

**EVALUATION OF ICT STRATEGY AT STANDARD CHARTERED
BANK KENYA LIMITED**

**BY
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Declaration

I hereby declare that this is entirely my own work and that it has not been submitted for the award of any degree at any university

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D61/70854/2009

Sign.....

Date.....

This project has been submitted for examination with my approval as the university supervisor.

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Dedication

I dedicate this project to my family and friends. A special feeling of gratitude to my loving husband who supported me each step of the way.

Acknowledgements

This project would not have been completed without the help, support and guidance of Dr. Zack Awino, my supervisor. I thank him for his countless hours of reading, encouragement and patience during the period of my study. To my family and friends for their prayers, support and encouragement. I say thank you very much.

Acronyms and Abbreviations

ASP	Application service providers
ATM	Automated Teller Machines
ICT	Information and Communication Technology
POS	Point of Sales

Abstract

Commercial banks have continued to implement Information and Communication Technology strategies. There are ICT networks to deliver a wide range of value added products and services to bank customers. The introduction of ICT i.e. mobile and electronic banking has improved banking efficiency in rendering services to customers. ICT is at the center of electronic banking system in the world economy and Kenyan banking industry cannot ignore information as it plays a critical role in the current banking systems. The advancement in ICT has played an important role in improving service delivery standards in the Banking industry. In its simplest form, Automated Teller Machines (ATMs) and deposit machines now allow consumers to carry out banking transactions beyond banking hours.

This study sought to evaluate the ICT strategy adopted by Standard Chartered Bank Kenya Limited on the bank's performance. An interview guide was developed and filled in by the banks' head of departments i.e. IT, card center and operations, this formed the raw data. The Data obtained was complemented by researcher own data obtained from annual reports of the banks' balance sheets covering the period a period of ten years. This allowed for data comparison and a rich data analysis to give valid conclusions.

The study findings established that the ICT strategies should be implemented by the various organizations in order to enhance the use and the installation of the facilities which are necessary for the effective and the smooth running of the business operations. The study concluded that effective exploitation of technology is essential for the bank to increase their efficiency and effectiveness levels and reform agenda and all the firms should be incorporating and taking advantage of the technology to increase their growth through the adoption of the technologies.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategy is defined as the broad program for defining and achieving organizations' objectives. Therefore strategic management can be defined as the management process that involves an organization engaging in strategic planning and then acting on those plans. The strategic management process consists of three stages: strategy formulation, strategy implementation, and strategy evaluation. Although our understanding of strategy as applied in management has been transformed, one element remains crucial: the aim is to achieve competitive advantage, (Stoner, 1995).

Strategic planning in organizations originated in the 1950s and was very popular and widespread between mid-1960s and mid 1970s when people believed it was the answer to all their problems, and corporate America was "obsessed" with strategic planning. After that "boom" however, strategic planning was cast aside and abandoned for over a decade. The 1990s brought the revival of strategic planning as a "process with particular benefits in particular contexts, (Mintzberg, 1994).

Strategic planning means, to make beneficial strategic changes to adapt to the rapidly shifting environment. Commercial banks have continued to implement Information and Communication Technology strategies. There are ICT networks to deliver a wide range of value added products and services to bank customers. The introduction of ICT i.e. mobile and electronic banking has improved banking efficiency in rendering services.

ICT is at the centre of electronic banking system in the world economy (Steven, 2002) and Kenyan banking industry cannot ignore information as it plays a critical role in the current banking systems. The integration of information and communication technology concepts, techniques, policies and implementation strategies to banking services has become a subject of fundamental importance and concern to all banks and indeed a prerequisite for local and global competitiveness in banking (Connel and Saleh, 2004).

The advancement in ICT has played an important role in improving service delivery standards in the Banking industry. In its simplest form, Automated Teller Machines (ATMs) and deposit machines now allow consumers to carry out banking transactions beyond banking hours. With online banking, individuals can check their account balances and make payments without having to go to the banking hall. This is gradually creating a cashless society where consumers no longer have to pay for their purchases with hard cash, (Rowley, Lujan, & Dolence, 1997).

Bank customers can pay for airline tickets and subscribe to initial public offerings by transferring money directly from their accounts, or pay for various goods and services by electronic transfers of credit to the sellers account. In recent years, and taking advantage of new information technologies, two groups of new payment methods, referred to generically as electronic money (e-money), have been developed and introduced: smart cards and software-based products to make payments over the Internet.,(Steven, 2002).

1.1.1 Information Communication Technology Strategy

Information Communication Technology (ICT) is defined as “all forms of technology used to create, store, exchange and use information in its various forms (business data, voice conversations, still images, motion pictures, multimedia presentations and other forms, including those not yet conceived).” It is a convenient term for a rapidly expanding range of equipment, applications services and basic technologies that process information. The elements of IT fall into three principal categories: computers, telecommunications and multimedia data and many combinations of the building blocks that may be used to create the IT resource across an organization (Keen 1995).

Information technology has become the tool used to manage change in business strategies and internal corporate processes by many companies (Vlosky 1999). Gates (1997) considered IT as the nervous system of a company, and that its excellence determines a company’s competitiveness. Companies using IT are able to learn about the market, the competition, and the internal and external customers.

Leveraging it for competitive advantage to increase market share and profits (Mahmood and Soon 1991). Information technology is used to speed communications between trading partners, shorten product life cycle, establish better relationships with customers, suppliers and partners and reduce expenditures (Franklin 1997) as shown in business-to-business and business-to-consumer transactions multimedia presentations and other forms, including those not yet conceived).

1.1.2 Strategy Evaluation

The strategic management process is not complete even after the grand strategies are determined and long-term objectives set. When we have finalized the corporate strategy, we must make it (Wu et al. 2004). The tasks of operationalizing, institutionalizing and controlling the strategy signal an important phase in the process - translating strategic thought into strategic action. Annual objectives, functional strategies, and specific policies provide important means of communicating what must be done to implement the over-all strategy.

By translating the long-term intentions into short-term guides to action, they make the strategy operational .Strategic decisions are big decisions; decisions which significantly affect the organization's ability to achieve its objectives (Bowman and Asch, 1987). Annual objectives serve as guidelines for action, directing and channeling efforts and activities of the members of an organization. Annual objectives also provide a source of legitimacy in an enterprise by justifying the stakeholder activities. They also serve as performance standards hence offer incentives for the employees and managers to perform better (Pearce and Robinson, 2003).

In addition, these objectives provide a basis for organizational design. They provide an overall framework in which the formulation of a firm's strategy can be developed. Strategy evaluation has to do with assessing whether chosen strategy and implemented is achieving the intended objectives. To make the strategy operational, the organization needs annual objectives, functional strategies, and policies.

Institutionalizing the strategy requires the organization to ensure a fit between the chosen strategy and its structure, leadership, culture, among other factors. Okumu (2003) notes that success in business is affected by how well a good strategy are implemented regardless of the sector in which an organization is operating. Poor implementation of an appropriate strategy may cause that strategy to fail, whether the organization is government, private or non-government. Academics have developed a growing body of research addressing the implications of different strategies for the financial performance of organizations.

