

Abstract

The main objective of the study was to establish factors determining viable investment decisions on Information and Communication Technology (ICT) in MFIs whereas derived objectives include; determining customer's awareness of electronic banking technologies, and willingness and ability to pay for the services. Research and analysis was conducted based on 62 respondents. Questionnaires were used to gather information from a sample population of customers and employees of PRIDE Tanzania Ltd, an MFI selected as a case study.

The study found that determinant of viable investment decision on electronic banking technologies in MFIs includes: proper analysis on cost and related benefits for implementing such solutions. The research noted that MFIs do not implement e-banking technologies due to high cost involved in initial investment and poor infrastructure for provision of electronic banking technologies.

The researcher recommends implementation of electronic banking services in MFIs for the purpose of extending alternative delivery channels beyond MFI's brick and blocks. Availability of electronic mobile delivery channels will enable MFIs to diversify their products, acquire new customers, retain existing ones and increase operational efficiency. Benefits to customers upon implementation of electronic banking technologies include improved, reliable, affordable and easily accessible financial services.

The researcher proposes utilization of shared infrastructure in provision of electronic banking services to MFIs. Shared infrastructure drastically reduces initial and recurring costs on use of electronic banking infrastructure. MFIs should plan for ways of dealing with commonly uncounted problems noted during the study which include regulatory framework, human resources, third party engagement, frequent power outages, unreliable telecommunication services, limited technical support, and limited knowledge of MFI employees and customers. MFIs must also ensure their IT platform is adequate to support electronic banking channels.

