

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF BANKING AND FINANCE



**THE IMPACT OF ELECTRONIC PAYMENT SYSTEM ON
CUSTOMER SATISFACTION IN THE FINANCIAL
SECTOR IN ZIMBABWE: A CASE OF FMC FINANCE**

By

Tapiwa Blessing Maduke

B1850142

**A DISSERTATION IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE BACHELOR OF COMMERCE
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Supervisor: Doc A. Maune

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Author Signature.....

Date.....

Permanent address:

K4382 CABS Katanga

Norton

Zimbabwe

APPROVAL FORM

The undersigned certify that they have supervised the student Tapiwa Blessing Maduke a dissertation entitled impact of electronic payment system on customer satisfaction in the financial sector in Zimbabwe: A Case of FMC Finance Harare branch submitted in Partial fulfilment of the requirements of the Bachelor of Commerce Honors Degree in banking and finance at Bindura University of Science Education.

...../...../.....

Student Signature Date

...../...../.....

Supervisor Signature Date

...../...../.....

Chairperson Signature Date

...../...../.....

External Examiner Signature Date

DECLARATION OF AUTHOURSHIP

I confirm that this research venture here is my innovative work and has not been imitated or removed from previous source without due salutation of the source.

...../...../.....

Name of Student

Signature

Date

DEDICATION

This research project is a special dedication to my mother Mrs A. Maduke, my father Mr J. Maduke, my sister B. Maduke and the love of my life K. Matsa. I want to thank you all for your inspiration and support; you are what family means. I love you all

(ACKNOWLEDGEMENTS)

I have fought the good fight, I have finished the course and I have kept the faith. 2Timothy 4:7

Firstly I would like to thank God for guiding me through from the time started my degree up to this point. My sincere gratitude and profound appreciation to my supervisor Doc A. Maune for the assistance and guidance throughout this research study. Without him, this study would not have been a success. The efforts of all the staff members in the department of Banking and Finance, Bindura University of Science Education cannot go unnoticed. Finally, my heartfelt gratitude goes to my family Mrs A. Maduke, Mr Maduke, and relatives and friends who provided the much needed love and support. Your love is the greatest

ABSTRACTION

The purpose of the study was to identify the impact of electronic payment system on customer satisfaction using FMC Finance as a case study. The study sought to demonstrate an understanding of electronic payment systems in the Zimbabwean financial sector, determine the challenges faced by financial institutions in using electronic payment system, evaluate customer appreciation and perception of payment system in the Zimbabwean financial sector as well as to determine the costs that are associated with the perception of using electronic payment system. A descriptive research design was used and a sample size of fifty respondents participated in the study. Questionnaires were used to obtain data from respondents. The findings revealed that both consumers and management were facing challenges in using electronic payment system such as system crash. The study revealed that consumers had different perceptions in using electronic payments system. The research findings shows that electronic payment system in Zimbabwe is associated with several costs such as high annual fees and high interest rates. The study concludes that electronic payment system has a positive impact on customer satisfaction and financial institutions should keep on working to improve customer perspectives. From the findings, it can be concluded that consumers are mainly affected by high costs that are associated by using electronic payment system. The researcher recommended that bank management must re-evaluate their policies regarding the amount of fees charged on fees. Consumers must choose the payment method that fits their financial needs, offers convenience and best protects the security of their money in each transaction. The researcher suggests for further studies on the effects of electronic payment system on financial performance of retail sector in the rural areas.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter discusses the background of the study, statement of the problem, purpose of the study. It also covers objectives of the study, statement of hypothesis, assumptions, significance of the study, scope, delimitations, and limitations, importance of the study, definition of key terms and chapter summary.

1.2 Background of the study

Electronic payment system tries to improve customers' accessibility to products electronically. The history of electric money shows us that it was born when Federal Reserve Banks first moved currency via telegraph, in 1918 (Graham, 2003). Electronic payment system (EPS) is making a tremendous impact on the sectors of the Zimbabwean economy and the financial sector is no exception. Increased presence and adoption of new technologies facilitate payment transactions and in turn has positive impact both on consumption, in particular leisure goods, and trade (Adwan, Zyood and Ishfaq 2013). The tremendous increased demand for funds on the financial market has left financial institutions with no choice but to adopt into modern electronic payment system. Many new payment services have come into existence in recent years, most of which are based on technological innovation such as card, telephone and internet (Abor, 2004). Due to technological advancement in Zimbabwe, electronic payment system has taken many forms including credit cards, electronic cash and check systems, debit cards smart cards, digital wallets, contactless payment methods and mobile payments.

The concept of electronic payment system has been defined in many ways. According to Agimo (2004) an electronic payment system as that payment by direct credit, electronic transfer of credit card details, or some other electronic means as opposed to payment by check and cash. EPS and its functions and defined as any transfer of funds initiated through an electronic terminal, telephonic instrument or computer or magnetic tape so as to order, instruction or authorize a financial institution to debit or credit an account (John, 2003). It can be defined as a payment service that utilizes the information and communication technologies including

integrated circuit (IC) card, cryptography, and telecommunication networks (Raja, Velmurgan, Senthil and Seetharaman, 2008). According to Humphrey, Kim and Vesala (2001) electronic payment refers to cash and associated transactions implemented using electronic means. Typically, this involves the use of computer networks such as the Internet and digital stored value systems.

An effective electronic payment system reduces the costs associated with transacting between individuals or companies. The availability of a variety of electronic payment means including mobile payments, mediating services, and electronic currency, an appropriate option can be chosen for a particular type of transaction (Paunov and Vickery, 2006). The banks are providing electronic banking to their customers to increase customers' satisfaction and enhancing their competitiveness in banking services (Dogarawa, 2015). Subsequently, with the introduction of e-payment system, the world payment system turned out to align with the current trend of cashless transactions among individuals, businesses and governments (Odi and Richard, 2013). As a result of this, the world payments system is gradually changing from coins and paper-based money to electronic forms that provide more convenient, fast and secured process of making payments among individual and organizations (Premchand and Choudhry, 2015). FMC Finance Zimbabwe was established and registered as a microfinance institution in January 2010. FMC Finance's core business is micro-financing, offering financial assistance to individuals and SMEs alike. Guided by its core values of innovation, professionalism, integrity, respect and teamwork, FMC Finance is pursuing its vision to be the best-in-class micro-finance institution that provides professional and flexible financial solutions to its chosen customers.

Reserve Bank of Zimbabwe [RBZ], (2013) participating financial Institution should promote the use of plastic money through the introduction of more e-channels, more point of sale devices, increasing the interoperability of systems and sharing of service delivery infrastructure for the convenience of the transacting public. Other objectives which the central bank looks forward to achieve include promotion of cashless payment systems that include the use of plastic money through point of sale (POS) machines, on-line banking, transfers and other electronic banking systems (RBZ, 2016). In 2016, FMC Finance introduced another way of disbursing loans to its clients.

FMC finance started disbursing loans to its customers using Ecocash in the same year 2016. This was done so as to reduce turnaround time for loan disbursements so as to increase convenient since it was taking long for customers to get cash in banks. Due to the use of

Ecocash for loan disbursement, FMC experienced an increase in loan applications since customers were now aware that they will receive their money within 24 hours. The use of electronic payment system also helps customers when paying back their accruals to FMC finance since they were now able to pay using Ecocash, RTGS transfer at the comfort of their home and also paying using Point of sale when visited FMC finance branch. The use of electronic payment system was effective at FMC finance to a level whereby, by the end of 2018 all loan disbursement were now done using Ecocash, RTGS transfer, Zip-it, and online banking. This was mainly due to the lack of liquidity in the country. The table below shows FMC finance turnaround time for loans, which is the time taken for a customer to receive his money after an application.

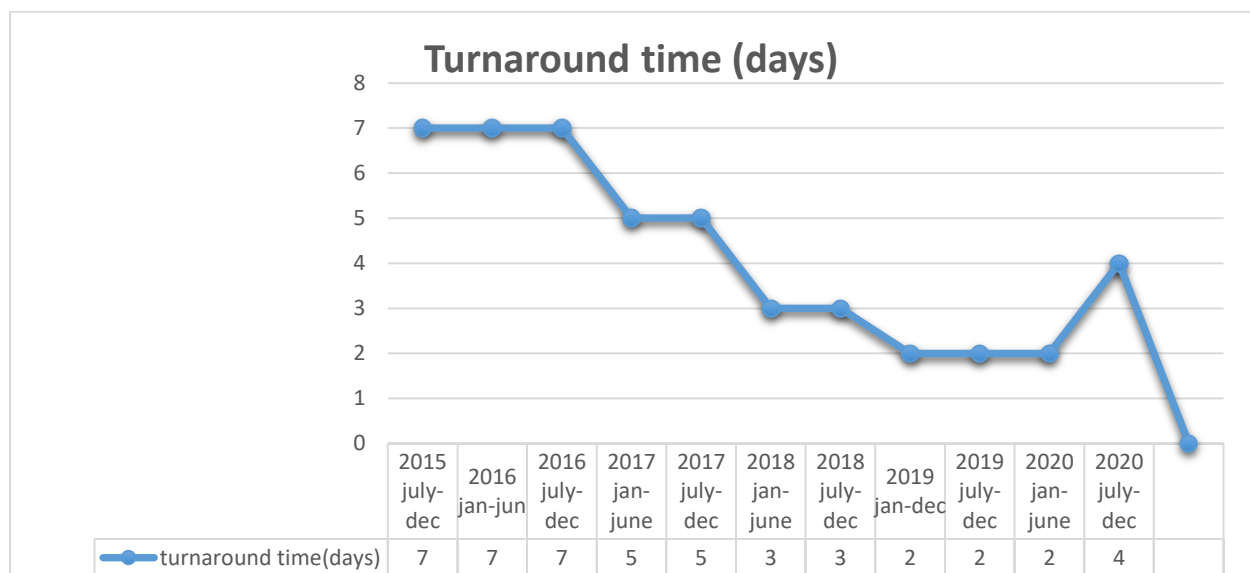


Figure 1.1 Turnover Time

When FMC finance introduced Ecocash on loan disbursements, the turnaround time started at 7 days and then fall due to the use of electronic payment system that was now being used by the company in 2016 as shown by the downward trend in the diagram. Mobile platform offers a convenient additional method for managing money without handling cash (Karjaluoto, 2002). This has brought a different perspective to banking. The introduction of electronic payment had there by given an impact on customer satisfaction in the Zimbabwean financial sector but the question is – What is the extent of the impact it had on customer satisfaction? and What is the future of financial institutions in regard of electronic payment system? and What are the negative effects of this electronic payment system?. It is therefore against this backdrop that

the researcher found it interesting in seeking the impact of electronic payment system on customer satisfaction in the Zimbabwean financial sector.