This body of research is known as the content approach, focused on the content (or nature) of different strategic options such as innovation, diversification or internationalization. For these researchers, the typical question is what sort of strategy performs better under what conditions. They argue that managers can benefit from lessons drawn from such research in order to make wiser strategic decisions.

ICT directly affects how managers decide, how they plan and what products and services are offered in the banking industry. It has continued to change the way banks and their corporate relationships are organized worldwide and the variety of innovative devices available to enhance the speed and quality of service delivery. Harold and Jeff (1995) contend that financial service providers should modify their traditional operating practices to remain viable in the 1990s and the decades that follow. They claim that the most significant shortcoming in the banking industry today is a wide spread failure.

Woherem (2000) claimed that only banks that overhaul the whole of their payment and delivery systems and apply ICT to their operations are likely to survive and prosper in the new millennium. He advises banks to re-examine their service and delivery systems in order to properly position them within the framework of the dictates of the dynamism of information and communication technology. The banking industry in Kenya has witnessed tremendous changes linked with the developments in ICT over the years.

1.1.3 Banking Sector in Kenya

Kenya has witnessed an information and technology revolution (Siam, 2006) in the recent past. This evolution has touched every aspect of Kenya's banking industry. Singh (2002) opined that ICT has introduced new ways of delivering banking services and products to the customers, such as ATMs, mobile and internet banking (IB). This way, banks have found themselves at the forefront of technology adoption for the past three decades. These changes and developments in the banking industry have impacted on service quality, the future banking, and consequently led to a continuous competitive environment, (Siam, 2006).

The world markets since technology is one of the most important factors of economic organization success in banks. This has motivated banks to invest more on information and technology so as to achieve maximum returns and attract large number of clients. Majority of banks in Kenya have a web presence; this form of Banking is referred to as Internet Banking which is generally part of Electronic Banking. The delivery of products by banks in the public domain is a form of advertisement known as e-commerce (Woodford, 2000).

Electronic banking as it is; is a product of e-commerce in the field of banking and financial services. It offers different online services like balance enquiry, request for cheque books, recording stop payment instructions, balance transfer instructions, static data amendment, account opening and other form of traditional banking services. The internet allows businesses to use information more effectively, by allowing customers, suppliers, employees, and partners to get access to the business information they need, when they need it.

These Internet enabled services all translate to reduced cost: there are less overheads, greater economies of scale, and increased efficiency. Pre-paid cards, Smart cards consist of a plastic card with an embedded chip and represent a technological advance in comparison with cards with magnetic bands. The chip embedded in the card can hold memory features (as do magnetic bands) and can as well include a microprocessor. This latter allows for the use of cards being extended to new applications. The main use envisaged for smart cards is as a payment mechanism; with smart cards incorporating electronic cash.

Pre-paid cards can serve as a payment mechanism by loading and storing monetary value in the chip embedded in the card. The value loaded in the card can later be disbursed when paying for the provision of goods and services. Pre-paid cards are mainly intended for some of the usual consumer transactions. Digital Money and Internet, At least a dozen cyber-banks are in the Internet system conducting transactions in an existing currency, mainly dollars.

Internet payment mechanisms could be grouped into 3 broad classes: electronic cash systems, credit-debit systems and systems supporting security through credit-card. Following Tanaka (1996) four groups of problems appear when comparing a credit card payment through Internet with a cash payment in the real world: security problems, charge of fees, peer-to-peer payments and in traceability.

Electronic Cash systems: Customers purchase electronic currency certificates from a currency server. They purchase for certificates by using credit cards (or other systems). Once issued, the electronic currency could be spent with merchant who deposit the certificates in their own accounts or spend the currency elsewhere. Digicash or Netcash are two examples of this system. In the case of Digicash, the system uses the so-called public-key cryptography that, like encryption, makes it possible to securely send a card number over the Net.

The Dig cash approach is called "blinding technology", because the system lets the issuing bank certify an electronic note without tracing whom it was issued to. This means that the Electronic Cash preserves the anonymity in any transaction. Every electronic coin has a unique code of identification and it can only be used for one payment. In case of theft, it is possible to identify of the owner of the stolen electronic money. Credit-debit systems: Customers are registered with accounts on payment servers and authorize charges against those accounts. Consumers pay on the Internet using their credit card. In order to protect the account numbers, the users register with the firm and receive ID.

Numbers in exchange of their card number. With this procedure, card numbers never pass over the network. In order to make a purchase, the customer only needs to supply their ID number to the merchant. As most people now own mobile phones, banks have also introduced mobile banking to cater for customers who are always on the move. Mobile banking allows individuals to check their account balances and make fund transfers using their mobile phones. This was popularized by Safaricom through its “M-pesa” money transfer product and customers can also recharge their mobile phones via SMS. Since this innovation, banks have perfected it by interlinking customer’s deposit accounts with mobile money transfer.

This e-banking has made banking transactions easier around the World and it has fast gaining acceptance in Kenya. Other delivery channels today in Kenya electronic banking are telephone banking, smart cards, internet banking etc. Personal computers in the banking industry were first introduced into Kenya by Barclays bank and since then internet is increasingly used by Bank’s as a channel of delivering the products and services to the numerous customers (Kariuki, 2005).

1.1.4 Standard Chartered Bank Kenya

Standard Chartered Bank opened its branches in Kenya in January 1911, with 2 branches; one at Treasury Square in Mombasa and the other on Kenyatta Avenue in Nairobi. Today, 100 years later, the Bank has an excellent franchise, with a network of 33 branches strategically located across the country, 84 Automated Teller Machines (ATMs) and 1,685 employees. With 25% local shareholdings, Standard Chartered Bank has remained a public quoted company on the Nairobi Stock Exchange since 1989.

It is an international commercial bank incorporated in UK and the sixth largest bank in Kenya today by business locations. The Head Office is located at Chiromo 48, Westlands road, Nairobi. According to the bank's strategic plan 2009/2012 (SCB, 2010) the Mission of the Bank is to create superior wealth for our stakeholders and the Vision is to be one of the leading financial services institutions in Kenya. The bank vision driven strategic objectives are a) financial: attain a set minimum balance sheet size with respect to asset size and profitability by the year 2015, b) customer: build a superior customer service environment within the bank, c) technology.

The bank aims to achieve its strategic goals through its investment in ICT (SCB, 2010). The Bank's IT application is known as Oracle 10g platform with capability for multiple sequences and responses. The application is highly integrated embedded with straight-Through-Processing (STP) features deployed in web-enabled architecture (SCB, 2010). The application is sitting on the state-of-the-art Real Application Cluster (RAC) servers. This has made it possible for all our branches to provide services 24/7 online real-time as they are linked via a robust network platform comprising fiber optic, high speed RADIO and VSAT.

There are other applications deployed which are equally functioning effectively and are assisting the Bank in providing efficient customer-focused services to the growing clientele Kenya (SCB, 2010). The bank has adapted different technologies through which e-banking services are provided some of which are ATMs, Internet banking, Tele-banking, SMS banking, M-pesa, Debit cards and Credit cards.

