984) further stated that there are three key terms which can be used to achieve customer satisfaction which are zero defections, service guarantee and service recovery.

- **Zero defections** - in services zero defections means keeping every customer that the organization can profitably serve. Banks thought of retaining customers and also increasing customer base by introducing modern and advanced electronic
services. Banks also realized that it costs less to serve existing customers than new customers.

- **Service guarantee**: electronic banking services offers 24 hours service but this is not the case with most developing nations where infrastructure is not conducive for smooth operation of electronic banking. In certain instances ATMs and POS machines will be offline and this does not guarantee 24 hours service to customers.

- **Service recovery**: in financial service delivery channels such as internet, tele banking and cell phone banking, keeping the customer well informed of what is going on when there is a loss of service and of paramount importance.

On the other hand Garbarino and Jonson (1999) argued that there are two forms of customer satisfaction which are overall customer satisfaction and situation-specific customer satisfaction.

- **Overall customer satisfaction**: defined as an evaluation based on the customer’s overall experience with the service provider on a period of time (Garbarino and Johnson, 1999).

- **Situation-specific customer satisfaction**: this is understood as the immediate post purchase evaluation or judgment of the most recent transactional experience with the bank (Garbarino and Johnson, 1999). The situation specific satisfaction can be due to the customer’s interaction with electronic banking services such as ATMs, Point of Sale Machines, cell phone banking etc.

According to Festinger’s (1957) asserted that assimilation theory is based on the dissonance theory. Dissonance theory outlined that customers tend to make comparison between anticipations of the product and the perceived product performance and it is an after consumption evaluation. According to Anderson (1973), consumers pursue to escape dissonance by altering their perceptions about the product. Consumers can also decrease the pressure resultant from a discrepancy between anticipations and product performance either by twisting expectations so that they match with apparent product performance.

It can be therefore noted that clients are the heart, the life and the soul of any banking businesses, hence they ought to be given the utmost respect and care when executing service facility to them. Therefore, offering them efficient and reliable electronic banking facilities which meet their expectations is of paramount importance.
2.3.2 Satisfaction formation

According to the marketing literature (Churchill and Suprenant, 1982) as well as in recent information system studies (McKinney et al 2002) the disconfirmation theory emerges as the primary foundation for satisfaction models. According to this theory satisfaction is determined by discrepancy between perceived performance and cognitive standards such as desires and expectations (Khalifa and Liu, 2003)

Customer satisfaction refers to customer pre-trial beliefs about a product (McKinney, Yoon and Zahed, 2002). Expectations are viewed as predictions made by the customer about what is likely to happen given an impending transaction. Perceived quality refers to the customer judgement about an entity’s overall excellency or superiority (Zeithaml 1988). Perceived performance means a customer’s expectations of how the product performance fulfills their desires, needs, wants (Cadotte et al 1987). Disconfirmation means a consumer subjective judgments resulting from comparing their expectations and their perceptions of performance received (McKinney et al, 2002)

Oliver (1980) highlighted the process by which satisfaction judgments are reached in the expectancy disconfirmation framework. Figure 1 shows the relationship between satisfaction judgment and the expectancy disconfirmation approach. Buyers form expectations of specific products or services before they buy or use, with a perceived quality level influenced by expectations
2.3.3 Causes of customer dissatisfaction

The major cause of customer dissatisfaction in the country of Zimbabwe is due to cash shortages which is a result of the use of the multi-currency system instead of a local currency as cited by Mangudya (2016) therefore customers are no longer satisfied by the services being offered by the commercial banks. Many banks are shifting gradually from the traditional way of banking and are gradually introducing electronic banking. Customers where having challenges to access some of the service being offered therefore not able to perform some of their transactions since they will spend more of their time waiting in the queues of the banking halls which led to the evolution of electronic banking. The use of mobile services by customers are highly sensitive to the distance of the location where the services are provided and the amount of time saving that can be gained by customers. The use of electronic banking for instance internet banking by customers are highly sensitive to the distance of the location where the services are provided and the amount of time saving that can be gained by customers.

2.3.4 Service quality and customer satisfaction

Service quality and customers satisfaction have been investigated in a number of researches (Zeithaml, et al, 1988) in their empirical work and using the if clauses they argued that if the expected quality of service and actual perceived performance is equal or near to equal the customer...
can be satisfied whilst a negative discrepancy between perceptions and expectations or a performance gap, leads to customer dissatisfaction. A positive discrepancy leads to consumer delight. They found that, there is very strong relationship between quality of service and customer satisfaction (Parasuraman et al, 1985; 1988). Increase in service quality of the banks can satisfy and develop attitudinal loyalty which ultimately retains valued customers (Nadiri, et al 2009). Due to poor service being offered by the banks due to outdated technology which will reduce effective supply of the service to its clients hence there will be more complains for instance internet banking system. The higher level of perceived service quality results in increased customer satisfaction. When perceived service quality is less than expected service quality customer will be dissatisfied (Jain and Gupta, 2004).

As asserted by Delvin (1995) the quality of services resulting from a banking activity influences its usage given that the customers have less time to visit a bank and therefore want a higher degree of convenience and accessibility this attribute has led to customers being satisfied. He contends that the perceived usefulness, ease of use, reliability, security and continuous improvement leads to satisfactory of electronic banking.

Traditionally the level of customer satisfaction was determined by the quality of services, price and purchasing process. Consequently, the level of e-satisfaction is also determined by the quality of e-services, the price level and e-purchasing process (Ming, 2003). There are number of scales and instruments are available to assess service quality. Available literature shows that, the customer satisfaction is measured via service quality and service quality measured by various measurement tools and instruments developed by various researchers (Riscinto-Kozub, 2008).

2.4 Empirical Literature Review

Malhotra (2010) examined various factors affecting electronic banking in India. The purpose of the study was to help in filling the gap in knowledge about the banking landscape in India. The study utilized a sample of 82 banks of India using the technique of multiple regression to explore the determinants. The study revealed that bankers as well as society perceive that electronic banking services lag in terms of providing different products and services.