1.3 Statement of the problem

Globally, it has been assumed that innovation in technology in the financial sector has a direct positive impact on customer satisfaction. Since the innovation, electronic payment system has proved to be a low-cost delivery channel for both the customer and the financial institutions and this is shown by the persistence increase in the acceptance of EPS, a reduction in the long queues at the banking hall and reduction in customer complaints. In Zimbabwe, the Postal and Telecommunications Regulatory Authority of Zimbabwe [POTRAZ], (2014), reported a mobile telephone penetration rate of 87.3%, impressive in comparison to a national banked adults figure of 24% (FinScope, 2014). The use of EPS also comes as an improvement to the economy since the government started collecting taxes on electronic transactions and the use of EPS also helped consumers in buying goods online without physically visiting the market place. The value of transfers and transaction over mobile payments platforms since inception totalled USD 445.7 million in December 2014 (POTRAZ, 2014). This is evidence of the immense potential of mobile banking to harness funds which currently are circulating in the informal market.

On the other hand, the introduction of electronic payment system has contributed negatively on customer satisfaction since this electronic payment system is highly vulnerable to fraud, not always reliable, high set up costs, auditing challenges, long query solving time and it is inconvenient for offline hence affecting customers and company sales. Trust characteristic of EPS with security are the main ones that always concern people of all countries about using EPS for online banking. These frauds are categorized in various ways. For instance, online fraud was as much as 40 times higher than real world fraud (Graham 2003) and on-line credit card fraud cost businesses an estimated USD 9 billion in 2001 (Alexander 2003). Additionally, identity and account theft is one of the fastest growing epidemics in electronic fraud throughout the world. The Federal Trade Commission of USA reported only in a 5-year period of 1999-2003, 27.3 million Americans have fallen victim to these crimes and that these cases have collectively cost businesses 32.9 billion US dollar, consumers USD 3.8 billion and the

majority of identity fraud was above USD 1000 while this amount is comprised the minority of account theft (Lee 2003). In Zimbabwe, the access to the network was overridden by its poor quality, resulting in negative welfare effects. Despite the presence of the well-established National Payment System, the lack of competition in the e-payment market has resulted in poor quality services and limited options for consumers. Econet's ecocash holds more than 90% of the mobile network market, which means it has significant market power. Moreover, the dominance of Econet on both the mobile network and mobile money markets has led to significant congestion, eroding consumer experience with both services. Simatele (2021) Indicated that 96% of all official payments in 2017 were made electronically. Yet, consumers complain about the high charges they face, as well as the system and infrastructural failures associated with e-payments in the country. In 2018, the government of Zimbabwe introduced a 2% tax on all e-payments

This study was motivated by the need to investigate the impacts of electronic payment system on customer satisfaction. Therefore the aim of this study is to explore the impact of electronic payment system on customer satisfaction.

1.4 Aim of the Study

The study seeks to explore the impact of electronic payment system on customer satisfaction in the financial sector in Zimbabwe.

1.5 Objective of the study

The study's main objective is to investigate the impact of electronic payment system on customer satisfaction in the Zimbabwean financial sector. Other supporting objectives include:

- To examine the effects of electronic payment system on customer satisfaction at FMC finance.
- To evaluate challenges and opportunities faced by FMC Finance in adopting electronic payment system.
- To develop a conceptual framework suitable for EPS and customer satisfaction in Zimbabwe's financial sector.

1.6 Research questions

- What are the effects of electronic payment system on customer satisfaction at FMC finance?
- What challenges and opportunities did FMC Finance face through the adoption of electronic payment system?
- What conceptual framework is suitable for EPS and customer satisfaction in Zimbabwe's financial sector?

1.7 Hypotheses

The study tested the following hypotheses:

H₀ Electronic payment system has no impact on customer satisfaction.

H₁ Electronic payment positively affects customer satisfaction.

1.8 Significance of the study

To FMC finance

This study shall be highlighting critical areas in the Zimbabwean financial sector in the face of the prevailing increase in technology that have impact to the accomplishment of the organisational objectives. This research shall help FMC finance on deciding whether the adoption of electronic payment system is giving a positive contribution to the organisation and should the organisation continue employing other methods of electronic payment system or not. This research also helps in promoting the bond between the organisation and the customer so as to facilitate customer loyalty.

To the University

This research will help the university at large by paving way to other researchers who wish to study in related area. More so, areas not addressed shall provide a research gap for those

students who wish to study in the related area. As a result of this research, the university will also achieve its goal of imparting research skills to all of the institute students.

To the researcher

The researcher will be carried out in the fulfilment of the bachelor of commerce honours degree in banking and finance at Bindura University of science education. This research will help the researcher in gaining skill and experience to conduct research in the future and combining academic theory with practical skill.

To FMC finance clients.

The research hopes to add body of knowledge to FMC finance clients about electronic payment system. The research shall also assist FMC finance clients in identifying the most effective way to use when transacting in the digital world.

1.9 Assumptions

For the viability of the study, the following was assumed:

- The respondents at FMC finance will provide valid and authentic data that is free from bias for a successful study.
- The sample size selected was a true reflection of the population under study.
- Respondents are familiar with the term electronic payment system.
- Other factors not included in this study such as the economic environment remained constant.
- Respondents answered the questions asked truthfully.

1.10 Delimitations of the study

The study focuses on the impact of electronic payment system at FMC finance. The researcher is going to study clients of FMC finance who have been FMC finance customers from five years and above. The data compiled for this research will be from 2020 to 2021.

1.11 Limitations of the study

Among the limitations of the research is the unwillingness of some respondents to participate. The outbreak of Covid-19 affected the collection of information because of discouraging of physical interaction. The analysis made in the research attempts to include major past and present developments. However, this may not be possible, considering the rapid introduction of new innovations, the unexpected changes occurring in the national and international contexts, and the unique preconditions prevailing in specific countries. This was particularly the case of Zimbabwe which experienced unexpected and dramatic economic changes during the course of the study.

1.12 Conclusion

The chapter focused on giving the background of the study on the impact of electronic payment system on customer satisfaction. It then revealed statement of the problem, aim of the study, objectives of the study, research questions, significance of the study, delimitations of the study, limitations of the study as well as definition of the terms and abbreviations used in the study. The next chapter will review literature related to the subject of impact electronic payment system on customer satisfaction.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter examines the theoretical framework, empirical evidence, gap analysis being guided by the research objectives as to assess what the existing body of knowledge reveals on the impact of electrical payment system on customer satisfaction. It provides the basis for conducting the research study based on what appropriate theory and research evidence contain on the research problem.

2.2 Conceptual Framework

In service provision, there are some factors, which are considered by customers as a benchmark for appreciating a service being offered (Ramora and Sundaram, 2012). With regard to ATMs, Ramora and Sundaram (2012) mentioned factors that are considered by customers as important for their service satisfaction that are, tangibility, reliability, convenience, assurance, accuracy, safety, ease of use, and responsiveness. They posited that, each of these factors is very important for customer satisfaction for the service being provided. The service should be reliable, in that the service has to be available every time the customer needs it. The service should be user friendly, meaning that a customer will be loyal to the service he/she is able to use with ease. Customers are satisfied when the service they are receiving is executed accurately, and they are always sensitive to their safety when receiving any service of their choice.

Independent variable



Dependent variable



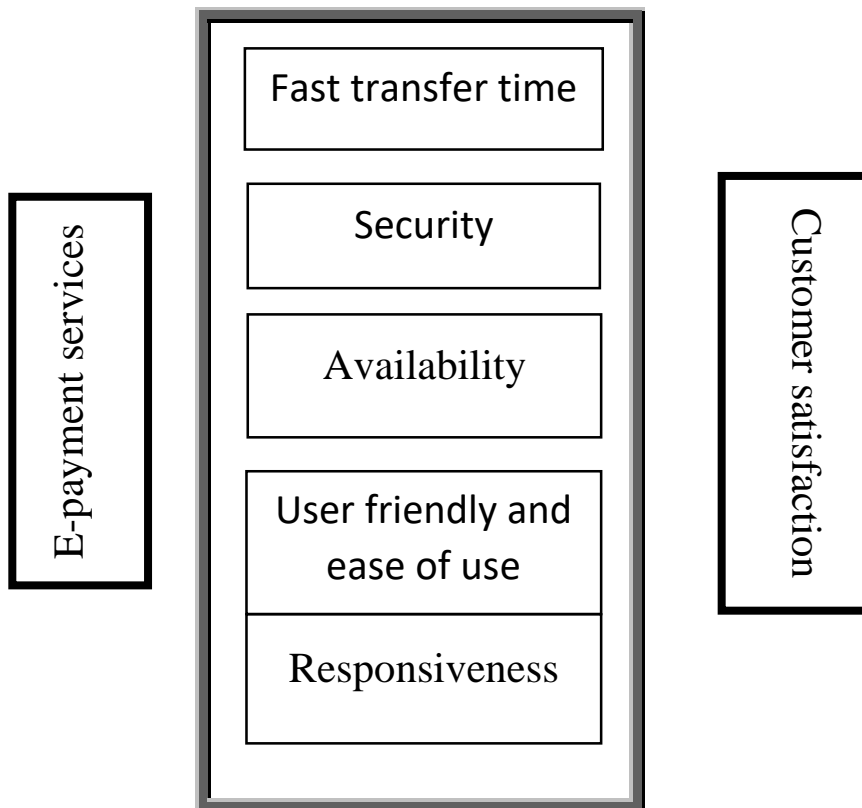


Figure 2.2 Service-customer satisfaction relationship in e-payment services

Source: Bidgoli, 2002

Independent variable

Independent variable (quality of EPS services) is measured by obtaining information on the response from a customer who received or utilized the service using factors such as safety, accuracy, convenience, reliability and easiness in solving customers banking problems.