The bank is strongly positioned with a bouquet of electronic products and solutions to help drive the retail banking initiatives. To enhance service delivery the bank deployed 124 active and functioning ATM machines across the country. The Bank has an arrangement to deploy 500 ATMs jointly with Chams. Other products are as listed below; the bank has a functional, fully equipped and staffed customer contact/call centre. This has satisfactorily handled and provided solutions to customer inquiries, prompt response and resolutions to customers' complaints, after service follow-up calls, hence achieving and giving customers the 'personal banking feel' (SCB, 2010).

1.2 Research Problem

Strategy evaluation is an important element in organization performance and has been associated with improved performance as well as increased commitment to the organization (Syptak, 1999). Strategy evaluation is a measure of how the organization is gearing towards achieving their set corporate strategy. Many organizations continually evaluate their own strategy on performance. Organizations monitor their success for a variety of reasons not the least of which is the impact that their performance will have on the probability of their survival.

The challenge of strategy evaluation in the banking sector provides interesting parallels to the challenge of evaluating ICT strategy. The use of ICT, broadly referring to computers and peripheral equipment, has seen tremendous growth in service industries in the recent past. The most obvious example is the banking industry, where through the introduction of IT related products in internet banking, electronic payments, (Berger, 2003).

Seeing this pattern of growth, it seems obvious that IT can bring about equivalent contribution to profits. In line with rendering quality and acceptable services, most banks in Kenya are investing large sums of money in information and communication Technology. Despite the potential benefits of ICT and e-commerce, there is debate about whether and how their adoption improves bank's performance. While the rapid development of information technology has made some banking tasks more efficient and cheaper, technological investments are taking a larger share of bank's resources (Oshikoya, 2007).

Currently, apart from personnel costs, technology is usually the biggest item in the budget of a bank, and the fastest growing one. Another problem associated with this financial innovation is plastic card fraud, particularly on lost and stolen cards and counterfeit card fraud (Skimmed cards). Standard chartered has continued with application of information and communication technology concepts, techniques, policies and implementation strategies to its banking services. The advancement in technology has played an important role in improving service delivery to its customers.

Studies by Kariuki (2005) and Mbugua (2009) showed the positive impacts of ICT on their banking performance using bank turnover and profits as a measure of performance. Kamau (2010) saw that banks those with high profit growth are more likely to be using greater numbers of advanced ICTs. He concluded that e-banking leads to higher profits in long-term but not in short-term due to high ICT investment costs. All this studies used profit and turnover as measures of bank performance.

While Davenport (2003) and Oshikoya (2007) and Jean-Azam (2006) suggest that use of and investment in ICT requires complementary investments in skills. Organization, innovation, investment and change entail risks and costs which might reduce bank profits in the shorter term. It is therefore important that e-banking innovations are made by sound analysis of risks and costs associated with it so as to avoid harm on the bank performance. This study seeks to answer the question; Has ICT strategy as adopted by Standard Chartered Bank Kenya Limited impacted on the bank's performance?

1.3 Research Objectives

The objective of this study is to evaluate the ICT strategy adopted by Standard Chartered Bank Kenya Limited.

1.4 Value of the Study

The study enabled the bank's executives and the policy makers of the bank and other financial institutions to be aware of the ICT strategy as a product of electronic commerce with a view to making strategic decisions.

The research was equally significant to emerging banks because it provided answers to factors militating against the implementation of ICT strategy in Kenya. Prove of the success and growth associated with implementation of this strategy highlighted the areas of banking operations that can be enhanced via the strategy.

The study adds to existing literature, and is an invaluable tool for students, academicians, institutions, corporate managers and individuals who want to know more about e-banking.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews the relevant literature on the study. First, the theory relating to diffusion of innovation, banks and financial intermediation are outlined. Then empirical evidence on the ICT and banking is provided.

2.2 Theoretical Foundations of evaluation of ICT strategy

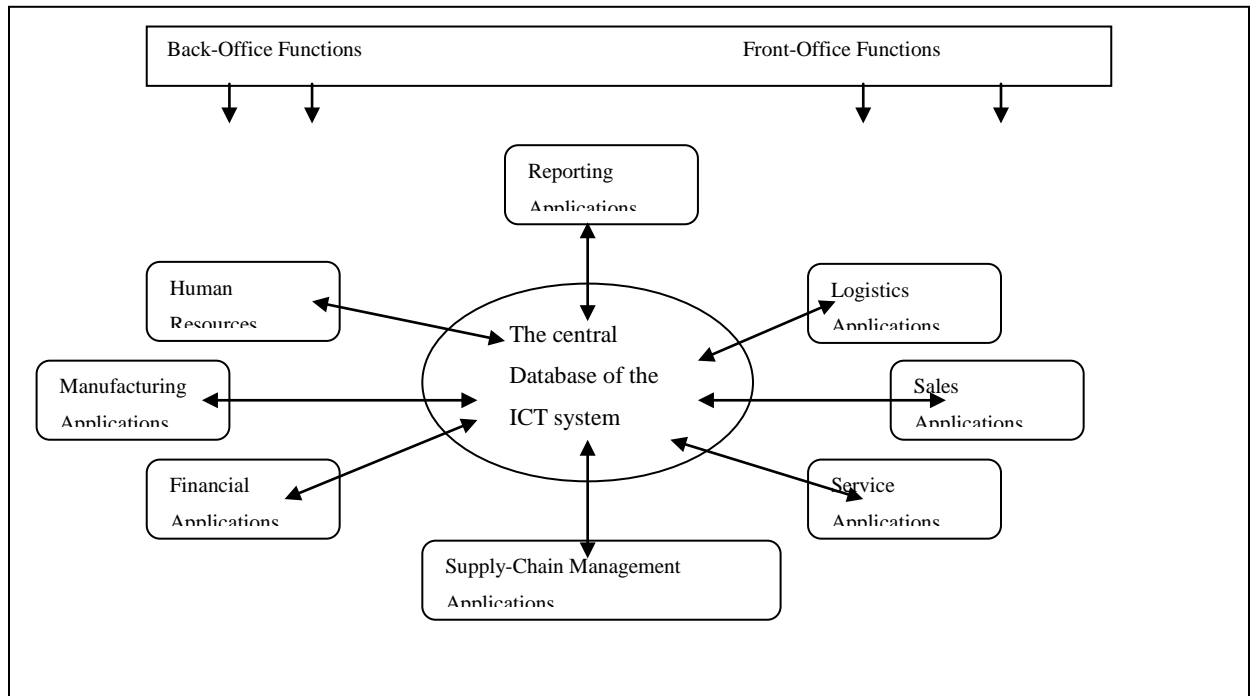
Quite often, researchers in the ICT literature develop and use models or frameworks without grounding them in relevant theories. Saunders and Jones (1992) did not provide a theoretical background to their framework, although one could easily ground their framework in the Contingency Theory or approach. Myers *et al* (1997) were more explicit as they related their own framework to the Contingency Theory. In this study, as the two levels in the research framework are composed of contextual factors or contingencies such as size, culture, structure, and so forth.

This research will assert that the Contingency Theory (CT) developed by Lawrence and Lorsch (1967) is particularly relevant to this study. The Contingency Theory posits that organizational effectiveness can result from the matching of organizational characteristics with contingency factors. About a decade ago, this theory was the most dominant in the CT and Management Science literature. Weill and Olson, (1989,) noted that “Of the 177 articles during the period studied, 59 percent were empirical and over 70 percent of these were judged to follow a contingency model.” The authors also highlighted the shortcomings in CT.

