

Chapter 1

Introduction

1.1 Background and Motivation

Information and Communication Technology (ICT) is fast becoming a dynamic channel that drives the Sri Lankan economy. ICT is becoming increasingly important for the growth of our total economy as a whole. The availability and usage of adequate ICT skills is an important factor, which influences the competitiveness among commercial banks in this era of e-economy.

Growth and competitiveness of banks are dependent on the successful application of new technologies. Availability of skilled labor is a questionable resource requirement. There is a qualitative and quantitative imbalance in the supply and demand of skilled labor. It depends on the demographic factors, business cycles and rapid technological advancements taking place around us. Due to the vast development in the area of e-banking it is essential that the policy makers would focus on the growing demand in the ICT skills and take corrective steps to prepare the required numbers and the quality beforehand.

E-banking enables to conduct banking business electronically over the internet where the costs are minimal and no longer bound by time or geographical boundary. How can the Sri Lankan banks keep abreast of these changes? How can the banks stay ahead and introduce next generation banking products? The answers to these questions would be to have employees fluent in the digital language. Make them innovative, creative and capable of introducing new banking products and systems. Also they need to understand the future banking needs of our society.

There are multiple factors that govern the performance of an organisation. Of those, ICT has a significant positive impact on the organizational performance [Robinson & Mahony 2003]. This research provides information to the stakeholders of commercial

banks, to allocate required funds for the much-needed ICT training on employees. At present, ICT literacy is not a pre requisite for recruitment to Banks. Also the internal promotions are based only on professional qualifications in economics, finance and banking. Further, ICT literacy level of the decision makers has a huge impact on the total customer satisfaction and thereby achieving growth in performance.

1.2 Problem Statement

Banks are spending huge sum of monies in acquiring ICT competence. They need to invest huge amounts in foreign currencies for hardware, software and soft skills. Also they invest money on training the banking staff and maintain and retain the group of knowledge workers. Do the banks gain the expected return on expenditure? Have they achieved the maximum value for money spent? Do they have a specific plan to collect the return? Also, does the bank prepare its full staff to accept ICT challenges and innovations?

1.3 Research Objectives

The main objective of this research is to find out the impact of ICT usage on the branch performance with respect to a leading bank in Sri Lanka. The study attempts to answer the following questions:

- What is the impact of ICT usage on Bank branch performance?
- What is the level of ICT usage at branch level?
- What is the ICT literacy level of the banking staff?

It is required to make an effort to find answers to those questions from a research study.

1.4 Scope

The research was carried out within a set of sample branches of a leading local bank in Sri Lanka. All the selected branches are of same grade and situated in the western province of the country.

1.5 Importance / Benefits of the Study

There are many factors governing the overall performance of banks. It is necessary to study all those factors and their effectiveness on the branch performance. In this era of e-banking ICT definitely plays a major role in performance. Almost all the banks in Sri Lanka are geared with complex ICT systems to handle various banking functionalities. Banks are investing huge amounts of foreign currency on ICT implementations. Branches do use those functionalities provided by the central core banking applications. However the usage of ICT at the branch other than the main core banking application is lower than it should be. And it is necessary to motivate and encourage branch managers and the staff to be equipped with ICT skills to use ICT in a broader way.

Organisations can use the results from this research for better assessment on resource utilisation. Using the experience in banking and ICT industry it is important to carry out this type of research for the benefit of banks in the country in general and ultimately for the benefit of the entire nation.

1.6 Structure of the Dissertation

- Chapter 1 : Introduction

This chapter mainly focuses on background of the study and what made the author to study this area as her MBA IT degree research. Research problems, Scope and objectives are also discussed.

- Chapter 2: Literature Survey

Surveys literature on ICT in banking sector and the bank branch performance. Most of the frameworks adopted by previous research studies are discussed.

- Chapter 3: Research Methodology

The overall research plan, and how the research was carried out is presented in this chapter.

- Chapter 4: Observations

This chapter explains the observations from the data collection and the ideas collected from veteran bankers.

- Chapter 5: Data Analysis and Discussion

This chapter describes the quantitative and qualitative type of data analysis. The main objectives achieved by carrying out this research are discussed in this chapter.

- Chapter 6: Conclusions and Recommendations

The overall attempts of the research work in a summary form along with recommendations on findings and suggestions for future research are discussed in this chapter.

