Internet Banking and Client Attitudes Towards Adoption. 
A Zimbabwean Study 2008-2012

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Abstract
The primary objective of the study was to investigate internet banking benefits and client attitudes towards its adoption. The study adopted a descriptive survey design and convenience sampling was applied in collecting the study sample. Primary data was collected through questionnaires and interviews. The major findings of the research were that internet banking offered numerous benefits to clients, but despite these, clients had not fully adopted it due to negative attitude, inaccessibility of internet facilities, and perceived risk of online transactions. The major recommendations were that banks needed to improve their marketing of internet banking to remove negative client perceptions and internet service providers should increase their geographical reach and improve connectivity to improve internet accessibility.

1.0 Introduction
In a world which is becoming increasingly globalised through technological advancement, internet banking has revolutionised the concept of banking across the globe. Through internet banking, banks are now able to provide products and services online to clients who are hundreds of miles away. In Zimbabwe internet banking has also been introduced with the hope that its adoption will assist banks in providing efficient, convenient and cost effective service to clients. However, since its introduction, internet banking has not been fully embraced by bank clients as a platform on which they can carry out their transactions as only 11% of the total bankable population has opened internet banking accounts (Internet World Stats:2011). Over the years, studies on internet banking have mainly focused on its impact on traditional banking services. Not much attention has been paid towards the impact of client attitudes towards adoption of internet banking. Again, studies carried out on internet banking in the Zimbabwean context, have mainly focused on its adoption within small to medium enterprises (Chitura et al, 2008) and have mainly had a limited geographical reach as data for these studies has come generally from one city or town (Dube et al 2009). According to the Reserve Bank of Zimbabwe (RBZ, 2001) the Zimbabwean banking sector is significantly well developed technologically in comparison with other African banking systems, but internet banking is not being fully utilized by banks and their clients. For example 31 out of 100 people in Zimbabwe have access to mobile banking facilities whereas the average for Africa is 25 out of 100 people (AICD, 2011). On average, the RBZ states that Zimbabwean banks use 50% or less of their internet banking capacity. This low usage rate also has to do with the rate of adoption of internet banking by bank clients. In some instances banking halls are filled up with customers wanting to do simple transactions such as statement request, balance inquiry or cheque book ordering, transactions which can easily be done online. Despite the convenience it brings to clients, the rate of adoption of internet banking in Zimbabwe has been low. Therefore, the study seeks to determine the reasons behind low adoption of internet banking in Zimbabwe through an analysis of client attitudes towards it. The study adds to previous studies on internet banking by focusing on an area which has generally not had much focus placed on it. In addition, the study adds to literature which will assist in removing any misconceptions the public might have about internet banking.

1.1 Statement of the problem
Zimbabwe, like other developing countries is, in a supposedly unenviable position of having a great number of people outside the realm of traditional financial services. Although this is viewed by many as a challenge, from a bankers’ context, this presents an opportunity for exploring new avenues of bringing these people into the financial environment through technology-based banking products like internet banking. However, since its introduction in Zimbabwe, the rate of adoption of internet banking has been low. This trend is different from other developing countries like South Africa which have embraced internet banking. This low adoption continues to haunt the banking sector in Zimbabwe as banks are forced to hire employees to provide services which can be easily accessed online. In addition, bank clients are forced to endure winding queues, when they can transact online. These factors justify a study to determine bank clients perceptions on internet banking.
1.2 Research Objectives
The objectives of the study were as outlined below.

1.2.1 Primary Objective
The primary objective of this study was to determine the attitude of bank clients towards the adoption of internet banking.

1.2.2 Secondary Objectives
Secondary objectives of the research were:
1. To determine the relationship between demographic structures and internet banking adoption.
2. To determine the benefits that arise from internet banking.
3. To establish the level of accessibility of internet banking facilities in Zimbabwe.

1.2.3 Research Questions
1. What are the benefits of internet banking?
2. What is the relationship between demographic structures and internet banking?
3. How accessible are internet banking facilities in Zimbabwe?
4. What can be done to encourage adoption of internet banking in Zimbabwe?

