THE DEVELOPMENT OF MOBILE MONEY OPERATORS: IMPLICATIONS FOR ZANACO MOBILE BANKING CUSTOMERS IN LUSAKA

By

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DECLARATION

I, **Gloria Banda** do hereby declare that this research project is my original work achieved through personal reading and research. This work has never been submitted to the University of Zambia or any other universities. All sources of data and literature on related works done by others, used in the production of this dissertation have been dully acknowledged. If any omissions have been made, it is not by choice but by error.

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APPROVAL

This dissertation by **Gloria Banda** approved as a fulfilment of the requirements for the award of the Degree of Master of Business Administration in Management of Strategy.

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ABSTRACT

The growth of Mobile Money Operators (MMOs) as providers of financial services has affected the way bank customers conduct their transactions in Zambia. The study appraised the development of MMOs in Zambia on the population of Zanaco customers accessing mobile financial services. It addressed customer satisfaction and the factors that influence customers to opt for MMOs for conducting financial transactions even in the presence of the traditional banking sector with similar services available. The theory applied to this study is the rational choice theory. The philosophical underpinnings approaches were ontology, epistemology, phenomenology and axiology. The mixed method adopted was that with the descriptive research design. A random sample of 120 Zanaco customers picked, with some informants from Zanaco, MTN, Airtel and Zamtel selected purposively. Data collection used questionnaires with the Zanaco retail customers and structured interviews with the informants. Data was analysed using descriptive statistics and regression with p-value 0.05. To analyse customer satisfaction, a SERVQUAL analysis model was used. The Study found that customers' overall expectations were higher than the actual experience (perceptions) with both the MMOs and Zanaco. It was evident that there were aspects when the Banks provided a better service as in terms of customer service, professionalism and infrastructure. The theory of rationality was a valid measure for determining an individual's preferences among available alternatives, the aggregate of customer choice between the Bank and the MMO were based on their individual needs and financial transacting objectives. As long as the financial services offered provided benefits, the customers adopted them. The study recommends for Zanaco and the financial institutions regulators to develop strategies that would contain the competition from the MMOs and provide products for customer satisfaction.

In close, customers used either MMOs or the Bank out of choice and as such, variables used in the study had very little or no influence on customers opting for MMOs' services.

Keywords: Bank, Financial Institution, Financial Services, Mobile banking, Mobile Financial Services, Mobile Money Operators, Mass customer

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DEDICATION

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APENDICES

ACRONYMS AND ABBREVIATIONS

AHP	Analytical Hierarchy Process
ATM	Automatic Teller Machine
BOZ	Bank of Zambia
CEO	Chief Executive Officer
CICO	cash-in, cash-out
DDAC	Direct Debit and Credits
FI	Financial Institutions
FINTECH	Financial Technology
FISP	Farmers Input Support Program
FNB	First National Bank
FSD	Financial Sector Deepening
GSMA	Global System for Mobile Association
ITU	International Telecommunications Union
KYC	Know Your Customer
MNO	Mobile Money Operators
MMO	Mobile Network Operators
MNP	Mobile Network Providers
MTN	Mobile Telecommunications Network
NRC	National Registration Card
NRC	National Registration Card
OTB	over the booth
P2P	Peer-to-Peer
PIN	Personal Identification Number (PIN)

ROSCA	Rotating Credit and Savings Cooperatives
SACCO	Savings and Credit Cooperative
SERVQUAL	Service and Quality
SME	Small Medium Enterprenuers
SMS	Short Messages Service
SPSS	Statistical Package for Social Sciences
UBA	United Bank of Africa
UNCDF	United Nations Capital Development Fund
USA	United States of America
ZAMTEL	Zambia Telecommunication
ZANACO	Zambia National Commercial Bank
ZRA	Zambia Revenue Authority

CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.1. Introduction

This chapter endeavoured to introduce the study and its background. Very critical to the reader and researcher the chapter will outline the main and specific objectives, justification and the scope of it in the broader sense and the significance of this research, in so doing the this section was the foundation of this paper.

Mobile Network Operators are the major players in the provision of telecommunication services. In the recent past these MMOs have financial intermediaries in most economies that provide a bundle of different services. Mobile banking through the telecommunications companies' platform have become a common phenomenon worldwide. Mobile phones have not only changed the way people communicate, but have also become important tools for financial services and have been recognized as tools for financial inclusivity. Mobile Network Operators (MNOs) traditionally designed to provide wireless voice and data communication. However, with the advent of the smart phone and mobile banking, MMOs are now also providing financial services which were previously the preserve of banks. Most Developing countries were in the process of developing their banking sectors and enhance financial inclusion when MMOs emerged and started providing financial services which has since upset the balance of the sector in such a gigantic way.

1.2. Background

Mobile banking through the telecommunications companies' platform have since become a common phenomenon- Thinguri, Onjoro and Kiprop (2014), acknowledges that Africa is the global leader in mobile transactions, which has become an important component of Africa's financial services landscape. Mobile Money Operators (MMOs) have dominated mobile money services in Africa for the past decade. In Africa today, there are 100 million active mobile money accounts (used by one in ten African adults). This far exceeds customer adoption in South Asia, the second-biggest region for mobile money in terms of market share, with 40 million active mobile money accounts .Mobile financial services provide services from payments and current accounts, to savings, loans, investments, and insurance. Mobile money, which enables customers to send, receive,

and store money using their mobile phone, is a subset of MFS that is provided mainly by telecommunication companies. In recent years, between 2013 and 2016, the number of active mobile money users has grown by more than 30 percent annually. Furthermore, margins on payments in Africa remain among the highest in the world, at approximately two percent of the transaction value. The most successful MMO-led mobile money launches (M-Pesa and MTN Money), who have from five to ten more times as many clients as bank-centric approaches (for example, FNB and Equitel)

Empirical evidence suggests that there has been a rapid adoption of mobile banking services through MMOs, a phenomenon which has received significant attention in recent years. Demirguc-Kunt, Singer and Van Oudheusden, (2015) indicates that many people in poorer countries use their mobile phones for financial transactions, accounting for twelve (12) percent of the population in Sub-Saharan Africa, much higher than the global average of two (2) percent of adults with a mobile money account. Nyati, (2016a).

In Zambia the liberalization of the telecommunications sector in the 1990s saw the emergence of private companies into the sector. While the sector began with the introduction of cellular services for calls and texting, innovations in technology led to the use of mobile phones with the internet and for banking services. Subscribers are now afforded use of their phones to conduct bank transactions through the telecommunications platform. It is apparent that MMOs do not only provide subscriber connectivity services but now financial services becoming a major component of services offered to most subscribers (Hasungule, 2015).

While the Zambian banking sector is bound for growth, MMOs have taken a significant share of customers into their financial services portfolio. Mushiti, (2015) notes that while banks can rely on regulations to defend their deposit-taking capabilities, over the past decade MMOs have built scale and momentum in mobile payments on the three pillars of near ubiquitous distribution networks, vast numbers of customers/strong market concentration, and a superior client experience. The introduction of mobile money platforms by MMOs has resulted in more people opening accounts with the service providers and accessing financial services with ease because the only requirement for opening an account with Airtel Mobile Money, Zamtel Money or MTN Money is just a National Registration Card (NRC) as opposed to the numerous requirements by commercial banks. Further, MMOs in Zambia provide domestic person-to-person

transactions, cash-in and cash-out transactions, airtime top-ups, bill payments, bulk payments, international remittances and digital loans, thus making them popular. According to the UNCDF, (2017), of the total active accounts in 2016, MMOs accounted for 62 percent from 60 percent recorded in 2015 while commercial banks accounted for only 34 percent, which was a decrease from the 39 percent recorded in 2014. In terms of transaction volumes, commercial banks accounted 44 percent of the total 41.5 million transactions compared to 32 percent share by MMOs.

There is an increasing number of people accessing the MMO platform, taking up a large chunk of customers with transactions growing on a monthly basis. According to Nyati, (2016b) the month-on-month growth has been at 20%. For example, Airtel has more than 10,000 booths with more than 2,200,000 subscribers using Airtel Money. The assertion is that this has threatened the Banking sector but enhanced financial inclusion, which stands at 59%. The Central Bank has since implored commercial banks to be innovative in order to remain relevant in the industry. Both banks and MMOs have taken advantage of the innovations in technology and have benefitted from the use of mobile phones through mobile operators to improve customer transitioning. These institutions work in collaboration to make financial services more accessible to the public. The concern is that MMOs have tapped into the huge customer base within a short period than banks could achieve in decades. In this system, the MMOs supply the mobile infrastructure, client base and agents' network, and banks supply the interoperable infrastructure for the money flow of between two or more parties, hence providing a physical custody of this electronic money Alhassan T.F and Koaudio A.J (2019). Recent financial innovations have accelerated electronic and mobile payment systems, and causing a growing trend of cashless transactions in various countries.

1.3. Statement of the Problem

The growth in MMOs providing financial services cannot be overlooked. While banks traditionally existed to provide financial services, it is apparent that in Zambia MMOs have since become critical players in conducting cash receipting and payment among its subscribers. In Zambia, banks were the fore players in the financial sector for many years, but within a few years of the emergence of MMOs the landscape has been transformed, with the MMOs usurping the position traditionally held by the Banks and commanding

dominance in terms of customer numbers. There are customers who still conduct transactions through the Banking system but an increasing number are opting for MMOs.

This trend has had an impact on Zanaco bank's mass customers with Xapit features and transaction base that could translate to decreased customer base and bank income. The enduring question was to find out the factors that influence customers to opt for MMOs for conducting financial transactions even in the presence of the traditional banking sector with all the many services available.

1.4. General Objective

Research objectives, are meant to guide the researcher in order to achieve the goals of the study. According to Blaikie, (2010) a research objective is a clear, concise and concrete declarative statement, which describes how the study addresses the variables. There is the main objective and several specific objectives.

The main objective of the study was to assess the implication of Zanaco mass customers using mobile financial services offered by MTN, Airtel and Zamtel for conducting financial transactions as opposed to retaining the use of the Bank for similar services and products offered by the Bank.

1.5. Specific Objectives

i. To describe the type of MMO services most preferred by Zanaco mass customers.

ii. To establish the factors that influence Zanaco mobile service customers to use financial services provided by MMOs

iii. To establish customer satisfaction with the quality of services provided by MMOs in comparison with their banks providing similar services

1.6. General Research Question

Following the Research Objectives, are a set of research questions. According to Duignan, (2016) a research question is the objective of a study or a problem to be solved through research. Below is outlined the main research question and the specific research questions.

The Main research question being; what was the implication of Zanaco mass customers opting for mobile financial services offered by MTN, Airtel and Zamtel Zamtel when

conducting financial transactions as opposed to retaining the use of the Bank for similar services and products which are also offered by the Bank.

1.7. Specific Questions

i. What types of MMO services were most preferred by Zanaco customers?

ii. What factors influenced Zanaco mobile customers to use financial services provided by MMOs?

iii. How satisfied are Zanaco customers with the quality of services provided by MMOs in comparison with their banks providing similar services?

1.8. Justification of the Study

Conducting this study proved significant to various stakeholders. Key stakeholders included the government, the Banks and the Public. To government and the Central Bank (Bank of Zambia), the study provided additional empirically determined information that may be used in determining appropriate policy and regulation strategies for commercial banks and MMOs in Zambia. The study was significant to commercial banks as it brought out factors that compare the customers' choice of financial services between banks and MMOs. This greatly influence strategies in terms of competing with MMOs in the provision of financial services and customer retention. The study also informs potential investors in the financial sector in their choice between commercial banking and MMOs. The study provided information to MMOs regarding customers' perceptions with financial services provided alongside commercial banks. This may inspire new innovations in the sector. The consumers also receive awareness regarding what factors to consider when choosing a financial service provider between a commercial bank and an MMO. The study immensely add to the emerging body of knowledge regarding the provision of financial services by MMOs and banks with a bearing on mobile banking.

1.9. Scope of the Study

This research focused on a specific sector of the financial service provision and thus the results do not represent the entire range of the financial sector. This study focussed on one commercial bank in Zambia, Zanaco and the mobile money providers: Airtel, MTN and Zanaco within Lusaka District. The study focussed on those products and services of Zanaco which are similar in characteristic to those provided by MMOs. Thus, Zanaco Mass account holders with Xapit on their accounts and Zanaco branch management were

included and Zanaco mass customers with both Zanaco mobile features and MMO accounts were also included. The study sought to establish the factors that make Zanaco customers to adopt mobile financial services offered by MTN, Airtel and Zamtel. The study conducted was a case study, not overlooking that the factors of the study affect other branches and banks within the country. The study was conducted within a period of nine months effective February 2019.

1.10. Limitations of the Study

There are particular constraints that limited the study. The challenge of accessing customers of Zanaco who also have an account with an MMO was more prominent due to the sensitivity of financial information, respondents withheld information that would have been be useful to the study. The researcher also encountered challenges in administering the research instruments due to the different times at which the respondents were willing to respond to the research instrument.

1.11. Organisation of the Study

The research lay out was in such a systemic way, first chapter being the introduction and background, followed by the Literature review, which provided us literature by other scholars or writers that have done similar studies in the field of financial services. Theoretical and Conceptual framework were included in the Literature review, which tried to make research findings meaningful, acceptable and give life to the research. The chapter after the Literature Review is Research Methodology that includes the research design, sampling techniques, data collection instruments and data analysis further, which results in the chapter containing the presentation and discussions of findings and subsequently the conclusion and recommendations drawn.

1.12. Chapter Summary

The study in this chapter gave a background to the Mobile Money Operators and its evolution. In relation to the study, a statement of the problem indicatively why this study was undertaken. The scope defined in the paper referred to Zanaco bank and MMOs providing financial services to the mass market at Zanaco. Conducting the study had its limitations of which the researcher highlighted and ensure that the reader has a wider understanding of challenges faced during the undertaking. The chapter further drew the Main aim and specific questions, which were mirrored from the research objectives, and leveraged the researcher to test it in its analysis stage.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter presents literature based on what scholars and other studies conducted. The study presentation of Literature was in a funnel model meaning that literature presented globally, regionally and locally on the subject of mobile banking and in relation to services provided by MMOs. This chapter further outlines the theoretical and conceptual frameworks adopted for the study. According to Imenda (2014), the theoretical and conceptual frameworks expounds the path of a research and grounds around which it is founded. The overall aim of the two frameworks is to make research findings more meaningful, acceptable to the theoretical constructs in the field of research and ensures generalizability and in so doing they assist in stimulating research while ensuring the extension of knowledge by providing both direction and impetus to the research inquiry. Furthermore, they also enhance the empiricism and rigor of a research. Thus, both the Theoretical and Conceptual frameworks were included to provide direction to a research.

2.2. Consumption of Financial Services by Consumers

Deregulation of financial markets and the transition of banking services from state control to open competition, has created a highly competitive market where financial institutions are competing intensively not only for new customers but to retain existing ones as well (Alicia Giro´ n and Eugenia Correa), 2002. Similarly, the rapid growth of information technology and the wide use of the internet have changed the market conditions, since consumers are informed on a wide range of different channels, easily, without the need of physical presence. To respond in this dramatically changing business environment financial service marketers need to understand and analyse the factors that influence consumer's behaviour in financial services. The growth of the financial sector and advancements in technology have since given birth to mobile and internet banking. Present-day provision of financial services have extended beyond the Bank hall and traditional banking institutions to Mobile Network Providers (MNP) in the telecommunications sector (Wynter. 2016).

2.3. Mobile Financial Services through the Banks and Telecommunications Companies

A tremendous transformation is taking place in the financial services sector that requires banks and telecommunications companies to use Mobile Financial Services (MFS) in

order to engage customers that are embedded in mobile and social ecosystems. On one side, banks contribute an existing financial network, infrastructure, and strong brand recognition, while contending with regulatory compliance and on the other hand Telecommunication operators, deliver wide distribution networks, mobile network infrastructure, and an expansive customer base (Johnson, 2016).

MFS is a very complex business environment with several players teaming up to provide these services. Major stakeholders are banks and telecom who are performing key roles as content creators and providers along with their core strengths. At times, telecom operators also attempt to serve as financial institutions by granting credit for micro payments as an extension of their basic service portfolio (Batchelor, 2014). According to Walter, (2018) the MFS ecosystem comprises a variety of participants whose collaboration is necessary for the success of mobile payments and associated commerce here is massive growth potential for MFS across the developing and developed world, facilitated by the near global penetration of mobile handsets. While these platforms take different forms depending on the market, there exists future opportunities for mobile money operators in the cross-border remittance space that encompass a number of companies exposed to the MFS trend. People who may not have a bank account, but do have a mobile phone and desire to be part of the financial world, are able to send money to each other, and use credit. Smartphones in this value chain are changing the way people are buying and accessing financial services .Walter, (2018)

Walter, (2018) acknowledges that MFS are evolving, diversifying from money transfer and P2P (Peer-to-Peer) use cases to more sophisticated micro-banking and payment services. From a single mobile wallet, users gain the ability to virtually store and access their financial assets, such as salary, social benefits payments, credit and debit cards, and coupons, and can make payments and money transfers. In many emerging markets, the non-banking population comprises over 70%, while mobile phones are nearly ubiquitous, with penetration frequently reaching 100% mark. Operators are able to capitalize on this opportunity by offering basic mobile wallets, accessible from feature phones via SMS, which allow users to carry out money transfers, check balances and pay bills without needing to visit a bank branch. Instead, a more convenient system of agents is being used, as developing markets tend to have low bank branch penetration, due to the high costs associated with these operations.

According to Johnson, (2016) a cold war has wedged between the telecom operators and commercial banks over the Mobile Financial Services sector that has become a popular and profitable business for consumers and service providers. Many commercial banks, who now have their own MFS offering, have been trying to prevent the entry of telecom giants, who are desperately trying to tap into a new market that promises great revenue growth. Moreover, although several mobile operators have been pushing the regulatory agencies to allow them to have their own MFS, the Banks have been opposed to this.

As a strategy, Alafeef, (2012) postulate that service providers can partner with both these giants wherewithal understanding of the parties' respective roles and expectations, and at the same time monetize on their individual strengths. The merger of telecoms and banks in Mobile Financial Services will lead to increased growth in the financial, retail and communications sectors. In this epic scenario, MMOs and banks are not destined to be competitors. Each must learn how to collaborate and cooperate with each other to unlock the true potential of Mobile Financial Services.

2.4. The Role of MMOs in Expanding Access to Finance

Since their emergence, Mobile service providers have played a big role in expanding access to finance. According to Karrar, (2015) the initial concern and enduring argument had been whether companies that operate the mobile network needed to actually provide financial services or whether others should offer financial services, with the mobile operator merely providing the underlying wireless connectivity. Banks tend to view mobile banking as a way to enhance service to existing customers, while mobile money operators focus more on addressing the mass market and the unbanked instead.

