

Research Paper

SMS Banking Creating a Competitive Advantage to Privately Owned Indigenous Commercial Banks in Zimbabwe despite Eco Cash Transactions.

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Abstract: The purpose of the study is to examine where exactly the foreign-owned banks in Zimbabwe have gone wrong in them gaining a competitive advantage, which has resulted in their poor performance in the local market. The research, therefore, seeks to determine those attributes and benefits which the banking sector consumers perceive as unique in the selection of a bank. The positioning of both indigenous and foreign banks is analyzed to establish if it promises the benefits that clients search for. The research further aims to identify the core brand competencies of indigenous banks and foreign banks and see if they are deployed in a manner that enhances them gain competitive advantage. The intention is to improve the performance of privately owned indigenous commercial banks in Zimbabwe through suggestions based on gaining the competitive advantage by use of SMS banking. The research adopts a comparative study of both foreign and indigenous banks in an effort to identify tools which lead to a bank gaining competitive advantage. A simulation of the activities in a banking sector will, therefore, be conducted to show results. Data collection mechanisms encompass a closed-ended questionnaire targeted to the banking sector consumers, interviews with customer service managers and employees, and focus group discussions with key accounts. The study concludes that the performance of indigenous banks is due to their use of technology such as SMS banking although Eco cash is way far on the market in terms of SMS financial transactions. As such the need for the indigenous brands to promise consumers a premium service and attractive investment opportunities was suggested with the aim of moving indigenous banks into the same strategic group as foreign banks. This will enable the indigenous banks to compete directly with the foreign banks hence being able to acquire some of their market shares.

Keywords: SMS Banking, Eco Cash, Brand Competencies, Foreign Banks, Indigenous Bank

1. Introduction

SMS banking is the fastest growing banking channel today, both in the fields of corporate and retail banking. The development is no longer just driven by the banks, desire to save money: first and foremost it is a manifestation of customers demand to access bank services at any time. In Figure 1, it can be shown that internet banking provides a cost effective way of doing business compared to phone banking and branch banking. The importance of SMS banking is obvious for several reasons: It offers a cost efficient alternative to branch banking due to the relatively low maintenance and update expenses. It can be accessed at any time by the use of a mobile phone, and does not require any human interaction at the bank end. Short Message Service is a facility of sending text messages by use of a GSM phone, a type of mobile phone that uses the Global System for mobile communications to send and receive messages. This will be networked with the main banking system linking the database of customer details thereby able to receive requests and automatically replying them [1]. An entrepreneur, invented Eco Cash, to facilitate mobile payments around Zimbabwe, where people can pay for goods

and services, buy airtime and send money to loved ones making financial transactions directly from their mobile phone [2].

The major four banks namely, Barclays, Standard, Grindlays (now Stanbic) and MBCA, being foreign owned enjoyed the largest share of the market, such that they became known as "the Big Four", and best described as the traditional banks which have been slowly overtaken by the use of SMS banking being employed by privately owned indigenous commercial banks which is also being accelerated by Eco Cash facility. Banking halls have been in recent years, characterized by long queues, disappointed and impatient customers waiting to be cashed their pays. People from rural areas are greatly affected as they have to travel long distances at exorbitant bus fares only to find that their funds have not yet been updated. If funds are available, the withdrawal limit is insufficient to buy the basic needs and return home. As a result, some customers have resorted to sleeping on pavements or outside the banking hall waiting for the next issue of funds the following day. Although most banks have internet facility which enables its clients to transfer funds electronically and check

their account details, this has not handled effectively the current problems being faced because only the minority knows about the internet and how to use it and also costs of traveling are too high for clients to access the internet in the Central Business District's for those in rural areas who constitute 60% of the Zimbabwean population. Zimbabwe's banking sector is, therefore, being led by foreign-owned commercial banks namely, Standard Bank, Barclays, and Stanbic. Their positioning strategies have enabled them to maintain the leading positions.

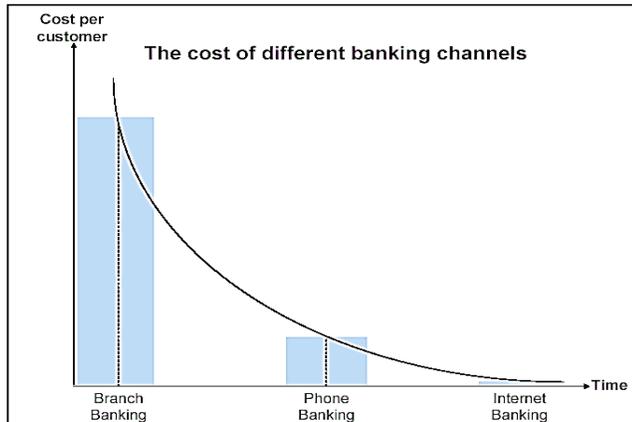


Figure -1: The Cost of different banking channels (Source: Jaryawardhena and Foley (2000))

1.2. Problem Statement

The privately owned indigenous banks and traditional foreign banks, have both failed to gain a significant share of the market and gain a competitive advantage as witnessed by the Eco Cash facility, does this imply that the indigenous banks have failed to identify their core competencies so that they can effectively position themselves so as to take a lead in the home banking sector? Where exactly can these indigenous banks gain a competitive advantage and? Can technology and SMS Banking improve their positioning and or competitive advantage? How best can the privately owned indigenous banks position themselves to strengthen their positions in the local market? This study, therefore, seeks to address and answer the above questions.

1.3. Objectives

The study seeks to establish benefits sought and valued most by Zimbabwe's banking sector customers.

- Increase competitive advantage of banks by encouraging clients to use SMS banking to identify attributes required mostly by clients.

1.4. Research Questions

- How can a bank establish benefits valued by clients?
- How can a bank increase competitive advantage by use of SMS banking as in the case of Eco Cash
- How can a bank identify important attributes required by customers?
- How can a bank encourage SMS banking since customers have lost confidence in the banking sector?

1.5. Hypotheses

H0 = Indigenous banks can improve their competitive advantage in the banking sector without focusing and concentrating on SMS Banking.

H1 = Competitive advantage of indigenous banks can be improved by focusing and concentrating on SMS Banking.

H0 hypotheses concentrate on how indigenous banks can improve their competitive advantage in the banking sector without focusing and concentrating on SMS Banking whereas, H1 hypothesis concentrate on how competitive advantage of indigenous banks can be improved by focusing and concentrating on SMS Banking thus building a Short Message Service (SMS) application that will provide 24-Hour banking service to clients. This will enable clients to bank anywhere, anytime by making use of a mobile phone.

1.6. Delimitations

The research focused on the positioning of privately owned indigenous commercial banks that were incorporated after the deregulation exercise of 1991 and are still surviving after the financial crisis of the period 2000 – 2004 can be leveraged to improve their market performance by use of SMS banking. Any indigenous bank with Government as the major shareholder (CBZ, Agribank, and ZB) was not the focal point of the research because such banks usually get assistance from the Government when they face difficulties in their organizations. The scope of the researcher focused on the privately owned indigenous banks namely FBC Bank, NMB Bank, and Steward Bank branches in Gweru, Harare, and Bulawayo. Their performance was compared to Standard Chartered, Barclays and Stanbic. The privately owned indigenous banks were selected on the basis that they had branches in the chosen major cities and could be accessed easily by the researcher. Clients of both foreign-owned banks and indigenous banks participated in the research so that the researcher could make a fair comparison of the two groups of banks by gathering data from the clients of the two groups.

1.7. Limitations

Limited time and financial resources restricted the researcher from studying the entire privately owned indigenous commercial banks in the country. However, the researcher ensured that the sampled banks were representative of all the indigenous banks by studying three of the indigenous banks. The economic hardships in the country and the conditions in the banking sector, such as cash shortages that resulted in the banks experiencing abnormal long queues, prevailing at the time at which the research was conducted could have impacted negatively on the responses from the clients.