2.0 Theoretical Framework
Studies have shown that internet banking offers value to bank clients. According to Sathye (1999) internet banking makes available to customers a full range of services including some services not offered at branches. Brogdon (1999) added that the greatest benefit of internet banking is that it is cheap or even free to customers. These two views bring out the value to bank clients. According to Sathye (1999) the need for secure transactions is critical to the success of not only online commerce. Hence, their study concluded that perceived credibility is one of the most important determining factors in internet banking adoption. These findings indicate that it is important for bank clients to be able to trust internet banking service providers as well as on the system are important. Wang et al (2003) also found that perceived risk, lack of trust and insecurity fears are not the only factors responsible for low internet banking adoption. Studies also showed that other factors are at play. Chircu and Kauffman (2000) stated that shortage of information technology infrastructures act as barriers for sustaining growth of online commerce. Hence, their study concluded that ebanking adoption depends on ICT's industry readiness. In addition to infrastructure readiness, studies showed that there is also need to improve accessibility of internet banking facilities for adoption to take place. Sathye (1999) noted that availability of access to computers / internet is a prerequisite for adoption of internet banking. He observed that the more widespread the access to computers / internet the greater the possibility of use of internet banking adoption. Daniel (1999) carried out a study in the United Kingdom which revealed that lack of customer access to suitable personal computers is the main reason for low usage of electronic banking. I
In the same view Ramsay and Smith (1999) found that accessibility is one of the main reasons for non-adoption of internet banking in poor Asian countries. The findings from these studies showed that it is important for clients to have access to internet for it to be adopted. Other studies also showed that despite clients having access to internet, they fail to adopt internet banking because of poor network connectivity. Hoffman and Novak (1996) and Jayawardhana and Foley (2000) in their study of Asian markets observed that speed of connectivity have a statistically significant positive effect on customer satisfaction and intention to adopt internet banking. This shows that bank clients have greater confidence in internet banking if internet connectivity is good. It has also been observed that the adoption of internet banking is related to demographic structures. Pikkarainen et al. (2008) observed that the more one is educated the more likely he/she is to adopt internet banking. Additionally they observed that the better the career or occupation, the higher the chances of adopting internet banking. The strength of this observation is that it is still possible to note the impact of literacy and career on internet banking adoption even in a developed and stable economy. Gronau and Hamermesh (2001) investigated differences in demand according to differences in the opportunity costs of various activities. They indicated that well educated individuals have better home productivity than less educated individuals because they can produce household goods with relatively smaller inputs and time. In addition, well educated individuals have relatively higher income and better jobs. Therefore, well educated individuals have greater value of time than less educated individuals. Consequently, well educated individuals respond more quickly than less educated individuals when internet banking is introduced. It is hypothesized that well educated individuals tend to adopt internet banking relatively more quickly than less educated individuals because the new technology, internet banking, guarantees reduction of the time needed for transactions. Karijaluoto et al. (2002) showed that occupation is a significant factor for adoption of internet banking. They divided occupation into two groups, white-collar workers and blue-collar workers. White-collar workers are more likely to adopt internet banking than blue-collar workers. In addition age has also been observed to be an important factor in internet banking adoption. Rojid, Seetanah and Padachi (2008) discovered that the younger generations are more likely to adopt internet banking than older generations. The results are consistent with that of Sohail and Shannumgham (2003) in their research on the same subject elsewhere in Latin America. In terms of gender, both researches concluded that men tend to use the internet more than women. Liu and Arnett (1999) also found that there is a difference between males and females in using various types of banking technology. Rojid, Seetanah and Padachi (2008) again in Mauritius, also observed that the more one’s income and other investments the more they are likely to try internet banking. Polatagu and Ekin (2001) added that the more annual household income is higher the chances of banking via the internet. He also found out that internet usage tends to be naturally more in urban centres than in rural areas. In Singapore, Lee and Lee’s (2001) study confirmed the argument that urban dwellers use more internet banking than those in the outskirts. The same study also showed that early adopters of internet banking tend to be more educated and wealthier, with good careers. However, Robinson (2000) appeared to go against most observations on demographic impact on internet banking. He observed that when it comes to people’s desire to use ATMs and online banking, it is not just the young, educated, and affluent who are interested. While conventional wisdom suggests that young, affluent, and highly educated people are more apt to try new technology, his study found that these groups use electronic banking more often only because banks market the technology to them more often ahead of other segments.

3.0 Methodology

3.1 Research Design

The study adopted a descriptive survey design. This design was adopted because it was the most appropriate design given the need to measure customer attitudes and beliefs in adoption of new banking technology. It also allowed the researchers to discover general ideas and insights to generate explanations to certain client behaviour in the adoption of internet banking.

3.2 Study Population

The study population was made up of all individual banking clients or account holders in a registered commercial bank which had been offering internet banking services over the past five years.

3.3 Sampling Technique

The research adopted the convenience sampling technique. It was adopted because the researcher had specific criteria in terms of what was needed, from the banks sampled, the customers targeted for questionnaires as well as bank officers targeted for interviews. Convenience sampling was also fast and less expensive to administer. For questionnaire respondents the target was account holders who had experienced the internet banking phenomena or had at least once registered for the facility. Bank officers for interviews were chosen on the basis that they were frontline or relationship officers who interacted daily with customers hence their ability to “expertly” provide information required for the study.