To compete in Africa's diverse mobile money markets, banks must offer distinctive mobile and digital services not only in payments and deposits, but across the spectrum of financial services. According to Chironga, Grandis and Zouaoui, (2017) Africa is the global leader in mobile money, which has become an important component of Africa's financial services landscape. MMOs have dominated mobile money services in Africa for the past decade. More recently, Fintechs have established a solid footing in the market, and a number of banks are beginning to compete aggressively for the mobile banking customer. While some banks have chosen to "go it alone," others are forming partnerships in the hope of reaching the wider massive market faster.

Africa's mobile money market has expanded and diversified in recent years. Providers today fall into one of five different archetypes, defined according to which segments of the mobile money value chain they cover. The segments are outlined below according to Chironga, Grandis, and Zouaoui, (2017).

2.4.1. The MNO-dominant

In this archetype, the MNO is responsible for most steps of the value chain, including the virtual telco network and the physical agent network and payments issuing and processing; a bank is the deposit holder. Beyond M-Pesa (26 million registered users in Kenya, approximately 73 percent are active), there are several other providers that have been highly successful in this category in Africa, including MTN Mobile Money, with 41 million registered customers (approximately 38 percent active) across 15 countries; Orange Money, with 16 million registered customers across 14 countries; and Tigo Money, with 8 million registered customers across 5 African countries (Chironga, Grandis and Zouaoui, 2017).

2.4.2. The MNO-led partnerships

In this model, a banking partner supports the MNO in providing products beyond payments such as small consumer loans and deposits. The leading example is M-Shwari in Kenya, a partnership between Safaricom (Kenya's leading telco, with a customer market share of nearly 70 percent) and CBA (a mid-sized bank in Kenya). This partnership reached 10 million customers within 18 months of launch, in part because it managed to cross-sell to users of Safaricom's M-Pesa (Chironga, Grandis and Zouaoui, 2017).

2.4.3. The Bank-led partnerships with MNOs

The best example of this model is Equitel, a partnership between Equity Bank and Airtel with over two million customers in Kenya. This service allows customers to send money from their accounts to any bank account in Kenya, take out loans, and maintain deposits. Equitel also offers services beyond banking, including airline ticket purchases and information on consumer-interest topics (for example, healthcare, education). In this case, the Bank provides access to its agent network, as well as payments issuing and processing capability (Chironga, Grandis and Zouaoui, 2017).

2.4.4. The Bank models

This includes banking apps for smartphones and text-based money transfer services using basic handsets. These services typically require the sender to be a customer of the Bank providing the service, while the recipient does not need to be a bank customer. FNB's banking app is an example, with approximately two million active customers in South Africa (Chironga, Grandis and Zouaoui, 2017).

2.4.5. Fintech solutions

A successful example is Paga, in Nigeria, which has grown its customer base 81 percent annually, expanding from one million registered customers in 2013 to more than six million today. Paga, which processed $500 million in payments in 2016, is now a fully-fledged payments company allowing customers to send money via their phones and pay for online purchases on merchant websites (Chironga, Grandis and Zouaoui, 2017).

2.5. Growth of Competition between Banks and MMOs

Even as banks and fintechs have entered the market, MMOs continue to dominate the landscape in terms of customer numbers. According to Chironga, Grandis and Zouaoui, (2016) the most successful MMO-led mobile money launches (M-Pesa and MTN Money) have from five to ten times as many clients as bank-centric approaches (for example, FNB and Equitel). While in many markets banks can rely on regulations to defend their deposit-taking capabilities, over the past decade MMOs have built scale and momentum in mobile payments on three pillars: (1) near ubiquitous distribution networks, (2) vast numbers of customers/strong market concentration, and 3) a superior client experience. Of these considerable strengths, distribution is the MMOs' main advantage. Thirty-seven African markets have 10 times more registered agents than bank branches. In Kenya, for example, Safaricom has more than 130,000 agents where customers can cash in or cash out. By contrast, leading banks in Kenya, where agency banking has been highly successful, have approximately 15,000 agents Chironga, Grandis and Zouaoui, 2016).

Second, mobile companies have vast numbers of customers. For example, MTN, the largest telco in Africa, has 171 million customers, whereas leading pan-African banks (for example, Ecobank, Standard Bank, Barclays Africa) typically have between 11 million and 15 million customers. There are two primary drivers of telcos' vastly superior client numbers. First, mobile phone penetration across Africa is on average 80 percent,

twice the rate of banking penetration. In addition, telco is a much more concentrated industry than banking. The top five telcos in Africa have 60 percent of all telco customers in Africa, versus 22 percent for the top five banks in Africa (Chironga, Grandis and Zouaoui, 2016).

While demand for mobile money is evident across the whole of Africa, the availability of service is uneven from one market to the next. National markets fall into one of three categories based on the maturity of MFS. East Africa and Ghana, where penetration exceeds 1,000 mobile money accounts per 1,000 adults, are "mature" markets. (Some consumers hold more than one MFS account in order to circumvent limitations on interoperability, and some dormant accounts are included.) In "maturing" markets, MFS penetration is between 100 and 1,000 mobile money accounts per 1,000 adults, and growing rapidly. Among the "sleeping giants" (for example, Nigeria and Morocco), mobile money penetration remains below 100 accounts per 1,000 adults (Sanghani, 2016).

In "mature" markets, the regulatory framework has allowed a number of MMOs to compete with relatively small banks in a fragmented financial services market. For example, Safaricom had nearly 80 percent customer market share in Kenya when launching M-Pesa, while the Banking systems in both Kenya and Tanzania remain fragmented, with approximately 40 banks each and less than 15 percent customer market share for Kenya's largest bank. In "maturing" markets, mobile money is gaining traction. These markets tend to have regulations allowing for MMO-led partnerships and prohibiting or discouraging agent exclusivity (as in Malawi). MMOs in these markets have also invested heavily for sustained periods before building scale. For example, Orange launched Orange Money in Cote d'Ivoire in 2008, but only saw real uptake in the number of active users in 2012 (Chironga, Grandis and Zouaoui, 2017).

2.6. Banks conducting business in collaboration with MMOs

While banks are doing a reasonable job of defending their share of banking revenues, the battle for the mobile financial services customer is on. To strengthen their position in MFS, banks should weigh their options and devise a plan that fits with their multichannel strategy for delivering consumer and commercial services. Banks can choose one of five approaches outlined below according to Chironga, Grandis and Zouaoui, (2017).

2.6.1. Go it alone

Banks in a number of emerging markets are building strong momentum in digital financial services (including MFS). For example, banks in India achieve 25 percent of core product sales through digital channels, and banks in Turkey achieve 18 percent. A leading Indian bank captured 30 percent of sales through digital channels, which sets a high bar for banks in Africa. Garanti Bank's iGaranti—a mobile-based set of financial services centered on an engaging app—is the type of initiative that can propel banks in this direction (Chironga, Grandis and Zouaoui, (2017).

2.6.2. Build a digital bank

A digital bank is defined as a bank that predominantly uses mobile devices and the internet to offer banking services and has relatively limited branch distribution. Examples of digital banks have emerged around the world, including in China, Eastern Europe, Turkey, and Africa. For example, Air bank captured four percent of transactional market share within three years of opening in the Czech Republic. mBank in Poland has four million clients. Digital banks can have cost/income ratios that are 10 to 30 percent lower than that of their peer banks in a given market. Since digital banks tend to have compelling client value propositions centered on simplicity and price transparency, this is an attractive option for banks looking to counter mobile money disruption (Chironga, Grandis and Zouaoui, 2017).

2.6.3. Partner with a Fintech

Fintechs in Africa have launched a number of mobile-first solutions that are building momentum. For example, BIMA offers mobile-based insurance services in four African countries and has approximately two million active clients. Paga's mobile payments offering has six million registered clients in Nigeria. Jumo is using telco data to underwrite credit for clients across Africa (Chironga, Grandis and Zouaoui, 2017).

2.6.4. Partner with a non-telco

In China, a number of ecosystems provide mobile financial services to hundreds of millions of customers. For example, Alipay has more than 800 million registered accounts for merchants using the Alibaba e-commerce platform. Alibaba is now a significant provider of SME financing in China thanks to the data on merchant transactions available on the platform. As another example, WeBank, an offshoot of Tencent's WeChat, is using customer data on social media activity and contacts to help

underwrite credit. Standard Bank has partnered with WeChat in South Africa to launch WeChat Wallet, enabling WeChat South Africa's five million users to send and receive money and make payments (Chironga, Grandis and Zouaoui, 2017).

2.6.5. Partner with a telco

This has been a common path in Africa, including, as noted above, Equity Bank's partnership with Airtel and Standard Bank's partnership with MTN (Chironga, Grandis and Zouaoui, 2017).

Each of the five options is a viable path for a bank. The choice depends on a variety of factors, including the Bank's starting position (for example, can the Bank's current systems be retooled or must they be replaced?), the available partnership options, and the Bank's record of accomplishment in partnerships. The one path that is not viable is "business as usual." While financial services have until recently been the preserve of banks and insurance companies, MMOs and fintechs are giving banks a run for their money in Africa, particularly in the retail and SME segments. MMO-led innovations have enhanced financial inclusion in Africa, and now it is time for banks to develop their own distinctive mobile and digital services with an eye to protecting their leading role not only in payments and deposits, but across the full spectrum of financial services as well (Chironga, Grandis and Zouaoui, 2017).

It is obvious that there is a big market potential for mobile banking, especially due to the high mobile phone penetration rate. The motivation for providing these services is quite different for these providers. Banks see mobile banking as an additional channel to secure and broaden their customer base. But, mobile network operators see mobile banking as an instrument to increase customer loyalty and increase income by using an existent infrastructure, which has high fixed (sunked) costs. Both providers have in common that they want to increase their customer base with the consequence that both will become competitors on the mobile banking market. However, they will enter the market under quite different circumstances (ITU, 2014).

Banks are specialised as financial intermediaries with detailed knowledge about the financial sector, but need technological assistance in order to introduce mobile banking. On the other hand, mobile network operators do have technological know-how for mobile banking, but do not have detailed knowledge about financial products. Therefore, the

entry of mobile network operators into the financial markets represents a lateral diversification strategy for them, which is one of the most risky and costly ventures for any company. This step requires knowledge about financial products (regulation, infrastructure, customer behaviour etc.) and a strategy to gain customers (Beshouri & Gravråk, (2010).

Nevertheless, there is one major synergy at this lateral diversification strategy for mobile network operators: they know their existing customers very well, and their customers know them, which is a major advantage in the financial sector, because the problem of asymmetric information could be avoided. Mobile network operators with a well-known brand will have a competitive advantage over other potential mobile banking providers, because customers will have a higher degree of trust towards them. This is confirmed by empirical research, for example, M-PESA is organised by a subsidiary of Vodafone, so Vodafone as an international brand generates trust to its customers. Research in Poland also showed that well-known global brands such as MasterCard and Visa received best scores with regard to psychological criteria, such as trust. The same was valid for established brands of mobile network operators, but mobile payment services provided by less known companies have received much lower points (Chmielarz, 2010).

Theoretically, adoption of mobile banking would not require investments in branches or ATM infrastructure. It is emphasised that mobile banking is provided at an automated process, without branches and many bank employees. Therefore, mobile banking is one of the cheapest banking channel, but this is usually not the case. Users need customer support (not only via internet or via telephone), advice, cash etc. The range of services is culture and country dependent. Customers care that costs have to be taken into considerations before making a decision to go into the mobile banking market. Customers also want to pay with their mobile account, by not only transferring their deposits on mobile phone or contactless payments, but also using a debit or credit card where infrastructure is not available. Therefore, MMOs have to offer ATMs, call centres, branches and mobile banking. This has consequences on the cost-structure of the financial services offered by the mobile network operator (ITU, 2014).

According to a joint study by Syniverse, M-com and Fiserv, (2009) mobile banking has the lowest per-transaction costs by banking channel. Therefore, it could be assumed that financial institutions, which offer mobile banking, have the lowest channel transaction

costs. However, this is not a realistic picture. It is not only important that mobile banking causes the lowest cost, but the frequency of using a certain banking channel by customers has also to be considered. If customers also often use e.g. ATMs and call centres, costs will increase substantially. Another point is that mobile transactions will not entirely substitute traditional banking channels, but will add to the overall frequency of using a certain channel. Thus, it is not only important that mobile transactions are less expensive than other channels, but mobile transactions have to substitute other banking channels, so total costs can be minimised (Shevlin, 2014).

Mago, M. (2014) outlines several significant advantages of MMOs as follows:

i. They have established multi-layer distribution networks, with many thousands of retailers selling airtime and providing extensive urban and rural coverage.

ii. The MMO business model is based on usage (those high volumes of small value transactions), and, therefore, more aligned to the willingness and ability of the poor masses to pay in small sums; unlike the traditional bankers' business model that is based on float.

iii. Mobile pre-paid platforms that manage high volumes of low-value electronic recharge are very synergistic with the needs of digital financial services. These platforms also allow the ability to offer highly customised and relevant products (supplemented with capabilities for fine segmentation and analysis of usage trends).

iv. MMOs have high levels of brand awareness amongst poor and rural customers that can be leveraged for cross-selling financial services. MMOs also invest regularly and extensively in marketing and promotions to create channel and consumer awareness.

v. Telecommunications is a well-regulated service industry, similar to banking. Thus, mobile retailers acquiring new subscribers are well equipped to handle the regulatory and compliance requirements of Payments Banks, as well as KYC norms and service activation processes.

vi. Telecommunications is also an investment-intensive and long gestation business. Thus, mobile operators have the capability to source funds, and make large investments with long-time horizons for returns.

vii. MMOs work through extensive partnerships, aggregating third-party products seamlessly into their offerings – essential for the success of digital financial services.

viii. Because of the severe competition, price wars, and commoditisation of voice and basic services, MMOs are highly motivated to offer stable, diversified value-added services that promise substantial upsides in terms of reduced churn, decreased airtime distribution costs, and increased revenue.

These factors together with MMOs' natural advantages as first movers in this market put them in a perfect position to create the market for mass-market digital financial services.

2.7. Financial services and implication on the Customers under the Global Perspective

In this section of the Chapter, various studies across the globe have shown the need for expanding the financial Markets. These include studies conducted at the global level. This has been supported by Athanassopopoulos (2000), and Manrai and Manrai (2007). They observed that efficiency of service that includes overall service, speed of transaction, personnel response time, friendliness and shorter waiting time, plays crucial role in banking marketing. Other influencing factors such as certain tangible components peculiar to the physical environment , symbols, corporate identity and interaction between staff and customers of the Bank goes a long way in portraying the service quality of banks (Morley, 2004).

A number of studies show different study findings under the worldwide perspective as highlighted in the subsequent sub section.

2.7.1. America

Shevlin and Graeber (2001) explored that in the United State of America (USA), the various factors that influence a customer's choice of a particular bank in Texas, USA. They pointed out that ATM (Automatic Teller Machine) was the primary reason for a customer choice for a bank. Branch visits and referral from friends and relatives are most prevalent sources of influence.

2.7.2. Asia

Phuong and Har (2000) under took a study of bank selection decisions in Singapore using the Analytical Hierarchy Process (AHP) through a study of banking preferences of college students. The findings indicated that the most important criteria affecting undergraduates' bank selection decisions are higher interest rate for saving, convenient location and overall quality of service. They are followed by the availability of self-bank facilities, charges on services provided by banks, low interest rate on loans, long operating hours, availability of students privileges and recommendations by friends and parents specifically. The respondents considered overall quality of service more than twice as important as recommendations by parents/friends.

In India, Kamakodi and Khan (2008) surveyed and obtained responses from 292 banks customers on the factors that influence the Bank selection decisions. The top 10 parameters based on importance are found as Safety of Funds, secured ATMs, ATMs availability, reputation, personal attention, pleasing manners, confidentiality, Nearness to work, timely service and friendly staff willing to work.

A study in Pakistan by Rehman and Ahmed (2008), analyzed the major determinants of a bank selection by a customer in the Banking industry of Pakistan. It is based on a survey of 358 customers of private, privatized and nationalized banks located in the city of Lahore (Pakistan). The findings of the study reveal that the most important variables influencing customer choice are customer services, convenience, online banking facilities and overall bank environment'.

2.7.3. Europe

Studies conducted in the United Kingdom, Devlina and Gerrard, (2005) analyzed the customer choice criteria in retail banking market in the UK on the potential variations in the importance of various choice criteria, which were classified as either intrinsic or extrinsic, with respect to customer financial knowledge. Intrinsic attributes were defined as those specific to a particular service rather than generalized attributes across services like price and service specific features. Extrinsic attributes were those factors that are not specific to a particular service and can be generalized across offerings like service quality factors, corporate brand and relationship factors. It was found that lower knowledgeable groups were particularly influenced by extrinsic criteria of location of

the branch and recommendations that they receive. Although such extrinsic factors seemed to influence higher financial knowledgeable groups also, higher knowledgeable groups were found more likely to take account of intrinsic attributes such as service features, rate of return and low fees in their choice.

2.7.4. Australia

Colgate and Hedge (2001) studied the process of defection in Australia and New Zealand through a mail survey. The study indicated three main problem areas, which influenced customers to switch banks, namely service failures, pricing problems and denied services. This finding is important in our context of study because, a client may switch to another bank because his present banker may not provide a service, which the customer thinks most important. They further added that customers tend to complain more often about services failure prior to exiting a bank and customers may be staying silent about the problems that are most important in their decision to exit the Bank.

2.8. Financial Services and its implication on Customers- Africa Perspective

The remarkable growth in financial services has not spared Africa as a continent, with significant increases in demand for the financial services as well as offering employment to the locals. This has created an entirely new market for affordable, accessible and sustainable financial services. The empirical proof from selected countries to assist align the study with the current events.

2.8.1. West Africa

Narteh & Owusu-Frimpong (2011) study on Ghanaian students showed that image, attitude and behavioural aspects of staff and service quality were critical to open an account. These findings were also corroborated by outputs from Zimbabwe that noted the importance of usefulness, ease of use, relative advantage and risk which are embodied in the TAM (Chitungo & Munongo, 2013).

Maiyaki (2011) in his survey in Nigeria obtained information about the factors determining the selection and preference of financial services providers by retail customers. He found that size of bank total asset, has the greatest influence on customer choice of banks, followed by availability of large branch network across the country, then reputation of the Bank, personal security of the customer, and the convenient access to bank location. On the other hand, recommendations of friends/relatives attractiveness of

bank's physical structure, opportunity of telephone banking, availability of assorted retail bank services and reasonable terms of credit/loans repayment were the factors that have the least influence on customer choice of banks.

