

The Adoption and Use of Online Transactions in Retail Banking: The Case of Gwanda Town in Zimbabwe

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Abstract- Online transaction services have been in use in the banking environment for the past few decades. Their use is attracting more and more organisations due to the convenience that they offer to customers as well as the efficiency offered to banks. The adoption and use of online transactions in banks has been generally accepted in many parts of the world. However, there has been little information on the adoption and use of online transactions in Zimbabwe in general and in Gwanda in particular. The study thus sought to find out the adoption and use of online transactions in retail banks in Gwanda town in Zimbabwe. The adoption and use of online transactions was also explored in terms of gender and age differences. In this study, the online transactions examined were Internet Banking, Automated Teller Machines (ATM) and Mobile Banking. The study took an exploratory and mixed methods approach where interviews and questionnaires were used to collect data. The results revealed that although banks had adopted online transactions, the adoption and use by customers was still low. There were no gender based disparities with regards to the adoption of online transactions under study. However, the study found out that the younger generations adopted more online transactions than the older generation. The study recommended customers to adopt the online transactions adopted by banks. Banks were also urged to use age-based marketer persuasion tools in order to persuade both the younger and older generations to adopt online transactions.

Key words- Adoption and Use, Online Transaction platforms, Internet banking, Automated Teller Machines, Mobile banking.

I. INTRODUCTION

Since the introduction of the multi-currency system in 2009, the liquidity challenge has escalated to such an extent that ATMs are empty and some banks only allow customers to withdraw as little as \$20.00 a day (Confederation of Zimbabwean Industries Report, 2014). The shortage of cash has affected consumers who spend hours in bank queues, as well as local manufacturers who are unable to fulfil its most basic of functions. In that regard, the Reserve bank of Zimbabwe has called on banks and all sectors of the Zimbabwean economy to adopt online transactions to counter the liquidity crisis (Dhliwayo, 2014; Chisamba, 2010). Although online transacting does not solve the problem completely, it gives a relief to banks and customers in that, if a bill is paid electronically, the bank can source the cash later

and pay the service provider whilst the customer goes on with their life. Apart from alleviating the liquidity problem, online transacting is an inevitable global trend (Njanike, 2010). Hence banks in Gwanda have also been urged by the Reserve Bank of Zimbabwe to adopt online transactions (Dhliwayo, 2014). On the other hand, the Confederation of Zimbabwe Retailers has also encouraged business people in Gwanda and other towns surrounded by rural areas to embrace the use of plastic money to aid the ease of doing business (Muchetu, 2017).

Gwanda town is located 122km South East of Bulawayo, the second largest city in Zimbabwe and it is the commercial and industrial hub of Matabeleland South Province (Municipality of Gwanda, 2013). At the time of the study, there were nine retail banks in Gwanda. In this respect retail banks referred to those banks that delivered financial services to individuals, private households and small to medium enterprises (Goyal and Josh, 2011). The study only concentrated on the delivery of banking services to individuals and not companies.

Research on online transactions has been done extensively in developed countries (Pikkarainen, Pikkarainen, Karjaluoto and Pahlila, 2004). In Zimbabwe, there has been little information on online transactions acceptance (Dube, Njanike, Manomano and Chiriseri, 2011). In Gwanda, apart from Ndlovu and Ndlovu (2013) who studied the future of mobile banking in Gwanda rural areas, there has been next to zero research on online transactions in Gwanda town itself. Therefore this study sought to fill the information gap on online transaction adoption and use in Gwanda town.

II. LITERATURE REVIEW

Online banking helps customers to access account information and enables them to conduct transactions at any time with Internet connection (Hosein, 2009). In this study adoption refers to acceptance of an innovation (online transaction) as the best course of action available and taking the necessary steps to engage the service providers to enable one to access the services. However adoption does not always entail that the customer uses the innovation (Rogers, 1995). An online transaction, also known as online transaction

processing (OLTP) entails requesting and receiving money or data from a class of software programs capable of supporting transaction-oriented applications on the Internet. It is a password-protected payment method that requires a password to authorise transfer of funds and banking information between the customer and the bank (Al-ali and Abdulhadi, 2003).