These include its limitations in explaining interactions between variables, which at best merely describes Schoonhoven, (1981). CT assumes the existence of rational actors and often researchers using it narrow their focus to deterministic models (i.e., only the arrows representing a required association are shown and the effects of other factors are ignored. The scope of this research has been narrowed to the former. In the extant IS literature, stakeholders have been identified based on a particular research purpose,(Weill & Olson, 1989).

For example, Lyytinen et al. (1998) describe stakeholders as actors that can set forward claims or benefit from IT systems development issues. Singletary et al. (2003) identified stakeholders as managers, IT professionals, and end users. Thus, ST could facilitate insights when e-banking model success is to be discussed from the point of view of differing organizational stakeholder groups, which appear to be similar to the dictates of the organizational effectiveness literature in which “the perspective of the evaluator” is esteemed (Cameron, 1986). However, there are shortcomings in ST as well.

In brief, the institutional theory deals with deeper aspects of social structure. Essentially, it emphasizes issues related to rules, norms, myths, and routines that become established as authoritative guidelines for social behavior Scott, (1995). The organizational demography theory proposed by Pfeffer (1983) deals with how organizational members are affected by issues related to the frequency and type of administrator succession, performance and innovation adaptability, unionization, distribution of power across cohorts, and so forth.



Davenport (1998).

Figure 1.1: Anatomy of ICT system

2.2.1 Diffusion of Innovation Theory

The theory of diffusion of innovation (DOI) by Rogers (1995) postulated that five attributes of an innovation influence its adoption. These attributes have concepts in common with adoption research and diffusion studies, being used to assess a variety of communications and information technology.

The five attributes for innovation according to Rogers (1995) are relative advantage, compatibility, complexity, trialability and observability would be tested to find out the degree to which they influence attitude and thus intention to use the technology. According to Rogers (1995) the constructs are defined as follows; relative advantage which expresses to what degree the new product is better than the one it replaces.

Compatibility relates to how the production of the innovation and the innovation itself takes into account the local values and customs of the adopters. It is the point at which an innovation fits into the specific society. The smoother the innovation fits into the culture, the faster the rate of adoption, while complexity is the extent of how complex it is for an adopter to understand and use an innovation. Logically, the harder an innovation is to use, or perceived to use, the less likely that an adopter would be able to consume it,(Norton, 1992)

Trialability is the capacity of the consumer to give the innovation a try or test before deciding to adopt it or not. This enables the rate of adoption to increase after a successful trial and observability being the idea that when an innovation benefit does not instantly solve a consumer's problem or need, it will not diffuse through a society as quickly compared to an innovation that is more of a solution to a problem. It is also the degree to which the results of an innovation are visible to others,(Davenport (1998).

2.3 The Research Framework and its Development

As earlier stated, this research will be guided by a framework that connects ICT model success measurement, evaluator's perspective, and the impacts of contingency factors. In developing the research framework (Figure 2.2), the researcher has reviewed the relevant literature for frameworks highlighting IT impacts and benefits on the organizations, including the ICT impacts framework (Scott, 1995), Balanced Scorecard (Kaplan & Norton, 1992), a contingency theory for IS assessment (Myers et al., 1997), IS function performance evaluation framework (Saunders & Jones, 1992), a conceptual model of ICT model implementation (Somers et al., 2000), and ICT systems benefits framework.

This research has found out that the frameworks of Saunders and Jones (1992) would be relevant for this discourse, and present more information about each below. Before discussing the development of each aspect of the framework, it is important to be explicit about the terms that will be used (and in which contexts). By “ICT system success measurement”, this research refers to the aspect of this study dealing with the measures or items that can be used to evaluate the success of the ERP software; incidentally, this is the heart of the conceptualized framework (Figure 2.2).

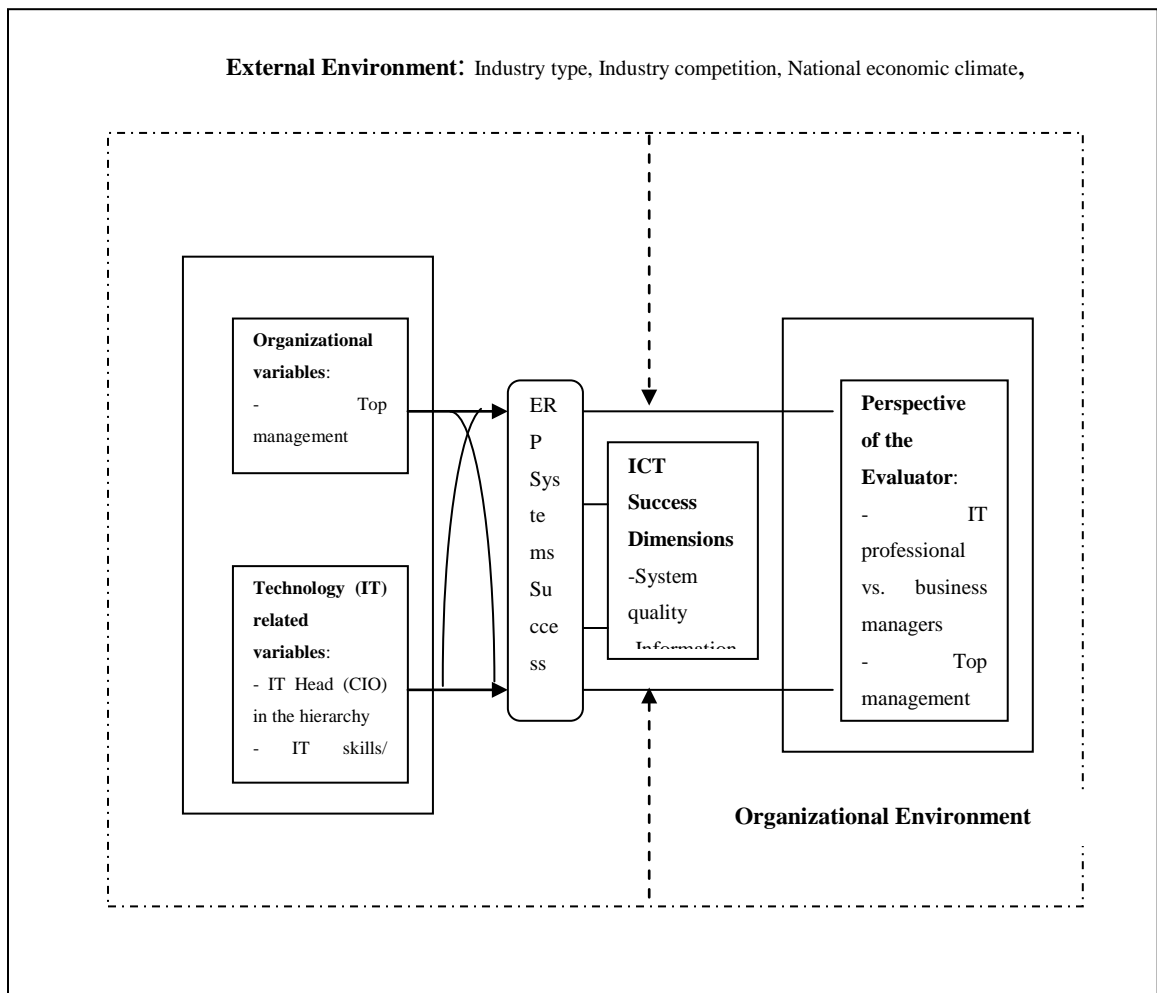


FIGURE 2.2: The Research Framework

The research framework incorporates the impacts of contingency factors. The researcher concurs with definition of “contingency” as provided by Donaldson (2001) where he states that a contingency is any variable that moderates the effect of an organizational characteristic on organizational performance. The framework recognizes that useful insights could emerge when ITMS success assessment takes into account the perspective of the evaluator, which in this study represents the viewpoints of the selected organizational members.