Dependent variable

The dependent variable (Customer satisfaction) is measured by the customer\respondent providing their inner feelings on how the service fulfilling their expectations through the service they are using (EPS service) using factors like less or no customer complains about EPS services offered.

2.3 Customer satisfaction

According to Cacioppo (2000) customer satisfaction is the state of mind that customers have about a company when their expectations have been met or exceeded over the lifetime of the product or

service. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption related fulfillment (Oliver, 1997).

According to Mussime A, Biyaki, P and Mahmood, F. (2010), increased customer expectations have created a competitive climate whereby the quality of the relationship between the customer and bank has taken on a greater significance in some cases than the product itself. Krishnan, M.S., Venkat Ramaswamy, Mary C. Meyer, and Paul Damien (1999), point out that, the banking industry strives to succeed by putting the topic of rapid and changing customers' needs to their agenda. This can be achieved through good customer care and offering attractive services that may not being offered by competitors. According to Nwaizugbo and Nnabuko (2009) a firm wishing to satisfy its customers must determine the level of customer service it has to provide. There are three levels of customer services that are essential for a customer to be satisfied. This is pre-transaction level, transaction level and post transaction level.

Pre-transaction level further explains, contains the services the customer expects to benefit from even before the actual transaction.

Transaction level is the level of satisfaction a customer is expected to have during at the time of service receiving.

Post-transaction level is the services the customer expects to benefit from and be satisfied after the transaction.

2.4 E-service Quality

According to Blut (2016), e-service quality was defined as the overall or superiority of the service. According to Hair, Ringle and Sarstedt (2012), the measurement of e-service quality was assigned to four dimensions: website design, customer service, security/privacy, and fulfilment. The first-order dimensions of website design consisted of eight attributes: information quality, website aesthetics, purchase process, website convenience, product selection, price offerings, website personalization, and system availability. The first-order dimensions of customer service consisted of two attributes: service level and return handling/policies. The first-order dimension of security/privacy consisted of two attributes: security and privacy. Lastly, the first-order dimension of fulfilment consisted of three attributes: timeliness of delivery, order accuracy, and delivery condition.

In an article by Saffar and Moghadam (2012) which emphasized in investigating the quality of the service provided by e-banking internet portals in the country, results indicated that customers were interested in, e-service trustworthiness, accessibility, privacy/security, accountability and task performance and dissatisfied with user-unfriendliness. More so, Sanayeie, Khoshkrudi, Ghazifard and Nasirzadeh (2012) after evaluating the quality of electronic services on customer satisfaction and customer return also alluded that: efficiency, privacy and accountability are effective and accessibility, service completion and contact had no effect on customer satisfaction, however, customer satisfaction affects customers in reusing the electronic services of Mellat bank.

2.5 Customer loyalty

According to Malcom (2008) describes that by customer value they mean the emotional bond established between a customer and a producer after the customer has used a salient product or service produces by that supplier and found the product to provide an added advantage. Customer loyalty is influenced by their satisfaction with that provider. According to Sanayeie et al. (2012) Repurchase intention indicates an individual's willingness to make another purchase from the same company, based on his/her previous experiences.

Shamsuddoha and Alamgir (2010) conducted a study on customer loyalty and satisfaction construction in Retail banking in India. The study shows that the most important factor behind loyalty in retail banking. Saffar et al. (2016) studied the impact of e-service quality on online loyalty based on online shopping experience in Taiwan and showed that system quality and electronic service quality had significant effects on perceived value that in turn had a significant influence on online loyalty. Various studies showed that satisfaction plays an important role establish loyal customer base.

2.6 Performance Expectations

According to the page (<https://www2.deloitte.com>) the Deloitte Center for Financial Services surveyed 17.100 banking consumers across 17 countries to measure the current state of banks' digital engagement. Consumers' expectations and perceptions of digital banking capabilities

were captured, as well as the likelihood of using additional digital banking services in the future. The results support Deloitte's belief that restructuring organizations around different stages of customer interaction will be the next frontier for digital banking. This will require integrating digital services across five stages adoption, consideration, application, on boarding, and servicing to drive holistic engagement. The results show that there is a need for an evolution in how consumers interact with their banks, and customers are expecting that progression to begin now.

2.7 Electronic payment system

Payment systems have evolved significantly in line with technological advancement. According to Graham (2003), evolution of electronic payment system started in 1918, when the Federal Reserve Bank first moved currency via telegraph. However, it was not until the Automated Clearing House (ACH) was set up by the U.S Federal Reserve in 1972 that electronic currency became widespread. This provided the U.S treasury and commercial banks with an alternative to processing cheques. Following this development, there have been several studies to evaluate the system of electronic payment system.

Bidgoli (2002) defines EPS as utilize integrated hardware and software systems that enable a customer to pay for the goods and services online. Additionally he recognized the main objectives of EPS as increasing efficiency, improving security, and enhancing customer convenience and easing of use. According to John (2003), more details about EPS and its functions and defined it as a neo-payment mode that can be defined as any transfer of funds initiated through an electronic terminal, telephonic instrument or computer or magnetic tape so as to order instruction or authorize a financial institution to debit or credit an account. Additionally, he considers EPS as the same as Electronic Fund Transfer (EFT). As articulated by Bushry (2005), a more general role for EPS as anywhere that money needs to change hands and considered mutual relations of EPS between organizations and customers. He emphasized that, electronic payment systems are increasing in numbers in the banking, retail, health care, on-line markets and even government in fact anywhere money needs to change hands. Organisations are motivated to use electronic payment systems in order to deliver goods and services more cost effectively and to provide higher quality of service to their customers.

Customers are encouraged to use the electronic payment systems because of the ease of making payments.

For the purpose of this thesis, the term electronic payment refers to a fast, convenient, safe, and secure method for payment of bills and other transactions by electronic means such as card, telephone, the internet, Electronic Fund Transfer. Electronic payment gives customers an alternative to paying bills and debts by cash, cheque and money order.

2.8 Types of electronic payment systems

New electronic payment systems are being introduced into Zimbabwe at an increasing rate. A number of studies have also concluded that information technology has provided positive effects on bank productivity; cashiers' work, banking transaction, bank patronage, and bank services delivery and customers' services (Balachandher, Santha, Norazlin, and Prasad, 2001). There are many types of electronic payment systems that are used by the public when transacting that includes the following:

Card payments

Automated Teller Machine (ATM)

ATM is a combined computer terminal, with cash vault and record-keeping system in one unit, permitting customers to enter the bank's book keeping system with a plastic card containing a Personal Identification Number (Rose, 1999). Humphrey et al. (2001) define ATM as a combination of a computer terminal, with cash vault that allows a bank customer to access their funds by punching in a Personal Identity Number (PIN). Most ATMs are positioned outside banks and on public places that are far from the bank offices offering retail banking services to customers. In the banking halls, there are Point of Sale (POS) machines where a client can swipe the ATM card and can access their funds after entering the required PIN. The customers make deposits, view mini statements and pay their bills over the POS machines (Abor, 2004).

Credit and Debit Cards

Pierce (2001) defines credit cards as a plastic card that assures a seller that a person using it has a satisfactory credit rating and that the issuer will see to it that the seller receives payment for the goods delivered. In Zimbabwe, the card holder can go to retail outlets that have ZimSwitch to pay for goods, services and even demand cash backs provided that the account of the card holder has sufficient funds. This represents the automated capture of data about purchases against a revolving credit account (Pierce, 2001). Introduced more recently, debit together with credit cards represent the most rapidly growing method of payments in several countries.

Smart card

A smart card is a plastic card with a computer chip inserted into it and that store and transacts data between users. The data in a form of value or information is stored in the card's chip, either a memory or microprocessor. Smart card-enhanced systems are in use today throughout several key applications, including healthcare, banking, entertainment and transportation. One of the features of this card is that it improves the security and convenience of transactions. The system works in virtually any type of network and provides security for the exchange of data.

Other electronic Payment Systems

Ecocash

This is a mobile cash transfer facility that was launched by Econet Wireless a mobile cell phone service provider on 30 September 2011 in Zimbabwe. This service allows users of the system to send and receive money, buy airtime and make other payments using their mobile phones using any Econet registered sim card. Money can be transferred across different Zimbabwean even outside Zimbabwe using the assistants of agents.

Real Time Gross Settlement (RTGS)

RTGS refers to funds transfer systems where transfer of money or securities takes place from one bank to another on a real time and on a gross basis. Real time means payment transaction is not subjected to any waiting period and 'gross settlement' means the transaction is settled on one on one bunching or netting with any other transaction. Once processed, the payments are

final and irrevocable. RTGS is controlled by the central bank of the country which is the Reserve bank of Zimbabwe.

Online / internet payments

This is the means by which customers transact payments with an institution through the use of Internet network. Customers can access their bank accounts and make transfers through a web site provided by the bank and complying with the available security checks. The Internet is able to offer instant settlement of transactions at low costs and it is more effective payment system for low value transactions. The Internet has the potential to reach majority of customers since it can disseminate advertising material through World Wide Web home pages and product databases (Neuman and Medvinsky, 1996).

