

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

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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.