2.8.2. East Africa

In East Africa, the major factors regarding financial services and the awareness thereof were emphasized in a few designated countries to assist understand the trends in this region**.**

In Rwanda, Mutandwa, (2015) conducted a study to examine the factors that influence consumers' choice of a rural bank in Gicumbi district of Rwanda. Structured questionnaires were used to collect data, which was analysed using a binary probity regression model and non-parametric procedures. The results indicated that most consumers were aware of Popular Bank of Rwanda (PBR) and Umurenge SACCO through radio advertisements, social networks and community meetings. Accessibility, interest rates and quality of services largely influenced the choice of a given financial intermediary. Moreover, the decision to open a rural bank account was significantly influenced by education and farm size. These results indicate the need for financial managers to consider these findings for successful marketing campaigns.

Studies in Kenya by Batchelor, (2014) showed that mobile money here and now extends far beyond Safaricom's initial M-Pesa offering, which enabled consumers and small businesses—many of which had little or no access to a bank—to send and receive money quickly and securely across great distances. Today, mobile financial services have expanded to include a broad array of financial services, including credit, insurance, and cross-border remittances, and M-Pesa now accounts for less than a quarter of MFS users in Africa. Despite the near saturation of certain markets, there is still ample room for growth in mobile financial services in Africa. In recent years (2013–16), the number of active mobile money users has grown by more than 30 percent annually. Furthermore, margins on payments in Africa remain among the highest in the world, at approximately two percent of the transaction value. Annual revenues can approach $29 per annum per active registered user.

Msangi, (2015) conducted a study in Tanzania which presents the most important factors influencing customers in respect of selecting a financial service provider by customers in

Tanga City Council in Tanga Tanzania. In particular, it pointed out those criteria, which have become significantly important in motivating the choice among various financial service providers including banks, micro institutions and mobile network providers. The study found that consumer choice of a financial service provider is very highly affected by economic factors i.e.

i. The amount of income of an individual largely determined the amount he/she had ability to save in a financial service provider.

ii. Age and lifecycle stage, role and status and social class also had a bearing on consumer choices of a financial service provider.

iii. Easy account opening procedures, operating balance of an account and the ATM efficiency/technology also affected the consumer choice of a financial service provider and finally

iv. Culture, sub culture, and group has played an insignificant role in consumer choice of a financial service provider with marginal effect.

v. Personality, lifestyle and family also had very low effect on consumer choice of a financial service provider.

2.9. Regional Perspectives

In the Southern region, empirical evidence on financial services have been collected and our attention on South Africa and Sub-Sahara regions.

2.9.1. Southern Africa

Tustin (2010) asserts that enhancing financial knowledge on products and services among the poor may be important in enhancing their ultimate choice of banking intermediary in South Africa. Tobbin (2012) explored the possibility of adopting mobile banking in rural Ghana and showed that perceived usefulness, ease of use and trust were essential factors underlying consumers' decisions. The advent of communication technologies have helped to reduce transactions costs associated with banking activities (Nam & Ellinger, 2008). To this end, a number of emerging mobile financial tools have been developed including the M-Pesa in Kenya, MTN mobile Money in South Africa

and privately operated mobile money transfers in Rwanda (Porteous, 2006) which was an important realisation.

The South African market environment is distinctly different from that in countries where mobile money has been successful in that it has high financial inclusion, an established and effective financial sector and competition for money transfer and payment services. Additionally, no MMO has market dominance to the extent that Safaricom had in Kenya at the time of the M-PESA launch. FMT, (2017)

Studies conducted in Sab-Sahara by Karrar, (2015) submit that Mobile financial services (MFS) span the full spectrum of financial services, from payments and current accounts, to savings, loans, investments, and insurance. Mobile money, which enables customers to send, receive, and store money using their mobile phone, is a subset of MFS that is provided mainly by telco companies. The underlying funds are typically held by a bank in a dedicated stored value account or a linked current account. Just over half of the 282 mobile money services operating worldwide are located in Sub-Saharan Africa. In Africa today, there are 100 million active mobile money accounts (used by one in ten African adults). This far exceeds customer adoption in South Asia, the second-biggest region for mobile money in terms of market share, with 40 million active mobile money accounts (used by 2.6 percent of adults).

2.10. Local Perspective- Growth of MMOs in Zambia

According to Nyati, (2017) before the advent of MMOs providing financial services, money transaction in Zambia was mainly a preserve for people that held bank accounts while those that did not relied on those with bank accounts to receive money on their behalf. But the introduction of mobile money platforms by mobile network operators (MMOs) has resulted in more people opening accounts with the service providers and accessing financial services with ease because scant requirements as opposed to the handful paper work required by the traditional banking system. To open an account with Airtel Mobile Money, MTN Money or Zamtel Money the only necessary requirement is ones' National Registration Card (NRC) as opposed to the numerous requirements by commercial banks. Like conventional banking, MMOs are providing domestic person-to-person transactions, cash-in and cash-out transactions, airtime top-ups, bill payments, bulk payments, international remittances and digital loans, thus making them popular.

According to the 2017 report on the state of the digital financial services market published by the United Nations Capital Development Fund (UNCDF), of the total active accounts in 2017, MMOs accounted 62 percent from 60 percent recorded the previous year, while commercial banks accounted for only 34 percent, which was a decrease from the 39 percent recorded the previous year. In terms of transaction volumes, commercial banks accounted 44 percent of the total 41.5 million transactions compared to 32 percent share by MMOs. Despite commercial banks recording the larger chunk, it is clear that MMOs are up to the challenge and are projected to grow as evidenced by the increasing numbers of people accessing the platform (Nyati, 2017).

The mobile money platforms have continued to record steady growth with transactions growing on a monthly basis. In terms of transactions, Airtel is on average posting over 20 percent growth monthly. Airtel has exceeded the 20 percent month-on-month growth, indicating that the product is growing and been accepted on the market. The company, which has rolled out 10,000 booths, creating about 10,000 jobs is upbeat of the future of mobile money platforms. About 40 percent of the total 5.5 million subscribers are on the Airtel Money platform with plans to grow the base further," he noted.

Commercial banks in the country are in close collaboration with MMOs and Fintechs and creating platforms, which enable the interoperability and movement of funds from each other's platforms – this is all working towards expanding financial inclusion levels in the country. Tapping into the huge customer base currently using mobile payment transactions will facilitate and revolutionise the uptake of digital financial services in the country. With most banks partnering with MMOs and deploying mobile payment solutions on their platforms and enabling customers to pay bills, service and transfer funds using their mobile phones, it is envisioned that both players will continue being partners in development as opposed to being competitors.

In a cross national study of students bank selection criteria in developed and developing countries, Blankson, Omar, and Cheng (2009) identified four key factors - convenience, competence, recommendation by parents, and free banking and/or no bank charges - to be consistent across the two economies. The recommendation of the study is that in the context of an open and liberalized market environment, retail bank marketing strategies should be standardised irrespective of the national development stage. It concludes that

retail bank managers particularly in developing countries should learn to provide consistent and good customer care.

Generally, choice of financial services is a function of service quality, gender, education, risk, convenience, deposit rates, security, computer skills and image (Berndt, Saunders, & Petzer, 2010). Research in the third world (including Ghana, Malaysia, South Africa, Indonesia, Kenya, Rwanda, Philippines) is still grappling with the issues related to whether the low income consumers could possibly accept to have bank accounts of their own and associated mobile technology (Saunders, Lewis & Thornhill, 2009). For instance, Coetzee, (2009)'s analysis of the urban poor in Johannesburg revealed that bank image, reputation and quality of services were important determinants of having a bank account while deposit rates were not essential in this decision

2.11. Emerging Issues

There are issues that arose during the study in the process of identifying, and studying issues that have been of influence or currently important and might be important in the future. Previous research suggested that an individual banking services provider choice is largely influenced by products, delivery channels and customer relations. Although consumer financial services provider choice process continues to be a research problem of considerable academic and applied interest, a very limited number of conjoint studies have focused on this subject.

2.11.1. Service Quality and Customer Satisfaction with Banking Services

Customer satisfaction is an important factor in the provision of financial services to the public and aligned to the quality of services provided and whether they meet the customers' expectations. In Malaysia, Munusamy, (2010) conducted a study on service quality delivery and its impact on customer satisfaction in the Banking sector. They found that assurances, tangibles, understanding and responsiveness are the most important factors that generate customers, satisfaction and these factors have a positive relationship with customer satisfaction; Convenience, Cost, Employee Influence, Financial Benefits, Financial Institution's Image, Promotion Strategy, Quality of Service and Reputation.

2.12. Gaps Identified in the Literature Review

The reviewed literature indicated that there have been studies both in the developed and developing countries on choice of financial services. One of the main challenges in terms

of studies is that, there have been more studies in the developing countries than in the developed ones regarding MMOs. Whilst Africa is the leading consumer of MMO services, very limited studies are being conducted, mainly in West and East Africa and with comparative studies to be conducted amongst the Banks and MMOs in Zambia. The literature indicates that there are more reports in the region than empirical research.

From the studies reviewed, the following were some gaps identified from the issues that emerged:

Table 2. 1. Emerging Issues and Gaps in the Literature

	Emerging Issues	**Gaps**
1.	Customer satisfaction studied in terms of accessing full range of financial services.	Target was not an all-inclusive approach of customers
2.	Utilisation levels of MMOs studied widely in East Africa	Comparison with banks providing mobile money not addressed, especially in Zambia
3.	Current literature on banks providing mobile banking services	This is an emerging trend with a dearth in literature and research
4.	Customer satisfaction continues to be studied in the financial sector as new methods of financial services emerge	Most studies in mobile money and banks online and mobile banking are very recent
5.	Most studies on MMOs have been in developing countries while developed countries concentrate on formal banking systems	MMOs have not been studied alongside traditional banks providing mobile money services
6.	There are mobile banking services emerging among traditional banking institutions pioneered by MMOs.	Previous studies have not compared the provision of comparable MMOs services by banks
7.	Studies have established the major factors that influence customers' choice of financial services and providers	Studies have not studied how customers' choice is undertaken when choosing between MMOs and banks in mobile money transactions
8.	Customer satisfaction has been widely studied across the Banking sector	Studies have not established customer satisfaction with mobile money services provided by banks when compared with MMOs

2.13. Theoretical Framework

This study was aligned to theory and according to Abend,(2008), theories are formulated to explain, predict, and understand phenomena and, in many instances, to challenge and extend existing knowledge within the limits of critical bounding assumptions. According to Swanson, (2013) the theoretical framework is the structure that can hold or support a theory of a research study whilst the theoretical framework introduces and describes the theory that explains why the research problem under study exists.

The theory applied to this study was the rational choice theory. According to Donald and Shapiro, (2013) the rational choice theory states that individuals rely on rational calculations to achieve outcomes that are in line with their personal objectives. These decisions provide people with the greatest benefit or satisfaction — given the choices available — and equally are in their highest self-interest. Most mainstream academic assumptions and theories have been built around the rational choice theory. The Rational choice theory assumes that all people try to actively maximize their advantage in any situation and therefore consistently try to minimize their losses. In other words, the notion that since rational calculus dictated human behaviour, therefore rationality would be the driving force when making choices whose outcome were predicated on maximizing the individual's pleasure or profit. Rational choice theory also stipulates that all complex social phenomena are driven by individual human actions, therefore, an economist by studying the rational decisions of the individual, is better poised to understand the behaviour of society as a whole.

According to Grüne-Yanoff, (2012) the individuals faced the problem of choice among services provided by the intermediaries. The approach of the rational choice theory is based on the fundamental principle that the choices made by the individual are the best choice to help him/her to achieve their objectives in the light of all the uncontrollable factors. The utility function is used by the rational choice theory as a mathematical function that assigns a numerical value to each of the possible alternatives the individual making the decision faces. The demand for financial services is a function of the service characteristics, the attributes of the provider of the service, and the decision-making unit.

This theory has also been heavily criticized on the basis that the assumptions made under the rational choice theory fail to take account of the fact that the success of the outcome of a decision is also influenced by the conditions that are not within the control of the individual making the decision. Despite this criticism, the theory has demonstrated a good basis in explaining how individual economic decisions were influenced by their attributes. In this regard, this theory is important in explaining access to financial services as the attributes of the individual heavily influence both the demand and supply dimensions of access to financial services (Donald and Shapiro, 2013).

Rational choice theory assumes; that an individual has preferences among the available choice alternatives that allow them to state which option they prefer. These preferences

are supposed to be complete (the person can always say which of two alternatives they consider preferable or that neither is preferred to the other) and transitive (if option A is preferred over option B and option B is preferred ove,r option C, then A is preferred over C). The rational agent also assumed to take account of available information, probabilities of events, and potential costs and benefits in determining preferences, and to act consistently in choosing the self-determined best choice of action (Grüne-Yanoff, 2012).

Rationality is widely used as an assumption of the behaviour of individuals in microeconomic models and analyses, and appears in almost all economics textbook treatment of human decision-making processes and equally applied in political science, sociology, and philosophy (Lawrence & Easley, 2008).

The interest of this paper was to apply the theory and to examine how individuals made rational decisions when choosing to obtain financial services either through the Bank or the MMO. Assumedly, People were most likely to consider the returns on alternative financial service provisions. It is rational to do this using all the historical data that are available. However, it appears that in many cases, people rely on their own much more limited and specific experiences to form their beliefs. Variables for the choice of financial services were developed because of this theory; taking into consideration that individual choice of financial services was informed by the associated factors of convenience, cost, employee influence, image of financial institution, promotions, service quality and reputation.

2.14. Conceptual Framework

A conceptual framework is a structure which the researcher believes can best explain the natural progression of the phenomenon to be studied (Camp, 2001). It is linked with the concepts, empirical research and important theories used in promoting and systemizing the knowledge espoused by the researcher. It is the researcher's explanation of how the research problem would be explored. The conceptual framework presents an integrated way of looking at a problem under study (Camp, 2001).

The conceptual framework adopted for the study is of independent and dependent variables as conceived for customers' choice of financial services. This was illustrated in figure 2.1.

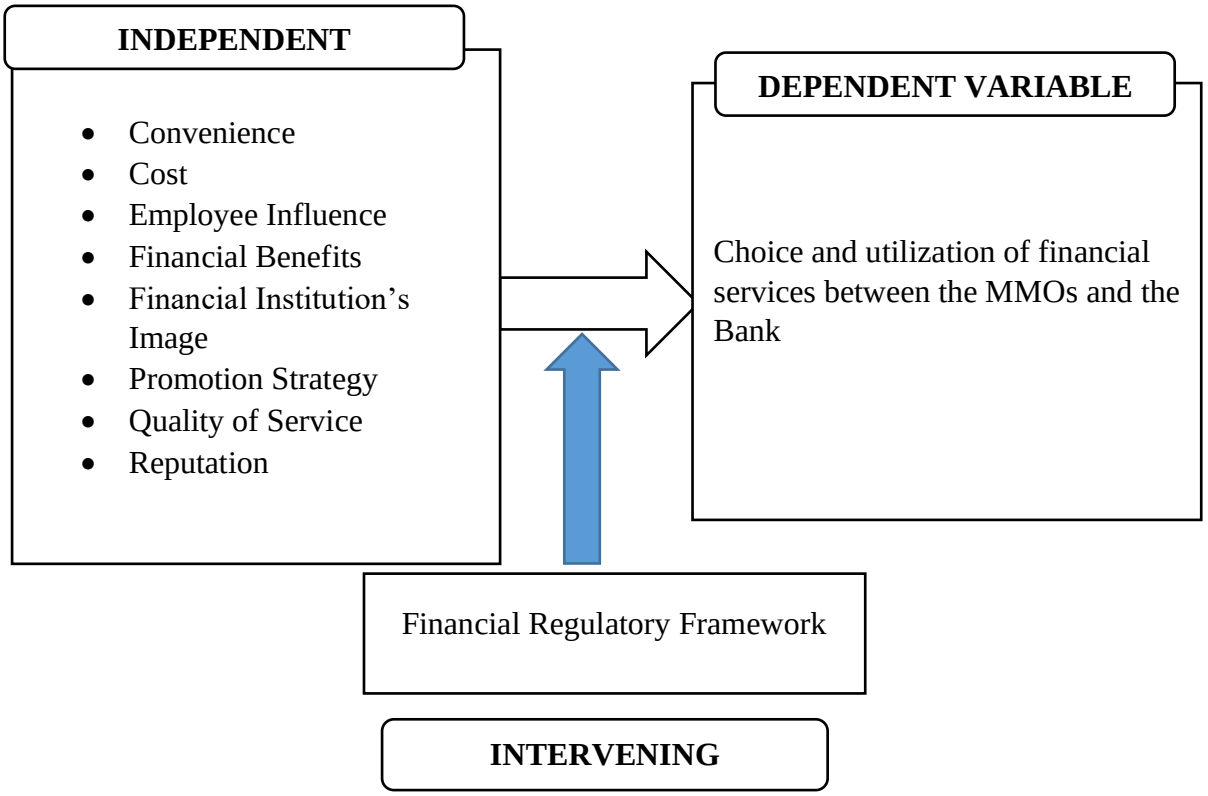

Figure 2. 1.Conceptual Framework

According to figure 2.1. The assumption was that the independent variables influence the dependent variable.

2.14.1. Independent Variables

Some of the key factors that influenced an individual's choice for financial services included; financial benefit, service provision, convenience, promotion strategy, bank image, reputation and employee influence. These constituted the independent variables for this study.

2.14.2. Dependent Variable

The dependent variable were the customers' utilization of financial services between the MMOs and or the Bank.

2.14.3. Intervening Variables

This variable helped explain the relationship between two variables. The independent variable usually hypothesized to be the cause of the dependent variable, and the research was designed to prove whether or not it were true.

2.15. Operationalisation of the Conceptual Framework

The process of defining the identified variables in the conceptual framework into measurable factors by the researcher called the Operationalisation of the conceptual framework. Detailed below are the variables, and how their operationalisation.

2.15.1. Convenience

This factor influenced customer utilization of financial services based on the consideration of; proximity, service availability, accessibility at low costs, which were critical to the customers. Convenience also meant quickness and ease of access to a particular service as and when demanded.

2.15.2. Cost

Cost has an impact when selecting a financial product or service by a customer. In Customers opt for a service that is affordable and inexpensive for as long as it gave them satisfaction. Costs may also relate to turnaround time without having to compromise the quality of service provision. Stringent procedures tend to elongate and delay service delivery in the service industry, making it a cost on the part of the customer.