1.8. Justification of the study

This survey if carried out properly will expose that; most clients have and can use mobile phones and mobile phones pose a convenient way of communicating simply because the mobile phone can be carried anywhere. The advantages which can be brought about by SMS banking include; improved service due to the absence of queues, reduced costs of traveling and internet costs since Network Service Providers (NSP) charge less, reduced cost of installation since most customers already have mobile phones. Privately owned indigenous banks will benefit from the introduction of SMS banking as clients

find it easy to use and it is a very efficient banking technology to use nowadays as evidenced by the way Eco Cash facility is thriving in Zimbabwe. SMS Banking is the fastest growing banking channel today and the more users there is the more security required. The rate at which Internet banking is increasing in Zimbabwe is not being complemented by addressing security concerns that the general people have. Benefits of e-banking may not be realized unless a favorable environment is created. Users need to have a guarantee that their transactions are safe and also the banks themselves. Below are some of the benefits that are likely to be accrued from adopting SMS banking.

- SMS banking is more convenient than the traditional banking system.
- SMS banking offers a cost-effective way of managing finances both for individual clients and the cooperate sector.
- Convenient bill paying medium.
- Bank any time of day or night.
- Bank weekdays, weekends, and even holidays.
- Bank from anywhere in the world (as long as you have access to a mobile phone).
- SMS banking can be used as a powerful marketing tool to lure more clients.
- Increase the banks' market share.
- Improved access to information for clients.

1.9. Definition of Competitive Advantage

According to [3] competitive advantage “encompasses the use of information systems to beat the competition and increase the value of products, increasing the perceived image, its services, employees and products offered. “Privately owned indigenous banks in developing countries may want to use technology as a key differentiator, but they have to overcome the obstacles of instilling confidence in clients to conduct e-transactions” [4]. The way in which a bank gains the competitive advantage is “through the way it communicates to the target market and how it serves the customer, distinguishes that bank from others [5]. For competitive advantage to be effectively operationalized, “managers need to get an idea about the extent of competitive intensity, understand the underlying product attributes on which the competition is found, gauge the existence of niches in the market and the potential effect of new product introductions” [6].

2. SMS Banking and Competitive advantage concept

SMS banking and competitive advantage literature are presented in this review by the work of [7] - [10]. In general, an examination of these works reveals that competitive advantage is the battle for the mind of the consumer. The authors, therefore are in agreement that competitive advantage is about the way consumers perceive the whole corporate offer which, [11] state as encompassing products and service features, image, quality, and pricing. The exception is [9] et al who analyzed the concept of competitive advantage in the context of “the roles of the sales force in effecting the company image to the final consumer”. The sales force, just like the front office staff in a bank, are in direct contact with the final consumer, can be said to have a major role in making the company gain a competitive

advantage. [10] Are in support of [9] et al when they assert that effective bank technology is achieved through the strategic management of key customer touch points, which are all the contacts where the customer uses the technology in accomplishing day to day transactions with the bank. The authors have gone further in espousing the idea that “front staff is not the only one that is important in delivering the intended company position, nor is the trademark, name, tagline or logo, but every component of the business organization can make a company gain competitive advantage” [12].

It is therefore important for organizations to ensure that there is an interaction between the different functions and other components of the organization when positioning them so as to avoid hiccups in creating the right perception to the final consumer. While there is growing literature on SMS Banking very little attention has been paid on its effect on competition between foreign-owned and privately owned indigenous banks in developing countries. Due to the deregulation of the banking sector in developing countries [13],[14], there is need to assist the privately owned indigenous banks that have just joined the sector to properly position themselves to gain a significant market share from the foreign-owned banks. According to [15] “Opportunities for IT-enabled competitive advantage vary widely from one company to another, just as the rules and intensity of competition vary widely from one industry to another”.

Despite the fact that competitive advantage concept is rarely referred to with respect to the banking sector, [16] made an attempt to identify a definition that could be operationalized and has strategic implications for the banking sector. The application of positioning involves certain related activities; these include defining the dimensions of a particular perceptual space that adequately represents the perception of the target audience. It further involves measuring locations of objects within the identified space and modifying actual characteristics of the object and perceptions of the target audience.

2.1. Performance of Banks

[14] Undertook a research in Bulgaria and Greece on bank service quality of SMS banking. They found that “quality superiority provided significant performance-related advantages such as customer loyalty, responsiveness to demand, market share growth and productivity, Customers had to perceive something distinct about the facility and this is referred to as points of difference within an industry” [7], [8]. In their research, [17] reveal that Bulgaria’s banking sector had a monopolistic market structure, with foreign banks dominating the market before the sector was deregulated in 1990. After deregulation, a number of privately owned indigenous banks joined the market, leading to a financial crisis in the year 2000. The authors also note that statistics obtained in 2003 of the Bulgarian’s banking sector revealed that foreign banks still owned 85.5% of the total banking assets [14]. Of concern is also the point that the authors highlight that more foreign banks were entering the Bulgarian market and were rapidly changing the picture and improving service quality of the already existing foreign banks by use of SMS banking. Were the authors implying that privately owned indigenous banks in developing countries cannot gain a competitive advantage over foreign banks?

Another research on the performance of SMS banking was undertaken by [13] in Mexico, after the financial crisis. The findings revealed that “foreign financial institutions controlled more than eighty percent (80%) of the banking assets in Mexico in 1982”. The focus of the research was on analyzing the impact of SMS banking on the development of the Mexican banking sector. As a result, it is not apparent whether the large banking assets owned by the financial foreign institutions in Mexico were due to their technology. It cannot, therefore, be concluded from this research by Schulz that there is a correlation between technology and performance of a financial institution. Much of the literature on competitive advantage in the banking sector has largely been concerned with the impact foreign-owned banks had on stabilizing the banking sector of developing countries that had experienced a financial crisis [14] and [13]. Researchers have paid little attention to how the different positioning of foreign-owned and privately owned indigenous banks affected the market shares they commanded respectively, and how effective positioning can alter the performance of indigenous banks.

2.2. SMS banking as a point of difference in the Banking Sector

The crucial test of competitive advantage is whether the bank is perceived to be distinct [11]. The position decided upon by an organization should result in benefits to the customers that are demonstrably superior to those provided by its competitors [6] - [8]. This concept in competitive advantage is referred to as the points of difference (PODs) [7], [8]. The different authors propounding the concept strongly believe that consumers should “perceive attributes or benefits that they strongly associate with a bank and believe that they could not find to the same extent with a competitive bank thus leading to the establishment of a strong bank”. The perceived benefit or attribute should be unique to the bank [3]. [7] And [8] further note that “for a brand to be perceived as distinct by consumers the benefit or attribute chosen as a POD should be relevant to consumers”. This implies that the attributes should be valued by consumers. An organization that provides the unique attributes and benefits as valued customers were seen as the ideal organization.

2.3. Models guiding firms to choose SMS Banking as a POD

A number of authors have tried to suggest models that banks can use to differentiate themselves or to gain a competitive advantage. [18] Proposes what has come to be known as “the Service Quality (SERVQUAL) model to guide organizations in identifying a dimension that they would focus on and create a unique association that would be perceived by consumers. The SERVQUAL model is a five-dimensional construct of perceived quality encompassing responsiveness, assurance, tangibles, empathy, and reliability”. The model was criticized by [14] who argue that the model was not specific to the banking sector and could be used by any other organization which was not in the banking sector. [14] Suggested that “banks adopt the Bank Service Quality (BSQ) model developed by Bahia and Nantel (2000) with dimensions that are specific to the banking sector”. The BSQ includes the following six dimensions:

Effectiveness and assurance: - effectiveness refers to the effective delivery of services, particularly friendliness and courtesy of

employees and the ability of employees to inspire a feeling of security. Assurance looks at staff ability to exhibit their communication skills and to deal confidentially with client’s requests.

