



LIBRARY		
NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY		
P.O. BOX 346 BULAWAYO		
ZIMBABWE		
DATE	ACCESSION	CLASS. NO.
21/3	SC 131494	HG 1609 BH1

FACULTY OF COMMERCE

DEPARTMENT OF BANKING

**AN EVALUATION OF THE EFFECTIVENESS OF STRATEGIES USED BY COMMERCIAL BANKS IN ZIMBABWE TO FACILITATE DEPOSIT MOBILIZATION POST ADOPTION OF MULTI-CURRENCY REGIME (2009-2013).**

MAPASURE PAUL.T (N0113858Z)

SUPERVISOR: MR THOMAS BHIRI

*Dissertation submitted in partial fulfilment of the requirements of the Master of Science Degree in Banking and Financial services.*



## Abstract

The study investigated into the effectiveness of strategies that are used to mobilize deposits in the commercial banking sector in Zimbabwe from 2009 to 2013. The objectives of the study were to identify the challenges faced by commercial banks, assess the factors influencing deposits mobilization, determining the strategies implemented by commercial banks to mobilize deposits, identify the banking models used by commercial banks to mobilize deposits and examine the challenges encountered by commercial banks in mobilizing deposits. Theoretical and relevant empirical literature review on deposit mobilization was discussed from various authorities and sources which gave room for comparison on areas of convergence and divergence of various authorities in the subject. The research methodology used combined both the qualitative and quantitative research approaches in order to take advantage of the strengths of the two approaches, to obviate the weaknesses of a single approach and to increase reliability and validity of findings. A survey was carried out using single systematic and structured questionnaires administered to commercial banks' staff to gather pertinent relevant field data to the subject of deposit mobilization. A total of sixty five questionnaires were distributed among the staffs of the thirteen different commercial banks in Harare and Bulawayo, fifty two were responded to. The findings from the study showed that the factors influencing deposits at commercial banks were pricing techniques adopted, technology, competition, legal regulations and company objectives. The strategies implemented by commercial banks to mobilize deposits were customer relationship management strategies, promotional strategies, distribution strategies and pricing strategies. However, the following conclusions were made, that the strategies used by commercial banks in mobilizing deposits were not effective enough because they were not being fully utilized whilst banks also had no confidence in them. Banks has started to use non-traditional banking model and diversification banking models. The study concluded that banks had shifted from the traditional banking model to diversification models. However, banks were not yet fully utilizing the diversification banking models to their utmost benefit in mobilizing deposits. The study summed up that pricing methods, technology, legal regulations and company objectives are the main factors which influence deposit uptake by banks. Also most popular strategies for mobilizing deposits comprise of advertising and word of mouth. Major challenges faced by banks in mobilizing deposits were noted as competition from new entrants, economic difficulties, returns on different financial ~~returns~~ <sup>products</sup>, lack of customer confidence and chronic liquidity shortages. The study recommends that commercial banks should promote good corporate governance practices, reduce interest rates on loans, raise interest rates on deposits, enter into strategic alliances, upgrade their technology, recapitalization of the central bank, and conduct product targeting and strategic segmentation. An area of further study identified was to investigate into the effectiveness of technology used to mobilize deposits in the banking sector in Zimbabwe from 2009 to 2013.