

THE ROLE OF INFORMATION TECHNOLOGY IN COMMERCIAL BANKS

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Abstract:

Globally, information technology has become a key element in economic development of many countries in the world. Over the years, many innovations have taken place in the world, the most striking and most celebrated is the aspect of information technology. Organizations today are confronted with rapidly changing market condition indicated by high merger rate and strong competitors under these conditions, traditional management approaches that focus on introduction, challenges and solution of information technology application on commercial banks, internal network and communication in commercial bank, data analysis, findings, suggestions and conclusion.

Introduction:

The year 1980's witnessed the advent of telecommunication and networking, banks began to display information technology systems as a local metropolitan and wide area network. While many of the large banks stuck to centralized system because of heavy investment in technology equipment, the smaller bank began to imbibe the distribution approach which was beginning to emerge and which was more affordable especially as it allows organizations with the flexibility of scalable infrastructure. Information technology is the bedrock for national development in rapidly changing global environment, and this challenges us to device bold and courageous initiatives to address a host of vital socio-economic issues such as reliable infrastructure, skilled human resources, and other essential issues of capacity building. In addition, many banks have installed up to date modern computers that will enable them to achieve communication and multimedia connection.

The challenges and solution of information technology application on commercial banks:

Poor infrastructure have been identified as the first major reports have it that in commercial banks there are only one computer and four main telephone lines for thousand peoples. Also, electricity supply is sporadic and inefficient. Most importantly, commercial banks have very low internet access with less than one internet service provider per thousand people. The cause for such low internet access is the ineffective implementation of information technology. The challenges being faced by commercial banks in their attempt to ensure a smooth exchange of electronic data and information are :

- The need to build a better infrastructure that will serve as backbone for communication with in the banks.
- The need to collaborate in sourcing for new technological equipment that will provide common standard.
- The need to get better at information technology system development and operation by bank management.

To combat these challenges, the following were pro offered:

- There should be government and public awareness to attract long term investments in the telecommunication industry.
- Emphasis should be set on the importance of maintaining exiting infrastructure and equipment.

Internal network and communication in commercial banks:

The application of networks is the vital part of an effective information communication technology enable system, which is especially true in the case of commercial banks with a branch network. Local area network may also be seen as a basic indicator of the minimum infrastructure required to enable companies to conduct electronic banking at a substantial level. Examples of the use of internal network and communication in banking operation include :

Automatic tell machine:

This is a type of retail banking technology. It provides major roles by offering convenience, speedy and round the clock service. Automated teller machine has the capacity to make available enquiries on balances, interest and exchange rates, withdrawals, deposits and account transfers 24/7.

Wireless communication:

Wireless communication networks are networks that require no guided media like cables and fibre optics but unguided media. They are called unguided because they need no physical device to link the nodes together but radiate or broadcast information in many direction. Basically wireless communications employ the use of micro waves, satellites, radio and infrared transmissions to transport packets of data from one location to another.

Data processing:

It is basically used to analyze, summarize and convert data into useful information. It may be automated and it runs on a computer. Data processing can be said as the process of recording, analyzing, sorting, summarizing disseminating and storing data.

Telecommunication:

Telecommunication is the electronic movement of information from one location to another. This involves setting up a computer network with in the office (intranet) or outside the office (extranet) to facilitate electronic dissemination of information, teleconferencing and among stakeholders.

Voice mails:

It allowed users and subscribers to exchange voice messages; that afe used to select and deliver voice information; and to provide transactions relating to individuals, organizations, product and services, using telephone. It is used more broadly to denote any system of conveying a stored telecommunications voice messages, including using an answering machine.

Value added network service:

It is a hosted service offering that acts as an intermediary between business partners sharing standards based data via shared business processes. It is also a private network used by a company primarily for routing, storing and delivering electronic data interchange messages.

Value added networks operated by large companies for efficient supply chain management with their suppliers, industry consortiums and telecom providers.

Tele-conferencing and video:

It is a set of telecommunication technologies were two or more location communicate by simultaneous two-way video and audio transmissions. It is also known as visual collaboration.

Facsimile transmission:

Fax is the telephonic transmission of scanned printed material both text and images, normally to a telephone number connected to a printer or other output device. The original document is scanned with a fax machine or a telecopier, which processes the contents text or images as a fixed graphic image, converting it into a bitmap, and then transmitting it through telephones system.

Internet security:

It is provided to existing and potential customers of a commercial bank to protect privacy and security of customer or clients while visiting and transacting business with the bank on the internet.

Data analysis:

Hypothetical questions:

Table 1: Information technology and computer have really helped impacted banks operation positively.

	Frequency	Percent	Valid percent	Cumulative percent
Valid strongly agree	76	80.9	80.9	80.9
Agree	14	14.9	14.9	95.7
Neutral	2	2.1	2.1	97.9
Disagree	2	2.1	2.1	100.0
Total	94	100.0	100.0	

Table 2: We should encourage workers and customers to patronize banks.

	Frequency	Percent	Valid percent	Cumulative percent
Valid strongly agree	36	38.3	38.3	38.3
Agree	50	53.2	53.2	91.5
Neutral	8	8.5	8.5	100.0
Total	94	100.0	100.0	

Table 3: Savings and withdrawing money is time consuming with the bank.

	Frequency	Percent	Valid percent	Cumulative percent
Valid strongly	8	8.5	8.5	8.5

agree				
Agree	44	46.8	46.8	55.3
Neutral	24	25.5	25.5	80.9
Disagree	12	12.8	12.8	93.6
Strongly disagree	6	6.4	6.4	100.0
Total	94	100.0	100.0	

Findings:

- It can be deduced hat out of the 94 respondents, 90 of the respondents agree that information technology and computer have really impacted commercial banks positively representing (95.8%), 2 of the respondents were neutral representing (2.1%), and 2 of the respondents disagree representing (2.1%).
- It can be deduced that out of the 94 respondents, 86 of the respondents agreed that we should encourage our colleagues to patronize commercial banks representing (91.5%), and 8 of the respondent were neutral representing (8.5%).
- It can be deduced that out of the 94 respondents, 52 of the respondents agreed that saving and withdrawing money is time consuming with the bank representing (55.3%), 24 of the respondents were neutral representing (25.5%), and 18 of the respondents disagree representing (19.2%).

Suggestions:

- Information technology is positively impacted in commercial banks.
- Colleagues must be encouraged all the time and at the all the means to develop the commercial banks.
- Saving and withdrawal of the money should be done without wasting time and customers of commercial banks should be satisfied because of banking service provided by commercial banks.

Conclusion:

Information technology has a positive impact on the image, goodwill and growth of commercial banks. Customers satisfaction is of paramount importance to the achievement of organizational goals information technology has also helped to reduce the rate of fraud in the banking system. Present day banking activity are computerized and not manual, making difficult to make any alterations; such actions can easily be traced and corrective measures taken. Information technology has also provided better and well-grounded infrastructure to speed up transaction, increase consistency and enhance banks operation.

References:

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