
Factors Affecting the Adoption of Agency Banking Among Commercial Banks: A Case Study of Selected Commercial Banks in Lusaka City

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ABSTRACT: Agency banking is quickly becoming recognized as a viable strategy in many countries for extending formal financial services into poor and rural areas. Despite the Bank of Zambia (BOZ) developing a regulatory framework for agency banking to facilitate financial services that enable providers to take banking and financial services to all the unbanked part of Zambia, only a few commercial banks have adopted agency banking. This study investigated the factors affecting adoption of agency banking among selected commercial banks in Lusaka City. The objectives of the study were to investigate the technological factors affecting the adoption of agency banking among selected commercial banks in Lusaka City, to investigate the organizational factors affecting adoption of agency banking among selected commercial banks in Lusaka City, and to investigate the environmental factors affecting adoption of agency banking among selected commercial banks in Lusaka City. The study employed a convergent (parallel or concurrent) design and utilized a mixed approach. Data was collected through structured and semi-structured electronic questionnaires. The sample size was determined using Slovin's formula, resulting in 92 respondents from a total population of 120. Data analysis was conducted using SPSS Version 22 and narrative analysis. The study found that resistance to adoption is an organizational barrier to adopting agency banking in the selected commercial banks. Additionally, the study established organizational factors have a significant effect on the adoption of agency banking among selected commercial banks in Lusaka City ($t = 4.970$, $p > 0.05$). Furthermore, the study found that lack of ICT infrastructure is a technological barrier to adopting agency banking. In addition, the study found that technological factors have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City ($t = 3.531$, $p > 0.05$). The study found that lack of partnerships and poor agent quality are environmental barriers impeding agency banking adoption in the selected commercial banks. In addition, the study found that environmental factors have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City ($t = 1.344$, $p > 0.05$). The study recommended that Commercial Banks should improve agent quality by implementing rigorous training, certification, and monitoring programs to ensure agents provide reliable and professional service, building customer trust in agency banking.

KEYWORDS: Agency Banking, Commercial Banks, Organizational, Technological, Environmental

1.0 INTRODUCTION

Why have some traditional banks successfully adopted agency banking while others have struggled or been slow to take the leap given the rapidly evolving and technology driven financial sector? We live in the digital era, where technology has become an indispensable part of the typical day-to-day business operations. This is especially true in the private sector, where technological advancements are often pioneered and operationalized into the mainstream. In the banking sector, technological progress has allowed the sector to rapidly grow and diversify beyond traditional banking practices.

Notably, the introduction of what has been dubbed '*fintech*' or mobile-oriented money transfer services such as Mobile Money and micro-finance services has forced the traditional banks to rethink their business models. Technology innovations have allowed the inclusion of unbanked people in the informal sector and has forced traditional banks to develop and utilize new alternative distribution channels to reach their customers (Wassie, 2019). Given the poor retail footprint and reach of traditional banks, agent banking has emerged as a logical answer (Ho, 2017). Agency banking has been adopted and implemented with varying degrees of success by a number of traditional banks in various countries globally (AFI, 2012). This model is quickly becoming recognized as a viable strategy in many countries for extending formal financial services into poor and rural areas (AFI, 2012). Despite its viability, most commercial banks in Zambia have not yet adopted agency banking. This study will investigate the factors affecting the

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adoption of agency banking among selected commercial banks in Lusaka City. Therefore, the following section outlines the background of the study, statement of the problem, purpose of the research, main objective, specific objectives, research questions, and significance of the study, scope of the study, theoretical framework, conceptual framework and definition of key terms.

1.1. Background to the study

Globally, traditional banks had a hard time reaching customers. Opening and operating traditional bank branches were often not cost-effective. Operating a bank branch entailed having at least one teller at the front desk, a bank manager and bank employees specializing in areas such as mortgages, loans and security. Customers also had to travel extensively to visit their respective bank branches. It was one of the reasons why banks were closing branches (Ho, 2017). For example, many banks closed their rural branches in preference to urban ones in 1970s. This resulted in people in rural areas being financially excluded. It became very clear along the years that banking services were/are less accessible in rural areas and that there was very low financial depth for bank products among the adult population. This called for alternative or branchless banking solutions.

As a result, regulations related to agent banking were originally developed in Brazil in 1979. However, agent banking did not really take off until 1999-2000 when the Central Bank of Brazil's (CBB) regulations allowed a wider variety of services to be offered by agents, notably receiving account opening applications, performing deposits and withdrawals and effecting bill payments (Asterie, 2017). In Brazil, the model was first grasped in the mid 2000 as a major aspect of the government's financial inclusion policy (Kanyugi, Gudda, Ombok, & Kibati, 2019). Brazil has earned a name as the global pioneer in agency banking. It adopted the model earlier and has over time matured its agency network of agency banks covering over 99% of the country's municipalities (Nyota & Muturi, 2019). Brazil boasts of over 140,000 banking agents, making it the leading in deployment of third party banking correspondents in the world (Nyota & Muturi, 2019). In Brazil, by end of 2000, the all-out number of bank agents that were being utilized by banks had reached 64,000 (Kanyugi, Gudda, Ombok, & Kibati, 2019).

In 2005, within 5 years it had over 90,000 new correspondent banking networks. These networks were from typically retail commercial outlets ranging from lottery kiosks, pharmacies, post offices, and construction goods stores (Margaret & Ruth, 2019). In 2018, there were over 230,000 enrolled specialists/agents all through Brazil conveying money related administrations for the benefit of CBB-authorized and regulated institutions, including credit cooperatives (Kanyugi, Gudda, Ombok, & Kibati, 2019). The expansion being used of agency banking prompted increment in money related openness/financial inclusion in Brazil from around 75 million customers with bank accounts in 2007 to roughly 123 million customers in 2018 (Kanyugi, Gudda, Ombok, & Kibati, 2019). Other countries in Latin America followed suit as well, including Peru, Colombia, Bolivia, Ecuador, Venezuela, Mexico and Argentina, over a period of years from 2005 till 2010 (AFI, 2012). Precisely, Peru adopted agency banking in 2005, Colombia in 2006, Bolivia in 2006, Ecuador in 2008, Mexico in 2009, Venezuela in 2009, and Argentina in 2010 (Nyota & Muturi, 2019).

In Africa, Kenya, South Africa, and Uganda are the widely known agency banking pioneers (Margaret & Ruth, 2019). In South Africa, it was introduced in the year 2005 (Mukhule, 2019). Kenya launched agency banking in 2010 and two years later in 2013 commercial banks had contracted 18,082 active agents generating 48.4 million transactions worth \$3 billion according to a 2014 central bank report (Margaret & Ruth, 2019). Agency banking was introduced during the 2009 budget and was enshrined in the Finance bill of 2009 (Agalla, 2014). Kenyan financial institutions turned to agency banking to compensate for the poor retail infrastructure, minimize set up and running costs. That has worked well in providing much low income population their first experience to a range bank services. Banks also used the model as an alternative to decongest crowded branches and allowing customers access their account information with ease (Nyota & Muturi, 2019). In Kenya, the agency banking model as pioneered by Equity Bank has proved successful in extending financial services to the rural and lower income population, profitably (The World Bank Group, 2014).

However, Uganda agent banking was introduced in 2016 (Odele, Suzanne, & Ndiwalana, 2017). The Ugandan parliament passed an amendment to the Financial Institutions Act of 2004 in January 2016. This amendment allows banks to offer agent banking services in the country with the objective of financial inclusion at the forefront. As such, banks in Uganda have now adopted the agent banking model (Agabamuhairwe, 2020). Prior to the 2016 amendment of the Financial Institutions Act, the main distribution channel for banks was through their branches and Automated Teller Machines (ATM) networks. However, these proved inadequate upon the arrival of mobile money which without a doubt revolutionized the provision of financial services in Uganda. Furthermore, mobile money had grown to also start taking on services previously considered the preserve of financial institutions. This posed a threat to financial institutions that were afraid of being edged out of business hence the adoption of agent banking as a panacea (Agabamuhairwe, 2020). More importantly, it has been a solution to bridging the gap between the financially included and those excluded.

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In Zambia, Bank of Zambia developed a regulatory framework for Agency Banking to facilitate Financial Services Providers to take banking and financial services to all the unbanked parts of Zambia. Many banks have since taken up this challenge and successfully. Some of the success attributed to Agency Banking include the following: Wider customer coverage leading to widened and deepened financial market as well as enhanced customer loyalty, increased number of bank outlets which has led to enhanced access to financial services, increased financial inclusion and raising overall levels of financial literacy in the country, increased access to bank products and services; and Agents offer selected banking services offered by banks thereby increasing knowledge of financial products and services (Karima, 2018). In addition, agency banking reduce operational costs, offer convenience, reduce cost of funds, accelerate financial inclusion and ensure asset quality maintenance (Mwelwa, 2022).

1.2. Statement of the Problem

Although some studies have been conducted globally and regionally on agency banking, none of these previous studies focused on factors affecting adoption of agency banking among commercial banks in Lusaka. For example, Gitae et al. (2018) researched on factors affecting uptake of agency banking services among customers in rural Kenya in Narok County. The study found that bank agent skills, location and confidentiality were found to be statistically significant in explaining uptake of agency banking services. However, the focus of this study was on customers of commercial banks. In other words, Gitae et al. (2018) intended to investigate factors contributing to customers' low uptake of agency banking services offered by commercial banks. Research conducted by Mungai (2016) on factors influencing the adoption of agency banking by commercial banks in Kenya found relative advantage or perceived usefulness, technology relative advantage, technology complexity, technological experiment-ability and access to adequate financial resources to adopt and implement agency banking as main factors influencing adoption of agency banking. However, the study by Mungai (2016) comprised of the employees of the 11 commercial banks which embraced agency banking. Research conducted by Mungai (2016) on factors influencing. In other words, Mungai (2016) only focused on banks that adopted agency banking in Kenya hence making them the study population. As a result, it is clear that previous studies failed to bring out factors that hinder adoption of agency banking among commercial banks. This is a huge knowledge gap in literature that needs to be bridged up.

However, the primary problem is that despite the Bank of Zambia (BOZ) developing a regulatory framework for agency banking to facilitate financial services that enable providers to take banking and financial services to all the unbanked part of Zambia, only a few commercial banks have adopted agency banking. Most have been slow to enter the market and others have struggled. This is another huge gap that needs to be addressed. If the identified gaps (primary and secondary gaps) are not addressed, the repercussion is that uptake of agency banking among commercial banks in Zambia will still be low and Zambia will fail to achieve financial inclusion which is one of its deliverables in its 2022-2026 Eighth National Development Plan. This study therefore investigates factors affecting adoption of agency banking among selected commercial banks in Lusaka City.

