

**UNIVERSITY OF KWAZULU-NATAL**

**MEASURING THE ADEQUACY OF MANAGEMENT STRATEGIES INFLUENCING  
CUSTOMERS' ADOPTION OF E-WALLET SERVICES AT FIRST NATIONAL BANK**

**By**

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College of Law and Management Studies**

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## DECLARATION

I Kabelo Tsholofelo Motlhala declare that:

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## **ABSTRACT**

The vision of First National Bank (FNB) is to make eWallet the standard way for individuals to send each other money and store value in South Africa and in emerging markets where FNB operates. FNB has challenges in influencing the adoption of eWallet by customers to realise economies of scale. The focus of this research involved measuring the adequacy of management strategies influencing customers' adoption of eWallet at FNB in South Africa. In order to achieve the aim, the study investigated the management strategies that were used to influence the customers' adoption of eWallet. The research established the extent to which organisational, technological, strategic and functional factors were used to influence the customers' adoption of eWallet. The researcher collected quantitative data and adopted the positivist perspective since it advanced prevailing theories, established research questions from theories and utilised questionnaires to quantify variables. The study was descriptive in nature and the utilisation of surveying was deemed the most efficient strategy. The entire reachable target population for this study constituted 654 FNB managers in South Africa who work directly with the management strategies influencing customer adoption of services. The population size reduced to 490 at the point of administering the questionnaire. The study employed non-probability sampling in targeting managers who work directly with the management strategies influencing customer adoption of services. Based on the total accessible target population, a 250 sample size was selected randomly utilising the stratified random sampling technique to eliminate bias in the selection of participants. Of the 250 questionnaires emailed, 209 were returned, constituting an 84% return rate. The study found that FNB made efforts to resolve eWallet customer concerns, however, FNB has challenges in studying behavioural factors influencing customers' adoption of eWallet. It was found that employees were trained on how to market eWallet, however, the challenge was enhancing eWallet operating skills in the general public. FNB also has challenges in providing civic education to the public on the benefits of using eWallet. The recommendations were that FNB should enhance eWallet operating skills in the general public; consider providing civic education to the public on the benefits of using eWallet; and ensure that there is infrastructure in the rural populations where eWallet money is cashed. The researcher perceives the significance of further investigations on similar topics for FNB, such as, investigating the level of management competencies required for managers in influencing customers' adoption of eWallet at FNB in South Africa.

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## CHAPTER ONE

### OVERVIEW OF THE STUDY

#### 1.1 Introduction

First National Bank (FNB) introduced a mobile money service called eWallet that enables FNB clients to electronically send money directly to banked and unbanked recipient's cellphone number. The only condition is that recipients need to have a valid cellphone number. The money is transferred instantly and can be withdrawn as cash from FNB automated machines, sent to another cellphone as electronic value, buy prepaid airtime or electricity and pay a bank account. FNB customers can be recipients of electronic money as well, provided that someone has sent them money from FNB eWallet or an FNB Bank account.

eWallet, in the bigger scheme of things, forms part of mobile banking. As a system of electronic banking, "mobile banking" has been defined as those financial services which are delivered through mobile systems and are executed on a mobile handset (Lawack, 2013). At a service level, eWallet is referred to as mobile money. "Mobile money" or "m-money" is a form of electronic money incorporating services connecting customers monetarily through mobile handsets. Mobile money offers all mobile phone subscribers, banked or unbanked, the ability to deposit a value into their mobile account, send that value through a simple handset to another mobile subscriber, and the recipient is allowed to collect that value as cash effortlessly and inexpensively (Lawack, 2013).

FNB has faced challenges in influencing the adoption of eWallet by customers to realise economies of scale. The bank needs a flawless conception of the factors influencing the customers' adoption of eWallet so as to increase the measure of usage of the services. This study measures the adequacy of management strategies influencing customers' adoption of eWallet at FNB. The chapter begins by providing motivation and the focus of the study. This fortifies the gap in existing knowledge which this study aims to fill while also establishing the problem statement. Research questions and objectives of the study then follow. The chapter closes by providing limitations of the study.

## 1.2 Motivation for study

The reason for piloting the study was to add to the body of knowledge regarding the appropriateness of management strategies influencing customers' adoption of eWallet. The following stakeholders were identified as role players that stand to benefit from this study:

### a) South African Banking sector

The South African banking sector stands to benefit the most as the management strategies, organisational strategies, strategic factors, technological factors and functional factors that influence the customer's adoption of eWallet would be investigated. The study will serve as a guide for management decision making. The study also provides management with a framework to make informed decisions regarding the adequacy of management strategies in influencing the adoption of mobile money services so as to realise economies of scale.

### b) Mobile money transfer service developers

The solution providers of this technology stand to benefit as their value proposition will be aligned to the architectural framework of sound management practises that influence the adoption of the mobile money services.

### c) Government

The South African (SA) government will benefit as a stakeholder in this study. The government has a vested interest that there is a free flow of funds in the economy aided by mechanisms that are easily accessible and are cost effective to all South African more so the unbanked. As a result, sound management practises in influencing the adoption of services is government direct interest. The rate at which money is exchanged from one transaction to another will assist in stimulating the economy in South Africa.

d) The general public and academia

Findings from this study will assist academics in broadening the research syllabus on this and similar topics and will provide a profound understanding of the adequacy of management approaches influencing customers' adoption of mobile money services.

The research methodology utilised in this study is a contributing towards measuring the adequacy of management strategies influencing customers' adoption of services. It forms the basis on which further studies on the topic can be conducted and the literature reviewed in this study also accentuates the need for studies of this nature. In the long run, it is hoped that results from studies of this kind will greatly contribute to the declaration of ethics of management strategies influencing customers' adoption of services.

### **1.3 Focus of the study**

The study was focused on measuring the adequacy of management strategies influencing customers' adoption of eWallet at FNB in South Africa. The study focused on FNB managers at corporate office and traditional branch managers in all nine Provinces of South Africa.

### **1.4 Problem statement**

The vision of FNB is to make FNB eWallet the standard way for individuals to send each other money and store value in South Africa and in emerging markets where FNB operates. The electronic money can be accessed without the aid of a traditional bank account and bank card. FNB wants the platform to open to anyone who has a valid cellphone number and a disposition to send or receive money and the service to become the standard, not just to FNB customers. Unfortunately, research studies from various parts of the world such as those done by Chitungo and Munongo (2013), Adesinasi (2012), Ondiege (2012), Hernandez, Bernstein and Zirkle (2011), Kadusic, Bojovic and Zgalj (2011) and even those done in South Africa by Ismail and Masinge (2011) and Keraan (2010) have indicated that the challenges facing mobile money services is lack of consumer adoption.

According to Cobert, Helms and Parker (2012), more than a billion people in emerging and developing markets have a cellphone but no bank accounts. In South Africa, 40% of the

people have bank accounts, however, the fact that 90% of the total population have access to cell phones, presents a prospect to use the services for the expansion of financial inclusion (African Executive, 2008). Moreover, by 2012, Southern Africa had the highest mobile penetration, at 119%, with South Africa showing a 123% penetration rate and over 50 million connections (Sub-Saharan Africa Mobile Observatory, 2012). This perspective presents an opportunity in terms of leveraging existing technology to increase the adoption rate of mobile money services.

eWallet reduces both risk and cost and is essential in any financial service offering (Bridging financial services gap. 2012). Currently, eWallet allows FNB customers to send money to anyone within the borders of the country in which the service operates. The recipients do not need to have a bank account as the money is transferred instantly to recipients' cellphone with a pin code to access the cash from any FNB automated teller machine, send money to another cellphone, buy prepaid airtime or electricity and pay a bank account.

There could be a number of factors contributing to the lack of adoption of mobile money services by customers and if FNB does not have adequate management strategies to influence this adoption, the vision to make eWallet the standard way for individuals to send each other money locally and in emerging markets FNB operates will remain unachievable. Therefore, conducting a study to measure the adequacy of management strategies influencing customers' adoption of eWallet at FNB comes at an opportune moment.

## **1.5 Research objectives**

The following objectives have been formulated to guide the research:

- To investigate the management strategies that are used to influence the customers' adoption of eWallet;
- To establish the extent to which organisational factors at FNB are influencing customer adoption of eWallet;
- To determine the extent to which technological factors are influencing the adoption of eWallet by customers;
- To establish the extent to which strategic factors are influencing customers' adoption of eWallet; and

- To investigate the extent to which the functional factors FNB are used to influence the customers' adoption of eWallet.
- To make recommendations on how FNB can influence the adoption of eWallet by customers.

## **1.6 Research questions**

The study is based on answering the following research questions:

- Does FNB have adequate management strategies to influence the adoption of eWallet by customers?
- What are the factors influencing customers' adoption of eWallet at FNB?
- What recommendations can be made to FNB to influence the adoption of eWallet by customers?

## **1.7 Limitations of the study**

Simon (2010) advises that limitations are the features of the design or methodology of the study that place restrictions on the interpretation or application of the results of the research or constraints on the utility and generalisation of the findings. This study used the data provided by FNB managers who may not provide clear measures of the adequacy of management strategies influencing customers' adoption of services as they may hide the facts.

The perspective of participants in this study may not be all conclusive as the study does not represent the entire group of FNB management, however, in spite of the above limitation, it is nevertheless anticipated that the presented information in this study from the desktop research and questionnaires that took place contributes to the knowledge and understanding of the dynamics of the management strategies influencing customers' adoption of eWallet at FNB.

The limitations of this study were also related to the use of a singular research design as opposed to triangulation. The sample may be biased since the study incorporated non-probability sampling techniques where the choice of the target population was governed by the awareness of the population who are familiar with management strategies influencing

customer adoption of services. This approach excluded employees who are implementing the eWallet and clients who are the users of services. An attempt was, nevertheless, made to survey the maximum suggested number of participants so that validity and reliability may be enhanced.

The literature review did not represent a comprehensive study of the management strategies influencing customers' adoption of services, but the study had been compensated for by a directed approach to review the literature of management strategies factors that influence customers' adoption of services to assist the study.

The backgrounds of the participants that represented FNB may not necessarily have been best suited for measuring the adequacy of management strategies. The expertise and diligence of the participants, however, produced insight and depth to the responses which brought an extra dimension to the study, adding value rather than being detrimental.

## **1.8 Outline of the study**

This chapter has introduced and provided a background to the study by firstly introducing the problem of mobile money services. The chapter has defined the problem statement, outlined the objectives of the study as well as the research questions and concluded by providing the limitations of the study as well as a summary which explains how the research developed throughout the entire document.

Chapter 2 discusses the literature review that covers the broad understanding of the adequacy of management strategies and factors influencing customers' adoption of mobile money services. This chapter also presents a theoretical framework that contextualises the field of the study.

Chapter 3 provides the research approach that has been aligned with the aim and objectives of the study, participants and location of the study, data collection strategies, research design and methods and analysis of the data.

Chapter 4 presents data collected in the study and begins by, firstly, describing the demographic profile of participants. The chapter then looks at the strategy that was utilised



when data analysis was done and provides an analysis of the findings relative to the themes of measuring the competence of management strategies. Chapter 4 also presents a discussion of the findings of the study based on the results obtained.

Chapter 5 offers an overall conclusion of the findings in this study and then makes recommendations based on the findings. Scope for further research is also suggested in this chapter.

## **1.9 Summary**

The chapter has provided a brief background on the need for research on measuring the adequacy of management strategies influencing customers' adoption of eWallet at FNB. The chapter has given an overview of the motivation and the focus of the study, established the problem statement, research questions and the objectives of the study concluded by providing the limitations of the study as well as a summary of the subsequent chapters. Chapter 2 reviews literature that covers the broad understanding of the adequacy of management strategies and factors that influence customers' adoption of mobile banking services.

## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

#### **2.1 Introduction**

Reviewing of the literature is a standard practice in the presentation of a dissertation. Literature review forms an integral part of the study as it provides the background and rationalisation for the research that was carried out. This chapter reviews literature and provides insights into the broad understanding of the adequacy of management strategies that influence the adoption of mobile banking services by customers. The chapter further presents a theoretical framework that contextualises the sphere of the study. This is essential as it demonstrates how the understanding of the adequacy of management strategies influencing customers' adoption of services can be utilised to advance the strategic framework for services management.

#### **2.2 The mobile banking landscape**

According to Gupta (2013:3), mobile technology is revolutionizing the global banking and payment industry. It offers new opportunities for banks to provide added convenience to their existing customers in developed countries, and reach a large population of unbanked customers in emerging markets. A study by Ismail and Masinge (2011) revealed that there are approximately 2.2 billion financially excluded adults residing in Africa, Asia, Latin America and the Middle East, and it was revealed in their study that for every 10,000, people there existed only one automated teller machine. This noticeable deficiency or limited access to banking and financial services greatly inhibits progress and wealth for consumers as well as the economies in these continents (Ismail and Masinge, 2011). These unbanked individuals have to suffer as result of the obvious lack of access to banking services, and in return, are left trapped in an oftentimes poor and cash only society interaction with the formal economy (ibid, 2011).

Dass and Pal (2010) agreed with Keraan's (2010) study which specified that banking and the financial industry had shown tremendous growth in volume and complexity throughout the previous few years. The outreach of the banking sector had been found to vary across

countries. Services development had provided forecasts for providers to develop the services and offer clients more flexibility. According to Dass and Pal (2010), low-cost services could have provided a considerable group of customers who would have been formerly been offered only at excessively high a service price.

Ondiege (2012) supported Dass and Pal (2010) in suggesting that high expansion and infiltration amounts of mobile handsets is an opportunity for African countries to bring on board large numbers of those excluded from formal financial services through services. Services offer substantial prospects for partnerships between banks and non-bank financial organisations (Ondiege, 2012). A necessary condition for services to expand is for regulators, especially central banks to put in place supportive regulatory regimes (Ondiege, 2012).

According to Ondiege (2012), the Kenya Central Bank experience can provide lessons for the rest of the continent given its successful stories as mobile money services are possibly going to decrease by more than half the amount of unbanked in Africa if the trend is sustained in a few African countries. Ondiege (2012) upholds the idea that if service providers such as Vodacom, Zain and MTN which have widespread continental coverage would be instrumental in evolving this programme. Ondiege (2012) proposes that if Vodacom, Zain and MTN would embrace the models by other service providers in Africa this would deliver other benefits such as improving domestic investments through the expansion of financial services.

Similarly, in a study by Abadi et al. (2012), it was found that services together with mobile phones services had successfully transformed the habits and methods of doing consistent activities by bank customers. Banks had also used it as an approach to diminish expenditures and proliferate profitability. According to Abadi et al (2012) the identified benefits of services in terms of ubiquity coverage, flexibility, interactivity and with superior availability compared to conventional banking systems such as computerised teller machine influenced banks to invest on capabilities. Abadi et al. (2012) indicated that moving consumers to mobile money services meant saving with regards to costs for banks as their success in moving customers to mobile money would lead to huge savings. Banks felt the need to understand the central drivers that reduced the adoption of services by customers (Abadi et al. 2012).

### **2.2.1 Mobile banking in South Africa**

The study conducted by Ismail and Masinge (2011) revealed that about half of South African citizens were not in possession of bank accounts and nearly 40% were either jobless or worked casual jobs compensated in cash. (Ismail and Masinge 2011) the reason why banks were inaccessible for these citizens was that banks offered inflated bank charges and very severe banking regulations like proof of regular income which prohibited many disadvantaged people from having authorised bank accounts. Similarly, in a study by Keraan (2010), it was found that two out of every five South African adults have no access to formal financial services whatsoever. The study also widely recognised that it became very difficult for people to participate in the formal economy without some form of access to the formal banking system (Keraan, 2010).

Studies also indicate that a maximum number of South Africans lived in rural or semi-urban areas where chances of accessing banks were very limited or non-existent compared to other middle or high income countries in other continents. South Africa had a shortage of branch automated teller machine infiltration (Ismail and Masinge, 2011). Coupled with the fact that South Africa was one of the largest divides between rich and poor, the lack of access to banking posed significant social challenges in addition to the more obvious threats to macro-economic sustainability (Keraan, 2010). According to Keraan (2010), the Government, mainly through the Financial Sector Charter exerted pressure on the banks to respond. Whilst the need to make financial services accessible to all South Africans had been found itself on the agendas of many of the banks' transformation committees, the meaningful progress had been hard (Keraan, 2010).

### **2.2.2 The South African Model**

Reviews by Ismail and Masinge (2011) further indicated that the South Africa had extremely sophisticated, world class and exceedingly controlled financial services. Traditionally, the financial sector had focussed its services on middle, higher income clients and commercial industries, and had overlooked the large numbers of people side-lined from the official financial system. The South African Business models had been constructed around the requirements of a specific market, namely, the behaviour of middle to higher income consumers. The branch model hardly accommodated low-income market, as costs involving

opening and operating local branches in communities with low population mass were exorbitant.

According to Ismail and Masinge (2011), the much lower levels of income at the bottom of the pyramid and profit margins on an obsolete branch model were virtually discarded completely. Expedient and efficient services were delivered to customers, in that manner, saving them time and money. When the barriers to financial services were uplifted, some low-income societies profited as it became affordable to visit their nearest branches (Ismail and Masinge, 2011). Approximately 2.7 billion adults in the emerging countries who had been considered financially unfit benefited as basic financial services became accessible to them (Ismail and Masinge, 2011).

Findings from the study by Daas and Paul (2010) have shown that there had been bottlenecks in the rate of adoption of services in several parts of the world, though there exists series of study findings that determine the factors affecting the adoption of services. Dass and Pal (2010) indicated that the majority of the study findings also attested the opinions of a sector of the residents that has adequate access to various prevailing channels of banking and financial services. The position of the under-banked and unbanked residents had been unobserved in most of prevailing study outcomes (Daas and Pal, 2010).

A recent study by Ismail and Masinge (2011) noted that services presented a prospect for financial institutions to extend banking services to new customers. Despite the apparent possible benefits of services, questions still remained about whether low-income customers would fairly adopt the services at a scale adequate to make it worth offering (Ismail and Masinge 2011). Understanding adoption behaviour assists providers of financial services to engineer their contributions in order to enhance commitment by consumers (Ismail and Masinge 2011).

### **2.3 Adoption decision process**

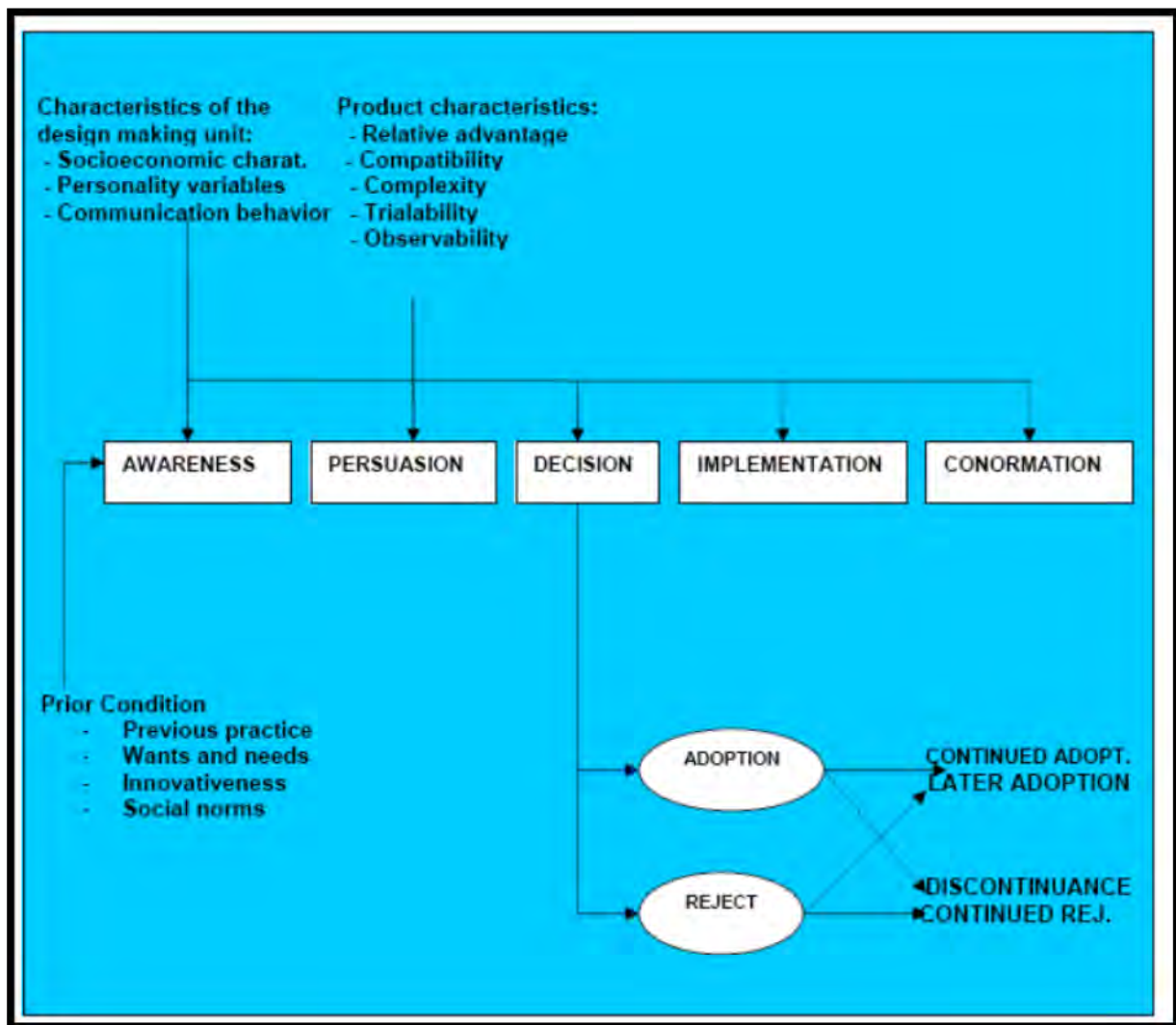
Chitungo and Munongo (2013) define adoption as the acceptance and continued use of a particular product, service and idea. Customers acquire information, get persuaded, make decisions and obtain confirmation about a product, service and an idea before they can adopt it (Chitungo and Munongo, 2013). The adoption or rejection of a product, service and idea

begins when the customer becomes aware of the product, service and idea. According to Chitungo and Munongo (2013), adoption is the process through which an individual or other decision-making unit passes from first knowledge of an innovation to forming an attitude toward the innovation to a decision or rejection to implementation of the new idea and to confirmation of the decision.

### 2.3.1 Stages in the adoption decision processes

Baraghani (2008:32) advised that there are five stages in the adoption decision processes as evidenced in Figure 2.1.

**Figure 2.1: Five stages in the adoption decision processes**



Source: Adapted from Baraghani (2008)

According to Baraghani (2008:32), the five stages in the adoption decision processes include:

- **Knowledge stage:** Knowledge of socio-economic characteristics, personality variables as well as communication behaviour of customers which relates to services Baraghani (2008). Principal adopters have proper training than future adopters and are more likely to retain socio-economic features (Baraghani, 2008);
- **Persuasion stage:** This stage entails the building of an attitude of a possible adopter towards services where they expect and forecast forthcoming use satisfaction and possible adoption risk (Baraghani, 2008). The prospective adopter develops constructive or negative outlooks toward the services which play a significant role in the conversion of the final judgement (Baraghani, 2008). Observable attitudes of the service as its virtual advantage, compatibility and intricacy are mainly vital in the persuasion stage:
- **Decision stage:** This stage involves the adopter's involvement in actions that will lead to acceptance or rejection of the services. The adopter begins to aggressively seek out information about the services that assist in the making of judgement about those services (Baraghani, 2008);
- **Implementation stage:** At this stage mental information processing and decision making ends and behavioural change begins (Baraghani, 2008).
- **Confirmation stage:** After the adoption of services, the adopter keeps evaluating the consequences of the decision he/she has made (Baraghani, 2008). The adopter continues to utilise services if he/she is sufficiently satisfied about the services. This is a stage where also rejection often occurs after adoption (Baraghani, 2008).

#### 2.4 Factors influencing the adoption of services

Hernandez et al. (2011) in their study on management strategies influencing customers adoption of services indicated that services accessibility could change the background for the unbanked individuals as approximately 4 billion individuals in the developing world were subscribers to mobile phones. Individuals were now enabled to participate in a diversity of financial services including mobile transactions and payments by using services and mobile phones anywhere they were without having to visit their financial institutions (Hernandez et al, 2011). Through the huge dispersal of mobile phones in various countries, including developing countries, services offer a probably significant way of bringing banking and

financial services to the unbanked communities (Hernandez et al 2011). Hernandez et al (2011) advised that services could be both transformative in targeting the unbanked and additive by targeting those who already in possession of bank accounts and through providing alternative means of accessing the services available with that account.

Hernandez et al (2011) further stipulated on top of the advantages of services were charges of such services which could be normally lesser than those services which were branch-based; transactions could be completed promptly; and consumers would not need to be reliant on cash or visiting a physical location that might be distances away. This would imply that banking services would not only be nearby, but also would be completed in real time, in that way, offering customers greater efficiencies (Hernandez et al (2011)).

According to Kadusic et al (2011) banks managed a multitude of partners, such as, telecommunication operators, retailers, mobile device manufacturers and other stakeholders. This type of synergy was defined as collaboration model which used expertise of the telecommunication and financial sectors that allowed the establishment of device standard. In this manner, services meet the customer at the middle point and ease the method of conducting business for the important participant, namely, the customer (Kadusic et al 2011). According to Kadusic et al. (2011), the service provider succeeds in identifying the consumer inspirations and likings by following a working strategic plan of cooperation and interoperability (Kadusic et al., 2011).

#### **2.4.1 External environment**

A study conducted by Kadusic et al. (2011) revealed that external environments such as demographic circumstances, individual characteristics, service or product characteristics, outlook and ambitions of prospective consumers of services were crucial to customers' adoption of services. The ignorance of any of external environments resulted in failure of customers' adoption of services in the sense that customer adoption was treated as a risk factor of services (Kadusic et al 2011). This was a complex process and required an all-inclusive and structured breakdown, bearing in mind that the core objective was the end user's adoption (Kadusic et al 2011). The most important fundamentals were customers and their inclinations, and this meant that banks were to work on the complex integration of external environments integrations (Kadusic et al 2011).



### **2.4.2 Consumer behaviour**

Adesinasi (2012) maintains that consumer behaviour refers to those actions of decision-making directly encompassing gaining and exploiting need-satisfying products and services which encompass the decision-making procedure that heralds and controls the actions. Consumers are persons who utilise products and services and make purchases and pay for products and services. Adesinasi (2012) describes two kinds of consumers; that is, private and business or organisational consumers. The consumers who purchase products and services in order to empower companies are labelled business or organisational consumers, while those who buy goods and services for own consumption are termed private consumers (Adenasi, 2012).

Adesinasi (2012) posits that the performance of procuring and exploiting economic merchandises and services is called consumer behaviour. Adesinasi (2012) also stipulates that consumers often have to make decisions when they buy online or in-store. Adesinasi (2012) suggests that it is vital for banks to study client profile for a better understanding their customers. This will, as a result help them to identify the factors that influence customers purchasing behaviour and the challenges experienced by consumers when they make online purchases.

### **2.4.3 Consumer attitudes**

Abadi et al. (2012) study findings revealed that one of the information technology management concerns in the field of mobile money services was the attitude of customers to and its adoption among customers. Studying the determinants of services adoption led to a better understanding of beliefs and ideas that propelled the potential users to use services. Considering how and types of users' attitudes, created the conditions that accelerated the adoption of by customers had become vital element in the competitive landscape of the financial services industry. Innovations in telecommunications had enabled the launch of services for banking services whereby a customer interacted with a bank via and mobile phone.

