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Electronic Banking Uptake in Zimbabwe

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Abstract: *Although Zimbabwe has few banks, the uptake of e-banking facilities is at a slow pace. The reasons behind this are not known. Only 13% of the Zimbabwean banking customers used e-banking products. To carry out this study, the researchers chose mixed research methodology. Open-ended and closed questionnaires were used to collect data .Data analysis showed that 43% of the customers had less than 5 years computer usage experience. The banks did not do enough customer training and advertising of their e-banking products. The banks had invested more on automatic teller machines and avoided 4G technologies as they lacked technical support, capacity and funds. Customer resistance to e-banking was due to lack of confidence as well as little knowledge on the system benefits.*
Keywords: *e-banking, e-banking products, system security, e-banking benefits, e-banking challenges.*

I. Background of the study

The banks serve individual clients, small to middle businesses, large corporate and institutions. The banks made tremendous investment in ICT and have invested in qualified and skilled ICT teams. This helped the banks to survive during the period of hyper inflation and liquidity crisis witnessed in Zimbabwe before dollarization in 2009.

The banks introduced a retail banking and e-banking division dedicated to providing and developing virtual products in line with state of the art banking technologies. These products include automated teller machines (ATMs), internet banking, point of sale (POS), master cards, debit cards and web based service. ICT developments in recent years had a profound impact on the operations of the banks. Some banks introduced various online shopping.

However there is a big number of customers in queues doing their banking business using the traditional paper and pen method and the number increases during month ends. Few customers are seen using the ATMs and at times the bank staff refers customers to use ATMs for withdrawals and other services which are offered by the use of ATMs.

The number of online customers is still very low compared to offline customers. According to the Reserve Bank of Zimbabwe (RBZ) economic review report dated November 2011, the total transcations made by customers offline transactions amounted to 12 billion as compared to online transactions that counted for 1.5 billion. This indicated a low uptake of ICT e-banking products in Zimbabwe.

II. Statement of the problem

The response to the introduction of e-banking seems to be low, indicating resistance to change. The reasons to this reaction are not known.

III. Research Methodology

The researchers chose to use quantitative methodology as the main method supported qualitative methodology because quantitative is applicable to a widely dispersed social setting. The researcher used open and closed questionnaires as the main technique. This study applied both formal and informal interviews. This was meant to develop and address probing questions from the interviewees.

IV. Literature Review

Many researchers have looked at benefits and challenges faced by e-banking customers.

Burke (2002) indicated that smaller financial institutions were less likely to fully adopt electronic banking due to their limited expertise, sensitivity to external market forces and overall lack of financial resources.

Employee attitudes, knowledge, qualifications and experience remained a pivotal factor in the success or failure of electronic banking technologies. Gonzalez (2004) added that poor employee performance has often contributed to delayed adoption of electronic banking.

Mahajan (2000) identified the lack of awareness, uncertainty about the benefits, lack of knowledge, customer reluctance, ignorance, negative attitudes limited human resources and skills, high set up costs, security concerns, legal and liability aspects and high cost of development as barriers to electronic banking.

In a survey of 400 customers conducted in Mauritius, Tandrayen (2011) observed that reluctance to change impeded the use of electronic banking, while perceived ease of use, security and privacy contributed a positive influence.

Kapurubandara (2009) said in developing countries poor adoption of electronic banking was often accelerated by lack of ICT infrastructure, lack of qualified staff to develop, preference to interact one on one and support, lack of skills among consumers, low card penetration, low disposable incomes, slow ICT penetration, lack of legal and regulatory frameworks inhibited development of e-commerce especially in developing countries.

In South Africa, Berndt et al (2010) revealed how providing banking facilities, especially electronic ones to the "unbanked" remained a challenge due to economic, demographic and geographical factors.

Leach et al (2007) indicated from results of a survey conducted in South Africa, how 42% of the population had never heard of cell phone banking , while another 28% percent did not know what it meant in practice. More often than not this lack of knowledge led to the gross under utilization of electronic banking technology.