1.3. Aim/Purpose of the Study

To investigate the factors affecting adoption of agency banking among selected commercial banks in Lusaka City.

1.4. Objectives

1.4.1 Specific Objectives

- i. To investigate the organizational factors affecting adoption of agency among selected commercial banks in Lusaka City.
- ii. To investigating the technological factors affecting the adoption of agency banking among selected commercial banks in Lusaka City.
- iii. To investigate the environmental factors affecting adoption of agency banking among selected commercial banks in Lusaka City.

1.5. Research Questions

- i. What are the organizational factors affecting adoption of agency among selected commercial banks in Lusaka City?
- ii. What are the technological factors affecting the adoption of agency banking among selected commercial banks in Lusaka City?
- iii. What are the environmental factors affecting adoption of agency banking among selected commercial banks in Lusaka City?

1.6. Hypotheses

H₀: Technological factors do not have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City.

H₁: Technological factors have a significant effect on adoption agency banking among selected commercial banks in Lusaka City.

H₀: Organizational factors do not have a significant effect on adoption of agency among selected commercial banks in Lusaka City.

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H₁: Organizational factors have a significant effect on adoption of agency among selected commercial banks in Lusaka City.

H₀: Environmental factors do not have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City.

H_i: Environmental factors have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City.

1.5. Significance of the Study

This research will enable Government Republic of Zambia, Bank of Zambia to develop new tools and strategies that will address the challenges faced in the adoption of agency banking among Zambia's commercial banks in order to achieve financial inclusion which is one of deliverables in 2022-2026 Eighth National Development Plan.

This study will provide the Government Republic of Zambia and Ministry of Finance and policy makers in the Bank Association of Zambia with evidence regarding the factors affecting adoption of agency banking among commercial banks in Zambia.

Bank Association of Zambia Commercial banks, if possible, may welcome the recommendations of this study to deal with the challenges encountered in the adoption of agent banking. In addition, it will service as a basis for further research on the similar topic. In other words, this study will enrich the body of literature by highlighting the factors that affect adoption of agent banking in commercial banks in Zambia.

1.6 Scope of the Study

Geographically, the study confined itself to only commercial banks that have not adopted agency banking in Lusaka City. These included Absa Bank Zambia Plc, Stanbic Bank Zambia Limited, Standard Chartered Bank Plc, First Capital Bank Zambia Ltd, United Bank For Africa, Access Bank Zambia Limited, and Bank of China Zambia Limited. The content scope included; technological factors, organizational factors and environmental factors affecting adoption of agency banking among selected commercial banks in Lusaka City. In terms of time scope, the study was a cross-sectional study and took the period of three months.

1.7 Theoretical Framework

This section provides the theories that were adopted in the study.

1.7.1 The Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM), introduced by Davis (1986), is one of the most widely used models to explain user acceptance behavior. This model is grounded in social psychology theory in general and the Theory of Reasoned Action (TRA) in particular (Fishbein, & Azjen, 1975). TRA asserts that beliefs influence attitudes, which lead to intentions and there-fore generate behavior. Correspondingly, Davis (1986, 1989) introduced the constructs in the original TAM (see Figure 1) as follows: perceived usefulness (PU), perceived ease of use (PEOU), attitude, and behavioral intention to use. Among the constructs, PU and PEOU form an end-user's beliefs on a technology and therefore predict his or her attitude toward the technology, which in turn predicts its acceptance. Davis (1989) conducted numerous experiments to validate TAM by using PEOU and PU as two independent variables and system usage as the dependent variable. He found that PU was significantly correlated with both self-reported current usage and self-predicted future usage. Figure 1.1 shows the original technology acceptance model.

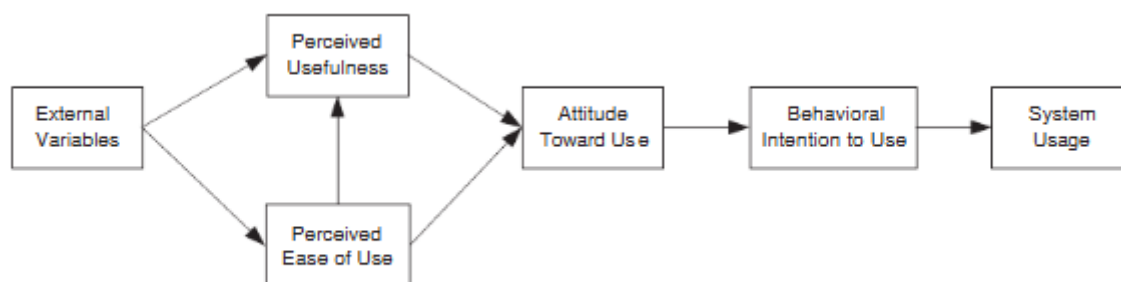


Figure 1.1: Technology Acceptance Model

Source: Ma & Liu (2005).

In relation to this study, TAM suggests that two main factors influence adoption: perceived usefulness and perceived ease of use. In simple terms, banks are more likely to implement agency banking if they believe it will benefit them whether by expanding their customer base, cutting operational costs, or making banking services more accessible. If decision-makers see agency banking as a way to improve efficiency and profitability, they are naturally more inclined to adopt it.

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However, the ease of integrating agency banking into existing banking systems also plays a huge role. If the process feels seamless, with minimal disruption to operations, banks are more likely to get on board. But if it requires significant investment in training, new infrastructure, or compliance measures, adoption may slow down. Factors like the stability of digital banking platforms, the security of transactions, and the reliability of agents all shape whether banks see this model as easy to work with or as a potential headache.

Beyond these internal considerations, external factors also come into play. Regulations, for instance, can either encourage or discourage adoption depending on how clear and manageable they are. If banks feel bogged down by strict policies or unclear guidelines, they might hold off on implementing agency banking. Technological readiness is another key factor. If banks do not have access to secure digital platforms or reliable internet connectivity, adoption becomes much more challenging. Customer trust also matters. If people are skeptical about using banking agents due to concerns over fraud or failed transactions, banks may struggle to see the value in investing in the model. Competitive pressure is yet another motivator. If rival banks are successfully using agency banking to reach more customers and increase revenue, others may feel the need to follow suit to stay competitive. Ultimately, a bank's decision to implement agency banking comes down to a simple question: Do the benefits outweigh the risks? If the model seems both valuable and manageable, adoption is more likely. But if concerns about fraud, agent reliability, or operational challenges loom too large, banks may hesitate. TAM helps break down these factors and provides a useful way to understand what's driving adoption and what is holding it back among commercial banks in Lusaka.

1.7.2 Technology-Organization-Environment (TOE) Theory

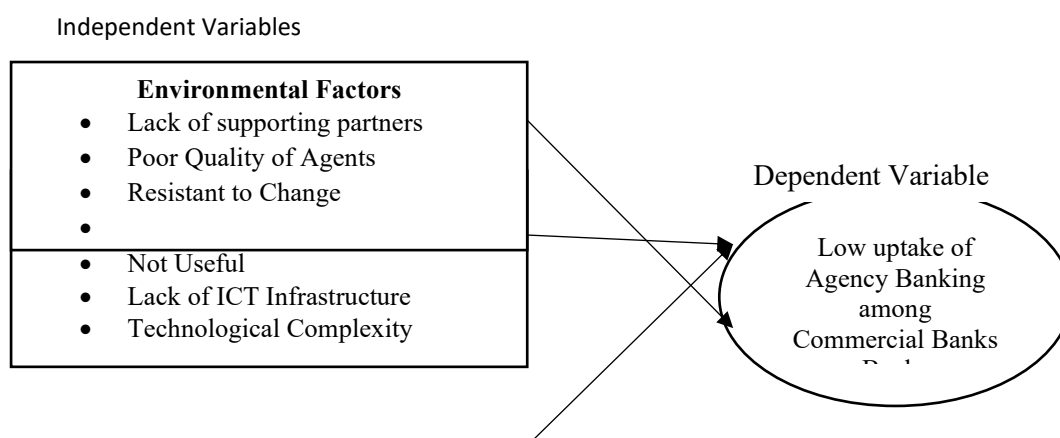
The Technology, Organization, and Environment (TOE) Framework, pioneered by Tornatzky and Fleischer (1990), presents a comprehensive lens for understanding technology adoption within organizations and aligns seamlessly with the Diffusion of Innovations Theory by Rogers (Rogers, 1983). Recognized for its utility in examining the adoption and assimilation of diverse information technology innovations, the TOE Framework has proven instrumental in various contexts, making it a valuable tool for scholars and practitioners alike (Oliveira & Martins, 2010).

The versatility of the TOE Framework is evident in its applicability to different types of technological innovations. Particularly, it sheds light on the adoption behaviour related to applied innovations for technical tasks, innovations in business administration, and innovations deeply embedded in the core business processes of an organization (Ramdani & Kawalek, 2007). The TOE Framework identifies three critical aspects within an organizational context that influence the complex process of adopting and implementing technological innovations (Johnson & Payne, 1985). These aspects are the technological context, organizational context, and external environmental context.

In relation to this study, the theory helped to understand how technological, environmental and organisational factors affect adoption of agency banking. For example, if the leadership within a bank does not see agency banking as strategically important or worth the risk, the adoption process is likely to be stalled. The absence of strong managerial support can be a significant factor in non-adoption.

1.8. Conceptual Framework

Figure 1.2 shows the conceptual framework adopted for the study.



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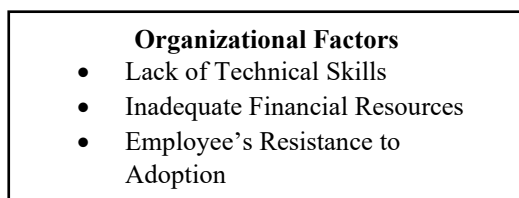


Figure 1.2: Conceptual Framework

Source: (Author, 2025)

In the above conceptual framework, the independent variables are conceptualised as organizational factors, environmental and technological factors. On the other hand, low uptake of agency banking among commercial banks is a dependent variable.

METHODOLOGY

3.0 Introduction

The aim of this study was to investigate the factors affecting adoption of agency banking among commercial banks in Zambia. The aim of this chapter is to outline the research methodology. Therefore, the content of the chapter includes; research design, research philosophy, research type, research approach, research strategy, time horizon, sampling strategy, data collection methods, data analysis, study population and sample size, reliability and validity, and methodological limitations.