Riquelme, Mekkaoui and Rios (2009) identify which customer service and online attributes predict overall satisfaction, determine that if satisfied customers use more online banking features than less satisfied customers and the characteristics of less satisfied customers. The sample of 185
customers is drawn from one of the main banks in Kuwait, the Middle East and multiple regression and discriminant analysis are used to analyze the data. The findings suggest that satisfaction can be generated through improving courtesy, content, timeliness and product and services offered and the majority of the customers in the sample are satisfied or very satisfied with the service and online systems attributes. The study explores that companies that offer a wide product portfolio and relevant website content accompanied by prompt and courteous response create satisfaction online.

Hua (2009) investigates the electronic banking acceptance in China by conducting an experiment to investigate how users’ perception about online banking is affected by the perceived ease of use of website and the privacy policy provided by the online banking website. The 110 undergraduate students in Chinese University are involved in the investigation. The study finds that both perceived ease of use and privacy policy have a significant impact on user’s adoption of online banking. The study also investigates relative importance of perceived ease of use, privacy, and security. Perceived ease of use is of less importance than privacy and security. Security is the most important factor influencing user’ adoption. The study also discusses the implications of these results and limitations.

Mahdi and Mahrdad (2010) used chi-square to determine the impact of e banking in Iran and the findings from the viewpoints of customers is that e banking cause higher advantages to Iranians. In other words, Iran banks provide services that the customers are deriving satisfaction with particular reference to the use of electronic banking. Birch and Young concluded that the active Atm in banking sector will cause cash circulation decreases , customers have less knowledge related to electronic banking in Iran which will cause less efficiency of Iran banks. To achieve high efficiency both bankers as well as in Iran should introduce electronic banking at a mass level.

Migdadi (2008) aims to identify the quality of electronic banking service encounter of the retail banks in Jordan, and to identify the quality dimensions that should be improved or sustained. The study evaluates the banks' web sites by using the web site quantitative evaluation method (QEM) in March 2008 for sixteen retail banks in Jordan. The results indicate that the banks in Jordan have significant positive quality of the internet banking service encounter, further the banks' web sites are rich in their content and significant in then navigation, but the speed of home page down load and web site accessibility should be developed in the future.
Agboola (2006) did his research in Nigeria whereby he examined 36 banks and the data was collected from banks employees using questionnaire in the year of 2005 and his findings from the research was that the connectivity through Local Area Network (LAN) and wide area network(WAN) has facilitated electronic transfer of funds. In his research 35 banks fully networked their system to ease communication.Smart Cards, Point of Sales System and Computerized Credit Ratings were not very popular nearly close to half of the studied banks have full adopted the automated teller machines have fully adopted them. ATM, electronic home and office banking and telephone banking are the least fully adopted technologies due to low level of economic development.The study concludes that tele-banking is capable of broadening the customer relationship, retain customer loyalty and enable banks to gain commanding height of market share.

Gan et al (2006) conducted a research to examine consumer’s choice between electronic banking and non-electronic banking in New Zealand. The decision to use electronic banking was hypothesized as a function of service quality dimensions, perceived risk factors, user input factors, price factors, service product characteristics, individual factors and demographic variables such as age, marital status, income etc. The findings in the paper showed that the output from the logistic of regression indicated that the service quality, perceived risk factors, user input factors, employment and education are the dominant variables that influence consumers’ choice of electronic banking and non-electronic banking.

Malhotra and Singh (2005) provided theoretical aspect of electronic banking. They observed that e-banking platform allows customers to enjoy low cost than the existing channel of delivery. The study reports indicated that internet is not 100 percent secure as it entails risk of operational security, privacy, reputation, legal etc. The study also analyzes the present state of internet-banking in India and concludes that only 33 banks, representing 37 percent of total Indian commercial banks are providing transactional banking services in one form or the other. At the end it suggests that Indian banks should make effective policies to make it secure to achieve customer confidence, removing all types of risks with proper built-in-safeguard system to manage these risks.
Challenges of e-banking in Zimbabwe

Zimbabwe is facing many challenges in the implementation of electronic banking since it is still a developing country, this was supported by the Harvard University guideline that showed that Zimbabwean is not yet ready in term of network access. Below are the challenges faced:

- **Computer literacy:** It is still considered to be very low since a greater number of Zimbabweans are not well versed to use computers, which brings a challenge of the customers being unable to perform transactions using electronic banking. This obstacle is one of the challenges that will take time to solve since it may take time for someone to become computer literate, especially for the elderly.

- **Economic situation:** The prevailing economic situation in Zimbabwe has forced many individuals to be more sensible about their funds, hence they require more security which has led to people not investing or depositing their funds to the bank; though there are certain moves that are being implemented to try and convince customers to deposit their funds.

- **Electronic banking to be more successful:** The government needs to put laws and legislation that has to be adopted so that the use of electronic banking will increase, but in Zimbabwe, there are no laws that have been formulated regarding the protection of individuals and organizations who use electronic banking or e-commerce. According to Zimbabwe Law Report (2005) states that common law is the only law that has been formulated; therefore, that is what they use if they happen to be a problem. However, common law was not intended for e-commerce; therefore, it does not fully protect the rights of those engaged in e-commerce.

- **Management challenges:** The challenge of management is another problem being faced in the banking industry since the management lacks the creativity and the vision to harness technology; therefore, they are not able to supply their clients with new products or services that will satisfy their needs.

- **Educating or convincing clients:** That the use of electronic banking brings more benefits is one of the challenges faced in Zimbabwe since some clients are reluctant to change so the banking industry has to increase advertisement and educational campaigns which is costly.

- **Poor bandwidth:** In the country is a challenge in the country which is hindering the internet coverage; therefore, most of the time the network will be down.
2.5 Chapter Summary

This chapter looked at the key terms of the research and as well managed to highlight critical issues from the previous prominent publications that seem to have the same objectives that links with research topic. The chapter started by highlighting the summary of electronic banking and the various forms of electronic banking. The chapter concluded by giving empirical literature review on electronic banking. Past writers agreed with the view that electronic banking is effective in the delivery of financial services and customers are satisfied. The researcher’s objective is to satisfy himself whether this is true in the case of FBC bank. The following section will focus the way the data will be gathered and interpreted.
CHAPTER III

METHODOLOGY

3.0 Introduction
This chapter is going to look at the research methodology for this study. Research methodology is the strategy or architectural design through which the researcher maps out the approach to problem-solving (Smith, 1996). Therefore, this chapter aims to justify the approach that the researcher will take in gathering the data to meet the objectives. In this regard, this chapter will look at the research design, sample population, data collection procedures, data presentation and analysis procedures and the chapter summary. At the end of this chapter validity and reliability issues are to be discussed as applied in the study

3.1 Research Design
The research design is a blueprint of how the research is going to address the objectives, hence it is very essential. Cooper and Schindler (2003) simply define research design as the plan and structure of investigation of information so as to obtain answers to the research questions. The reliability and validity of the entire research heavily depends on the appropriateness of the research design.