In this study, Internet banking was seen as the use of the Internet to deliver to customers banking services through the bank's website (Chavan, 2013). It is a self serving technology where a customer registers with the bank for the service and the bank sets up a customer number and password for customer verification for the customer to access their account (Dixit and Datta, 2010). Thus, Internet Banking in this research was taken as a form of Personal Computer (PC) banking done through the bank's website without the intervention by bank personnel through one's PC. Automated Teller Machine can be defined as an electromechanical device that permits authorised users, typically using machine-readable plastic cards (which are magnetically encoded), to withdraw cash from their accounts and/or access other services, such as balance enquiries, transfer of funds or acceptance of deposits through the use of a PIN (Personal Identification Number) (Wang, Zhang, Sheu, Li and Guo, 2010). Mobile banking enables customers to access their bank accounts' information and use their money through their mobile cell phones via a mobile network (Rahmani, Tahvildari, Honarmand, Yousefi and Daghighi, 2012). Mobile banking is the provision and availability of banking and financial services with the help of mobile telecommunication devices (Dube, Chitura and Runyowa, 2009).

Opposed to online transactions is Branch banking. Branch banking is a retail location where a bank offers face-to-face banking services to customers (Carlson and Mitchener, 2006). With branch banking, each bank has one branch in different locations. Branch banking thus enables customers to stay with the same bank when they move from one location to another (Franklin and Douglas, 2003).

III. METHODS

The study took a mixed method approach where both quantitative and qualitative methods were employed. In this regard questionnaires were used to gather quantitative data and interviews were used to gather qualitative data. Closed-ended questions were used for the questionnaires and semi-structured interview guides were used for the interviews (Krathwohl, 1993). The research design used in this study was a case study. The case being the retail banks in Gwanda (Bailey, 1987).

Non-probability sampling was used to draw the 3 samples in the study. Convenience sampling was used to draw samples for the bank customer questionnaires and purposive or judgemental sampling was used to draw the samples for bank questionnaires and bank interviewees. The study population consisted of all banks in Gwanda whereas the

sample consisted of all retail banks that consented to the study. Thus the sample for bank questionnaires and interviewees was drawn from 6 banks. Data analysis included data reduction, data display/presentation, comparison, discussion and conclusion drawing. Data was presented through tables, bar and column graphs and pie charts. This included the use of the Statistical Package for Social Sciences (SPSS) for questionnaire responses (Miles and Hubberman, 1984). Close-ended and open-ended questionnaires were used to collect data from customers and bank employees. Semi-structured interviews were used to collect data from interviewees.

IV. RESULTS

Fifty questionnaires were distributed to bank customers and 33 were returned giving a return rate of 66%. Twenty-one questionnaires were distributed among the bank employees and 20 were returned giving a return rate of 95%. Six semi-structured interviews were conducted with 6 banks that agreed to participate in the study.

A. Background Information

Of the 33 customers who participated in the study, 52% were female and 48% were male. The majority of customers were in the 31-40 age group (40%) followed by those in the 41 -50 age group (33%), 21-30 age group (24%) and 51 – 61 age group (3%) respectively. With respect to educational qualifications, the majority of the customers held Bachelor's Degrees (46%), followed by Diploma holders (33%), Ordinary Level Certificate holders (9%), Masters Degrees holders (6%), Doctor of Philosophy holders (3%) and Advanced Level Certificate holders (3%). Of the 20 bank employees who responded to questionnaires, 60% were male and 40% were female. These comprised of bank managers (50%), Bank Operation Managers (10%), Information Technology managers (5%) and others (35%). Of the 6 interviewees who participated in the study, 67% were males and 33% were females. All interviewees were bank managers.

B. Adoption of Online Transactions

Interviewees were asked which online transactions their banks had adopted and all of them (100%) indicated that their banks had adopted Internet banking, followed by 83% who indicated that their banks had adopted Mobile banking and 67% whose banks had adopted the ATM. This gave a high average adoption rate of 83.3%.

Bank customers were also asked which online transactions they had adopted and the results are shown in Figure 1. The majority of the customers (61%) had adopted the ATM, followed by Internet banking (18%), Mobile banking (12%) and 9% were still using Branch banking. This gave an average adoption rate of 30% which was quite low.

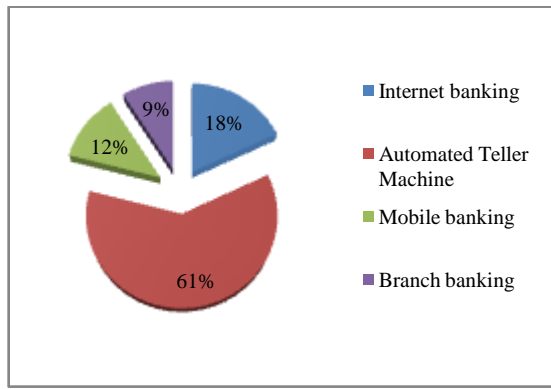


Figure 1. Adoption of online transactions by customers

A cross tabulation analysis was computed between the adopted online transactions by customers and their gender and the results are shown in Figure 2. The results indicated that an equal number of males and females had adopted Internet banking. On the other hand, more males had adopted Mobile banking than females and more females had adopted the ATM than males. On the whole, it was deduced that an equal number of males and females had adopted online transactions in banks in Gwanda.