3.1. Research Design

Convergent (parallel or concurrent) design was adopted. A convergent (parallel or concurrent) design is a mixed methods design in which quantitative and qualitative data are collected simultaneously but analyzed separately, and the results are merged or integrated. The convergent parallel design consists of taking quantitative and qualitative data collection and analysis and comparing or relating the two and then interpreting them. In this design, areas of convergence or divergence between the qualitative and quantitative results were discussed. This type of design will allow the researcher for the collection of rich, detailed data and provided a comprehensive understanding of the research problem (Rosenkranz, Wang and Hu, 2015).

3.1.1 Research Paradigm/ Philosophy

The study anchored on pragmatism research philosophy. The word pragmatism is derived from the Greek word “pragma”. Pragma means action in the Greek language. The action is the central concept of pragmatism research philosophy. Pragmatism research philosophy will be adopted in order to support mixed research methods to address the problem statement. It allows a researcher to integrate strengths of qualitative and quantitative research within a study. In this study, qualitative research was used to understand context, emotions, responses, and social meanings developed by humans on the basis of their experience and interaction. However, qualitative research did not provide sufficient reliability and validity. The evidence provided by qualitative research may be weak and need stronger evidence. However, quantitative research did not consider the context or background of the study. It segregates the researcher from the context or environment of the research. Qualitative research has certain disadvantages that are advantages of quantitative research. Quantitative research has certain short comings that will be covered by qualitative research. It was the reason that pragmatic research integrated strengths of qualitative and quantitative research within a study. The integration of qualitative and quantitative research enables a researcher to improve the quality of the research (Alamgeer, 2023).

In addition, pragmatic research philosophy states that there are many different ways used by individuals to understand and interpret reality. Therefore, there is no single way of doing research to understand and interpret reality. Therefore, this principle provides freedom to a researcher to develop research methodologies to address research problem and escape research or philosophical paradigms of qualitative and quantitative research (Positivism and Interpretivism). As a result, objectivism and subjectivism will not be segregated. It is the reason that this study used semi-structured and questionnaire to collect qualitative data and quantitative data and analyze qualitative and quantitative data using descriptive statistics, inferential statistics and narrative approach (Alamgeer, 2023). Based on pragmatic research design, a mixed methods approach was adopted. A mixed methods approach is a procedure for collecting, analyzing, and “mixing” both quantitative and qualitative research and methods in a single study to understand a research problem. (Creswell, 2012).

3.1.2 Research Type

The research type was deductive research. A deductive approach entails creating a hypothesis (or hypotheses) based on existing theory and then devising a research strategy to test the hypothesis. Deduction is the process of reasoning from the particular to

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the general. It was used because it helps to explain causal relationships between concepts and variables, allows for quantitative measurement of concepts, and allows for some generalization of research findings (Wilson, 2010).

3.1.3 Research Strategy

The research strategy was correlational. Correlational research investigates the statistical relationship between two or more variables without manipulating them. It is a non-experimental research design used to determine the level of association or correlation between two or more variables (Curtis et al., 2016). Correlational research findings can be used to estimate the prevalence and relationships between variables, as well as to forecast events based on current data and knowledge. Despite its many applications, caution is required when applying the methodology and analyzing data. To help researchers reduce errors, important issues are highlighted for discussion, and several data analysis options are proposed (Curtis et al., 2016).

3.1.4 Time Horizon

The study was a cross-sectional study. Cross-sectional studies are observational studies that look at data from a population at a specific point in time. It is adopted because it is usually inexpensive and easy to conduct (Wang, & Cheng, 2020).

3.1.5 Sampling Technique/Strategy

In the qualitative study, purposive sampling was used to select senior managers, middle managers and junior managers from Absa Bank Zambia Plc, Stanbic Bank Zambia Limited, Standard Chartered Bank Plc, United Bank For Africa Zambia Limited, Access Bank Zambia Limited, Ecobank Zambia Limited, and Bank of China Zambia Limited. Purposive sampling, also known as judgmental, selective, or subjective sampling, is a form of non-probability sampling. The technique was adopted because the researcher attempted to select participants who provided accurate and reliable information regarding the factors affecting adoption of agency banking. Purposive sampling allowed the researcher to streamline the study around key participants that are directly involved in implementing the banking systems. These are the individuals that are most likely to be directly involved in implementing, using, and therefore are most affected by the factors. These participants also possess the specific expertise and direct experience with these and similar technologies within the organization. On the other hand, for quantitative research design, simple random sampling was adopted to select study participants.

3.2 Study Area/ Site

The study was conducted in Lusaka City. It was conducted at Absa Bank Zambia Plc, Stanbic Bank Zambia Limited, Standard Chartered Bank Plc, United Bank For Africa Zambia Limited, Access Bank Zambia Limited, Ecobank Zambia Limited and Bank of China Zambia Limited. These are banks in Lusaka City that have not yet adopted agency banking. Lusaka is the capital and one of the fastest-developing cities in Southern Africa. The City of Lusaka is situated in the central part of Zambia on the Central African Plateau and lies at an altitude of 1280m above sea level. The co-ordinates for Lusaka are 280-10' east of the Greenwich meridian and 150-30' south of the Equator. The district has a surface area of 360 square kilometres (Lusaka, City Council, 2020).

3.3 Study Population and Sample Size

The total study population of 120 was determined based on the number of managerial staff (senior, middle, and junior managers) across seven selected commercial banks in Lusaka. These banks which included Absa Bank Zambia Plc, Stanbic Bank Zambia Limited, Standard Chartered Bank Plc, United Bank for Africa Zambia Limited, Access Bank Zambia Limited, Ecobank Zambia Limited, and Bank of China Zambia Limited were selected because they had not implemented agency banking at the time this study was conducted. In addition, each bank had 17 respondents, covering different management levels. The focus on managerial staff was intentional, as they are responsible for strategic decision-making, policy implementation, and operational planning. Since the adoption of agency banking requires careful consideration of financial, technological, and regulatory aspects, managers were best positioned to provide insights into why their banks have not yet adopted this model. Furthermore, the number 17 per bank was chosen to ensure balanced representation across different levels of management. With seven banks in total, multiplying 17 managers per bank resulted in 119 respondents, which was rounded to 120 for simplicity and consistency in data presentation. In addition, selecting managers from these banks ensured that the study captures perspectives from key decision-makers who influence whether agency banking is considered or not. However, considering 120 as the total population the sample size for this study was 92 as derived using the Slovin's formula as follows:

$$n = \frac{N}{1 + N \cdot \alpha^2}$$
$$n = \frac{120}{1 + 120(0.05)^2}$$
$$n = \frac{120}{1 + 1.3}$$
$$n = 92$$

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The total population was 120 employees. When this formula is employed, the researcher determined that ideal sample size is 92 respondents for quantitative study. However, a total of 7 managers from all the banks made the sample size for qualitative study.

3.4. Instruments for Data Collection

The study administered a semi-structured questionnaire to a total of seven managers from the selected commercial banks. A semi-structured questionnaire is a document used to collect data from respondents. It consists of a set of standardized questions with a predetermined framework that specifies the precise language and sequence of the questions (Mashuri, et al. 2022). It was used because response options inform participants about the researcher's knowledge and expectations about the world and suggest a range of reasonable responses. On the other hand, a questionnaire was administered to the employees. An online questionnaire that was developed using Google Forms was administered to commercial banks that felt comfortable to respond to an online questionnaire. To achieve this, a link was sent to the employee in charge who then shared it with other employees in the organisation.

3.5. Data Analysis

The study employed a mixed methods approach to integrate quantitative and qualitative data. Quantitative analyses, conducted using statistical software (SPSS Version 22), included descriptive statistics, inferential statistics such as regression analysis, and correlation analysis to examine interrelationships between variables. Conversely, qualitative data underwent thematic analysis. This mixed methods strategy facilitated triangulation of data sources, thereby bolstering the validity and reliability of findings concerning the factors affecting adoption of agency banking. The combined methodologies provided comprehensive insights into how the factors affect adoption of agency banking, thereby informing evidence-based strategies and policies for organizational decision-making and performance enhancement. Furthermore, the study integrated quantitative and qualitative findings through comparative analysis, identifying convergent or divergent patterns and themes pertaining to the factors. This comparative approach enriched the study's understanding of the complex affecting adoption of agency banking.

3.6 Reliability and Validity

The study adopts content validity. Content validity of a questionnaire was assessed by the research supervisor who is a subject matter expert within a project management field and so it was evaluated by using a qualitative approach. Moreover, the subject matter expert re-assessed the content validity of a questionnaire to determine whether (or not) the questionnaire was specifically tailored for the current objective(s) of the study. Upon re-assessing the content of the questionnaire the researcher decided to add and/or omit and/or one or more question(s) (Bujang et. al., 2018). Furthermore, a pilot study also used to evaluate the reliability of the data collection tools. A pilot study typically lacks the sample size that is needed to determine statistical significance to validate a hypothesis or evaluate an instrument, yet will offer the researcher valuable information (In, 2017). A pilot study investigates whether something is possible, whether the researcher should proceed, and, if so, how. However, a pilot study has a distinct design feature: it is carried out on a smaller scale than the main or full-scale study. In other words, the pilot study is critical for improving the quality and efficiency of the primary study (In, 2017).

4 DISCUSSION OF THE RESULTS

The discussion of the results is done in response to the objectives one, two and three respectively. To achieve the objectives, seventeen (17) variables were identified from literature (see Appendix1). Factor analysis yielded a Four (4) factor model (see Appendix 2) in which the seventeen (17) variables were categorized into four (4) factors namely: 1. Organisational Factors, Technological Factors and Environmental Factors and Adoption of Agency Banking. In addition, a five-point Likert scale was used to measure the variables: 1. Strongly Disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree.

5.1.1 Research Objective One: To investigate the organizational factors affecting adoption of agency among selected commercial banks in Lusaka City.

