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An Analysis of Customer Perception on Mobile Banking in Botswana

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ABSTRACT: The main focus of this paper was to analyze customer perception on mobile banking in Botswana using the Technological Acceptance Model 3 (TAM 3). The TAM 3 is an information system theory that transmits phases to be followed by information inquirers in the acceptance, instilling and utilization of new technology to achieve information literacy skills in any sector. To meet the objective of the paper, TAM 3 dimensions which include use behavior, perceived usefulness and perceived ease of use were implemented. Descriptive research design was used for this study, where data was collected through self-administered questionnaire from six commercial banks customers in Botswana. It has been exposed that objective usability and computer playfulness are the major components that drives behavioral intentions on the use of mobile banking in Botswana. It was therefore recommended that the banks must engage more technological awareness packages to expose the need to transform from traditional banking to contemporary models of banking. It is also important that commercial banks should put in place efficient service systems to reduce internet disruptions and ensure instantaneous customer service.

KEYWORDS: Customer Perception, Mobile Banking, TAM 3 model, Banks

I. INRODUCTION

The introduction of mobile banking plays a major role in today financial sector as the world revolves around technological innovation. To be viable in the current competitive market, firms analyze consumer's attitudes and opinions since these have an impact on long term demand and profitability on the business (Peter, 2010). Recent technological innovations have enabled the launch of new access methods for banking services such as a simple Automated Teller Machine cards (ATM), debit cards, bill pay services, cardless banking, internet banking and mobile banking, whereby a customer interacts with a bank via mobile phone (Barnes & Corbitt, 2003 in Singh 2014).

The move from traditional banking to agency banking and currently mobile banking has made bank products to be more technology based and accessible. With mobile banking, financial market volumes are larger and news travels more quickly than at any time in history. Like any other financial market, The Botswana banking industry is experiencing a rapid and drastic transformation due to the influence of technology. Compared to how banking was done in the past decades, there is great improvement in the services offered by local banks nowadays. Customer can now access banking services at ease while using mobile banking to make transactions anywhere, anytime.

Although customers demand for more refined mobile services, such service has not been very strong. Demand for basic mobile banking is more pronounced compared to the general demand for mobile commerce services (Bansai, 2001). Banks introduced mobile banking to its customers so that they can enjoy all the benefits of banking with their mobile phones. Customers feel at ease while using mobile banking to make transactions as they have unlimited access to bank services. With the advent of mobile banking, this could boost domestic savings, increase money transfers from the diaspora at low costs, and reduce financial transactions costs which leads to low cost of doing business and therefore the overall economy, (Kwenyu and Ngare, 2013).

Our research study aims to assess customer perception on mobile banking services in Botswana. This was achieved through the use of the Technological Acceptance Model 3 which comprises of use behavior, perceived usefulness and

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perceived ease of use. The findings of our study may provide the banking services industry with a better understanding on how customers perceive mobile banking services. This may help banks to formulate marketing and promotional strategies that could boost the adoption of mobile banking services in Botswana.

II. LITERATURE REVIEW

Customer perception

According to Business Dictionary (2017), customer perception is a marketing concept that encompasses a customer's impression, awareness and/or consciousness about a company or its offerings. Consumer perception applies the concept of sensory perception to marketing and advertising. Just as sensory perception, consumer perception pertains to how individuals form opinions about companies and the merchandise they offer through the purchases they make (Blank 2017). Based on these definitions, it is imperative that organizations including the banking sector should channel more resources in understanding customer perception. Successful businesses do not relax, rather, they continue to foster perceptions that result in profitable behaviors. Kotler et al. (2002), propounded that the customer gets dissatisfied if performance is below expectation and vice versa. If performance goes beyond the expectation of the customer, the customer is highly satisfied and delighted. Motley (2003), also indicated that banks can achieve this aim by understanding what satisfies and dissatisfies their customers or clients. Once consumers have tried a product/service, the task becomes maintaining a good reputation and establishing brand loyalty. Offering superior customer service is an effective tactic because it maintains the perception that the business cares about its customers' best interests. In return, customers become loyal to the business, which secures a consistent revenue stream for the company and makes it more difficult for competitors to poach customers.

Customer perception and mobile banking

Jun & Cai (2008), used the service quality model (SERVQUAL) to determine customer perception through perceived quality in the Telecommunication industry. They found out that reliability, empathy and network quality proved to be significantly effective in contributing to overall service quality and overall customers' contentment with mobile services. Oscar (2013), in an attempt to assess the quality of physiotherapy services, considered the ten original criteria for evaluation and combined them into five; tangibles, reliability, responsiveness, assurance (including competence, courtesy, credibility, and security) and empathy (including access, communication, and understanding). The study found out that the services were highly appreciated by customers even though they realized that the perception gaps were slightly negative and the services could be improved.