This research will be in the form of a survey which will make use of sampling. There are a variety of research designs that can be used in carrying out researches, that is, case study, descriptive design, exploratory design, and explanatory design among many more designs. Both primary and secondary data shall be collected and analyzed in the research. Berry (2004) suggested that descriptive research design is used to obtain information concerning the current status of the phenomena to describe what exist with respect to conditions in a situation. In this case the researcher will use the descriptive design and the exploratory design. It attempts to measure what exists without questioning why it exists.
3.1.1 Descriptive Research

Robson (2002) outlines that descriptive research is the one used to portray an accurate profile of persons, events or situations under study. The descriptive design will be used because it will give the researcher a chance to present a very meticulous account of data and information that will be gathered. The descriptive design will be very useful to the researcher in describing what is currently happening in the Zimbabwean electronic banking platforms and how consumers are reacting to it so as to determine if the future of the country lies with them.

Justification

- The researcher decided to use the descriptive research design this is due to the fact that it both relies on the both the primary and secondary data. Leddy (1980) suggested that descriptive survey is more accurate since it acknowledges that whatever is observed at any time as normal and can be done again anywhere under similar situations.
- Penneerselvan (2004) also acknowledged that a descriptive research is carried out with specific objectives and hence it results in definite conclusions. The researcher will make use of questionnaires with clearly phrased questions to communicate to participations and avoid misunderstandings. This will help the researcher to make conclusions from the collected data.

3.1.2 Exploratory Research

The objective of exploratory research is to gather preliminary information that will help define the problem and suggest hypotheses (Kotler, et al., 1999). Therefore, the researcher will be assisted by previously found information in order to clearly identify the problem and make the correct hypothesis that ensure the ultimate objective of the research is met. The researcher will explore records, the internet and even consult with experts in the mobile money field.

3.2 The Research Subjects

This section will look at the size of the sample for the study and the population from which it will be drawn and the technique that will be used.
3.2.1 Target Population

Cooper and Schindler (2003) refer to a population as the set of all potential members of a group on which a study intends to make valid conclusions and recommendations. Best and Khan (2003) target population refers to any group of individuals that have one or more characteristics in common that is of interest to the researcher. In other words, a population is the entire collection of study subjects from which a selected sample will be drawn so as to effectively study the group. Selection of the respondents will be on the basis of their knowledge, flexibility, availability and conveniences. This study’s population will include 15 bank employees, as well as prospective and current FBC bank clients.

3.2.2 Sample size

A sample can be defined as a procedure used to select some elements of a population that are used to deduce characteristics of the whole population from which the sample is drawn (Cooper & Schindler, 2003). A sample is preferred because it simplifies the study and increases the intensity of the data gathered since it is very difficult to study every member of the population. A sample is also much more cost efficient than a census as the study subjects will be narrowed down, reducing the need for much travelling. In this study, a sample of 115 consumers will be drawn from the population. The researcher considers these samples to be a fair representation of the populations from which they will be drawn as it is practically impossible to interview the whole population and come up with realistic conclusions given the limited time and financial resources.

3.3 Sampling techniques

Probability and Non Probability sampling techniques were used to carry out this research

3.3.1 Probability sampling techniques

Stratified sampling techniques

Stratified sampling is a procedure for selecting a sample that includes identified subgroups from the population in the proportion that they exist in the population Kerlinger (1986). This is only interviewing people with the key characteristics and more relevant information required for the sample. Within this stratum a sample could be interviewed on a completely random basis or on a
quota same grid. Another basis for of stratified sampling involve taking into account that some employees are more important than others.

**Justification**

- All groups are involved hence no group left out

**Disadvantage**

- If undue weightiness is given to certain unit the sample will be unrepresentative
- Requires respondents well versed with ideas and who have relevant information

### 3.3.2 Non-Probability

The researcher will use a non-probability sampling technique known as convenience sampling. The researcher will select respondents that are easily accessible to him, that is, those who are nearest. The purpose of this technique is to reduce the costs associated with sampling and to also save time, thus enhancing the speediness with which the research is completed. Therefore, this means that most of the respondents will be from Harare. However, some respondents will be taken from Mutare. This is because it is the researcher’s hometown and it will also prevent concentration of respondents in the capital, but will also give a representation of consumers in the rural areas and how well they are adopting the mobile money service.

**Quota sampling**

Quota sampling is a non-probability sampling technique wherein the assembled sample has the same proportions of individuals as the entire population with respect to known characteristics, traits or focused phenomenon Kerlinger (1986). It is a method of selecting sampling elements on the basis of categories assumed to exist within a population. Personnel subdivisions of the population, not concrete listing of the sampling frame, are the basis of the selection process.

**Justification**

- The researcher found and interviewed a prescribed number of people in each of several categories
- Each category was represented in the survey and getting the diversity of respondents required in all objectives

**Disadvantage**
Although all quota sampling may produce a sample that appears to be a miniature version of the population, it was impossible to determine the amount of sampling error and it is best to avoid it if you want to generalize your research results.

3.4 Sources of Data

The researcher will gather information to facilitate the research from both of the two major sources of information. These are secondary sources and primary sources of information. The sources will be combined so they complement each other to give a well detailed research.

3.4.1 Secondary sources

Secondary data is data that already exists somewhere, which was gathered for another purpose (Kotler, et al., 1999). For the purpose of literature review, the researcher will heavily depend on secondary data from textbooks and journals by various authors so as to gain a comprehensive understanding of the study area. The internet will also be a deep well of information as most information is now available just at the click of a button.

Secondary information will be used because it is less costly to acquire since the information has already been collected. Secondary information also has the advantage that it is less time consuming since the time it takes to obtain this information is much less than it takes obtaining the information first hand. This type of data will also provide information which the researcher might find cumbersome to gather on his own. However, it has the weakness that some of the available data might have become obsolete.