2.15.3. Employee Influence:

Employees have a bigger influence on customers in the selection of mobile financial services. Lack of skills and competencies in employees tend to have a negative impact on service deliverables. Incompetency in delivery of services works against any organization's reputation, sales, cost effectiveness, achievement of organization strategic goals and so on.

2.15.4. Other Independent variables

Other independent variables in the conceptual framework included; Promotion strategy, Quality of service and reputation of the firm. The business entices customers by way of promotions, using various organisational strategies. Where there is a business strategy, the organization tends to be focussed and its employees work even better because they are all driven by a common goal. Promotional goals include creating awareness, getting people

to try products, providing information, retaining loyal customers, increasing the use of products, and identifying potential customers, as well as teaching potential service clients what is needed to "co-create" the services provided. The realization from a well-coordinated business translates to positive corporate reputation.

2.16. Chapter Summary

In summary, the study provided literature review on various studies relating to banking financial services. Both theoretical and empirical studies showed their importance to the body of the study. Empirical reviews gathered included studies collected at the global, regional, locally and within Zambia. Though the developed countries focus on mobile financial services slightly differ from the developing countries as evidenced from the empirical reviews, key to every researcher, was using the information gathered during the literature review to build the study. The chapter further presented the theoretical and conceptual frameworks applied to the study. The Theoretical framework used in this research was from the "Rational choice theory. The conceptual framework explained variables and their influence they have on customer choice during variable operationalisation , by so doing the study stimulated the investigations and provided an in depth direction to the Researcher. Variables from the both the Conceptual and Theoretical framework applied in the study have been identified for further analysis at a later stage in the study

CHAPTER THREE

RESEARCH METHODOLOGY

3.1.Introduction

This chapter details the methodology applied to this study and included; the philosophical underpinning aspects, research design, sampling techniques, data collection instruments and the methods of data analysis.

3.2. Research Philosophy

The philosophical underpinnings for this study were drawn from the understanding that the phenomenon being studied affected behavioural aspects of human beings. i.e, the individual's choice of financial services. There are two basic considerations: Ontology and epistemology, which are the two different ways of viewing a research philosophy. Ontology in business research can be defined as "the science or study of being" (Blaikie, 2010) and it deals with the nature of reality. Ontology is a system of belief that reflects an interpretation by an individual about what constitutes a fact. In this study, ontology was applied in as far as the central question of the research hinged on whether the aspect of customer choice of financial service provider could be perceived as objective or subjective.

To address this subject, the two aspects of ontology i.e. objectivism and positivism and subjectivism were reviewed. Objectivism "portrays the position that social entities exist in reality external to social actors concerned with their existence" (Saunders, Lewis, & Thornhill, 2012). Alternatively, objectivism "is an ontological position that asserts that social phenomena and their meanings have an existence that is independent of social actors". Subjectivism (also known as constructionism or interpretivism) on the contrary, perceives that social phenomena are created from the perceptions and consequent actions of those social actors concerned with their existence. Formally, constructionism can be defined as "ontological position which asserts that social phenomena and their meanings are continually being accomplished by social actors" (Bryman, 2012).

In this regard, realism in Ontology is objective, which is; it exists independently of human thoughts and beliefs or knowledge of their existence (realist), but is interpreted through social conditioning (critical realist). In this regard, critical realism was considered for the study since the choice of a financial services provider is dependent on individual

experiences of the real financial world. According to critical realism, sensations and images of the real world can be deceptive and they usually do not portray the real world (Novikov and Novikov, 2013).

3.2.1. Ontology

Ontology is the study of 'being' and is concerned with 'what is', i.e., the nature of existence and structure of reality as such or what it is possible to know about the world. Ontological issues are concerned with questions pertaining to the kinds of things that exist within society. It refers to the nature of the world around us. Ontology is also concerned with nature of reality Ontology in business research can be defined as "the science or study of being" (Blaikie, 2010) and deals with the nature of reality. Using the realist approach, the study was objective and focused on investigating why Zanaco customers use MMOs for mobile services instead of accessing similar services being offered by the Bank.

3.2.2. Epistemology

Epistemology involves knowledge and, necessarily, it embodies a certain understanding of what that knowledge entails (Saunders, Lewis & Thornhill, 2009). Saunders, Lewis and Thornhill, (2009) explain that epistemology deals with the 'nature' of knowledge, its possibility (what knowledge is possible and can be attempted and what is not), its scope and legitimacy 'resources' researcher is embracing what is called the positivist position to the development of knowledge whereas the 'feelings' researcher is adopting the interpretivist perspective.

Positivism**,** which is an epistemological position, focuses on the importance of objectivity and evidence in searching for truth, objective and value-free inquiry. This means that a distance be held on any impact on research findings (Saunders, Lewis & Thornhill, 2009). The study therefore brings out factors by use of knowledge and bring out the legitimacy of the existence and how MMOs have competitively impacted mass customers at Zanaco bank. The epistemology used emphases on the importance of objectivity and evidence in searching for truth, objective and value-free inquiry without having to be generalise before undertaking the study.

3.2.3. Phenomenology

Phenomenology refers to the way in which we as humans make sense of the world around us. It was apparent that the study relates a phenomenon that interpreted usage of perceptions, opinions and experiences of human beings (Saunders, Lewis & Thornhill, 2009). As a branch of science and philosophy, phenomenology aims to develop a rigorous and unbiased study of subjective experience by exposing how our prejudgments impose themselves upon reality.

In this study, it was very important to make sense of the MMOs and Zanaco financial activities and also why customers made preferences of one to the other in choice undertakings of mobile financial services.

3.2.4. Axiology

Axiology is a branch of philosophy that studies judgements about value. A good study is bases on values and credibility. The Values are a critical component to research. (Saunders, Lewis & Thornhill, 2009). The study therefore gathered credible data and providing precise values to explain why Zanaco customers are using MMOs services and further obtained meaningful results to give a position at the end of the study.

3.3. Research Design

This study employed the descriptive study approach, focusing on MTN, Airtel and Zamtel as the institutions of study. Descriptive research is used when little or nothing is known so that more information is gathered .The descriptive research design used both qualitative and quantitative approaches being incorporated as a Mixed Method. Qualitative methods investigated social behaviours and described realities, and validate situations, while quantitative constructed quantified analysis.

3.4. Population of the Study

The population of this study was all customers of MTN, Airtel and Zamtel using MMO financial services. This population was infinite on the basis that the companies keep receiving new customers signing up for mobile money services with others leaving. The sampling frame for this study was 700 000 customers according to Zanaco, (2017) financial reports of Zanaco mobile customers, from which a sample would be drawn.

3.5. Sampling

The study was conducted within Lusaka among Zanaco mass customers using mobile banking services who are also subscribers of MTN, Airtel and Zamtel and maintain mobile money accounts.

3.6. Sample Size Determination

The sample for this study was based on a sampling frame of 700,000, the proportion of the population availed for the purposes of this study. Three criteria used to determine the sample size: level of precision, level of confidence and degree of variability, the study involved all the 12 branches of Zanaco based in Lusaka Urban District. Yamane, (1967) provides a formula to calculate sample sizes. This formula has been widely used in research especially on a larger population.

$$\boldsymbol{n = \frac{N}{N(e)^2}}$$

Where $\boldsymbol{N}$ is the population size (400 based on the sampling frame) and $\boldsymbol{e}$ is the level of precision (A 95% confidence level and p = .5 were taken for the study).

By replacement into the formula:

$$\boldsymbol{n = \frac{700,000}{700,000(0.05)^2} = 400}$$

Due to limitation of time, decision rules were applied during the study. According to Salkind, (2012), if descriptive statistics are used, nearly any sample size will be sufficient in the study. The sample was drawn from an arbitrary sampling frame according to the capacity of the researcher and the limitations of the study. Furthermore, according to the Central Tendency Theorem, if any sample exhibits a normal distribution, based on the assumption that population distributions of variables from which sample selected are normal in shape (i.e. Mean, Mode and Median) along the X-axis, then any sample size could fit in the study. Thus, from the sample size of 400 a 30% was used, the sample size of 120 Zanaco customers.

The study involved 10 branches of Zanaco based in Lusaka Urban District (12 respondents from each of the 10 branches to make 120) and 4 management officials from each institution (Zanaco, MTN, Airtel and Zamtel).

3.7. Sampling Techniques

The sample members was be determined according to two categories. In the first category, only Zanaco mass customers who actively use mobile financial services (commonly called Xapit) with both MMOs and the Bank were selected. This was done by use of simple random sampling. Ten Lusaka retail branches were used and for each branch, 12 customers were sampled to making a total of 120 mass customers. The second category was 10 management officials from Zanaco whose selection was done purposively. The selection was by virtue of their position as line managers in the respective branches. The last part was a selection of informants; from the three prominent MMOs and Zanaco management official overseeing the mobile services offered by Zanaco Agents

3.8. Research Design Matrix

Table 3. 1. Research Design Matrix

Research Objectives	Research questions	Methodology	Statistical tool
(i) Describe type of MMO services most preferred by Zanaco customers?	What types of MMO services are most preferred by Zanaco customers?	5 point Likert scale Questionnaires to customers Semi-Structured Interviews with officials	Descriptive Statistics: Frequency, percentage, tables, graphs in SPSS Thematic analysis of interview data
(ii) Establish the factors that influence Zanaco Mass customers to use financial services provided by MMOs?	What are the factors that influence Zanaco mass customers to use financial services provided by MMOs?	Questionnaires to customers and Interviews with Zanaco management officials	Descriptive Statistics: Frequency, percentage, tables, graphs in SPSS Thematic analysis of interview data
(iii) Establish if Zanaco customers with the quality of services provided by MMOs in comparison with their banks providing similar services?	How satisfied are Zanaco customers with the quality of services provided by MMOs in comparison with their banks providing similar services	Questionnaires to customers	SERVQUAL Gap analysis based on 21 questions
To test the relationship	120 Lusaka based Zanaco customers	Statistical analysis using data from questionnaires	Regression in SPSS with Analysis of Variance

3.9. Data Collection Procedure

Data collection is defined as the procedure of collecting, measuring and analyzing accurate insights for research using standard validated techniques. Data collection is the primary and most important step for research. It is important that during data collection Information rich and data collected is reliable for statistical analysis so that data driven decisions can be made. For this study, primary data was collected using questionnaires and interviews.

Both primary and secondary data was collected in order to provide valid information for the study. Primary data was collected directly from the respondents while secondary data was collected from other sources such as journal articles and other publications.

3.9.1. Primary Data

Primary data collection for this study was by means of a structured questionnaire. The questionnaire was structured to collect the views of the mass customers of Zanaco. To enhance data collection expediency, the questionnaire had questions based on a Likert Scale of 1 to 5 (keyed as: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree). The questions included respondents' personal characteristics and matters relating to new product development, customer acquisition and customer retention.

i. **Questionnaire**

The researcher obtained permission to administer questionnaires shown in Appendix (i) to the respondents at the respective branches. Data by questionnaire was collected from those customers who consented to participate in the study.

ii. **Key Informants: Interviews**

An interview guide was used to collect data from the Bank managers in charge of retail branches where mobile banking services are offered at Zanaco. These officials were also the informants representing the Bank.

3.9.2. Secondary Data Collection

Secondary data was collected by means of literature review from various sources including books, journals, reports, periodicals and other publications in print or online. Secondary data will be used for the sole purpose of informing the study and providing a theoretical framework that substantiates the factors of financial inclusion and mobile

banking. The secondary data covered a global, regional and local perspective while incorporating relevant theoretical perspectives.

3.10. Techniques of Data Analysis

After collection, research data from the questionnaires was summarized on a computer spreadsheet in Microsoft Excel. The data was coded and extracted to the Statistical Package for Social Sciences (SPSS) , a computer program for data analysis. SPSS was selected for this study because it is most suitable for analyzing data that has been derived using a Likert Scale. Data from the interviews was analysed in themes according to the study variables and then correlated with the statistical data. The compiled data presentation was in tables with narrations to indicate the findings on each variable.

Primary data analysis was conducted by using descriptive statistics with means, frequencies and percentages. This involved deriving the statistics from the questionnaires and indicating the statistical implications to the study. Means were analysed and interpreted according to table 3.2. The mean (average) is the most common measure of central tendency and refers to the average value of a group of numbers.

Table 3. 2. Interpretation of means and standard deviations

Interpretation of means			
RANGE		**Interval**	**Interpretation**
From	**To**		
1	1.8	0.8	Strongly disagree
1.81	2.6	0.8	Disagree
2.61	3.4	0.8	Neutral
3.41	4.2	0.8	Agree
4.21	5	0.8	Strongly Agree

Regression analysis was used to determine the levels of significance of the study variables and to analyze the hypotheses (p-value 0.05). This presents the means and standard deviations, interpreted using one of the methods proposed by Amal, (2009).

3.11. Pilot Study

A pilot is a trial study carried out before a research design is finalised to assist in defining the research question or to test the feasibility, reliability and validity of the proposed study design. Pilot studies was conducted in both quantitative and qualitative studies (Lancaster, Dodd and Williamson, 2004). For this study, the pilot objective was to assess the validity and reliability of the questionnaire.

3.11.1. Pilot study results

The findings on the pilot study implored that the study proceed and be conducted on a larger sample. Respondents gave a 100 percent feedback and this meant that the instruments be administered to a larger sample

3.11.2. Instrument validation

There was 100% consent from the pilot participants with more asking if they could participate in the study. The questionnaire was completed with ease and most items answered. To this effect, the sample size increased from 10 to 120.

3.12. Feasibility

The first consideration was feasibility. The researcher was able to recruit the respondents or the pilot and administered the instruments successfully to the 10 respondents.

3.13. Validity

The third purpose of the pilot was to assess validity and reliability. The instrument was subjected to review by a statistician, an official from the Bank and a researcher from the University of Zambia.

According to Kothari, (2009) validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested. But one can certainly consider three types of validity in this connection, highlighted below.

(i) Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study.

(ii) Criterion-related validity relates to our ability to predict some outcome or estimate the existence of some current condition. Criterion related validity possess the following qualities:

a. Construct validity - is the degree to which scores on a test can be accounted for by the explanatory constructs of a sound theory, if measurements on our devised scale correlate in a predicted way with these other propositions, we can conclude that there was some construct validity

b. The above stated criteria were met with, and may therefore state that the measuring instrument was valid and result were in correct measurement

3.13.1. Reliability

Cronbach's alpha in SPSS was used to test reliability. According to Tatham, (2007) Cronbach's alpha, this tool is commonly used when you want to assess the internal consistency of a questionnaire that is made up of multiple Likert-type scales and items. For this study 15 items were subjected to the test. A measuring instrument is reliable if it provides consistent results.

In the pilot, Cronbach's alpha coefficient was $\alpha = .81$. The score was above the .7 threshold for high internal consistency, an indication that the questionnaire was reliable for the study. Basing on this test, any items, which had extreme scores (high and low) from the others, were removed to make the questionnaire more reliable and fit for the Study.

Table 3. 3. Cronbach's Alpha Reliability Statistics

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of items
.811	.812	15

3.14. Research Ethics

Ethics is an important piece to research; an important thing to remember is that human beings are serving as participants in the research. These participants must be treated with respect in spite the research outcomes.

3.14.1. Protection from Harm

Participants or respondents must be protected from physical or psychological harm. The research was conducted in an ethical manner such that all risks that could have been injurious to the respondent where conducted in a fair manner.

3.14.2. Privacy

Participants should have their privacy, and this was maintained during the study. Most of it, privacy speaks to anonymity. Being anonymous entails that there is no way that anyone other than the principal investigator could match the results of an experiment with the respondents associated with these results because the work sheets used did not contain names but instead numbers were used during coding. Privacy also entailed not invading another's private space to observe behaviour and collect data.

3.14.3. Confidentiality

Confidentiality entails hold in the highest strictest confident anything learnt about the participant, unlike anonymity which does not link names to the participants. Under confidentiality, information from the study was kept under controlled situation. The study dealt with financial activities and as such, the levels of confidentiality were very high.

3.14.4. Coercion

People should not be forced, for any reason to participate in the research but should willfully do it. During administration of research instruments, some respondents that pushed back where not forced to fill in the questionnaire

3.14.5. Informed Concert

This is one of the important component in observing research ethics and a form or letter might be one tool to that ensures ethical behaviour. Without question, every research uses humans in the study and these participants should be informed, consent form read and understood

3.14.6. Plagiarism

Plagiarism in research is not accepted but instead works done by other researchers require acknowledgement. The study therefore recognised works done by other researchers.

3.15. Chapter Summary

The Chapter explained the research methodology by first introducing the philosophical underpinnings to the study. Also shared in the chapter was the research design that is a descriptive one; used both qualitative and quantitative methods. The Sampling techniques included sample selection and type of sampling method used. The study worked with a sample size of 120. Data collection tools used were Primary and Secondary data , and the data analysis used was excel, coded work sheets and SPSS, .In order to proceed the study

to a larger sample, a pilot was conducted and achieved 100 percent results, the validity and reliability assumed that the researcher proceeds to administer research instruments to a larger sample in the study.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1. Introduction

This chapter is a presentation of the findings of the study basing on the data collected from the respondents. During the study, 120 questionnaires were administered and retained, representing a 100% return rate. Interviews were conducted with 8 informants, 2 from each of the mobile banking service providers, namely MTN Zambia, Airtel, Zamtel and Zanaco. The SPSS version 16.0 program was used for the data analysis of questionnaires. The data presentation was categorised in sections and for each section, both interview findings and questionnaire responses were documented.

The first section is of descriptive statistics where the demographic characteristics, objective one and objective two are presented using descriptive statistics of frequencies, percentages and means. Tables were used to summarise the data with respective narrations to indicate the findings. The second section covers the third objective that was analysed basing on the SERVQUAL Model. This measured the gaps between the expectations of the customers (Exp) and their actual experience indicated as perceptions (Per). Where the expectations exceeded perceptions, the Customers were not satisfied with the service, and where the perceptions exceeded the expectations, the Customers were satisfied.

4.2. Descriptive Statistics

Descriptive statistics deals with the presentation and collection of data. This is usually the first part of a statistical analysis. Different areas of study require different kinds of analysis using descriptive statistics. There are two ways of representing descriptive statistics: numerical and pictorial. Numerical statistics are numbers, but clearly, some numbers are more meaningful than others. Taking numerical data and presenting it in pictures or graphs is what is known as pictorial statistics. Showing data in the form of a graphic can make complex and confusing information appear more simple and straightforward (Doksum, 2000). The first involves measures of frequency that is count, percent and frequency. This category shows how often something occurs. It is used to show how often a particular response is given. The second is measures of central tendency, which includes the averages or means.