- Access: Speed of service delivery.
- Price: measures the cost of service delivery.
- Tangibles: appearance and cleanliness of the bank’s physical infrastructure.
- Service Portfolio: assesses the range, consistency, and innovation of the bank’s products.
- Reliability: measures the bank’s ability to deliver the service clients have been promised accurately without error [14].

Although the model has dimensions similar to that of [18], it has a service portfolio and price is specific to the banking sector. In as much as the BSQ is specific to the banking sector, when [14] et al used it to assess the level of bank service quality provided in Bulgaria and Greece, they failed to foresee that the dimensions may not necessarily be unique associations to a bank but may, in fact, be shared with other technologies in the banking sector, thus ceasing to be PODs. A model on how the BSQ elements could be implemented in such a way that a bank would focus on one dimension that would make it unique from the competition is required.

Banks in developed countries have also managed to penetrate developing countries with the strategy of enhancing the customer experience as a way of distinguishing themselves. The focus of most research in the application of enhancing customer experiential world, as a distinguishing attribute, is on how banks in developed countries have successfully implemented it in their own countries and in international markets. The reasons why privately owned indigenous banks in developing countries have failed to copy the differentiating strategy by the foreign-owned banks to enhance their performance has not been the concern of research in SMS banking creating a competitive advantage. Assisting the indigenous banks to apply technology as a differentiating strategy as foreign banks could enable them to be in the same strategic group as foreign banks hence are able to compete at the same level and acquire some of their market share [19].

2.4. Technology as POD

“Forces of globalization fueled by advances in new technology such as SMS banking have changed the pace of doing business” [20] -[22] and as such businesses have seen it fit to distinguish themselves from competition through the use of technology. Technology, particularly the SMS banking is now driving competition in different sectors of a number of economies [21]. In a research conducted by [21] on how financial services could successfully differentiate themselves using technology, findings revealed that banks that had successfully differentiated themselves using the technology attribute were either focusing on businesses owned by a ‘technology-savvy younger generation’ or young professionals. The reason being the targeted market is the one which normally uses the technology. However, the point of difference (technology) that the banks had decided upon required them to “install databases, integrate servers to connect to core systems, use multi-channel integration and video conferencing which connected the key account managers to the clients” [21]. Successful use of technology as a POD also means clearly defining the target market.

However, the findings of the research by [21] were only limited to developed countries where the majority of the population is computer literate and infrastructure is well developed. The research did not consider banks in developing countries where technology adoption is slow, infrastructure is under-developed and clients are still hesitant to use plastic money. There is, therefore, the need to find out how commercial banks in developing countries that have chosen technology as a POD have successfully overcome these obstacles. Even if foreign-owned banks in developing countries can get funding to acquire new banking technology from their parent companies in developed countries, the question still remains: to what extent can they adopt it as a point of difference? Privately owned indigenous banks in developing countries may want to use technology as a key differentiator, but they have to overcome the obstacles highlighted above, especially that of instilling confidence in clients to conduct e-transactions.

2.5. SMS Banking as a facility “product” offered by banks

“No company can win in a market if its products resemble every other product the market offers” [7]. Financial institutions, because they are in the service industry, their products mainly constitute the service offer, the different types of accounts (mainly current and savings accounts), automated teller machine (ATM) cards, cheque books, and cards. Many banking sector clients have been quoted as saying “banks sell the same things” [5]. In addition, “the way in which a bank packages an offer, how it communicates with the target market and how it serves the customer distinguishes that bank from others” [5]. The product, as a key differentiator, can be likened to the service portfolio dimension in the BSQ model cited by [14]. “The service portfolio dimension involves assessing the range, consistency, and innovation” of the bank’s products [14]. For consumers to perceive the products of a particular bank as distinctive, it implies the bank has to be highly innovative as witnessed in Eco Cash transactions. Authorities in Total Quality Management (TQM) advocate “for the empowerment of employees and listening to the voice of the customer as a way of being continuously innovative thus leading to consumers perceiving the products produced as distinctive” [23].

2.6. The relationship between core-competencies and competitive advantage

Organizations that do not define their core-competencies may find that their “products are all lumped together and are a “me too” and will be swimming against the tide in their move to establish a market share”. Identification of core-competencies by organizations is the essence of doing business [24]. The literature does not provide guidance to management on how an organizational core-competence could be leveraged to effectively help an organization gain a competitive advantage, which is likely to enhance performance. Findings from a research revealed that “companies that mapped out their core-competencies remained focused” [24]. [24] Further gives an example of an “insurance company that increased its market share by three percent (3%) after concentrating on its ability to get higher investment returns for its clients than competition”. Anyway, not much evidence has been provided to prove the relationship between an organization’s core-competence and its competitive advantage. A

question also arises as to whether organizations were not able to improve their competitive advantage without possessing a core-competence, especially in the service industry where services could be easily copied.

3. Research Methodology

3.1. Research Design

The purpose of the research was to find out how privately owned indigenous banks can best position themselves and gain a competitive advantage over traditional foreign-owned banks in Zimbabwe by use of SMS banking. As such the researcher adopted a comparative study to gather data to answer the research problem. Comparative studies enabled the researcher to clearly identify those features (in relation to competitive advantage) that resulted in the variance in performance of indigenous banks from that of traditional banks. The comparative study was both descriptive and normative in nature. Descriptive comparative studies assisted the researcher in obtaining an explanation as to why traditional banks were better positioned than the indigenous banks in the banking sector and hence the need to make indigenous banks gain a competitive advantage and increase their market shares to that of traditional banks.

The researcher was, therefore, able to determine the dimensions that are important in the banking sector. Furthermore, the research’s intention was to improve the performance of indigenous banks through SMS banking. To achieve this, the researcher used normative comparative studies, which equipped the researcher with data from the traditional banks that were used to predict positioning strategies that can be adopted by the indigenous banks so as to improve their deposit market shares. Since no prior research has been conducted to examine how competitive advantage of privately owned indigenous commercial banks in Zimbabwe can be leveraged to enhance the performance of banks and gain a better image as perceived by customers, the researcher additionally adopted an exploratory research design. Exploratory research design enabled the researcher to explore the opinions of the banking sector clients.

3.2. Target Population

All clients of the traditional banks and indigenous banks were seen as the appropriate group of respondents that could provide the researcher with strategies that they value as the banking sector customers. Employees and management of both traditional and locally owned banking institutions were targeted to provide the researcher with data on how the institutions were currently positioned or how they have gained their competitive advantage which they possess. The key accounts of privately owned indigenous banks were consulted to identify new positions they strive to achieve.

3.3. Research Sample

The researcher could not involve every element in the target population in the research. As such, the researcher only researched three privately owned indigenous banks, namely FBC Commercial Bank, Steward Bank and NMB Bank and Foreign-owned commercial banks namely Standard Chartered, Stanbic and Barclays.

3.3. Sampling Techniques

Convenient sampling was used to select the banks because some locally owned commercial banks were not to the proximity of the researcher, due to their location, which is limited to certain towns and cities. As a result, the banks included in the research sample which was accessed easily at a lower cost were researched on. Convenient sampling was also applied in drawing a sample of key accounts of indigenous banks. Those that were able to attend luncheons organized by the privately owned indigenous banks participated in the research. One hundred and eighty clients out of a total of one thousand eight hundred and twenty clients of both traditional and locally owned banks were sampled to participate in the research and respond to the questionnaire. The authors suggest that if the targeted population is heterogeneous, it is advisable for a researcher to sample at least 10% of the targeted population; hence one hundred and eighty clients were selected. These clients were meant to represent all the clients in the banking sector and out of the three banks chosen. To come up with this representative sample, stratified sampling was used. Clients were grouped according to the different banks that they did business with. Each group of clients for a particular bank formed a stratum from which the researcher drew at least thirty clients that were meant to participate in the research. This ensured that the sample was representative of the clients of the institutions under study. The sampling method also ensured the accuracy of data collected hence sound conclusions could be made from the research.