Mobile banking and mobile transfers

According to Zika (2005), a mobile payment is an electronic payment made through a mobile device for example cell phone or a Personal Digital Assistant (PDA). Mobile banking uses a mobile device to initiate and confirm electronic payment through an in the field of payments, mobile phones opportunity is seen in the embedded SIM (Subscriber Identity Module) card used to store information of users. Currently, most financial institutions provide active mobile banking services known as SMS Banking. This allows customers to do some enquires on their mobile phones. Customers do not need to go to their branch to do the following transactions: balance enquiry, transaction enquiry, cheque book request, statement request, and payment of utility bills.

Mobile wallets

According to Doan (2014), mobile wallet is formed when your smartphone functions as a leather wallet it can have digital coupons, digital money (transactions), digital cards, and digital receipts. Using mobile wallets, users are allowed to install the application in their smart-phones which they can employ for making offline as well as online purchases. In future, mobile wallets are assumed to offer more convenience to customers in making transactions with the help of technologies which connect smart-phones and the physical World via sound waves, cloud-based solutions, NFC (Near Field Communication), QR codes.

Payment Portal

Payment portals are payment service providers that offer a wide range of the different payment options described in the previous sections and provide merchant accounts to online retailers in general. (Vassiliou, 2004). Payment portals take care of the payment side of e-commerce operations for merchants. Merchants can redirect the customers to the payment portal's site when making online payments, where customers are given a choice between several means of payment. After successful completion of the payment, the portal notifies the e-merchant that the order can be shipped (Vassiliou, 2004).

Prepaid Payment Services

In prepaid payment systems, a certain amount of money is taken away from the payer by debiting that amount from the payer's bank account before purchases are made (Asokan, Janson, Steiner, and Weidner, (2000). This amount of money can then be used for payments later. This payment system requires that consumers make the provision of funds before engaging any payment transaction. Smartcard-based electronic purses, electronic cash as well as (certified/guaranteed) bank cheques fall in this category (Asokan et al., 2000). E-zwich payment system also falls into this category.

Asokan et al. (2000) further argue that, both pay-now and pay-later could be classified as direct payment systems: a payment requires an interaction between payer and payee. There is also indirect payment systems where either the payer or payee initiates payment without the other party (payee or payer respectively) involved on line.

2.9 The impact of electronic payment system on customer satisfaction

According to Mallat (2007), the adoption of mobile payment methods is dependent upon several factors that affect the consumers' choice and willingness to make use of latest technology for making payments. Reviewing literature in regard of this topic, we have to identify certain factors in the electronic payment system that has either positive or negative impact on consumer satisfaction.

According to Laukkanen and Lauronen (2005), mobile payment methods provide their customers with a number of advantages including location-free access, a wide variety of purchase possibilities, easy alternative to cash payments, and timely contact with their financial

resources. An important aspect of electronic payment systems is on its ability to be easily integrated into the customers' daily lives. Mobile payment methods are found to be most convenient for small payments for purchasing movie tickets, mobile games, and content online (Mallat, 2007).

However, according to Laukkanen and Lauronen (2005), complexity in the use of various electronic payment methods including smart cards and mobile payments, have contributed to the low adoption of these services. The increasing rate of cyber-crime that results in data theft and cyber-attacks on financial data (Karp, 2015). These factors has highly contributed negatively on customer satisfaction. According to Siau et al. (2004), the lack of security and consumer trust in service providers as a major barrier to adoption of e-commerce transactions.

2.10 Acceptance and adoption of electronic payment system

A survey on electronic money developments by the Bank for International Settlement (BIS) reports a rather low level of EPSs use even in the most advanced countries (BIS, 2000). According to the European Central Bank (ECB), the proportion of online payments among cashless payment instruments in the European Union is rather low. The report admits that although there has been a lot of discussion on the use of EPSs and their importance, it is still not a widely used medium (ECB, 2001). The lack of customer demand, the diversity of technological standards and the lack of support by financial institutions are mentioned among the reasons preventing the development of electronic payment systems (ECB, 2003). Some experts estimate that about 85% of all Internet transactions are done with credit cards that were not originally designed for the Internet (Philippsohn and Thomas, 2003). According to a survey by marketing research firm Jupiter Research, credit cards are still the dominant payment method for online purchases, accounting up to 95% of online transactions in the United States (Jupiter Media Metrix, 2000). This demonstrates still low user acceptance of alternative electronic payment systems, designed specifically for e-commerce.

2.11 Benefits of electronic payment system

According to a study by (Fiallos and Wu 2005), the arrival of the internet has taken electronic payments and transactions to an exponential growth level. Consumers could purchase goods

from the internet and send unencrypted credit card numbers across the network, which did not provide much security and privacy. But a wide variety of new secure network payments schemes have been developed as consumers became more aware of their privacy and security.

Digital money has significant benefits for financial institutions, banks and e-merchants (Fiallos and Wu 2005). Digital Money is an electronic payment technology, which can provide anonymous flexible electronic payment, like paper cash, but with added security requirements needed for internet transactions. In a related work by (Lee, H.J, Choi, M.S, and Rhee, C.S, 2003), a secure electronic cash system can guarantee anonymity of legitimate users but also provides traceability about illegally issued cash or laundered money. If illegal activity did take place, it can cancel anonymity of the digital cash in order to protect the bank (Lee et al., 2004) added that since digital money can trace double spending, and double spending protects content by exposing the double spender's identity, digital cash is a fool proof way of guarding against illegal redistribution of intellectual property and materials. Digital Money can also be used to deter illegal content copying and distribution by inserting tracing content factors into the digital cash payment scheme that prevents users from individual replication activity (Lee et al., 2004). By using this function, legal, anonymous purchasers can spread contents to other paying anonymous users while abiding by copyright laws. Using digital money in industries like digital entertainment can increase the demand for products through easier and safer dissemination channels. Digital Money can trace who is illegally reproducing and distributing copyrighted intellectual material, therefore increasing security for authors and at the same time deterring lost revenue and sales for digital media entertainment companies.

Electronic Payments as argued by Cobb (2005) have a significant number of economic benefits apart from their convenience and safety. These benefits when maximized can go a long way in contributing immensely to economic development of a nation. Automated electronic payments help deepen bank deposits thereby increasing funds available for commercial loans a driver of all of overall economic activity. Efficient safe and convenient electronic payments carry with them a significant range of micro-economic benefits. The impact of introducing electronic payments is akin to using the gears on a bicycle. Add an efficient electronic payments system to an economy, and you kick it into a higher gear. Add better-controlled consumer and business credit, and you notch up economic velocity even further.

When cardholders use their cards at the point of sale they are helping to keep money in the banking system. EPS can help displace shadow economies, bring hidden transactions into the banking system and increase transparency, confidence and participation in the financial system (Cobb, 2005).

According to Hord (2005), electronic payment is very convenient for the consumer. In most cases you only need to enter your account information such as your credit card number and shipping address once. The information is then stored in a database on the retailer's Web server. When you come back to the Web site, you just log in with your username and password. Completing a transaction is as simple as clicking your mouse. All you have to do is confirm your purchase and you are done (Hord, 2005).

According to Hord (2005) electronic payment lowers costs for businesses. The more payments that is processed electronically, the less money is spent on paper and postage. Offering electronic payment can also help businesses improve customer retention. A customer is more likely to return to the same e-commerce site where his or her information has already been entered and stored.

Theoretical Framework

2.12 Technological Acceptance Model (TAM)

Davis (1989), developed the TAM, according to which users' adoption of a computer system depends on their behavioural intention to use, which in turn depends on their attitude and two beliefs, namely perceived ease of use and perceived usefulness. The TAM has become a widely used model for predicting the acceptance and use of information systems, and has recently also been applied in order to predict Internet adoption. It is an adaptation of the Theory of Reasoned Action (TRA) developed by Fishbein and Ajzen (1975) in the field of information systems. In essence, the TAM reviewed that, perceived usefulness and perceived ease of use determine an individual's intention to use a system.

Perceived usefulness is defined as a prospective user's subjective probability that using a specific application system will increase his or her job performance within an organizational context. Further, the TAM assumes that perceived usefulness will be influenced by perceived ease of use, because other things being equal, the easier is a technology to use, the more useful it can be. Perceived ease of use refers to the degree to which the perspective user expects the target system to be free of effort (Davis, 1989). By assuming that other variables are constant, the easier is a technology to use, the higher is its possibility to be adopted by users. The TAM also assumes that external variables such as characteristics of system design, training, documentation and characteristics of the decision-maker may also influence technology usage (Davis, 1989). Since electronic payment system is innovative technology, factors affecting its adoption in Zimbabwe may be explained using TAM.

2.13 Innovation Diffusion Theory

Rogers (1983) explains this theory as an individuals' intention to adopt a technology as a modality to perform a traditional activity. According to Frame and White (2009) this theory is concerned with the manner in which a new technological idea, technique, or a new use of an old one, migrates from creation to use.

The critical factors that determine the adoption of an innovation at the general level are relative advantage, compatibility, complexity, trainability, and observability (Aduda and Kingoo, 2012). These advantages have resulted in many financial institutions adopt information and communication technology (ICT) in doing business. The stages through which a technological innovation passes are: knowledge (exposure to its existence, and understanding of its functions); persuasion (the forming of a favourable attitude to it); decision (commitment to its adoption); implementation (putting it to use); and confirmation (reinforcement based on positive outcomes from it) (Anbalagan, 2011). Internet banking heavily relies on the ICT since it is carried out on the internet. Customers are able to access their accounts remotely without having to physically visit the bank. According to Barnes and Corbitt (2013) advises that managers need to understand the capabilities of any particular technology and the benefits that ensue from its use in considering what technology to use with their operations, as well as understand associated costs and limitations of operating that technology.