3.4 Data Collection

3.4.1 Primary Data

Primary data was collected through self administered questionnaires and interviews. A total of 136 questionnaires were issued to bank clients and bank employees. These were distributed at bank branches as it was more convenient to contact both clients and
employees at the bank. Interviews were restricted to two officers per selected bank. The purpose of the interviews was to get a better understanding of customers’ feelings and beliefs regarding internet banking benefits and adoption. This information from bank officers, who dealt directly with customers on a day to day basis enabled the researcher to interpret better some of the responses in the questionnaire.

3.4.2 Secondary Data
Secondary data was collected through the use of articles on the internet, newspaper articles, journals, and other texts that had information relevant to the study. Secondary data was used to fill data gaps that primary data could not fill.

3.5 Data Analysis
Qualitative and quantitative methods were used to analyse the data. Responses were converted to numerical values and presented in frequency form and percentages. These were shown in graphical, tabular and pie chart form in order to give a clear picture and to simplify the analysis.

4.0 Data Presentation and Analysis
This section presents and analyses the results of the study.

4.1 Role of demographics in internet banking adoption
Table 4.1: Distribution of Respondents by Employment Status

<table>
<thead>
<tr>
<th>Status</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>52</td>
<td>74</td>
</tr>
<tr>
<td>Not employed</td>
<td>18</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100.0</td>
</tr>
</tbody>
</table>

As indicated in Table 4.1 above, 74% of the respondents who had registered for internet banking were employed whilst 26% were unemployed. According to bank officers interviewed, most of those employed had free access to internet at their workplaces and this in turn gave the employed the ability to access internet banking facilities. This supported the view by Karijaluoto et al. (2002) that occupation is a significant factor for adoption of internet banking.

Table 4.2: Distribution of Respondents by Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>43</td>
<td>62</td>
</tr>
<tr>
<td>Female</td>
<td>27</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100.0</td>
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</table>

As shown on Table 4.2, 62% of the respondents who had at one point in time registered for internet banking were male whilst 38% were female. Three quarters (75%) of the bank officials interviewed were of the view that males tended to accept internet transactions more than their female counterparts especially the older clients. This probably was a result of most households being male dominated such that most banking transactions were carried out by the husbands rather than the wives. This finding is consistent with that of Sohail and Shanmugham (2003) who found out that men tended to make use of the internet more than women.

Table 4.3: Distribution of Respondents by Location

<table>
<thead>
<tr>
<th>Status</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town</td>
<td>54</td>
<td>77</td>
</tr>
<tr>
<td>Rural</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100.0</td>
</tr>
</tbody>
</table>

According to Table 4.3, 77% of the respondents who had at least registered for internet banking were from urban areas whilst 23% were from rural areas. This is probably a result of the fact that the rural folk did not have access to internet banking facilities and might also not be aware of the facility. This confirms the argument by Lee and Lee (2001) that urban dwellers used more internet banking than those in the outskirts.
banking. Convenience was the modal benefit at 29% followed by time saving benefit at 23%. Customers ranked accessibility and being cheap almost equally at 18.6% and 18% respectively. The benefit of full control was the least important at 11.4%. Bank officials noted that some customers, especially private banking ones sometimes did not mind charges. Similarly a professional with a busy daily schedule would value time saving ahead of cost savings. They could even rank 24 hour accessibility ahead of anything because they could do their transactions anytime. Some conservative characters may value full control of their financial transactions ahead of other benefits. Thus the benefits were too numerous for a group of individuals to agree on any order of importance. The order depended on one situation in terms of financial well being, attitudes, and work situation among other issues.

Figure 4.2: Distribution of Respondents by Level of Income

As shown in figure 4.2 above, 40% of the respondents who had an experience with internet banking earned less than $500 per month, 28% earned between $500 and $1000 whilst 32% earned more than $1000. According to bank employees interviewed high net worth clients usually not worried by differences between traditional and internet banking charges, but were mainly more worried about the quality of service offered by their bank. This finding goes against the view by Polatagu and Ekin (2011) that the more annual household income becomes the higher the chances of banking via the internet.

Table 4.4: Accessibility of internet facilities at work or home

<table>
<thead>
<tr>
<th>Status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>57</td>
<td>81%</td>
</tr>
<tr>
<td>No</td>
<td>13</td>
<td>19%</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100%</td>
</tr>
</tbody>
</table>

As shown in figure 4.2 above 81% respondents indicated that they had access to internet at home or work whilst 19% said they did not. The high figure for internet access might be a result of the fact that Mobile phone networks had enabled the unemployed to access the internet.