The study found that respondents generally agreed that resistance to adoption is a barrier to adopting agency banking, with a mean score of 3.98 (SD = 1.000). This suggests that resistance to change among bank employees is a significant organizational factor hindering agency banking adoption within the selected commercial banks in Lusaka City. Additionally, the hypothesis, "organizational factors have a significant effect on the adoption of agency banking among selected commercial banks in Lusaka City," was supported. This indicated that organizational factors, such as resistance to change, directly affect adoption efforts. These findings are consistent a study conducted by Ndegwa et al. (2018) in Kenya which noted that organizational resistance to change, particularly from employees, hinders the effective adoption of agency banking. The study emphasized that employees may perceive agency banking as a threat to traditional banking roles, which generates reluctance to support new models. Likewise, Macharia & Munene (2019) in Uganda observed that agency banking faced challenges from internal resistance, with employees

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fearing job displacement, leading to reluctance in fully embracing the shift. Similarly, Mutemi et al. (2020) in Tanzania identified resistance to change as a major organizational factor negatively impacting agency banking adoption, particularly where traditional banking methods are deeply ingrained in organizational culture. The study highlighted that this resistance could stem from employees' uncertainty about job security and the effectiveness of agency banking in fulfilling banking goals. In another related study, Kamau et al. (2021) in Rwanda emphasized that organizational resistance to change, fueled by a lack of adequate training and understanding of agency banking benefits, created significant barriers for banks transitioning to agent-led services.

5.1.2. Research Objective Two: To investigate the technological factors affecting the adoption of agency banking among selected commercial banks in Lusaka City.

The study found that respondents generally agreed that a lack of ICT infrastructure is a barrier to adopting agency banking, as shown by a mean score of 4.68 (SD = 0.539). This suggested that, on average, respondents viewed inadequate ICT infrastructure as a significant technological factor hindering agency banking adoption. This finding was further supported by bank managers who confirmed that commercial banks have not fully implemented the ICT infrastructure needed to support agency banking. Additionally, the hypothesis that "technological factors have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City" was supported. These findings are consistent with previous studies by Njenga et al. (2021) in Kenya's banking sector, which highlighted the essential role of robust ICT systems in the adoption of agency banking. Similarly, Mwangi and Gachunga (2018) found that limited ICT infrastructure in Kenya posed a significant barrier to adopting agency banking, emphasizing that technological readiness is a key determinant in successful implementation. Furthermore, research by Adjei et al. (2019) in Ghana's banking sector echoed these findings, noting that insufficient ICT infrastructure hindered expansion efforts in digital banking services.

5.1.3 Objective Three: To investigate the environmental factors affecting adoption of agency banking among selected commercial banks in Lusaka City.

The study found that respondents generally agreed that the lack of partnerships is a barrier to adopting agency banking, as indicated by a mean score of 4.76 (SD = 0.427). This suggested that, on average, the respondents viewed the lack of partnerships in the implementation of agency banking as a significant environmental factor hindering its adoption. Interviews with bank managers further supported this, confirming that the absence of dependable partnerships with agents is a major barrier. The study also revealed that respondents generally agreed that poor agent quality is a barrier, with a mean score of 4.35 (SD = 0.922), indicating that poor agent quality is another significant environmental factor impeding agency banking adoption. Bank managers corroborated this, acknowledging that low-quality agents hinder the adoption process.

Furthermore, the hypothesis that "environmental factors have a significant effect on the adoption of agency banking among selected commercial banks in Lusaka City" was supported. The findings of this study align with Kihoro et al. (2019) found that in Kenya, a lack of reliable partnerships and poor agent quality were key factors limiting the expansion of agency banking. Similarly, research by Mwangi et al. (2020) emphasized that the effectiveness of agent networks is crucial to agency banking's success, highlighting the role of both the quality of agents and the strength of partnerships in fostering widespread adoption. In Ghana, Baiden et al. (2021) found that poor agent management and the lack of effective partnerships significantly hindered agency banking. These studies support the notion that strong partnerships and high-quality agents are essential for the successful adoption of agency banking.

4.1The main objective of this study was to investigate the factors affecting adoption of agency banking among selected commercial banks in Lusaka City. The aim of this chapter is to present the analysis and interpretation of the data collected using the methods in chapter three. The chapter integrated quantitative and qualitative findings through comparative analysis, identifying convergent or divergent patterns pertaining to the factors. The objectives of the study were to investigate the technological factors affecting the adoption of agency banking among selected commercial banks in Lusaka City, to investigate the organizational factors affecting adoption of agency banking among selected commercial banks in Lusaka City and to investigate the environmental factors affecting adoption of agency banking among selected commercial banks in Lusaka City.

4.1 Response Rate for Quantitative Study

The study revealed that out of 92 questionnaires that were administered to the employees at Absa Bank Zambia Plc, Stanbic Bank Zambia Limited, Standard Chartered Bank Plc, United Bank For Africa Zambia Limited, Access Bank Zambia Limited, Ecobank Zambia Limited and Bank of China Zambia Limited, 85 employees responded representing 92.4%. This indicates that the study achieved 92.4% response rate and suffered from non-response bias of 7.6%. This response rate was sufficient to enable generalizing the results to the population of the study (Fincham, 2008).

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Table 4. 1: Response Rate for Quantitative Study

ACTIVITY	FREQUENCY (N)	PERCENT (%)
Response	85	92.4%
Non-Response	7	7.6%
Total	92	100.0

Source (Field Data, 2025)

4.2 Response Rate for Qualitative Study

The study revealed that out of 7 interview guides administered to managers at Absa Bank Zambia Plc, Stanbic Bank Zambia Limited, Standard Chartered Bank Plc, United Bank For Africa Zambia Limited, Access Bank Zambia Limited, Ecobank Zambia Limited and Bank of China Zambia Limited, all the seven (7) managers filled the interview guides. This response rate was sufficient to enable generalizing the results to the population of the study (Fincham, 2008).

Table 4. 2: Response Rate for Qualitative Study

ACTIVITY	FREQUENCY (N)
Response	7
Non-Response	0
Total	7

Source (Author, 2025)

4.3 Demographic Characteristic of Respondents

4.3.1 Gender

The results showed that 52.9% (45) of the respondents were females while 47.1% (40) of the respondents were males. See figure 4.1 below.

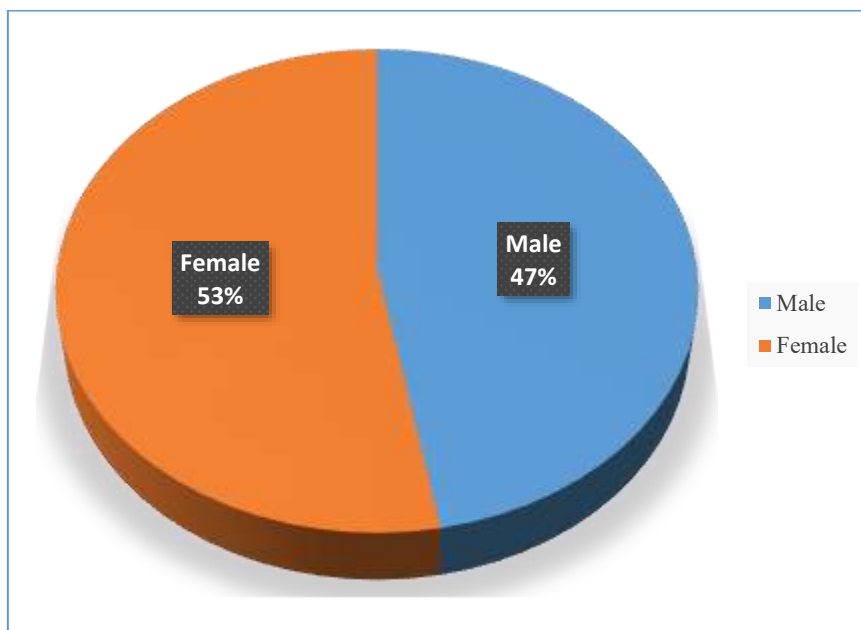


Figure 4. 1: Gender

Source (SPSS Output, 2025)

4.3.2 Academic Qualification

The study revealed that 63.5% (54) of employees held diploma, 30.6% (26) of employees held Degrees and 5.9% (5) of employees held Masters Degrees. See figure 4.2 below.

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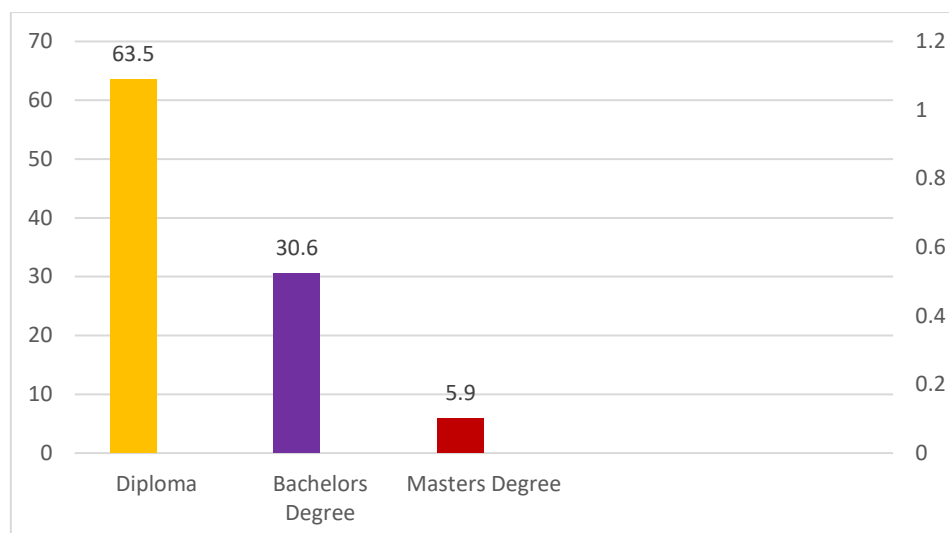


Figure 4. 2: Academic Qualification

Source (SPSS Output, 2025)

4.3.3 Work Experience

The study revealed that 11.8% (10) of the employees has 0-5 years of work experience while 61.2% (52) of the employees had 6-11 years of experience, 14.1% (12) of the employees had 11-15 and 12.9% (11) of the employees had 16-20 years of experience. The results have clearly showed that employees who participated in the study had very good banking experience. See figure 4.3 below.