2.14 Conclusion

This chapter covered the conceptual framework, theoretical framework and empirical literature relating to the impact of electronic payment on customer satisfaction. The next chapter will cover research methodology.

Chapter 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology that was employed in carrying out this research study. This chapter focuses on the research design, the study population, the sample design, sampling procedures, sample size, data sources, data collection instruments and the validity and reliability of the data instruments. It shows details of all steps and procedures used in gathering information needed to solve the research problem.

3.2 Research Design

According to Kothari (2004) a research design is a plan or strategy used to get the expected study results. Hypotheses were tested to determine whether electronic payment systems have an impact on customer satisfaction or not. For the purpose of this study, the researcher adopted a case study research. Research design can be categorised into different types depending on the nature of the study.

Wilkinson (2012), states that quantitative research deals with finding facts about situations and it is based on a fixed and measurable assumption. This research design allowed the research to collect quantitative data about the problem being investigated because it was a formal objective and systemic process in which numerical data are utilized to obtain information. One of the characteristic of quantitative research made it suitable for the study was that the researcher used questionnaire to collect the data on each participant. However, the study made use of qualitative approaches in the data analysis giving the researcher the opportunity to conduct broad surveys that involve a vast number of subjects and standardised findings. More likely than not, they give accurate results.

3.3 Population

Wilkinson (2012), defines population as a group of individual persons from which samples are taken for statistical measurement. Green and Carmone (2011), explain that research population is the totality of all members, objects and subjects that have common characteristics and

features relative to the study to which sample findings can be generalised. The population for this study was FMC Finance's customers. The target population comprised of 50 individuals above 18 years of age.

3.4 Sample

According to Scott and Vessey (2015), sampling refers to selection of individuals from a population of interest to make an estimation of the qualities of the population. The use of sample population made the research objective and successful as this research is limited to FMC Finance Harare branch customers.

A sample size of FMC Finance customers was selected through convenience sampling technique. Then this sample size was drawn from FMC Finance customers who usually visited and used the FMC Finance Harare branch located in Harare Central Business District (CBD) to do their transactions electronically both male and female.

3.5 Research Instruments

According to Cooper et al. (2003), a research instrument is a device for systematically collecting data such as questionnaire, observation and interview schedule. The questionnaire was used by the researcher to collect data for the survey with both open and closed questions. In line with the research, branch managers, IT executives, sales/marketing executives, and customer relations managers and revenue-collecting agencies were contacted to participate in the study. These respondents were selected on the basis of their level of expertise regarding the adoption of electronic payments systems in their daily operations as well as issues relating to the benefits and the challenges that come along with the adoption of electronic payment systems as a means of transacting.

3.5.1 Questionnaire

According to Kothari (2004), use of questionnaire for explorative studies such as the present one is known to be quite valid and reliable if well structured. Questionnaires were used to

collect primary data for the study. The rationale behind using questionnaire was that the respondents selected could read and write in the English language. The use of structured questions is a design feature in the questionnaires, making the task of filling in the questionnaires easier for the respondents' whilst taking very little time and keeping the respondents interested in answering and completing the questionnaires. The structured form of questions also facilitates consistency in the response obtained and the generation of objective data that is fair and easy to tabulate and analyse. Simple language and straight forward questions were used in the questionnaires to enhance the clarity of the questions and to maximize the reliability of the questionnaires.

3.5.2 Data Collection Procedure and Administration

The researcher sought the permission to carry out the research at FMC Finance Harare Branch in Harare CBD. Letter from the Harare Branch manager was hand delivered to the researcher giving him the permission to contact his research at the company's branch. The researcher also used drop and collect method. This choice of collecting data is chosen because it is regarded as an effective way of ensuring that the questionnaires are completed on time and also the researcher collects the data in person. Respondents who have time were encouraged to participate in completing the questionnaires.

3.6 Data Validity and Reliability

The questionnaire guides were pilot tested before they were distributed to the target population. A pilot study was used whereby three questionnaires were given to some college mates to test on the clarification and vagueness of the questions given, so as to allow the researcher to assess the quality of questions so that the intended respondents were able to give responses clearly. This exercise provides assurance of reliable responses since respondents are expected to understand the questions and respond correctly.

3.7 Data Analysis and Analysis Procedure

The chapter focused on establishing whether data collected answered the research questions. It involves descriptive analysis-describing responses, calculating averages in order to transform

raw data into an understandable form for the subsequent interpretation of data. Data presentation and analysis highlights the overall procedures in organizing, describing and analysing data collected pertaining to this subject under study.

Data was presented and analysed using quantitative analysis techniques. The researcher also use charts, tables and graphs in presenting the data so as to give a quick overall impression of research findings making it easy to draw conclusions from the research. Prior to the analyses, the data were edited and coded to ensure consistency.

3.8 Conclusion

This chapter discussed the research design for this study. It further highlighted the sampling design, sample size and data collection methods. Additionally, this chapter clarified the data analysis methods that will be used in study.

Chapter 4

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter covered data analysis, presentation and interpretation as they relate to the theory that underlies the study. Data was analysed from the findings obtained through the questionnaires. These findings were linked to those of literature review and to the research objectives. Furthermore, in order to reduce the bulkiness of data, the data presented and analysed was those that are considered relevant to the problems and objectives and of this research study. The data was presented from questionnaires. A sample of 50 respondents was chosen.

4.2 Response Rate

Harnett and Murphy (2012), defined response rate as a measure, usually expressed in percentage, of how many of the distributed questionnaires were returned to the researcher. Fifty questionnaires were distributed and out of them only 46 questionnaires were returned (92%).

SEX	Questionnaires Distributed	Questionnaire Returned	Response Rate
MALE	29	28	97%
FEMALE	21	18	86%
TOTAL	50	46	92%

Table 4.1 Questionnaire response rate

As illustrated above, 29 questionnaires were distributed to males, 28 returned (97%) and of the 21 questionnaire which were distributed to females, 18 were returned (86%). Overall the distributed questionnaires had 92% response rate. A better and higher representation of the target population was obtained if a high response rate of at least 70% is achieved, (Best and Kahn, 2006). They further explain that this ensures validity of the research. According to Kothari (2004), research data that is sound for objective analysis must have a high response rate. This study got a response rate of 92% and hence it is valid as it exceeds 70%.

4.3 Demographic Profiles of Respondents

In order to generally describe the characteristics of the respondent gender, age, educational background (qualification), monthly income level and income source. The results obtained from the demographic information are presented on the table below.

Characteristic	Frequency	Percentage
Gender		
Male	28	60.87
Female	18	39.13
Age		
25 years and below	9	19.57
26 to 35 years	17	36.96
36 to 45 years	13	28.26
46 to 55 years	5	10.87
Above 56 years	2	4.25
Education Level		
Advanced level and below	8	17.39
Diploma	18	39.13
First degree	12	26.09
Master's degree	7	15.22
Higher than Master's degree	1	2.17
Monthly Income level		
Below \$4999	1	2.17
\$5000 - \$9999	3	6.52
\$10000 - \$14999	4	8.70
\$15000 - \$19999	8	17.39
\$20000 - \$24999	11	23.91
\$25000 and above	19	41.30
Income Source		
Self-employed	8	17.39
Formal employment	20	43.48
Investment Returns	1	2.17

Pensions Fund	14	30.43
Other	3	6.52

Table 4.2 Demographic Respond Rate

Source: Primary Data

The result obtained from demographic characteristics of the respondents shows that 60.87% are males and the rest 39.13% are females this shows that electronic payment system is largely preferred by males than female. The result also shows that 65.22% of electronic payment system, which is age group that ranges from age 26–45 indicating that this banking channel is more preferred by adults group. Respondent’s educational status shows: 17.39% are completed Advanced level and below, 39.13% have diploma, 26.09% have first Degree, with 15.22 completed their master’s degree and 2.17% are high than master’s degree.

Monthly income of the respondents were observed as 2.17% earning less than \$4999, 6.52% earning \$5000-\$9999, 8.70% earning \$10000-\$14999, 17.39% earning \$15000-\$19999, 23.91% earning \$20000-24999 and 41.30% earning \$25000 and above. From this we can conclude that electronic payment system is not preferred by low level income societies this may be because of the charge it has while transacting or any other reason.

Of the respondents who answered the questionnaires, 43.48% and 30.432% indicated that they were formally employed in corporations and pensions funds respectively. The less significant sources emerged self-employment 17.39%, Others 6.52% and investments returns 2.17%. Formally employed people dominated the participants in the survey than any group, this might be because FMC Finance gives their loans mostly to civil servants.