3.4.2 Primary Sources

Kotler et al (1999) explain that primary data is information gathered for the specific purpose at hand. In other terms, primary information is information gathered to address the current problem that the researcher is facing. The researcher will gather first-hand information concerning the impacts of cash shortages on customers, factors influencing adoption of mobile payments and views towards mobile payments as a solution to the cash crisis haunting the country. This primary information will be gathered through research instruments such as questionnaires, interviews and observations.
Primary information will be gathered because it is very essential to the study as it will present a more recent and accurate portrayal of phenomena. This will improve the validity and reliability of the data collected. However, the major disadvantage of gathering this type of data is that it will be a time consuming process, which might slow down the progression of the research.

3.5 Research instruments

These are the tools that will be used by the researcher to gather primary information pertaining to this study. A combination of various tools such as questionnaires, interviews and observations will be used. They will all be used so that they complement each other and cancel out each other’s weaknesses. This will ensure that more data is gathered, which is more accurate and hence more reliable.

3.5.1 Questionnaire

The questionnaire is designed to measure the divergence between the expectations and perceptions of customers regarding electronic banking. Morris and Wood (2001) regarded questionnaire as the most widely used technique for collecting primary data. Structured questionnaires will be designed because they will be very easy for respondents to complete. The questionnaires will also ensure that the data collected will be standardized since the respondents will be responding to the same questions. This will make comparisons much simpler to make. The researcher also prefers this method because it is very cheap and impersonal, unlike other methods. A combination of less open ended and more closed ended questions will be used, structured in a way that the responses provide information relating to the research objectives, bearing in mind that a questionnaire is only as good as the questions it asks. The questionnaires will be given to respondents to fill at their own convenience and collected later after completion so as to give the respondents more time to consider their answers. However, due to their impersonal nature, questionnaires might not obtain appropriate responses to questions that demand further explanation and clarity.

Justification

- It was less expensive and wide coverage within a short period of time.
Respondents they have full time to understand the subject as they may have the opportunity to respond to questions at their spare time.

- The questionnaires enlisted respondent secrecy and privacy are protected hence honest answers.
- Data provided will be easy to interpret and analyse.

**Disadvantages**
- The return rate is usually low.
- Where the question sought clarity, the respondent has no room for that.
- No room to probe further responses.

### 3.5.2 Interviews

An interview is a simple interaction or discussion which takes place between two or more people to gather more information (Cooper & Schindler, 2003). Body et al. (2003) post that face to face interviews are direct questions (on a face to face position) to an interviewee about his/her attitudes or motives seldom to elicit useful answers. The researcher will use personal interviews where some commercial banks will be personally visited and directly asked questions relating to the objectives of this research. A few randomly selected consumers from the sample will also be interviewed. Structured interviews are formalized such that all respondents hear the same question in the same order and in the same manner. Unstructured interviews leave the wording and organization of the questions and even the topic to the discretion of the interviewer. The two complement each other’s disadvantages resulting in the researcher to use semi-structured interview approach. The interview will be semi-structured, where the pre-set questions will leave room for further questions in order to solicit more information. This type of interview will allow probing of the respondents since the respondents will be asked to clarify some of their responses and they can also ask for clarification of questions where necessary. The interviews will also enable the researcher to gather information which is too complex to be gathered by questionnaires alone.

However, due to the personal nature of interviews, the personality of the researcher or that of the respondents might have a bearing on the information gathered. In addition, the comparison
and coding of data from the interviews might be difficult due to the different responses that be given by respondents to the same questions.

**Justification**

- Clarity ensures that respondents fully understand
- Interviews also had a great flexibility in terms of sampling and special observations
- Interviews expose areas that the respondent is unwilling to discuss and inconsistencies in responses
- They provide the opportunity to persuade for answers

**Disadvantages**

- They were time consuming with arrangements being difficult to make and some scheduled interviews being cancelled due to tight schedules on the part of the management
- Interviews were expensive hence affected the sample size, making it smaller than the sample for questionnaires
- Confidential information was not clearly revealed due confidentiality clauses and of course fear of victimization

**3.5.3 Observations**

The researcher will also make use of observations to complement the data gathered through questionnaires and interviews. This will constitute of the identification of documents and records which form the basis of the study and an analysis of these so as to gain more insight. The researcher will also observe the interactions between the employees of the bank and the customer will be observed.

Observations will be used because they are inexpensive since they merely consist of discerning what is already in existence. They also have the advantage that they will be free from bias due to their lack of involvement as the observations will be made from some distance. However, the observations might not provide accurate data since they are usually not accompanied by an explanation
3.6 Validity and Reliability of Data

Validity as used in the research refers to the degree to which the outcome of the study accurately reflects the variables being measured or which the researcher is attempting to measure. Zikmund et al., (2003) defined validity as the ability of a scale or measuring instrument to measure what is intended to be measured. Validity is therefore concerned with the success rate at which the study measures what the researcher sets out to measure. Use of different data collection methods ensured consistent information. To ensure validity, the researcher will use a range of questions consisting of open-ended and closed-ended questions. The questions asked in both interviews and questionnaires will also be derived from the objectives of the research in order to avoid asking irrelevant questions. A pilot study will also be carried out to so as to identify any weaknesses with the questionnaires before they are given to the respondents. A small group of 15 respondents, mainly consisting of the researcher’s family and friends will be used for the pilot study and will be given the first questionnaires to respond to. Any identified errors and shortcomings will be rectified and those involved in the pilot study will not be allowed to respond to the actual questionnaires. Some screening questions will also be used in order to ensure that only qualifying respondents answer the questionnaires.

Reliability is determined by the features of research methodology that brings same result even if they are done many times. To make sure that there is reliability, the interviewer will make use of properly constructed structured questions and category questions in order to ensure uniform responses. These would allow similar conclusions to be drawn by any other researcher.

3.7 Data Presentation Techniques

The research findings will be recorded in quantitative and qualitative form. The interpretation tools such as charts, graphs, and tables through the use of Excel will be used to show trends and facilitate comparability of findings. The responses to questionnaires will be converted to percentages based on the question categories. These will be useful for comparisons between the different groups of respondents and will simplify the task of analyzing the data gathered.

The qualitative data gathered from interviews will be presented and analysed as descriptive analysis and will act as the basis for discussion of findings, in comparison with previous research findings. The researcher will make use of non-numeric procedures in describing the qualitative data.
3.8 Data analysis techniques

The researcher used both the inductive and the deductive analysis methods. These techniques were used to allow for drawing of conclusions of the implications of the results.