However, many researchers used other dimensions of service quality that derive customers' perception on mobile banking. Alalwan, Rana, Dwivedi, Lal, and Williams (2014) conquered with Laukkanen, T., Pasanen (2008) where they empirically found that Jordanian banking customers are more likely to be different in their perceptions toward intention and adoption of mobile banking according to their demographic differences. Püschel, Mazzon and Hernandez (2010) observed that Brazilian customers' attitudes towards mobile banking were significantly affected by relative advantage, followed by compatibility; ultimately enriching the customers' intention to adopt mobile banking. Brown, Cajee, Davies and Stroebel (2003) in Alalwan et al (2014) furthermore found that banking customers are more enthused to adopt mobile banking by relative advantage, trialability, and consumer banking needs. Perceived benefits and government regulations have been confirmed as the key positive enablers of customer attitudes towards Mobile banking in Indonesia as confirmed by Purwanegara, Apriningsih and Andika (2014) in their Snapshot on Indonesia regulations in mobile internet banking users' attitudes. In line with this, customers were found to be more motivated to use Mobile banking if they recognised Mobile banking as being useful in their daily life, compatible with their habits and other technologies, and less expensive through Hanafizadeh, Behboudi, Koshksaray, Tabar (2014). Luarn and Lin (2005) in their study toward an understanding of the behavioral intention to use mobile banking, discovered that, customer intention to adopt mobile banking was significantly determined by the role of perceived usefulness, monetary cost, self-efficacy and perceived ease of use. Zhou (2012) as Hanafizadeh (2014) empirically supported the considerable role of a bank's reputation, information quality, self-efficacy, service quality, and system quality in shaping the customers' initial trust in mobile banking.

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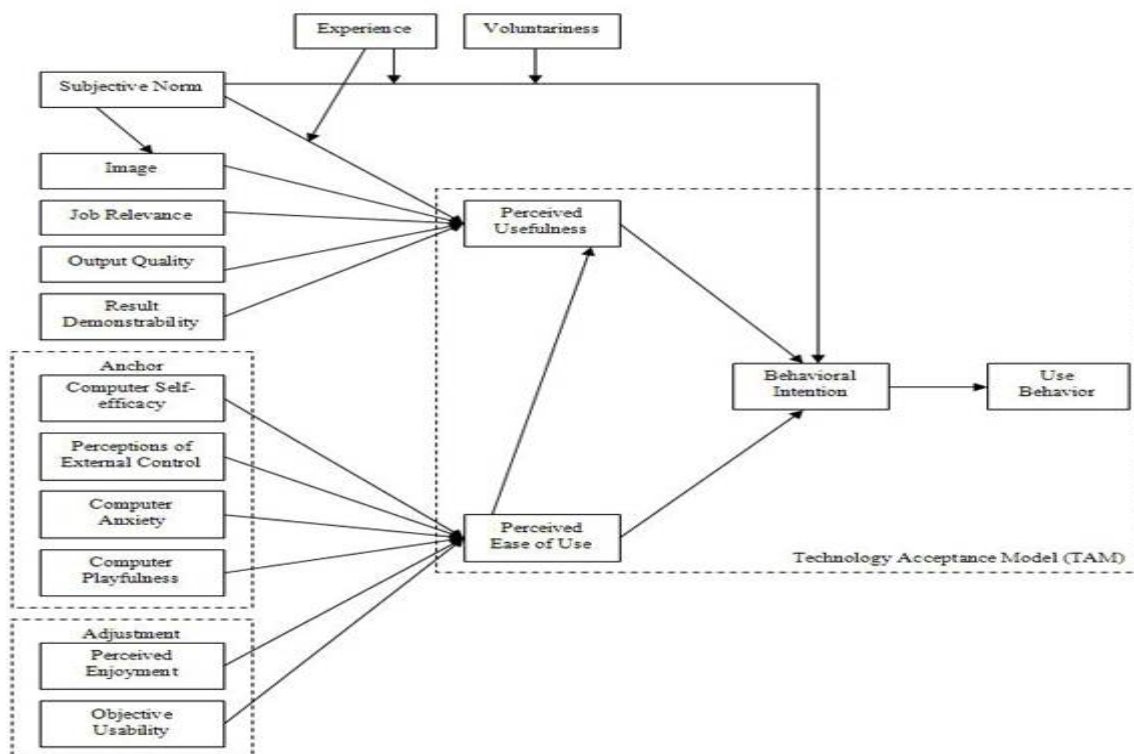
Barriers to Adoption of Mobile banking

The advent of mobile technology brought with new products and services and given the nature of its operations and services, the banking sector is relatively open to innovative technologies. Mobile Banking is one of the emerging Information and Communication Technologies (ICT) elements that have changed the operations of the banking sector and banks are eagerly introducing various forms of SMS services for communication and transaction purposes. Though still in its infancy stages in developing nations, mobile banking has registered great success as a convenient and cost effective way to transact, (Mawere, Denhere, Giyane and Mupfiga, 2013). Despite these benefits, Iddris (2013) observed that there four main reasons for rejecting mobile banking. That is, mobile banking requires knowledge and learning, it attracts additional banking charges, poor telecommunication network and consumers prefer traditional means of banking instead of mobile enabled banking services. Iddris (2013)'s idea was reinforced by Dube, Njanike, Manomano and Chiriseri (2011) that it is all about accessibility and affordability as major drivers to the adoption of mobile banking especially in developing countries like Botswana.