The framework (Figure 2.2) highlights the impact of the contingency variables on the dependent variable that is the ICT system success. The dotted lines are used to separate the environmental contexts (i.e., external and internal). The broken line arrow shows the impact of contingencies in the external environment on ICT system success. The solid arrows show the impact of organizational variables, including technology (ICT) related issues on system success, and the curved lines depict the interacting effects or the moderating roles between some elements in both the technology (IT) related and organizational variables.

For fear of not cluttering the diagrammatic illustration, this research decided to restrict to only two curved lines to indicate such interactions. The dimensions of ICT system success and perspective of the evaluator are shown in Figure 2.2 as well. Importantly, this research divides organizational factors in two parts: organizational and technology (IT issues), because it is likely that more insights will emerge from such an approach. DeLone and McLean (1992) conducted an extensive review of the IS success evaluation.

The dimensions are Use, User satisfaction, System Quality (SQ), Information Quality (IQ), Individual Impact (II), and Organizational Impact (OI). The DeLone and McLean (1992) IS success measurement model is shown in Figure 2.3. With regard to ITMS success measurement model, Gable et al. (2003) drew from the DeLone and Mclean model to develop an additive model that redefines the original dimensions. In brief, Gable and colleagues eliminate (through multi-stage data collection and statistical analysis) the Use and User satisfaction dimensions.

Arguments against dropping these also appear in Seddon (1997). Importantly, Use can only be a measure of success where IS use is not mandatory, a fact that DeLone and McLean (1992) themselves pointed out by noting that, “usage, either actual or perceived, is only pertinent when such use is voluntary”. With regard to the User satisfaction success dimension that is eliminated in the ITMS success measurement model proposed by Gable et al. (2003), another study by these researchers conclude that, the statistical analysis of the 310 responses [that they received] and the content analysis of the 16 instruments [that they used] suggest the appropriateness of treating User satisfaction.

An overarching measure of success rather than a dimension of success Gable et al. (2003). In this regard, User satisfaction was not expunged in its entirety from this study, per se. A closer look revealed that some measures commonly used for IS end-user satisfaction evaluation Ives et al., (1983) will also appear in this study instrument to underscore its relevance as suggested by DeLone and McLean (1992). Thus, the ICT system success dimensions retained in Gable and colleagues.

Their model is also shown in Figure 2.3. Other ITMS success measurement models have been proposed (Markus & Tanis, 2000), but the Gable et al.s' model has gained a wider recognition, as noted above; unlike the other models proposed by other researchers Mclean (1992) IS success measurement model, which is recognized by IS researchers as an important reference point of IS success evaluation research. A closer look at Figure 2.3 shows that two other dimensions of ICT system success are highlighted – these are the extensions that this research has made to the effort of Gable et al. (2003).

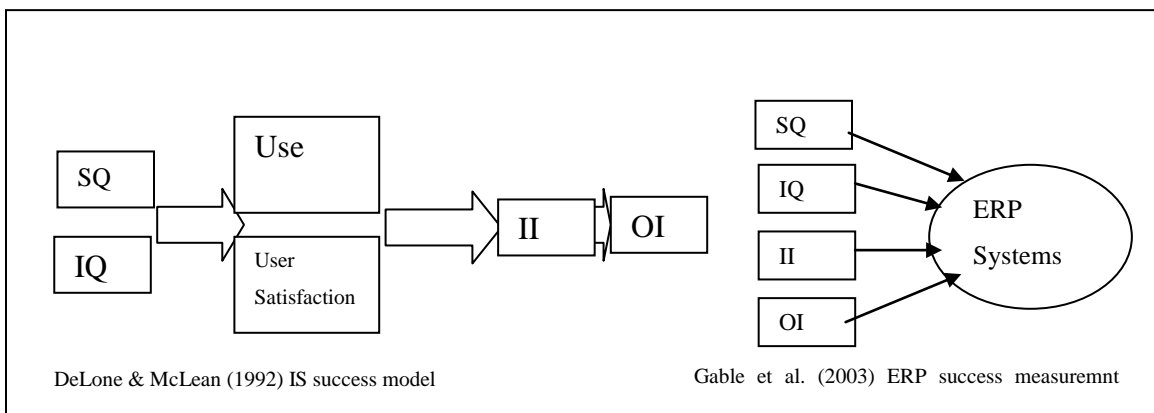


FIGURE 2.3: Illustrations of ICT system success measurement model

Source: Gable, G. G., Sedera, D. & Chan T. 2003. Enterprise systems success: Legend: SQ = Systems Quality, IQ = Information Quality, II = Individual Impact, OI = Organizational Impact .Both the DeLone and Mclean IS success measurement and the Gable et al.'s ITMS success measurement models discussed above are relevant for evaluating the effectiveness or success of an acquired IT system (including ITMS) at the organizational level. These models do not include or consider other relevant contextual or environmental influences.

They comment: “Researchers should systematically combine individual measures from the I/S success categories to create a comprehensive measurement instrument. The selection of success measures should also consider contingency variables, such as the independent variables being researched; the organizational strategy, structure, size, and the environment of the organization being studied; the technology being used; and the task and individual characteristics of the system under investigation” (Ibid, p.87-88).

DeLone and McLean (1992) as well as other researchers, including Saunders and Jones (1992) and Myers et al. (1997) assert that deeper understanding could emerge when the contextual influences are duly considered in the discourse of IT systems success evaluations or assessment. Duncan (1972) provides a distinction between contexts when he writes, the internal environment consists of those relevant physical and social factors within the boundaries of the organization the external environment consists of those relevant physical and social factors outside the boundaries of the organization.

Against the backdrop of not downplaying the relevance of the influence of contingencies in the assessment of the performance - success or effectiveness - of the IS function, Saunders and Jones (1992) include contingency variables in their study on the performance of the IS function. The researchers investigate both the organizational factors such as top management support, size, mission, industry, and so forth as well as the peculiar dimensions that might improve the effectiveness or success of the IS function. They proposed an evaluation model which they term “IS Function Performance Evaluation Model.