4.3. Respondents' Characteristics

Demographic data refers to the characteristics of the population. This provides data regarding research participants and is necessary for the determination of whether the individuals in a particular study are a representative sample of the target population for generalization purposes. Usually demographics or research participant characteristics are reported and serve as independent variables. Demographic variables are independent variables by definition because they cannot be manipulated. Therefore, they are reported using descriptive statistics such as frequencies, percentages and means (Mayaaer, 2009).

Table 4. 1. Gender

Gender	Frequency	Percent	Cumulative Percentage
Male	42	35	35
Female	78	65	100
TOTAL	120	100	

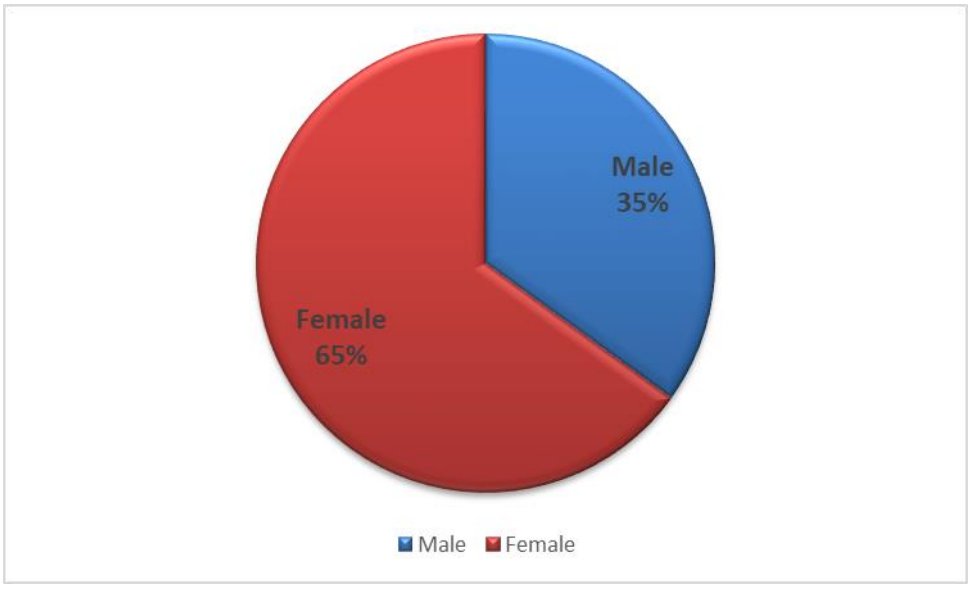

Figure 4. 1. Gender

Table 4.1. Showed that the majority of respondents were females (65%) while the male were 35%.

Table 4. 2. Age

Age	Frequency	Percent	Cumulative Percentage
Below 25 years	12	10	10
25 to 34 years	15	13	23
35 to 44 years	65	54	77
45 to 54 years	18	15	92
Above 54 years	10	8	100
TOTAL	**120**	**100**	

In terms of age, table 4.2 and figure 4.2. showed that the majority were in the age range of 35 to 44, making up 54% of the sample. There was lesser representation of the other age groups as: 45 to 54 (15%); 25 to 34 (13%); below 25 (10%) and above 54 at 8%.

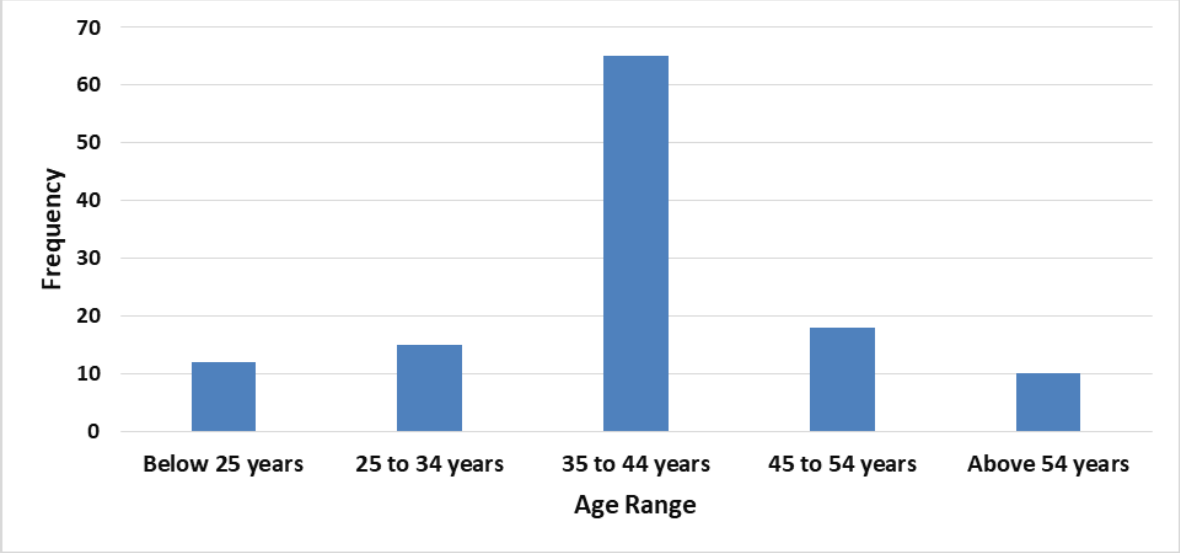

Figure 4. 2. Age

Table 4. 3. Marital Status

Marital Status	Frequency	Percent	Cumulative Percentage
Single	20	17	17
Married	80	66	83
Divorcee	9	8	91
Widowed	11	9	100
TOTAL	**120**	**100**	

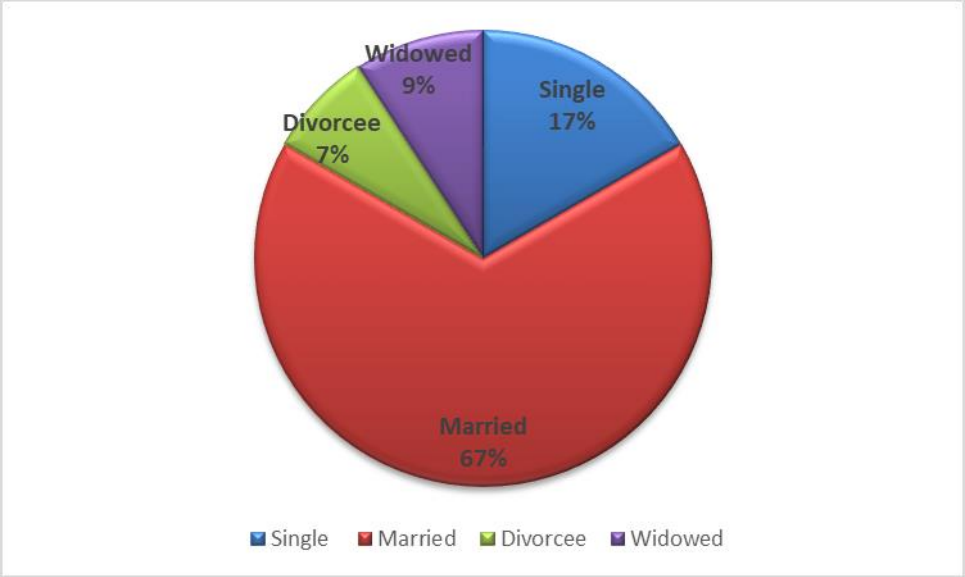

Figure 4. 3. Marital Status

By marital status, table 4.3 and figure 4.3 show that the majority of 66% were married. Respondents in the singles category were 17%., while widows and divorcees were 9% and 8%, respectively.

Table 4. 4. Education Level

Education Level	**Frequency**	**Percent**	**Cumulative Percentage**
Basic (up to grade 9)	29	24	24
Secondary (up to grade 12)	47	39	63
Tertiary	44	37	100
TOTAL	**120**	**100**	

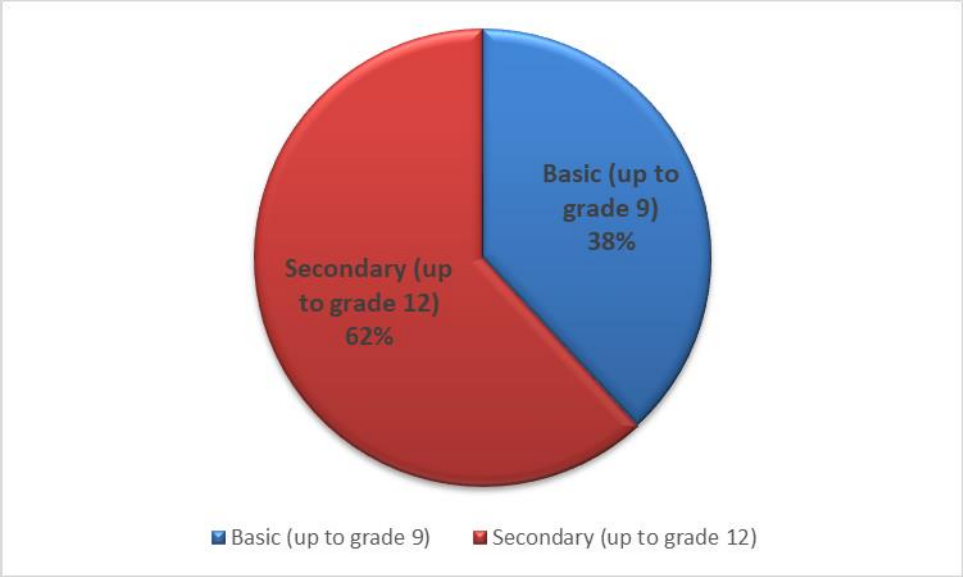

Figure 4. 4. Education Level

According to table 4.4 the education levels varied with majority secondary at 39% and tertiary at 37%; while those with basic education represented 24%.

Table 4. 5. Employment Status

Employment Status	Frequency	Percent	Cumulative Percentage
Formal employment	74	62	62
Informal employment	31	26	88
Unemployed	15	13	100
TOTAL	**120**	**100**	

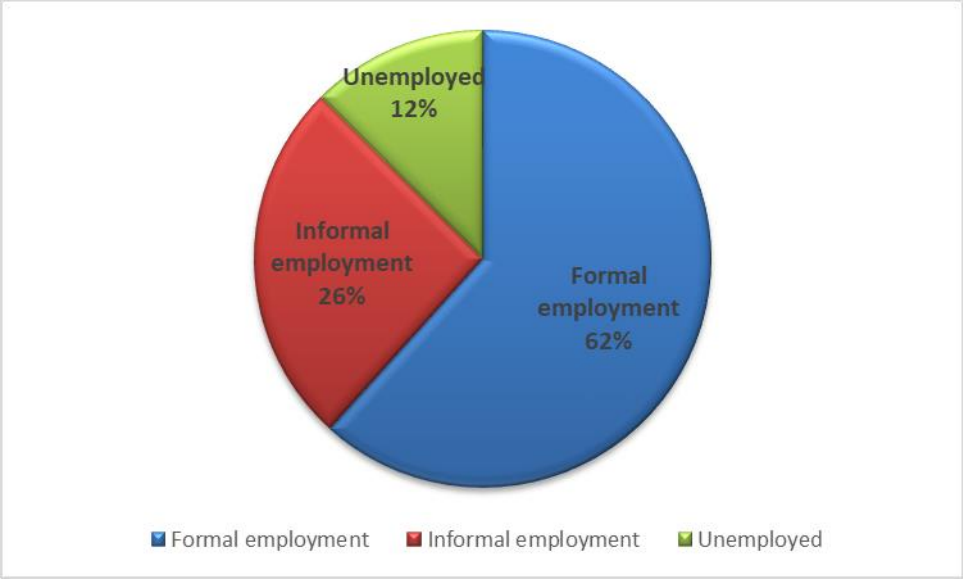

Figure 4. 5. Employment Status

In terms of employment status table 4.5 shows that the majority of the respondents were in formal employment at 62%. Those in informal employment were at 26% while the unemployed were 13%.

Table 4. 6. Monthly Income

Monthly Income	**Frequency**	**Percent**	**Cumulative Percentage**
Below K1,000	9	8	8
K1,001 to K3,000	21	18	25
K3,001 to K5,000	57	48	73
Above K5,000	33	28	100
TOTAL	**120**	**100**	

Figure 4. 6. Monthly Income

Under income levels, table 4.6 and figure 4.6 show that the majority of the respondents fell between K3,001 to K5,000 at 48%. Respondents who earned above K5,000 were at 28%; those in the range of K1,001 to K3,000 were at 18%, while respondents below earnings of K1,000 were at 8%.

Table 4. 7. Number of years with Zanaco

Number of years with Zanaco	Frequency	Percent	Cumulative Percentage
Less than 1 year	19	16	16
1 to 5 years	42	35	51
6 to 10 years	47	39	90
Above 10 years	12	10	100
TOTAL	120	100	

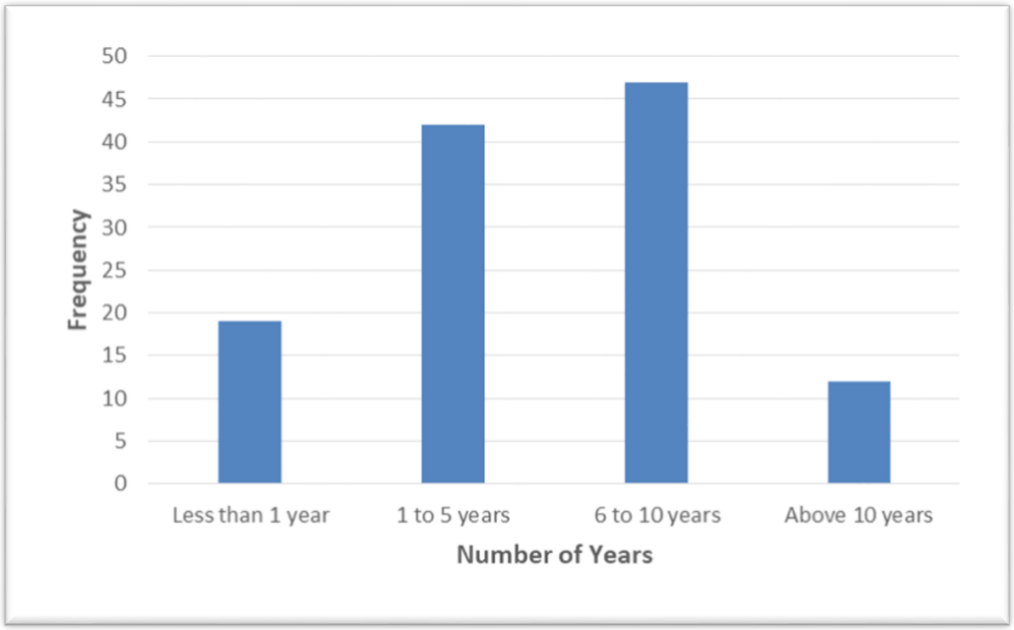

Figure 4. 7. Number of years with Zanaco

In terms of customers that have been holding accounts with Zanaco, table 4.7 and figure 4.7 show that the majority were between 6 to 10 years, representing 39% and 1 to 5 years at 35%. The minority representation fell under customers holding accounts for less than a year, representing 16% and those above 10 years at 10%.

Table 4. 8. MMOs Customer Base

Name of MMO	Frequency	Percent	Cumulative Percentage
MTN only	50	42	42
Airtel only	39	33	74
Zamtel only	23	19	93
More than 1	8	7	100
TOTAL	120	100	

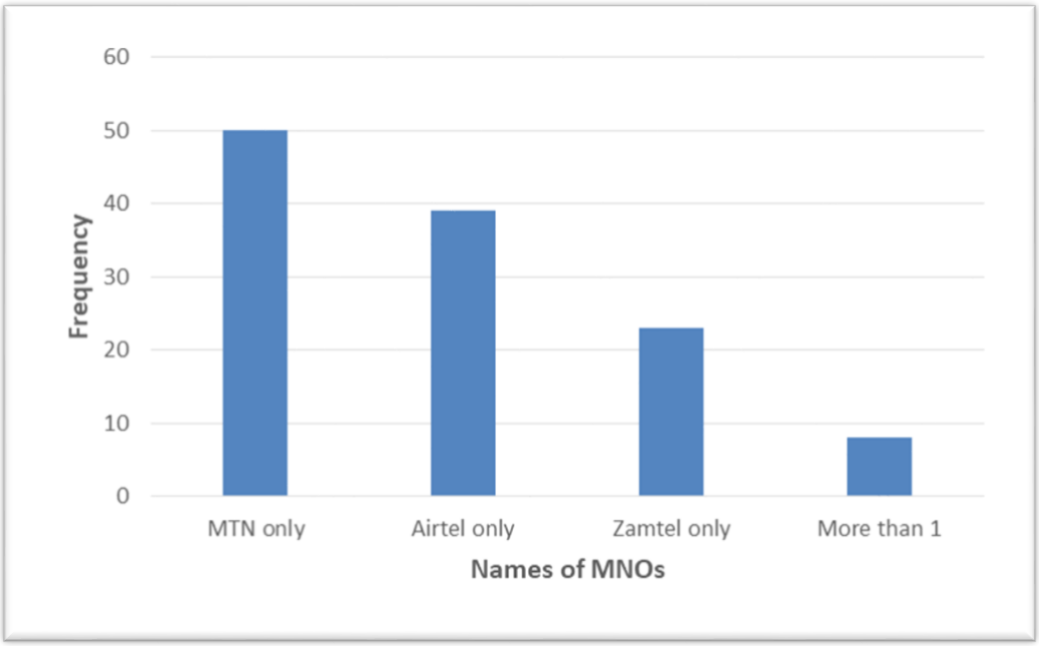

Figure 4. 8. MMOs Customer Base

In terms MMOs representation in the study sample, table 4.8 shows that the majority were MTN customers at 42%, followed by Airtel at 33% and Zamtel was the least at 19%. However, customers who held accounts with more than one MMO were at 7%.