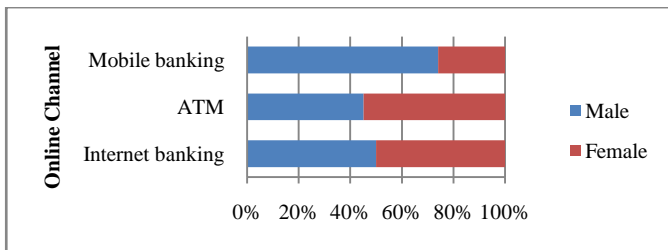


Figure 2. Adoption of online transaction by customers and gender

Another cross tabulation analysis was computed between the adopted online transactions by customers and their age and the results are shown in Figure 3. The results indicated that Internet banking had been adopted mostly by the younger generation (30 and below), followed by the 41 – 50 age group. Those between 31 – 40 and 41 – 50 years had mostly adopted the ATM whereas the 31 – 40 age group had mostly adopted Mobile banking. The older generation (51 and above) had adopted only the ATM. On the whole the younger generations had adopted more online transactions than the older generation.

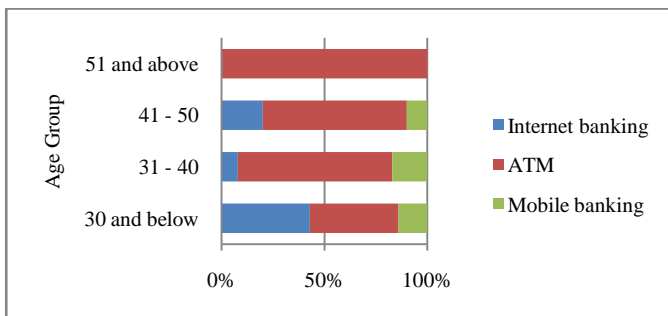


Figure 3. Adoption of online transaction by customers and Age

C. Use of Online Transactions by Customers

Bank interviewees were asked what percentage of their customers used the online transactions available to them and the results are shown in Figure 4. The results indicated that Mobile banking (58%) was mostly used by customers followed by ATM (30%) and then Internet Banking (12%). Thus the average use was low at 33%. This entailed that non use of online transactions was high at 67%.

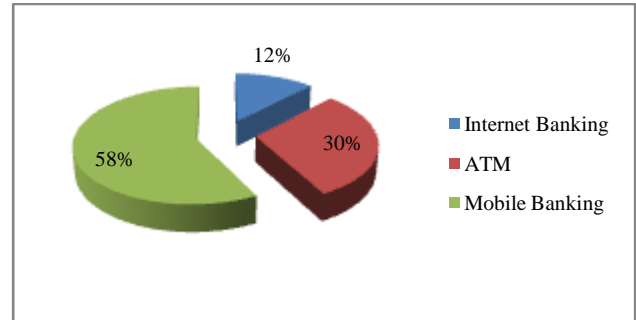


Figure 4: Use of online transactions by customers

Customers were also asked how often they used the online transactions that they had adopted and the results are shown in Figure 5. The ATM was the most frequently used channels at once a fortnight (75%), followed by Mobile banking (50%) which was used 1 – 3 times a week. On the other hand Internet banking was mostly never used by more than half of those who had adopted it (51%) and the remaining 49% never used Mobile banking (30%) and the ATM (19%).

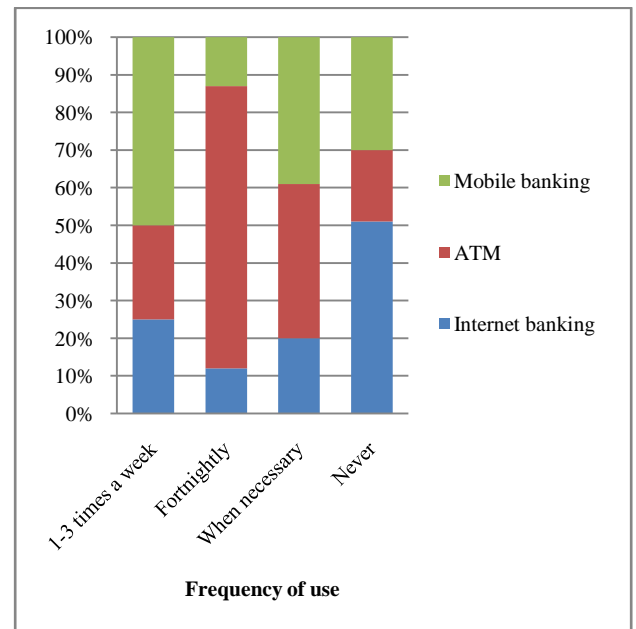


Figure 5: Frequency of use of online transactions by customers

D. Banking services frequently used by customers

Bank employees (questionnaire respondents) were asked which services customers from their banks used for Internet banking, the ATM and Mobile banking and the