In agreement with Adesinasi (2012), Kadusic et al (2011) explained that there were numerous predetermining factors that influenced consumer attitude towards services, and banks had

recognised that motivation, demography and individual reception of services were some of the major factors influencing consumer adoption of services. In developed countries, consumer's attitudes were influenced by previous experience in relation to services (Kadusic, 2011). Consumer's attitudes helped to escalate the adoption rate which is due to previous experience; however, this differed slightly in the developing countries where services were just being offered for the first time on the markets (Kadusic, 2011). The concern of many consumers was security in terms of hacking, encryption of data and protection of personal information (Kadusic, 2011). These challenges facing bank customers impacted either positively or negatively when it came to the decision of adopting services (Kadusic, 2011).

Eisawi, Sekhon and Tanna (2012) advised that one of the significant elements for the success of banks is service excellence. Judgements formed by customers about the overall service excellence of banks are key to gain competitive advantage. This is because the service excellence consists of the main choice criterion for customers in establishing relationship with the bank. This present a window of opportunity on the basis that maintaining service excellence is a vital component to develop profitable long-term customer relationships.

Similarly, Abadi, Kabiry and Forghani (2013) indicated that services had a long way to go as majority of customers preferred banking in the traditional ways. Key question was why customers were not adopting services. Various factors influenced customers' adoption and there was a need to understand users' acceptance and adoption of services and to identify the factors affecting intentions to use services. This information assisted developers in the building of systems that consumers wanted to use or help developers to discover why potential users avoided using system.

A study conducted by Abadi et al. (2013) revealed that although services had been introduced in most public and private banks, many customers failed to welcome services as they were unfamiliar with the manner in which these services were used. The most important was the lack of confidence to systems. According to Abadi et al (2013) banks seemed to be aware of opportunities that the services were providing to customers and were, therefore, moving quickly toward modern banking and offering services to clients in refined levels.

Abadi et al. (2013) indicated that in spite of huge investments on systems, studies indicate that there are still some users who are not utilising the services despite accessibility to them.

Abadi et al (2013) emphasised that studying behavioural factors that influence customer adoption would enable banks to recognise factors relating to the adoption of services and then reinforce pertinent factors that would encourage customers to utilise the services. This emphasised a greater need for banks to perform inquiries that would assist them in identifying factors that determine the adoption of the system and customers attitude toward it.

#### **2.4.4 Banking and mobile phone usage**

According to Abadi et al. (2012), in service use, mobile phones were no longer used as they had typically been used before. Talking and text messaging remained extensive service use expected to grow. Service enabled the users to receive information on the accounts and make monetary payments based on orders sent via mobile phone. The opportunity to use in service delivery had created challenges to developers and banks in bringing about the factors that influence the users' adoption. The competitive advantage was gained in form of costs reduction and in order to avoid the challenges, service providers were interested to enhance the understanding of consumer behaviour patterns.

Another study by LIRNEasia and UP-NCPAG (2009) discovered that the provision of money through the use of mobile phones was a value-added service that was accessible through telecommunication companies. They specified that its issuance integrated both telecommunication and bank principles but for criticisms about services, the first avenue for reimbursement was often the telecommunication company if not the telecommunication regulator (LIRNEasia and UP-NCPAG, 2009). They further stipulated that it was imperative to resolve likely complications especially in the setting of exploiting services for sending money was significant for confidence to grow in its use and usage to increase.

LIRNEasia and UP-NCPAG (2009) stated that previous inquiries had recognised the significant role that mobile phones played in particular models. Services were in consistency with the assurance perceived in money bringing enhanced efficiencies and reducing transaction costs (LIRNEasia and UP-NCPAG, 2009). This encompassed potential for intensifying services to the unbanked poor (LIRNEasia and UP-NCPAG, 2009).

According to LIRNEasia and UP-NCPAG (2009), sending money was observed as a tactic telecommunication companies utilised to keep rates at a minimum and maintain customer allegiance. This provided telecommunication companies with new prospective customers, added sources of revenues and helped increase average revenue per user (LIRNEasia and UP-NCPAG, 2009).

For financial institutions, services helped intensifying banking penetration, developed customer loyalty, reduced functioning costs and met Government service obligations (LIRNEasia and UP-NCPAG, 2009). Overall, it was the speedy distribution of the mobile phone network and its dispersion to a diverse set of clients, including the lowest of the pyramid that thrilled people about its potential, especially for undertaking financial transactions with respect to remittances (LIRNEasia and UP-NCPAG, 2009). LIRNEasia and UP-NCPAG (2009) stated that for the purpose of reaching the unbanked, the accomplishments of services were linked to telecommunication policies that addressed infrastructure, existing services and applications. There were also challenges associated with technology, especially computer systems with small screen sizes, restricted screen resolution and uncooperative keypads which led to customers failing to use services (LIRNEasia and UP-NCPAG, 2009).

#### **2.4.5 Organisational factors**

According to Saleem and Rashid (2011), competitive banks adapt to changing environments with the passage of time owing to the advent of technology. The size of organisation's business must increase to gain recognition and profit. Organisation's size refers to capacity, number of personnel, outputs such as customers, sales and resources.

The organisational structure of a bank plays a pivotal role in new technology service adoption. Centralized decision making negatively affects the adoption of new technology while decentralized decision making helps to come up with more creative and innovative ideas. Saleem and Rashid (2011) stated that service is in the growing phase of the organisational life cycle. Banks follow assorted programs relating to organisational growth like employee training and development, hiring of information technology professionals and competent staff by recognising proficiency and qualification (Saleem and Rashid, 2011).

Firms with proficient organisational structure establish its economical base to adopt a technology such as services.

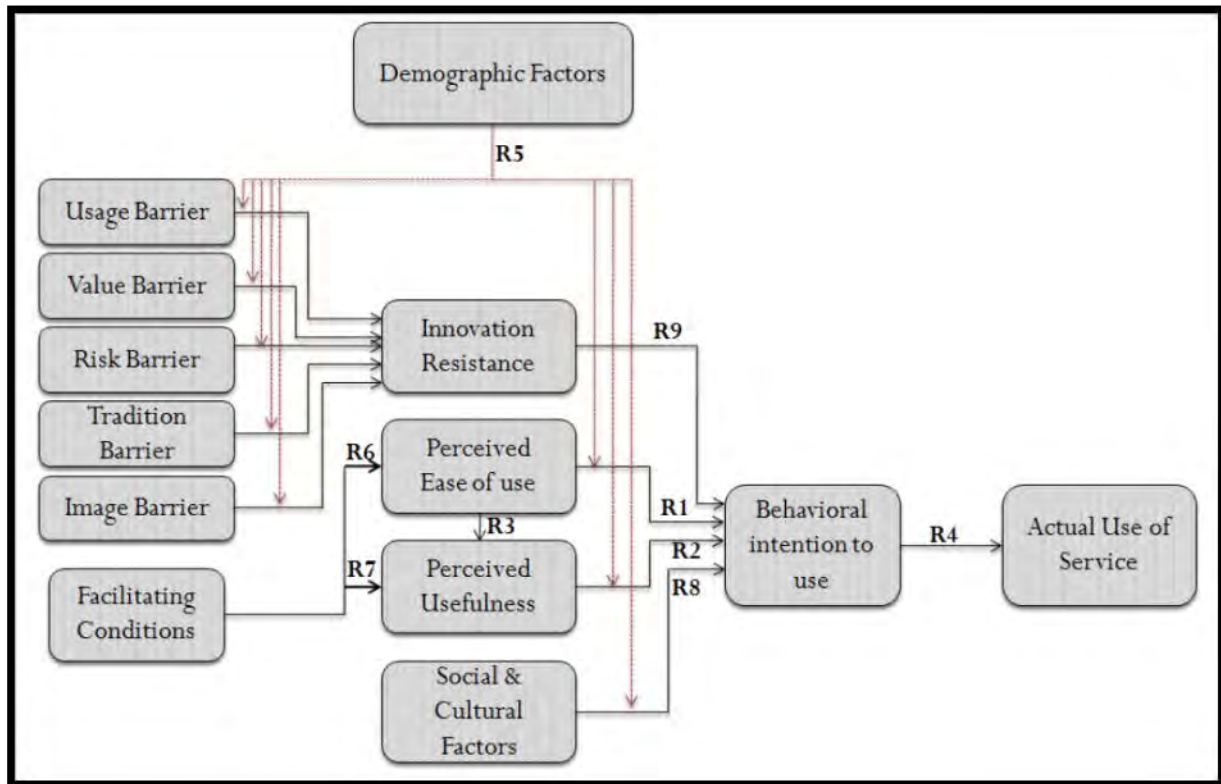
A study conducted by Saleem and Rashid (2011) indicated that organisational factors were concerned with the organisational structure, the culture and management style as well as the flow of information. The criteria mentioned formed major portion of the organisational factors that immensely affected the organisation's services and its customers. Organizational culture was the social tie in which the employees operated and shared ideas with each other. This social connection built up the idea that the departments or units operating in the organisation were the core foundations which promoted advancement.

Saleem and Rashid (2011) study findings further indicated that financial institutes like banks needed to create unique identity in the mind of customers because they offered almost the same kind of services. The display of corporate image in the market required robust organisational policies and structure. Banks needed to pay major emphasis on customer satisfaction and quality of service to define the difference between their banks and competitors.

Similarly, Barati and Mohammadi (2009) suggested that in the growing competitive markets of financial services, services were perceived as an attempt to deliver the required added value for customers by presenting more prospects for conducting different banking activities. There were two factors hindering the growth of services, such as, absence of inspiration from the market place and Government boundaries that restrict the ability of private firms and individuals to contribute to infrastructure (Barati and Mohammadi, 2009). Services were still in its development phase in most countries in the world and this was due to lack of consumer approval and the slow developments of the services (Barati and Mohammadi, 2009). Barati and Mohammadi (2009) indicated that the improved consumer skills produced more positive views towards services and amplified the probability of constant service usage. This accentuated the need for improving the skills of the general community and the prospective service users.

According to Barati and Mohammadi (2009), organisational factors affecting the acceptance of services are presented in Figure 2.2.

**Figure 2.2: Organisational factors affecting the acceptance of services**



Adapted from Barati and Mohammadi (2009)

According to Barati and Mohammadi (2009), there are various organisational factors affecting the acceptance of services. Factors R1 until R9 are most important organisational factors. According to (Barati and Mohammadi, 2009) the factors and the relationships include:

- (i) **Perceived ease of use and perceived usefulness:** Perceived usefulness concerns the extent to which customers trust that using a specific service would improve job performance; while perceived ease of use is the extent to which customers believe that using a particular service would be free of exertion. **R1:** Perceived ease of use has a positive outcome on behavioural intention to use services; **R2:** Perceived usefulness has a positive effect on behavioural intention to use services; **R3:** Perceived ease of use has a positive effect on perceived usefulness of ; **R4:** Behavioural intention to use has a positive effect on authentic use of services (Barati and Mohammadi, 2009);
- (ii) **Demographic characteristics:** The demographic characteristic such as age, sexual category, knowledge and voluntariness of use offers a comprehensive influence on services acceptance analysis. Organisational factors that affect customer acceptance of

services are considered such as; **R5:** Demographic factor which is a background that affects some of the major factors (Barati and Mohammadi, 2009);

- (iii) **Facilitating conditions:** The role of facilitating circumstances in receipt of services is very substantial. Organisational factors, such as the time of usage, familiarity of the device and user skills affect users' perception of performance anticipation, such as, usefulness; and effort expectancy, such as, easiness of usage of the services. **R6:** Facilitating conditions have a constructive effect on ease of use of services; **R7:** Facilitating conditions have a positive effect on usefulness of services (Barati and Mohammadi, 2009);
- (iv) **Social and cultural factors:** Organisational factors that impact the customer's reception of services, such as, social and cultural standing. The culture of consumers and circumstances of society are crucial in the acceptance of services. **R8:** Social and cultural factors that complement services have a productive effect on the behavioural intention of customers to utilise and vice versa.
- (v) **Innovation resistance:** The theory of innovation resistance intends to explain why customers repel services. Based on functional and psychological obstacles to services, approvals are divided into usage, value and risk custom and image obstacles. Services are inventions and each invention carries with itself resistance of consumers. Factors causing adoption to the innovation need to be evaluated before an acceptance model may be created. If the resistance to services escalates, **the** purpose to use that service declines as well. **R9:** Innovation resistance has a damaging consequence on behavioural intent to use services.

#### 2.4.6 Trust

Another important organisational factor described by Ismail and Masinge (2011) was that customer trust was noted to be a cornerstone for the accomplishment of services. According to Ismail and Masinge (2011) trust was perceived to be a psychological anticipation that a trusted party would not act unscrupulously or a sensation of security and inclination to depend on someone or something. Ismail and Masinge (2011) categorised services trust into two groups, that is, trust of banks and trust of service providers. They also concentrated on

three trust proportions, namely, belief in a bank, belief in the network supplier and trust in wireless infrastructure (Ismail and Masinge, 2011). Ismail and Masinge (2011) further provided a definition and measurement of a consumer's conviction over a service provider grounding this on the three typologies of trust, namely, ability, integrity and benevolence as follows:

- **Ability** - the view of the customer regarding the capability and significant information of the service provider to provide the anticipated service (Ismail and Masinge, 2011);
- **Integrity** - The customers' perceptions that the service provider would be just, honest and observe rational conditions of transactions (Ismail and Masinge, 2011);
- **Benevolence** - The extent to which a service provider would exhibit approachability and empathy towards the consumer. This includes the belief that a service provider would act in good faith to resolve the consumers' concerns and intends doing good to the customers beyond profit intentions (Ismail and Masinge, 2011).

In their discussion, Ismail and Masinge (2011) also indicated that in order to have a better understanding of how a consumer's trust affects the acceptance of services, service providers should introduce the concept of brand loyalty and customer loyalty. Brand loyalty refers to the repetitive usage of services (Ismail and Masinge, 2011). Customer loyalty, on the other hand, refers to a customer's positive attitude toward services that yields repeat reuse actions (Ismail and Masinge, 2011). According to Ismail and Massinger (2011), receiving client loyalty in services is reliant on first earning consumer trust. Trust is completely and directly aligned with consumer loyalty given that services are considered as an extension of digital banking. A customer's belief in digital banking service provider is likely to positively arouse the reception of services (Ismail and Masinge, 2011).

#### **2.4.7 Security**

In an older case study by Turbin (2008), it was found that digital services posed particular security concerns for many financial institutions acted as a container that holds access to a value using a single sign-on credential to unlock the wallet. The addition of more security requirements to access each application contained in the wallet proved too burdensome to the consumers. As services evolved into payments, the struggle between the mobile operators and



financial services institutions over the control of the payments and associated fees were intensified. Similarly, Yu (2009) stated that security and trustworthiness of service were significant factors which affected a customer's decision to utilise the service. The security factor influenced consumers' attitudes towards services. The individuals were worried about security issues during service transactions such as data input and output mechanisms, loss of connection risk and personal performance mistakes. As a result, many people decided not to use services and ignore the extra benefits of using the services.

According to Yu (2009), security aspect was found to be a salient element influencing the use of services, like, the formation of a safe channel that will provide data privacy, honesty between the customer and the bank service; and the verification of the customer at the commencement of the services. According to Turbin (2008), financial institutions were focusing on deploying services applications because they recognized that the development and deployment of meaningful payment capabilities was still several years away. The groundwork was being laid for payments because mobile operators were taking a keen interest in being deeply involved in deploying capabilities.

#### **2.4.8 Regulation**

Referring to the same organizational factors, LIRNEasia and UP-NCPAG (2009) argued that issues that concerned telecommunication regulation and banking regulation boiled down to the system interoperability and universal access to the service and customer protection. The factors were important in order to maintain the stability of the system; expand the service to more people and reach a larger segment that remained without services; protecting consumers by being able to resolve problems quickly; and gaining customers' confidence.

LIRNEasia and UP-NCPAG (2009) stated that the developments of services were shaped by two contrasting issues such as interoperability of competing technologies and the reliability and security of transactions. From a telecommunications perspective, there was an early theory that all telecommunications were interconnected whereby services were made reachable with any provider (LIRNEasia and UP-NCPAG, 2009). Interoperability was significant as there was more than one network accessible in a country (LIRNEasia and

UP-NCPAG, 2009). Without interoperability, the market would have remained split and network economies of scale would have been impossible to attain.

According to LIRNEasia and UP-NCPAG (2009), interoperability encompasses having well-matched systems between the process of transmitting information from different mobile telecommunication network operators to banks and well-suited systems across countries in order to expand on a world-wide scale. Interoperability both at the local and global scale would provide substantial value to consumers especially for emergent countries with enormous populations employed overseas (LIRNEasia and UP-NCPAG, 2009). A standard may have to be decided upon to permit for connections between networks within and across countries. Interoperability also involves keeping compatible transactional records of customers using both the bank and the services (LIRNEasia and UP-NCPAG, 2009).

LIRNEasia and UP-NCPAG (2009) advised that an anti-money laundering and know-your-customer principles have to be evaluated especially in the midst of extra open system models of services. World-wide access to the service, on the other hand, would have to deal with new requirements for subscribing to the service (LIRNEasia and UP-NCPAG, 2009). The essential information requirements would mainly deal with the uniqueness of individuals making the transactions which has to be balanced with certainties on the ground, particularly in developing countries, where fitting, documentation of identities may be challenging (LIRNEasia and UP-NCPAG, 2009).

#### **2.4.9 Technological factors**

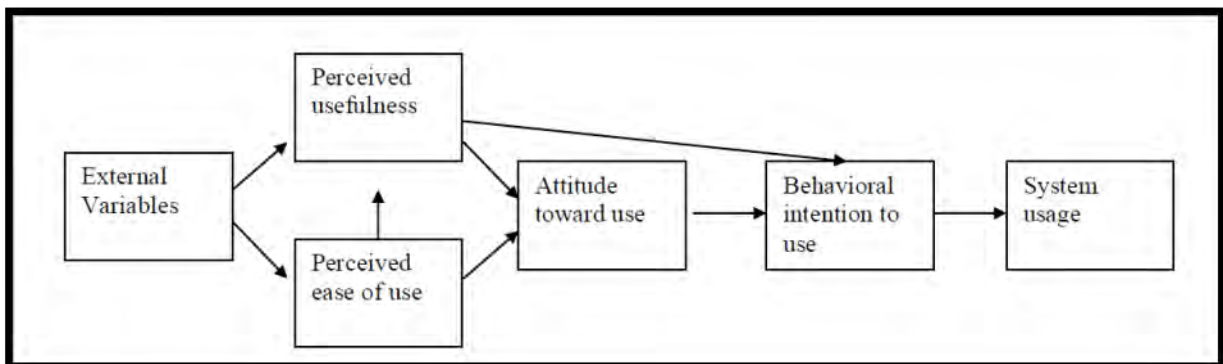
According to Saleem and Rashid (2011), increasing complexity of technology reduces the adoption of technology and makes it costly for the banks to implement. Higher technological innovation with reduced complexity is profitable for adoption of services as well as increases the trust of customers on the service provider. Comparatively traditional banking system incorporated tedious authentication and verification methods which require the customer to visit the bank personally.

Saleem and Rashid (2011) advised that traditional banking activities consume time of the customer as well as the service provider, increasing the cost and complexity and reducing

profit. Technology innovation has reduced the requirement of staff at the branch, reduced the salaries given to staff, the office setup requirements and utilities have been removed that saved banks investment which is now used to establish computer infrastructure that operates automatically under the supervision of few skilled information technology professionals.

In a study conducted by Baraghani (2008), it was found that technological factors that motivated services' users were three factors such as perceived ease of use, apparent helpfulness and approach toward using the services. The willingness of a user to use or not to use services was determined by attitude and the attitude was influenced by two beliefs which were perceived usefulness and perceived simplicity of usage (Baraghani, 2008). According to Baraghani (2008), acceptance model was an adaptation of the theory of reasoned action specifically tailored for modelling user acceptance of services. The goal of services acceptance model was to provide an explanation of the determinants of services acceptance that was general, capable of explaining user behaviour. Figure 2.3 represents services acceptance model.

**Figure 2.3: Services acceptance model**



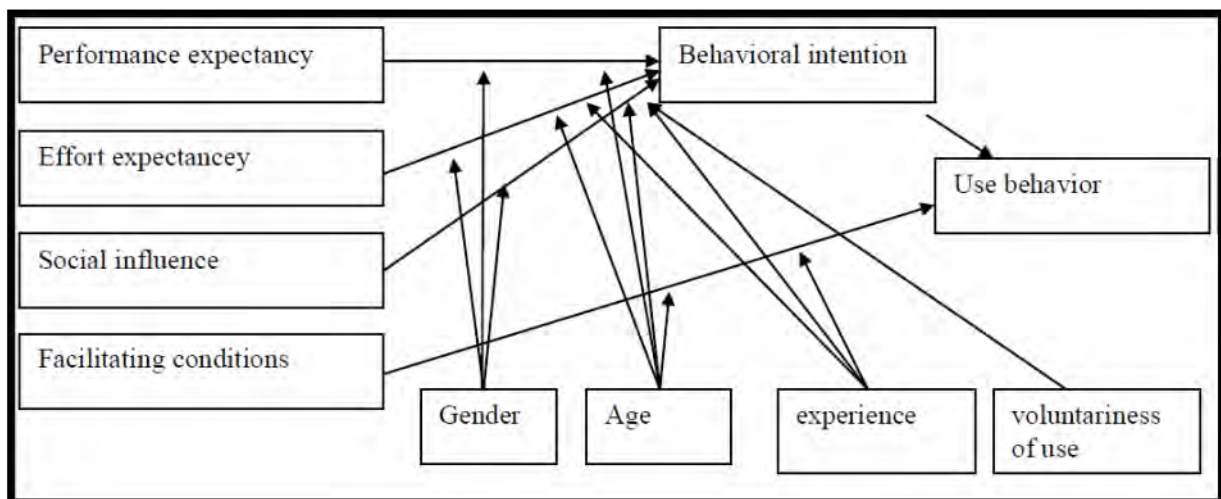
Adapted from Baraghani (2008)

Figure 2.3 indicates that a key purpose of services acceptance model is to provide a basis for tracing the impact of external factors on customers' internal beliefs, attitudes and intentions. Services acceptance model was formulated in an attempt to achieve the goals by identifying a small number of fundamental variables dealing with the cognitive and affective determinants of services. Acceptance and using theory of reasoned action was a theoretical backdrop for modelling the theoretical relationships among variables. Services acceptance model posited

that two particular beliefs such as perceived usefulness and perceived ease of use were the primary relevance for services acceptance behaviour.

Reviews by Baraghani (2008) indicated that perceived usefulness was the degree to which a prospective user believed that using a particular system would enhance job performance. A service high in perceived usefulness was one for which a user believed in the existence of a positive use-performance relationship. Perceived ease of use was the degree to which a prospective user believed that using a particular system would be free of effort. This followed from the definition of “ease”: “freedom from difficulty or great effort”. Effort was a finite resource that a person allocates to the various activities for which customers were responsible. Figure 2.4 presents Unified Theory of Acceptance and Use of services.

**Figure 2.4: Unified theory of acceptance and use of services**



Adapted from Shi (2011:30)

Figure 2.4 shows that there are three direct determinants of intention to use services such as performance expectancy, effort expectancy and social influence and two direct determinants of services usage behaviour such as intention and facilitating conditions. The model also includes moderating influences of experience, voluntariness of use, gender and age. Shi (2011) advised that Unified Theory of Acceptance and Use of services combines constructs of eight models such as theory of reasoned action, technology acceptance model, and motivational model, theory of planned behaviour, a combined theory of planned behaviour,

technology acceptance model, and model of technology utilisation, innovation diffusion theory and social cognitive theory.

Similarly, Adesinasi (2012) stated that Unified Theory of Acceptance and Use of services became the most widely utilised and acknowledged model among banks due to its convenience and its usage had caught the attention of information system community. According to Adesinasi (2012), although the model had caught the attention of information systems community in forecasting user's receipt of services, it had its flaws and was not completely utilised to comprehend factors affecting the users' reception of services. Many other models of extension, namely; perceived credibility, perceived financial cost and perceived self-efficacy of services were thus embraced as an extension of Unified Theory of Acceptance and Use of services to explore and understand the behavioural purpose of users of services (Adenasi, 2012).

A similar view was expressed by Dass and Pal (2010) who argued that studies were conducted to extend the base of services acceptance model as well as Unified Theory of Acceptance and use of services by analysing the importance of diverse constructs and antecedents (Dass and Pal, 2010). Services apparent financial cost, system quality and social inspirations were added to the original services acceptance model constructs and found to be completely associated with consumer intents to use services (Dass and Pal, 2010). Dass and Pal (2010) listed expedient attributes like tiny exhibitions, slow data connection, weak usability and related cost as inhibitors of services. The outcome of trust was also recognised along with other scopes on the implementation of services (Dass and Pal, 2010).

According to Dass and Pal (2010), consumer demographic factors contributed to the adoption of services. Age and education had foremost influence on the use of the services while gender and age the core differentiators in the embracing of services. Dass and Pal's (2010) study findings indicated that among the rural under-banked population, some very significant drivers and inhibitors for acceptance of services were banking and financial services. Banking and financial services appeared to have a direct influence on the demand for services given the fact that unless and until there was enough demand from banking and financial services, people would not opt for services no matter how convenient and accessible the services are Dass and Pal, 2010). The financial adversities encountered by the segment of population, they do not realise any need for availing any kind of services.

Dass and Pal (2010:5) indicated that the services adoption explicitly showed a reliance of demand for banking and financial services with that of awareness, recognised need and affordability of the people in available services. While banking needs were considered as a diversity of banking products and services necessary for an individual, it was more about awareness and affordability of services in the context of the rural under-banked population (Dass and Pal, 2010).

Khan (2010) shared the same view by suggesting that the changing business environment offer challenges and opportunities to the banks. The changing customer perception of quality posed unique challenge and service excellence innovation in quality became an imperative for bank sustainability. The developments of technologies had enabled banks to provide service excellence for customer satisfaction. The number of bank customers preferring to use self- delivery of the service excellence systems is on the increase. The delivery of the service excellence is attributed to increased autonomy in executing the transactions.

According to Khan (2010), banks are increasing the technology-based service excellence options to remain competitive. The e-wallet is delivery of the service excellence innovative mode that offer diversified financial services like cash withdrawal, funds transfer and payment of utility bills. Customer satisfaction is an essential determinant of success of the technology-based delivery of the service excellence channels.