Table 4. 9. Number of years with MMOs

Number of years with MMO	Frequency	Percent	Cumulative Percentage
Less than 1 year	35	29	29
1 to 5 years	47	39	68
6 to 10 years	21	18	86
Above 10 years	17	14	100
TOTAL	120	100	

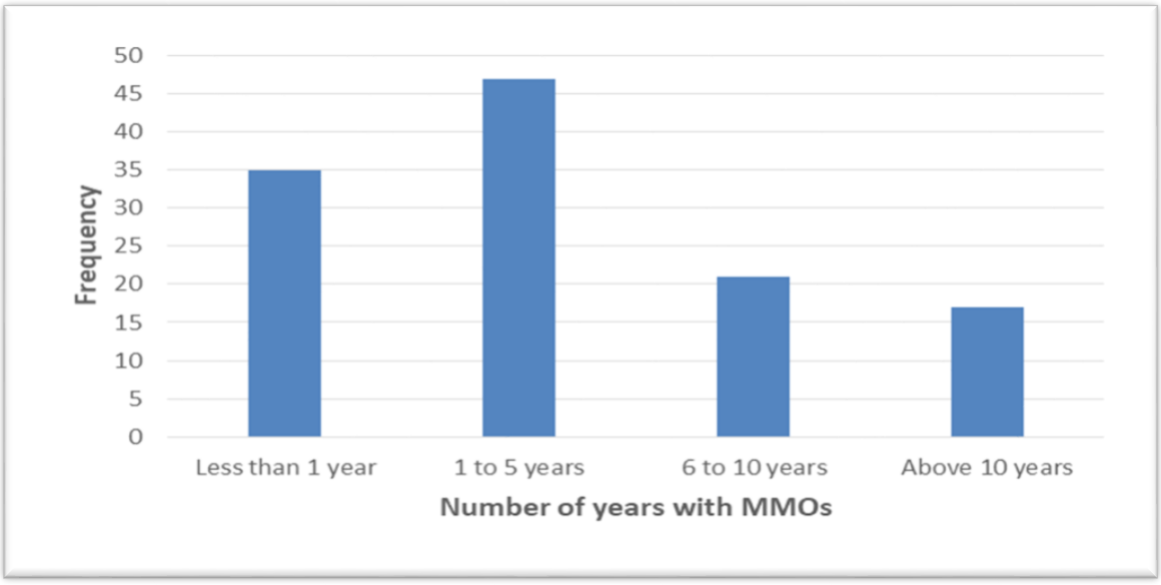

Figure 4. 9. Number of years with MMOs

According to table 4.9 most respondents in this category fell between 1 to 5 years, representing 39%; those less than a year were at 29%; those between 6 to 10 years were at 18% and those above 10 years were at 14%.

4.4. Objective One: Types of MMO Services most preferred by Zanaco mobile customers

To establish the type of mobile banking services offered, interviews were conducted with officials from the three MMOs and Zanaco. Interviews with officials from MTN Zambia, Airtel and Zamtel confirmed that the mobile banking services offered to their customers include funds transfers, mobile to bank transfers and MMO to MMO transfers using mobile, balance inquiry, statements, withdraws, mobile withdraws, deposits, bills payments and talk time purchase. In comparison, the officials from Zanaco indicated that the mobile services offered include Funds transfers (RTGS), bank to bank transfers using mobile, balance inquiry, statements, e-wallet withdraws on third parties, mobile withdraws, deposits, block account if fraudulently attacked, bills payments, talk time purchase, school fees payment.

The interviews indicated that Zanaco also offered all the mobile banking services offered by MMOs with exception of small loans and MMO to bank transfers. It was noted however, that Zanaco provided more services, some of which were not provided by the

MMOs such as school fees payments, statements and e-wallet withdrawals on third parties. While the MMOs provided funds transfers between MMOs Zanaco provided bank-to-bank transfers using mobile.

In this section, the analysis involves determining how the respondents answered the questions on the 5-Point Likert scale. This presents the means, interpreted using the following key (Table 5.1.) as one of the methods proposed by Amal, (2009).

Table 4. 10. Key used to interpret the means.

	Interpretation of means			
	Range		Interval	Interpretation
5 point Likert Scale	From	To		
	1	1.8	0.8	Never
	1.81	2.6	0.8	Rarely
	2.61	3.4	0.8	Sometimes
	3.41	4.2	0.8	Often
	4.21	5	0.8	Always

Table 4. 11. How often customers preferred MMOs over Zanaco for mobile services

Services Offered	**MEAN**
Withdrawals	3.525
Deposits and transfers between MMO accounts	3.267
Airtime purchase (on net)	3.150
Bills payment	2.958
Balance inquiry	2.533
Funds transfer (to other banks, not Zanaco)	1.125

- According to table 4.11 among the services offered by both Zanaco mobile banking services and MMOs, it was found that when withdrawing customers often preferred MMOs to Zanaco (with a Mean of 3.525).

- In terms of deposits and funds transfer between MMOs account holders, it was found that customers sometimes preferred MMOs to Zanaco (with a Mean of 3.267).

- Customers sometimes preferred to purchase airtime using the MMO platforms as compared to Zanaco, with a Mean of 3.150.

- In terms of bills payment, it was found that customers sometimes preferred to use MMOs to Zanaco, with a Mean of 2.958.

- It was found that rarely would customers use the MMOs platform for balance inquiry as compared to Zanaco mobile platforms (Mean of 2.533).

- It was found that customers would never use MMOs to transfer funds to their Zanaco bank accounts which recorded a Mean 1.125.

Table 4. 12. Frequency Table on Bills Payment

Bills payment		**Frequency**	**Percent**	**Cumulative Percent**
Valid	Never	22	18	18
	Rarely	23	19	38
	Sometimes	23	19	57
	Often	42	35	92
	Always	10	8	100
	TOTAL	120	100	

The presentation in table 4.12 shows that for bills payment most customers frequently used MMOs (up to 43%, cumulative). Others rarely or sometimes used the MMOs (38%, cumulative). Those who never used the MMOs were the minority at 18%.

Table 4. 13. Frequency Table on Airtime Purchase

Airtime Purchase		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	16	13	13	13
	Rarely	14	12	12	25
	Sometimes	33	28	28	53
	Often	50	42	42	94
	Always	7	6	6	100
	TOTAL	120			

According to table 4.13 in terms of airtime purchase an aggregate majority of 48% used the MMOs more frequently than an aggregate 25 who either never or rarely the service. 28% of total customers sometimes used the MMOs for airtime payments.

Table 4. 14. Frequency Table on Funds Transfer to Banks

Funds Transfer to Banks		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	109	91	91	91
	Rarely	7	6	6	97
	Sometimes	4	3	3	100
	Often	0	0	0	100
	Always	0	0	0	100
	TOTAL	120			

Represented in table 4.14 is the finding that a large proportion of the respondents (91%) never the MMOs for funds transfer to other banks. Those who used the service did so rarely and made up 6%.

Table 4. 15. Frequency Table on Withdrawals and Funds Transfers

Withdrawals and Funds Transfers		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**	
Valid	Never	0	0	0	0	
	Rarely	12	10	10	10	
	Sometimes	33	28	28	38	
	Often	75	63	63	100	
	Always	0	0	0	100	
	TOTAL	120				

Regarding withdrawals and transfers using MMOs, table 4.15 shows that the majority of 63% often did so. The rest either used the service sometimes (28%) or rarely (10%).

Table 4. 16. Frequency Table on Deposits

Deposits		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**	
Valid	Never	5	4	4	4	
	Rarely	14	12	12	16	
	Sometimes	45	38	38	53	
	Often	56	47	47	100	
	Always	0	0	0	100	
	TOTAL	120				

Table 4.16 shows that 47% of the respondents in the study made deposits on their MMO accounts; 38% did so sometimes; 12% rarely and 4% never used the provision.

Table 4. 17. Frequency Table on Balance Inquiry

Balance Inquiry		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**	
Valid	Never	0	0	0	0	
	Rarely	83	69	69	69	
	Sometimes	18	15	15	84	
	Often	11	9	9	93	
	Always	8	7	7	100	
	TOTAL	120				

Table 4.17 Shows that the majority of respondents (69%) rarely used their MMO accounts for balance inquiry. Others who used their accounts for balance inquiry did so sometimes (15%); often (9%) and always (7%).

Table 4. 18. Frequency Table on Mini Statements

Mini Statement		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Never	120	100	100	100
	Rarely	0	0	0	100
	Sometimes	0	0	0	100
	Often	0	0	0	100
	Always	0	0	0	100
	TOTAL	120			

Table 4.18 shows that 100% of the customers never obtained mini statements on their MMO accounts

The interviews conducted in the study revealed that from the MMO officials' views the most utilised services were mobile money transfers, withdrawals and purchase of airtime. Similarly, interviews with Zanaco officials showed that the most frequently used mobile banking services were funds transfers, bank to bank transfers using mobile, balance inquiry, withdraws and purchase of airtime.

4.5. Objective Two: Factors that compel mobile service customers to use financial services provided by MMOs

Interviews conducted with the officials in the study indicated that there were unique features that each company put in place to attract customers to mobile banking. For the most attractive features of the MMOs mobile banking services, MTN Zambia officials indicated that their network available made the more preferred. For Airtel, the most attractive feature was perceived to be the company's brand. For Zamtel it was the local brand aspect and the use of Zambian slogans. For Zanaco, the most attractive service was identified as the availability of the service online 24/7 and the newly introduced E-wallet (cash outs). The interviewees at MTN Zambia indicated that the frequency of on-boarding new customers for mobile banking services depended on the area of business. The officials mentioned that they got more than 20 new customers across Lusaka booths. Though there was no disclosure of figures, Airtel indicated that their on-boardingof new customers was high per month. Zamtel indicated that the rate of on boarding was on a

steady rise. Zanaco interviewees responded that there were five new accounts on average opened daily per outlets.

In this section, the analysis involved determining how the respondents answered the questions on the 5-Point Likert scale. This presents the means and standard deviations, interpreted using the following key (Table 5.6.) as one of the methods proposed by Amal, (2009).

Table 4. 19. Factors that compel mobile service customers to use financial services provided by MMOs

STATEMENT	**MEAN**
MMOs provide a more convenient service than the Bank	3.958
MMOs provide more financial benefits to customers than the Bank	3.683
MMOs have a better public image than the Banks	1.967
Quality of service provided by MMOs is better than the Bank	1.875

According to table 4.19. The study found that MMOs provided a more convenient service compared to Zanaco (with a Mean of 3.958). It was also found that MMOs offer more financial benefits to its clientele than Zanaco (with a Mean of 3.683). It was observed that MMOs did not have a better public image when compared to Zanaco (with a Mean of 1.967). In terms of quality of service, it was found that MMOs do not provide better service than Zanaco (with a Mean of 1.875).

Table 4. 20. MMOs provide a more convenient service than the Bank

MMOs provide a more convenient service than the Bank						
		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly Disagree	2	2	2	2	
	Disagree	5	4	4	6	
	Neutral	10	8	8	14	
	Agree	82	68	68	83	
	Strongly Agree	21	18	18	100	
	TOTAL	120	100	100		

Table 4.20 shows the findings on whether MMOs provided a more convenient service than Zanaco. The majority of respondents affirmed that MMOs provided a more convenient service (up to 86% agreed and strongly agreed). A minority of 6% disagreed while 8% were neutral.

Table 4. 21. ***MMOs provide more financial benefits than the Bank***

MMOs provide more financial benefits to customers than the Bank						
		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly Disagree	5	4	4	4	
	Disagree	9	8	8	12	
	Neutral	12	10	10	22	
	Agree	87	73	73	94	
	Strongly Agree	7	6	6	100	
	TOTAL	120	100	100		

Table 4.21 shows the finding that MMOs provided more financial benefits to customers than Zanaco. Up to 79% affirmed while up to 12% disagreed and 10% were neutral.

Table 4. 22. The Bank has better image than MMOs

MMOs have a better public image than the Banks						
		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly Disagree	21	18	18	18	
	Disagree	82	68	68	86	
	Neutral	17	14	14	100	
	Agree	0	0	0	100	
	Strongly Agree	0	0	0	100	
	TOTAL	120	100	100		

According to table 4.22, the majority of the respondents (up to 86% cumulative) disagreed, indicating that MMOs did not have a better public image than the Bank. Those who were neutral were 14%.

Table 4. 23. ***The Bank offer better service than the MMOs***

		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Strongly Disagree	28	23	23	23
	Disagree	79	66	66	89
	Neutral	13	11	11	100
	Agree	0	0	0	100
	Strongly Agree	0	0	0	100
	TOTAL	120	100	100	

Table 4.23 shows that in terms of quality of service the majority of a cumulative 89% perceived that the MMOs did not provide a better service than the Bank. Those who were neutral made up 11%.

4.6. SERVQUAL Analysis Results

This section covers the SERVQUAL analysis of customer satisfaction with the quality of services provided by MMOs in comparison with Zanaco. The SERVQUAL instrument was adapted with the objective of evaluating customers' satisfaction with the services provided by MMOs and Zanaco mobile banking services. The original SERVQUAL instrument was adapted for the study and included in the questionnaire.

The SERVQUAL evaluation consisted of 21 questions divided into two sections, service expectations and service perceptions, all of which were answered by selecting from a 55 point Likert Scale. Options were recorded from 1 to 7 with the words "Strongly Disagree" to the left of value 1 and "Strongly Agree" to the right of value 5. The items were divided into two sections, service expectations and service perceptions. Each section consisted of five dimensions: reliability, responsiveness, assurance, tangibles and empathy. Each of the dimensions contained three to four items. By averaging the values assigned to each of the items in the dimensions, a mean score was obtained for each dimension. The SERVQUAL scores for each participant were calculated by subtracting the mean scores for each expectation dimension from its corresponding perception dimension.

4.7. Objective Three: Customer satisfaction with the quality of services provided by MMOs in comparison with their banks providing similar services.

Table 4. 24. Findings on customers' satisfaction with MMOs and Zanaco mobile banking on the factor of reliability measured by the SERVQUAL model

MMO Reliability	EXP	PER	GAP	
Keeping accurate records free from error	4.950	2.550	2.400	E>P
Dependability in handling customers service problems	4.667	2.492	2.175	E>P
Providing services at the promised time	5.000	2.967	2.033	E>P
Performing services right the first time	4.800	3.292	1.508	E>P
MMO Total SERVQUAL-Reliability gap	4.854	2.825	2.029	E>P
ZANACO Reliability	**EXP**	**PER**	**GAP**	
Performing services right the first time	4.750	4.708	0.042	E>P
Keeping accurate records free from error	4.817	4.783	0.033	E>P
Providing services at the promised time	4.700	4.725	-0.025	E<P
Dependability in handling customers service problems	4.650	4.725	-0.075	E<P
Zanaco Total SERVQUAL-Reliability gap	4.729	4.73542	-0.006	E<P

Table 4.24. Shows the findings on customers' satisfaction with MMOs and Zanaco mobile banking on the factor of reliability measured by the SERVQUAL model.

In terms of MMO reliability, the study found that the customer expectations were greater than the perceptions with a gap of 2.029. This implies that the customers did not obtain a reliable service from the MMOs. The expectation was higher than the actual experience of the customers on all aspects of MMO reliability. The gap was widest on the aspect of record keeping free from error at 2.400. By a Means gap of 2.175, the study found that the MMOs were not dependable in handling the customers' service problems. A gap of 2.033, indicates that the MMOs did not provide their services at the promised time as expected by the customers. In terms of performing the services right the first time, the expectations exceeded the actual customers' experiences by a gap of 1.508.

For Zanaco reliability, the expectations were exceeded by the perceptions with a gap indicated by -0.006. The implication was that Zanaco mobile banking customers were satisfied with the aspects of reliability above their expectations. Zanaco was more dependable in handling customer complaints more than the respondents' expectations (Gap of -0.075) and they provided the service at the promised time (gap of -0.025). However, it was found that there was a marginal gap were expectations exceeded the perceptions. That is, performing the service right the first time (gap 0.042) and keeping accurate records free from error (gap 0.033).

When we compared the MMOs with Zanaco in terms of reliability, it was observed that the MMOs provision of reliable service did not meet customer expectations, thus the expectations were above the perceptions by a gap of 2.029. On the other hand, the customers Zanaco provided a more reliable service as the gap of -0.006 indicates that the actual customer experience was above their expectations. In this respect, the customers were more satisfied with Zanaco as more reliable than the MMOs.

Table 4. 25. ***Customers' satisfaction with MMOs and Zanaco on responsiveness***

MMO Responsiveness	EXP	PER	GAP	
Employees who have knowledge to answer customer questions	5.000	1.4583	3.542	E>P
Willingness to help customers	4.733	2.200	2.533	E>P
Employees make information easily obtainable by customers	4.708	2.192	2.517	E>P
Readiness to respond to customers' request	4.592	2.500	2.092	E>P
Prompt Service to customers	4.550	3.150	1.4	E>P
MMOs Total SERVQUAL-Responsiveness gap	4.717	2.300	2.417	E>P
ZANACO Responsiveness	EXP	PER	GAP	
Employees make information easily obtainable by customers	4.700	2.092	2.608	E>P
Employees who have knowledge to answer customer questions	4.992	3.2	1.792	E>P
Readiness to respond to customers' request	4.583	2.800	1.783	E>P
Willingness to help customers	4.742	3.217	1.525	E>P
Prompt Service to customers	4.533	4.925	-0.391	E<P
Zanaco Total SERVQUAL-Responsiveness gap	4.710	3.247	1.463	E>P

Table 4.25 shows the study findings relating to customers' satisfaction with MMOs and Zanaco on responsiveness. On the responsiveness of the MMOs, the study found that there was a total SERVQUAL gap by the Mean of 2.417 where expectations exceeded perceptions. The respondents expected that the MMO employees would have the knowledge to answer their queries. A mean of 3.542 indicated that the actual responsiveness gap in this area was wide. In terms of willingness to help customers, there was a gap of 2.533 where expectations exceeded perceptions. A Means gap of 2.517 indicates that the respondents held the perception that employees of MMOs did not actually make information easily obtainable by customers. On the factor of MMOs readiness to respond to customers' requests, the expectations exceeded the perceptions by a means gap of 2.092. In terms of the MMOs promptness of service to customers, the gap by which the expectations exceeded the perceptions was 1.400.

Under the factor of responsiveness, the respondents indicated that their expectations with Zanaco exceeded their perceptions with a gap of 1.463. This implies that Zanaco mobile banking actual responsiveness was less than what the customers expected. The customers expected that Zanaco would make information easily obtainable by customers. A gap of 2.608 indicates that the actual experience on responsiveness was significantly less. A gap of 1.792 indicates that expectations exceeded perceptions on the variable of employees having knowledge to answer customer questions. Further, customer expectations were higher than the actual experience with Zanaco on readiness to respond to customers'

requests (gap 1.783) and willingness to help customers (gap 1.525). However, the perceptions exceeded the customers' expectations with Zanaco on promptness of service to customers (gap -0.391).