**Inductive analysis**

According to Ronald (1990) inductive analysis refers to the use of an observed sample to create a statement about the unknown population. This method of analysis involves use of confidence intervals and other statistical inference techniques.

**Justification for inductive approach**

Seymour (1998) inductive method approach has a role of giving some idea of the confidence that can be placed in descriptive results. The method was of much use to the researcher as the research used part of the population, according by Seymour. The method also helped the researcher to condense extensive and varied raw data into a brief summary format. The inductive method also assisted the researcher to establish clear links between the research objectives and the summary findings from raw data.

3.7.1 Chapter Summary

This chapter is the backbone of this study since it was mainly concerned with how the entire research is going to be carried out and how the data is going to be gathered. Therefore, it consisted of such facets of the research such as the research design, the research subjects, and sources of data, research instruments, measures that will be taken to ensure validity and reliability and also how the data is going to be presented and analyzed. The following chapter will focus on presentation of data and analysis.
CHAPTER IV

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

The chapter mainly focused on the analysis of data, presentation and discussion of data gathered from FBC bank through the use of interviews, questionnaires and bank annual reports. The objective of the research was to determine the impact of electronic banking on customer satisfaction of FBC bank. Qualitative and quantitative techniques were used to analyze the data findings. The data will be presented in the form of tables, graphs and pie charts. The results of the study are presented below.

4.1 Analysis of data response rate

4.1.1 Questionnaire response rate

Tale 4.1 below shows the categories of respondents of questionnaires and their response rate. From a target population of 100 respondents 20 self-completion questionnaires were sent to FBC Bank employees and 80 questionnaire were as well sent to FBC Bank customers. In addition, 30 questionnaires were left at the information desk in bank so that clients could also give a contribution to the subject matter. A total of sixty four clients out of the targeted eighty clients managed to respond to the questionnaires resulting in an 80% response rate for customers.

Table 4.1: Summary of Questionnaire response rate

<table>
<thead>
<tr>
<th>Description of stratum</th>
<th>Questionnaire distributed</th>
<th>Questionnaires returned</th>
<th>Percentage of response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>20</td>
<td>19</td>
<td>95%</td>
</tr>
<tr>
<td>Customers</td>
<td>80</td>
<td>64</td>
<td>80%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>83</td>
<td>83%</td>
</tr>
</tbody>
</table>

Source: Primary Data
4.1.2 Interviews Response Rate

Interviews were accomplished with information and technology managers and retail operations managers of targeted bank. The table below shows the number of interviews that were scheduled and the interviews that were successfully conducted.

Table 4.2 Interview Response Rate

<table>
<thead>
<tr>
<th>Planned interviews</th>
<th>Conducted interviews</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>6</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source Primary Data

For the 10 interviews that were scheduled the researcher accomplished to conduct 6 interview which gives a percentage response rate of 60%. Some of the scheduled interviews unsuccessful due the limited time.

4.1.3 Demographics

Table 4.3: Age Classification of Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Respondents</th>
<th>Percentages of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-30</td>
<td>25</td>
<td>25%</td>
</tr>
<tr>
<td>31-40</td>
<td>40</td>
<td>40%</td>
</tr>
<tr>
<td>41-50</td>
<td>20</td>
<td>20%</td>
</tr>
<tr>
<td>Over 50</td>
<td>15</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source Primary data

Table above shows respondents ages from 15 to 50 and it shows that from t age group 31 upto 40 had the leading number of respondents and probably the leading number of e-banking users.It also showed that the usage decreases as the age group rises. These findings are consistent with Johnson et al (2000) findings as cited by Fredrick (2003) that the share of personal computers in homes is higher among young citizens than among older citizens.

4.1.4 Overall response rate

After all the responses were combined the response rate of the questionnaires was 83% and that of interviews was 60% and the overall response was 70% for those two data collection The
overall response is extensively high hence making the data valid and reliable so as to make concrete recommendations and conclusions. The overall response was calculated as below:

\[ \text{Combined response} = \frac{\text{questionnaire response rate} + \text{interview response rate}}{2} \]
\[ = \frac{83\% + 60\%}{2} \]
\[ = 72\% \]

4.2 The extent of adoption of E banking by FBC Bank

FBC Bank is progressively adapting to the use of electronic banking as they are motivating clients to use the facilities almost 80% of their customers are now using electronic banking to carry their transactions. The adoption of electronic banking by clients is being facilitated by advertisement and promotions. One of the method that the bank is using is advertising through their employees that is when customers walk in to the bank to perform any transaction they are enlightened about the facilities. The bank adopted a paperless banking way of transacting, where for all transactions except for the corporates there is no need to fill deposits slip or a withdrawal slip. An individual only needs an account they want to deposit their funds in when depositing cash. Withdrawals are done via e wallets, point of sale machines (POS) and ATMS.

4.2.1 E –Banking Service delivery

Figure 1 Summarizes responses to the overall customer satisfaction to the service delivery ratings FBC Bank customers

*Figure 2.1 Service delivery*

<table>
<thead>
<tr>
<th>Service delivery satisfaction</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Not sure</th>
<th>Disagree</th>
<th>strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8.70%</td>
<td>6.15%</td>
<td>8.22%</td>
<td>25.15%</td>
<td>51.77%</td>
</tr>
</tbody>
</table>

Sources Primary Data
Figured 4.1 above indicate the level of consumer satisfaction that is resultant from the services of electronic banking just over 51% of the customers approved that they are being satisfied by the service delivery from electronic banking. This means that a greater percentage of customers at FBC Bank agree that E-banking brings better customer satisfaction due to its quickness and low cost. 8.70% where not sure thus they did not even see the difference between paperless banking in the form of electronic banking and old way of using bank slips. 8.22% disagreed that they are deriving satisfaction from E-banking services.