Judgmental sampling was used to identify the management and employees of both locally owned and traditional banks that participated in the research project. The method allowed the researcher to use own judgment in identifying the managers and employees that were likely to provide the researcher with relevant and meaningful information. Failure to include these participants with the relevant information may have resulted in the researcher not obtaining the competitive advantage that institutions possess and their intended positions on the market. One manager and at least five employees from each institution under study constituted this sample. However, in some instances, the sampling method tended to be time-consuming since some employees approached tended not to have the information required by the researcher. In such cases, the researcher had to approach other employees that were initially not targeted. Referrals were obtained from the employees, who were unable to provide information, on who was likely to provide the information.

3.4. Data Collection Instruments

Data collection instruments, which were used to gather relevant data from the target population, including the use of questionnaires, focus group discussions and in-depth interviews. Questionnaires were used mainly because they are economical; they save time, allow anonymous input and therefore produce precise information and allow respondents to give answers at their own pace without being rushed. Focus group discussions were important in the study since it was very difficult to assemble the target population at one location and as a result, special occasions had to be arranged. In-depth interviews were also used mainly because interviews were more personal and familiar, they are direct and the response rate is immediate, interviews are also private and confidential and interviews are flexible as questions were being exchanged.

3.5. Questionnaire

The questionnaire was distributed to the one hundred and eighty clients. The questionnaire enabled the researcher to gather a lot of different responses from the large sample, on the features, which included bank image, products, technology, pricing, employees and service that the clients perceive as important in the banking sector, at a low cost. Ranking of the competitive advantage dimensions according to their order of importance as per client responses were easy since the structured questionnaire made it easy for the researcher to code, tabulate and analyze the responses. Questions were designed based on the objectives to be achieved and the gaps identified from the review of the literature. Questions were designed in such a manner that they would enable the researcher to gather data that would fill in the gaps identified from the review of literature in relation to the topic under study. See Appendix A for the sample questionnaire.

3.6. Focus Group Discussions

The key accounts of the entire privately owned indigenous banks understudy were mostly business people with a busy schedule and as such the researcher found it difficult to assemble the target population at one location so as to be a participant in the focus group discussions. Instead, the researcher had to make use of the special occasions, such as luncheons, that the banks had arranged for their key accounts, to gather data. Customer care managers of the indigenous banks were provided with an open-ended questionnaire, which enabled them to gather data on insightful new positions for the banks and where they are currently lacking in their service offers. The group discussions were also used to seek clarification of some responses obtained from the structured questionnaire. For example, the researcher was able to collect data on the attitudes and opinions of clients towards both locally owned and foreign commercial banks. See Appendix C for sample focus group discussions.

3.7. In-depth Interviews

In-depth interviews were conducted with customer service managers and employees. Although some interviews were carried out during working hours, the majority were carried out after working hours and over the weekends. The researcher personally interviewed the respondents. The interviews provided the researcher with data on competencies, target markets and how they can gain a competitive advantage. Preparations stated below were made before the interviews were conducted.

- An interview checklist was prepared before the interviews were conducted. This allowed the interviewer to shape the questions according to circumstances.
- The researcher phoned intended interviewees to make appointments to conduct the interviews. In some instances, the interviewer visited the banks physically to make appointments.
- Responses from interviews were recorded on paper as the interviews were conducted.

Although some questions prepared for the interviews were initially targeted for senior management the researcher was denied the opportunity to interview management. As a result one on one interviews had to be conducted with customer service managers. This

resulted in extending the time that had been devoted to a collection of data through interviews since new appointments had to be made with customer service managers. See Appendix B for a sample interview.

3.8. Validity and Reliability of Data

Validity refers to how sound or effective the measuring instrument is. In order to incorporate validity in this study, researcher ensured that questions were related to the problem of the study and the research objectives and the researcher had to ensure that the data to be collected was relevant to the topic under study. As such questions contained in the research instruments were analyzed to ensure relevant data was collected with respect to the objectives of the study and the topic. A pilot survey was conducted to ensure respondents would be able to understand the questions. A pilot survey was also conducted with friends to make sure that the questions asked were not ambiguous. The pre-testing of the questionnaire enabled the researcher to find out if they were any questions that respondents would regard as sensitive and withhold information. The questionnaires issued during the pilot survey were checked for any omissions and the researcher made an effort to find out why. In most instances, the statements in the questionnaire were not clear hence the researcher had to rephrase them.

Doing a thorough review of the literature before designing the research instruments also enhanced the validity of data. This assisted the researcher to identify the concepts involved in the topic thus enabling the researcher to collect data, which was relevant to the topic. The researcher also feared that the economic hardships prevailing in the country and the problems facing the banking sector such as the cash shortages would affect the reliability of data the researcher had to use a large sample of one hundred and eighty clients, key accounts, six managers and thirty employees from the different banking institutions to ensure reliability of data.

3.9. Data Analysis and Presentation

Table - 1: Questionnaire Response Rate (Source: raw data)

Banking Institution	Questionnaires Distributed	Responses	Response Rate
Standard Chartered	30	27	90%
Barclays	30	29	96%
Stanbic	30	28	93%
FBC	30	30	100%
NMB	30	27	90%
Steward	30	29	96%
Total	180	170	94%

The total percentage response rate was ninety-four percent (94%). The high response rate could be attributable to the events that have been prevailing in the Zimbabwean banking sector such as cash shortages that led to long queues being experienced in the sector. Such long queues could have motivated the participants to respond to the questionnaire, with the hope that an improvement in SMS Banking of privately owned indigenous banks could eliminate the queues, which were most prevalent with the indigenous banks. Additionally, the questionnaires were distributed to clients whilst standing in the long queues waiting to be served. The bank

Once the data was collected, the researcher ensured that the questionnaires were completed correctly and that the data contained therein was presented in the form of numbers that were suitable for further processing. As a result, editing was done in order to enable the researcher to check for errors and omissions from returned questionnaires. Responses gathered from face-to-face interviews were analyzed for the separate points that they made through the assignment of code numbers.

Since the research was qualitative in nature, the researcher made use of descriptive methods of analysis such as average frequencies, percentages, and dispersions to enhance understanding. Qualitative techniques such as graphic analysis were used to provide clarity to the research findings. Pie charts, tables, and bar graphs were adopted so as to provide an in-depth overlook of the research findings. A chi-square model was adopted to test the hypothesis so as to establish to what extent they can be accepted or rejected. This helped the researcher determine the correlation between a banking institution's competitive advantage and the way that the organization was positioned in the banking sector. The objective was for the researcher to make a sound conclusion as to whether a positive or negative relationship existed between the variables. The researcher also made use of perceptual maps to understand competitive advantage and competitive market structure in the banking sector. The maps helped the researcher identify new positions that can be occupied by the privately owned indigenous commercial banks.

4. Data Presentation, Interpretation and Analysis

4.1. Response Rate

One hundred and eighty questionnaires were distributed to the clients of the banking institutions under study. Thirty questionnaires were distributed to the clients of each of the six banks. The response rate to the questionnaires is summarized in Table 1.

customers, therefore, had enough time to complete the questionnaire and return it to the researcher whilst waiting in the queue. The high response rate implies that the researcher could reach sound conclusions from the analysis of the data since clients of both foreign-owned and privately owned indigenous commercial banks were fairly represented in the research. Customer service managers for all the six banks were interviewed. A total of thirty employees from all the six banks were also interviewed (that is, five employees from each bank). A comparison of the data gathered from

the three foreign-owned commercial banks with that of the three indigenous banks could be effectively conducted to produce Reliable findings that were unbiased.