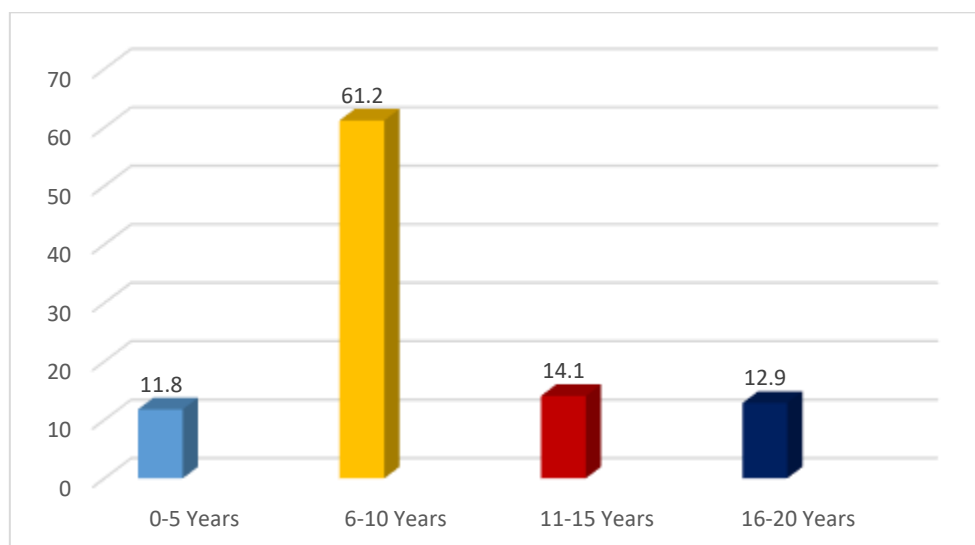


Figure 4. 3: Work Experience

Source (SPSS Output, 2025)

4.4 Research Objective One: To investigate organizational factors affecting adoption of agency banking among selected commercial banks in Lusaka City.

The first objective sought to investigate organizational factors affecting adoption of agency banking among selected commercial banks in Lusaka City. Descriptive statistics were used to describe and summarize the data regarding the variables. The primary goal of descriptive statistics analysis was to calculate frequencies, mean and standard deviation. Quantitative data were collected using a 1-5 Likert scale with 1-Strongly disagree, 2-Disagree, 3-Neither agree nor disagree, 4-Agree, and 5-Strongly agree. Thus, mean values significantly greater than 3.5 mean that, on average, respondents agreed/strongly agreed with the factor statement, while mean values significantly less than 2.5 means that, on average, respondents disagreed/strongly disagreed with the factor statement. Mean values between 2.5 and 3.5 indicate that, on average, respondents neither agreed nor disagreed with the statement about the factor. On the other hand, qualitative data was collected using an interview guide from managers. The managers were given unique codes to represent their identity. The use of codes to represent individual participants was in

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conformity with adhering to ethics in research which entails that personal information inclusive of names should be kept confidential. Participants from Absa Bank Zambia Plc, Stanbic Bank Zambia Limited, Standard Chartered Bank Plc, United Bank for Africa Zambia Limited, Access Bank Zambia Limited, Ecobank Zambia Limited and Bank of China Zambia Limited were cited to range from Manager1-Manager7. Therefore, this section integrated quantitative and qualitative findings through comparative analysis, identifying convergent or divergent patterns pertaining to the organisational factors affecting adoption of agency banking.

4.4.1. Lack of Technical Skills

Table 4.3 shows results on the whether the bank lacks staff with technical skills to implement agency banking.

Table 4. 3: Descriptive Statistics of Lack of Technical Skills

Variable	N	Mean	Std. Deviation
Lack of Technical Skills	85	1.81	.970
Valid N (listwise)	85		

Source (SPSS Output, 2025)

The quantitative results in Table 4.3 indicate that respondents generally disagreed that a lack of technical skills is a significant organizational barrier to adopting agency banking, with a mean of 1.81 (SD = 0.970). This finding suggests that technical skills are not perceived as a primary hindrance among the selected commercial banks. Similarly, the qualitative data supports this conclusion. Interviews with bank managers revealed that these institutions employ trained bankers with the technical expertise needed to implement agency banking effectively. One manager [Manager3] noted that several employees have prior experience in implementing agency banking at other commercial banks in Zambia. Therefore, they considered technical skills to be sufficiently available within the bank, and not a serious obstacle to the adoption process.

4.4.2 Inadequate Financial Resources

Table 4.4 shows result on whether the bank does not have adequate financial resources to implement agency banking.

Table 4. 4: Descriptive Statistics of Inadequate Financial Resources

Variable	N	Mean	Std. Deviation
Inadequate Financial Resources	85	2.27	1.523
Valid N (listwise)	85		

Source: (SPSS Output, 2025)

The quantitative results in Table 4.4 indicates that respondents generally disagreed that a lack of financial resources is a barrier to adopting agency banking, as shown by a mean score of 2.27 (SD = 1.523). This suggests that, on average, the respondents did not view financial limitations as a significant organizational factor hindering the adoption of agency banking. This finding is supported by the qualitative data. Interviews with bank managers confirmed that financial resources were sufficient to support agency banking initiatives. For example, one manager [Manager1] stated that the bank possesses adequate financial resources that can be allocated to implement and sustain agency banking services. This aligns with the quantitative findings, supporting the view that financial capacity is not a critical constraint in adopting agency banking within these commercial banks. .

4.2.3 Resistance to Adoption

Table 4.5 shows whether the bank experiences resistance to adoption among employees.

Table 4. 5: Descriptive Statistics of Resistance to Adoption

Variable	N	Mean	Std. Deviation
Resistance to Adoption	85	3.98	1.000
Valid N (listwise)	85		

Source (SPSS Output, 2025)

The quantitative results in Table 4.5 indicates that respondents generally agreed that resistance to adoption is a barrier to adopting agency banking, as shown by a mean score of 3.98 (SD = 1.000). This suggests that, on average, the respondents viewed resistance to adoption among bank employees as a significant organizational factor hindering the adoption of agency banking. Similarly,

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qualitative results showed that some employees are resistant to support implementation of agency banking (Manager1). This finding is supported by the qualitative data. Interviews with bank managers confirmed that resistance to adoption was one of the main organisational factors that hindered the adoption of agency banking initiatives. For example, one manager [Manager6] stated that the bank employees especially management is resistant about adopting resistance to adoption despite understanding its benefits. This aligns with the quantitative findings, reinforcing the view that resistance to change is a critical challenge in adopting agency banking within these commercial banks.

4.24 Lack of Knowledge

Table 4.6 shows whether the bank has little of knowledge on the benefits of agency banking

Table 4. 6:Descriptive Statistics

Variable	N	Mean	Std. Deviation
Lack of Knowledge	85	1.67	1.238
Valid N (listwise)	85		

Source (SPSS Output, 2025)

The quantitative results in table 4.6 indicates that respondents generally disagreed that lack of knowledge on the benefits of agency banking is a barrier to adopting agency banking, as shown by a mean score of 1.67 (SD = 1.238). This suggests that, on average, the respondents did not viewed lack of knowledge among bank employees on the benefits of agency banking as a significant organizational factor hindering the adoption of agency banking. This finding is supported by the qualitative data. Interviews with bank managers confirmed that knowledge about the benefits of agency banking was sufficient to support agency banking initiatives. For example, one manager [Manager5] stated that the bank employees have sufficient theoretical knowledge about agency banking and the benefits of agency banking in reaching out to rural areas to increase the customer base. This aligns with the quantitative findings, reinforcing the view that lack of knowledge is a not a critical factor in adopting agency banking within these commercial banks.

4.3. Research Objective Two: To investigate the technological factors affecting adoption of agency banking among selected commercial banks in Lusaka City.

The second objective sought to investigate the organizational factors affecting adoption of agency banking among selected commercial banks in Lusaka City. Descriptive statistics were used to describe and summarize the data regarding the variables. The primary goal of descriptive statistics analysis was to calculate frequencies, mean and standard deviation. Quantitative data were collected using a 1-5 Likert scale with 1-Strongly disagree, 2-Disagree, 3-Neither agree nor disagree, 4-Agree, and 5-Strongly agree. Thus, mean values significantly greater than 3.5 mean that, on average, respondents agreed/strongly agreed with the factor statement, while mean values significantly less than 2.5 means that, on average, respondents disagreed/strongly disagreed with the factor statement. Mean values between 2.5 and 3.5 indicate that, on average, respondents neither agreed nor disagreed with the statement about the factor. On the other hand, qualitative data was collected using an interview guide from managers. The managers were given unique codes to represent their identity. The use of codes to represent individual participants was in conformity with adhering to ethics in research which entails that personal information inclusive of names should be kept confidential. Participants from Absa Bank Zambia Plc, Stanbic Bank Zambia Limited, Standard Chartered Bank Plc, United Bank for Africa Zambia Limited, Access Bank Zambia Limited, Ecobank Zambia Limited and Bank of China Zambia Limited were cited to range from Manager1-Manager7. Therefore, this section integrated quantitative and qualitative findings through comparative analysis, identifying convergent or divergent patterns pertaining to the technological factors affecting adoption of agency banking.

4.3.1 Not Ease to Use

Table 4.7 shows whether not ease to use was one of the technological factors hindering adoption of agency banking in the selected commercial banks.

Table 4. 7: Descriptive Statistics for Not Ease to Use

Variable	N	Mean	Std. Deviation
Not Ease to Use	85	1.94	1.148
Valid N (listwise)	85		

Source (SPSS Output, 2025)

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The quantitative results in table 4.7 indicates that respondents generally disagreed that not ease to is a barrier to adopting agency banking, as shown by a mean score of 1.94 (SD = 1.148). This suggests that, on average, the respondents did not view not ease to use as a significant technological factor hindering the adoption of agency banking. This finding is supported by the qualitative data. Interviews with bank managers confirmed that agency is ease to use. For example, one manager [Manager1] stated that agency banking is not a complicated system and with good training employees are able to use it without challenges. This aligns with the quantitative findings, supporting the view that not ease to use is a not a critical technological factor in adopting agency banking within these commercial banks.

4.3.2 Lack of ICT Infrastructure

Table 4.8 shows whether lack of ICT infrastructure to support implementation of agency banking is a factor hindering adoption of agency banking.

Table 4. 8:Descriptive Statistics of Lack of ICT Infrastructure

Variable	N	Mean	Std. Deviation
Lack of ICT Infrastructure	85	4.68	.539
Valid N (listwise)	85		

Source (SPSS Output, 2025)

The quantitative results in table 4.8 indicates that respondents generally agreed that lack of ICT infrastructure is a barrier to adopting agency banking, as shown by a mean score of 4.68 (SD = 0.539). This suggests that, on average, the respondents viewed lack of ICT infrastructure as a significant technological factor hindering the adoption of agency banking. This finding is supported by the qualitative data. Interviews with bank managers confirmed that commercial banks have not fully put in place ICT infrastructure that support implementation of agency banking. For example, one manager [Manager4] stated that agency banking requires good and potential ICT Infrastructure to support agency banking services because working with agents is risky. This aligns with the quantitative findings, supporting the view that lack of ICT infrastructure is a critical technological factor hindering adoption of agency banking within these commercial banks.