4.4 Types of Electronic Payment Systems

The objective of this section of the chapter was to identify the types of electronic payment systems being used by customers of FMC Finance. This is in view of the fact that there are several payments systems in use globally and their use depends on a variety of reasons. Respondents were asked to tick among the available payment system, those they use for banking transactions

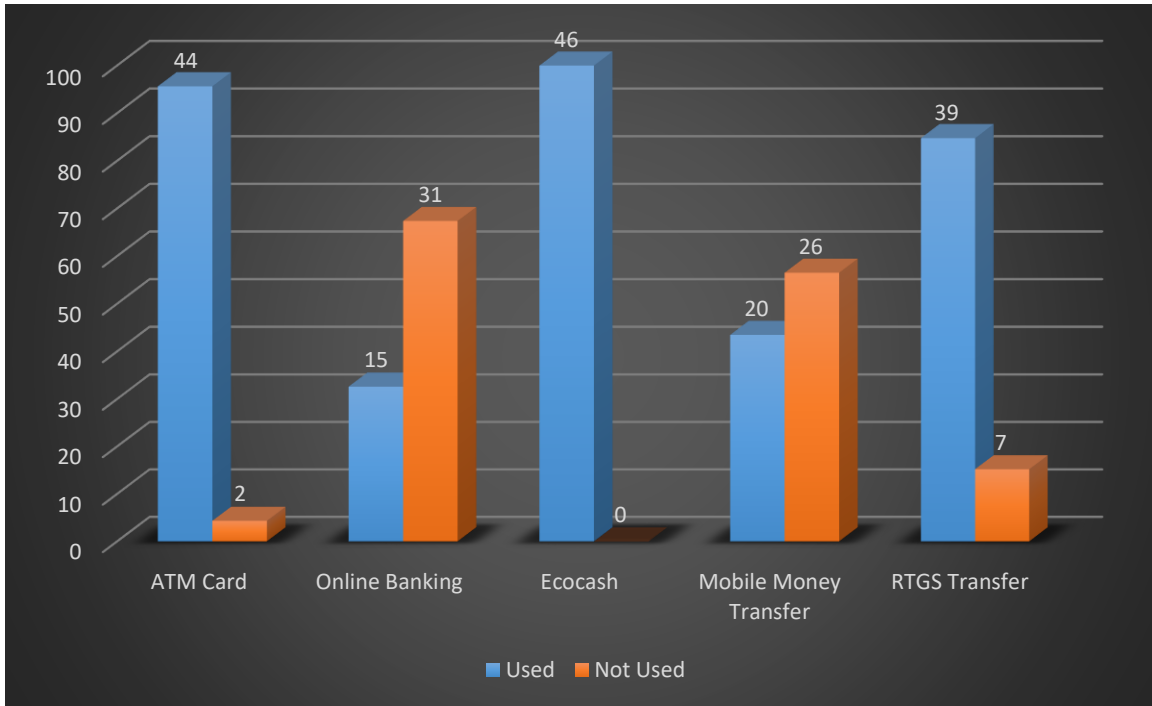


Figure 4.3 Types of EPS response rate

Source: Primary Data

As indicated in the diagram above, 95.65% had used ATM Cards in transacting and 4.35% had not used ATM Cards, 67.39% had used online banking and 32.61% did not. The highest usage of electronic payment system was on Ecocash with 100% usage, this could have been due to the fact that Ecocash is easy and more convenient when transacting. Mobile money transfer had 43.48% usage and 56.52% who never used mobile money transfer and lastly RTGS transfer had total use of 84.78% and 15.22% not used.

4.5 Frequency Use of EPS

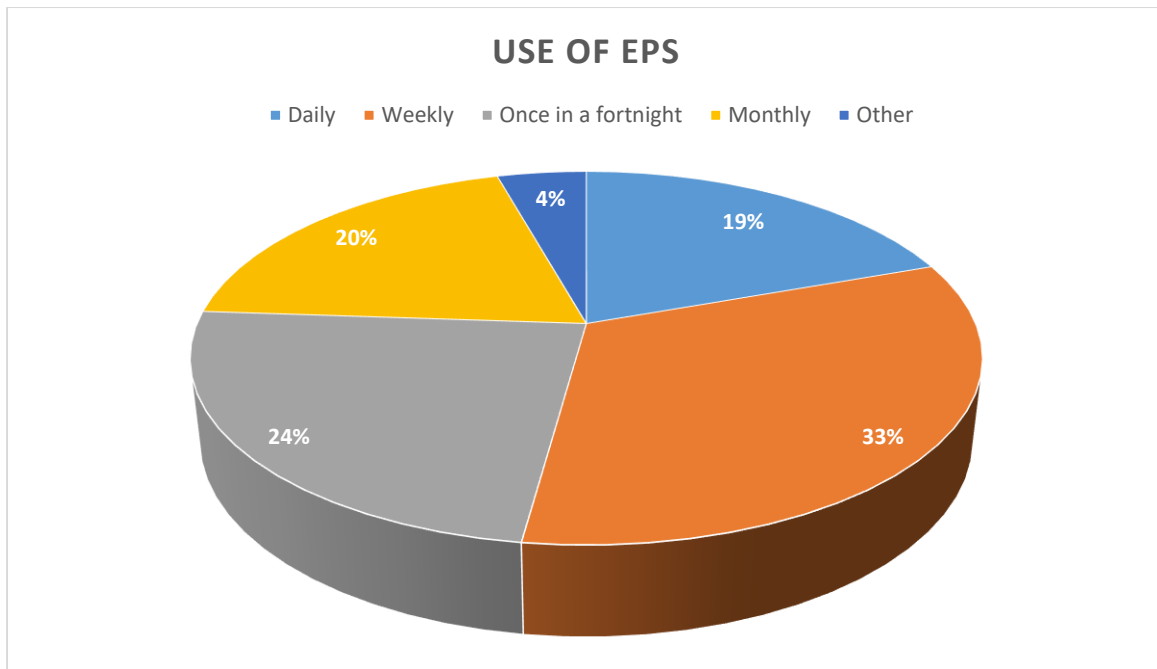


Figure 4.4 Response on frequency use of EPS

Source: Primary data

The diagram above shows that, 33% of respondents use electronic payment systems weekly, 24% use electronic payment system once in a fortnight, 20% use EPS monthly and 19% use electronic payment systems daily and 4% of the respondents was other. Daily usage of electronic payment was low maybe it was due to low trust in electronic payment systems of due to low satisfaction.

4.6 Service Quality

	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Disagree
	%(n)	%(n)	%(n)	%(n)	%(n)
The electronic payment system enables me to do my transaction quickly	2.17(1)	6.52(3)	15.22(7)	26.09(12)	50.00(23)
The facility is simple to use	21.74(10)	6.52(3)	0(0)	2.17(1)	69.57(32)

The service is accessible from anywhere (interbank connectivity)	2.17(1)	0(0)	0(0)	13.04(6)	84.78(39)
The system does not crash	34.78(16)	26.09(12)	4.35(2)	15.22(7)	19.57(9)
The electronic payment system is accurate and error free	39.13(18)	21.74(10)	8.70(4)	13.04(6)	17.39(8)
The service is truthful about its offerings	21.74(10)	6.52(3)	13.04(6)	2.17(1)	69.57(32)
The electronic payment system protects information about my banking behaviour	0(0)	0(0)	2.17(1)	2.17(1)	95.65(44)
The service does not share my personal information with other sites	0(0)	0(0)	4.35(2)	8.70(4)	86.96(40)

Table 4.3 Response rate on service quality

Source: Primary Data

The outcomes were presented in table above as follows; 50.00% of the respondents strongly agreed that electronic payment system enable them to do transactions quickly, 16.09% agreed while 15.22% of the respondents were not sure, 6.52% disagree and 2.17% strongly disagreed on the fact that EPS enables them to transact quickly. On the facility easiness to use, the response was as follows, 69.57% strongly agreed, 21.74% strongly disagree, 6.52% disagree, and 2.17% agreed.

Furthermore, the customers gave their rating on whether the service can be accessed from anywhere and these were their responses, 84.78% strongly agreed, 13.04% strongly agreed and 2.17% strongly disagree. The respondents was also asked on the assumption that the system does not crash and 37.78% strongly disagreed, 26.09% disagreed, 19.57% strongly agreed, 15.22% agreed and the smallest percentage was recorded on the respondents who 4.35% who were not sure.

The electronic payment system is accurate and error free, had 39.13% of the respondents who strongly disagreed, 21.74% who disagreed, 17.39% who strongly agreed, 13.04% who agreed and 8.70 who were not sure. The rating on the service's truth on its offerings shows that,

69.57% strongly agreed, 21.74% strongly disagree, 13.04% not being sure, 6.52% disagree while 2.17% agreed that the service is truthful on its offerings.

The response on EPS protection on fact that EPS protects information about a customer’s banking behaviour recorded the highest rating as 95.65% strongly agreed and 2.17% agreed and the same percentage of the users where not sure if the service protects their information on banking behaviour. 86.96% strongly agreed, 8.70% agreed and 4.35% where not sure if the service does not share their personal information with other sites.

4.7 Customer Loyalty



Figure 4.5 Response rate ion customer loyalty

Source: Primary Data

The outcomes were presented in table above as follows; 83% of the respondents strongly agreed that they only have a loan account with FMC Finance, 13% agreed while 7% of the

respondents strongly disagreed. On assessing whether respondent take pleasure in being a customer of the company, 70% strongly agreed, 26% agree, 2% disagree and strongly disagree.

More so, the customers gave their rating on whether the respondents rely on FMC Finance due to excellence in their EPS, 65% strongly agreed, 24% agreed, 7% disagree and 4% strongly disagree. The respondents was also asked on whether there is a reciprocity in the relationship between the respondents and the company and 96% strongly agreed and 4% agreed.

When the respondent was asked to give a rating on whether they have a feeling of trust towards the company, 72% agreed followed by 9% not sure and those who agree, disagree and strongly disagree all gave a rating of 7%.

4.8 CUSTOMER SATISFACTION

		Count
My service provider consistently meets my expectations.	Strongly Agree	15
	Agree	10
	Neutral	6
	Disagree	10
	Strongly Disagree	5
Having had contact with FMC finance employees, I can say that they feel confident that they will try to treat me fairly	Strongly Agree	18
	Agree	11
	Neutral	7
	Disagree	8
	Strongly Disagree	2
FMC finance emphasises customer satisfaction as opposed to rules and procedures	Strongly Agree	14
	Agree	10
	Neutral	10
	Disagree	7
	Strongly Disagree	6
My service provider has always responded to my needs	Strongly Agree	17
	Agree	12
	Neutral	9
	Disagree	5

	Strongly Disagree	3
FMC finance and all its service centres are easily accessible	Strongly Agree	15
	Agree	18
	Neutral	10
	Disagree	6
	Strongly Disagree	0
The service provider employees make sure that problems do not rise in our business relationship	Strongly Agree	10
	Agree	9
	Neutral	4
	Disagree	15
	Strongly Disagree	8
I am satisfied with the electronic payment services from my service provider.	Strongly Agree	18
	Agree	15
	Neutral	7
	Disagree	3
	Strongly Disagree	3
Considering everything I am extremely satisfied with the electronic payment system	Strongly Agree	13
	Agree	15
	Neutral	6
	Disagree	7
	Strongly Disagree	5

Figure 4.6 Response rate on customer satisfaction

Source: Primary Data

The respondents were asked to give a rating on the statement that, my service provider consistently meets my expectations, 15 respondents strongly agreed, 10 agreed, 6 of them were neutral meaning there were not sure, 10 disagreed and 5 strongly disagreed. The next question was to evaluate the statement that, having had contact with FMC finance employees, I can say that they feel confident that they will try to treat me fairly, 18 respondents strongly agreed to that phrase, 11 agreed, 7 of them were neutral, 8 strongly disagreed and 2 strongly disagreed.