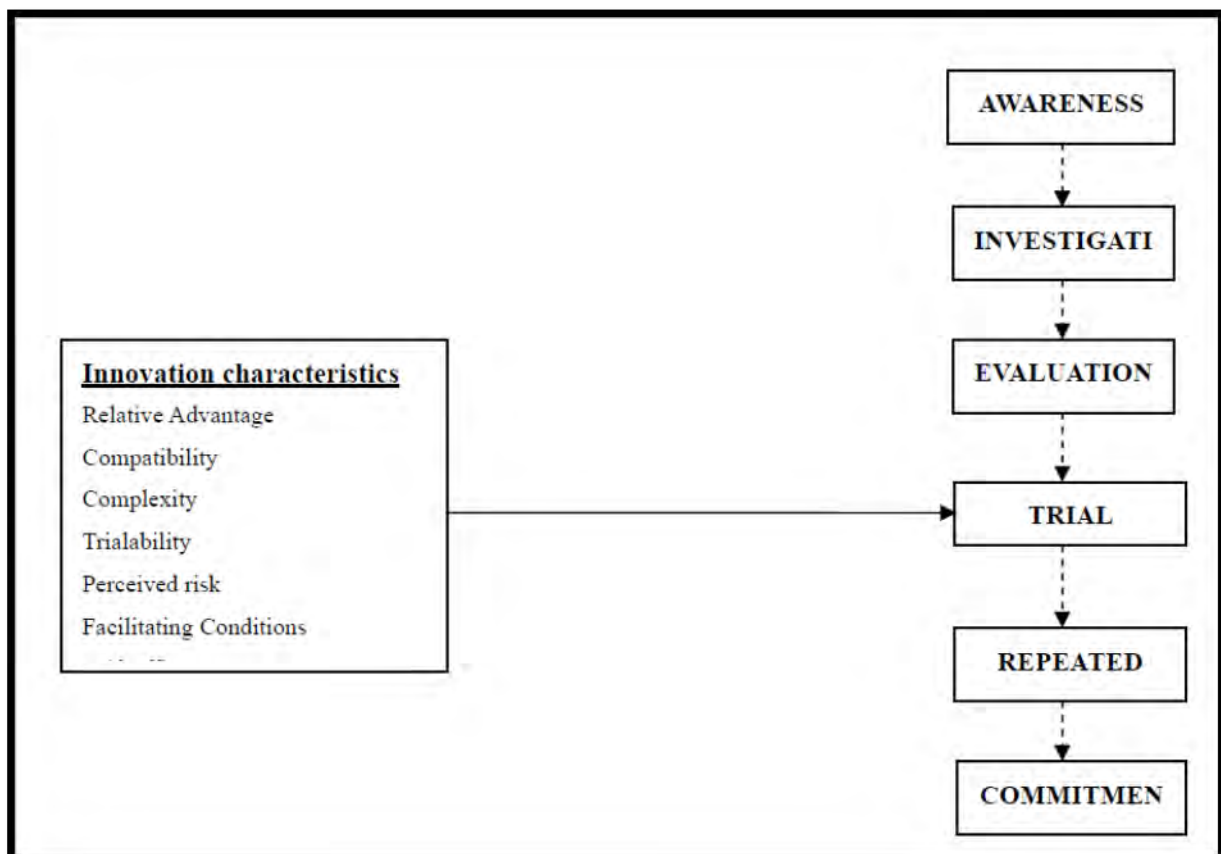
#### **2.4.10 Strategic factors**

According to Saleem and Rashid (2011), customer loyalty and customer retention are more essential than customer acquisition. They maintain that value of customer relationship management has become apparent in the competitive era of services (Saleem and Rashid, 2011). Trust has become the mainstay of any industry and the level of risk involved fluctuates with the nature of the services offered (Saleem and Rashid, 2011). The security issues are involved in customer verification and permission through all the phases of services. Saleem and Rashid (2011) indicated that ease of use, transaction security, transaction accuracy, speediness, convenience, time utility, provision of different personal services, social desirability, usefulness, economic benefits and user involvement which are psychological factors are associated with services adoption.

Saleem and Rashid (2011) advised that retention of existing customers is more economical compared to acquiring the new ones and long-term customers are less sensitive to price changes. The customer retention and customer satisfaction are the two main prospects to be catered while designing services' strategies. Prioritizing service quality, competitive differentiation, high profit or volume and low price or cost are market strategies of services. The degree of complexity and versatility in the organisational environment contributes to the confusion in decision making processes of the customers.

As Shambare (2011) pointed out, the adoption of services is influenced by potential adopters' perceptions towards the innovation. Services that are perceived by customers as having greater relative advantage, trialability, compatibility and less complexity are adopted rapidly by customers. Figure 2.5 represents characteristics influencing customers' adoption.

**Figure 2.5: services characteristics influencing customers' adoption**



Adapted from Shambare (2011)

According to Shambare (2011), the services characteristics influencing customers' adoption include:

- **Relative advantage:** It is possible to suggest that the advantages that services offer over other banking methods would affect its rate of adoption. Among these advantages are anytime and anywhere payments that is convenient since banking customers can access accounts using the cell phones;
- **Perceived compatibility:** Compatibility refers to how well services fit with customers working and lifestyle, values and needs. The compatibility is the extent to which services are in line with how the banking customers live the lives. If a customer uses services rather frequently and for numerous functions they have a higher degree of compatibility than someone who rarely uses. As a result, customers who feel payment via is compatible with lifestyle and would more likely adopt services;
- **Perceived complexity:** The level of difficulty of using services is inversely related to its adoption. The greater the perceived complexity of conducting banking via by the customers, the less likely its adoption;
- **Trialability:** Potential adopters of services who are allowed to experiment first will feel comfortable with the technology and are more likely to adopt it. The adoption of services is more likely if the technology is demonstrated to the user or if it can be used on a trial basis first;
- **Perceived risk:** One of the major influencing factors around the establishment and use of services for financial transactions is that of security and trust. The need for security of personal details and financial information is critical to the success of services. Some of the risks associated with services in general are the possibility of losing money to fraud. As a result, the lower the perception of risk involved in using services, the more likely that it will be adopted;
- **Self-efficacy:** Refers to the confidence potential adopters have in the ability to use services. The higher the individuals' experience and skill of using services, the higher the chances will be adopted; and



- **Facilitating conditions:** This is the support from both the telecommunication service providers as well as from the banks services is more likely to be adopted if there are better facilitating conditions.

The study by Kufandirimbwa, Zanamwe, Hapanyengwi and Kabanda (2013) proposes that although services are fundamental to all practices, mobile money is more than just technology. They projected that it required an ecosystem for cashing-in and out often acquired through a connection of cash dealers or agents who collect a small commission for transforming cash into electronic price (Kufandirimbwa et al., 2013).

This brings in organisational infrastructure section of the strategic alignment model. Defined by Kufandirimbwa et al. (2013) as basic physical structures and facilities needed for the operation of a society or enterprise, organisational infrastructure is significant since the use of services is reliant on infrastructure. According to Kufandirimbwa et al (2013) there are several players and stakeholders playing diverse roles or obtaining assorted paybacks from the whole transmission ecosystem that are compulsory for a typical money system to function, namely;

- A mobile operator who provides the mobile infrastructure and customer base exploiting communication services while guaranteeing compliance with telecommunication rules and policy within the country. According to Kufandirimbwa et al. (2013) the mobile network operator fills the role of leading the ecosystem, providing basic infrastructure for the payment system and oversight for the agent network;
- A financial institution with banking license and infrastructure that facilitates the exchange of money between diverse parties (Kufandirimbwa et al., 2013). Financial institutions offer oversight and supervisory compliance with national financial regulations and policy (Kufandirimbwa et al., 2013). Banks influence platforms to influence more people in conventionally underserved areas with the services at much lesser cost, as well as, handling cross-border dealings and manage foreign exchange threat (Kufandirimbwa et al., 2013);

- Regulatory institutions across different sectors able to provide an enabling atmosphere for money, as well as, defending the constancy of the financial system (Kufandirimbwa et al., 2013);
- An agent network, such as, of individuals, automatic teller machines and branches that facilitates cash-in, such as, transforming cash into money and cash-out, such as, administration cash on demand to afford convertibility between money and cash (Kufandirimbwa et al., 2013);
- Equipment constructors and platform providers include a wide collection of stakeholders such as makers, network equipment sellers as well as application providers (Kufandirimbwa et al., 2013). The benefit from the increased sale of end-user devices, such as, equipment to handle enlarged network capacity and fees or subscriptions respectively (Kufandirimbwa et al., 2013); and
- Money users are frequently subscribers to money operator's other services. Users derive benefits by getting cheaper and more efficient means of transferring or paying money to other people or businesses within the system (Kufandirimbwa et al., 2013).

According to Kufandirimbwa et al. (2013), effective money transfer needs properly prepared players and stakeholders to ensure that they effectively and efficiently carry out their roles. In addition, applicable skills and administrative resources are readily available to ensure that institutions are able to perform the roles appropriately (Kufandirimbwa et al., 2013).

In a previous publication, Porteous (2010) stated that regulating services was generally acknowledged as one of the key concerns and limitations facing the sector and the problem-solving tools to help comprehend regulatory environments for services were:

- **Engaging regulators early and continuously.** In most effective initiatives — similar in Kenya and the Philippines — regulators were involved early in the process of developing m-money products (Porteous, 2010). This approach served to start a dialogue with regulators from the outset by constructing relationship and dialogue

with regulators, firms had been able to open up negotiations about vague or unregulated areas (Porteous, 2010);

- **Identifying, anticipating and managing risks.** Because services were relatively new, there were numerous kinds of policy risks related with it, such as, risks to customers, merchants, providers and regulators. Proactively addressing and handling risks was a moral strategy for any service providers (Porteous, 2010);
- **Encouraging incrementality and proportionality:** A core recommendation for policymakers and regulators was to use proportionality as a guiding principle (Porteous, 2010). Controlling responses were relative to the risks given that services were still in its developing phases (Porteous, 2010). There were agreements that regulations were executed progressively and designed to change as the industry expanded and mature — an approach that sought to respond to risks in the space as they emerged (Porteous, 2010). This allowed for oversight of services fast-growing without stifling innovation; and
- **Streamlining know your customer procedures.** One of the tripling blocks facing services was the well-organized and express registration of new accounts and clients (Porteous, 2010). Know-your-customer process included confirming clients' identification (Porteous, 2010). Cumbersome know-your-customer principles forced customers to travel to specific locations or assembled forms of identification which often discouraged account registration (Porteous, 2010). The attempts were made to simplify and streamline processes as much as possible to encourage client registration.

Reviews by Soliman (2012) indicated that the use of service excellence innovation in the bank context result in positive changes in the service excellence level and competitiveness. As a result, the two concepts business invention and service excellence innovation are two different concepts sharing one and similar objective which is the creation of new ideas. Innovation is the introduction of a new product, service or process through a certain business model into the marketplace, either by utilization or by commercialization. The two concepts appeared to be similar but in reality the concepts are not even though the concepts share the

same objective for improving the performance of the bank by increasing the competitive advantages.

According to Soliman (2012), the main function of adapting service excellence innovation in the banks is the persuasion of continuous improvements in the internal processes and activities. Innovation is the main tool that banks acquire in order to improve the service excellence innovation and market competitiveness. Innovation is becoming very important factor in banking business context as a critical factor to fuel the prosperity of the nation's economy as whole. This means banks are working on monitoring and increasing the service excellence innovation level on regular basis in order to sustain the competitive advantage in the market.

#### **2.4.11 Functional factors**

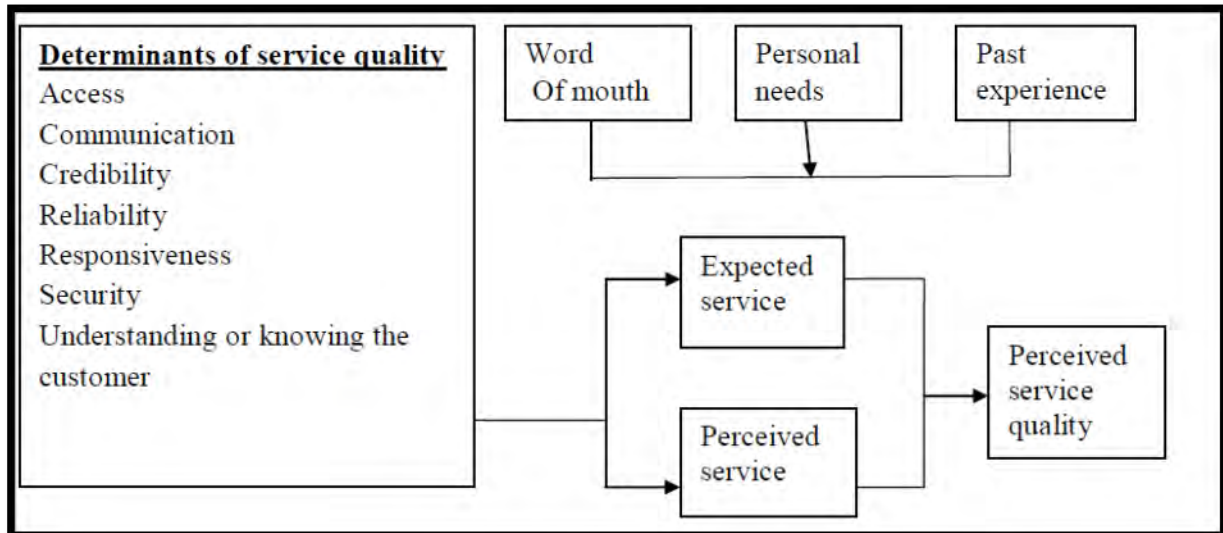
According to Saleem and Rashid (2011), functional aspects of services provision to customers in banking sector must target to attract new and retain customers. The services functionality must be reliable and timely accessible with respect to convenience which is a vital issue for the customers. Timely delivery of service is crucial or else it may cause anxiety in customers and a bank may lose customers.

Saleem and Rashid (2011) advised that relationship service is the key factor that adds value to the services. Service provider must exercise care with functional factors in order to extend the adoption of services. Trust, which is a crucial factor linked to customer service through the use of personnel contact to ensure reliability on the services. The must show full detail of the utility and print material should be provided to customer. Confirmation detail is one of the functionality which broadens the aspect of trust in customers.

Current study by Jepleting, Oscar and Bureti (2013) noted that perceived service quality occurred at multiple levels in an organisation, such as, core service, physical setting and collaboration with service providers, on the other hand. Customer's overall gratification with the service organisation is grounded on a function of all the experiences of the customers as well as the organisation (Jepleting et al. (2013). Similar to service quality, customer satisfaction should occur at various levels of the organisation, such as, with the contact person, contentment with the principal service and fulfilment with the organisation as a whole

(Jepleting et al., 2013). According to Jepleting et al. (2013), regardless of the types of services consumers use, there are similar criteria in assessing service excellence. The criteria fell into key categories as evidenced in Figure 2.6.

**Figure 2.6 Determinants of service quality**



Adapted from Jepleting, et al. (2013)

Figure 2.6 shows that service quality is a measure of how well the service level delivered match customer expectations and the seven key categories of service quality determinants are:

- **Reliability:** Involves services that have consistency of performance and dependable. The must perform the service right the first time and banks must honour promises specifically in addition to accuracy in billing, record keeping and performing service at selected time (Jepleting et al., 2013);
- **Responsiveness:** The ability and willingness of personnel to deliver service and it encompasses timeliness of service, such as, mailing a transaction slip instantly, calling the customers back quickly and supplying quick service (Jepleting et al., 2013);
- **Access:** This involves approachability and ease of contact of the employees. It also incorporates accessibility of service; appropriate waiting time to receive service,

convenient hours of operations and the setting of service distribution (Jepleting et al., 2013);

- **Communication:** This involves keeping customers informed in the language they can understand and the need for a bank to adjust its language for diverse consumers – accommodating the sophisticated as well as the plain or novice customer. It also incorporates explanation of the service itself, the costs, and the trade-offs between service and cost and assuring the customer that a problem will be handled (Jepleting et al., 2013);
- **Credibility:** This is trustworthiness, believability, honesty and having the customer's best interests at heart (Jepleting et al., 2013). Contributing to credibility includes company name, reputation, as well as, personal characteristics of the contact workforce and the level of hard sell involved in communications with the customer (Jepleting et al 2013);
- **Security:** This involves freedom from hazard, risk or doubt and physical safety, financial security as well as confidentiality (Jepleting et al., 2013);
- **Knowing the customer:** This refers to the effort that is made by personnel to understand customer needs and learning what the individual customer's specific needs are, and providing individual attention and recognising the regular consumer (Jepleting et al., 2013).

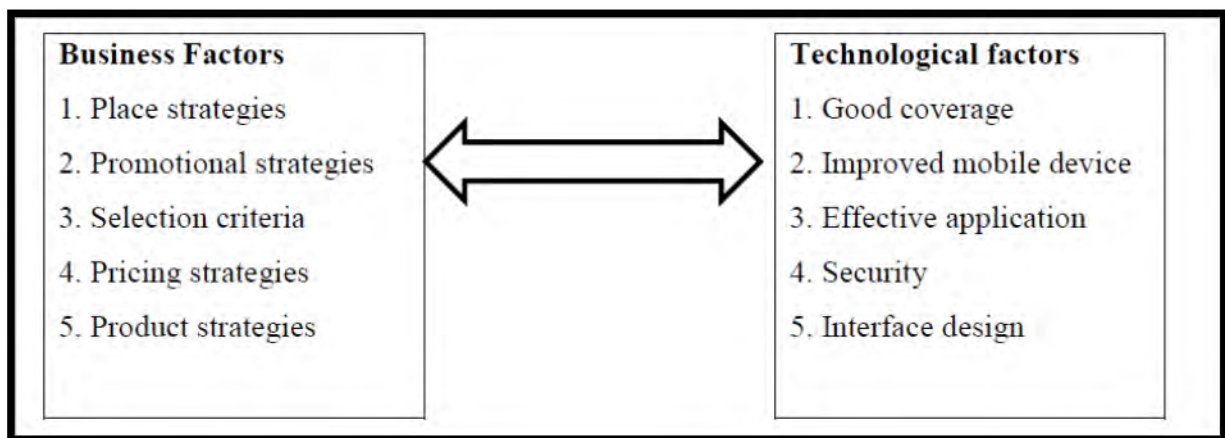
In a previous publication, Ismail and Masinge (2011) listed perceived cost as the extent to which a customer believed that using services cost money. The cost included the transactional cost in the form of bank charges, mobile network charges for sending communication traffic and device. Perceived cost had minimal significance when compared to other variables such as perceived risk, compatibility and perceived usefulness. The perceived challenge when mobile money services were first introduced was cost. Ismail and Masinge (2011) indicated that developing countries mainly concentrated on basic needs, such as, food, housing and household goods and were less keen on spending on information and communication

technology. Perceived costs were well-thought-out with regards to the adoption of services in bottom of pyramid context (Ismail and Masinge, 2011).

A similar view was expressed by Malolos (2009) who argued that utility was the ability of service to satisfy human wants or needs and the greater the money utility, the greater was the uptake of services by customers. Increasing utility was core challenge for the banking industry because utility increased in order to drive the uptake needed to reach critical mass. Industry leaders believed that remote payments and remittances would catalyze the market for more diverse and sophisticated services, offering greater utility to the consumers. Money business was a typical low-margin, high-volume transactions business; services that entail large numbers of periodical transactions – even daily – payments were not only convenient for consumers but also critical for providers.

Adesinasi (2012) highlighted the fact that services critical success factors are defined in various ways and depend on the purpose for which they are been used. Figure 2.7 presents the critical success factors for services framework.

**Figure 2.7: Critical success factors framework**



Adapted from Adesinasi (2012:17)

Figure 2.7 show that if services critical success factors are well understood, banks use them for top-down approach for corporate strategic planning. When services key success factors are recognised and they are manageable, the management of the bank should take the necessary step to ameliorate the potential for accomplishment (Adenasi, 2012). Services

have a lot of impacts they make on the providers and are regarded as critical success factors and if well calculated and applied they bring positive effect to the provider (Adenasi, 2012). According to Adesinasi (2012), there are several proposals as to what constitutes the critical success factors of services. Services data security, users-friendliness, personalisation and transmission rate are what customers are anxious about (Adenasi, 2012). Appropriate and broad-mindedness to utilise services at any time and in any way is more supreme and serve as motivating factor to customers to use services (Adenasi, 2012). Adesinasi (2012) advised that user friendliness is a key factor for consumers and high complexity and the size of the screen are serious threat to the user. Psychological issues such as security and privacy serve as serious drawback when compared with technological issues which is believed to have a lesser impact (Adenasi, 2012). Pricing is a vital issue to customers and price must be reasonably adjusted and affordable to subscribers of users (Adenasi, 2012).

Study findings by Kufandirimbwa et al. (2013) revealed that organisations were searching for strategies to respond to competitive pressures and new performance levels by redesigning and endlessly refining operational procedures. One of the progression indicators for the service procedure was to evaluate customer satisfaction levels. A properly implemented organising process results in a work atmosphere where all team members are mindful of their responsibilities. Kufandirimbwa et al. (2013) indicated that failure to conduct organising processes may produce misunderstanding, frustration, lack of competence and inadequate effectiveness. For money transfer to interact efficiently and effectively, a design of varying events or tasks is necessary.

According to Kufandirimbwa et al. (2013), each stakeholder within the services ecosystem should understand his role to avoid duplication of roles. This would be achieved through the identification of critical individual roles as well as group related ones and assigning these to the suitable player in the ecosystem. In conclusion, Kufandirimbwa et al. (2013) emphasise the need for functional roles, such as, administrative, human resources, financial, marketing and operational roles to be identified and clearly laid out. In addition, Kufandirimbwa et al. (2013) emphasise the need for; effective delegation of duties if effectiveness is to be ensured, clearly defined departmental responsibilities and accountability to senior management, the accurate span of management be placed within departments as well as applied to agent management.



Onditi, Oginda, Ochieng and Oso (2012) found that service quality involved a comparison of expectations with performance. Service quality is a measure of how well a delivered service matches the customer's expectations. The customer is requesting a service at the service interface where the service encounter is being realized, the service is provided by the provider and in the same time delivered to or consumed by the customer. The main reason to focus on quality is to meet customer needs while remaining economically competitive in the same time. This meant satisfying customer needs is very important for the banks to survive.

## **2.5 Summary**

The chapter explored the theoretical and conceptual framework literature of management strategies and factors that influence customers' adoption of services. The study has reviewed that services adoption is the acceptance and continued use of the services. A potential adopter passes through certain stages before decision is made on whether to adopt or reject services. External environment such as demographic surroundings, personal features, service or product characteristics, attitude and aspirations of potential users of are critical to consumer embracing of services. Factors influencing customers' adoption of services include perceived ease of use and perceived usefulness, demographics characteristics, facilitating conditions, social and cultural factors, security concerns and customer trust. Chapter 3 discusses research methodology informing this study.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the research process and design. The chapter starts by placing the study in the context of the body of knowledge of the research philosophy which led to the selection of an appropriate research method. The research approach is discussed substantially after this, the aim and objectives of the study, participants and location of the study, data collection strategies, research design and methods and analysis of the data are also included.

#### **3.2 Aim and objectives of the study**

The aim of the research was to attain five objectives, namely, to discover facts that might be utilised to measure the adequacy of management strategies influencing customers' adoption of services and, to endorse the research questions. In order to accomplish these objectives, it became necessary that facts uncovered by the research be accurate and quantifiable in statistical terms. The aim of the study, therefore, was to measure the proficiency of management strategies influencing customers' adoption of services at FNB. This research methodology was used to address the following research objectives:

- To investigate the management strategies that are used to influence the customers' adoption of eWallet;
- To establish the extent to which organisational factors at FNB are influencing customer adoption of eWallet;
- To determine the extent to which technological factors are influencing the adoption of eWallet by customers;
- To establish the extent to which strategic factors are influencing customers' adoption of eWallet; and
- To investigate the extent to which the functional factors FNB are used to influence the customers' adoption of eWallet.
- To make recommendations on how FNB can influence the adoption of eWallet by customers.

### **3.3 Participants and location of the study**

FNB as at 20<sup>th</sup> January 2013 had 47 employees at corporate office and 607 traditional branches in nine provinces of South Africa. At the point of the distribution of the questionnaire on the 30<sup>th</sup> of August 2013, the process of verification established and confirmation by FNB Human resources concluded the number of branches managers were 490 as some branch managers were assigned to look after two branches. The reduction was attributed to natural attrition and assigning some managers to different roles within the organisation as some branches did not warrant a manager based on the cost benefit analysis.

According to Somekh and Lewin (2006), a research population refers to a complete gathering of elements a researcher desires to make inferences from. The accessible population encompassed individuals that were expected to have facts and information about management strategies influencing customers' adoption of services at FNB so that they could provide valuable ideas, capabilities and insights (Somekh and Lewin, 2006). The total accessible targeted population for this study was 654 and it comprised of FNB managers in South Africa who work directly with the management strategies influencing customer adoption of services. However, at the point of administering the questionnaire the number of managers were recorded at 490 (Somekh and Lewin, 2006).

### **3.4 Data collection strategies**

Mouton (2005) defines research strategy as an over-all plan researchers employ to go about answering research questions and this study considered surveys as the most relevant approach to be utilised. Several reasons led to this decision. Firstly, the use of surveys was deemed the most applicable approach over other research strategies consistent with Saunders, Lewis and Thornhill (2009) who considered surveying as the most predominant and common strategy in management research. Secondly, surveys offer an economical way of accumulating data from a population utilising questionnaires (Saunders et al., 2009). The strategy easily permits contrast or comparison. Thirdly, the authoritative nature of surveying and its collective use in the general public makes it an advantageous approach to use in research (Saunders et al. 2009). Lastly, through the use of surveys, unlimited data from a wide range of data from diverse sources may be collected. A researcher may select from various strategies a strategy or a combination of strategies (Saunders et al., 2009). Research strategies refer to

experiments, surveys, case studies, grounded theory, and ethnography and action research (Saunders et al., 2009).

### **3.5 Research design and methods**

The study opted for positivist philosophy since it advanced existing theories, developed research questions from theory and employed a questionnaire to quantify variables. The researcher anticipated a strategy that would answer research questions. The survey method was found to be the most suitable and effective strategy. The probability sampling frame was nominated as it awards all the elements in the population an opportunity to be selected as sample. The rationale behind the researcher's undertaking of this study was the conviction such a study was indispensable. According to Sutrisna (2009), rationale elucidates, defends and verifies that the current literature and findings are adequate and precise. The rationale identifies the reasoning and rationalisation for conducting research on a particular subject (Sustrina, 2009).

#### **3.5.1 Description and purpose**

The study was descriptive in nature and its aim was to measure the adequacy of management strategies influencing customers' adoption of services at FNB where the problem was well structured and understood. Henning, Van Rensburg and Smit (2004) described research design as an intellectual imagery or an architectural impression of what the product of research is anticipated to look like. According to Leedy and Ormrod (2010), most survey researches adopt a descriptive nature. Descriptive research aims to present facts regarding the nature and position of a particular state, as it transpires at the period when the study was conducted, and to define present conditions, events or systems based on the perceptions or responses of the participants of the research (Leedy and Ormrod, 2010).

As mentioned before, the positivist research philosophy was perceived to be appropriate for this study as it advanced existing theories, developed research questions from theory and used the questionnaire to measure variables. Pathirage, Amaratunga and Haigh (2009) advised that a research thinking can either be positivist (quantitative) or phenomenological (qualitative) or a combination of the two. Both approaches possess strengths and weaknesses. Due to the quantitative nature of positivist research mathematical measurements and statistical analyses

to scrutinise social phenomena are exploited. In contrast, phenomenological research's argument is that the world is socially created, human interest drives science and the researcher is biased and part of the world he/she is observing.

Shajahan (2004) stated that a research philosophy is built around issues that surround the study conducted together with the nature of the questions that are being probed. Since the researcher has already signposted that quantitative research method was proper for this study, the research philosophy incorporating positivism was embraced for this study.

The formulation of the aim and objectives of the study was employed through the deductive approach. According to Saunders et al. (2009), the deductive approach assists in the design of a theory or hypothesis as well as an approach to test the hypothesis, and is usually constructed on the positivism strategy. Saunders et al. (2009) state that research approaches can be either qualitative or quantitative and differentiate data collection methods and data analysis techniques. According to Saunders et al (2009), quantitative research approach combines the data collection approaches that accentuate the usage of dignified standards and organised questioning practices in which the response choices have been automated by the researcher. This type of research mainly deals with data collection techniques, such as, the usage of questionnaires and data analysis techniques like statistics that use numeric data and statistical models (Saunders et al (2009).

### **3.5.1.1 Construction of the instrument**

The literature informed the formulation of the research instrument for this study. A closed-ended questionnaire was utilised as a measuring instrument for this study. The questionnaire comprised of questions that had been established from an evaluation of appropriate literature based on the research. The list of questions was planned to obtain the most applicable facts regarding aspects of gauging the appropriateness of management strategies influencing customers' adoption of services at FNB.