4.2 Benefits arising from internet banking (perspective of service providers and clients)

Figure 4.4 above shows what customers felt were the most important benefits arising from internet banking. Table 4.5 shows that 44% of the respondents indicated that network and internet connectivity was fairly reliable, 28% said it was very reliable whilst an equal percentage of the respondents were of the view that internet connectivity was not reliable. Bank officials interviewed were of the opinion that local ICT connectivity issues were worse compared with their sister companies in the region (South Africa, Botswana, Namibia and so on). They concurred that they sometimes even had problems with connectivity between their own branches. This finding shows that internet connectivity in the country was not yet reliable enough.

Table 4.5: Reliability of network and internet connectivity

<table>
<thead>
<tr>
<th>Status</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Reliable</td>
<td>20</td>
<td>28</td>
</tr>
<tr>
<td>Fairly Reliable</td>
<td>30</td>
<td>44</td>
</tr>
<tr>
<td>Not Reliable</td>
<td>20</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100.0</td>
</tr>
</tbody>
</table>
As shown in Figure 4.5 above, 44% of the respondents said internet facilities were fairly affordable to them whilst 33% said they were affordable and 23% said they were unaffordable. The responses were, however, not very conclusive. The varied responses could be that the issue was very subjective depending on one's resources. For example, some internet cafes charged a dollar for an hour, which might be expensive for the unemployed.

Figure 4.6: Client perceptions on security of internet banking transactions

Figure 4.6 shows that 40% of the respondents were comfortable with the security of internet banking transactions. 37% were fairly comfortable whilst 23% said they were uncomfortable with the security of online transactions. This shows that although most believed that internet banking transactions were secure, there still remained an element of doubt amongst internet banking users on the security of internet banking.

As per figure 4.7 above, 41% of customers were least comfortable with hacking of their accounts followed by 33% who feared virus threats as compared to other threats. Only 15% were concerned with online password protection. The responses, however, seemed to contradict bank officials who felt password protection was a more serious threat compared to hacking. According to the officials, hacking in developing countries like Zimbabwe was not yet common since local online transactions were too small, few and insignificant to be targeted by online hackers for now.

5.0 Conclusions
From the study, several conclusions were drawn.

5.1 Benefits arising from internet banking
The research concluded that internet banking had provided benefits to bank clients such as convenience, cheaper, time saving, full control, accessibility and safety. This conclusion was in line with the findings of Sathye (1999) who observed that internet banking made available a full range of services including some services not offered at the branches.

5.2 Level of accessibility of internet facilities and connectivity
The study concluded that there was poor network connectivity in Zimbabwe which was hindering access to internet banking. The findings showed that most respondents had access to internet, but were hindered by unreliable network availability. According to Hackett and Parmanto (2009) accessibility had an influence on adoption of internet banking, hence poor network accessibility might be hindering internet banking adoption in Zimbabwe.

5.3 Client perception on level of security of internet banking transactions
The study concluded that bank clients had mixed perceptions on the level of security of internet banking transactions. Some were concerned about the security risk while others were not. This showed that there still was a large number of clients who had doubts on the security of internet banking facilities. These doubts might stop clients from fully adopting internet banking as Kassim and Abdullah (2006) noted that trust was an important element in stimulating online banking operations.

5.4 Overall Conclusion
The research concluded that internet banking had brought benefits to bank clients, but it had not been fully adopted because of mixed perceptions on the security of online transactions and poor internet accessibility. Some of the bank clients had a negative attitude towards internet banking while others were failing to adopt internet banking because of inability to access internet due to poor connectivity.
6.0 Recommendations

The study proposed a number of recommendations as given below:

6.1 Recommendations to banking institutions and bank regulatory authorities

Banks should educate clients on new products and improve their marketing of internet banking in order to strengthen client beliefs in the new products and to remove any negative perceptions that the clients might have. There is also need for banks to ensure that their internet banking networks are accessible all the time and operating effectively. It is thus important for banks to work closely with internet service providers as these are the ones who will determine whether bank clients will have access to internet or not. The study also recommends that the Reserve Bank of Zimbabwe embark on a campaign to promote internet banking. The public rely on the central bank on guidance about soundness of the banking sector and in its regular updates and monetary policy pronouncements the RBZ can help market the product to the public by assuring the public that the current regulatory framework on internet transactions fully cover the interests of the banking public.

6.2 Recommendations to Government and ICT Regulatory Authorities

Government and ICT regulatory authorities should develop a keen interest in improving the ICT sector to promote e-commerce. There is need to allow several participants in the telecoms industry as this will improve efficiency and service delivery. Government should also consider tax waivers on internet transactions to encourage adoption.

6.3 Suggestion for Further Study

The study suggests further study on the extent to which internet banking has reduced financial exclusion in rural Zimbabwe. This will assist in determining whether internet banking is a much better method of reducing financial exclusion as compared to other methods.

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