4.3.3 Technology Complexity

Table 4.9 shows whether technology complexity is a factor hindering adoption of agency banking.

Table 4. 9: Descriptive Statistics of Technology Complexity

Variable	N	Mean	Std. Deviation
Technology Complexity	85	1.96	.981
Valid N (listwise)	85		

Source: (SPSS Output, 2025)

The quantitative results in table 4.9 indicates that respondents generally disagreed that technology complexity is a barrier to adopting agency banking, as shown by a mean score of 1.96 (SD = 0.981). This suggests that, on average, the respondents did not view technology complexity in implementation of agency banking as a significant technological factor hindering the adoption of agency banking. This finding is supported by the qualitative data. Interviews with bank managers confirmed that agency banking is not complex. For example, one manager [Manager2] stated that He had been part of the team that executed the implementation of agency banking at Indo Bank Zambia and implementation of agency banking was not very complex. He had vast knowledge on how agency banking could be implemented and implementing it again at a new bank would not be complex.

4.4 Research Objective Three: To investigate the environmental factors affecting adoption of agency banking among selected commercial banks in Lusaka City

The third objective sought to investigate the environmental factors affecting adoption of agency banking among selected commercial banks in Lusaka City. Descriptive statistics were used to describe and summarize the data regarding the variables. The primary goal of descriptive statistics analysis was to calculate frequencies, mean and standard deviation. Quantitative data were collected using a 1-5 Likert scale with 1-Strongly disagree, 2-Disagree, 3-Neither agree nor disagree, 4-Agree, and 5-Strongly agree. Thus, mean values significantly greater than 3.5 mean that, on average, respondents agreed/strongly agreed with the factor statement, while mean values significantly less than 2.5 means that, on average, respondents disagreed/strongly disagreed with the factor statement. Mean values between 2.5 and 3.5 indicate that, on average, respondents neither agreed nor disagreed with the statement about the factor. On the other hand, qualitative data was collected using an interview guide from managers. The managers were given unique codes to represent their identity. The use of codes to represent individual participants was in

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conformity with adhering to ethics in research which entails that personal information inclusive of names should be kept confidential. Participants from Absa Bank Zambia Plc, Stanbic Bank Zambia Limited, Standard Chartered Bank Plc, United Bank for Africa Zambia Limited, Access Bank Zambia Limited, Ecobank Zambia Limited and Bank of China Zambia Limited were cited to range from Manager1-Manager7. Therefore, this section integrated quantitative and qualitative findings through comparative analysis, identifying convergent or divergent patterns pertaining to the environmental factors affecting adoption of agency banking.

4.4.1 Lack of Partnership

Table 4.10 shows whether lack of partnership is a factor hindering adoption of agency banking.

Table 4. 10: Descriptive Statistics of Lack of Partnership

Variable	N	Mean	Std. Deviation
Lack of Partnership	85	4.76	.427
Valid N (listwise)	85		

Source (SPSS Output, 2025)

The quantitative results in table 4.9 indicates that respondents generally agreed that lack of partnership is a barrier to adopting agency banking, as shown by a mean score of 4.76 (SD = 0.427). This suggests that, on average, the respondents viewed lack of partnership in implementation of agency banking as a significant environmental factor hindering the adoption of agency banking. This finding is supported by the qualitative data. Interviews with bank managers confirmed that lack of dependable partnership with agents hinders adoption of agency banking. For example, one manager [Manager7] stated that agents are the key partners commercial banks can have in the implementation of agency banking. Commercial banks are expected to build dependable partnership with agents and other stakeholders.

4.4.2 Poor Quality of Agents

Table 4.11 shows whether poor quality of agents is a factors affecting adoption of agency baking.

Table 4. 11: Descriptive Statistics of Poor Quality of Agents

Variable	N	Mean	Std. Deviation
Poor Quality of Agents	85	4.35	.922
Valid N (listwise)	85		

Source (SPSS Output, 2025)

The quantitative results in table 4.10 indicates that respondents generally agreed that poor quality of agents is a barrier to adopting agency banking, as shown by a mean score of 4.35 (SD = 0.922). This suggests that, on average, the respondents viewed poor quality of agents as a significant environmental factor hindering the adoption of agency banking. This finding is supported by the qualitative data. Interviews with bank managers confirmed that low quality of agents hinder adoption of agency banking. For example, one manager [Manager3] stated that agency banking is mainly dependent on use of agents in banking transactions. Agents represent the values and strategic objectives of the bank. As a result, it is not easy to find and work with quality agents who can represent the values of the company. Some agents are not trustworthy to work with and some lack customer service skills. This aligns with the quantitative findings, supporting the view that poor quality of agents is a critical environmental factor hindering adoption of agency banking within these commercial banks.

4.4.3 Resistance to New Change among Customers

Table 4.12 shows whether resistance to new change among customers is an environmental factor hindering adoption of agency banking.

Table 4. 12: Descriptive Statistics of Resistance to New Change

Variable	N	Mean	Std. Deviation
Resistance to New Change	85	1.52	1.297
Valid N (listwise)	85		

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Source (SPSS Output, 2025)

The quantitative results in table 4.12 indicates that respondents generally disagreed that resistance to new change is a barrier to adopting agency banking, as shown by a mean score of 1.52 (SD = 1.297). This suggests that, on average, the respondents viewed resistance to new change among customers as not a significant environmental factor hindering the adoption of agency banking. This finding is supported by the qualitative data. Interviews with bank managers confirmed that resistance to new change does not hinder adoption of agency banking. For example, one manager [Manager6] stated that customers are not resistant about new change. They appreciate innovation in doing banking transactions. This aligns with the quantitative findings, supporting the view that resistance to change among customers is not a critical environmental factor hindering adoption of agency banking within these commercial banks.

4.5 Principal Component Analysis

Principal components analysis was used to reduce the indicators to components that are easy to interpret.

4.5.1 Evaluation of Assumptions

In order to conduct a principal components analysis, the following assumptions were evaluated:

Assumption 1: There are multiple variables measured at the continuous level (ordinal data is also considered). The questionnaire had 17 statements that measured four constructs at the ordinal level of measurement (strongly disagree, disagree, neutral, agree and strongly agree).

Assumption 2: There should be a linear relationship between all variables. This was tested using the correlation matrix. The level of correlation considered worthy of a variable's inclusion is usually $r \geq 0.3$ (Laerd Statistics, 2015). In this data set, all the variables had correlations greater than 0.3.

Assumption 3: There should be a large sample size - 10 cases per variable was a rule of thumb used to determine this assumption (Tabachnick and Fidell, 2014). There were 17 variables that met the minimum factor loading of 0.6; this translates into a minimum of 170 cases. The data set for the analysis had 170 cases. Thus, this assumption was not violated.

4.5.2 Sampling Adequacy

To test for the sampling adequacy, the data set was tested using the Kaiser-Meyer-Olkin (KMO) index. For this data, the KMO is 0.659 (Table 4.13), which is satisfactory (Kaiser's (1974). For the individual items KMO measures, all were above 0.6 (see Table 4.14 below).

Table 4. 13: KMO and Bartlett's Test

KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.538
Bartlett's Test of Sphericity	Approx. Square	Chi-Square	442.174
	df		120
	Sig.		.000

Source: (SPSS Output, 2025)

Table 4. 14: KMO Measures for Individual Variables

Variable	KMO Measure	Variable	KMO Measure
LACK OF TECHNICAL SKILLS	0.602	LACK OF ICT INFRASTRUCTURE	0.711
INADEQUATE FINANCIAL RESOURCES	0.613	TECHNOLOGY COMPLEXITY	0.701
RESISTANCE TO ADOPTION	0.611	LACK OF PARTNERSHIP	0.601
LACK OF KNOWLEDGE	0.703	POOR QUALITY OF AGENTS	0.641
NOT EASE TO USE	0.622	RESISTANCE TO NEW CHANGE	0.702
WIDER CUSTOMER COVERAGE	0.671	REDUCE OPERATIONAL COSTS	0.673
INCREASED NUMBER OF BANK OUTLETS	0.662	CONVENIENCE	0.773
INCREASED FINANCIAL INCLUSION	0.721	REDUCED COST OF FUNDS	0.683
INCREASED ACCESS TO BANK SERVICES	0.772	ASSET QUALITY MAINTENANCE	0.772

Source (SPSS Output, 2025)

4.5.3 Bartlett's Test of Sphericity

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4.5.4 The Result of the PCA

A principal component analysis (PCA) was run on a 17-question questionnaire that investigated the factors affecting adoption of agency banking among selected commercial banks. The suitability of PCA was assessed prior to analysis. Inspection of the correlation matrix showed that all 17 variables had at least one correlation coefficient greater than 0.3. The overall Kaiser-Meyer-Olkin (KMO) measure was 0.659, with individual KMO measures all greater than the minimum acceptable cut off of 0.6, according to Kaiser (1974). Bartlett's test of sphericity was statistically significant ($p < .0005$), indicating that the data was likely factorizable. PCA revealed four components that had eigenvalues greater than one and which explained 29.203%, 20.643%, 17.624%, and 10.464% of the total variance, respectively (see **Table 4.15** for outputs). Visual inspection of the scree plot indicated that four components should be retained (Cattell, 1966). In addition, a four-component solution met the interpretability criterion (see **Figure 4.4** for outputs). As such, four components were retained. The four components that were retained are organisational factors, technological factors, environmental factors and agency banking. The four-component solution explained 77.934% of the total variance. A Varimax orthogonal rotation was employed to aid interpretability. The rotated solution exhibited 'simple structure' (Thurstone, 1947). The interpretation of the data was consistent with the attributes the questionnaire was designed to measure with strong loadings of organisational factors (1), technological factors (2) environmental factors (3), and agency banking (4). Component loadings and communalities of the rotated solution are presented in **Table 4.16** (the full outputs from SPSS are attached in the appendices).

Table 4. 15: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.964	29.203	29.203	4.964	29.203	29.203	4.073	23.960	23.960
2	3.509	20.643	49.845	3.509	20.643	49.845	3.396	19.976	43.936
3	2.996	17.624	67.470	2.996	17.624	67.470	2.962	17.421	61.357
4	1.779	10.464	77.934	1.779	10.464	77.934	2.818	16.577	77.934
5	1.098	6.460	84.394						
6	.742	4.367	88.761						
7	.501	2.947	91.709						
8	.320	1.883	93.592						
9	.288	1.692	95.284						
10	.186	1.097	96.381						
11	.171	1.005	97.385						
12	.147	.863	98.248						
13	.110	.645	98.893						
14	.063	.372	99.265						
15	.056	.327	99.592						
16	.046	.268	99.860						
17	.024	.140	100.000						

Extraction Method: Principal Component Analysis.