The National Institute for Health and Clinical Excellence (2007) presented the questionnaire as an excellent way of exploring the facts, beliefs, attitudes and behaviour of a group of a geographically dispersed population, however, careful thought needs to be given to the design of the questions, since the quality of the answers depends profoundly on the quality of the

questions. Some of the advantages of this method are that, it allows rapid collection of relatively large amounts of data from a large number of people, enables statistical analysis of standardised data, provides the occasion to highlight the need for change through communication of the results and is relatively economical. It is due to these reasons, therefore, that a structured closed-ended questionnaire was used for the purpose of this study. Questionnaires also possess drawbacks, such as, the fact that the majority participants who are given questionnaires never return them and those who do, may not represent the originally selected sample.

A self-administered questionnaire of close-ended format questions which consisted of two segments was formulated and distributed (see Appendix C) to the participants. Section A (independent variables) asked for demographical information, such as, gender, age, education qualification level and work experiences within FNB. According to Babbie and Mouton (2007), independent variables incorporate variables which take place first and are utilised in the elucidation of the variation in the characteristic or occasion of interest. Dependant variables consist of the conditions or characteristics that the researcher influences in an effort to create their liaison to observe the phenomena in question as these variables deal with the biographical features of the respondents (Babbie and Mouton (2007).

Section B (dependent or response variables) asked the respondents to rate their perceptions towards the degree to which they agreed or disagreed with each statement of research objectives. The study used a five-point Likert response scale as described by Ader, Mellenbergh and Hand (2008) as the determining tool. The opinion per statement to be tested was rated on a five-point Likert scale and was modified for the dependent variable statements as follows: 1 = Strongly agree, 2 = Agree, 3 = Neutral, 4 = Disagree and 5 = Strongly disagree . According to Babbie and Mouton (2007) dependent variables are those variables that may retain some apparent outcome or that which takes place subsequently. For the purposes of this study, dependent variables were determined to be the attitudinal responses to aspects of measuring the adequacy of management strategies influencing customers' adoption of services. Based on Cooper and Schindler's (2005) suggestions, the researcher wrote a covering letter and attached it to the measuring instrument (Annexure B). According to Cooper and Schindler (2005), a covering letter is essential and it serves to introduce the researcher to the respondents.

### 3.5.1.2 Recruitment of study participants

The study employed non-probability sampling. Leedy and Ormrod (2010) advise that non-probability sampling focuses largely within the domain of phenomenologist. Judgement samples also called purposive samples are samples where subjects of the study are selected with a specific purpose in mind, such as the likelihood of representing best practice in a particular issue. Leedy and Ormrod (2010) suggest that an alignment of such a sample is not only made with the goal of making it to be statistically representative of the population, but also with the knowledge that such samples encompass persons considered to possess the knowledge and information that will offer the researcher useful ideas, capabilities and visions. The sample used in this study emanated from managers working directly with the management strategies influencing customers' adoption of services at FNB in order for them to provide useful ideas, experiences and insights. Based on the total accessible target population of 654 managers (later refined by FNB owing to a decreased number), the sample size of 250 participants was indiscriminately nominated. Table 3.1 presents a comprehensive picture of classes of the sample for this study.

**Table 3:1 Sample size categories for the study**

<b>MANAGEMENT LEVEL</b>	<b>POPULATIO N</b>	<b>SAMPL E</b>	<b>RESPONSES</b>
Corporate staff members	47	25	4
Gauteng branch managers	155	83	54
Eastern Cape branch managers	60	32	26
Free State branch managers	31	17	13
Kwazulu-Natal branch managers	97	52	27
Limpopo branch managers	50	27	16
Mpumalanga branch managers	64	34	23
North West and Northern Cape branch managers	61	33	20
Western Cape branch managers	89	48	26
<b>Total</b>	<b>654</b>	<b>250</b>	<b>209</b>

Trochim (2006) defines sampling as the technique of choosing elements from a population of interest so that through studying the sample one can honestly generalise the results to the population from which the units were selected. To get a reasonable sample size, Confidence Level = 95%, Margin of Error = 5%) justification of sample size guidance by Research Advisor (2006) cited by University of KwaZulu-Natal (2013) was followed where N is 600, 234 participants should be sampled; and where N is 700, 248 participants should be sampled. “N” in this study is equal to 654, therefore, “n” should be approximately 241 according to the guiding principle. In order to minimise errors which might be due to non-response, an additional 9 participants were added. With this addition, the sample size “n” was expected to rise to 250 participants. In the selection of 250 participants out of 654, the researcher used probabilities sampling method through the stratified sampling technique.

The use of the stratified random sampling technique eradicated bias in the selection of participants. Welman and Kruger (2005) stated that there is no accurate sample for a study. Each study depends on the specified purpose and nature of population (Welman and Kruger, 2007).

### **3.5.2 Pretesting and validation**

The questionnaire was tested through a pilot study so that issues of ambiguity, misunderstanding and bias were corrected since the essential objective of the questionnaire was clear communication. According to Polit and Beck (2006) pilot testing assists in identifying flaws in design and arrangement of the questionnaire and provides proxy data from the choice of a sample. A preliminary analysis of the data collected through piloting can be done to warrant that the data collected would be able to answer the questions of the research. A pilot study should possess similar sampling process and techniques as the bigger study.

The pilot study was conducted with three FNB managers before the questionnaire could be utilised as an ultimate study model. No flaws in the questionnaire design were revealed by the findings of the pilot study however; it was deemed imperative that participants be influenced to respond to the questionnaire.



According to Hair, Bush and Ortinau (2006), the validity of procedures looks at the degree to which the content of the measure agrees with that of the theoretical notion being measured. Hair et al (2006) further stipulates that validity of measures refers to how well the data measure what they are supposed to measure. Validity can be high or low. Validity should be interpreted efficiently in the context in which the test is conducted. In order to test the validity or rationality of this study, a pre-test was conducted. To establish the validity, the following questions regarding the study were asked:

- Does the investigation truly quantify the appropriateness of management approaches that influence customers' adoption of services at FNB?
- Is there an agreement between the measuring instrument and the research objectives?

Several types of validity may be considered. This study considered the following types of validity:

**Face validity:** According to Blaxter, Hughes and Tight (2006), the principal step in the compilation of an index is choosing items for a composite index. Baxter et al (2006) stipulates that these are nominated to measure some variable. Face validity was the leading criterion employed for choosing items to be encompassed in the study. The researcher obtained assistance with this test from three FNB managers before the questionnaire could be disseminated.

**Content validity:** According to Leedy and Ormrod (2005) content validity measures the scope to which a measure appears to quantify the distinguishing factor it is supposed to measure. Simply put, content validity measures how well items characterise the whole world of items (Leedy and Ormrod, 2005). Content validity relies on the measures utilised to improve the instrument that has been used. According to Leedy and Ormrod (2005) content validity can never be trusted because it is partially a matter of judgment. Hair et al. (2006), however, stated that content validity possesses the property of a test that postulates that the entire area of the subject or construct of interest was properly experimented. That is, the acknowledged aspects are actually constituents of the construct of interest. For the purpose of this study, a content validity test was used to test the sampling method for the study. The assessment of the questionnaire by the three managers was done and the pre-test was thus conducted.

The enlargement of participants to 250 meant to enhance the reliability of the findings, the. According to Henning et al. (2004), the questionnaire is pre-test to refine the questionnaire so that the answering of questions by the respondents and recording of data would be hassle-free. Pre-test provides the researcher with the assessment of the questionnaire's validity and reliability of the data to be collected. Preliminary analysis, using the pre-test data, was conducted to guarantee that data collected enabled the research questions to be answered. This preliminary analysis provided the evaluation of the questionnaire so it could be easily comprehended by the respondents. The pre-testing allowed the researcher to correct errors before the survey could be conducted.

According to Leedy and Ormrod (2005), reliability of the measurement defines the degree to which the measurement process is unrestricted from unintentional inaccuracies. The difference between validity and reliability could be defined this way: a test could be reliable but not valid, but a test cannot be valid without first being reliable (Leedy and Ormrod, 2005). Reliability is known to diminish as error escalates. Leedy and Ormrod, (2005) emphasised that reliability comes to the forefront when variables developed from summated scales and are used as forecaster mechanisms in objective models. Since summated scales are an assembly of interrelated items designed to measure essential paradigms, it is very imperative to know whether the same set of items would yield the identical responses if the same questions were recast and re-administered to similar respondents (Leedy and Ormrod, 2005). According to Leedy and Ormrod (2005) variables that are derived from test instruments are professed to be dependable only when they provide unchanging and reliable responses over a recurrent administration of the test (Leedy and Ormrod, 2005).

### **3.5.3 Administration of the questionnaire**

Questionnaire administration involves using a questionnaire to collect data (Molina-Azorin, 2011). Following the piloting and amendment of the questionnaire, it was deemed ready for administration to the participants in the study. The researcher compiled a dissemination list of the targeted participants together with their email addresses and contact numbers. They were contacted prior to the dissemination of the questionnaire to elucidate the purpose of the research and to acquire their informed consent to participate. The researcher thought distributing questionnaires and covering letters through emails was a stress-free and user-friendly way since all the participants were expected to do was just completing the

questionnaire on screen and then emailing it back to the researcher. According to Fisher (2004), email distribution of questionnaires offers an easier way of surveying participants' opinions in an organisation when all participants have access to email. The covering letter outlined the purpose of the research and offered a guarantee for the confidentiality of participants' identity and responses.

The researcher had instructed all participants to return the completed questionnaires via e-mail and all participants complied with this request. The researcher also made follow-up interactions more than once to ensure the achievement of the desired response target. Out of the 250 questionnaires which were emailed, 209 were returned, thus constituting an 84% return rate.

### **3.6 Analysis of data**

Tustin (2005) recommended that after data have been captured and warehoused in the set-up of a data set, they can be exploited for analysis. Upon receipt of the questionnaires, data were computerised according to codes that had been allocated per question to check if there were missing data and the analysis was done through an Excel statistical programme. The first item that was looked at was frequency, that is, the number of times a particular response was made. Variables were then screened to identify all variables that were exceptionally influential on the dependent variables of the study. In the end, a set of analytical measures on dependent variables were utilised. Vicariate analysis in the form of cross-tabulations was used to test relationships. Applicable inferential statistics were also utilised to scrutinise associations. Data was presented using bar graphs and tables and to display relationships among variables.

To regulate how frequently participants finished a certain response to a specific question and the coding of data, frequencies were dependent variables utilised. If the responses were equivalent to the sample total, it meant data were incorrectly captured. According to Aaker, Kumar and Day (2007), there are various options when it comes to data analysis. This study utilised primary data analysis approaches, such as, tables, frequencies, percentages and accumulative and the evidence collected from the frequencies allowed the researcher analyse results and draw conclusions of the study.

Through the use of descriptive statistics, the researcher was able to describe and make comparisons regarding the main features of the collected data in quantitative expressions. Aaker et al. (2007) state that descriptive statistics are more preferable to inferential statistics in that descriptive statistics intend to abridge a data set quantitatively, rather than being utilised to sustain inferential statements about the population that the data are supposed to symbolise. This study presented descriptive statistics along with more formal analyses, to provide readers with a comprehensive sense of the data that was analysed.

### **3.7 Summary**

In this chapter the research design and the target population were discussed. The chapter also provided and discussed the sampling method and reasons for the selection of each method, as well as gave explanation as to how data were collected and analysed. The chapter discussed validity and reliability as well as the pilot study that was conducted for the study. Finally, the chapter elucidated on how attempts were made to safeguard respondents and that errors were reduced and that the appropriate sample size was obtained. Chapter 4 which follows hereafter presents data and analyses the primary research results.

## CHAPTER FOUR

### PRESENTATION AND DISCUSSION OF RESULTS

#### 4.1 Introduction

This chapter presents and describes the research findings based on the analysis of data obtained from participants. The analysis of data followed the sequence of the questionnaire questions. The analyses of data were accompanied by relationships with existing literature. In this way the readers are able to understand the realities surrounding the adequacy of management strategies influencing customers' adoption of eWallet at FNB in South Africa as well as the reasons behind the participants' ideas, opinions and attitudes. This chapter is divided into two sections; firstly, it presents results on participants' demographic information and the second section focuses on the findings related to the objectives of the study.

#### 4.2 Demographic details of the participants

The initial total sample for study was 250 and only 209 participants actually took part in the study, completed and returned the questionnaires. This section required participants to provide the demographic details, such as, gender, age, educational level and work expediencies with FNB.

**Table 4.1: Classification of participants by Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	112	56
Female	97	46
<b>Total</b>	<b>209</b>	<b>100</b>

Table 4.1 shows the gender of the participating managers who took part in the study. The results highlight that in general, males were the dominant sex with the score of 112 (56%) in comparison to female managers who account for 97 (46%). The main purpose of the question was to determine the split in the management of eWallet between the male and female

genders. From the results it may be implied that FNB is gender sensitive basing this on the number of male and female participants who took part in the survey.

**Table 4.2: Age group classification of participants**

Age category	Frequency	Percentage
17-25 years	7	3
26-34 years	61	29
35-49 years	103	49
50-55 years	35	17
56 years and older	3	2
<b>Total</b>	<b>209</b>	<b>100</b>

Table 4.2 shows the age categories of the managers that participated in this study. A majority of the participants (49%) were between the ages 35-49 years, 61(29%) were between the ages 26-34 years, 35(17%) were between the ages 50-55 years, 7(3%) were between the ages 17-25 years and 3(2%) were 56 years and older. The purpose of the question was to determine the age group distributions of the participants. This indicated the level of maturity of the respondents, and to this extent, it may be concluded that participants were sufficiently mature in responding to the questions in the questionnaire.

**Table 4.3: Highest academic qualification of participants**

Highest level of academic qualification	Frequency	Percentage
Below Matric	0	0
Matric	6	3
Certificate	72	34
Diploma	68	33
Undergraduate degree	37	18
Honours/ B-Tech	24	11
Masters	2	1
PhD/ Doctorate	0	0
<b>Total</b>	<b>209</b>	<b>100</b>

Table 4.3 shows that overall, 72(34%) of the participants had a certificate as the highest academic qualifications. This was preceded by 68(33%) of the participants who had completed diploma qualifications. A total of 37(18%) of the participants had completed the undergraduate degree qualifications and 24(11%) of the participating managers had Honours or B- Tech degrees as their highest academic qualifications. This was followed by 6(3%) of the participating managers who had successfully obtained a matriculation certificate as the highest academic achievement, and none of the participants 0(0%) had a qualification below Matric and 0(0%) of the participants had completed PhD/ Doctorate degree.

The rationale of the question was to determine excellence in the management of eWallet. The results suggest that 78(37%) of the participants with matriculation and certificates qualifications were not effectively well-informed to comprehend and answer some questions in the questionnaire. The responses from participants with matriculation and certificate qualifications to the questions which sought to measure the adequacy of management strategies influencing customers' adoption of eWallet at FNB in South Africa were not deemed reliable. Furthermore, the overall outcomes of the study could be used to provide developmental needs of management competencies required for managers in influencing customers' adoption of eWallet at FNB such as management competencies of strategic leadership, strategic marketing, strategic financial, governance, ethics and values, risk and change, project, legislation and policy implementation, stakeholder relations, supply chain, audit and assurance managements.

**Table 4.4: Participants' work experiences with FNB**

<b>Work experience</b>	<b>Frequency</b>	<b>Percentage</b>
0-1 year	4	2
1-5 years	33	16
5-10 years	41	20
10-15 years	24	11
15 or more years	107	51
<b>Total</b>	<b>209</b>	<b>100</b>

Table 4.4 shows that overall, 107(51%) of the participants had been with FNB for 15 or more years, followed by 41(20%) who had been with the bank for a period between 5-10 years,

33(16%) for a period between 1-5 years, 24(11%) for a period between 10-15 years and 4(2%) for a period between 0-1 year. The results suggest that on average, the participants had experience and were familiar with the sections covered in the questionnaire. The participants' responses on measuring the adequacy of administration strategies influencing customers' adoption of eWallet at FNB in South Africa were, consequently, considered reliable.

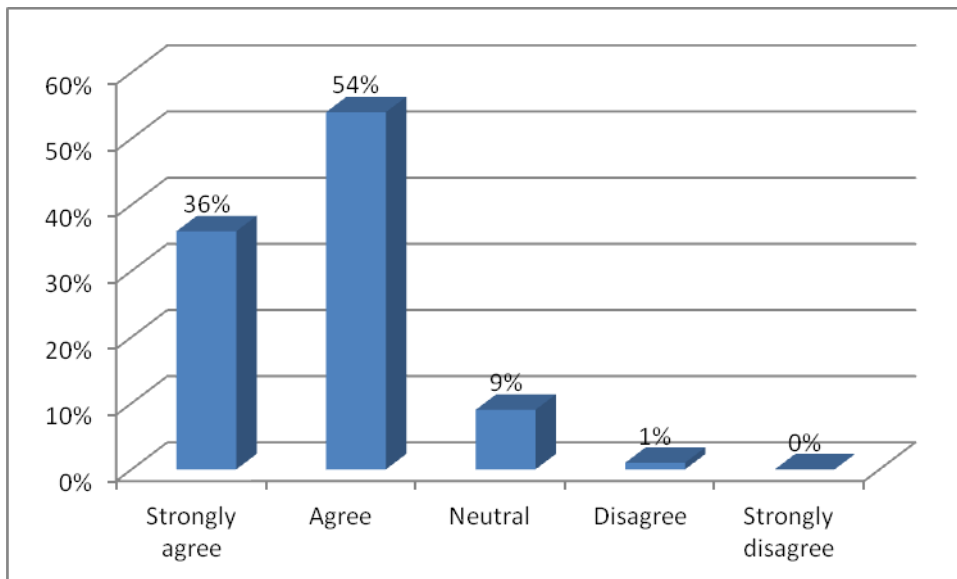
### 4.3 Analysis of results according to research objectives

The following discussion is based on the questions in the questionnaire as well as the research objectives.

#### 4.3.1 Research objective 1

This section investigated the management strategies used to influence customers' adoption of eWallet as outlined in the first objective of the study.

**Figure 4.1: Awareness of eWallet**

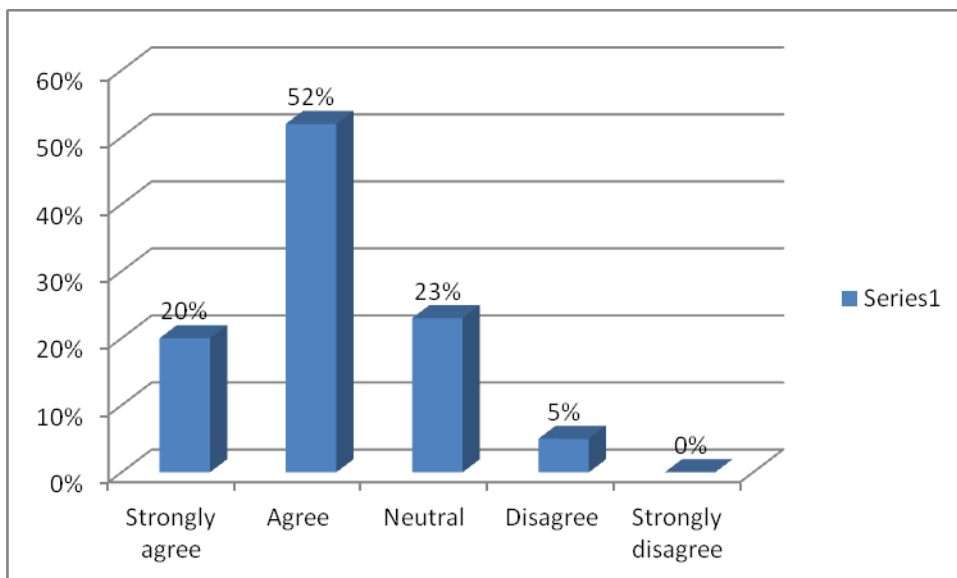


The purpose of the question was to determine customers' awareness of FNB eWallet. Figure 4.1 shows that 189(90%) of the participants agreed that customers were aware of FNB eWallet, while 18(9%) were neutral and 2(1%) of the participants disagreed. The implication of the results was that FNB had communicated the eWallet to customers and customers were aware of the product.



The results were similar to the study findings made by Chitungo and Munongo (2013) that revealed that adoption or rejection of product, service and idea begun when the consumer became aware of the product, service and idea. Adoption is the procedure through which an individual or other decision-making unit also passes from first knowledge of an innovation to forming an attitude toward the innovation to a decision or rejection to implementation of the new idea and to confirmation of the decision. According to Chitungo and Munongo (2013) adoption is the acceptance and continued use of a particular product, service and idea. Consumers went through a procedure of knowledge, persuasion, decision and confirmation before customers were ready to adopt a product, service and idea.

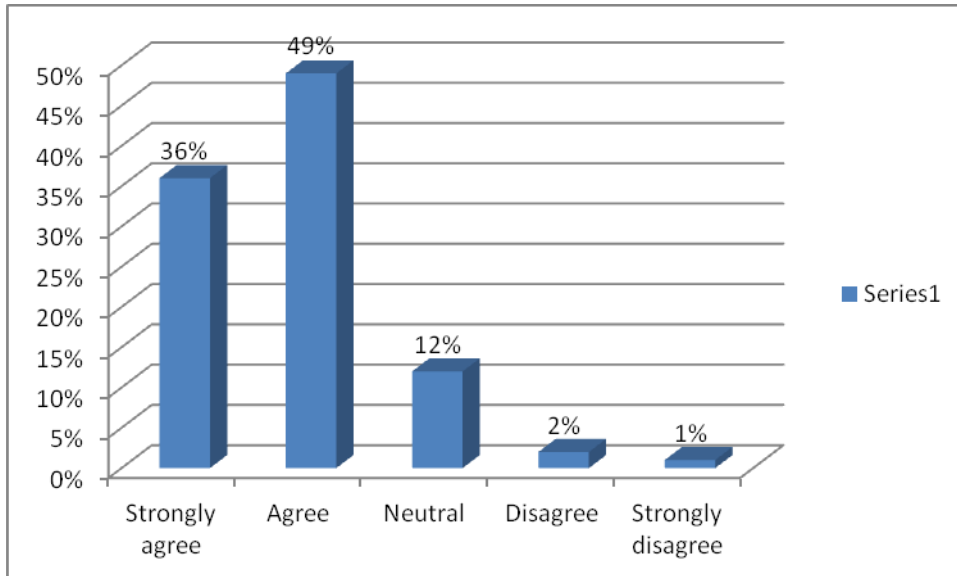
**Figure 4.2: Analysis of external environments**



The rationale of the question was to determine FNB’s analysis of its external environment and its effect on customers’ adoption of eWallet. Figure 4.2 indicates that 150 (72%) of the participants agreed that FNB has detailed analyses of external environments affecting customer adoption of eWallet, while 49 (23%) were neutral. The results further indicates that 10 (5%) of the participants disagreed. The implication of the results is that while the majority of the respondents agreed that the institution conducted detailed analyses of its external environment, FNB still had challenges and perhaps the analyses were not comprehensive enough to convince the 28% who were either neutral or disagreed. Kadusic et al. (2011:141) found that external environments such as demographic conditions, personal characteristics, service or product characteristics, attitude and aspirations of potential users of eWallet

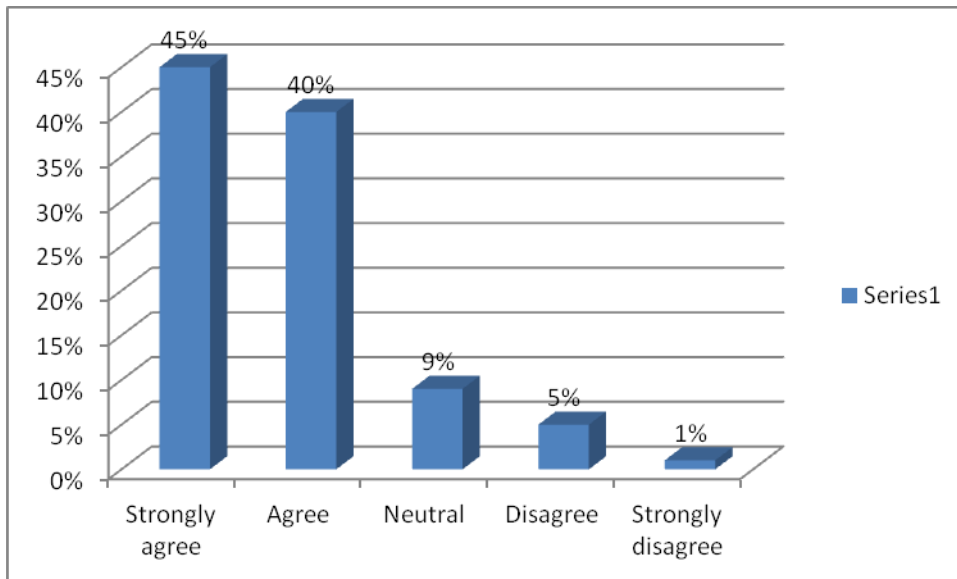
services were crucial to consumer adoption of eWallet. The ignorance of external environmental factors affects the customers' adoption of eWallet.

**Figure 4.3: Studying customer profiles**



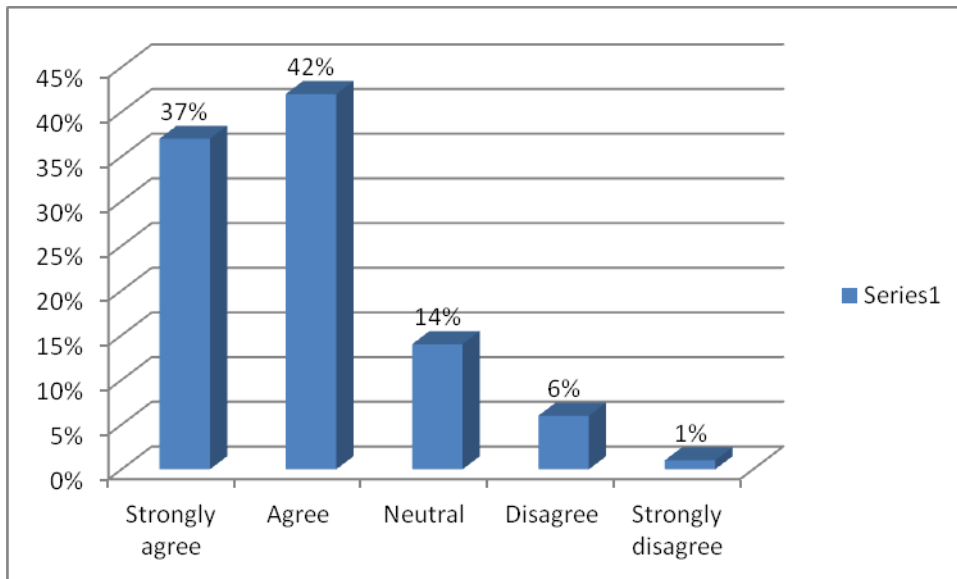
The purpose of the question was to determine whether FNB studied customer profiles to have a better understanding of the customers they dealt with. Figure 4.3 illustrates that most of the participants 178 (85%) agreed that FNB studied customer profiles to have a better understanding of the customers, while 26(12%) were neutral and 5(3%) disagreed. The implication of the results was that FNB studied customer profiles to have a better understanding of the customers. The obtained results appear to agree with previous studies by Adesinasi (2012) which discovered that banks studied customer profiles to obtain a better understanding of their customers, and that this assisted banks with the knowledge of the factors influencing consumers' buying behaviour and the challenges they faced throughout their transactions.