By comparison, for both MMOs and Zanaco, customers' expectations exceeded their perceptions on responsiveness (gaps of 2.417 and 1.463, respectively). This implies that though the customers' expectations on responsiveness were higher, both MMOs and Zanaco were not able to provide an actual experience that would exceed their expectations.

Table 4. 26. ***Customer Satisfaction: MMO and Zanaco Assurance***

MMO Assurance	**EXP**	**PER**	**GAP**	**STATUS**
Making customers feel safe in their transactions	4.517	2.525	1.992	E>P
Employees who instil confidence in customers	2.467	1.758	0.708	E>P
Employees who are consistently courteous	2.550	2.625	-0.075	P>E
MMO Total SERVQUAL-Assurance gap	**3.178**	**2.303**	**0.875**	**E>P**
ZANACO Assurance	**EXP**	**PER**	**GAP**	
Making customers feel safe in their transactions	4.517	2.500	2.017	E>P
Employees who instil confidence in customers	2.467	1.875	0.592	E>P
Employees who are consistently courteous	2.550	2.683	-0.133	P>E
Zanaco Total SERVQUAL-Assurance gap	**3.178**	**2.353**	**0.825**	**E>P**

Table 4.26 shows the findings on customer satisfaction for MNOs and Zanaco assurance. On MMO assurance, it is indicated that customers' expectations exceeded the perceptions by a SERVQUAL means gap of 0.875. In terms of making customers safe in their transactions perceptions exceeded perceptions by a gap of 1.992. On employees instilling confidence in customers, the expectations exceeded the perceptions by a gap of 0.708. However, on employees being consistently courteous, the expectations were exceeded the perceptions with a means gap of -0.075.

For Zanaco mobile banking, the expectations exceeded the perceptions by a marginal gap of 0.825. The most significant gap were expectations on assurance exceeded perceptions was on making customers feel safe in their transactions (gap 2.017). On employees' instilling confidence in customers, the gap was a marginal 0.592. On the other hand, the customer expectations were less than the actual experience with Zanaco by a gap of -0.133.

On customer satisfaction with MMO and Zanaco assurance, the expectations exceeded the perceptions marginally with MMOs at 0.875 and Zanaco at 0.825. There was no practical difference in the way customers obtained assurance from the MMOs and Zanaco.

Table 4. 27. Customers' satisfaction with tangibles provided by MMOs and Zanaco

MMO Tangibles	EXP	PER	GAP	STATUS
Modern Equipment	4.783	2.292	2.492	E>P
Visually appealing materials associated with the service	4.925	3.983	0.942	E>P
Visually appealing facilities	3.525	2.683	0.842	E>P
Employees who have a neat, professional appearance	2.017	1.358	0.658	E>P
MMO Total SERVQUAL-Tangibles gap	**3.813**	**2.579**	**1.233**	**E>P**
ZANACO Tangibles	**EXP**	**PER**	**GAP**	
Visually appealing materials associated with the service	4.925	4.725	0.200	E>P
Modern Equipment	4.642	4.633	0.008	E>P
Visually appealing facilities	3.583	4.650	-1.067	E<P
Employees who have a neat, professional appearance	2.150	4.725	-2.575	E<P
Zanaco Total SERVQUAL-Tangibles gap	**3.825**	**4.683**	**-0.858**	**E<P**

Table 4.27 shows customers' satisfaction with tangibles provided by MMOs and Zanaco. In terms of tangibles, the total SERVQUAL gap was 1.233 whereby the expectations exceeded the perceptions. The expectations of the customers exceeded the perceptions on the other factors of tangibles: modern equipment (gap 2.492); visually appealing materials (gap 0.942); visually appealing facilities (gap 0.842); employees with a neat, professional appearance (gap 0.658).

The study found that customers' actual experiences (perceptions) with Zanaco were higher on visually appealing facilities (gap -1.067) and employees having a neat, professional appearance (gap -2.575).

With Zanaco, in terms of tangibles, the study found that the customers' expectations were less than the perceptions at a gap of -0.858. A gap of 0.200 indicates that the customers' expectations exceeded the perceptions on the variable of visually appealing materials associated with the service. There was a marginal gap of 0.008 on modern equipment expectations exceeding perceptions.

On tangibles, the customers' expectations were higher than perceptions on MMOs but were less on Zanaco by gaps of 1.233 and -0.858, respectively. Therefore, Zanaco provided tangibles that exceeded what the customers expected.

Table 4. 28. Customer Satisfaction: MMO and Zanaco Empathy

MMO Empathy	EXP	PER	GAP	STATUS
Employees who understands the needs of the customers	4.500	2.658	1.842	E>P
Having customer's best interest at heart	4.508	3.067	1.442	E>P
Giving Customers individual attention	3.925	2.508	1.417	E>P
Employees who deal with customers in a caring fashion	2.683	2.400	0.283	E>P
Convenient business/operating hours	4.458	4.542	-0.083	E>P
MMO Total SERVQUAL-Empathy gap	**4.015**	**3.035**	**0.980**	**E>P**
Zanaco Empathy	**EXP**	**PER**	**GAP**	
Having customer's best interest at heart	4.508	3.983	0.525	E>P
Convenient business/operating hours	4.467	3.967	0.500	E>P
Employees who understands the needs of the customers	4.525	4.150	0.375	E>P
Giving Customers individual attention	4.200	4.000	0.200	E>P
Employees who deal with customers in a caring fashion	2.733	3.925	-1.192	E<P
Zanaco Total SERVQUAL-Empathy gap	**4.087**	**4.005**	**0.082**	**E>P**

Table 4.28. shows findings on Customer Satisfaction: MMO and Zanaco Empathy. In terms of MMOs' empathy, the total SERVQUAL gap was 0.980 whereby the expectations exceeded the perceptions. In this regard, employees understanding of customers' needs showed that expectations exceeded perceptions by a gap of 1.442; having customers' best interests at heart by 1.442; giving customers' individual attention by 1.417; employees dealing with customers in a caring fashion 0.283 and convenient business operating hours -0.083.

The left skew is a result of the consistently high scores associated with expectations of service which leaves very little room for MMOs to exceed the expectations in relation to perceptions. The significance of this is that expectations of service are very high among the customers and therefore MMOs will need to be innovative and provide the unexpected in order to exceed expectations.

The study found a gap of 0.082 on Zanaco empathy whereby expectations exceeded perceptions. There were marginal gaps among the factors of empathy. A gap of 0.525 indicates that customers' expectations of Zanaco having customers' best interests at heart exceeded perceptions. Convenience of operating hours had a gap of 0.500 as expectations

exceeded perceptions. Employees understanding the needs of customers had a gap of 0.375 (expectations exceeded perceptions). Giving customers individual attention had a gap of 0.200 as expectations exceeded perceptions. Customers' perceptions exceeded expectations on employees who deal with customers in a caring fashion (gap -1.192).

Table 4. 29. ***Customers' Satisfaction with the Quality of MMO and Zanaco Services***

Description	EXP	PER	GAP	Status
MMO Total SERVQUAL gap	4.1154	2.6084	1.5068	E>P
Zanaco Total SERVQUAL gap	4.1058	3.8046	0.3012	E>P
Overall SERVQUAL Gap (MEAN)			0.904	E>P

Table 4.29 shows the findings on customers' satisfaction with the quality of MMO and Zanaco services. The results of the research showed that customers of the MMOs in Lusaka are not satisfied with the financial services. Their expectations were higher than the experience of service quality from the MMO the aspects of SERVQUAL. The mean for expectations was 4.1154 and for perceptions, it was 2.6084 with a gap of 1.5068.

The results of the research showed that customers of Zanaco in Lusaka are not satisfied with the financial services. Their expectations were higher than the experience of service quality from the Bank's mobile banking services on the aspect of SERVQUAL. The expectations had a mean of 4.1058 and the perceptions a mean of 3.8046 with a gap of 0.3012.

The study found that customers were not satisfied with both MMOs and Zanaco in terms of service quality measured using the SERVQUAL. There was a gap of 0.904, whereby the expectations exceeded the perceptions.

The perceptions of the officials interviewed were mainly that their customers were satisfied. In terms of customer satisfaction with the mobile banking services offered, the MTN officials interviewed perceived that their customers were very satisfied. The Airtel officials indicated that their customers were satisfied fairly while the Zamtel officials could not establish the levels of customer satisfaction but indicated that there were no significant factors of dissatisfaction as more people were adopting the service. For Zanaco, the officials indicated that mobile banking customers were happy and satisfied.

4.8. Challenges of Providing Mobile Banking Services

Both the MMOs and Zanaco officials interviewed identified competition as a worthwhile challenge. The comparison of MMO mobile services with Zanaco was regarded very competitive by the MMOs interviewed. The Zanaco officials indicated that they perceived their service provision to be more superior to the MMOs in that they provided mobile banking as part of the wider variety of banking services under their core business while perceiving the MMOS as not in the core-banking financial sector. The officials indicated that their mobile banking services were available online 24/7 and of better quality.

Competition with Zanaco was rated very high especially that the Banks are registered financial institutions but the MMOs have captured house maids, house servants, casual workers, rural areas, and where banks have failed to deliver. The Zanaco officials interviewed indicated that with the MMOs on the market, the competition was uneven. Zanaco was supposed to compete with fellow large banks but was now being subjected to compete with the MMOs. They acknowledged that the competition was significant but that Zanaco was the first bank to provide mobile banking services through booths and express agents. This makes the Bank competitive among the MMOs. Zanaco has recently introduced a FINTEC with specific DFS platforms, though sitting as a separate body now so that it competes favourably with the MMOs.

The major challenges of service delivery experienced by the MMOs were low floats which led to failure to meet high value transactions by some customers. Uninformed employees led to failure to meet customers' turnaround time. Unstable employees whereby the MMOs agents do not provide sustainable employment conditions. Some employees commit fraud by getting away with the company cash. Competition among agents of the same MMO was a challenge (especially for Airtel and MTN which would have a number of their booths on one location). Competition among the different MMOs was also a challenge.

Zanaco major challenge of service delivery was the system getting overwhelmed during peak hours, causing customers to fail to complete their transactions or wait long before service is normalised. Failure for customers to access mobile services due to system connectivity is a cost to customers and tends to be inconveniencing.

4.9. Inferential Statistics

This section presents the inferential statistics of the study. The model summary is given to show the levels of prediction. The Analysis of Variance (ANOVA) shows the model fit for the data. Shaw, V. (2009). The table of coefficients shows how each of the independent variables statistically significantly predicted Zanaco customer's choice and utilisation of MMO financial services. The later part shows the test of the hypotheses of the study.

Table 4. 30. Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.345[a]	.119	.056	.4469
a. Predictors: (Constant), Reputation, Financial Benefits, Promotions, Cost, Employee Influence, Service Quality, Convenience, Public Image				

According to table 4.30, the study's model predicts MMOs influence on Zanaco customers financial transactions. R (multiple correlation coefficient) denotes the correlation between the predictors and Zanaco customers' choice and utilisation of MMO financial services. In this case, R = 0.345 which indicates a good level of prediction. Since this is a good correlation, the model predicts the dependent variable rather precisely. By an adjusted $R^2$of 0.56, the independent variables explain 56% of the variability of the dependent variable.

Table 4. 31. Statistical Significance (Analysis of Variance)

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.884	6	.481	2.437	.030[b]
	Residual	22.283	113	.197		
	Total	25.167	119			
a. Dependent Variable: MMO Influence on Zanaco customers' mobile transactions						
b. Predictors: (Constant), Convenience, Promotions, Cost, Employee Influence, Financial Benefits, Public Image, Service Quality, Reputation						

According to table 4.31, the F-ratio in the ANOVA table tests whether the regression model used in the study fitted the data. $F(6.113) = 2.437$, $p<0.050$ at 0.030. This implies that the regression model is a good fit of the data.

Table 4. 32. Coefficients

Coefficients[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Convenience	-.041	.156	-.059	-.262	.794
Promotions	-.009	.170	-.011	-.050	.960
Cost	.065	.052	.122	1.247	.215
Employee Influence	.494	.141	.606	3.500	.001
Financial Benefits	-.373	.138	-.465	-2.691	.008
Public Image	.210	.161	.326	1.302	.196
Service Quality	-.113	.132	-.184	-.853	.395
Reputation	-.109	.131	-.181	-.836	.405
a. Dependent Variable: MMO Influence on Zanaco customers' mobile transactions					

Basing on table 4.32, having run a multiple regression to predict MMO Influence on Zanaco customers' mobile transactions, two variables statistically significantly predicted the influence, F(6.113) = 2.437, p<0.050 at 0.030, R2 11.9. The variables that added statistically significantly to the prediction with p < .05 were employee influence (.001) and financial benefits (.008).

4.10. Interpretation of Hypothesis

The hypothesis testing was one of the inferential statistics added to the study, and was stated as:

H_0: MMOs have not significantly influenced how Zanaco customers conduct financial transactions.

H_1: MMOs have significantly influenced how Zanaco customers conduct financial transactions.

Basing on the regression statistics, the level of significance was greater than 0.05 at 0.71. Thus, we fail to reject the null hypothesis and cannot accept the alternative hypothesis. The statistics of the regression show that p was greater than 0.05 on the factors of Convenience (p> 0.05 at .794); Promotions (p> 0.05 at .960); Cost (p> 0.05 at .215); Public Image (p> 0.05 at .196); Service Quality (p> 0.05 at .395); Reputation (p> 0.05 at .405). The variables which significantly influenced how Zanaco customers conduct their

transactions by the influence of MMOs were Employee Influence ($p < 0.05$ at .001) and Financial Benefits ($p<0.05$ at .008).

4.11. Chapter Summary

This chapter was the presentation of the findings of the study in line with the study objectives and the research data collection and presentation procedures. The study also outlined preference of financial services between the MMOs and Zanaco mobile banking.

The chapter showed that a gap existed between customers' service expectations and perceptions with both MMOs and Zanaco and, those customers were not satisfied with the quality of service provided by both MMOs and Zanaco's mobile banking services. By computation of means, it was found that customers's expectations were higher than the actual experience (perceptions) with the MMOs and Zanaco mobile banking. There were particular areas under which the actual experience was higher than the expectation, indicating potential for the MMOs and Zanaco to make necessary improvements.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1. Introduction

This chapter is the discussion of the findings presented in the previous chapter. The discussion involved establishing the implications of the findings to the Research. The

Study findings discussion was based on practices amongst customers using MMOs and those customers using Zanaco mobile banking services. The findings were also discussed in the light of the theoretical framework and in relation to previous studies.

5.2. Discussion of Findings

5.2.1. Types of MMO services most preferred by Zanaco mass customers

This paper established that customers often preferred performing their withdrawals using MMOs to Zanaco. The situation herein implies that when customers were faced with a choice to withdrawal finances from either their MMO account or Zanaco account, it were most likely that they would choose the MMO than the Bank. It's important to note that conducting financial withdrawals from banks attracts charges and most customers in this regard would prefer to use MMOs because they offer low standardised fees while banks would penalise retail customers for drawing from the Bank regardless of the amount. For the same reason, MMOs are seen to be more cost effective for small amount withdrawals and in turn attract more customer withdrawals than they would with Zanaco.

The study also found that customers only sometimes preferred MMOs to Zanaco when performing cash deposits and funds transfers between MMOs accounts. This finding entails that there were situations when customers would use either Zanaco or the MMO. In practice, customers who did not wish to keep cash found it more convenient to make deposits with the MMOs because they are easily accessible and have presence at almost every corner of the street in Lusaka. This situation is, unlike Zanaco's express agents whose expanse cannot be compared to the MMOs spread and reach. Important to note also is that making cash deposits is free for both MMOs and Zanaco but Funds transfers are only free on MMO accounts but not Zanaco. This gives customers a proclivity to favour the MMOs in this regard. Another critical aspect observed is how Inter MMOs money transfers are permissible but unattainable between Zanaco and the MMOs, though Zanaco customers have the option of the e-wallet which allows them to make transfers to a mobile number however this does not have luxury to transfer funds to MMO accounts.

Further, the study found that customers did not have an outright choice between MMOs and Zanaco mobile banking services for the purchase airtime. Both establishments have

the same type of platform for purchasing airtime with the only the necessary condition being that the customer had cover in their account. Purchasing of airtime on either platform is relaxed, fast and convenient. While MMOs facilitated the purchasing of airtime only on the customer's mobile phone, Zanaco customers had ability to purchase airtime on their alternative mobile platforms such as Zanaco Agent Express, ATM and the Internet facilities.

The study also found that customers had a choice to use either the MMOs or Zanaco to pay particular bills. Both Zanaco and MMOs offer the bills payment platform to their customers like; ZESCO electricity utility, water utility, Multi-choice, ZRA tax, specified government bills, goods and services, and the Farmers Input Support Program (FISP). Additionally Zanaco provided for the payment of school bills which the MMOs did not. The payments of bills was convenient on both platforms with customers able to make payment only via their mobile phones.

Concerning the inquisition of their balances customers preferred the Zanaco mobile platforms compared to the MMOs. Customers made more inquiries through the Zanaco platform on their bank accounts on which they conduct high value transactions such as salaries, loans, Direct Debit and Credits (DDAC), Standing Instructions and transaction charges. This was so because MMOs did not support such services. The amounts involved with MMOs were largely small value transactions that probably did not warrant frequent checks despite being free. In addition, MMO accounts were mostly used for transactions and not savings. An important observation also was that The MMO accounts which although did not attract interest for savings had a maximum balance, a ceiling which obviously was a limitation to saving.

As regards the transfer of funds by customers between the MMOs and their Zanaco bank accounts, this study noted that this was unattainable. This was the case because there was no such provision by either Zanaco to the MMO or vice versa. However, this service was available between the MMOs, some banks, and other financial institutions that include; Stanchart, UBA, ACCESS Bank and FINCA.

5.3. Factors that influence Zanaco mobile customers to use MMO's financial services

Interestingly, the findings of this study are similar in context to what Ruganda and Kapoor, (2012) found in their study of India and Africa in terms of the growth of MMOs

that provided financial services. Of significance in their findings was that most low-income earners were adopting MMOs as their first financial services provider, overlooking the Banks which were associated with those in formal employment and large turnover businesses. In the study, most low-income earners did not have ready access to financial services, opting for mobile payment facilities for their transactions of funds transfer, bill payments, withdrawals, deposits and purchases of airtime. Savings accounts were less popular among the studied populations who were largely low income earners. The study equally established that MMOs were significant for financial inclusion in both India and Africa.