Technological Acceptance model (TAM3) of measuring customer perception

The Technology Acceptance Model 3 is used as the foundation model of many studies when measuring customer perception. The model been shown in past studies (Al-Gahtani, 2014; Venkatesh & Bala, 2008) to explain a good deal of the variance of Behavioral Intention (perceived usefulness and perceived ease of use) and Use Behavior in several settings and applications as shown in Figure 1.

Figure 1 Technology Acceptance Model 3 (TAM3)



Source: Venkatesh and Bala (2008)

Venkatesh and Bala (2008) proposed an extension of TAM—TAM2—by identifying and theorizing about the general determinants of perceived usefulness—that is, subjective norm, image, job relevance, output quality, result

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demonstrability, and perceived ease of use. In this model, behavioral intentions is driven by perceived ease of use and perceived usefulness of the available technology.

III. RESEARCH METHODOLOGY

The study adopted the descriptive research design and data was gathered through questionnaire and personal contact approaches. Since questionnaire approach is characterized by group assessment, some respondents were approached personally to seek objective opinions on their perception on mobile banking. The targeted population was the customers of ten commercial banks, where six were considered for the sample. Non-probability sampling approach in form of simple random sampling technique was employed. This gave every member of the targeted population a chance of being selected. A sample of 42 respondents was used, 8 respondents were selected from each bank to have an equal representation from the targeted population. Data analysis and presentation was conducted using Statistical Package for Social Sciences (SPSS) version 16.0.

IV. DATA ANALYSIS AND FINDINGS

Financial literacy

This was measured in terms of the knowledge of the banking services available in Botswana, the ability to use mobile banking devices and customers' exposure to the mobile banking menu. It was revealed that 80% of the customers have knowledge of all the banking services inform of branch banking and mobile banking service. Above 72% of the respondents reflected that their ability to use ATM, Internet, debit card is very high. Whilst 54% showed their ability to use POS and 18% of the respondents can use prepaid card in Botswana.

In terms of mobile banking menu of the phone, approximately 73% - 82% of the respondents rated mobile banking menu is very easy to navigate, understand and transfer money. However, 54.5% showed that it is easy to make payments and 18.2% of the respondents indicated that it is very easy to make balance enquiry.

Attitudes and Perceptions

Technological Acceptance Model (TAM3) variables were used to measure customers' attitude and perceptions on mobile banking in Botswana. The focus was on perceived usefulness, perceived ease of use and behavioral intentions. Under perceived usefulness 20% are not sure about the overall trust of mobile banking and 50% are not sure about the security from fraud but, they enjoy mobile banking. **Benefits and barriers of mobile banking service**

Some of the benefits that customers perceive with mobile banking include cost saving, time saving, 24 hour access and physical security where one does not need to go out with cash. Among all these benefits, it is surprisingly to note that 30% agree that the facility is cost saving and above 80% have that same view that mobile banking brought with it other remaining benefits. It emerged that the major challenge for mobile banking is that customers still prefer traditional banking.

V. CONCLUSIONS AND RECOMMENDATIONS

According to *Venkatesh and Bala (2008)*, perceived ease of use and perceived usefulness are the major determinants of behavioral intentions. It has been exposed that objective usability and computer playfulness are the major components that drives behavioral intentions of mobile usage in Botswana. The results on ease of use and self-efficacy suggest that consumers need more education on how to use the various e-payment channels. In order to boost confidence and enhance information quality, commercial banks should do demonstrations via video presentations at bank branches to show the features and user-friendliness of e-payment services as also noted by *Teo, Chong, Lin and Chua (2014)* in Malaysia. Commercial banks and other mobile services providers should exhibit to their customers the benefits they are bound to have by subscribing and using mobile banking over traditional banking methods.

The Botswana Government through its Central Bank must continue to maintain stability and financial integrity by regulating e-payment services in order to safeguard consumers. Banking institutions and online transaction service

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facility providers must ensure that the system is always secure in order to maintain trust and confidence and to reduce internet disruptions to ensure instantaneous customer service. In addition, the system and banking operating procedures have to be frequently reviewed based on the feedback collected from consumers taste and preferences. Banking service managers now consider investing more into research and development to speed up the adoption of mobile banking services.

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