**Figure 4.4: eWallet business model**



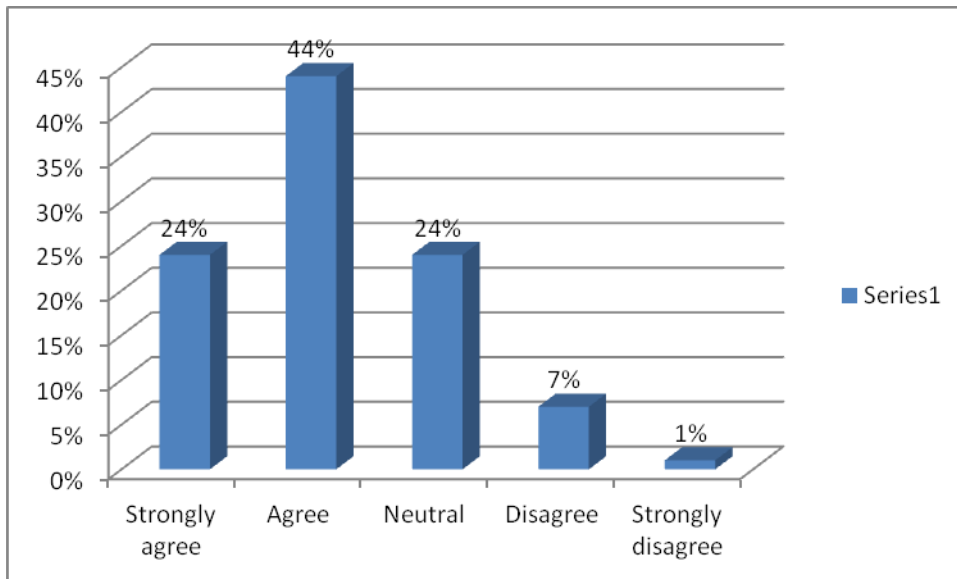
The purpose of the question was to determine whether the eWallet business model was built around the needs of a particular market. Figure 4.4 illustrates that the majority – 178 (85%) of the participants agreed that the eWallet business model was built around the needs of a particular market, while 19(9%) were neutral and the remaining 12(6%) disagreed. The implication of the results was that the eWallet business model was built around the requirements of a specific market. The results of this study were in agreement with the views of the Ismail and Masinge (2011) which highlighted that the financial services sector in South Africa had concentrated its services on middle to upper income customers and corporate businesses, disregarding the large numbers of people barred from the formal financial scheme. According to Ismail and Masinge (2011), financial institutions in South Africa built their business models around the needs of a specific market, taking into account the behaviour of middle to high income consumers. The branch model was seldom maintainable for a low-income market, given the high costs related to opening and operating a physical occurrence in the often extensive societies with little population mass.

**Figure 4.5: eWallet as an additive**



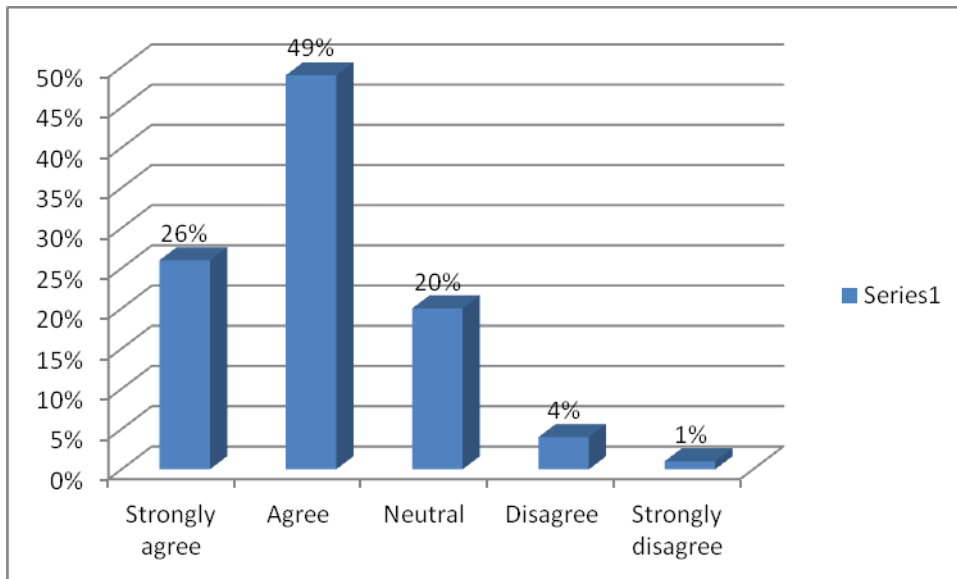
The purpose of the question was to determine whether eWallet was an additive to the customers. Figure 4.5 shows that 165(79%) of the participants agreed that eWallet was an additive to the customers, while 30(14%) were neutral and 14(7%) of the participants disagreed. The implication of the results was that eWallet was an additive to the customers. The results found were similar with the study findings discovered by Hernandez et al. (2011) that revealed that eWallet was both transformative in guiding the unbanked and additive by targeting consumers who already had a bank account and providing a substitute means of accessing the services available with that account. eWallet availability changed the landscape for the unbanked individuals since more than 4 billion people in the emerging world were mobile phone subscribers. According to Hernandez et al. (2011), individuals engaged in a diversity of financial services, including mobile transactions and payments by using eWallet and mobile phone without having to visit a financial institution. Given the large penetration of mobile phones in many countries, including in unindustrialized countries, eWallet provided a potentially significant way to bring banking and financial services to the unbanked.

**Figure 4.6: Outreach of eWallet in the provinces**



The rationale behind the question was to determine the outreach of the eWallet in the provinces. Figure 4.6 illustrates the results that 143(68%) of the participants agreed that the outreach of the eWallet in the provinces was far-reaching, while 51(24%) were neutral and 15(8%) of the participants disagreed. The results implied that while the majority believed in the outreach of eWallet, FNB still had challenges with the outreach of the eWallet in the provinces. Dass and Pal (2010) study found that the banking and financial industry had shown growth in volume and complexity during the past few decades, however, the banking sector outreach varied across countries. According to Dass and Pal (2010), eWallet development had offered prospects for providers to improve the product and offer their customers a flexible product. Low-cost eWallet brought into its fold a substantial cluster of consumers who were served only at too high a service charge.

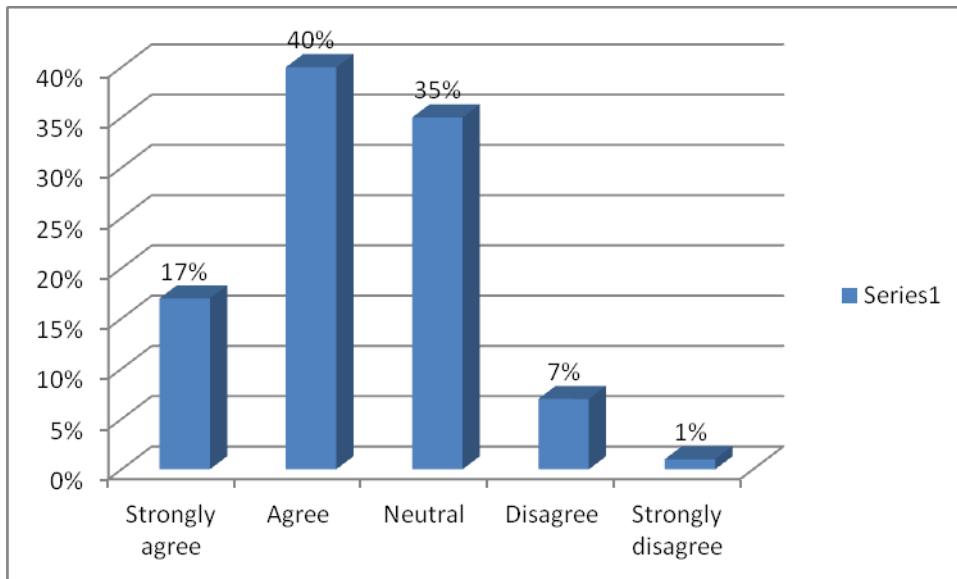
**Figure 4.7: Staff members as key drivers in promoting eWallet**



The purpose of the question was to determine FNB’s understanding of staff members as the key drivers in promoting eWallet to customers. Figure 4.7 illustrates the evidence that the majority – 157 (75%) of the participants agreed that FNB understood that staff members were the key drivers in promoting eWallet to customers, while 41(20%) were neutral and the remaining 11(5%) disagreed. The implication of the results was that even though the majority of the respondents felt that the institution understood the importance of staff members as key drivers in promoting eWallet, FNB still has challenges in convincing the 25% who either disagreed or were neutral. The best practices in the study conducted by Abadi et al. (2012) indicated that understanding the key drivers slowing the adoption of eWallet had become an appropriate subject for the banking sector.

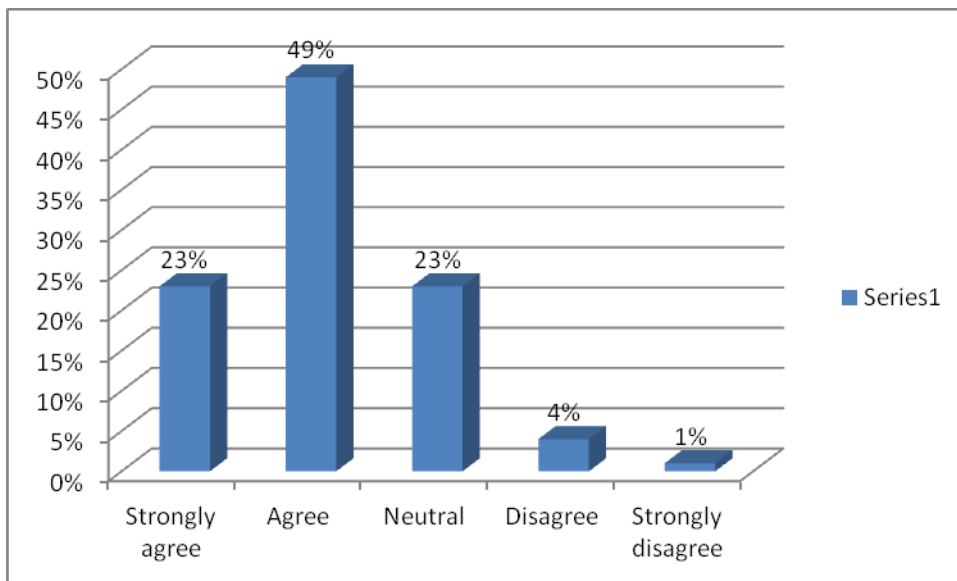
eWallet along with mobile phones had converted the behaviours and approaches of doing everyday activities by bank customers and banks had also utilised it as a model strategy to lessen costs and increase profitability. According to Abadi et al. (2012), the identified benefits of eWallet in terms of ubiquity exposure, flexibility, interactivity and with greater accessibility compared to conservative banking channels such as automated teller machine influenced banks to heavy investment on eWallet capabilities. Moving consumers to eWallet had a clear cost savings goal, succeeding in this objective became very important for banks as meaningful savings were only conceivable with a substantial relocation of consumers to eWallet. Every employee at FNB, therefore needs to be on-board when it comes to promoting eWallet to the customers as they are the key drivers in this initiative.

**Figure 4.8: Key drivers slowing customer adoption**



The purpose of the question was to determine FNB’s understanding of the key drivers that have slowed customers’ adoption of eWallet. Figure 4.8 illustrates the evidence that the majority – 120 (57%) of the participants agreed that FNB understood the key drivers that slowed customers’ adoption of eWallet, while 73(35%) were neutral and the remaining 16(8%) disagreed. The implication of the results was that slightly over half of the respondents were convinced that the institution understood the key drivers that slowed customers’ adoption of eWallet while 43% were not convinced. The large number of people who disagreed or were neutral means that FNB has challenges with the understanding of the key drivers that are slowing the adoption of eWallet by customers. The results confirm those from a study by Abadi et al. (2013) which indicated that although eWallet was accessible in most public and private banks many customers had not accepted it because of unfamiliarity with the product usage and above all, they lacked confidence in eWallet. According to Abadi et al. (2013), banks seemed to be aware of opportunities that the eWallet was providing customers but they were moving very fast towards modern banking and delivered services to customers in advanced levels. A lot of work still needs to be done to address the factors that are slowing down the adoption of eWallet by customers.

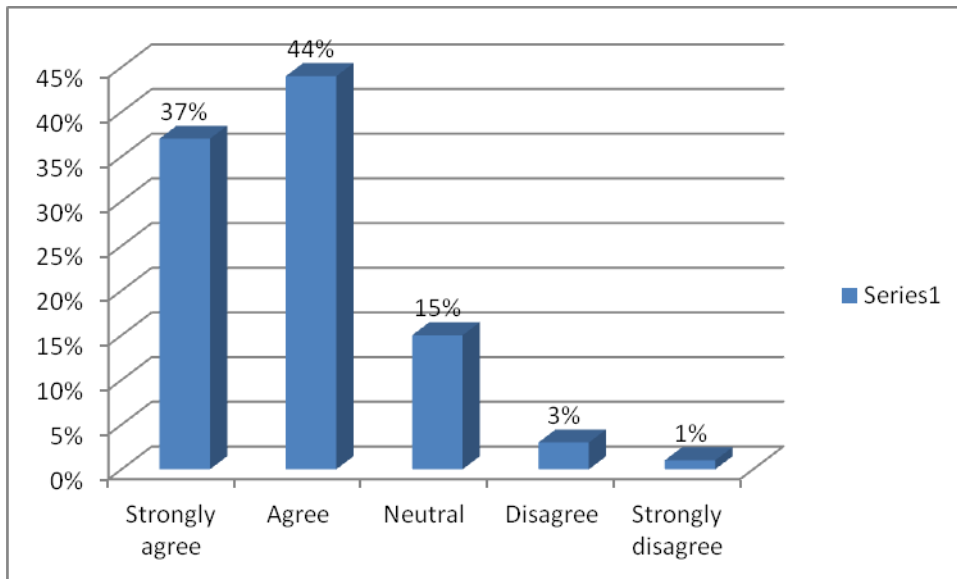
**Figure 4.9: Studying behavioural factors**



The purpose of the question was to determine the extent to which FNB studied behavioural factors influencing customer adoption of eWallet. Figure 4.9 illustrates the evidence that the majority – 150(72%) of the participants agreed that FNB studied behavioural factors influencing customer adoption of eWallet, while 49(23%) were neutral and the remaining 10(5%) disagreed. The implication of the results was that even though the majority of the respondents felt that the institution studied behavioural factors influencing customer adoption of eWallet, FNB has challenges as a sizeable number, 28% either disagreed or were neutral to the studying of behavioural factors influencing customer adoption of eWallet. Abadi et al. (2013) revealed that studying behavioural factors influencing customer adoption of eWallet gave the banks the ability to distinguish aspects connected to the adoption of eWallet and to reinforce relevant factors in order to inspire customers to use eWallet. According to Abadi et al. (2013), this situation revealed the need to execute surveys to ascertain factors determining adoption of eWallet and customer attitudes toward it. Some eWallet users were not using eWallet though they had access to it. FNB, therefore needs to revisit its studies on the behavioural factors influencing customer adoption of eWallet to make sure that they are comprehensive enough to convince the 28%.



**Figure 4.10: Efforts in resolving eWallet customer concerns**



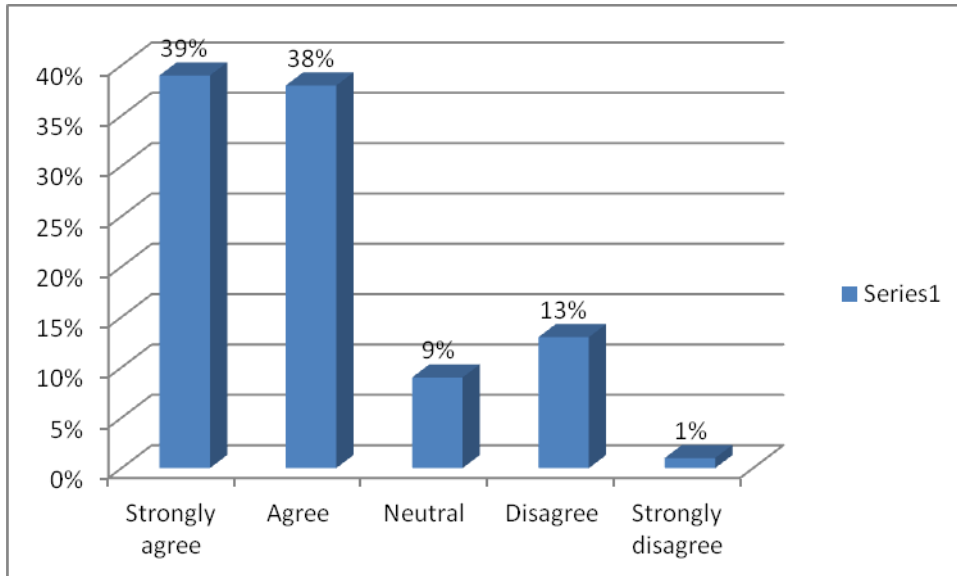
The purpose of the question was to determine the efforts by FNB in resolving eWallet customer concerns. Figure 4.10 illustrates the result that 169(81%) of the participants agreed that FNB made an effort to resolve eWallet concerns from customers, while 30(15%) were neutral and 9(4%) of the participants disagreed. The implication of the results was that FNB made efforts to resolve eWallet customer concerns. The results were similar to the study findings made by LIRNEasia and UP-NCPAG (2009) which revealed that it was imperative to resolve likely complications when it came to using eWallet for remitting money for customers to be confident in its use and for its usage to increase. Past research on eWallet had acknowledged the significant role played by mobile phones and that providing eWallet money through mobile phones was a value-added service accessible through telecommunication companies. According to LIRNEasia and UP-NCPAG (2009), eWallet money involved both telecommunication and bank regulations but for grievances about the service, the first avenue for compensation was often the telecommunication company if not the telecommunication regulator.

#### **4.3.2 Research objective 2**

The second research objective sought to establish the extent to which organisational factors at FNB were influencing customer adoption of eWallet. According to Saleem and Rashid (2011), organisational factors were concerned with the organisational structure, the culture and management style as well as the flow of information. A number of questions were asked

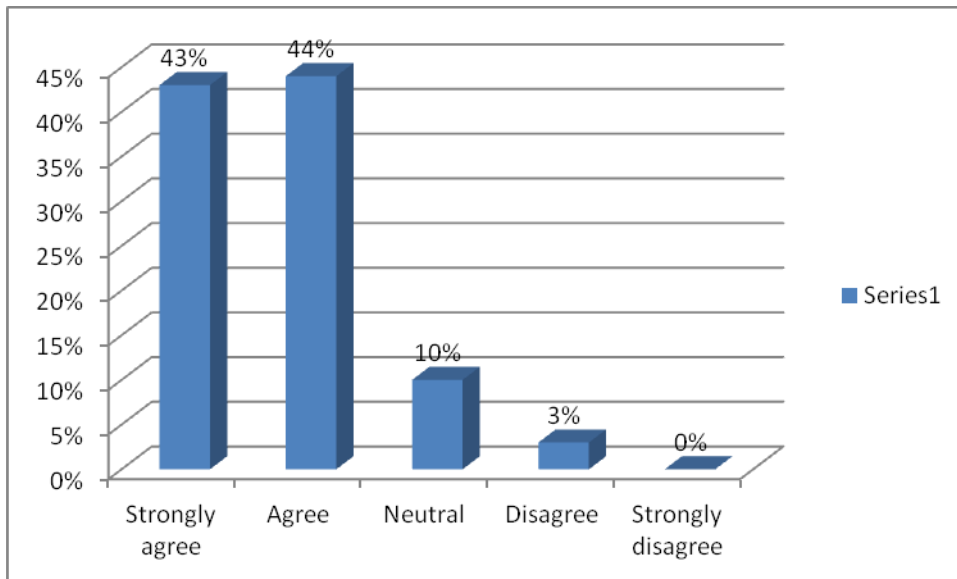
in this study to determine the extent to which these organisational factors affected the adoption of eWallet.

**Figure 4.11: Employee training**



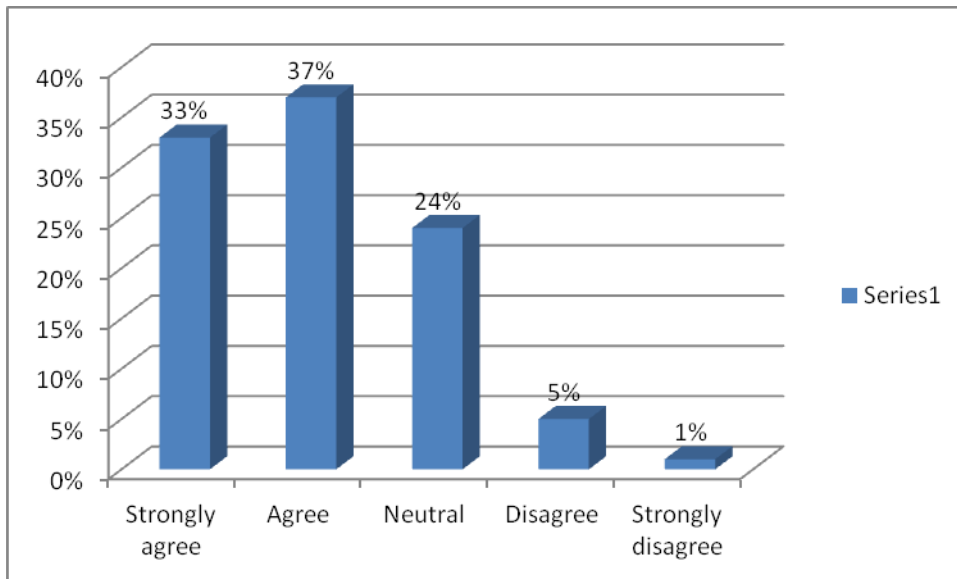
The purpose of the question on employee training was to determine the extent to which employees have been trained on how to market eWallet. Figure 4.11 shows that 161(77%) of the respondents agreed that personnel were trained on how to market eWallet, while 19(9%) were neutral and 29(14%) of the participants disagreed. The implication of the results was that generally, employees were trained on how to market eWallet although percentage of people either disagreeing or sitting on the fence was substantial. The results agree with previous studies conducted by Saleem and Rashid (2011) which revealed that eWallet was in the growing phase and banks followed related organisational development such as employee training and development, hiring information technology professionals and competent staff by identifying proficiency and qualification. According to Saleem and Rashid (2011), competitive banks actively adapted to changing environments with the passage of time and advent of technology and the size of organisation's business increased to gain recognition and profit. FNB needs to identify the gaps in the training being offered to ensure that all the relevant employees are trained on the product.

**Figure 4.12: Unique identity**



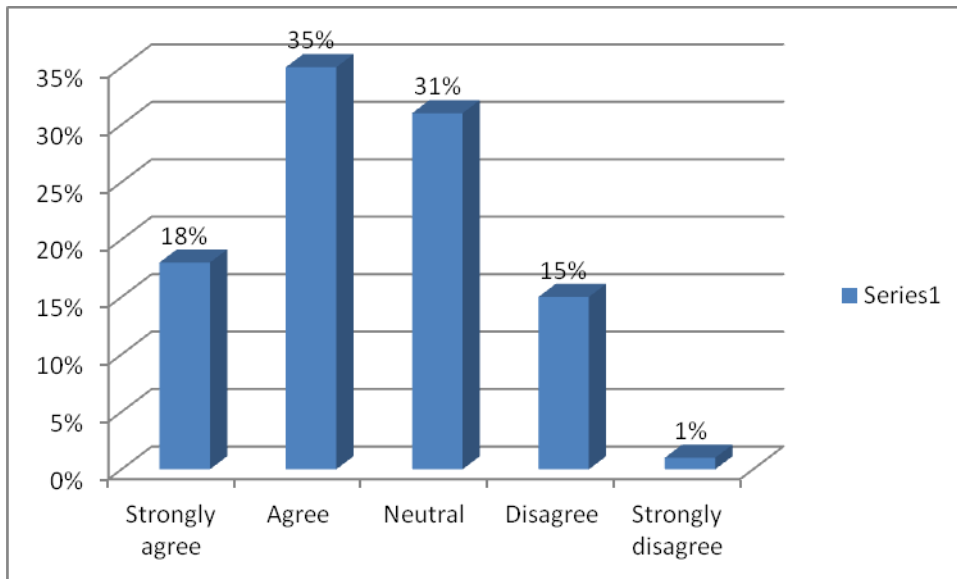
The rationale for this question was to determine the eWallet uniqueness identity of FNB in the mind of customers. Figure 4.12 illustrates the results that 182(87%) of the participants agreed that eWallet had a unique identity with FNB in the mind of customers, while 21(10%) were neutral and 6(3%) of the participants disagreed. The results clearly indicate that eWallet is uniquely identified with FNB in the mind of customers. The results obtained seem to agree with earlier studies by Saleem and Rashid (2011) which revealed that financial institutions like banks needed to create a unique identity in the mind of customers because banks offered almost the same kind of services. The display of corporate image in the market required robust organisational policies and structure. According to Saleem and Rashid (2011), banks needed to pay major emphasis on customer satisfaction and quality of service to define the difference among banks.

**Figure 4.13: Enhancing eWallet operating skills**



The purpose of the question was to determine FNB's aptitude in enhancing eWallet operating skills to the general public. Figure 4.13 illustrates that 147(70%) of the participants agreed that FNB enhanced eWallet operating skills to the general public, while 50(24%) were neutral and 12(6%) of the participants disagreed. The implication of the results was that even though the majority of the respondents were confident of FNB's aptitude towards enhancing eWallet operating skills to the general public, 30% of the respondents were either neutral or in disagreement, and this poses challenges to the adoption of eWallet by consumers. The contemporary thinking of Barati and Mohammadi (2009), emphasise that improved user skills yield more optimistic insights towards eWallet and improved the likelihood of incessant service use. The stressed the prominence of improving the eWallet skills of general public and prospective eWallet users. High level of education, income and good profession determine potential for eWallet adoption. According to Barati and Mohammadi (2009), eWallet was still in its development phase in most countries in the world and this was due to deficiency of consumer reception and the slow developments of the services.

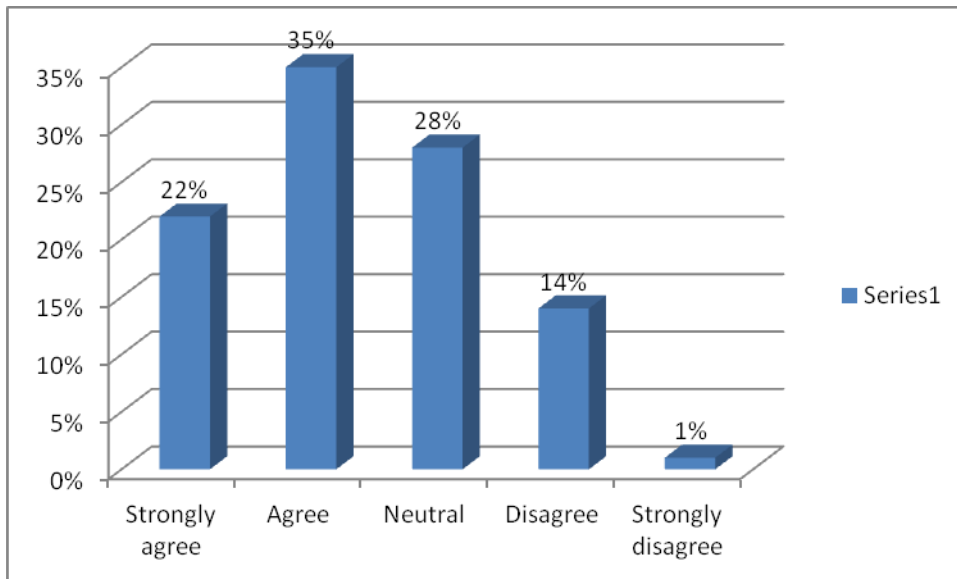
**Figure 4.14: Civic education**



The purpose of the question was to determine FNB’s provision of civic education to the public on the benefits of using eWallet. Figure 4.14 illustrates that 110(52%) of the participants agreed that FNB provided civic education to the public on the benefits of using eWallet, while 65(31%) were neutral and 33(16%) of the participants disagreed. The implication is that FNB has a challenge in the area of providing civic education to the public on the benefits of using eWallet. This result should be read in conjunction with the responses on the enhancement of eWallet operating skills among the public.