Source (SPSS Output, 2025)

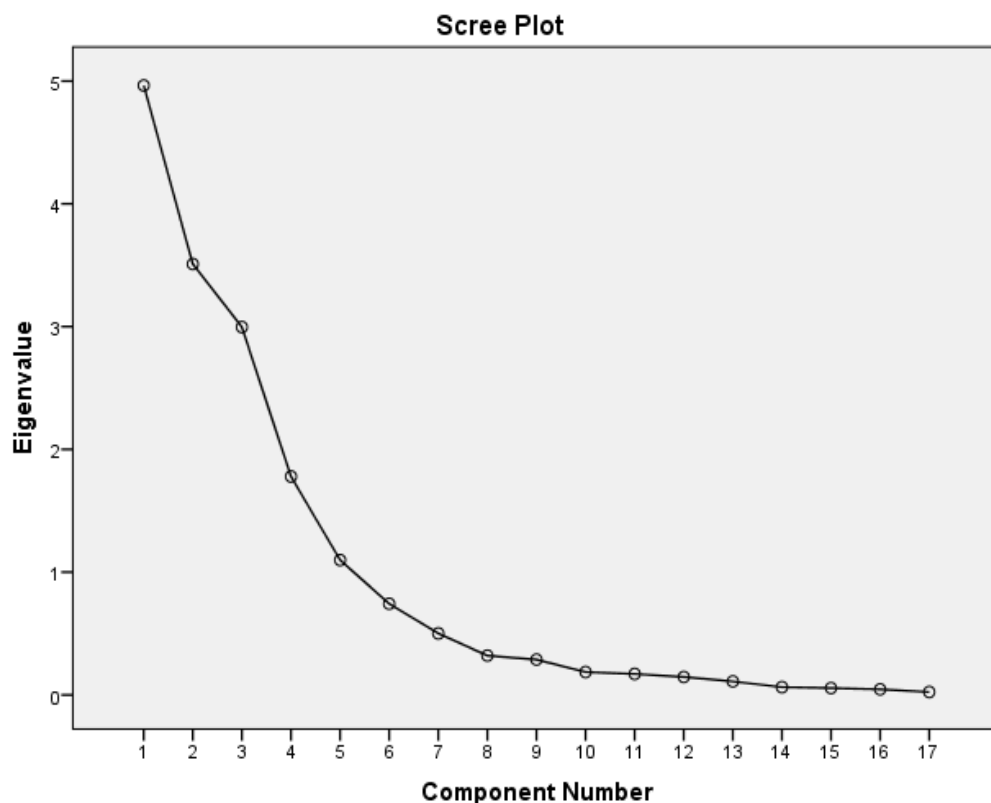


Figure 4.4: Scree Plot
Source (SPSS Output, 2025)

Table 4. 16: Rotated Structure Matrix PCA with Varimax Rotation
Rotated Component Matrix^a

	Component				Communalities
	1	2	3	4	
LACK OF TECHNICAL SKILLS	.278	.709	.109	.150	0.615
INADEQUATE FINANCIAL RESOURCES	.774	-.405	.006	.361	0.893
RESISTANCE TO ADOPTION	.866	.279	-.109	-.268	0.912
LACK OF KNOWLEDGE	-.239	.737	.293	-.601	0.792
NOT EASE TO USE	-.122	.798	-.359	.221	0.829
LACK OF ICT INFRASTRUCTURE	.158	.705	.768	.025	0.779
TECHNOLOGY COMPLEXITY	-.706	.118	.771	.334	0.629
LACK OF PARTNERSHIP	.683	.595	.772	-.173	0.88
POOR QUALITY OF AGENNTS	.044	-.756	.769	-.104	0.72
RESISTANCE TO NEW CHANGE	-.167	-.606	-.477	.798	0.711
CUSTOMER COVERAGE	.819	-.153	.375	.853	0.838
ENHANCED ACCESS TO FINANCIAL SERVICES	.727	-.221	.421	.789	0.838
INCREASED FINANCIAL INCLUSION	-.536	.171	-.582	.733	0.656
INCREASED ACCESS TO BANK SERVICES	.635	-.159	-.482	.744	0.858
REDUCED OPERATIONAL COST	.211	-.432	-.368	.712	0.741
CONVENIENCE	.684	-.092	-.405	.788	0.878
REDUCED COST FUNDS	.208	.216	.764	.775	0.679

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 20 iterations.

4 components extracted.

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4.5 Reliability Analysis

A questionnaire was engaged to compute dissimilar, basic constructs. Reliability analysis was carried out using SPSS v22. Table 4.17 shows the Cronbach alphas of the variable constructs. Appendix 4 shows the outputs from the reliability analysis procedure in SPSS.

Table 4. 17: Cronbach's Alpha for the Five Constructs

Construct	Item	Cronbach's Alpha
ORGANISATIONAL FACTORS	LACK OF TECHNICAL SKILLS	0.946
	INADEQUATE FINANCIAL RESOURCES	
	RESISTANCE TO ADOPTION	
	LACK OF KNOWLEDGE	
TECHNOLOGICAL FACTORS	NOT EASE TO USE	0.942
	LACK OF ICT INFRASTRUCTURE	
	TECHNOLOGY COMPLEXITY	
ENVIRONMENTAL FACTORS	LACK OF PARTNERSHIP	
	POOR QUALITY OF AGENNTS	
	RESISTANCE TO NEW CHANGE	
AGENCY BANKING	ENHANCED ACCESS TO FINANCIAL SERVICES	0.833
	INCREASED FINANCIAL INCLUSION	
	CUSTOMER COVERAGE	
	INCREASED ACCESS TO BANK SERVICES	
	REDUCED OPERATIONAL COST	
	CONVENIENCE	
	REDUCED COST FUNDS	

Source (SPSS Output, 2025)

George and Mallery (2019) provide a rule of thumb for Cronbach alpha, as shown in Table 4.17. Table 4.18 shows all the constructs had good to excellent Cronbach's alpha value.

Table 4. 18: Cronbach alpha classifications

Range of value	Status
Less than 0.5	Unacceptable
Greater than 0.5	Poor
Greater than 0.6	Questionable
Greater than 0.7	Acceptable
Greater than 0.8	Good
Greater than 0.9 but not greater than 0.95	Excellent

Source (SPSS Output, 2025)

4.6 Component-Based Scores

A component-based score is a composite score that is simply an average of the scores on all the items that loaded strongly on a particular component. For example, all variables all loaded strongly on Component 1, 2, 3 and 4. Each score for each of these items was averaged to generate a component-based score for organisational factors, technological factors, environmental factors and adoption of agency banking. The component-based scores for the four components (which will now be known as variables) were used in the hierarchical multiple regression below.

The means, standard deviations and correction coefficients for the three independent variables, the control variables and the dependent variable (agency banking) are shown in Table 4.19.

Table 4. 19: Correlation Matrix and Descriptive Statistics of Study Variables

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	Mean	Std. Deviation		ORGANISATIONAL FACTORS	TECHNOLOGICAL FACTORS	ENVIRONMENTAL FACTORS	AGENCY BANKING	ACADEMIC QUALIFICATION	WORK EXPERIENCE
ORGANISATIONAL FACTORS	9.73	1.714	Pearson Correlation	1	.				
TECHNOLOGICAL FACTORS	8.59	1.720	Pearson Correlation	.519**	1				
ENVIRONMENTAL FACTORS	10.64	1.632	Pearson Correlation	.342**	.775**	1			
AGENCY BANKING	30.99	1.376	Pearson Correlation	.627**	.570**	.343**	1		
ACADEMIC QUALIFICATION	2.42	.605	Pearson Correlation	.077	-.185	.146	.092	1	
WORK EXPERIENCE	2.28	.840	Pearson Correlation	.567**	.477**	-.376**	-.306**	.348**	1

Source (SPSS Output, 2025)

From Table 4.19, Academic Qualification was significantly related to the dependent variable, Agency Banking at the .05 level of significance. Specifically, Academic Qualification (correlation = 0.092, $p > .05$) was significantly related to adoption of agency banking. However, Work Experience (correlation = -0.306, $p < .05$) was not significantly related to adoption of agency banking. However, contract management was not significantly related to Project Performance (correlation = -0.249, $p > .05$). However, Organisational Factors was significantly related to Agency Banking (correlation = 0.627, $p > .05$), Technological Factors was significantly related to Adoption of Agency Banking (correlation = 0.570, $p > .05$) and Environmental Factors was significantly related to Adoption of Agency Banking (correlation = 0.343, $p > .05$). The correlation matrix in Table 4.19 above helps us to determine if multicollinearity would be a problem if we conduct OLS multiple regression. All the correlations for the continuous independent variables are less than 0.7, hence multicollinearity is not an issue.

4.6 Hierarchical Multiple Regression Analysis

In order to conduct a hierarchical multiple regression analysis, assumptions were evaluated thereafter the procedure was run to obtain the results.

4.6.1 Evaluation of assumptions

To run hierarchical multiple regressions, eight key assumptions need to be considered.

Assumption #1: You have **one dependent variable** that is measured at a **continuous level** (i.e., the interval or ratio level). In this study, the dependent variable, adoption of agency banking, was considered a continuous variable after the component-based scores were computed.

Assumption #2: You have **one or more independent variables** that are measured on either a **continuous** or **nominal** scale. In this study, the following independent variables were continuous variables after the component-based scores were computed: organisational factors, technological factors and environmental factors. The control variables used were experience (ordinal), and academic qualification (ordinal).

Assumption #3: There should be **independence of errors (residuals)**. The Durbin-Watson was 1.532, which is between 1.5 and 2.5, and therefore, the data is not auto-correlated. There was the independence of residuals as assessed by a Durbin –Watson statistic of 1.532.