The following rating was on FMC finance emphasises customer satisfaction as opposed to rules and procedures, 14 respondents strongly agreed, 10 agreed, 10 were also neutral, 7 of them

disagreed and 6 strongly disagreed. Of the respondents who answered on my service provider has always responded to my needs, 17 of them strongly agreed, 12 agreed, 9 were neutral, 5 disagreed and 3 of them strongly disagreed.

More so, the next question was, FMC finance and all its service centres are easily accessible, 15 strongly agreed, 18 agreed, 10 were neutral and 6 of them disagreed. There following rating was on, the service provider employees make sure that problems do not rise in our business relationship, 10 strongly agreed, 9 agreed, 4 of them were neutral, 15 disagreed, and 8 strongly disagreed.

Furthermore, the respondents were asked if they were satisfied with the electronic payment services from my service provider. 18 strongly agreed, 15 agreed, 7 were neutral 3 of them disagreed and also the other 3 strongly disagreed. Last question on question on customer satisfaction was on asking respondents to give their rating opinion on the statement, considering everything I am extremely satisfied with the electronic payment system, 13 strongly agreed, 15 agreed, 6 were neutral, 7 disagreed and 5 strongly disagreed.

4.9 Performance Expectations

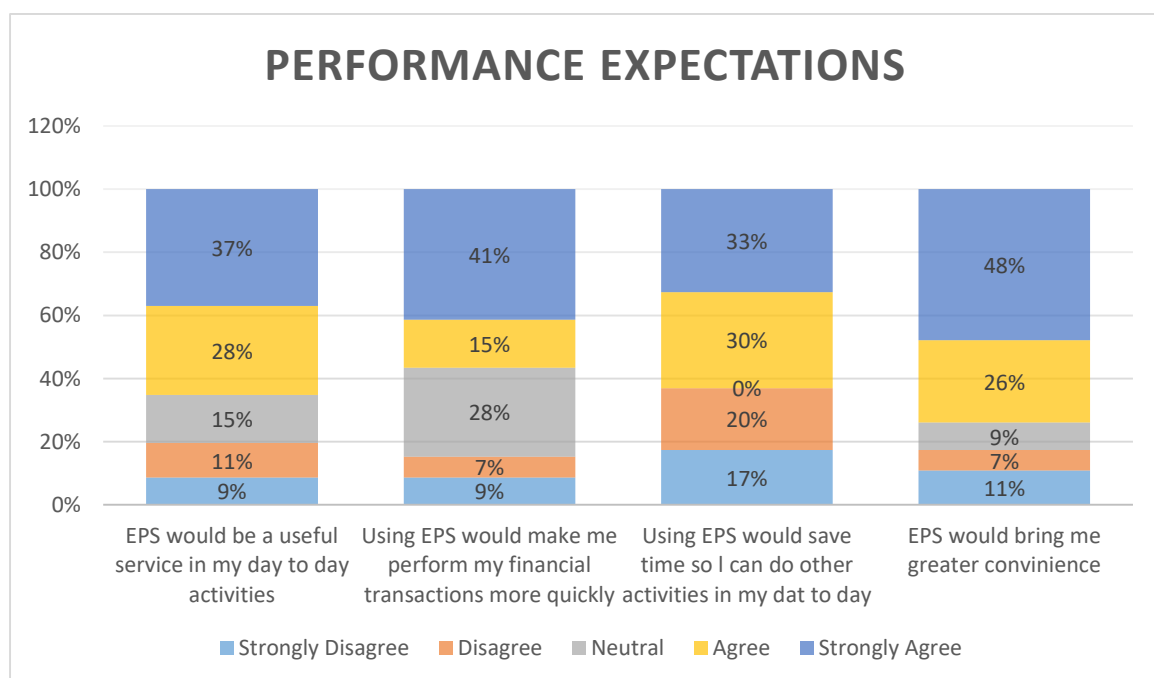


Figure 4.7 Response rate on performance expectations

The first rating was to evaluate on the fact that EPS would be a useful service in the respondent's day to day activities, 9% strongly disagreed, 11% disagreed, 15% were neutral, 28% agreed and 37% strongly agreed. Respondents also gave their rating on if using EPS would make them perform their financial transactions more quickly, 9% strongly disagreed, 7% disagreed, 28% were neutral, 15% agreed and 41% disagreed.

Of the 46 respondents who gave their option on if using EPS would save time so they can do other activities in their day to day, 17% strongly disagree, 20% disagreed, 30% agreed and 33% strongly agreed. The last rating was on evaluating whether EPS would bring greater convenience in the respondent's life, 11% strongly disagreed, 7% disagreed, 9% were neutral, 26% agreed, 48% strongly agreed

The respondents were lastly asked to give their major source of electronic payment recommendations and they gave the following recommendations:

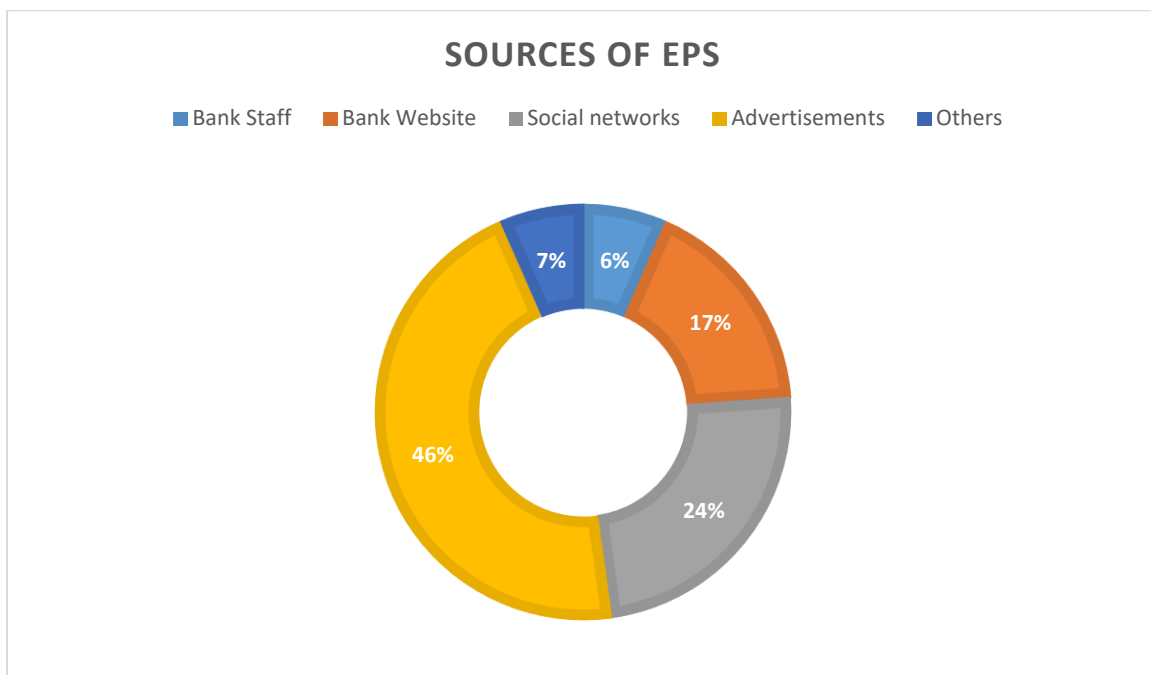


Figure 4.8 Response rate on sources of EPS

Source: Primary data

On major sources of recommendations, the largest source of recommendation was advertisement with 46%, followed by social networks with 24%, then bank website with 17%, bank staff with 7% and others with 6%.

4.10 Conclusion

This chapter discussed the research results. It further interprets the findings of each research questions and objectives as shown in the tables above. The data was presented using graphs, pie charts and tables. The next chapter shall look on the summary of findings, conclusions, recommendations as well as considerations for future research on the subject.

Chapter 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study aimed at exploring the impact of electronic payment system on customer satisfaction. This chapter gives conclusions and recommendations on the researcher topic based on a critical analysis of the research findings. Therefore in line with research objectives of this study we conclude and suggest recommendations based on the findings presented and the literature review. Areas of further study will also be presented in this chapter. The study conclusions were derived from results presented on the previous chapter.

5.2 Research summary

This sub-section presents a summary of findings for the objectives of the study. The purpose of the study was to assess the impact of Electronic Payment Systems (EPS) on customer satisfaction in the financial sector in Zimbabwe. The case study was FMC Finance, Harare Branch. The specific objectives were to: examine the effects of electronic payment system on customer satisfaction at FMC Finance, to evaluate challenges and opportunities faced by FMC Finance in adopting electronic payment system, and to develop a conceptual framework suitable for EPS and customer satisfaction in Zimbabwe' financial sector.

The researcher sample 50 respondents comprised of FMC Finance managerial and non-managerial staff and FMC Finance customers. The researcher managed to receive 46 responses out the 50 questionnaires distributed. The researcher also did follow up with some of the bank staff to clarify on issues gathered on questionnaires. The researcher also relied on secondary data obtained from company reports and the Electronic Banking department.

