

## INFORMATION TECHNOLOGY MANAGEMENT PRACTICES OF BANK BRANCHES: AN EMPIRICAL INVESTIGATION

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### **Introduction**

In utilizing information technology resources very efficiently and effectively in a centralized context (Head Office-Bank Branches), banks use many information technology management practices. In a geographically-dispersed organization like bank, whether a centralized information technology management approach is efficient or not is investigated empirically from the perspective of bank branches. In Sri Lanka, information technology management structures of banks are centralized. In Sri Lanka, information technology management structures of Banks are centralized. In organizations where there is a high degree of decentralization of the IT function, the evaluation is not focused so much on the IT department but the case is vice-versa in the centralized context (Silk 1990). According to Heeks and Davies (1999), found that there are many constraints of centralized approach such as technical constraints, resource constraints, perceptual constraints, political constraints, cultural constraints and structural constraints. Even if these constraints were to be overcome, centralized approaches can produce some disadvantageous such as heavy time consumption (Wolfe 1999), limited ability to meet user needs (Hayward 1994), Inflexibility (Hayward 1997), increased dependence and vulnerability (Heeks 1999). The current field of management has through research, seen the need to study the rising challenges that impede information technology management practices (Sabourin 2012). How IT performance management and practice is designed, implemented, and sustained in each organization depends on many factors. One such factor is whether IT is centrally managed or responsibility is dispersed and the availability of resources to support performance management practices (Yoo et al. 2006). The current information technology management structure of banks in Sri Lanka and related literature review jointly provides an opportunity to research this phenomenon empirically. Hence this research focused on information technology management practices, support and assistance which are received by the bank branches from head office and assess the effectiveness of IT services of head office in this study context. The objectives of this study were to identify existing information technology management practices of bank branches, to measure the perceived level of support and assistance of head office at branch level and to assess the level of effectiveness of IT services of head office from the perspective of branch branches.

### **Methodology**

In order to achieve the objective one of this study, secondary data were collected mainly from the published annual reports of the selected banks and interview from staff of bank branches. The collected data were analyzed by using content analysis. In order to achieve the second and third objectives of this study primary data were collected by researchers by using self administered questionnaire among the 150 staff of bank branches in Batticaloa. The total population of the study was 344 staff of selected commercial bank branches (Sampath, Commercial, HNB, BOC and People's bank) in Batticaloa. Out of these staff, only 150 were selected as sample to conduct this research by using stratified random sampling method. The collected data were analyzed by using univariate analysis.

### Discussion and conclusion

The result of the study shows that the information technology management practices of 3 private bank branches such as Sampath Bank, Commercial Bank of Ceylon PLC and HNB have explicit and proper information technology management practices than state banks. All banks' head offices are offering enormous support and assistance, and powerful IT services to the branches (refer Table 1). In overall level of support and assistance branches received from the head office is in high level and IT services of head offices are effective at all bank branches in the study area (refer Table 2). When comparing the banks, Sampath Bank and Commercial Bank of Ceylon PLC are providing better support and assistance, and effective IT services to branches than other selected banks in the study area. At the same time when evaluating the IT management practices of all selected banks, Sampath Bank has amazing information technology management practices. This bank offers enormous support and assistance, and powerful IT services to its branches.

**Table 1: Summary of overall support and assistance branches received from head office:**

Descriptive statistics (Mean value)						
Variables	Sampath	HNB	Commercial	BOC	People's	Overall
IT policy	High 4.18	High 3.59	High 3.90	High 3.71	High 3.73	<b>High</b> 3.82
IT system usage	High 4.51	High 3.73	High 4.21	High 3.74	High 3.91	<b>High</b> 4.02
Education and training	High 3.93	High 3.57	High 3.95	High 3.55	High 3.77	<b>High</b> 3.75
System administration	High 4.40	High 3.67	High 4.12	High 3.73	High 3.89	<b>High</b> 3.96
IT system maintenance	High 4.35	High 3.80	High 4.35	High 3.75	High 3.83	<b>High</b> 4.02
Security management	High 4.57	High 3.78)	High 4.26	High 3.96	High 3.92	<b>High</b> 4.10
<b>Overall support &amp; assistance</b>	<b>High</b> 4.32	<b>High</b> 3.69	<b>High</b> 4.13	<b>High</b> 3.74	<b>High</b> 3.84	<b>High</b> 3.95

**Table 2: Summary of overall effectiveness of IT services of head office at branch level:**

Descriptive statistics (Mean value)						
Variables	Sampath	HNB	Commercial	BOC	People's	Overall
Reliability	High 4.33	Moderate 3.43	High 4.07	Moderate 3.50	High 3.67	<b>High</b> 3.80)
Responsiveness	High 4.50	High 3.80	High 4.13	High 3.80	High 3.93	<b>High</b> 4.03
Competence	High 4.37	High 3.67	High 4.30	High 3.80	High 3.87	<b>High</b> 4.00
Access	High 4.27	High 3.70	High 4.23	High 3.73	High 3.83	<b>High</b> 3.95
Courtesy	High 4.33	High 3.73	High 4.20	High 3.80	High 3.80	<b>High</b> 3.97
<b>Overall effectiveness of IT</b>	<b>High</b> 4.36)	<b>High</b> 3.66	<b>High</b> 4.19	<b>High</b> 3.73	<b>High</b> 3.82	<b>High</b> 3.95

Based on the findings, this study concludes that head offices are playing significant role in enforcing better IT management policies and practices of banks at branch level even though banks are adopting centralized IT management structure. All banks' head offices are offering enormous support and assistance, and powerful IT services to the branches in more



efficient and effective manner from the perspective branches. This paper builds on existing work within Management of Information Technology and provides a framework for establishing the linkage between IT Management practices and IT Management structure at bank branches in the banking sector that it is suggested could improve banks' IT Management performance through enhanced efficiency and effectiveness.

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