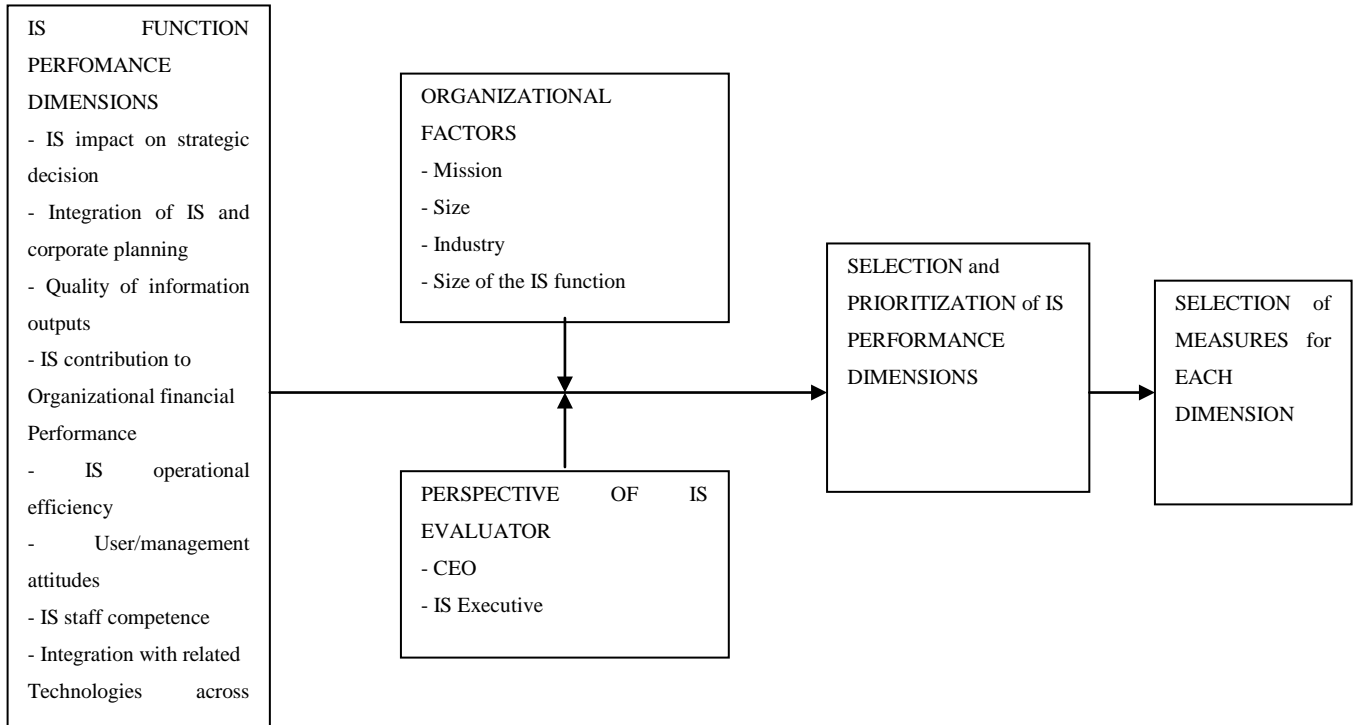


FIGURE 2.4: The IS function performance evaluation model

In the same vein, Willcocks and Sykes (2000) have discussed the role of the IT function in ITMS acquisitions and have also used a combination of the Saunders and Jones (1992), DeLone and McLean (1992), and the Myers et al. (1997) frameworks to discuss the impacts and success of ITMS systems in Australian public sector organizations. This research has discussed the DeLone and McLean (1992) IS success evaluation briefly above; next this research introduce the Myers et al. (1997)

It is shown in Figure 2.5. Essentially, the framework extends the Saunders and Jones framework in the context of the assessment of quality and productivity of the IS function. The Myers et al. model also recognizes the pertinence of both contingency factors and the dimensions of IS success. The framework of Myers et al. (1997) re-organizes the dimensions of success for the IS function to include the six dimensions of IS success.