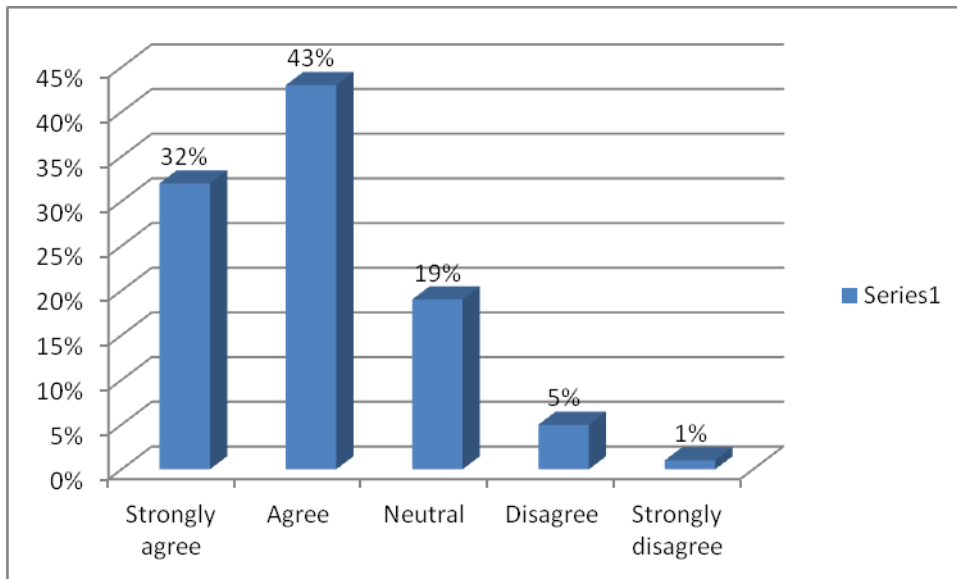
Barati and Mohammadi (2009) noted that one of the reasons for market failure of eWallet was the opposition in the midst of consumers through functional and psychological barriers to eWallet adoption. The functional barriers into usage included value and risk barriers and psychological barriers included tradition and image barriers. eWallet was also perceived by consumers to be expensive, however, eWallet usage increased feelings of control over financial affairs in some customers. According to Barati and Mohammadi (2009), the usage complication came into play when eWallet was not well-suited with existing workflows, practices or habits and this was probably the most mutual reason for consumer resistance to eWallet services. Non-users considered eWallet to be challenging, inconvenient and slow to use. The value wall was based on the economic value of eWallet referring to an idea that if the eWallet did not offer a strong performance-to-price compared to its substitutes, it was not valuable for customers to alter ways of executing tasks. These findings emphasise the need for civic education among the public on the benefits of eWallet.

#### 4.15: eWallet customer loyalty promotion



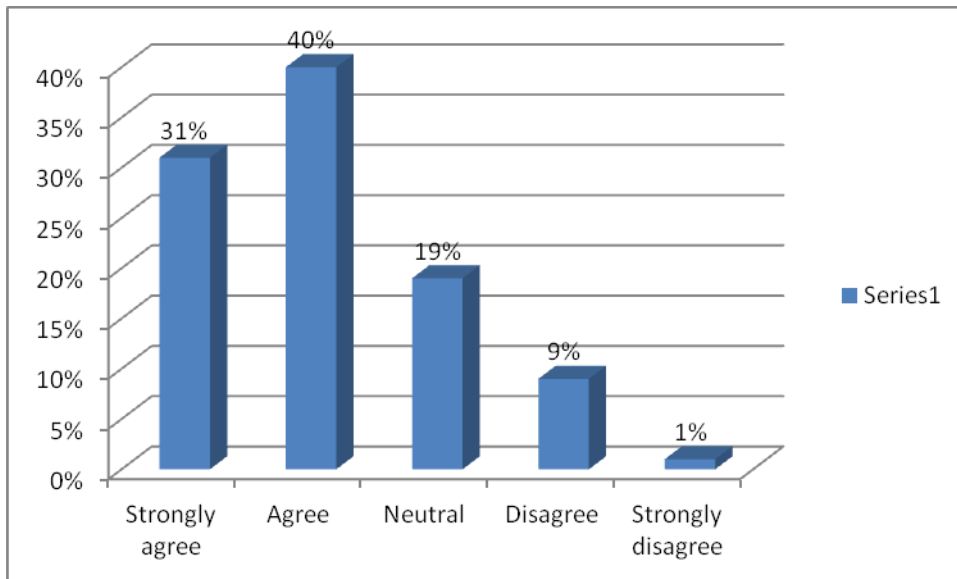
The purpose of the question was to determine eWallet customer loyalty promotion. Figure 4.15 illustrates the results that 119(57%) of the participants agreed that eWallet had customer loyalty promotion, while 58(28%) were neutral and 32(15%) of the participants disagreed. The results indicate that a significant number of participants were not aware of or not very satisfied with eWallet loyalty promotions. The comparable state described above has led selected authors, such as, Ismail and Masinge (2011) to recommend that in order to better comprehend how customer trust influenced the acceptance of eWallet services, the notion of brand loyalty and customer loyalty should be presented. Brand loyalty was basically defined as the repetitive reuse of eWallet. According to Ismail and Masinge (2011), customer loyalty can be defined as a customer's constructive attitude towards eWallet that resulted in recurrence reuse behaviour. Earning customer loyalty in eWallet is reliant on first earning customer trust. Trust is completely and directly related to customer loyalty and given that eWallet was considered as an extension of internet banking, it was therefore projected that a customer's trust in an internet banking service provider was likely to completely impact the acceptance of eWallet. FNB, therefore, needs to revisit its eWallet customer loyalty promotion.

**Figure 4.16: Customer security**



The main purpose of the questions was to determine FNB's thorough investigation on eWallet customer security aspects. Figure 4.16 illustrates that 159(75%) of the participants agreed that FNB thoroughly investigated eWallet customer security aspects, while 39(19%) were neutral and 11(6%) of the participants disagreed. The implication of the results was that while FNB thoroughly investigated eWallet customer security, a lot more still needed to be done to convince the 25% who were either neutral or who disagreed that the institution was doing enough on eWallet customer security. The results were similar with the study findings discovered by Yu (2009) that revealed that security and trustworthiness of a service was identified as one of the most important factors within every target customer segment when deciding on the use of eWallet. The security factor influenced consumer attitudes towards eWallet as individuals were worried about security issues during eWallet transactions such as data input and output mechanisms, loss of connection risk and personal performance mistakes. According to Yu (2009), as a result, many people decided not to use eWallet and ignored the extra benefits of using the eWallet. The security aspect was investigated as an important element which influences the use of eWallet such as the establishment of a secure channel to provide data confidentiality, integrity between the client and the bank service and the authentication of the client at the beginning of the services.

**Figure 4.17: eWallet telecommunication networks**



The purpose of the question was to determine the transmission of eWallet through all telecommunication networks in the country. Figure 4.17 shows that 149(71%) of the participants agreed that eWallet was transmitted through all telecommunication networks in the country, while 40(19%) were neutral and 20(10%) of the participants disagreed. Even though the majority of the respondents indicated that eWallet was transmitted through all telecommunication networks in the country, 29% either disagreed or were neutral. FNB, therefore, faces challenges in the transmission of eWallet through all telecommunication networks in the country. The view was contrary to the literature (LIRNEasia and UP-NCPAG, 2009) that emphasised that the development of eWallet was shaped by interoperability of contrasting technologies, the reliability and security of transactions.

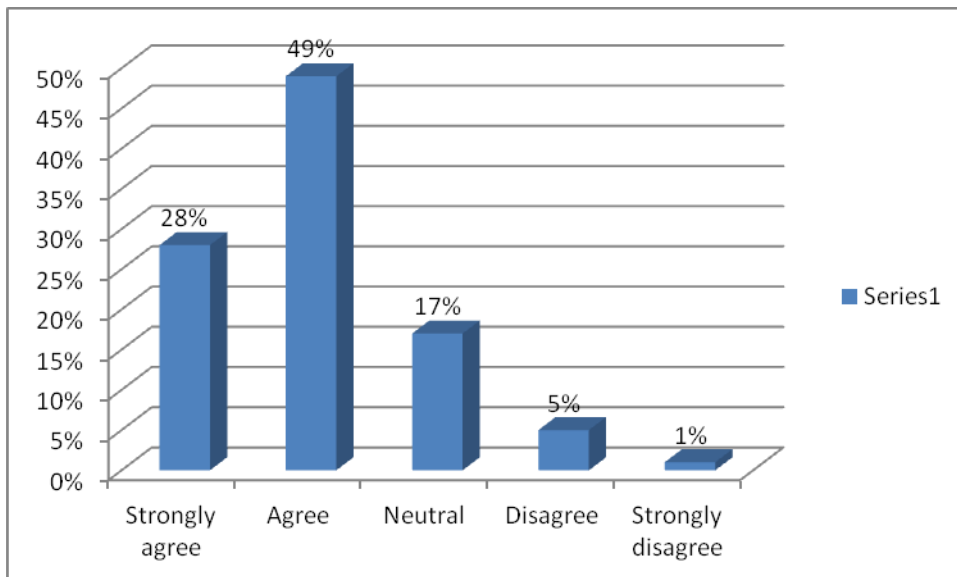
From a telecommunication perspective, there was an original supposition that all telecommunication were interconnected whereby services, such as, eWallet was made available with any provider. According to LIRNEasia and UP-NCPAG (2009), interoperability is important because there is more than one system available in a country. Without interoperability, the market would have stayed fragmented and network economies of scale would have been impossible to attain. Interoperability of rival technologies, the reliability and security factors were imperative in order to preserve the stability of the eWallet system, enlarge eWallet to additional people, and influence a greater section that remained without eWallet.



### 4.3.3 Research objective 3

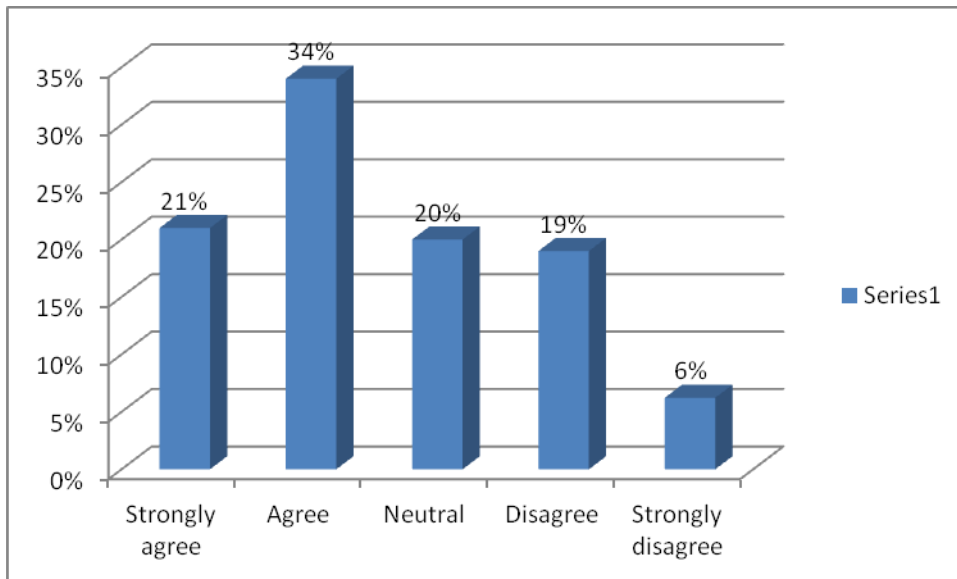
The third objective of the study sought to determine the extent to which technological factors are influencing customer adoption of eWallet.

**Figure 4.18: Reduction of technological operating complexity**



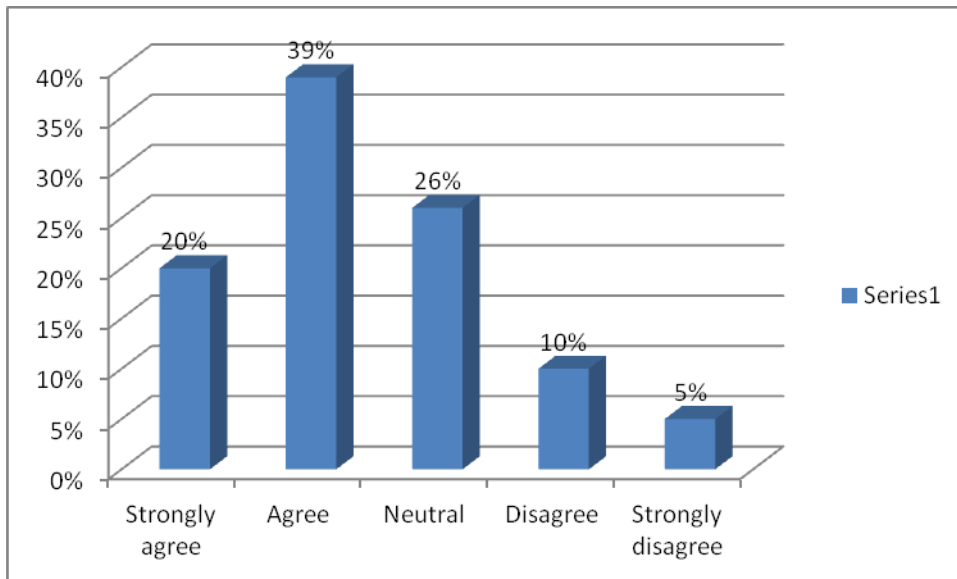
The purpose of the question was to determine the extent of the reduction of technological operating complexity in the use of eWallet. Figure 4.18 illustrates that 160(77%) of the participants agreed that eWallet had reduced technological operating complexity, while 37(17%) were neutral and 12(6%) of the participants disagreed. The implication of the results was that eWallet had reduced technological operating complexity. The obtained results appear to be in agreement with the study findings by Saleem and Rashid (2011) which revealed that increasing complexity of technology reduced the adoption of technology and made it costly for the banks to implement. According to Saleem and Rashid (2011), higher technological innovation with reduced complexity was profitable for the adoption of eWallet. Increased trust from customers on the service provider also resulted in an increase in customer satisfaction. Technological innovation reduced the requirement of staff at the branch, reduced the salaries given to staff that saved banks investment which was later used to establish computer infrastructure that operated automatically under the supervision of few skilled information technology professionals that saved time and money.

**Figure 4.19: eWallet's ease of use**



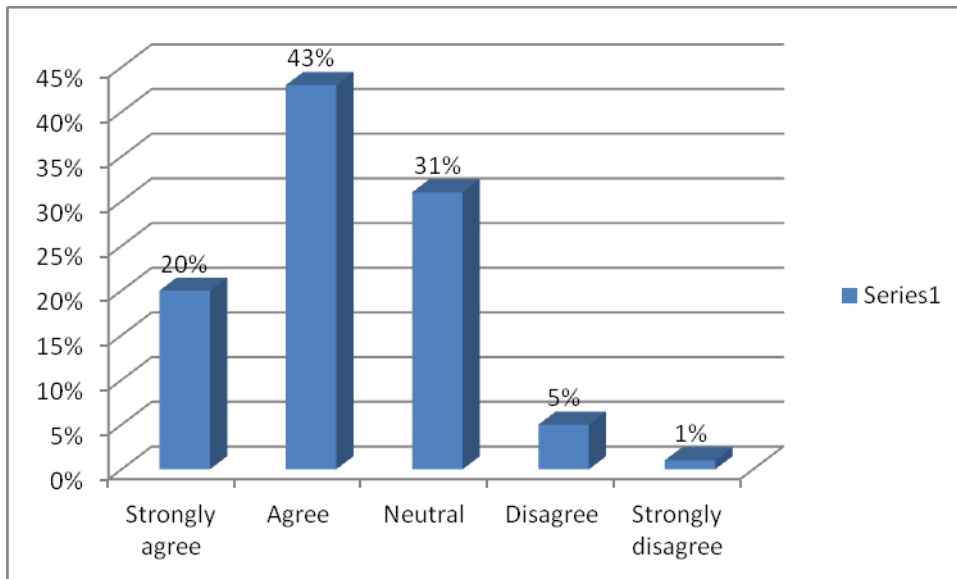
The purpose of the question was to measure the ease of use of eWallet by rural customers. Figure 4.19 illustrates the results that 116(55%) of the participants agreed that eWallet was very easy to use for rural customers, while 41(20%) were neutral and 52(25%) of the participants disagreed. The implication of the results is that 45% of the respondents were not convinced that eWallet was easy to use for FNB's rural customers. The institution, therefore, has a challenge in ensuring that eWallet is easy to use for rural customers. The results were contrary with the study findings by Baraghani (2008) that revealed that technological factors that motivated eWallet' users were three factors such as professed comfort of use, expected worth and outlook toward utilising the eWallet. According to Baraghani (2008), the readiness of a user to use or not to use a eWallet was determined by attitude and the attitude was inclined by two beliefs which were perceived usefulness and perceived ease of use.

**Figure 4.20: eWallet's perceived usefulness**



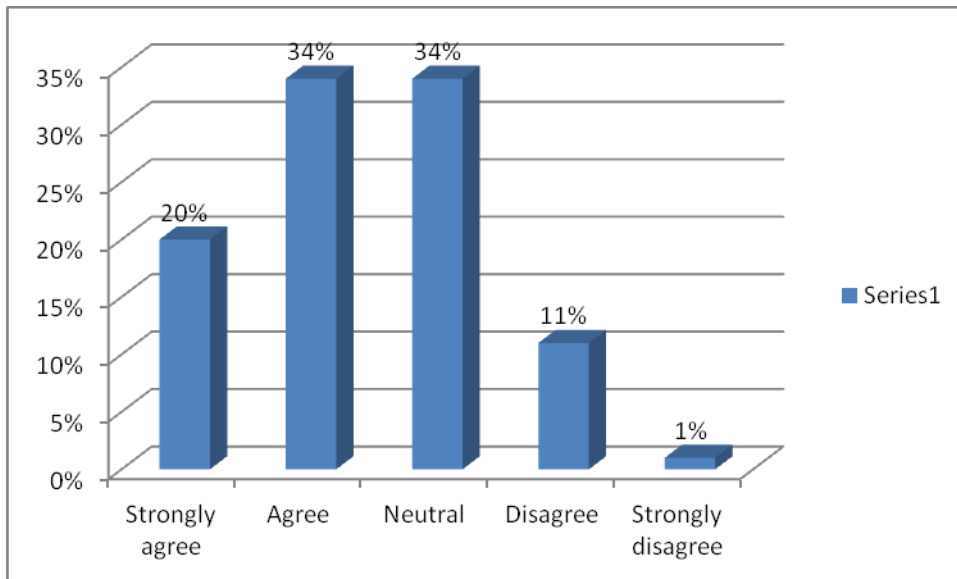
The rationale for the question was aimed to determine the perceived usefulness of eWallet to the rural population. Figure 4.20 illustrates that 123(59%) of the participants agreed that eWallet was perceived as useful by the rural population, while 54(26%) were neutral and 32(15%) of the participants disagreed. The implication of the results was that FNB has a challenge to prove the usefulness of eWallet to the rural population. Baraghani (2008) revealed that perceived usefulness was the degree to which a prospective user believed that using a particular system would enhance job performance. According to Baraghani (2008), a service high in perceived usefulness, in turn, was one for which a user believed in the existence of a positive use-performance relationship. Perceived ease of use was the degree to which a prospective user believed that using a particular system would be free of effort. A service perceived to be easier to use than another was more likely to be accepted by users.

**Figure 4.21: Perceived financial cost associated with eWallet**



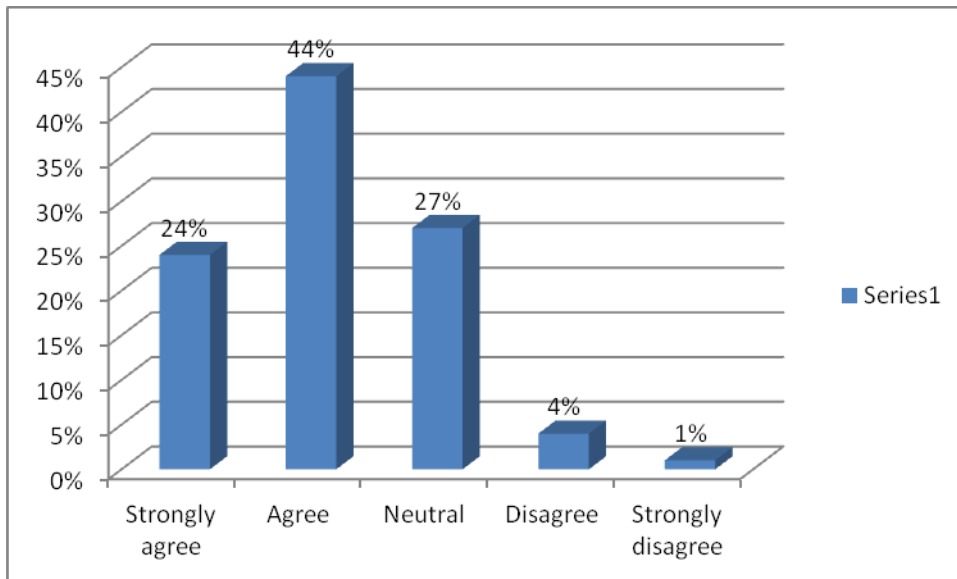
The question was aimed at determining FNB’s investigation on customer perceptions with regards to the financial cost of eWallet. Figure 4.21 illustrates that 124 (59%) of the participants agreed that FNB investigated customer perceptions on the financial cost of eWallet, while 70 (34%) were neutral and 15 (7%) of the participants disagreed. This implies that FNB still needs to work on its investigation of customer perceptions on the financial cost of eWallet. The results were contrary to the contemporary thinking of Adesinasi (2012) who emphasised the perceived credibility, perceived financial cost and perceived self-efficacy of eWallet were investigated and banks understood the behavioural intention of users of eWallet.

**Figure 4.22: Perceived quality of eWallet**



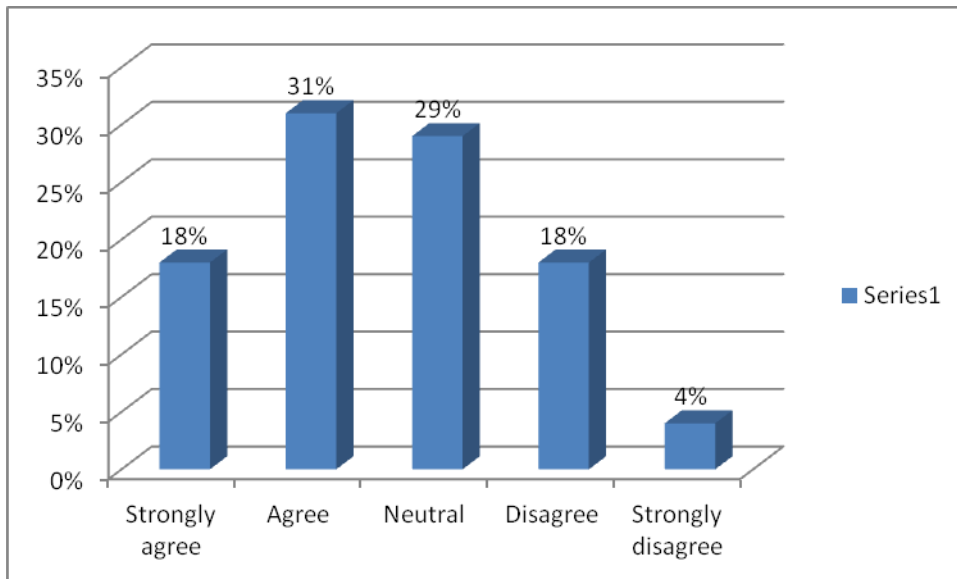
The question was meant to determine customer perceptions on the quality of eWallet. Figure 4.22 illustrates that 144 (69%) of the participants had a positive perception of the quality of eWallet, while 60 (29%) were neutral and 5 (2%) of the participants disagreed. This meant that even though the majority of the respondents perceived eWallet as of good quality, the percentage of participants who either disagreed or were neutral was large enough to warrant that FNB revisits the whole concept of eWallet to enhance customers' perception of its quality. The results obtained were contradicting to earlier studies by Dass and Pal (2010) that indicated that eWallet perceived financial cost, system quality and social influences were added to the original eWallet acceptance model constructs and found to be positively associated with consumer intentions to use eWallet. According to Dass and Pal (2010), studies were conducted to extend the base of eWallet acceptance model as well as Unified Theory of Acceptance and Use of eWallet by testing the significance of different constructs and antecedents.

**Figure 4.23: Banking services in rural populations**



This question sought to investigate FNB banking services in rural populations. Figure 4.23 shows that 161 (77%) of the participants agreed that FNB had banking services in rural populations, while 32 (15%) were neutral and 16 (8%) of the participants disagreed. The results showed that FNB did have banking services in rural populations. The results obtained seem to agree with earlier studies by Dass and Pal (2010) that revealed that banking and financial services seemed to have a direct impact on the demand for eWallet given the fact that unless and until there was enough demand from banking and financial services, people would not opt for eWallet no matter how convenient and accessible the services were. According to Dass and Pal (2010), among the rural under-banked population was the result of inhibitors for adoption of eWallet among this section of the population. Consumer demographic factors were also found to have effect on adoption of eWallet. Age and education were found to have a major influence on the use of the eWallet while gender and age were found to be the main differentiators in the adoption of eWallet.

**Figure 4.24: eWallet alignment with financial services**

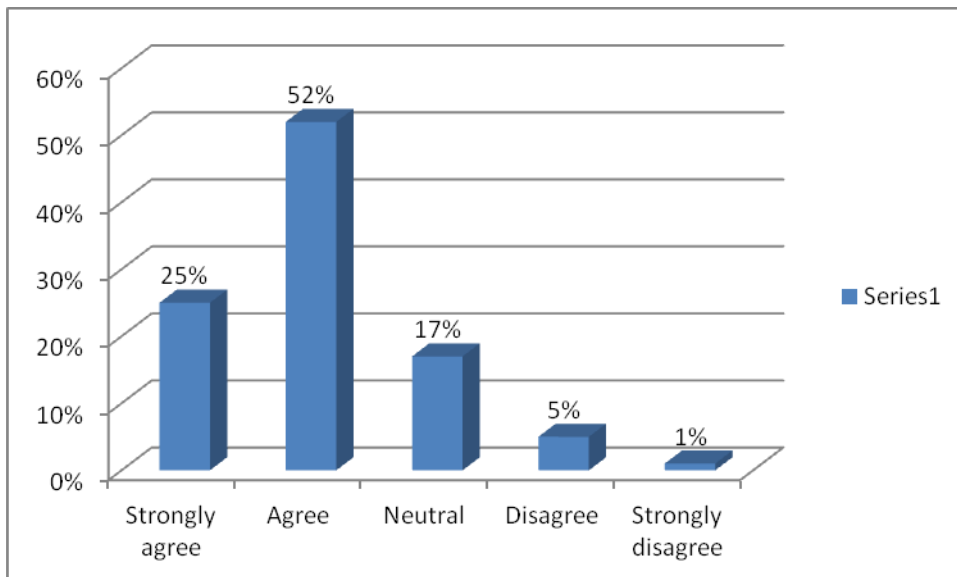


The purpose of the question was to determine the eWallet alignment with financial services in rural populations. Figure 4.24 illustrates that 154 (73%) of the participants agreed that eWallet was aligned with financial services in rural populations, while 40 (19%) were neutral and 15 (8%) of the participants disagreed. The implication of these findings was that FNB still needed to improve on the eWallet’s alignment with financial services in rural populations. Dass and Pal (2010) indicated that the products and services offered by the financial organisations needed to be customized to the need of the segment of the consumers in order to ensure higher adoption of eWallet. While banking needs were considered as the variety of banking products and services required by an individual, it was more about awareness and affordability of the eWallet in the context of the rural under-banked population. According to Dass and Pal (2010), the demand for eWallet increased by increasing the demand for banking and financial services through increased awareness about eWallet, converting the unrealized need of the population into realized need for banking and providing affordable eWallet for various segments of the population.