Assumption#4: There should be a **linear relationship between the predictor variables and the dependent variable**. To establish if a linear relationship exists between the dependent and independent variables collectively, a scatter plot of the standardized residuals against the unstandardized predicted values was plotted using the chat builder in SPSS (see appendix 4) The residuals form a horizontal band as shown in the scatter plot in Appendix 4. Therefore, the relationship between the dependent variable and independent variables is linear. To establish if a linear relationship exists between the dependent variable and each of the independent partial regression plots from SPSS were used;

- Organisational Factors: A partial regression plot in appendix 4 shows a linear relationship between organisational factors and adoption of agency banking.
- Technological Factors: A partial regression plot in appendix 4 shows a linear relationship between technological factors and adoption agency banking.
- Environmental Factors: A partial regression plot in appendix 4 shows a linear relationship between environmental factors and adoption of agency banking.

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Assumption #5: There should be **homoscedasticity of residuals (equal error variances)**. The assumption of homoscedasticity was checked using the plot for standardized residuals against the unstandardized predicted values (see appendix 4). The residuals appear randomly scattered. On this basis, it appears that the assumption of homoscedasticity has been made.

Assumption#6: There should be no multicollinearity. To check for multicollinearity, correlation coefficient and tolerance/ VIF values were inspected. None of the independent variables in Table 4.19 had correlations greater than 0.7. In the coefficient output in appendix 4 none of the variance VIF is greater than 5, so multicollinearity should not be a problem with this data set.

Assumption#7: There should be no significant outliers, high-leverage points, or highly influential points. To check for outliers, standardized residuals, and standardized deleted residuals were inspected from the SPSS output residual statistics. Values greater than ± 3 are an indication of the presence of an outlier. From the residual statistics table, none of the standardized residuals and standardized deleted residuals were outside the ± 3 cutoff criteria for outliers therefore, there was no evidence of outliers in the data set.

To check whether any cases exhibit high leverage, one general rule of thumb is to consider leverage values less than 0.2 as safe, 0.2 to less than 0.5 as risky, and values of 0.5 and above as dangerous (Huber, 1981). From the residual statistics table in Appendix 4 the maximum leverage point is 0.200 and the minimum leverage point is 0.009. In this data, there are no leverage values above the safe value of .2. Therefore, there is no residual with a high leverage point.

To check for influential points cook's Distance values for each case were inspected. As a rule of thumb, if there are Cook's Distance values above 1, they should be investigated. From the residual statistics in appendix 4, the maximum Cook's value is 0.384 and the minimum value is .000. There were no Cook's distance values above 1, therefore no evidence of an influential case (Cook and Weisberg, 1982).

Assumption #8: Errors (residuals) should be approximately normally distributed.

Two methods were used to check for the assumptions of normality of the residuals: A histogram with a superimposed normal curve and a P- P Plot produced by SPSS. From the histogram in appendix 4, the standardized residuals appear to be approximately normally distributed. To confirm this finding, the P-P Plot was examined. From the P-P Plot in appendix 4 although the points are not aligned perfectly along the diagonal line, there are close enough to indicate that residuals are close enough to normal for the analysis to proceed.

There was linearity as assessed by partial regression plots and a plot of studentized residuals against the predicted values. There was the independence of residuals, as assessed by a Durbin-Watson statistic of 1.532. There was homoscedasticity, as assessed by visual inspection of a plot of studentized residuals versus unstandardized predicted values. There was no evidence of multicollinearity, as assessed by correlations and VIFs. There were no studentized deleted residuals greater than ± 3 standard deviations, no leverage values greater than 0.2, and values for Cook's distance above 1. The assumption of normality was met, as assessed by the histogram of residuals and the P-P Plot.

4.6.1 Interpretation of the Findings

A hierarchical multiple regression was run to determine if organisational factors, technological factors and environmental factors affect adoption of agency banking in the selected commercial banks over and above the control variables of work experience and academic qualification. See Table 4.20 for full details on the regression model.

Table 4. 20: Hierarchical Multiple Regression with Adoption of Agency Banking as a Dependent Variable

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.712 ^a	.506	.475	.997	.506	16.202	5	79	.000	1.532
a. Predictors: (Constant), WORK EXPERIENCE, ACADEMIC QUALIFICATION, ENVIRONMENTAL FACTORS, ORGANISATIONAL										
b. Dependent Variable: AGENCY BANKING										

Source (SPSS Output, 2025)

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The full model summary table provides an overview of how well the independent variables (Organisational factors, technological factors, environmental factors, work experience and academic qualification) collectively predict the dependent variable (Adoption of Agency Banking). In the table above, the R value of .712 indicates the strength and direction of the linear relationship between the predictors and adoption of agency banking. This value suggests a moderate positive relationship, meaning that as the combined values of the independent variables increase, adoption of agency banking also tends to increase, albeit moderately. R^2 (coefficient of determination) is .506, meaning that 50.6% of the variance in adoption of agency banking can be explained by the predictors included in the model. While the model does explain some variance, the remaining 49.4% of the variability is due to factors not captured by this model. The Adjusted R^2 value of .475 provides a more accurate measure of the model's explanatory power by adjusting for the number of predictors in the model. This lower value indicates that, when taking the complexity of the model into account, only 47.5% of the variance in adoption of agency banking is meaningfully explained. The standard error of the estimate is .997, which represents the average distance that the observed values fall from the regression line. In other words, this value quantifies the accuracy of the model's predictions. The standard error here is moderate. It reflects that while the model's predictions are not far off, they are not highly precise either. The F-statistic of 1.882 tests the overall significance of the regression model. However, the p-value (Sig. F Change) of .000 is less than the common significance threshold of .05. This indicates that the predictors do collectively explain a statistically significant proportion of variance in adoption of agency banking.

Table 4. 21: Coefficients

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	39.396	1.972		19.980	.000		
	ORGANISATIONAL FACTORS	.411	.083	.512	4.970	.000	.589	1.698
	TECHNOLOGICAL FACTORS	.411	.116	.513	3.531	.001	.296	3.382
	ENVIRONMENTAL FACTORS	.143	.106	.170	1.344	.003	.393	2.547
	ACADEMIC QUALIFICATION	.010	.212	.004	.048	.962	.720	1.390
	WORK EXPERIENCE	.268	.185	.163	1.448	.151	.491	2.037

a. Dependent Variable: AGENCY BANKING

Source (SPSS Output, 2025)

In Table 4.21 the t-value for organisational factor is 4.970 with a p-value of .000. The p-value is less than .05, indicating that organisational factors have a statistically significant positive effect on adoption of agency banking. Furthermore, the t-value is 3.531 with a p-value of .001. Since the p-value is less than .05, technological factors has a statistically significant positive effect on adoption of agency banking. Furthermore, the t-value for environmental factors is 1.344 with a p-value of .003. Since the p-value is less than .05, environmental factors have a statistically significant positive effect on project performance.

4.6.2 Hypothesis Testing

Table 4. 22: Hypothesis Testing Results

Hypothesis	t value	p value	Comment
H ₁ : Organizational factors have a significant effect on adoption of agency among selected commercial banks in Lusaka City.	4.970	.000	Supported
H ₂ : Technological factors have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City.	3.531	.001	Supported
H ₃ : Environmental factors have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City.	1.344	.003	Supported

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Source (Author, 2025)

Table 4.11 above reveals the following:

H₁ – Organizational factors have a significant effect on adoption of agency among selected commercial banks in Lusaka City ($t = 4.970$, $p > 0.05$). Hence, this hypothesis was supported.

H₂ – Technological factors have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City ($t = 3.531$, $p > 0.05$). Hence, this hypothesis was supported.

H₃ – Environmental factors have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City. ($t = 1.344$, $p > 0.05$). Hence, this hypothesis was supported.

CONCLUSION

Agency banking is quickly becoming recognized as a viable strategy in many countries for extending formal financial services into poor and rural areas. The primary problem was that despite the Bank of Zambia (BOZ) developing a regulatory framework for agency banking to facilitate financial services that enable providers to take banking and financial services to all the unbanked part of Zambia, only a few commercial banks have adopted agency banking. Besides, although some studies have been conducted globally and regionally on agency banking, none of these previous studies focused on factors affecting adoption of agency banking among commercial banks in Lusaka. The main aim of this study was to investigate the factors affecting adoption of agency banking among selected commercial banks in Lusaka City. The objectives of the study were to investigate the technological factors affecting the adoption of agency banking among selected commercial banks in Lusaka City, to investigate the organizational factors affecting adoption of agency among selected commercial banks in Lusaka City, and to investigate the environmental factors affecting adoption of agency banking among selected commercial banks in Lusaka City.

The study found that resistance to adoption is an organisational barrier to adopting agency banking in the selected commercial banks. Additionally, the study established organizational factors have a significant effect on the adoption of agency banking among selected commercial banks in Lusaka City ($t = 4.970$, $p > 0.05$). This indicated that organizational factors, such as resistance to change, directly affect adoption efforts. Furthermore, the study found that lack of ICT infrastructure is a technological barrier to adopting agency banking. In addition, the study found that technological factors have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City ($t = 3.531$, $p > 0.05$). This indicated that technological factors, such as ICT infrastructure, directly affect adoption efforts. The study found that lack of partnerships and poor agent quality are environmental barriers impeding agency banking adoption in the selected commercial banks. In addition, the study found that environmental factors have a significant effect on adoption of agency banking among selected commercial banks in Lusaka City ($t = 1.344$, $p > 0.05$). This indicated that lack of partnerships and poor agent quality of agents directly affect adoption efforts.

6.2 Limitation of the Study

The first limitation of the study is that it involved a cross-sectional survey and cannot confirm if the factors affecting adoption of agency banking among selected commercial banks in Lusaka City remain unchanged over – time. Future research should consider conducting a longitudinal survey to observe the factors affecting adoption of agency banking among selected commercial banks in Lusaka City over – time.

The second limitation of the study is that this study focused on commercial banks only in Lusaka City due to time. Therefore, future studies should increase the number of commercial banks in other parts of Zambia in order to get the views of employees from commercials which are not in Lusaka City.

6.3 Recommendations of the Study

Based on the findings provided by the study, the following are the key recommendations;

1. Commercial Banks should improve agent quality by implementing rigorous training, certification, and monitoring programs to ensure agents provide reliable and professional service, building customer trust in agency banking.
2. Commercial banks should reduce organizational resistance by implementing change management programs with targeted training and awareness to help staff understand and support agency banking adoption.
3. Commercial Banks should invest in robust ICT infrastructure upgrades and partner with tech firms to ensure a secure, scalable foundation for agency banking.
4. Commercial banks should build partnerships with reputable agent networks to enhance service quality and implement agent training and certification for reliable customer service.

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5. Commercial Banks should conduct phased pilot programs to test agency banking in selected areas and establish feedback loops for continuous monitoring and improvement.

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