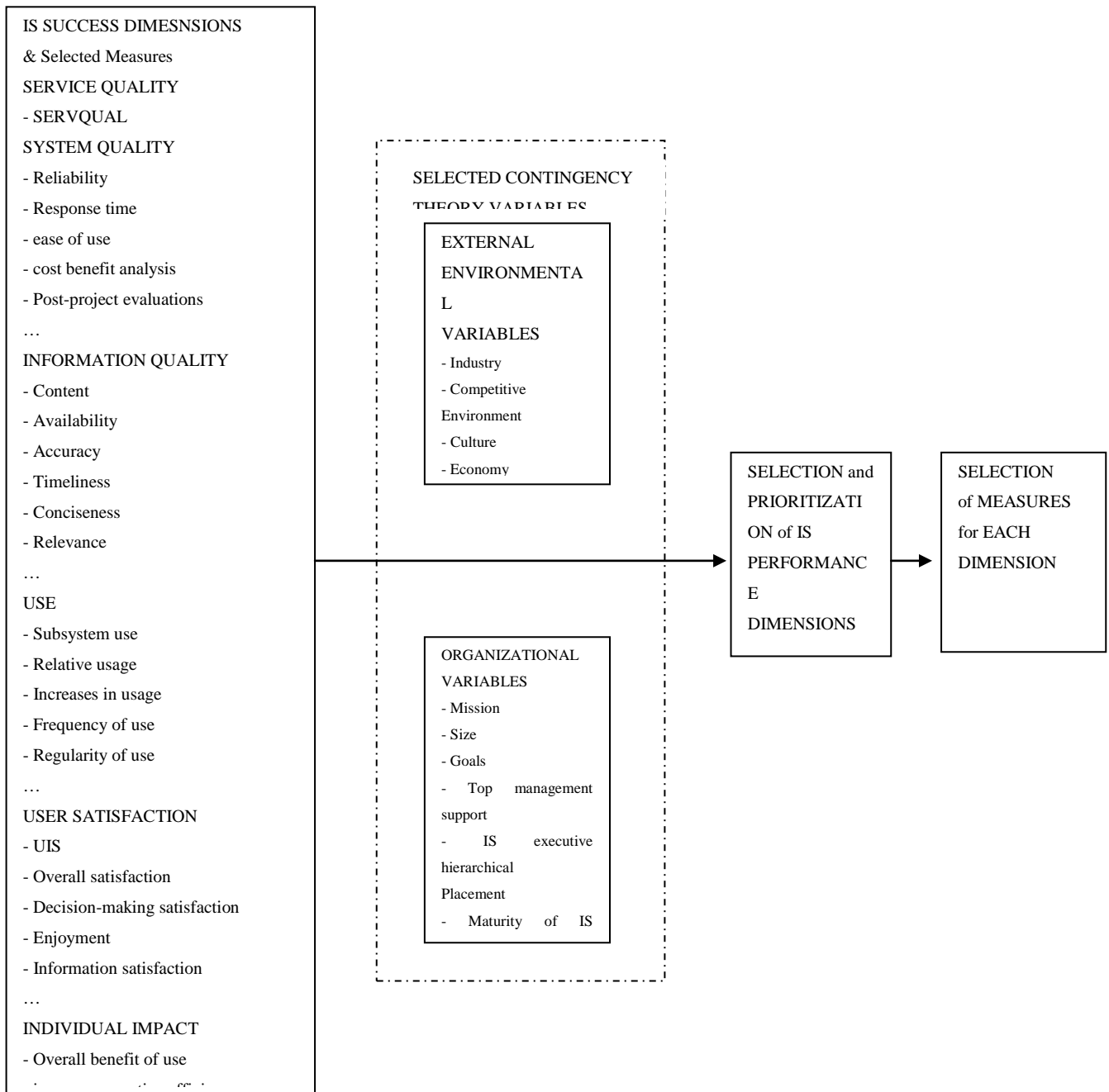


FIGURE 2.5: Framework of the Contingency Theory of IS Assessment

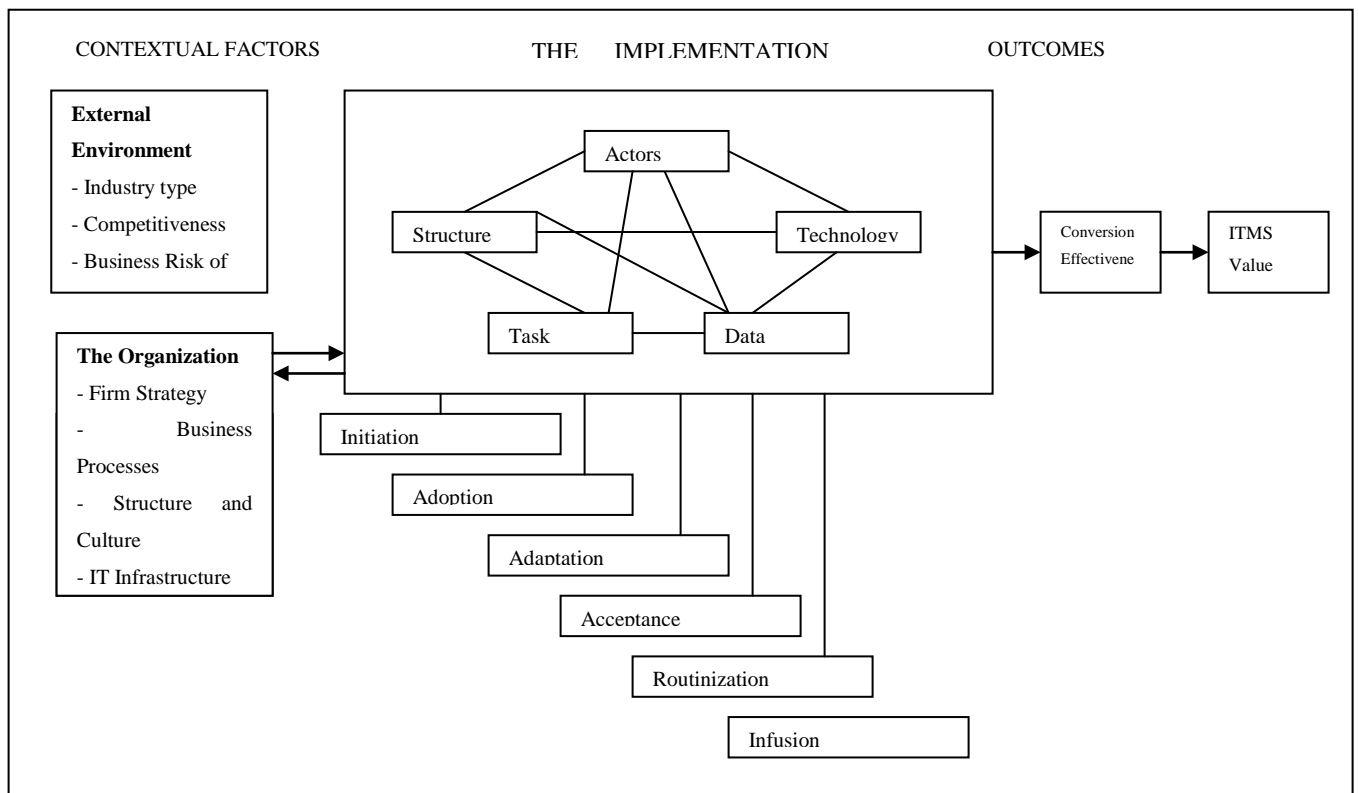
Myers et al.'s 1997, Framework; Past, Present and Future of User Interface Software Tools.

Additionally, Myers et al. clearly delineate “external environmental variables” from the organizational factors, which Saunders and Jones (1992) did not do; thus, by separating the contextual levels into two main parts, their approach provides support to this study conceptualization in Figure 2.2. As briefly stated above, prior literature (Duncan, 1998) suggests that such delineations are necessary for insights. This research contends that the Somers et al.'s (2000) model is rooted in the contingency approach and will be used in this study.

Furthermore, to the extent that this research framework (Figure 2.2) is similar to their model, the two frameworks in the context of e-banking systems are characterized by views that seem to be indicating that the success (or value) of such systems can be influenced positively by contingencies. More importantly, this research noted that the selected variables in this study are offered as illustrative rather than exhaustive examples; in that regard, this study benefits from the Somers et al.'s framework from which this study variables have been derived,, including industry type, competitiveness, among others.

This research also argue that at a general level, the conceptualization in Figure 2.6 by Somers et al. (2000), to some degree, provide support to the viewpoints espoused by Saunders and Jones (1992) and Myers et al. (1997) indicating that an understanding of the success or effectiveness of IS systems or functions can be enhanced whenever contingency factors or issues are adequately considered. Third, increasingly researchers (e.g., Saunders & Jones, 1992; Myers et al., 1997) discussing IT systems success.

Effectiveness evaluations have drawn upon the organizational effectiveness literature in Management Science Cameron, (1986). Following the arguments offered by the foregoing researchers, this research has made an attempt to include the perspective of the evaluator in this research framework just as Saunders and Jones (1992) and Myers et al. (1997) did with their frameworks (see the illustrations above). In fact, this research framework (Figure 2.2) draws from prior efforts; nonetheless. Unlike the prior frameworks that informed its development, it provides empiric information about the nature of the relationships between its different constituting parts.



Somers et al, 2000.

2.4 ICT strategy and Performance

The ECB (1999) classified various effects of technology on banking into two: a) the effects of technology on the management of information. These include: collection, storage, processing and transmission of information. Of the trends above, this category is related to commoditization, securitization, and disintermediation (excluding disintermediation of distribution activities); b) the effects of technology on the way in which customers access products and services. This refers to the appearance of distribution channels other than physical branches, or remote banking. These distribution channels are: automated teller machines (ATMs), telephone banking and PC banking (proprietary software and Internet).

Effects of technology on information management is assessed through distinguishing between their impact on wholesale and retail banking, which correspond to banking activities characterized by distinct types of information asymmetries and transaction costs. For small and medium-sized enterprises and for households, the main source of financing consists of bank loans based on a long-term relationship. Because for small and medium firms and households.

There is scarce publicly available information, long-term relationships efficiently permit to mitigate the effects of information asymmetries, that appear in the form of adverse selection (lack of information about the lenders' characteristics), or in the form of moral hazard incentives by the lenders to behave opportunistically.

Because information asymmetries remain important in this segment, it is not likely to be contestable. Some empirical studies find evidence in this direction (Lloyd-Williams and Molyneux, 1994, Degryse and Van Cayseele, 2000). Yet, technology do has brought about changes that are already apparent in the form of increased competition in retail banking, for instance, through lowering barriers to entry in the supply side of services. Because of information being specific to a customer and not publicly known, there have traditionally been important sunk costs to information gathering.