4.3 Levels of adoption of e banking by customers

As shown by the figure 4.2 above FBC Bank customers are increasingly adopting to E-banking from 10% to 86.20% as more customers became aware of the facility through advertisement and also because of the RBZ policy that requires all individuals to use Atm cards. This is similar to the research by Graph (2006) which noted that volume and share of electronic banking services are getting bigger and the customers base is also growing bigger and very fast and e banking customer
4.3.1 E banking sub types

Figure 4.3 Ebanking subtypes

Secondary Data

Figure 4.3 show that 65% of the respondents have e wallets banking accounts and only 35 % have internet bank account 82 % have Atm cards. This is in line with the survey that was carried out by the world bank Survey (2010) , where it was discovered that the average penetration into electronic banking for those countries that are still in development was nearly 45% in 2008. The researcher therefore concludes that most customers use Atm cards since its very convenient and cheap to use them. Also most clients use the e wallet platforms but mostly for buying airtime and checking their balance and also getting mini statements. Internet banking is widely used by companies and other individuals who in most cases possess both the accounts
4.3.2 E-banking usage

Figure 4.4 Electronic banking usage

Source Primary data

The figure 4.4 above shows that most customers use cash withdrawals and balance enquiry, which is in consistence with the previous findings that show that most customers have Atm cards. This is due to the fact that there is no more withdrawal slips available at FBC bank for individuals. The customers tend to make two transactions that is check their balance and then make a cash withdrawal. In previous years, while the traditional ways of banking where still being practiced, balance enquiry was done using interim balance enquiry (D3 forms). This is not linked to any previous studies since the paperless banking policy was out in place in 2014.

The mobile top up is the next most used with 20% of customers regularly using the facility. This may attributed to the fact that there is no extra charge for this option. It is a convenient facility that enables one to top up their or someone’s else mobile phone anytime of the day as long as there is a cellular network. The findings have no previous literature related to them.

Next are funds transfer options with at least 15% of customers enjoying this electronic banking facility, this is widely used by business people and companies since they do bank transactions with large amounts therefore conducting such transactions electronically it will cost them less.
. Usually companies use this facility to transfer employees’ salaries and other business funds. Some individuals also use this facility but mostly it is those with some business activities. The findings are almost the similar to those of (Lee 2001), who concludes that developments in networking and decision analysis have enabled institutes to incur low costs. The bill payments and mini statement option has 15% respondents. The limited number of merchants currently on E banking effects the bill payment. The researcher noted that the limited use of this facility as being attributed to outdated computer systems at municipality around the country. The findings are almost similar to those of Agbool (2006) the publicized that there has been a precise modest move away from cash and expenditures have now been automated

4.4 Impacts of E banking

4.4.1 Impacts of E banking to FBC bank

Since the introduction of electronic banking facilities there has been a reduction in cost such as the cost of stationery for instance bond papers for interim statements and also cheque books. In addition the introduction of electronic banking has aid in the reduction of workforce such as tellers since most of the transaction are now being done online. This reduction in costs is illustrated in the figure below

![Impact on Cost Reduction](image_url)

Figure 4.5 Impact on Cost Reduction
**Source Secondary data**

The introduction of electronic banking by FBC Bank caused cost to decrease. These findings confirm with research by Stegman (2003), in USA who concludes that a banking transaction in the branch cost US$ 1.07 yet an e banking transaction would cost US$0.01.

**4.4.2 E-banking impact to customers**

**4.3.9 Electronic banking as a customer satisfaction tool**

In order to come out with a detailed conclusion about the effectiveness of electronic banking in Zimbabwe it was also important to find out if bank customers are satisfied by electronic banking services offered by their respective banks and their responses are shown by figure 4.7 below.

**Figure 4.6 Electronic banking as a customer satisfaction tool**

![Customer Satisfaction Diagram]

**Figure 4.6 Customer satisfaction**

**Source: Raw Data**

Large number of respondents (55%) showed that they are not satisfied by electronic banking services offered by FBC bank. The reason was that electronic banking services are failing to meet customers’ expectations such as 24 hours banking and anywhere, anytime banking. Customers complained that they face high frequency of system failure when they are using the electronic
banking facilities. Evidence showed that customers expected electronic banking facilities to be operational 24 hours of the day, confirming assertions by Marcus (2006) that one of the expectations by customers from electronic banking is banking around the clock and due to poor Information and Communication technology in Zimbabwe, electronic banking facilities are failing to operate 24 hours of the day. Respondents also said that they are not satisfied because electronic banking facilities are not effective in delivering financial services. These results support findings of Kumbhar (2011) when he observed that efficiency of service delivery has a major relationship with client satisfaction thus there is a positive relationship between service delivery and satisfaction of clients hence when a customer perceives that the delivery mode of the transactions that the bank is supposed to offer is quite good, the more the customers will be satisfied with the bank services. 45% of the respondents showed that they are being satisfied by electronic banking facilities.

The researcher presented five attributes to customers against which they asked to indicate the benefit they are enjoying most from using of e banking. The percentage ratings of the benefits are presented in figure 4.7 below

![Figure 4.7 Reason for using E-Banking](image)

Figure 4.7 Reason for using E-Banking
Source Primary data

Convenience

43% of the respondents showed that convenience as their major advantage from the use of electronic banking. This is because electronic banking has finally managed to solve some of the customer’s wishes of a hassle free banking. FBC clients are now able to do their transaction at the comfort of their homes during anytime of the day or night even when the bank doors are closed. The findings of this research are similar to the research which was done the by Bradley and Stewart (2003) that referred to convenience as the main advantage.

Low cost

34% of respondents attributed that their use of electronic banking has resulted in them incurring low costs that they are being charged for interim statements and balance enquiry since they can now get a mini statement using E-wallets for only $0.20 than over the counter where they were charged $1.50 for interim statements at FBC bank.

Responsiveness and Efficiency

15% of the respondents were not enjoying responsiveness and efficiency of electronic banking facilities. Quite a number of respondents mentioned inconsistency of the services especially the E-wallet platforms and the incidences when the ATMs would not dispense cash. At some point the point of sale machines would be offline due to network challenges. All these factors attributed to the 15%. The findings are inconsistent with that of Storbacha (1994), who says electronic banking offers clients with flexibility and as well as efficiency in doing bank transactions.