4.2. Attributes valued by clients in the banking sector

The frequencies calculated for each of the six bank attributes under investigation were used to determine the degree of importance that consumers attached to the bank features in their decision process. The bar graph below summarizes the frequencies from the data collected.

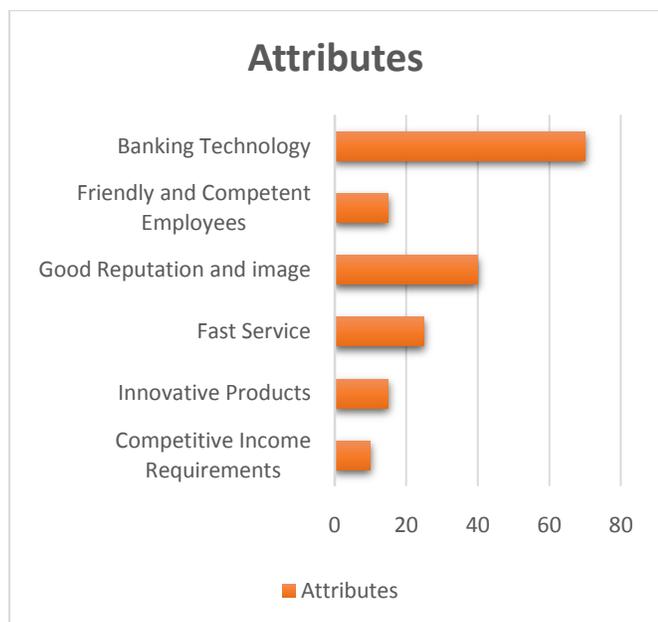


Figure 2: Bar graph showing consumer perceptions of important attributes when selecting a bank

From a diagnostic perspective, customers do attach different degrees of importance to certain features. There are three specific features that banking sector customers feel are of primary importance in their decision of selecting a bank. As indicated in Figure 2, consumers value bank technology, the good reputation, an image of a bank and efficiency respectively in the provision of a service as being important in nature. Data gathered from the focus group discussions indicated that these attributes were important because they ensured that consumers could receive bank service whenever they required it without any hassles hence a bank with a positive image on the features promised an excellent service. Without a bank having positive images on these attributes it is unlikely that a potential customer would give that bank serious patronage consideration. The customers ranked the other three features (friendly and competent employees, product innovation and competitive minimum requirements) to be somewhat less important.

The results, therefore, suggest that any commercial bank that does not have banking technology will find it more difficult to have a competitive advantage over other banks that consumers would perceive as strong on the market. The attributes ranked as high by consumers in the Zimbabwean banking sector were somehow different from the findings from a research conducted in the South

African banking sector by [25]. “He notes that clients in South Africa

Attribute	Mean Scores					
	Standard Chartered	Stanbic	Barclays	FBC	NMB	Steward
Image	4.00	4.15	4.20	3.09	3.08	3.21
Employees	3.25	3.14	3.11	4.03	4.01	4.19
Service	5.00	4.86	4.30	3.16	4.29	4.13
Products	3.05	3.00	3.01	3.15	4.56	3.07
Pricing	1.95	2.40	3.21	4.13	2.23	4.10
Technology	4.16	4.03	4.00	4.16	4.18	4.85

considered the reputation of a bank, service charges, employee friendliness, and self-service technology when selecting a bank to patronize. However, the author adds that banks like ABSA that had positive images on the perceived important attributes by consumers had large deposit market shares in the South African banking sector”. However, a close analysis of the attributes ranking by consumers on each bank under study revealed mean scores as indicated below.

Table 2: Mean scores for different banks on the six attributes

Foreign-owned commercial banks (Standard Chartered, Stanbic, Barclays) were ranked high on three attributes namely; image, technology, and service. The interviews conducted also revealed that these foreign-owned commercial banks have successfully positioned their brands based on these attributes. For example, the international Standard Chartered tagline is “Leading the Way”. Standard Chartered Zimbabwe, in line with the international tagline, has positioned itself as providing “leadership in technological innovation”. The bank was also ranked high on the technology attribute, implying Standard Chartered has successfully positioned itself in Zimbabwe since consumers perceive the bank as providing “leadership in technology”. The bank has also lived up to its competitive advantage in that it was the first bank to introduce Automated Teller Machines (ATMs) in Zimbabwe in 1990. It also became the first bank in Zimbabwe to establish a presence on the Internet. The adoption of technology has enabled the bank to offer fast service to its targeted market.

Barclays Zimbabwe is positioned as “a bank big enough for Africa.” The bank targets the elite customers in society and the corporate world, mainly involved in international trade. The bank has been able to use technology to provide comprehensive support to the increasing number of large businesses with pan-African operations, who may be seeking to coordinate their arrangements throughout Africa. Its capability to achieve this has been enhanced by the use of the latest fiber optic and satellite technology, which allows online handling of transactions. This has led to the provision of real-time banking (fast service) to the customers. Stanbic Bank targets the corporate world and is positioned as offering financial solutions for clients through creative people and effective technology. The results are, therefore evidence that consumers perceive foreign-owned commercial banks as being strongly associated with image, service, and technology. However, the image and service associated with them are a result of clearly defining their target markets and using technology to provide the required banking services such as SMS banking. This point is also noted by [26] who assert that “banks need

to define their customers as this helps them determine which customers are high priorities and which should be downplayed in relation to the attribute, which is strongly associated with the bank”.

Privately owned indigenous commercial banks were ranked high on banking technology, products, and pricing. Analysis of these features reveals that the indigenous commercial banks have been successful in enhancing customer experience through their products. The banks’ products are tailor-made to meet the needs of their target markets, which are the low income. For example, the indigenous banks require small initial deposits to open an account, allow their clients to have a small balance to maintain their accounts and their service fees are very low. Furthermore, FBC was started with the aim to cater for indigenous Small to Medium Enterprises (SMEs) that were not being catered for by foreign banks and products such as the Business Solution Loan were designed with them in mind. An explanation to this pattern could be the fact that when the privately owned indigenous commercial banks were set up, their aim, in contrast to foreign-owned banks, “was to provide less complex products designed for the less affluent customers” [25]. However, with the advent of technology privately owned indigenous banks now make use of SMS banking. The attributes of using bank technology were further analyzed to find out if they were related to the competitive advantage of the indigenous banks.

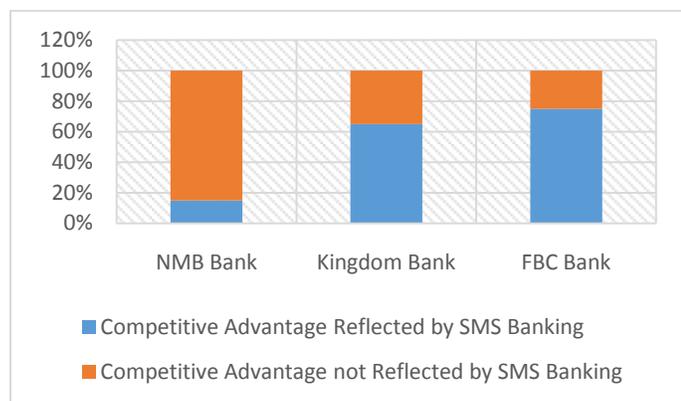


Figure: 3 Customer perceptions on whether competitive advantage can be reflected by SMS banking. (Source: Raw data)

A percentage of the customers of NMB Bank and Steward Bank (15% and 65% respectively) were of the opinion that the banks’ competitive advantage was reflected by the use of SMS Banking. For example, comments provided by customers suggest that NMB products are designed to solve the problems of the corporate customers and business people, thus supporting the bank’s tagline, which is “your business bank.” For instance, NMB provides a list of the products for the bank as encompassing business solutions current account, business solution savings account, NMB business club trade services that are meant to appeal to the corporate customers and business people and they have less of SMS banking compared to the other three banks. Additionally, Steward Bank ranked high on the use of SMS banking and it also values its employees as well since the bank takes pride in its employees. The positioning tagline for the bank is “financial security through capable hands”. FBC had 75% of the consumers making use of SMS banking facility; this was well above NMB because their SMS facility is always up and running most of the time.