#### 4.3.4 Research objective 4

To establish the extent to which strategic factors are influencing customers' adoption of eWallet.

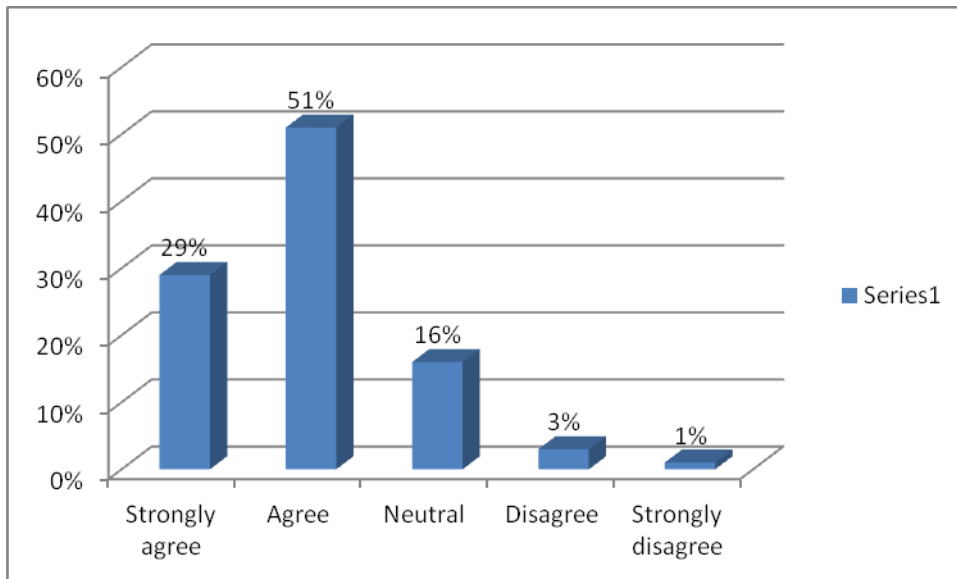
**Figure 4.25: Customer relationship management**



The purpose of the question was to determine the customer relationship management apparent with eWallet. Figure 4.25 illustrates that 153(73%) of the participants agreed that customer relationship management was apparent with eWallet, while 33(16%) were neutral and 23(11%) of the participants disagreed. The implications of the results was that even though the majority of the respondents agreed that customer relationship management was apparent with eWallet, FNB still needed to improve in the area of customer relationship management around eWallet. Saleem and Rashid (2011) revealed that customer loyalty and maintenance had prominence over customer acquisition and the worth of customer relationship management became obvious in the competitive era of eWallet. According to Saleem and Rashid (2011), trust was the backbone of any business and the level of threat involved varied with the nature of the eWallet offering and security issues were involved in customer confirmation and endorsement through all the phases of eWallet.

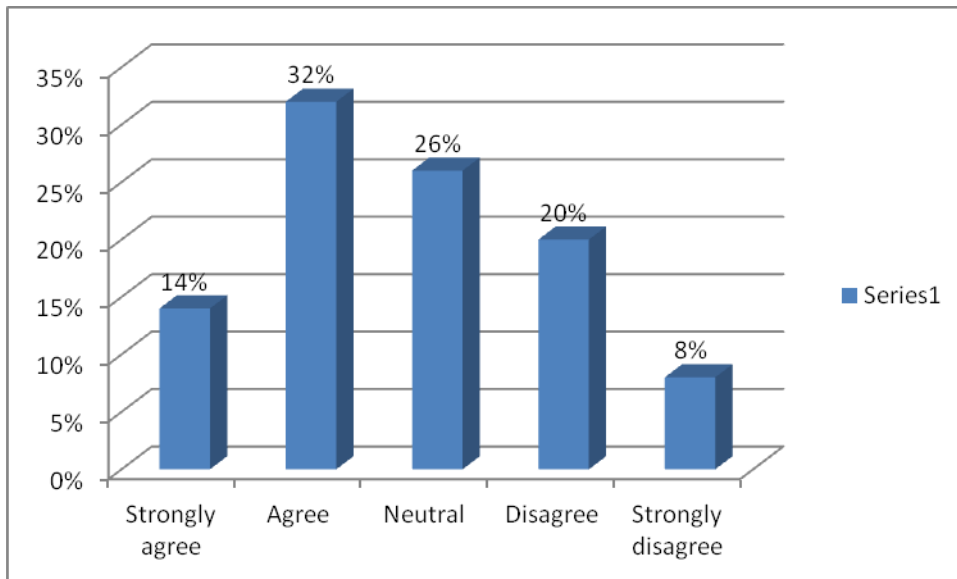


**Figure 4.26: eWallet fits with customer lifestyles**



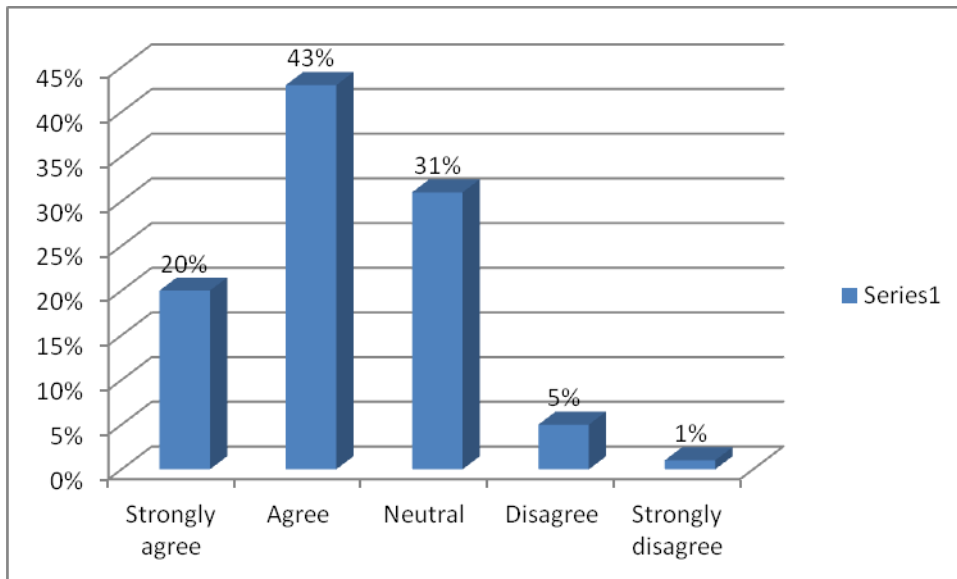
The purpose of the question was to determine the fit between eWallet and customer lifestyles. Figure 4.26 illustrates that 187 (89%) of the participants agreed that eWallet fitted well with customers' lifestyles, while 20 (10%) were neutral and 2 (1%) of the participants disagreed. The implication of the results was that eWallet fitted with customers' lifestyles. The results obtained seem to agree with earlier studies by Shambare (2011) that revealed that compatibility referred to how well eWallet fitted with customers working and lifestyle, values and needs. The compatibility was the extent to which eWallet were in line with how the banking customers live their lives. According to Shambare (2011), customers who felt payment via eWallet was compatible with their lifestyle adopt eWallet. The adoption of eWallet was influenced by potential adopters' perceptions towards the innovation. Innovations that were perceived by customers as having greater relative advantage, trialability, compatibility and less complexity were adopted more rapidly by customers.

**Figure 4.27: Experimenting with eWallet**



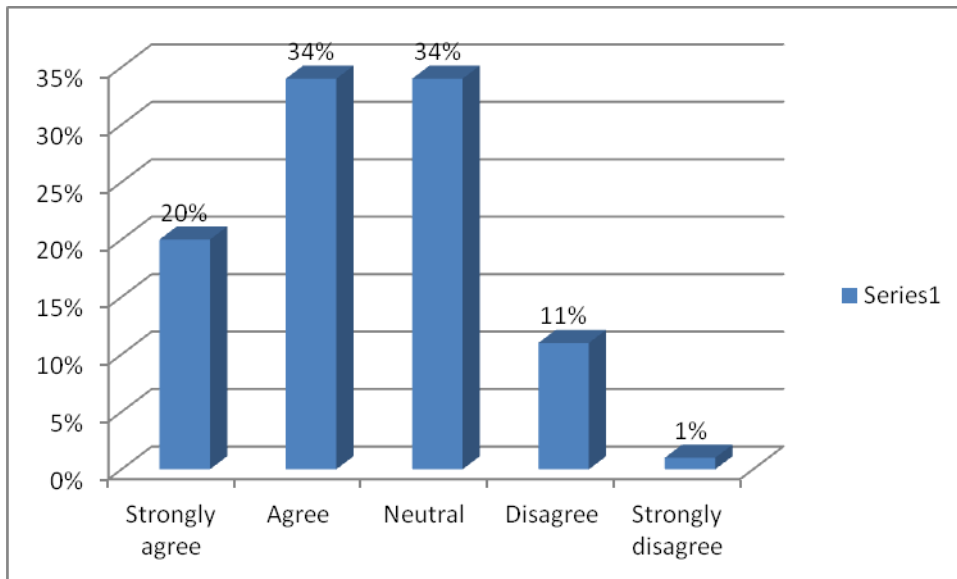
The rationale behind the question was to determine the extent to which customers had been allowed to experiment with eWallet. Figure 4.27 shows that 124 (59%) of the participants agreed that customers had been allowed to experiment with eWallet, while 63(30%) were neutral and 23(11%) of the participants disagreed. The implication of the results was that FNB had only allowed a few of its customers to experiment with eWallet, and as a result, a sizable number of its customers were not aware that such an opportunity had been presented.. The consequence of this supports earlier studies by Shambare (2011) that indicated that potential adopters of eWallet who were allowed to experiment first felt comfortable with the technology and were more likely to adopt it. According to Shambare (2011), the adoption of eWallet was more likely if the technology was demonstrated to the user or if it could be used on a trial basis first.

**Figure 4.28: Facilitating conditions**



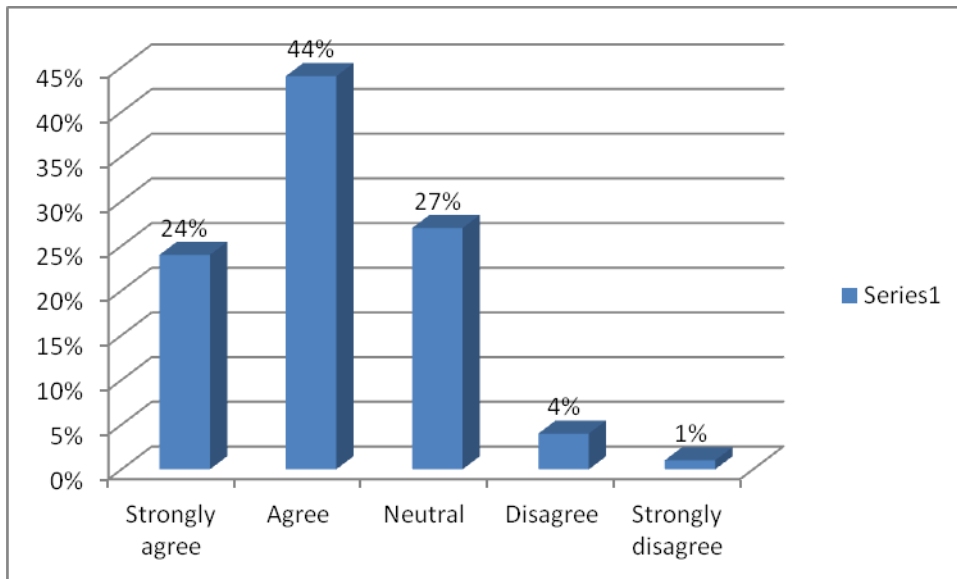
The purpose of the question was to determine whether or not FNB offered facilitating conditions to customers for eWallet. Figure 4.28 illustrates that 148 (63%) of the participants agreed that FNB offered facilitating conditions to customers for eWallet, while 54 (31%) were neutral and 7 (6%) of the participants disagreed. The implication of the results was that FNB needed to improve on the facilitating conditions it offered to customers for eWallet. The results obtained were in line with the study findings by Shambare (2011) that revealed that eWallet was more likely to be adopted if there were better facilitating conditions. According to Shambare (2011), this construct may be interpreted to include support from both the telecommunication service providers as well as from the banks.

**Figure 4.29: Infrastructure in rural populations**



The purpose of the question was to determine FNB's infrastructure in rural populations where eWallet money was cashed. Figure 4.29 illustrates that 112 (54%) of the participants agreed that FNB had infrastructure in rural populations where eWallet money was cashed, while 72 (34%) were neutral and 25 (12%) of the participants disagreed. The implication of the results was that FNB had challenges with infrastructure in rural populations where eWallet money was cashed. This means that the institution needs to review the infrastructure available in these rural settings to facilitate the adoption of eWallet on a larger scale. The results were in line with the study findings by Kufandirimbwa et al. (2013) which revealed that although eWallet was fundamental to all uses, and was more than just technology. The authors maintained that eWallet needed infrastructure for cashing-in and out frequently accomplished through a network of cash merchants or agents who received a small commission for turning cash into electronic value and vice versa (Kufandirimbwa et al. 2013). According to Kufandirimbwa et al. (2013), this brought in the other component of the strategic alignment model which was the organisational infrastructure. Organisational infrastructure referred to the basic physical and organisational structures and facilities needed for the operation of a society or enterprise (Kufandirimbwa et al. 2013). Organisational infrastructure was important because the use of eWallet was dependent upon a strong infrastructure (Kufandirimbwa et al. 2013).

**Figure 4.30: Registering new accounts for eWallet**

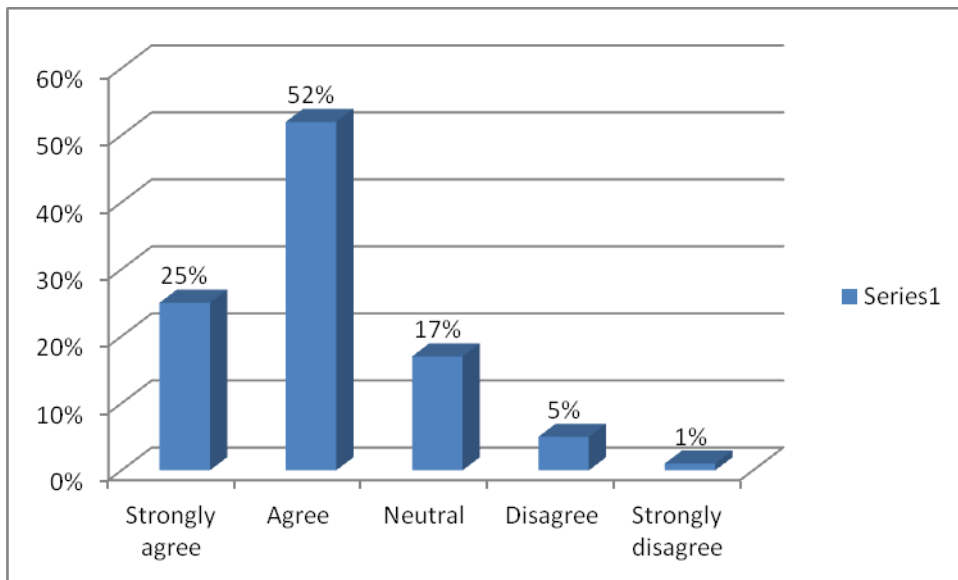


The purpose of the question was to determine FNB's efficiency in registering new accounts for eWallet. Figure 4.30 illustrates that 143 (68%) of the participants agreed that FNB efficiently registered new accounts for eWallet, while 55 (27%) were neutral and 11 (5%) of the participants disagreed. The implication of the results was that FNB had challenge of efficiently registering new accounts for eWallet. The results obtained confirmed the study findings by Kufandirimbwa et al. (2013) that revealed that one of the stumbling blocks facing eWallet was the competent and speedy registration of new accounts and clients. According to Kufandirimbwa et al. (2013), the know-your-customer process encompassed authenticating identification which was outsourced to agents that were conveniently situated in rural areas. Know-your-customer regulations required clients to travel to specific locations or assemble forms of identification which often discouraged account registration. To inspire client registration, efforts were made to condense and restructure processes.

### 4.3.5 Research objective 5

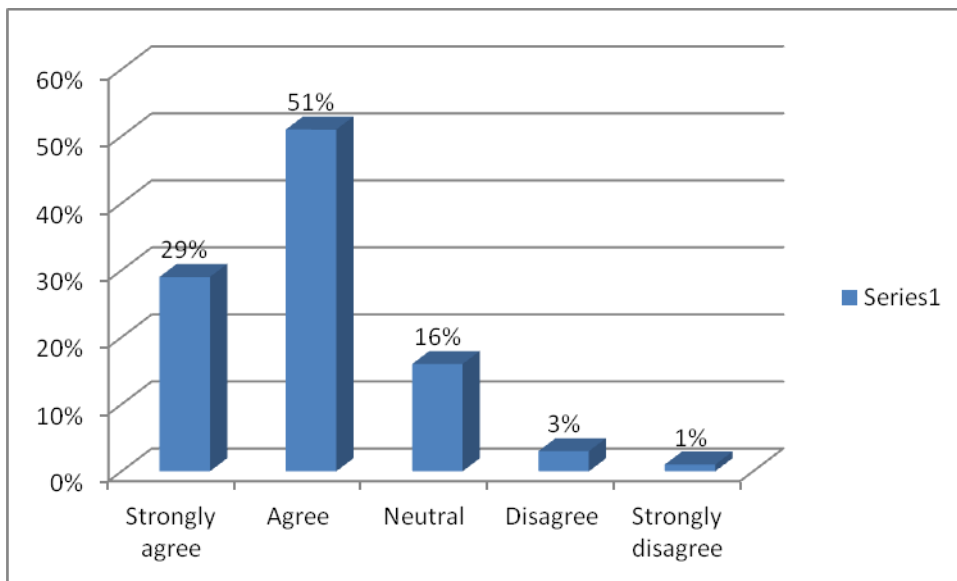
To investigate the extent to which functional factors were used to influence customers' adoption of eWallet.

**Figure 4.31: Full details of the utility of services**



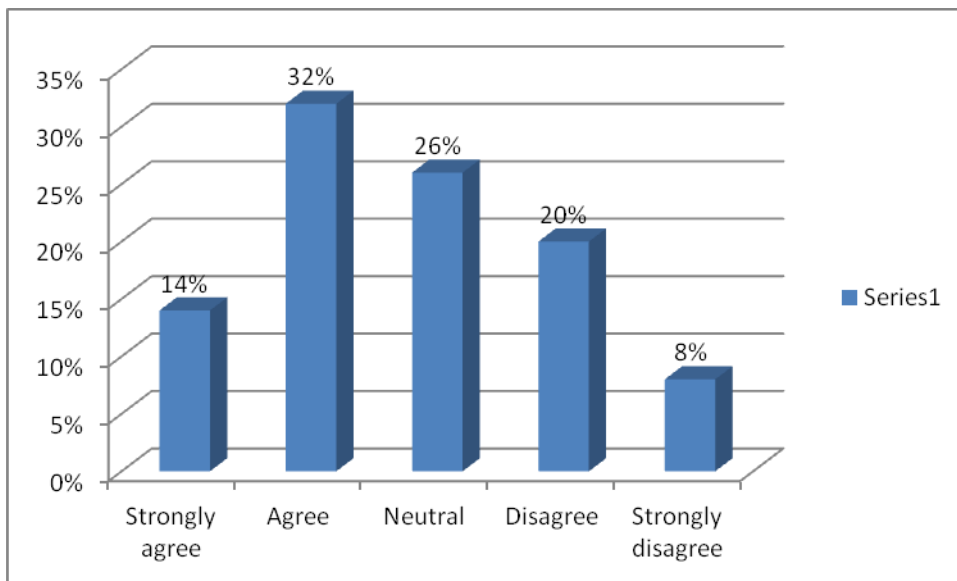
The rationale for this question was to determine whether or not eWallet showed full details of the utility of the services offered to the customer. Figure 4.31 illustrates that 161 (77%) of the participants agreed that eWallet showed full details of the utility of the services offered to the customer, while 35 (17%) were neutral and 13 (6%) of the participants disagreed. The results showed that eWallet showed full details of the utility of the services offered to the customer. The results obtained seem to agree with earlier studies by Saleem and Rashid (2011) whose findings that revealed that eWallet showed full details of the utility provided to customer. Confirmation of details was one of the functionalities which broadened the aspect of trust in customers. According to Saleem and Rashid (2011), functional aspects of eWallet provision to customers in the banking sector were not only targeted to increase interest and attract new customers but to retain customers. eWallet functionality was reliable and timely, accessibility with respect to convenience which was a vital issue for the customers.

**Figure 4.32: Performing consistent services**



The purpose of the question was to determine the consistency of eWallet in performing services. Figure 4.32 illustrates that 169 (80%) of the participants agreed that eWallet performed services consistently, while 33 (16%) were neutral and 7 (4%) of the participants disagreed. The implication of the results was that eWallet performed services consistently. The results were similar with Jepleting et al. (2013) study findings that indicated that eWallet reliability involved the consistency of performance and dependability. It meant that eWallet performed the service right the first time. According to Jepleting (2013), it also meant that the bank honoured its promises specifically in addition to accuracy in billing, keeping records correctly and performing the service at designated times.

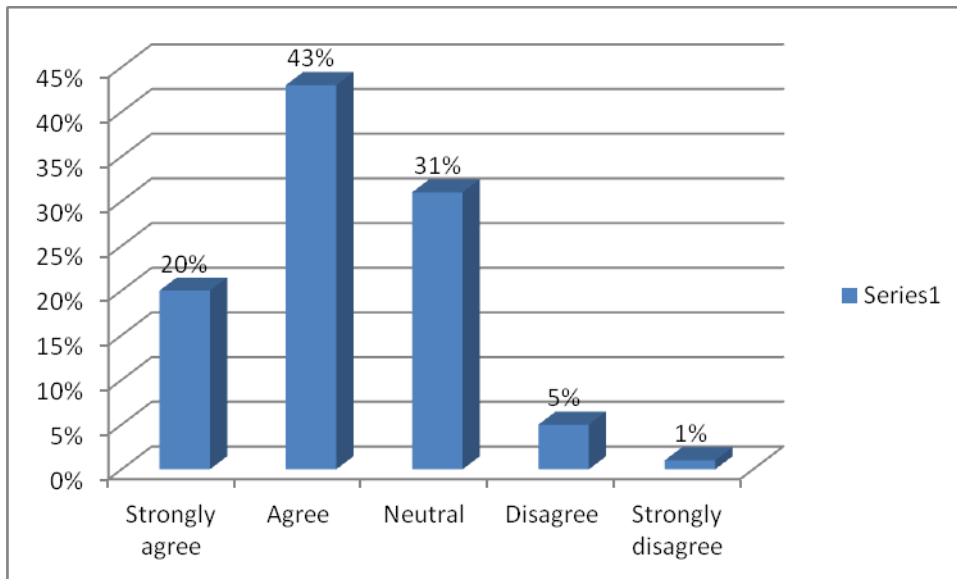
**Figure 4.33: eWallet language**



The purpose of the question was to determine the extent to which eWallet functioned in languages that customers understood. Figure 4.33 illustrates that 96(46%) of the participants agreed that eWallet services were performed in a language that customers understood, while 55(26%) were neutral and 58(28%) of the participants disagreed. More than half of the respondents were not convinced that eWallet functioned in languages that customers understood. This means that FNB faces a very serious challenge in ensuring that eWallet functions in languages understandable to its customers. This question also speaks to the perceived usefulness of eWallet discussed in Figure 4.20. The results obtained were in line with the study findings by Jepleting et al. (2013:31) that revealed that understanding or knowing the customer involved making the effort to understand customer needs. It involved learning the customer's specific requirement, providing individual attention and recognizing the regular customer. According to Jepleting et al. (2013:31), eWallet quality was a measure of how well the service level delivered matches customer expectations, and if the customers expect eWallet to function in languages they understand, then its failure to do so will have a significant effect on its adoption by customers.

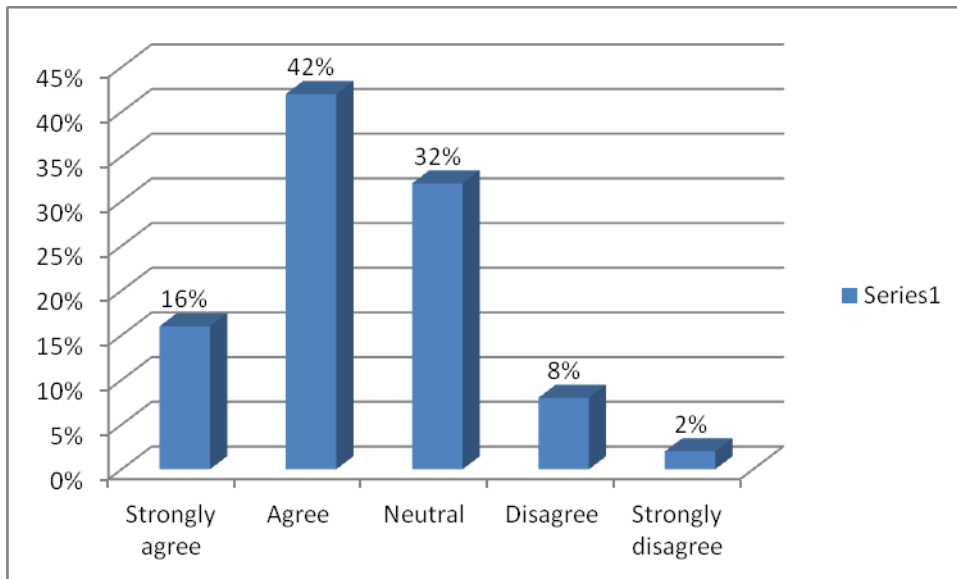


**Figure 4.34: Management of eWallet’s critical success factors**



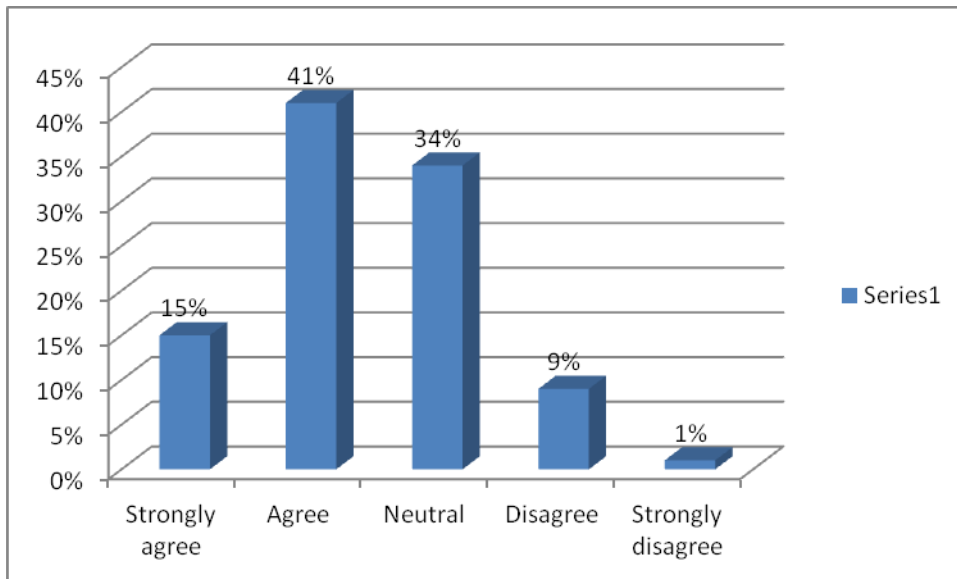
The purpose of the question was to determine the management of eWallet’s critical success factors. Figure 4.34 illustrates the results that 133(63%) of the participants agreed that eWallet critical success factors were managed while 65(31%) were neutral and 11(6%) of the participants disagreed. The implication of the results was that even though the majority felt that eWallet’s critical success factors were being managed, FNB still has a challenge in convincing the 37% who felt that not enough was being done to manage eWallet’s critical success factors. Adesinasi (2012) revealed that when eWallet services’ key success factors were identified and controlled, the management of the bank took the necessary step in ameliorating its potential for success. eWallet had a huge impact on providers and when eWallet was well-studied and implemented; it brought a positive impact to the providers. According to Adesinasi (2012), the critical success factors of eWallet were defined in various ways and depended on the purpose for which eWallet was used. and If well understood, critical success factor approach showed an accepted top-down methodology for corporate strategic planning in an organisation.

