

**AN ANALYSIS OF THE FACTORS AFFECTING THE
DEVELOPMENT OF E-BANKING FACILITIES
IN SRI LANKA**

MASTER OF BUSSINESS ADMINISTRATION

IN

INFORMATION TECHNOLOGY



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August 2007

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By

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The Dissertation was submitted to the department of Computer Science & Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of MBA in Information Technology.



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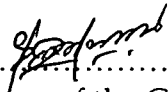


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Abstract

Banks are constantly striving to achieve competitive advantage by using technology. Adaptation of technology in the financial sector has created good opportunities to enhance operating efficiency, reduce cost, increase customer satisfaction and overall profitability by leveraging technology. Services supplied by the e-banks are strongly combined with these benefits in the developed countries. Changes of strategies are unavoidable for banks to obtain these advantages. Therefore, every bank with emerging technologies has to identify key important areas to prepare planning to face the future challenges in the competitive financial environment. Lack of experiences and Research and Development (R&D) in this field will be an impediment for preparation sound strategic planning. This emphasises the usefulness of further research for developing countries like Sri Lanka. The outcomes of this study will be a good resource for building path to the future. Accordingly, the study shows the factors such as availability of Automated Teller Machines (ATMs), Telephone penetration and availability of Internet/e-mail facilities that have significant impact on the development of on-line banking operation in Sri Lanka. Also, the study emphasises that the key players in the financial sector in Sri Lanka, including government and Central Bank are responsible to make sure the delivering of benefits emerging from development of Information Technology to the customers. The research further elaborates the factors to be concentrated by the banks themselves to attract more customers for their e-banking services. Quick access, reliability, simplicity and attractive websites, more user friendly services, security and privacy of the services are key factors to determine demand for on-line bank operations in Sri Lanka. Finally, user's suggestions for the development of e-banking system are also considered as useful ideas for the on line bankers to achieve their objectives.

Acknowledgements

This study was prepared for the partial requirement of Master of Business Administration (MBA) in Information Technology in Department of Computer Science & engineering, University of Moratuwa, Sri Lanka. I am grateful to my supervisor Eng. Kithsiri Samarasinghe, Head of Department of Telecommunication and Engineering, University of Moratuwa for advice, and encouragement given to me during the preparation of the thesis.

I thank officers in the Department of Payments and Settlements, Central Bank of Sri Lanka for supplying me copies of Payment Bulletin publications from 2nd quarter, 2001 to 4th quarter 2006. My appreciation is also for all others who helped me for filling questionnaire and guided me as necessary whenever I require their assistance.

Finally, I owe a deep debt of gratitude to my wife and my two children for their patience and help while doing the research at home.



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List of Acronyms

| | |
|--------|--|
| ADF | Augmented Dickey-Fuller |
| AMRO | Amsterdam Rotterdam Bank |
| ATM | Automated Teller Machines |
| CBSL | the Central Bank of Sri Lanka |
| CFS | Consumer Finance & Socio Economic Survey |
| CIT | Cheque Imaging and Truncation |
| CRM | Customer Related Management |
| CMC | Colombo Municipal Council |
| CSE | The Colombo Stock exchange |
| DEX | the Debt Securities Trading System |
| DF | Dickey-Fuller |
| DW | Durbin-Watson |
| FCBU | Foreign Currency Banking Unit |
| ICT | Information and communication Technology |
| ISPs | Internet Services Providers |
| OLS | Ordinary Least Square |
| OTP | One time pass Code |
| SFNB | Security First Network Bank |
| SWEFT | Worldwide Inter-bank Financial Telecommunication |
| SLIPS | Sri Lanka Inter-bank Payment System |
| SLICTA | Information and Communication and Technology Association |