The results from the analysis of the attributes associated with indigenous banks suggest that the attributes were to a large extent related to the competitive advantage of the banks. This implies that foreign banks may not be valued by their clients and such banks are, therefore, likely to find it difficult to acquire a significant market share in the sector. [7] Is in support of the idea when he pointed out that if “a product is not relevant to customers, the customers are unlikely to be loyal to the organization or even patronize it”.

4.3. Banks’ points of difference

A close analysis of which single attribute a bank was rated high and assuming it was the bank’s point of difference produced data reported in table 3 below.

Banking Institution	Attribute with highest Ranking	Mean for Attribute
Standard Chartered	Service	5.00
Stanbic	Service	4.86
Barclays	Service	4.30
FBC	Bank Technology and Pricing	4.13
NMB	Bank Technology and Products	4.56
Steward	Bank Technology and Employees	4.19

Table 3: Points of difference for foreign owned and indigenous banks

The mean ratings displayed in the table above indicate that consumers strongly associate the service attribute with the foreign-owned commercial banks. The service offered by the foreign banks is, therefore, perceived to be superior to that of the indigenous banks since the foreign banks had an average mean of 4.72 on the attribute. The service includes the use of VISA cards and the aspect of banking anywhere in the world, thus are international banks hence this is their point of difference compared to privately own indigenous banks. The results from the customers’ perceptions cannot be said to be contradicting the views of the customer service managers because customers value the efficient service, which is a result of the technology adopted by the banks. The targeted market, mainly the affluent consumers, professionals, and the corporate world, has enabled the foreign-owned banks to successfully use a bank serves as a point of difference. Looking at the privately owned indigenous banks, data gathered from the interviews revealed that the assumption by the banks was that the targeted group was knowledgeable on the use of modern technology hence they could use the bank technology without difficulties. The results suggest that privately owned indigenous banks have successfully positioned themselves through their chosen POD and that the POD has been communicated well through the provision of efficient service through banking technology such as SMS banking.

FBC Bank was believed to offer superior benefits in terms of banking technology, product and service pricing. The interviews with the customer service managers and the employees suggest that this perceived point of difference by the clients is in contrast with the intended bank’s POD of service. Steward Bank is perceived to be superior in terms of its friendly employees and bank technology. NMB Bank has successfully communicated its point of difference, which is innovative products because of its unique products that are targeted at the corporate world as well as bank technology. The

Variable	Correlation with	
	Factor 1 (Service Quality)	Factor 2 (Product Quality)
A ₁ Image	0.81	0.09
A ₂ Service	0.76	0.14
A ₃ Technology	0.75	0.20
A ₄ Employees	0.10	0.89
A ₅ Pricing	0.13	0.69
A ₆ Products	0.07	0.77

results show that the privately owned indigenous banks have successfully communicated the PODs to their target markets. However, the fact still remains that the chosen PODs for the foreign-owned banks are not valued by the customers most since they perceive the attributes as less important in their decision of selecting a bank, hence their failure to create competitive advantage in the current banking sector. This could imply that foreign-owned banks have failed to create the competitive advantage because they are not uniquely positioned. As such in respect to this point [11] said, "Uniquely positioned brands in the banking sector are those that provide benefits that are superior to those provided by competitors and are valued by customers".

4.4. Benefits valued by clients in the banking sector

On the basis of the results in Table 3; two patterns can be observed. Firstly, customers that gave lower ratings on pricing also gave lower ratings on products and employees for the foreign-owned commercial banks. The second pattern is evident when one considers the ratings of technology, service, and image. In this case, the ratings were quite high on all three variables. On the basis of the patterns of data, these six measures can be combined using factor analysis to produce two summary factors, namely service quality, and product quality. Figure 4 summarizes how the 6 attributes were combined into the two factors.

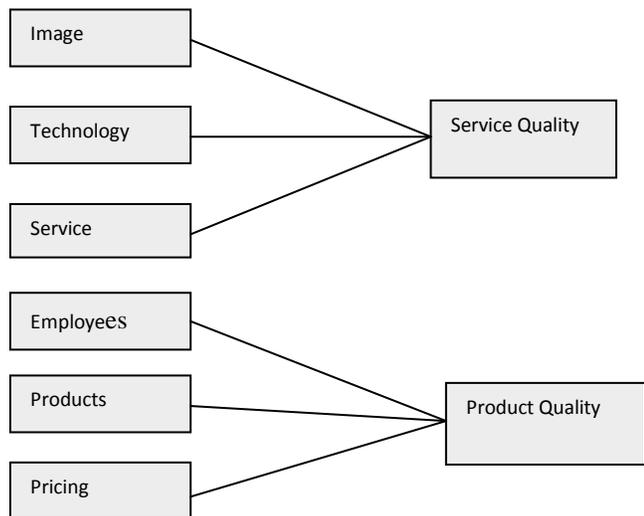


Figure 4: Factor analysis of the six banking attributes into two factors

To determine which attributes fed into a factor, a rotated component matrix was used. The rotated component matrix lists the factor loadings for each rotated solution. Using each factor loading as a measure of the importance of the variable in measuring each factor

as indicated in Table 4.4, the two factors were, therefore, arrived at as above.

Table - 4: Rotated Component Matrix showing factor loadings

Image, service, and technology have high loadings on factor 1 hence the reason for combining them into the service quality factor. The naming of the factor as such was necessitated by the fact that the attributes contributed to the customers' experience with the bank service quality. Furthermore, employees, pricing, and products loaded high on factor 2. The attributes have an impact on the customers' experience with a bank's products hence the reason for combining the factors into product quality.

Service quality and product quality do not clearly describe the benefits that clients derive when they patronize a bank. In an effort to identify the benefits that consumers searched for in their decision process, two benefits emerged from the analysis namely; the provision of a premium service that enhances one's social class, this will emerge as a result of proper banking technology such as SMS banking and the need for attractive investment opportunities. The benefits had average scores of 60% and 40% respectively. Figure 5 displays the data graphically. The difference in the perceptions could reflect the personal values of respondents and could also be explained by the fact that the majority of the participants in the group discussions were corporate organizations who seek a high return for their savings and a high-quality service as a result of banking technology.

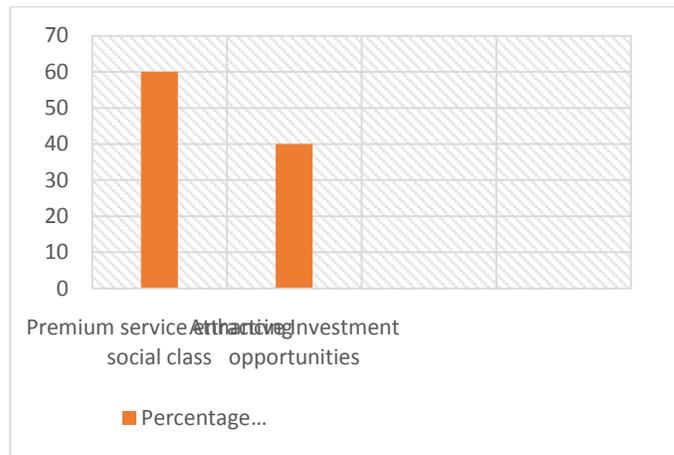


Figure - 5: Benefits searched for by banking sector clients (Source: Raw data)

