National University of Science and Technology

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Faculty of Commerce

Department : Banking

Title: Branchless Banking as a Model for Enhancing Customer Retention: A Case for Commercial Banks in Zimbabwe from 2009-2013

Student Name : Patrick Toreva

Registration No : P0080386F

Supervisor's Name : Mr. Ian Ndlovu

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Abstract

This study analysed the impact of branchless banking as a model in enhancing customer retention in Zimbabwean Commercial banks. The focus was on how the four main e-banking facilities, namely; Automated teller machines, internet, mobile and electronic funds transfer on point of sale affect customer retention through mediating variables; customer satisfaction and loyalty. The extent to which bank customers are aware and utilize e-banking were investigated, together with causes and customer motives behind switching banks. The research further deduced the relationship that exists between e-banking services and customer retention. Non-probability sampling technique focussing on 68 bank customers and 32 bank employees of the 16 commercial banks was used to gather data. Data gathered was analysed using a statistical package, SPSS and the findings revealed that bank customers are satisfied with e-banking services. The major factors that influenced their satisfaction were usability, usefulness, self -control and costs saved. The Pearson correlation matrix between e-banking services and customer value constructs ranged between 0.817 and 0.998 indicated a significant positive relationship between e-banking services and customer satisfaction. The study findings further revealed a significant positive relationship between e-banking services and customer retention with a Pearson correlation matrix ranging from 0.817 to 0.995 at 5% level of significance. The study concluded that e-banking is growing in Zimbabwe especially mobile and internet though ATM use is still topping the group, possibly because it has been in the market for long compared to other facilities. Also, e-banking services if effectively and adequately channelled to bank customers a higher retention rate can be achieved by commercial banks, though other variables in the retention equation such as availability of loans and geographical presence should not be ignored. The researcher recommended that banks should form partnerships with communication network providers to increase access to e-banking technologies for both customers and banks to fully realize the benefits of branchless banking. To fully generalize the findings of the impact of e-banking on customer retention the researcher suggests a further study that captures also the rural banking population.

Key words: Branchless banking, Customer Value, Loyalty Value