The findings of this study are also related to what Thinguri, Onjoro and Kiprop, (2014) found in a study in Kenya, whose non-bank-based mobile banking service provider had more services beyond what obtains with the Zambian MMOs scenario. An example of the success of a mobile banking platform with the involvement of the Bank is M-Pesa (Kenya and Tanzania), a branchless banking service designed to enable users to complete basic banking transactions without necessarily visiting a bank branch. The continuing success of M-Pesa in Kenya has been due to the creation of a highly popular, affordable payment service with only limited involvement of a bank. M-Pesa customers can deposit and withdraw money from a network of agents that includes airtime resellers and retail outlets acting as banking agents. M-Pesa operated by Safaricom, a mobile network operator (MMO), which although not classed as a deposit-taking institution (such as a bank) has enabled its users to: deposit and withdraw money; transfer money to other users and non-users; pay bills; purchase airtime; transfer money between the service and a bank account (in some markets); pay salaries; banking services (many banks have partnered with Mpesa); purchases and insurance.

The study also found that convenience was a significant factor that compelled customers to use the services of MMOs. Convenience in this regard implies that the MMOs have given customers more control of how they perform transactions on their accounts. With the MMOs, the validation and checks were less stringent as the customer only needed a Personal Identification Number (PIN) to transact. The level of control was necessitated by instant validation when performing transactions over the booth (OTB).

The findings of this study regarding convenience when accessing MMO services are supported and similar to what EDGE, (2011) found in a study. The study found that

customers having access to account balances, (95%); ability to transfer funds between accounts with the same bank (79%); ability to pay bills (72%); ability to transfer money between accounts of different financial institutions (FI) (41%) and ability to send money to third parties (35%) expressed convenience. The aspect of convenience entails customers having more control over their finances while utilising the services provided the MMOs.

The study also found that MMOs offered more financial benefits to customers than Zanaco. The implication of this matter is that despite both MMOs and banks offering similar financial services with their inherent benefits, most customers perceived the MMOs in better light than Zanaco. Financial benefits of the MMOs relate to better pricing of services; low transaction costs on small amounts; no minimum balances on the account; no transaction limit; more alternatives that reduced the waiting cost; easy transaction reversals as opposed to the Bank which on the other hand has pricing that is slightly higher and which for any breach in customer procedure penalises the erring customer. Equally, the waiting time with the Bank was much longer because of the bureaucracy and standard procedures implying that channels were not evenly distributed for ease access.

It was also found out Zanaco had a far better public image when compared to MMOs who have more prominent presence on the market. The service rendition environment of MMOs appears largely informal as they use booths with poor ambiance of both the structures and the tellers. The inability to handle high value transactions also underscores their poor public image. It could be further be argued that the Banks have a better on the basis that banking is their core business and have been on the market for long (since 1969, in the case of Zanaco). Over time, banks have built a strong goodwill and public reputation that in the long run has fostered their quality of service which is obviously far superior to that of MMOs.

Unlike the current study, a study by FSD Kenya, (2018) found that in the presence of MMOs, the Banks were better placed to provide better mobile banking services. The telecommunications companies had the technological advantage but still considered partnering with banks as more profitable than running the financial services singularly. What was necessary was for the Banks to implement internal change management, as well as measuring the impact DFS has on business growth, sustainability, outreach and

adoption. The study is unique as it identified valuable benchmarks on DFS implementation that fit the Banking context, which differs from many studies in the existing literature that focus on MMO-led DFS implementations. It serves as a guide for target-setting and strategic engagement of FIs seeking to implement or scale digital channels.

A study by GSMA, (2018) confirms that the assumed competition between the Banks and MMOs is an expression of the way consumers prefer to conduct their transactions in the 21st Century, especially in the developing world. The combination of telecommunications, digital banking, the internet and the cell phone have altered every aspect of society and economy, including the financial sector. The study also found that in Sub-Saharan Africa, 44 percent of the population subscribed to mobile services in 2017. By 2025, the number of subscribers is expected to grow to 52 percent, and 87 percent of those subscribers are expected to have mobile broadband access. The survey reveals significant progress in financial inclusion driven by a new generation of financial services accessed through mobile phones and the internet.

Reynolds, (2018) examined recent trends in mobile money and branchless banking regulations related to cash-in, cash-out (CICO) networks (physical access points allowing users to exchange physical cash and electronic money) in low- and middle-income countries, and reviewed evidence on the impacts of CICO regulations on markets and financial inclusion. The study found that customers were influenced by Business Channel Requirements; Agent Requirements; Regulations on Caps, Fees and Charges; and Customer Identification Requirements. Early CICO regulations focused on agent selection rules, limits on fees, and know-your-customer requirements. More recent waves of regulation have expanded or restricted services CICO agents provide, and also imposed reporting requirements on service providers in an effort to prevent fraud or enhance financial inclusion.

A study significantly different from this one was conducted among selected countries in Africa, including Zambia. This study on customer behaviour with the usage of MMOs in a banking environment was conducted by De Bruijn, Butter, and Fall, (2017). In answering the key questions, six themes emerged from the ethnographic findings: In order to understand the society and ecosystem in which DFS is introduced, there was need to look at the historical roots of monetary transactions, as well as at today's

mobility of people and money, i.e. the reasons for moving money. This provides a context with which to interpret peoples' perceptions of DFS' technological and regulatory aspects. The stories informants told within the framework of the above necessitated adding another layer of analysis, which examines the reasons people feel they do or do not 'belong' to such new technologies as DFS and in how far economic hierarchies play a role in this and are, in turn, affected by them.

5.4. Customer satisfaction with the quality of services provided by MMOs in comparison with the Bank

In terms of customer satisfaction, the study found that customers' expectations were higher than the actual experience (perceptions) with the MMOs and Zanaco mobile banking. Thus, there was no significant satisfaction with either Zanaco or the MMOs. The study found that MMOs had not significantly influenced the way Zanaco customers conducted their mobile banking transactions. The employee influence and financial benefits largely influenced customers' choice and utilisation of MMO services, the study found no significant predictions from convenience, promotions, cost, public image, service quality and reputation of either the Bank or the MMOs.

The findings of this study can be traced in the Rational Choice theory as the aggregate of customer choice between the Bank and the MMO are based on their individual needs and financial transacting objectives. As long as the financial services offered provided benefits, the customers adopted them. Given a choice between MMOs and the Bank, customers were rational in their decisions concerning performing withdrawals, deposits, money transfers, airtime purchase, bills payment, balance inquiry and other services provided by both the Bank and the MMOs.

Rational choice theory assumes that all people try to actively maximize their advantage in any situation and therefore consistently try to minimize their losses. The findings of the study indicate that rationality was the driving force in terms of frequency of usage and compulsion to adopt MMO services. Thus by studying the rational decisions of individual Zanaco customers in the study, conclusions can be made to better understand the behaviour of Zambian bank customers using MMO financial services. From the Rational Choice theory, it was noted that customers desired to perform financial services with an institution that provided better convenience, cost, employee influence, financial benefits, public image, promotional activities, quality and reputation. These were

assessed and it was found that both banks and MMOs had strengths and weaknesses in these areas that influenced when customers had to use which services and with what frequency.

The Rational choice theory requires establishing the nature and type of services provided by the financial institutions.

The last aspect of the theory is the condition under which these services are provided. The study investigated how customers were satisfied with the way MMOs and the Bank provided their services in terms of Reliability, responsiveness, assurance, tangibles and empathy. The study further established the situations under which the Banks provided better service than the MMOs and vice versa.

Therefore, rationality is a valid measure for determining an individual's preferences among available alternatives. In the case of this study the customers of the Bank could use their bank's mobile services or the MMOs, depending on their power of influence and factors of service provision and satisfaction.

5.5. Chapter Summary

In this study the financial services provided by both banks and MMOs included withdrawals, deposits, airtime purchase, bills payments, and balance inquiry and funds transfers. The assessment was in terms of how both MMOs and the Bank provided them to customers. Customers chose whom to get a service from for various reasons, and the study found that in Lusaka, customers would select the Bank for some services, and MMOs for others

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1. Introduction

The advent of MMO providing financial services has had implications on how regular bank customers access and utilise financial services. This arises as MMOs provide a

range of financial services, which the Banks also provide. In Zambia, Zanaco bank has been providing mobile banking services most of which are also provided MMO providers, namely MTN, Airtel and Zamtel Zanaco.

6.2. Conclusions

Regarding the type of MMO services most preferred by Zanaco mass customers; this study affirms that people use mobile banking facilities with both their bank and their mobile service provider (MMO). It was found that there were aspects when the Banks provided a better service as in terms of customer service, professionalism and infrastructure. The MMOs were a better option in terms of easy access, cost and KYC requirements.

The Banks and MMOs provide similar mobile banking services and customers use them by choice based on their individual needs and convenience. Personal, institutional and market factors influenced customers' choice of financial service usage between the Bank and the MMO. Customers were not entirely satisfied with the provision of mobile banking services by the Bank and the MMOs.

The study established that there are factors that influence mobile service subscribers to use financial services provided by MMOs. From the findings of the study, it was noted that MMOs have expanded customers' options for conducting mobile banking transactions. It was also concluded that bank customers have reasons for choosing between their bank and their MMO for conducting financial transactions. Furthermore, bank customers opted for MMOs for small value cash withdrawals, cash deposits and money transfers. For larger amounts, the Bank was more preferred. Customers used either the Bank or the MMO for airtime purchases, payment of bills.

Customer satisfaction with the quality of services provided by MMOs in comparison with their banks providing similar services was assessed with significant findings. There is reason to believe that since the mobile banking market is still growing in Zambia, customers may not immediately indicate their satisfaction in relation to bank provided services. Customers did not indicate significant satisfaction with either Zanaco or their MMO. There is room for Zanaco and the MMOs to create a facility that would allow money transfer between the customers' bank and MMO accounts.

The Rational Choice theory helped to establish that customers choose to conduct their mobile banking services on the basis of their individual needs and preferences. Rationality is a valid measure for determining an individual's preferences among available alternatives. In the case of this study, customers could use their bank's mobile services or the MMOs.

6.3. Recommendations

At the end of the study, recommendations were drawn worth to consider by the Bank if it were to increase mass customer base, and probe further if at all there are other factors besides those in the study that may have an impact on Zanaco mobile customers due to the development of MMOs and their provision of mobile services. The research findings did not conclusively indicate as such, therefore some recommendations were made by the researcher.

6.3.1. Development of new Operating Models

In order to close the identified gaps in the study, an Operating Model for Zanaco Bank was recommended. This suggestion was mainly to help drive innovations on the existing Zanaco Agent Banking platform. MMOs mobile account holders are able to transfer funds to banks and within themselves. Zanaco should also register with MMOs to transfer funds from the Bank to MMOs and vice-versa .In addition, Zanaco bank should reduce charges on mobile payments below a certain threshold so as to encourage low value transactions from its mass customers, zero charges on small transaction amounts on other internet activities, and flexible loan accessibility via mobile platforms.

6.3.2. Management Strategies

(i) Zanaco Management to come up with innovative products that will capture the Mass market, also to conduct business re-engineering processes such as quick mobile loans. Zanaco should also increase the number of Express Agent booths in Lusaka and match up with MMOs. Currently, the MMOs have more presence in the townships, compounds and squatters and customers take them for an easier option in terms of accessibility, referred to as convenient. The Zanaco bank should strategically increase footprint in Lusaka un- serviced areas, and by so doing, the Bank will see a growth in the market share. Funds transfers are conducted on Zanaco mobile platform with other banks only,

(ii) Zanaco should strategically focus on meeting the needs of customers by improving in terms of quality of service to customers.

(iii) Zanaco should ensure that networks and connectivity are up and running especially during peak days.

6.3.3. Regulatory Role and Market Environment

It is evident that financial regulators are looking at MMOs as a means of financial inclusion in Zambia and on the other hand, banks are facing serious competition from MMOs. Regulators should bridge the gap and ensure a fair playing field in the financial sector where a deliberate policy should be put in place to deter practices that will disadvantage players in the Financial Service Provision. The South African Reserve Bank (SARB) requires a banking license in order to issue e-money. The motivation for restricting e-money issuance to banking entities by the SARB is to limit the risk in the National Payment System, assist other regulatory authorities in providing consumers with adequate protection from unfair practices, fraud and financial loss, and a better prevention of criminal activity (SARB, 2009). The option thus left by MMOs in order to issue e-money (including mobile money) in South Africa are to go through the lengthy and costly process of obtaining a banking license, or partnering with a bank for mobile money services. The latter was the approach adopted by both MTN and Vodacom for mobile money. FMT (2017)

6.4. Recommendations for further Research

The Researcher recommends a further research be conducted after implementation of the proposed Operating Model which proposes that Zanaco should enhance mobile services where customer can transfer funds from MMOs and the Banks .This will help bring know if at all there are other issues that make Zanaco mass customers use MMOs for mobile services offered by the Zanaco Bank.

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APPENDICES

APPENDIX I: Customers' Questionnaire

THE UNIVERSITY OF ZAMBIA

Graduate School of Business

The Development of Mobile Network Operators: Implications for Zanaco Mobile Banking Customers in Lusaka

QUESTIONNAIRE

Dear Respondent,

I am a student of the University of Zambia under the Graduate School of Business. This questionnaire is part of a survey being conducted on Zanaco customers' utilisation of MMO financial services alongside those offered by Zanaco. You have been included in the study sample and required to complete this questionnaire.

Be assured that the information you will provide will be used solely for research purposes and neither your identity nor the information you provide will be availed to any person.

- Please tick or cross one response for each question or sub-question.
- Where required to write, indicate the answer in English.
- When you are done, return the questionnaire to the researcher.

SECTION A: PERSONAL INFORMATION

1. **Gender:** Male ☐ Female ☐
2. Age:

   Below 25 years ☐

25 to 34 years ☐

35 to 44 years ☐

45 to 54 years ☐

Above 54 years ☐

3. Marital Status

Single ☐

Married ☐

Divorcee ☐

Widowed ☐

4. Education level

Basic (up to grade 9) ☐

Secondary (up to grade 12) ☐

Tertiary ☐

5. Employment Status

Formal employment ☐

Informal employment ☐

Unemployed ☐

6. **Monthly Income**

Below K1,000 ☐

K1,001 to K3,000 ☐

K3,001 to K5,000 ☐

Above K5,000 ☐

7. Number of years with Zanaco

Less than 1 year ☐

1 to 5 years ☐

6 to 10 years ☐

Above 10 years ☐

8. Name of MMO you serve with

MTN ☐

Airtel ☐

Zamtel ☐

9. Number of years with MMO

Less than 1 year ☐

1 to 5 years ☐

6 to 10 years ☐

Above 10 years ☐

SECTION B

10. How often do you use the following services provided by MMOs in preference over Zanaco?

STATEMENT	Always	Often	Some times	Rarely	Never
Bills payment					
Airtime purchase (on net)					
Funds transfer (to other banks, not Zanaco)					
Withdrawals					
Deposits at booths					
Balance inquiry					
Mini statement					

11. For each of the following financial services, indicate the extent to which you prefer either the MMO or Zanaco

	MMO	Zanaco	Both
Bill payment			
Airtime purchase			
Funds transfer			
Cash withdrawals			
Cash deposits			
Balance inquiry			
Mini statement			

12. For each of the following statements, indicate the extent to which you agree.

STATEMENT	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
MMOs provide a more convenient service than the Bank					
MMOs services are cheaper than the Bank					
Employee Influence					
MMOs provide more financial benefits to customers than the Bank					

MMOs have a better public image than the Banks					
MMOs' promotions are more beneficial than the Bank's					
Quality of service provided by MMOs is better than the Bank					
MMOs have a better reputation than the Bank					

SECTION C

13. For each statement, state your level of expectations and perception (MMO or ZANACO **[1 = very low and 5 = very high])**

STATEMENT	MMO EXPECTATIONS	MMO PERCEPTIONS	ZANACO EXPECTATIONS	ZANACO PERCEPTIONS

	How important is this item to you?					To what level are you satisfied with this item?					How important is this item to you?					To what level are you satisfied with this item?				
	1	**2**	**3**	**4**	**5**	**1**	**2**	**3**	**4**	**5**	**1**	**2**	**3**	**4**	**5**	**1**	**2**	**3**	**4**	**5**
Reliability																				
1.1 Dependability in handling customers service problems																				
1.2 Performing services right the first time																				
1.3 Providing services at the promised time																				
1.4 Keeping accurate records free from error																				
Responsiveness																				
2.1 Prompt Service to customers																				
2.2 Readiness to respond to customers' request Responsiveness																				
2.3 Employees make information easily obtainable by customers																				
2.4 Willingness to help customers																				
Employees who have knowledge to answer customer questions																				
Assurance																				
3.2 Employees who are consistently courteous																				
3.3 Employees who instil confidence in customers																				
3.4 Making customers feel safe in their transactions																				
4.1 Modern Equipment																				
Tangibles																				
4.2 Visually appealing facilities																				
4.3 Employees who have a neat, professional appearance																				
4.4 Visually appealing materials associated with the service																				
Empathy																				
5.1 Giving Customers individual attention																				
5.2 Employees who deal with customers in a caring fashion																				
5.3 Having customer's best interest at heart																				
5.4 Convenient business/operating hours																				
5.5 Employees who understands the needs of the customers																				

SECTION D

14. Why would you prefer MMOs to Zanaco for mobile banking services?

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15. Outline the Challenges you have experienced with Zanaco mobile banking?

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16. What recommendations would you make for Zanaco to improve their mobile banking services in the face of competition from MMOs?

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End of Questionnaire. Thank you for your participation

APPENDIX II: Interview Guide for Zanaco Officials

Date and time: **Name and Position of Interviewee**

1. What mobile banking services offered by Zanaco?

2. Which services are also offered by the MMOs?
3. Which mobile banking services do Zanaco mobile banking customers mostly use?
4. What are the attractive features of Zanaco mobile banking services?
5. Frequency of on-boarding new customers for mobile banking services?
6. Do you think customers are satisfied with your mobile services offered by the Bank?
7. How do you compare your mobile services offered by your bank with those of the MMOs (MTN, Airtel and Zamtel)?
8. How do you rate your competition with MMOs in Zambia?
9. What challenges do you face as a mobile service provider in terms of service?

APPENDIX III: Interview Guide for MMO Officials

Date and time: **Name and Position of Interviewee**

1. What mobile banking services do you offer?

2. Which services offered by yourselves are also offered by Zanaco?
3. Which mobile financial services do your customers mostly use?
4. What are the attractive features of your mobile banking services?
5. What is the frequency of on-boarding new customers for mobile banking services?
6. Do you think customers are satisfied with your mobile services offered by your institution?
7. How do you compare your mobile services with those of Zanaco?
8. How do you rate your competition with Zanaco bank?
9. What challenges do you face as a mobile service provider in terms of service delivery?