Policy

8% of the respondents mentioned the fact that the bank has done away with traditional way of banking that is why they have now resorted to using E banking, in the form of Atm cards. The highest number being senior citizens.
4.5 Challenges encountered in transacting using Electronic banking

Before making conclusions of the study it was important for the researcher to find challenges that are encountered by banks’ customers when transacting using electronic banking and their responses are shown by figure 4.9 below

![Challenges Encountered in Transacting through Electronic Banking](image)

Figure 4.8 Challenges Encountered

**Source Primary Data**

The adoption of electronic banking by FBC bank was not a smooth move they indeed face many challenges as those presented above. Under internet banking FBC Bank clients cited that system failure was found to be the most prevalent challenge faced by bank clients in using electronic banking services with a response rate of 75%. Major challenges of electronic banking includes network coverage limitations, answers to the problem are now at progressive stages since some operators in Zimbabwe launched the 3G network and the GSM roaming (Dube, 2011). This has the potential of improving the effectiveness of this technology. Also on ATM cards the biggest challenge was the absolute POS machines, fraud and system error which had a response rate of 17% this can be attributed to the fact that electronic banking facilities minimizes errors when comparing to the use of bank personnel in delivering financial services. The trend however changes on E wallets where the biggest challenge faced is that people are illiterate and do not have
the knowhow of using the platforms. These findings link with those of the ICT report of 2006 which highlighted computer literacy, in adequate band width and infrastructure as the challenges that Zimbabwe E banking faces. The results are similar to those by Chiemeke et al (2006) who identified the main hindering factors to internet banking in Nigeria’s was insecurity of the clients and poor operational services.

4.3.11 Frequency of bank system failures

Responses about the frequency of system failures are shown by Figure 4.9 below.

![Figure 4.9 Frequency of bank system failures](image)

About 54.50% of the respondents said that the frequency of system failure was once per week. 36.60% of the respondents said that the frequency of system failure was about once a month. 9.10% of the respondents revealed that they experienced system failure 2 to 6 times a week. It is important to note that no bank reported total system failure as a daily phenomenon. It also be noted that huge percentage of the respondents said that they experience system failure every week and this renders electronic banking to be ineffective.

4.3.12 Risks associated with electronic banking

Before the research could make conclusions, it was important for this study to identify risks associated with electronic banking. The view of respondents on the risks associated with
electronic was important as to establish the effectiveness of e-banking in supplying financial services. Their responses are shown by Figure 4.10 below

**Risks associated with electronic banking**

![Pie chart showing the percentage distribution of risks associated with electronic banking.](image)

Figure 4.10

**Source: Raw Data**

45% of the respondents indicated that electronic banking exposes banks to operational risk. This is due to deficiencies in system reliability or integrity. These findings confirmed the findings by Kalakota and Whinston (2000) that operational risk can also arise from inadequately designed or implemented electronic banking systems. 31% of the respondents said electronic banking exposes banks to reputational risk. This was supported by Joseph (2004) when he states that reputational risk can arise from significant problems with networks that impair customers’ access to their funds or account information. 20% of the respondents said electronic banking exposes banks to security risk and only 4% of the respondents indicated that electronic banking exposes banks to legal risk. This may be because there is no regulation for electronic banking in Zimbabwe. However, lack of regulation remain a setback in Zimbabwe so there is needs to be address these issues so the bank will ensure trust in clients and to make the facility more effective. Similar studies that were done in Malawi, same observations on policy and regulations were made (Said, 2008) therefore it
can be concluded that most of the developing countries are still behind regarding technology regulation. This has an adverse impact on the effectiveness of electronic banking.

4.6 Chapter Summary

The chapter presented the research findings. The overall impact of electronic banking was emphasized for customers’ responses and also from the bank. The research also revealed how the findings are similar to those of other researchers and what other scholars have revealed. The following section marks the conclusion of the research study. It will present the summary of the study, conclusions and as well as recommendation.
CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction
Having investigated and presented results of the impacts of electronic banking to customers’ satisfaction. This chapter as the final chapter of the research aims to summarize the findings of this study, also be able to come up with conclusions and finally to be able to make references based on the findings of this research. The Chapter will look at the summary of findings, conclusions drawn as well as give recommendations. This chapter will also highlight areas of further study.

5.1 Summary
The research study mainly looked at the impact of electronic banking on customer’s satisfaction, therefore the study indicated the impact to the customers as well as to the bank. The study furthermore looked at the impacts of electronic banking facilities on the service delivery of FBC bank. The study was conducted in line with the following objectives; to examine the impacts of using E-Banking on FBC Bank customers within Zimbabwe, to identify the factors that are affecting the adoption of Electronic banking by FBC Bank customers, To find out the extend of customers satisfaction among the customers for FBC Bank regarding electronic banking.

It was revealed that the bank clients are satisfied with the available electronic banking services or facilities that are offered by the FBC bank. This may also explain the increase in the acceptance of electronic banking by customers. Over the past 2 years there has been noted increase in the customers who are satisfied with the electronic banking facilities and they have taken up the facility and are using it in their day to day transactions.

The customers have adopted to e-banking. To date just over 80% of the customers are using electronic banking facilities. They now use the ATM cards for all their transactions which tends to increase their satisfaction due to the liquidity crunch that is being faced in the country since customers are now able to conduct some of their transactions which may include making deposits. Though the recent move by the bank to adopt paperless banking has caught some of the customers unaware especially the senior citizens who don’t know how to use the e-banking facility.
It was noted that FBC bank has e-banking in the form of; ATMs, POS machines, mobile banking via the e-wallet and internet banking. Also the latter is mainly used by companies and there are very few individuals who have and use the internet banking facility though banks are encouraging individual customers to adopt to the use of internet banking. These e-banking services are affected by the levels of technology that the bank has, sometimes the machines do not work or they do not dispense cash. On the other hand the services and facilities are complex for the senior citizens.

E-banking is mostly used by the FBC customers due to the following benefits, that is it is convenient and one can use the facility at anywhere and any time of the day even when the bank is closed. Another benefit that the customers are getting is that of low costs responsiveness and efficiency. The benefits to the bank include low costs and faster service delivery to its customers.

FBC bank has adopted e-banking well with the current adoption pegged at 83%. This shows the willingness and the capability of the bank to incorporate the modern way of banking into their systems and operations. However there is still a long way to go as there are other e-banking facilities that are not yet being used by the bank such as Virtual banking. On the available facilities the findings show that on internet banking as a subtype of e-banking, needs to be disseminated to other customers such as individuals.

