



# National University of Science and Technology

Think in Other Terms



## PROJECT TITLE FORM

### TITLE OF THE PROJECT

*A study of hypercompetition and disruptive innovations caused by non-financial institutions and their impact on the performance of the banking sector in Zimbabwe*

Signature of Student.....

Date of Submission 01 July 2015

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### APPROVED TITLE OF THE PROJECT

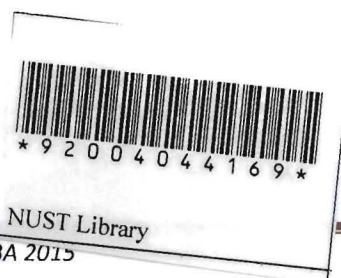
*A study of hypercompetition and disruptive innovations caused by non-financial institutions and their impact on the performance of the banking sector in Zimbabwe*

Signature of Student.....

Signature of Supervisor.....

Date of Approval: 27 July 2015

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## **ABSTRACT**

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This study was necessitated by a litany of banking sector failures due to, presumably, the strong competition and rapid series of innovations emerging from players in the adjacent industries. These players had presented formidable challenges such that bank business growth had remained elusive with liquidity shortages becoming a major constraining factor. Therefore, the study sought to explore the intensity of hypercompetition and disruption innovations from non-financial institutions and their impact on the performance of the banking sector. In conducting this study the researcher used a combination of qualitative and quantitative methodologies. Interviews and structured questionnaires were designed and administered on a sample of 150 respondents who were randomly selected from a population of 2000 respondents. The responding managers came from small and large retail banks, building societies, supermarkets and telecommunications companies. Clients from the banking and non-financial institutions were also interviewed. Data analysis was conducted using a Statistical Package for Social Scientists (SPSS). From the analysis, the key drivers of hypercompetition were identified to be efficiency innovation, technological advancement, the deteriorating macro-economic environment and poor customer satisfaction. The disruptive innovations behind hypercompetition were identified to be mobile financial services, peer-peer lending and retail-operated plastic money. These factors were seen to be negatively impacting on the overall bank performance. The major aspects of business performance that were affected included the loss of the low-end-market, followed by the reduction in bank staffing levels and churn-rates. The major conclusion derived from the analyses was that banks, like any other industry are not immune from innovation, and unless they become proactive, and be innovative, over and above utilising the chameleon ability to adapt to changes in the environment, they will risk plundering in losses, if not closure. The study recommends that banks need to embrace innovations as new sources of competitiveness instead of relying on deep-pockets and strongholds as sources of competitive advantages. Banks can achieve this by harnessing the potency of technology and whilst policymakers must create the necessary regulatory framework for monitoring the mobile money transfer systems in Zimbabwe, and the inherent risks associated with such technology.

**Keywords:** Customer metrics, disruptive innovations, financial metrics,

Hyper-competition, innovator's dilemma, resource-based view, sustainable competitive