The respondents seemed to be satisfied with the use of electronic payment systems. This was the main research finding. This due to the fact that, electronic payment systems enables the customer to do a payment at the comfort of their home without visiting the bank premises especially in this Covid-19 environment, EPS also enables them to transact more quickly by using their phones and computers, and the fact that EPS had proved to be more convenient in banking.

It was also revealed that a large number of banking customers using electronic payment system were satisfied with the services. However, it was discovered that accessibility of EPS was another factor associated with using the services. The study indicated that a large number of respondents were very pleased with the introduction electronic payment system in transacting. The user friendliness, time factor and security of electronic payment system have increased the customer satisfaction level and trust of using the services in the Zimbabwean banking sector. However, challenges like system errors, transaction failure, and system crashing was found to be an obstacle to customers hence stakeholders needs to observe and resolve these challenges so as to keep their royal customers.

5.3 Conclusion

The study concludes that there was a strong positive relationship between electronic payment system and customer satisfaction. Customers support greatly the use of types of electronic payment system such as ATM, Ecocash, online banking, mobile money transfer and RTGS transfer. They derive certain benefits from the use of these services mostly saves time, easy to access, convenient, efficiency, user friendliness and time saving. Furthermore, EPS services is more secured hence minimal transaction risks. Despite the benefits of EPS, it is associated with some challenges. The study shows that network failure from internet connection, continuous system crashing, higher transaction charges and limited withdraw amount are the major challenges facing customers using electronic payment system.

More so, a number of factors contribute to the satisfaction of customers accessing electronic payment system at FMC Finance such factors include reliability, safety, accuracy and convenience of EPS but dissatisfaction came from the problems faced by the users of EPS when exploiting services. There is an urgent need for such problems to be reduced if the bank want to increase customer satisfaction and make enough profit from the adoption of electronic payment system.

5.4 Hypothesis Testing

The research problem questioned on the impact of electronic payment systems on customer satisfaction in the financial sector in Zimbabwe. The following hypothesis were put forward for this research:

H₀ Electronic payment system has no impact on customer satisfaction.

H₁ Electronic payment positively affects customer satisfaction.

The research done supports the hypothesis H₁ thus the researcher concluded that, if the financial institution improves its electronic payment system delivery for instant, service quality, perceived ease of use and always working on meeting the customer performance expectations, this will intern increase customer satisfaction.

5.5 Recommendation

Financial institutions should give high priority to customer service delivery and should consider electronic payment system as important key drivers towards successful implementation of customer service delivery. It is therefore important that financial institutions constantly improve and upgrade their electronic payment system security. In order to change the perception, the financial institution will be required to post security provisions on their websites so as to increase confidence and improve trustworthiness of the electronic payment system.

The study showed that awareness of electronic banking services and its benefits has a positive impact on customer's perceived usefulness. Financial institutions should therefore continually train their employees who will in turn pass the knowledge to their customers hence the issue of perception is dealt with. Training will help improve confidence as well as improve innovation. By training its employees they will realize the benefits of electronic payment system both to them and to their customers hence improve on customer service delivery of EPS.

Lastly, limited research has been carried out in this area. In this regard, banks need to regularly carry out customer surveys so as to understand what their customer's needs are and as they develop their electronic payment system strategy then they will formulate consumer driven strategies.

5.6 Limitations of the study and Suggested Areas for Further Studies

5.6.1 Limitations

While undertaking this research, there were some limitations and challenges encountered, this included financial challenge. Because of financial limitations and time limits the focus of this study was on addressing the impact of electronic payment system on customer satisfaction at FMC Finance. Other study could be done examining the same variables comparing the impact among multiple financial institutions in Zimbabwe.

Another problem was the lack of cooperation from the bank customers as many respondents have a little knowledge about the electronic payment system offered by the Zimbabwean financial sector. Last but not least, the study considered only urban areas of the city neglecting the bank customers from rural areas.

5.6.2 Suggested Areas of Further Study

Future research of the same study can be done in other commercial banks in Zimbabwe and compared the results with this research. The data also should be collected from different sources. This would include further case studies, interviews or face-to-face communication, and secondary data analysis. This would enrich and improve the study currently been carried out. Future studies on a larger sample of banks should be carried in order to determine the impact of electronic payment system on customer satisfaction on organization's profits. More so the research can be done to determine the constraints, methods and procedures that must be taken by financial institutions for successful electronic payment system.

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APPENDIX 1
LETTER OF APPROVAL TO CARRY RESEARCH



1 August 30, 2021

Maduke Tapiwa Blessing (B1850142)
Graduate Student
Bindura University of Science Education
Bachelor's Degree in Banking and Finance

Dear Mr. Maduke

Re: LETTER OF ACCEPTANCE TO CARRY A RESEARCH

I am pleased to inform you that, the above-mentioned student has been granted permission to carry his Research in **The Impact of electronic payment system on customer satisfaction in the financial sector in Zimbabwe: Case of FMC Finance** for educational purpose. This approval is only valid for 18months from the above-mentioned date. Significant changes in the research topic or date will require a revised Request. This approval is valid only while you are a registered Bindura University of Science Education Student.

Best wishes for success in this research.



Sincerely,

SHAMISO G. MUSATACHI
FMC Finance Harare Branch Supervisor

APPENDIX 2

QUESTIONNAIRE



BINDURA UNIVERSITY OF SCIENCE EDUCATION

Dear Sir/Madam

I am a 4th year student at the above mentioned institution and I am pursuing a Bachelor of Commerce Honours Degree in Banking and Finance and as required by the statutes of the institution, I am carrying out a research project in partial fulfilment of my studies. My research topic is titled '*Impact of electronic payment system on customer satisfaction in the Zimbabwean financial sector: case study of FMC Finance*'

Consequently, I am requesting you to assist me by completing the questionnaire attached to this letter as honestly as possible. The information that you provide will be treated with utmost confidentiality, privacy, anonymity and will be used exclusively for academic purposes.

Please do not write your name on the questionnaire. Your completion and the subsequent forwarding of this questionnaire to the undersigned will be interpreted as implying your willingness to participate in this study.

Your time and cooperation is sincerely appreciated.

Yours faithfully

SECTION A: DEMOGRAPHIC INFORMATION

1. Please indicate your gender by ticking your option

1	MALE
2	FEMALE

2. Please indicate your age by ticking your option

1	25 years and below
2	26 to 35 years
3	36 to 45 years
4	46 to 55 years
5	Above 55 years

3. Please indicate your education level by ticking your option

1	Advanced level and below
2	Diploma
3	First degree
4	Master's degree
5	Higher than master's degree

4. Please indicate your monthly income level by ticking your option

1	Below \$4999
2	\$5000 - \$9999
3	\$10000 - \$14999
4	\$15000 - \$11999
5	\$20000 - \$24999
6	\$25000 and above

5. Please indicate your income source by ticking your option

1	Self-employed
2	Formal employment
3	Investment returns
4	Pension Funds
5	Other

SECTION B: TYPES OF ELECTRONIC PAYMENT SYSTEM

1. In the list below, indicate the types of Electronic Payment Systems that you have used for transactions by ticking the appropriate box where it applies.

No.	PAYMENT SYSTEM	USED (√)	NOT USED (√)
1	ATM card		
2	Online banking		
3	Ecocash		
4	Mobile money transfer		
5	RTGS transfer		

2. How frequent do you use Electronic Payment Systems

1	Daily
2	Weekly
3	Once in a fortnight
4	Monthly
5	Other

SECTION C: E-SERVICE QUALITY

Below is an e-service rating scale for electronic payment system. Please tick your choice from 1 to 5, with 1 being the least and 5 the highest.

	1	2	3	4	5
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The electronic payment system enables me to do my transaction quickly					
The facility is simple to use					
The service is accessible from anywhere (interbank connectivity)					
The system does not crash					
The electronic payment system is accurate and error free					
The service is truthful about its offerings					
The electronic payment system protects information about my banking behaviour					
The service does not share my personal information with other sites					

SECTION D: CUSTOMER LOYALTY

Below is a customer loyalty rating scale for FMC Finance’s electronic payment system. Please tick your choice.

1= Strongly Disagree, 2= Disagree, 3=Neutral, 4= Agree, 5 Strongly Agree

	1	2	3	4	5
I only have a loan account with FMC finance					
I take pleasure in being a customer of the company					
I have been relying on FMC finance due to excellence in their electronic payment system					
There is a presence of reciprocity in my relationship with the company					
I have feelings of trust towards the company.					

SECTION E: CUSTOMER SATISFACTION

Below is a customer satisfaction rating scale for FMC Finance’s electronic payment system. Please tick your choice.

1= Strongly Disagree, 2= Disagree, 3=Neutral, 4= Agree, 5 Strongly Agree

	1	2	3	4	5
My service provider consistently meets my expectations.					
Having had contact with FMC finance employees, I can say that they feel confident that they will try to treat me fairly					

FMC finance emphasises customer satisfaction as opposed to rules and procedures					
My service provider has always responded to my needs					
FMC finance and all its service centres are easily accessible					
The service provider employees make sure that problems do not rise in our business relationship					
I am satisfied with the electronic payment services from my service provider.					
Considering everything am extremely satisfied with the electronic payment system					

SECTION F: PERFORMANCE EXPECTATIONS

1. Below is a Performance Expectations rating scale for FMC Finance's electronic payment services. Please complete.

1= Strongly Disagree, 2= Disagree, 3=Neutral, 4= Agree, 5 Strongly Agree

	1	2	3	4	5
EPS would be a useful service in my day to day activities.					
Using EPS would make me perform my financial transactions more quickly.					
Using EPS would save time so I can do other activities in my day to day.					
EPS would bring me greater convenience.					

2. What is your major source of electronic payment system recommendations? Tick your response.

1	Bank staff
2	Bank website
3	Social networks
4	Advertisements
5	Other

THANK YOU VERY MUCH FOR PARTICIPATING IN THIS SURVEY.