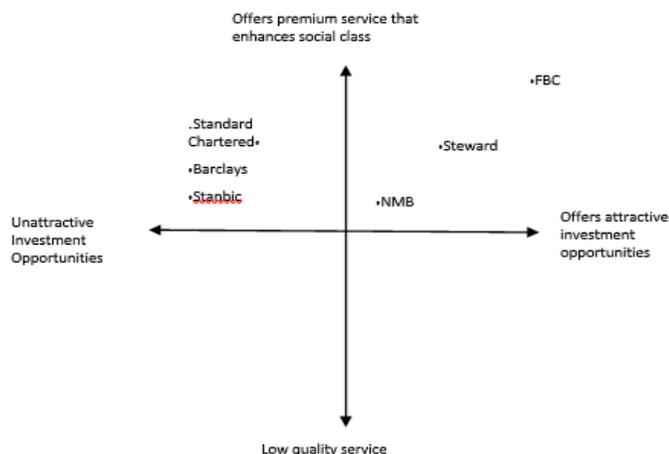


Figure - 6: Perceptual Map of Foreign owned and indigenous banks

The perceptual map shows Standard Chartered, Stanbic and Barclays as positioned close together. The brands have an image of high-quality service, enhancing one’s social class and offers close to medium attractive investment opportunities. FBC offers both high-quality service enhancing one’s social class and at the same time providing good investment opportunities. Steward Bank, although in

the premium service and attractive investment opportunities quadrant, the service that it offers is not rated as high as that of the three foreign banks and FBC. The service and investment opportunities that Steward offers are therefore mediocre. NMB bank is perceived as providing good investment opportunities but the service cannot be compared to the three privately owned indigenous banks mainly due to its low activity on SMS banking. The results from the perceptual map suggest that the foreign-owned commercial banks have the same market positioning and form a strategic group. The competitive approaches adopted tend to be similar. Indigenous banks, FBC and Steward and NMB Bank, form a different strategic group. The competitive advantage of the three indigenous banks gives the foreign-owned banking brands stiff competition hence able to acquire some of the foreign banks’ large market share by use of its banking technology.

4.6. Core Competencies of commercial banks and competitive advantage

The most mentioned unique skill for a bank and its frequency were used to identify the core competencies of the banks. The results from the analysis are displayed in table 5.

Table 5: Core Competencies of commercial banks (Source: Raw Data)

Bank	Core Competence Identified	Frequency	Percentage Rate
Standard Chartered	Efficiency in handling customer complaints	68	19%
Stanbic	Efficiency in serving customers	53	15%
Barclays	Creation of relationships	75	21%
FBC	Creation of relationships	48	14%
NMB	Innovation	59	17%
Steward	Customer interface that personalises a service	49	14%

A large number of consumers were able to identify the unique skills that the banks possessed. Some of the skills identified by the consumers were not unique to a bank as they were shared by a number of banks. Interviews conducted with the staff of foreign-owned banks also revealed their competencies to be the same as those identified by the consumers. 67% of the foreign-owned banks’ employees also noted that they received training on technical and customer handling skills that would set them apart from their competitors whilst at the same time portraying the bank’s intended positioning. The core competencies identified with indigenous banks by the consumers were exactly the same as those alluded to by the employees from the interviews. As noted by [27] the fact that customers were able to identify the unique skills indicated in Table 5 in relation to each bank it could be said that the unique skills identified to make a significant contribution to each banks’ clients perception of its service and products.

With respect as to whether the unique skills identified by consumers enhanced the positioning of the brands, data were analyzed to find

out consumer perceptions in relation to this. Banks were not analyzed individually, but the data were grouped and analyzed under two subheadings namely foreign-owned banks and indigenous banks. Table 6 summarizes the responses gathered. 56 respondents were of the opinion that the unique skills possessed by indigenous banks enhance their competitive advantage whilst only 40 shared the same sentiments for foreign banks. The results could suggest that indigenous banks were using their core competencies to enhance their competitive advantage whilst foreign banks were failing to do the same. If a bank is not paying much attention to its competitive advantage, it is unlikely that customers would perceive that bank as unique and worth patronizing. To prove if core competencies improve the competitive advantage of a bank, chi-square (x²) testing procedures were used to test the null hypothesis which had been stated as “Indigenous banks can improve their competitive advantage in the banking sector without concentrating and focusing on SMS Banking”.

Table - 6: Relationship between the core competencies and competitive advantage

Responses	Number of Respondents		Total
	Foreign Banks	Indigenous Banks	
Unique skill possessed does not enhance competitive advantage	69	51	120
Uncertain	61	63	124
Unique skill possessed enhances competitive advantage	40	56	96
Total	170	170	340

4.5. Hypothesis Testing

The data was tested at the 95% significance level and at 2 degrees of freedom. The critical value is equal to 10.597. Since clients had been able to identify the core competencies of both foreign-owned and indigenous banks, the responses in respect of their core competencies as enhancing their brand positioning were expected to be the same. The responses in respect of foreign banks were therefore taken to be the expected values. See working in appendix D. The calculated X2 value (10,998) is greater than the critical value (10.597). This provides enough evidence that the differences in the perceptions of customers, with regard as to whether SMS Banking did not enhance the competitive advantage of a bank, are too large to have occurred by chance or due to sampling variations. The null hypothesis has to be rejected hence conclusions can be drawn that foreign-owned banks have to focus and concentrate on their banking technology to improve their competitive advantage.

5. Summary

Banks that did not have positive images on the three features (banking technology, employee competence and friendliness, good reputation and the service of a bank) perceived by consumers as very important in their decision process of selecting a bank were likely to find it difficult to have a competitive advantage. Consumers perceive privately owned indigenous banks as being strongly associated with the technology attribute. The attribute has been used as a POD by the banks and furthermore to gain their competitive advantage. The indigenous banks were perceived to have superior employees than foreign banks. Perceptual mapping revealed that foreign-owned commercial banks form a strategic group of their own through their positioning whilst indigenous banks are in a strategic group of their own serving the low-income market segment with low priced products and low perceived quality. Chi-square testing procedures gave results which led to the rejection of the null hypothesis, implying foreign-owned banks have to focus and concentrate on their banking technology to improve their competitive advantage.

The purpose of this study has been to examine SMS banking as a tool for creating a competitive advantage to privately owned indigenous commercial banks in Zimbabwe without giving a fair share to Eco Cash which has so far surpassed by banks in financial transactions. A comparative study was adopted to gather the data. The study enabled the researcher to establish how privately owned indigenous banks have managed to position themselves, hence being able to find out where the indigenous banks were lacking. In order to recommend strategies that can improve the performance of the foreign banks, the study aimed at identifying the attributes that commercial banks use as PODs. This was in an effort to assist the foreign banks to choose PODs that are relevant to their target markets. The research

further intended to establish the benefits sought and most valued by the Zimbabwean banking sector customers. The benefits enabled the researcher to draw a perceptual map so as to find out if both foreign and indigenous banks were close to the ideal position as perceived by the customers. Lastly, the research aimed at determining the core competencies of commercial banks and find out if they enhanced their competitive advantage. Basing on the research findings from questionnaires, in-depth interviews and focus group discussions that SMS banking is indeed a tool for creating a competitive advantage to privately owned indigenous commercial banks in Zimbabwe! These information gathering techniques showed a greater proportion of clients supporting SMS banking as a tool offering convenience to daily banking to indigenous banks whereas on foreign banks the perceptual map showed foreign-owned banks as targeting elite consumers, professionals and the corporate world with a premium service hence the reason for basing their competitive advantage on the technology attribute on which they scored an average mean of 4.06. On the other hand, indigenous banks were perceived as serving the low-income segments with low priced products and low perceived quality. As a result foreign banks were in a strategic group of their own whilst indigenous banks were in a different one.

The study highlighted the failure of foreign banks to deploy their core-competencies to enhance their competitive advantage. Forty-one percent of the research participants perceived the core competencies possessed by foreign banks as not enhancing their competitive advantage whilst thirty-six percent were uncertain as to whether the core-competencies had any impact on their competitive advantage. The core competencies that customers perceived as being possessed by indigenous banks which include relationship building with customers, innovation and customer interface did not in any way enhance the competitive advantage of the banks. In light of these findings, conclusions were drawn and these are discussed under the next sub-heading.