5.2 Conclusions

From the findings the following conclusions can be made:

- It was established that FBC bank is increasingly adapting to the use of electronic banking as indicated by the facilities being offered to its clients and the way the facility is being promoted. It is also shown by the adoption of policies such as the paperless banking policy and continue implanting programs that will help in offering quality service delivery such as the digital ninja.
- Customers’ response rate to the facility is also high as shown by the growth in the amount of electronic banking users since the year 2012 to 2014. The statistics showed an increasing trend.
- Also the customers and the bank are benefiting through the use of e-banking as it has improved the way that they conduct business and has reduced the banks’ costs and expenses.
➢ The bank’s major challenges include lack of infrastructure and ignorance from other customers to adapt to the facility.
➢ Network problems and power cut are the main challenges that some customers are facing.
➢ Levels of technology are also a factor as the machines available in the bank are outdated.
➢ Some of the customers were not aware of the other services that the bank offers through e-banking they only knew the ATM cards.
➢ Not all of those who knew of the e-banking products and services were well versed with them. Quite a significant number had e-wallet accounts but they were not aware on how to use the platform.

5.3 Recommendations

From the study, the following recommendations are made;

➢ Awareness campaigns
➢ Provision of infrastructure
➢ Expand on network providers available on the e-wallet platform
➢ Provide power backups

5.3.1 Awareness Campaigns

The bank should aim to intensify its awareness campaigns through increasing its advertisement promotions mainly from their instore marketing to a more wider promotional campaign, by doing so it will increase the usage rate of electronic banking and satisfaction of its customers since they will be more aware of the service. Electronic banking not only in the common form of ATM cards but also in the form of internet banking. This would also cascade the use of internet banking from cooperates and companies to the individual FBC customer. Another way that can be used by the banks to reduce ignorance within its customers and as well as encouraging them to use the service is through educational campaign. In doing so they will be explaining more on the use as well as the advantages of using electronic banking in performing their bank transactions, this will in turn lower the opinion that using electronic banking is expensive than old-fashioned banking

5.3.2 Provision of infrastructure

The FBC Bank should aim at providing better POS machines that will be efficient and effective.
This will promote the usage of e-banking as customers will not get frustrated when the machines malfunction and they have to resort back to the traditional ways of banking thus for example using the withdrawal slips again. The bank should also increase the number of ATM machines available so as to counter the paperless banking drive. This would also mean making sure that the machines are serviced regularly to avoid the cases where a withdrawal is made but the machines does not dispense cash.

5.3.3 Expand on Network providers available on the E-wallet platform
One network provider is not good enough for the ZB customers. Therefore the bank should aim at expanding to offer cell phone banking with other network provider that is Telecel and Net one to successfully cover all of its customers countrywide.

5.3.4 Provide power backups
In terms of power shortages the bank should provide with reliable backup power utilities in form of generators. This will allow customers to use e-banking service even though there will be no electricity allowing them to enjoy the benefits more. The generators are only made available only during the working hours, yet e-banking means providing banking services

5.4 Areas for further study
This research recommends that study be carried out on e-banking service quality and the perception gap between customers’ perceived quality and that being provided by the banks in Zimbabwe to reveal whether banks are responsible for the errors that may occur when the client is transacting using electronic banking. Also a study on the safety of using e-banking in Zimbabwe.
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Dear respondent

I am a fourth year student at Bindura University of Science education studying towards the Bachelor of Commerce (Honours) in Banking and Finance. I am carrying out a research on the impacts of electronic banking on customer satisfaction.

I am therefore asking for your assistance in carrying out this research by the way of completing the following questionnaire. Please note that your response will be used purely for academic purposes only and will be treated with the strictest of confidentiality. I would appreciate it very much if the questionnaire could be returned at your earliest convenience. Counting on you kind cooperation.

Thank you very much for taking your time to participate in the study.

Yours sincerely
APPENDIX II

Questionnaire to employees

SECTION A: DEMOGRAPHICS

1. GENDER

   MALE ☐   FEMALE ☐

2. AGE

   20-35 ☐   36-45 ☐   46-55 ☐   56-65 ☐   <66 ☐

3. MARITAL STATUS

   SINGLE ☐   MARRIED ☐

4. POSITION HELD IN THE BANK

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

SECTION B

5. Extent of adoption of electronic banking by FBC bank

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   ........................................................................................................
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6. E-Banking is subdivided into five broad types, retail, domestic wholesale, investment and trust. Which type are part of and which forms of E-Banking do you use.

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   ........................................................................................................
   ........................................................................................................
EMPLOYEE SATISFACTION

The scale ranges from 1 to 5 where (1) strongly agree, (2) agree (3) not sure (4) disagree (5) strongly agree

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<th>ITEM</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>1. Are satisfied with the number of ATMS at the branch</td>
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<td>2. E-Banking facilities are available to all customers</td>
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<td>3. The E-Banking facilities are easy to use</td>
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<td>4. E-Banking has improved the service delivery</td>
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<tr>
<td>4. E-Banking has improved the service delivery</td>
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7. E-banking is the future of banking. How does it improve customer satisfaction as compared to the traditional banking ways?

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Thank you for your contribution!
APPENDIX III

SECTION A

CUSTOMER PROFILE

1. GENDER

MALE ☐ FEMALE ☐

2. AGE

18-30 ☐ 31-40 ☐ 41-50 ☐ 51-60 ☐ <61 ☐

3. MARITAL STATUS

SINGLE ☐ MARRIED ☐

SECTION B

4. FREQUENCY OF USE OF ATM CARD

4-5 Times a week ☐ 2-3 Times a week ☐ Once a week ☐
4-5 Times a month ☐ 2-3 Times a month ☐ Once a month ☐

5. CUSTOMER SATISFACTION

The scale ranges from 1 to 5 where (1) strongly agree, (2) agree (3) not sure (4) disagree (5) strongly agree.

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<th>2</th>
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<tbody>
<tr>
<td>1. E-banking is an electronic connection between customer and bank</td>
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<td>2. ATM service delivery satisfies me</td>
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<td>3. ATM cards reduce time spent in the bank</td>
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<td>4. ATM cards are convenient</td>
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<td>5. E-wallet platform satisfies me</td>
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</tbody>
</table>
6. E-wallet is convenient

7. The adoption of paperless banking has enhanced service delivery

8. E-banking enables the following capabilities, electronic access to bank statements, ability to transfer funds, electronic bill payments

7. Internet connections are not stable, power cuts are on the rise. What challenges do you face when using E-Banking Facilities?

8. E-banking enhances the banking experience and service delivery. How would you rate the overall quality of e-banking service that you receive?

9. E-banking refers to the provision of various types of services through which customers can request information. Which of the services do you use and why.