**Figure 4.35: Gauging customer satisfaction levels**



The purpose of the question was to determine the FNB gauging customer satisfaction levels of eWallet. Figure 4.35 illustrates the results that 121(58%) of the participants agreed that FNB gauged customer satisfaction levels of eWallet, while 67(32%) were neutral and 21(10%) of the participants disagreed. The implication of the results was that FNB had challenge of gauging the customer satisfaction levels of eWallet. The results obtained seem to contradict with earlier studies by Kufandirimbwa et al. (2013:100) findings that revealed that one of the process indicators for the eWallet process was gauging customer satisfaction levels. According to Kufandirimbwa et al. (2013:100), organising, like planning was carefully worked out and applied process and this technique involved determining what work was needed to complete the goal, assigning those tasks to individuals, and arranging those individuals in an executive framework.

**Figure 4.36: Role of each player within the eWallet ecosystem**



The rationale of this question was to determine the role played by each player within the eWallet environment. Figure 4.36 demonstrates that 117 (56%) of the respondents agreed that role-player's role within the eWallet ecosystem was clearly spelt out, while 71 (34%) were neutral and 21 (10%) of the respondents disagreed. The results imply that FNB had a challenge with regards to spelling out the role of each player within the eWallet ecosystem. The results contradict the present-day thinking of Kufandirimbwa et al. (2013:100) who emphasises that the appropriately applied organising processes result in a work environment where all team members are aware of their responsibilities. eWallet money transfer needed a design of fluctuating activities or tasks so that teams interrelate efficiently and effectively. The role of each player within the eWallet ecosystem was clearly spelt out to eradicate the unnecessary duplication of roles. According to Kufandirimbwa et al. (2013:100), this was accomplished though categorising the critical roles; clustering related ones and assigning them to the suitable player in the ecosystem. Functional roles were recognised such as administrative, human resources, financial, marketing, functioning roles were clearly located out and delegations of duties were done to ensure effectiveness.

#### **4.4 Summary**

This Chapter focused on measuring the adequacy of management strategies influencing customers' adoption of eWallet at FNB in South Africa. Comparisons of the data obtained were related to the literature review. The analysis and interpretation of the results was approached with the specific aim of fulfilling the research objectives. The demographic characteristics of the participants revealed that FNB was gender sensitive as the numbers of both male and female participants in the study were approximately the same. There was an indication of the level of maturity of the participants and to this extent, it was concluded that participants were sufficiently mature in responding to the questionnaires questions. The participants with matriculation and certificates qualifications responses were not deemed reliable. The results implied that on average, the participants were experienced and were also familiar with the areas the questionnaire covered.

The study found that a majority of the participants perceived the management strategies influencing customers' adoption of eWallet at FNB in South Africa as inadequate. Although FNB customers were aware of eWallet, the inadequacies of the management strategies exacerbated FNB's lack of effective outreach of the eWallet in the provinces. The findings suggested that employees were trained on how to market eWallet, however, FNB lacked effective aptitude to enhance eWallet's operating skills in the general public. There was evidence that eWallet reduced technological operating complexity but this was challenged by FNB's lack of effective infrastructure in rural population section where eWallet money was cashed. The findings suggested that eWallet fitted with customers' lifestyles, unfortunately, this management strategy was compromised by FNB's lack of effective eWallet alignment with financial services in rural populations. There was evidence that eWallet performed services consistently, but this was also compromised by FNB's lack of clarity in the roles of each player within the eWallet ecosystem. Chapter 5 focuses on the conclusions and recommendation based on the findings of this chapter. A brief summary of suggested areas for future research is also highlighted in the next chapter.

## CHAPTER FIVE

### RECOMMENDATIONS AND CONCLUSIONS

#### 5.1 Introduction

This chapter draws conclusions and provides recommendations linked to the findings coming out of this study which set out to ascertain the adequacy of management strategies influencing customers' adoption of eWallet at FNB in South Africa. The conclusions and recommendations were made based on both the findings from the literature review and the main study. The objectives of this study were:

- To investigate the management strategies that are used to influence the customers' adoption of eWallet;
- To establish the extent to which organisational factors at FNB are influencing customer adoption of eWallet;
- To determine the extent to which technological factors are influencing the adoption of eWallet by customers;
- To establish the extent to which strategic factors are influencing customers' adoption of eWallet; and
- To investigate the extent to which the functional factors FNB are used to influence the customers' adoption of eWallet.
- To make recommendations on how FNB can influence the adoption of eWallet by customers.

#### 5.2 Findings from the primary research study

The findings from the study have been structured on the basis of the following study objectives.

##### 5.2.1 Research objective 1: Investigating the management strategies

The study concluded that customers were aware of FNB eWallet, however, customers' awareness of eWallet was compromised by other management strategies which did very little

to influence customers' adoption of eWallet as FNB. The institution's detailed analysis of its external environment affecting customers' adoption of eWallet needed to be re-evaluated. The study concluded that while FNB was studying customer profiles to have a better understanding of the customers, this management strategy was compromised by the eWallet business model which was built around the needs of a particular market. FNB, therefore, also had challenges with the outreach of eWallet in the provinces.

The findings revealed that eWallet constituted an additive to the customers. However, eWallet's additive strategy was inadequate as a management strategy influencing customers' adoption of eWallet as FNB had challenges in understanding that their staff members were the key drivers in promoting eWallet to customers. This situation was also exacerbated by the fact that FNB had challenges in understanding the key drivers that slowed customers' adoption to eWallet. It was also evident that FNB made an effort to resolve eWallet customers' concerns. However, this strategy was also inadequate in influencing customers' adoption of eWallet as FNB had challenges in studying behavioural factors influencing customer adoption of eWallet.

This objective was met in that the study managed to reveal the shortcomings in some of the strategies FNB used to influence customer adoption of eWallet.

### **5.2.2 Research objective 2: Organisational factors influencing eWallet adoption**

Relative to the establishment of the extent to which organisational factors were influencing customers' adoption of eWallet, it was found that employees were trained on how to market eWallet. However, this strategy was inadequate in influencing customers' adoption of eWallet as FNB was not doing enough to enhance eWallet operating skills in the general public. FNB also had challenges in providing civic education to the public on the benefits of using eWallet. It was evident that eWallet had a unique identity associated with FNB in the mind of customers. However, this strategy was also compromised by the fact that FNB needed to do more on eWallet customer loyalty promotion. While it was evident that FNB thoroughly investigated eWallet customers' security aspects, the institution needs to leverage on the positive aspects of the brand.

This objective was also adequately addressed as the study managed to show which organisational factors were assisting in the adoption of eWallet by customers and which ones were falling short and needed attention.

### **5.2.3 Research objective 3: Technological factors influencing eWallet adoption**

The key findings of the study relative to determining the extent to which technological factors were influencing customers' adoption of eWallet suggested that eWallet reduced technological operating complexity. However, this was not enough to influence customers' adoption of eWallet especially when FNB had challenges proving that eWallet was easy to use among rural customers. FNB also had a challenge in proving eWallet's perceived usefulness to the rural population. It was evident that FNB had a challenge of investigating and laying to rest, the perceived financial cost to customers that came with eWallet as well as investigating and assuring customers of the system quality of eWallet. The findings suggested that FNB had banking services in rural populations. However, the study also showed that eWallet was not quite alignment with financial services in rural populations. This objective was also met quite adequate.

### **5.2.4 Research objective 4: Strategic factors influencing eWallet adoption**

The key findings of the study with regards to strategic factors influencing customers' adoption of eWallet suggested that eWallet fitted with customers' lifestyles. However, FNB's customer relationship management with regards to eWallet needed to be improved. FNB also had challenges where customers had not been allowed to experiment with eWallet. The findings suggested that FNB had challenge with facilitating conditions to customer for eWallet. FNB also had challenges with its infrastructure in rural populations where eWallet money was cashed and the institution's efficiency in registering new accounts on eWallet needed to be improved on. This objective was also adequately addressed.

### **5.2.5 Research objective 5: Functional factors influencing eWallet adoption**

With regards to the functional factors influencing customer adoption of eWallet, the study found that eWallet showed full details of the utility of the services offered to the customer. However, this management strategy was compromised by the fact that eWallet did not

function in languages that customers understood. FNB also had a challenge with managing the critical success factors of eWallet. It was evident from the study that eWallet performed its services consistently. However, gauging the customer satisfaction levels of eWallet were still a challenge for FNB. This was also exacerbated by the fact that the role of each player within the eWallet ecosystem was not clearly spelt out.

### **5.3 Recommendations**

In view of the findings obtained from the study, five major recommendations were proposed relating to measuring the adequacy of management strategies influencing customers' adoption of eWallet at FNB in South Africa.

#### **5.3.1 Management strategies influencing customers' adoption of eWallet**

The study recommends that FNB should strengthen the establishment of the detailed analysis of external environments affecting customers' adoption of eWallet. This is in line with Kadusic et al. (2011:141) whose study found that external environments such as demographic conditions, personal characteristics, service or product characteristics, attitude and aspirations of potential users of eWallet services were crucial to consumer adoption of eWallet. The eWallet business model should be built around the needs of all segments of the market such as middle to upper income consumers, corporate businesses and the low-income market. According to Ismail and Masinge (2011), financial institutions in South Africa built their business models around the needs of a specific market, taking into account the behaviour of middle to high income consumers.

There should be an effort to improve eWallet's outreach in all the provinces. The study by Dass and Pal (2010) found that the banking and financial industry had shown growth in volume and complexity during the past few decades, however, the banking sector outreach varied across countries. FNB is advised to consider understanding the fact that their staff members are indeed key drivers in promoting eWallet to customers. Abadi et al. (2012) indicated that understanding the key drivers slowing adoption of eWallet is becoming an appropriate subject for the banking sector. To this end, FNB should understand the key drivers that slow customers' adoption of eWallet.



According to Abadi et al. (2013), banks seemed to be aware of the opportunities that eWallet is providing to customers, but they were moving very fast towards modern banking and delivered services to customers in advanced levels. It is, therefore, suggested that FNB carefully should study behavioural factors influencing customer adoption of eWallet. Abadi et al. (2013) advised that studying behavioural factors influencing customer adoption of eWallet make the banks able to distinguish aspects connected to the adoption of the eWallet and to reinforce relevant factors in order to inspire customers to use the eWallet. There is a need to perform investigations to identify factors determining adoption of eWallet and customers attitude toward eWallet.

### **5.3.2 Organisational factors influencing customers' adoption of eWallet**

The study recommends that FNB should enhance eWallet operating skills among the general public. This is in line with Barati and Mohammadi (2009) who stressed the prominence of improving the skills of the general public and prospective eWallet users. FNB should consider providing civic education to the public on the benefits of using eWallet. FNB is also advised to consider improving eWallet customer loyalty promotions. According to Ismail and Masinge (2011), customer loyalty was a customer's constructive attitude toward eWallet that resulted in recurrence reuse behaviour. Earning customer loyalty in a eWallet was reliant on first earning customer trust. It is recommended that FNB should ensure that eWallet is transmitted through all telecommunications networks in the country. LIRNEasia and UP-NCPAG (2009) emphasised that from a telecommunications perspective, there is an original supposition that all telecommunications are interconnected whereby services, such as, eWallet are made available with any provider.

### **5.3.3 Technological factors influencing customers' adoption of eWallet**

The study recommends that FNB should consider embarking on a campaign that shows how eWallet is easy to use among the rural population. According to Baraghani (2008), the readiness of a user to use or not to use a eWallet is determined by attitude and the attitude is inclined by two beliefs which are perceived usefulness and perceived ease of use. FNB should ensure that the public is aware of eWallet's primary relevance and perceived usefulness to the rural population which is the degree to which a prospective user believes that using eWallet could enhance job performance. Baraghani (2008) advised that service

perceived to be easier to use than another is more likely to be accepted by users. It is further suggested that FNB should investigate and allay fears regarding the perceived financial cost to customers of using eWallet. Adesinasi (2012) emphasised the perceived credibility, perceived financial cost and perceived self-efficacy of eWallet are investigated and banks understand the behavioural intention of users of eWallet. FNB should leverage on the perceived system quality of eWallet which the customers have. Dass and Pal (2010) indicated that eWallet perceived system quality and social influences are added to the eWallet acceptance model constructs and found to be positively associated with consumer intentions to use eWallet. Finally, FNB should also consider that eWallet be alignment with financial services in rural populations. Dass and Pal (2010) indicated that the products and services offered by the financial organisations need to be customized to the need of the segment of the consumers in order to ensure higher adoption of eWallet.

#### **5.3.4 Strategic factors influencing customers' adoption of eWallet**

The study recommends that FNB should improve on customer relationship management with regards to eWallet. Saleem and Rashid (2011) indicated that customer loyalty and maintenance had prominence over customer acquisition and the worth of customer relationship management became obvious in the competitive era of eWallet. FNB should consider having dummy eWallet systems where customers can be allowed to experiment with eWallet since potential adopters of eWallet who are permitted to investigate first, feel comfortable with the technology and are more likely to accept it. Shambare (2011) indicated that potential adopters of eWallet who are allowed to experiment first feel comfortable with the technology and are more likely to adopt it. FNB is also advised to improve the facilitating conditions to customers for eWallet because eWallet is more likely to be accepted if there are improved enabling settings. Shambare (2011) advised that eWallet is more likely to be adopted if there are better facilitating conditions. FNB should further make certain that its infrastructure in rural populations where eWallet money is cashed are increased. Kufandirimbwa et al. (2013) stated that although eWallet is fundamental to all uses, eWallet money was more than just technology, and needed infrastructure for cashing-in and out frequently accomplished through a network of cash merchants or agents who received a small commission for turning cash into electronic value and vice versa. It is further suggested that FNB should be efficient in registering new accounts for eWallet because one of the stumbling blocks facing eWallet is the lack of efficient and rapid registration of new accounts and

clients. Kufandirimbwa et al. (2013) revealed that one of the stumbling blocks facing eWallet was the competent and speedy registration of new accounts and clients.

### **5.3.5 Functional factors influencing customers' adoption of eWallet**

The study recommends that FNB should ensure that eWallet functions in languages that customers understand. Jepleting et al. (2013:31) revealed that understanding or knowing the customer involves learning the customer's specific requirement, providing individual attention and recognizing the regular customer. FNB should also consider that eWallet critical success factors are managed and the management of the bank should take the essential step in upgrading eWallet potential for success. Adesinasi (2012) revealed that the management of the bank should take the necessary steps in ameliorating eWallet's potential for success. It is further suggested that FNB should effectively gauge the customer satisfaction levels with eWallet. The findings of the study by Kufandirimbwa et al. (2013:100) revealed that one of the process indicators for the eWallet process is gauging customer satisfaction levels. FNB should consider having the role of each player within the eWallet ecosystem clearly spelt out so that duplication of roles is eliminated. Kufandirimbwa et al. (2013:100) emphasises that the appropriately applied organising processes result in a work environment where all team members are aware of their responsibilities.

### **5.4 Recommendations for further studies**

The study focused on measuring the adequacy of management strategies in influencing customers' adoption of eWallet at FNB in South Africa. The researcher believes that it is necessary for FNB to conduct further research on a similar topic such as investigating the level of management competencies required for managers in influencing customers' adoption of eWallet at FNB in South Africa. However, the research should be detailed in management competencies of strategic leadership, strategic marketing, strategic financial, governance, ethics and values, risk and change, project, legislation and policy implementation, stakeholder relations, supply chain, audit and assurance managements.

Further research could also centre around comparing the services offered by similar products from different banks across South Africa as institutions could benefit from what works and

what does not. A study focusing on customer perceptions from the point of view of the customers themselves could also enrich the mobile banking discourse.

## **5.5 Summary**

This study approached two hundred and nine FNB managers to take part in a study that sought to measure the adequacy of management strategies in influencing customers' adoption of eWallet at FNB in South Africa. The study revealed that the majority of managers perceived the management strategies used by FNB to influence customers' adoption of e-wallet services as inadequate. It was felt that strategies such as the alignment of eWallet with financial services in rural populations; FNB infrastructure in rural populations where eWallet money is cashed, detailed analyses of external environments affecting customer adoption of eWallet and the outreach of eWallet in the provinces needed to be improved to ensure greater success. The study also revealed that FNB can leverage on those strategies that were working well to influence customers' adoption of eWallet.

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## Appendix A: Letter of permission to conduct the study

 **FNB**  
how can we help you?

**EWALLET SOLUTIONS**  
5<sup>TH</sup> FLOOR  
3 FIRST PLACE  
BANK CITY, CNR SIMMONDS AND JEPPE  
P.O. BOX 1153, JOHANNESBURG 2001  
eWalletSolutionsBusinessSupport@fnb.co.za  
Web: www.fnb.co.za  
Tel: 011 371 2111  
Fax: 011 371 8607

**01 August 2013**

To: UKZN

Dear Sir /Madam

First national Bank grant permission to Kabelo Motlhala to do his dissertation topic on **Measuring the adequacy of management strategies influencing customers' adoption of eWallet services at First National Bank"**

FNB request UKZN not to publish the dissertation without the permission of FNB

Yours sincerely



Yolande Van Wyk  
CEO: eWallet Business Unit  
Date: 01 August 2013

Directors: LL Dippenaar (Chairman), SE Nxasana (CEO), VW Bartlett, JH Bester, JP Burger, MS Bomeia, L Crouse, PM Goss, NN Gwagwa, PK Harris, WR Jardine, EG Matenge-Sebesho, AT Nzimande, D Premnarayan (Indian), KB Schoeman, RK Store, BJ van der Ross, JH van Greuning, MH Visser, Company Secretary: BW Unser.  
First National Bank – a division of FirstRand Bank Limited. An Authorised Financial Services and Credit Provider (NCRCP20). Reg. No. 1929/061225/06.

## Appendix B: Informed consent letter

Informed consent letter

UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Dear Respondent,

**MBA Research Project**  
**Researcher: Kabelo Motlhala (0798769058)**  
**Supervisor: Name (TBA)**  
**Research Office: Ms P Ximba 031-2603587**

View End

I, **Kabelo Motlhala**, an MBA student at the Graduate School of Business and Leadership of the University of KwaZulu Natal. You are invited to participate in a research project entitled **"Measuring the adequacy of management strategies influencing customers' adoption of eWallet services at First National Bank"**. The aim of this study is to contribute to the body of knowledge concerning the adequacy of management strategies influencing customers' adoption of eWallet services.

Through your participation I hope to understand the management strategies that are used to influence the customers' adoption of eWallet services at First National Bank. The results are intended to contribute to the South African banking sector, telecommunication sector, eWallet developers and Government as a guide to management in their decision-making processes by proposing advices to them on what to do with eWallet management strategies in order to influence customers' adoption of eWallet services.

View End

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey. Confidentiality and anonymity of

records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about 30 minutes to complete. I hope you will take the time to complete this survey.

Sincerely,

Signature  Date 15-08-2013

This page is to be retained by participant

**UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

**MBA Research Project**  
**Researcher: Kabelo Motlhala (Telephone number)**  
**Supervisor: Name (Office Telephone number)**  
**Research Office: Ms P Ximba 031-2603587**

**CONSENT**

I.....hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the

research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

**SIGNATURE OF PARTICIPANT**  
**DATE**

.....

**This page is to be retained by researcher**



Provisional approval of ethical clearance - Message (HTML)

Message

Reply Respond   Reply to All   Forward   Delete   Move to Folder   Create Rule   Other Actions   Block Sender   Safe Lists   Not Junk   Junk E-mail   Categorize   Follow Up   Mark as Unread   Options   Find   Related   Select   Find

From: Wendy Clarke [Clarkew@ukzn.ac.za]   Sent: Thu 11/7/2013 10:52 AM  
To: Mothala, Kabelo  
Cc: steven.msomi@ohpisnevets.com  
Subject: Provisional approval of ethical clearance

Dear Kabelo

Your Ethical Clearance application for your MBA Project entitled 'Measuring adequacy of management strategies influencing customers' adoption of eWallet at First National Bank' was provisionally approved on 07 November 2013.

You may proceed with your research (conducting your questionnaires/interview).

**NB**

1. If you at any stage during your research you decide to send questionnaires to a company/organisation where you have not obtained a gatekeepers letter a letter will be required and needs to be submitted to my office.
2. If you change your questionnaire you must submit a copy of the new questionnaire to the committee for approval
3. If you change the title of your research please advise the administrator at your school.

Your form has been forwarded to the Research Office for final approval after which you will be issued an official Ethical Clearance approval letter on which it will indicate your Ethical Clearance number. This will be sent to you by post and a copy will be sent to the school for filing.

Regards  
Wendy Clarke  
Administrative Officer: Higher Degrees & Research  
Graduate School of Business & Leadership  
University of KwaZulu-Natal, Westville Campus  
Tel: 031 2601626

## Appendix C: Research questionnaire

### **MEASURING ADEQUACY OF MANAGEMENT STRATEGIES INFLUENCING CUSTOMERS' ADOPTION OF E-WALLET AT FIRST NATIONAL BANK**

The reason for conducting this study is to contribute to the body of knowledge concerning the adequacy of management strategies in influencing customers' adoption of eWallet. The study is useful to First National Bank because it is acting as guide for management in their decision-making by giving them advice on what to do with eWallet management strategies and factors that influence customers' adoption of eWallet.

This is a structured questionnaire based on the questions that follows. Therefore, answer the questions as honestly as you are able and please note that there are no right or wrong answers to this survey. Kindly tick  $\{\surd\}$  in appropriate **ONE** box of the statements which best indicate your view.

#### **SECTION A: DEMOGRAPHIC PROFILE**

This section of the questionnaire refers to background or biographical information and the information will allow me to compare groups of participants.

##### 1 Gender

Male	Female
1	2

##### 2 Age

17-25 years	26-34 years	35-49 years	50-55 years	56 years and older
1	2	3	4	5

##### 3 Educational level

Below Matric	Matric	Certificate	Diploma	Undergraduate Degree	Honours/ B- Tech	Masters	PhD/ Doctorate
1	2	3	4	5	6	7	8

##### 4 Work experience with the First National Bank



0-1 year	1-5 years	5-10 years	10-15 years	15 or more years
1	2	3	4	5

## SECTION B: RESEARCH THEMES

### THEME 1: MANAGEMENT STRATEGIES

Below are statements regarding the management strategies that are used to influence the customers' adoption of eWallet. Please indicate the extent to which you agree or disagree with each statement listed below.

No.	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
2.1	Customers are aware of FNB eWallet.	5	4	3	2	1
2.2	FNB has detailed analysis of external environments affecting customers' adoption of eWallet.	5	4	3	2	1
2.3	FNB study customers' profiles to have a better understanding of the customers.	5	4	3	2	1
2.4	EWallet business model is built around the needs of a particular market.	5	4	3	2	1
2.5	EWallet are additive to the customers.	5	4	3	2	1
2.6	There is outreach of the eWallet in the provinces.	5	4	3	2	1
2.7	FNB understands the key drivers of their staff members in promoting eWallet to customers					
2.8	FNB understands the key drivers that slow customers' adoption to eWallet.	5	4	3	2	1
2.9	FNB study behavioural factors influencing customer adoption of eWallet.	5	4	3	2	1
2.10	FNB make effort to resolve eWallet customers' concerns.	5	4	3	2	1

## **THEME 2: ORGANISATIONAL FACTORS**

Below are statements regarding the organisational factors influencing the customers' adoption of eWallet. Please indicate the extent to which you agree or disagree with each statement listed below.

<b>No.</b>	<b>Statement</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
3.1	Employees are trained on how to market eWallet.	5	4	3	2	1
3.2	EWallet have unique identity of FNB in the mind of customers.	5	4	3	2	1
3.3	FNB enhances eWallet operating skills to the general public.	5	4	3	2	1
3.4	FNB provide civic education to public on the benefits of using eWallet.	5	4	3	2	1
3.5	EWallet services have customer loyalty promotion.	5	4	3	2	1
3.6	FNB investigates thoroughly of eWallet customers' security aspects.	5	4	3	2	1
3.7	EWallet services are transmitted through all telecommunications networks in the country.	5	4	3	2	1

### THEME 3: TECHNOLOGICAL FACTORS

Below are statements regarding the technological factors influencing the customers' adoption of eWallet. Please indicate the extent to which you agree or disagree with each statement listed below.

No.	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
4.1	EWallet has reduced technological operating complexity.	5	4	3	2	1
4.2	EWallet is easier to use by rural population customers.	5	4	3	2	1
4.3	EWallet services primary relevance is perceived usefulness to the rural population.	5	4	3	2	1
4.4	FNB investigates customers perceived financial cost of eWallet.	5	4	3	2	1
4.5	FNB investigates customers perceived system quality of eWallet.	5	4	3	2	1
4.6	FNB has banking services in rural population sections.	5	4	3	2	1
4.7	EWallet is aligned with financial services in rural population sections.	5	4	3	2	1

#### **THEME 4: STRATEGIC FACTORS**

Below are statements regarding the strategic factors influencing customers' adoption of eWallet. Please indicate the extent to which you agree or disagree with each statement listed below.

<b>No.</b>	<b>Statement</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
5.1	Customer relationship management is apparent with eWallet.	5	4	3	2	1
5.2	EWallet fits with customers' lifestyle.	5	4	3	2	1
5.3	Customers are allowed to experiment the eWallet.	5	4	3	2	1
5.4	FNB has facilitating conditions to customer for eWallet.	5	4	3	2	1
5.5	FNB has infrastructure in rural population section where eWallet money is cashed.	5	4	3	2	1
5.6	FNB efficiently register new accounts of eWallet.	5	4	3	2	1
5.7	Trends on eWallet are shared with the branch network	5	4	3	2	1

## **THEME 5: FUNCTIONAL FACTORS**

Below are statements regarding the functional factors influence the customers' adoption of eWallet. Please indicate the extent to which you agree or disagree with each statement listed below.

<b>No.</b>	<b>Statement</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly disagree</b>
6.1	EWallet show full detail of the utility of the services offered to the customer.	5	4	3	2	1
6.2	EWallet perform consistency services.	5	4	3	2	1
6.3	EWallet services are performed in language that customers understand.	5	4	3	2	1
6.4	EWallet critical success factors are managed.	5	4	3	2	1
6.5	FNB gauges customers' satisfaction levels of eWallet.	5	4	3	2	1
6.6	The role of each player within the eWallet ecosystem is clearly spelt out.	5	4	3	2	1

**Thank you for your time in completing the questionnaire. Please check through the items to ensure all items are completed.**