results are shown in Table 1. The results indicated that customers most frequently used Internet banking for checking accounts balances (22%); viewing accounts statements (19%) and checking accounts history (17%). Cash withdrawal (42%), balance enquiry (33%) and mini statement requests (17%) were most frequently used by users of the ATM whereas debit and credit notifications (23%), balance Enquiry (22%) and airtime top-up (22%) were mostly used by mobile banking users. Apart from the ATM which was mostly used for withdrawing funds, the mostly used services were non-transactional for the 3 channels.

Table I. Frequently Used Services by Customers

Channel	Services frequently used by customers
Internet banking	Check accounts balances (22%), viewing accounts statements (19%), check accounts history (17%), funds transfer (16%), paying bills (13%), order check books (7%) and applying for funds (6%).
ATM Card	Cash withdrawal (42%), balance enquiry (33%), mini statement requests (17%), funds transfer (6%) and cash deposits (2%).
Mobile banking	Debit and credit notifications (23%), balance enquiry (22%), airtime top-up (22%), mini statement requests (16%), funds transfer (10%) and bill payments (7%).

V. DISCUSSIONS

With regard to the adoption of online transaction, the results showed that the adoption of online transactions by banks in Gwanda was quite high at 83.3%. However, the adoption of the online transactions by customers was low at 30%. The results are supported by Dube et al. (2011), Musekiwa, Njanike and Mukucha (2011) and Maswaure and Choga (2016) who ascertained that the adoption of online systems in Zimbabwe was still in its infancy. This low adoption can be accounted for by the liquidity preference where bank customers prefer to withhold their cash rather than transact using online transactions due to the need of the transactional need of money fuelled by the liquidity challenges experienced in the country as a whole (Sakarombe and Marabada, 2017; Chisamba, 2010).

With reference to gender differences in the adoption of online transactions, it was extrapolated that, on the whole, there was no difference between males and females. This is supported by Ernst and Young (2017) who concluded that gender differences the on adoption and use of online banking is often subtle. With regard to online banking and age, the results revealed that the younger generations adopted more online transactions than the older generation. This is supported by Costa (2008) and Peterson (2014) who ascertain that the younger generations (generation y and generation z) were generally more techno-savvy and therefore more willing to venture in new innovative modes of banking. On the other hand, the older generations (baby boomers and baby busters), were more sceptical about innovation and thus resist online

engagement due to their conservative nature and hence the reluctance to adopt a variety of online transactions.

Pertaining to the use of online transactions by customers, the results indicated that the use of online transactions was fairly low at 33.3%. The ATM was the most used platform whereas over half of the customers never used Internet banking. With reference to the frequency of use of online transactions, the results pointed out that the ATM was more frequently used than the other 2 channels. These results are supported by Maswaure and Choga (2016) whose study concluded that customers were mostly using ATMs to withdraw cash and that customers used online banking for few and minor, non-transactions services like checking account balances.

VI. CONCLUSIONS

The study concluded that although most banks had embraced online transaction, the extent of adoption by customers was still low. It was discovered that there was no difference between males and females with regards to the adoption of online transactions and that with respect to age, the younger generations used more online transactions than the older generation. With regards to the use of online transactions, the study concluded that the ATM was mostly used and with respect to the online services used, it was concluded that the use of online transactions was largely non-transactional.

It is hoped that the results of this study will go a long way on filling the information gap on online banking in Gwanda. The results also went a long way to give insight to a larger study on online banking in Zimbabwe. The study thus recommends customers to adopt online transactions in order to alleviate the liquidity challenges faced by the country as whole and retail banks in particular. Banks are also urged to use marketer persuasion tools in order to encourage customers to adopt and use online transactions. The study also advocates for banks to embark on age-based marketing strategies in persuading customers to adopt and use online banking. It is also hoped that the information derived from this study will be used as background information in further research in this field. In that regard, further research can be done on other aspects of online transaction in retail banks in Gwanda. Research on online transactions in other sectors other than retail banks can also be carried out.

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