Mensah (2012) saw the greatest obstacle to customers being the risk arising from fraud, cyber crime, processing errors, system disruptions and unforeseen events resulting in an institutions inability to deliver products or services.

Strategically, banks failed to adequately adapt to changes in the business environment, wherein Draft (1982) identified an institutions poor planning and choice of investment decisions, as a factor which increased an institutions strategic risk. As electronic banking was a fairly new aspect, implementation may have not been coherent and led to failure to recoup initial investment costs.

According to Christiansen (2001) electronic banking reduced administration costs, cycle times, streamlines business processes and improves relationships with both business partners and customers. Michael (2006) concurred and further explained how it increased opportunities with customers, suppliers and other business partners. Following a different perspective, Obra (2006) explained how e-commerce provided buyers with a wider range of choices than traditional commerce and how this variety was available 24 hours a day 7 days a week.

Choi and Winston (2000) looked at the benefits from a societal point of view and how everybody benefitted from the reduction in human traffic and pollution.

In the long term electronic banking enhanced market position and ultimately profitability according to Hughes (2002).

V. Discussion and Findings

Data analysis showed 43% the customers had below 5 years of computer experience. This is an indication that Zimbabwe was slowly adopting computers as part of their lives and this in the long run would have a positive impact towards e-banking adoption. Some of the challenges faced by customers were: lack of technical support, advertising, updated technology and experienced employees. This confirmed Mahajan (200) and Burke (2002) findings.

The results illustrated that there is need to aggressively advertise e-banking programmes. The results also revealed that the banks were not performing well in technical support of its e-banking products and the banks lacked experienced staff. This is supported by Gonzalez (2004) findings. Straub (1995) highlighted that development of e-banking products has been slow due to constraints such as infrastructure, financial constrains, lack of sufficient personnel and lack of policies. Data analysis showed that most banks adopted automated teller machines and mobile banking. Both digital wallets and intranet were adopted at slow pace.

The data analysis results illustrated that the banks had invested more in automated teller machines. Saylor and Michiel (2012) said various other digital wallets systems running on the same principle have been launched successfully to cater for unbanked and under banked. Some of the banks did not invest in other e-banking facilities like bar code scanners and 4G technologies, because of lack of technical support, capacity, political and economic environment.

The management also revealed that they are in the process of introducing new product towards e-banking that include biometric scanners and contactless cards, because they feel the pressure of the global village. Guermali (2005) alluded that this phenomenon is increasingly becoming a driving force of a global economy. Diebold biometric scanners help institutions address various business objectives, such as security risks, lower cost of ownership and appease customers.

Ninety percent of management strongly agreed that customers are mostly using ATMs to withdraw cash. Resistance of e-banking was on the average and 50% customers highlighted that e-banking was used for few and minor transactions only. Tandrayen (2011) and Mansah (2012) had similar findings.

The customers are responding well to the use of e-banking facilities in terms of cash withdrawals from ATMs and this was a result of convenience and 24 hour cash withdrawal facilities offered by ATMS. This was also explained by Obra (2006). The banks management indicated that there were still much resistance towards e-banking and it was caused by lack of confidence and high risk perceptions from the customers. Management also agreed that clients were only using e-banking facilities for few and minor transactions and this is also mostly associated with the little knowledge of its benefits. Customers feel it is too risky to move money electronically. Queues were still evident in banking halls.

More than 70% of the respondents revealed that they are happy with the benefits of e-banking that include, time saving, cost saving and access of banking needs any time of the day. Christiansen (2001) confirmed this. Most customers were not sure on the level of security towards hackers especially on international transactions. Another respondent even highlighted that:

What happens if you transfer a large amount of cash to wrong person through a typing error?

Mensah (2012) had similar findings.

VI. Recommendation

Banks should educate the customers on advantages of e-banking and clearly explain how perceived risks can be avoided.

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