6. Conclusion

Starting with Attributes valued by banking sector clients and competitive advantage of indigenous banks, foreign banks fail to gain a competitive advantage because their positioning does not take into consideration the attributes valued by the banking sector consumers. The research showed that the foreign banks were rated high on pricing, products, and employees. The average mean score for the three attributes in respect of indigenous banks was 3.72 compared to that of foreign-owned banks, which was 2.90, for the same attributes. Although forty-one percent of the consumers indicated friendly and competent employees as the most important attribute that they considered in selecting a bank, the same percentage was of the opinion that the employees of indigenous banks, despite that they

were ranked better on this attribute than foreign banks, they lacked the right skills which enhanced their competitive advantage.

The first step in gaining a competitive advantage is clearly defining the target market and the identification of the targeted customers' valued attributes and benefits. Foreign banks had an average mean score of 4.72 on the service attribute. The clients perceived the service to be superior to that of indigenous banks. It can, therefore, be concluded that the performance of a bank heavily depends on whether its positioning is based on the attributes that are relevant to customers. In the Zimbabwean banking sector, these relevant attributes are proper banking technology such as SMS Banking, friendly and competent employees, good reputation and image and efficient services.

The benefits sought and valued most by Zimbabwe's banking sector clients are a premium service that enhances one's social class and attractive investment opportunities through SMS banking. Banks that provide both these benefits are perceived by consumers as the ideal banks to do business with.

On the Points of difference and competitive advantage the attributes chosen by foreign banks as their PODs to create a unique image of them did not enable them to create a strong bank. This is because, as revealed by the research, the attributes chosen by the banks as PODs were only ranked as important in the selection of a bank by fifteen percent of the consumers.

Three of the indigenous banks under study chose SMS Banking technology as their POD. However, the chosen feature appeared different with some banks having their SMS banking down most of the time e.g. NMB hence graded accordingly.

On the Impact of core competencies on competitive advantage indigenous banks need to concentrate and focus on their core competencies to improve their competitive advantage. The calculated chi-square (10.988), which was greater than the critical value of 10.597, resulted in the rejection of the null hypothesis, which had assumed that indigenous banks could improve their competitive advantage in the banking sector without concentrating and focusing on SMS Banking.

7. Recommendations

If foreign banks are to improve their performance in the banking sector through SMS Banking, the recommendations suggested below could bear fruits for them.

- Foreign banks could seriously consider gaining competitive advantage through SMS banking if they are to improve their performance because their current positioning is no longer valued by the customers. [28] Suggests that firms could change their way of doing things if the nature of customer demand has changed. Foreign banks could, therefore, reposition themselves as providing a premium service and high priced products so as to improve their performance.
- The competitive advantage of foreign banks could be based on those attributes that are relevant to the customers since customers perceive such banks as the ideal banks. The research revealed the relevant attributes of banking technology, efficient service, image, and competent employees.

- As proved by chi-square testing procedures which resulted in the rejection of the null hypothesis indigenous banks need to concentrate and focus on their banking technology if they are to improve their competitive advantage.

8. Suggestions for further research

The need for the foreign banks to concentrate and focus on their banking technology to improve their competitive advantage requires their managers to be guided on how they could successfully achieve it. Further research is therefore required to find out if the implementation of some of the technology identification and sustenance models recommended by Harriman's and Isaac (2000) can help the foreign banks identify those technologies that can improve their competitive advantage

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1. Very innovative in product design

2. Products are unique to the bank

3. Products offered portray company image

4. SMS banking product is unique to the bank and distinct from other banks

5. Products meet customer needs

6. What do you consider as an important feature of the banking products?.....

	Stanc	Barc	Stanb	FBC	NMB	SB
	<input type="checkbox"/>					

Section – E: Service

1. Customers are efficiently served

<input type="checkbox"/>					
--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

2. Complaints are efficiently handled

<input type="checkbox"/>					
--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

3. Bank offers premium service

<input type="checkbox"/>					
--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

4. Customers receive personal attention

<input type="checkbox"/>					
--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

5. What do you consider as an important service offered by banks?.....

Section – F: Pricing

	Stanc	Barc	Stanb	FBC	NMB	SB
	<input type="checkbox"/>					

1. Fees paid for SMS banking facility are affordable

2. Bank charges are reasonable including charges

of SMS banking

3. Minimum income requirements to open a

savings account is affordable

Section – G: Technology Innovation

	Stanc	Barc	Stanb	FBC	NMB	SB
	<input type="checkbox"/>					

1. Have modern technology

2. Have a website

<input type="checkbox"/>						
--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

3. has e-banking facilities

<input type="checkbox"/>						
--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

4. E-banking facilities are user friendly

<input type="checkbox"/>						
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5. Has SMS banking facilities

<input type="checkbox"/>						
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6. Consumers are educated on how to use

<input type="checkbox"/>						
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Bank technology

7. Complaints can be made through a call center

8. Personal account enquiries are made through a call center

Section – H: Attributes

Listed below is a set of attributes (reasons) many people use when selecting a bank to do business with. Regarding your visits to the banks that you have conducted business with, please rank each attribute from 1 to 6, with 6 being the most important reason for selecting a bank and 1 being the least important reason. There can be no ties, so make sure you rank each attribute with a different number.

- Friendly and competent employees Fast service
- Good reputation and image Banking technology
- Competitive minimum income requirements to open an account
- Innovative products that meet customer needs

Appendix – B: Interview checklist for management

1. What image would you want customers to have about your bank?.....
2. What efforts have you done as an organisation to portray this image?.....
3. How have you managed to match this intended image with the image perceived by the clients?.....
4. What is it that is unique about your institution? And how is this feature communicated?.....
5. a) How have you taken advantage of the unique feature to help you create the image that you want about your organisation?.....
- b) Do customers value this unique feature?.....
6. Is technology costly to the consumers?.....
7. Do your customers understand the technology? How do you educate them about the Technology?.....
8. What products and services do you offer as an organisation?.....
9. Which market / markets do you target?.....
10. What pricing strategy do you adopt for your products?.....
11. What unique features of privately owned indigenous banks do you identify/recognise?.....
12. What comments do you have on the unique features of privately owned indigenous banks?.....
13. Do you have a distinctive skill or capability as a bank that is not possessed by your rivals? Explain.....

Appendix – C: Focus group discussion checklist

1. Are you satisfied with the service you are getting from your bank?.....
2. In which areas is your bank lacking?.....
3. What other products would you want your bank to offer?.....
4. Do the products being currently offered by your bank portray the technology you would want your bank to portray?.....
5. If your bank were to change its technology what technology would you want it to have?
6. What other services / activities would you want your bank to offer to enhance this new technology?.....

- 7. What features do you think will make your bank different from its competitors?
- 8. Why do you think the features are important?
- 9. What do you think about the image of foreign banks?
- 10. Do you think employees of foreign /indigenous banks possess a unique skill? Does the skill enhance the competitive advantage of the bank?

Appendix - D: Chi-square (χ^2) Formula

$$\chi^2 = \text{calc} = \sum \frac{(F_1 - F_2)^2}{F_2}$$

Where F_1 = Observed Frequency

F_2 = Expected Frequency

Calculations

Degree of freedom = (Number of rows - 1) (Number of columns - 1)

$$= (3 - 1) (2 - 1) = 2$$

$$\text{Chi-square } \chi^2 = \frac{(40-56)^2}{56} + \frac{(61-63)^2}{63} + \frac{(69-51)^2}{51}$$

$$= 256/56 + 4/63 + 169/51$$

$$= 4,571 + 0,064 + 6,353 = \mathbf{10.998}$$