Technology has pushed downwards costs in the collection of information and thus lowered the costs that new entrants must face. Similarly, technology has reduced the adverse selection problem of attracting the loan applicants that have been refused by their usual bank supplier, because of risk considerations. Moreover, also a lessening of the hold-up problem could result as an instance of lower costs in information management. On the supply side of retail banking, direct contact with customers is often important in the distribution of the traditional (loans and deposits) services.

As a result, the geographical extent of the retail banking segment is local rather than national (Neuberger, 1998). In the next years, developments in the electronic delivery of retail financial services may reduce the importance of physical proximity. This would occur as a result of a broader range of services being made available through remote banking. Currently, remote banking is used mainly to distribute only non complex products and services (which are less complex in the case of ATMs than in telephone banking). This in turn would result in a more competitive market.

Traditionally, sunk costs of branch distribution have been especially high in continental Europe banking systems. On the demand side of bank liabilities (like current accounts and time deposits), we find that customers have low market power when compared to the case of wholesale banking. In this market segment, gathering information on banks' products is costly for customers, the comparison of offers among banks is complex and the expected return is low as the products have a small weight in the consumer's budget. As a result, switching costs are important and empirical studies show that customers react slowly to interest rate differentials (Sharpe, 1997).

This "bank loyalty" may weaken in the near future with the emergence of direct banks that would lower switching costs (Neuberger, 1997). Overall, as a result of improvements in information management, we should expect that intermediation margins be reduced in retail banking, although not reaching competitive levels. Banks continue to have a natural advantage in the financing of households and small and medium-sized enterprises (SMEs) as alternative sources of funding are not available in this segment.

Consequently, disintermediation will be limited to the liabilities side of the balance sheet, where we would expect the percentage of deposits in the funding of banks to have diminished. As regards small short-term credits, banks have been using increasingly standardized credit scoring techniques that automate the decision process on some type of loans. Part of the process relies on credit history information which is widely available, and it is efficiently processed by computers.

The commoditization of some type of loans should result in increased non-interest income. The standardization has helped the process of securitization of these loans (mainly credit cards loans and mortgages) by which the financing and part of the risk of the operation are spread through financial markets. Yet, securitization has occurred to a lesser extent than in wholesale banking. In regard to Wholesale banking the customers in this market segment are corporate firms. Because information on these customers is often publicly available or obtainable at low cost (for instance, from rating agencies), information asymmetries are less important.

Consequently, the segment is more contestable and intermediation margins are narrower. On the demand side, switching costs are lower than in retail banking and the banking business is not characterized by “bank loyalty”. Rather, demand is more price sensitive. Competition is not limited to the banking sector but comes also from financial markets. For large (and/or longer-term) credits, firms rely increasingly on debt markets, in which they can obtain cheaper financing than via bank loans.

This disintermediation process has been made possible because information about large businesses is more easily obtained and transmitted and this has contributed to the growth of debt markets (Mishkin and Strahan, 1999). Until the 1980s, most studies indicated that banking markets were local as opposed to regional or national. This approach has lost relevance as advances in telecommunications have broadened the geographic extent of the wholesale segment.

With regards to security improvements in information management, there have been reduced information asymmetries in bank assets and, in doing so, have lessened the free-rider problem which is particularly important in capital markets (Mishkin and Strahan, 1999). Currently, it is easier for investors to assess risk and value bank assets, and thus barriers to the securitization of bank assets are lower. Securitization of wholesale products (as commercial paper and industrial loans) started earlier and has occurred to a larger extent than securitization of most retail products.

Apart from securitization, banks have also engaged in other off-balance sheet operations to offset the lower importance of loans in the financing of corporate businesses. These include loan syndication and operations in derivatives markets. In the income statement, this corresponds to a growing share of non-interest income. Among the most relevant are the studies that measure bank efficiency. Because of the relationship between technology and efficiency, a common approach to assess technological impact is through estimating production frontiers.

In this line of research are: Grifell et al. (1992) and Grifell and Lowell (1996) and Prior and Salas (1994). Based on the evidence summarised above, we are interested in designing a study that allows us to empirically evaluate whether changes in technology management are a fundamental force explaining changes in the business structure of commercial and savings banks. This is done in the next section. ICT developments have had a strong influence on the structure and the activities of the banking sector (ECB, 1999). The elements that have changed are several.

Besides allowing transactions to be conducted more efficiently, technology allows banks to market their products more effectively. For example, banks build up sophisticated databases containing information about their consumers, and through data mining they are then able to target their commercial efforts more precisely, knowing which range of products individual consumers might be interested in buying. Technology also affects the very products that banks sell.

Technology allows banks to apply credit-scoring techniques to consumer credits, mortgages or credit cards, automating part of the process; in this way, products that used to be highly dependent on the institution's evaluation of its customer, have become more standardized. This process is known as commoditization (Hallam-Baker, (1996). The commoditization of products is also encouraged further by technology allowing the unbundling and re-bundling of products, and their separate delivery to the customer. Similarly, technology allows these same products -for example a loan to a company- to be traded in capital markets (securitization) instead of remaining in the bank's balance sheet.

Another result of the new environment has been the process of disintermediation. This process has various dimensions. By disintermediation we normally refer to banks losing share of financial intermediation to institutional investors (investment funds, insurance companies and pension funds) (Hallam-Baker, (1996). With regards to disintermediation of back-office operations, information technologies play an important role because they allow gains from centralizing activities with large economies of scale .

(for instance, payments processing may be pooled between several banks or contracted out to specialists). Disintermediation regarding distribution activities involve the deployment of new distribution channels by banks (some Internet banking sites) as well as outsourcing of these channels (for instance, some ATMs in the are not owned by banks and some banks use supermarket chains as a distribution channel in Kenya) or through alliances with firms in the ICT sector (for instance some Internet portals.

Information technologies are having a great impact in the reshaping of the banking industry by leading to the development of new financial products and of new means of delivering them (Hallam-Baker, (1996). With regards to the delivery of products, for instance, the last decades have seen the appearance of Automated Tellers Machines (ATMs) and telephone banking, and are now seeing the spread of Internet banking. These new channels for the delivery of products have the advantage for costumers of longer hours of service, but are also a more efficient, cheaper means of delivering the products. Moreover, further effects from technology developments are envisaged.

Internet is expected to have a strong impact on the banking business in the coming years. Internet banking is expected to grow fast. Banks on the Internet can be classified into banks that are exclusively online or traditional banks for which Internet is an additional distribution channel. Although Internet banking originated in the United States, on-line banking in Kenya does not lag behind. More than a half of Kenya banks, clients use its online bank (Kariuki, 2005). With regards to the banking business, far from being only an additional distribution channel, Internet is expected to influence significantly.

Internet is shifting power from banks to their customers, by allowing them to search out the best price for products. The range of choice is already quite complete, and somehow shocking: there are web sites consisting of a search engine for best products/prices, but also websites where the banks offer their own products only, and web sites where banks offer both their own products together with products from competing firms. That is, in terms of sales strategies, cross selling (or selling a bundle of products rather than a single product) is being substituted by “open finance”: banks selling not only their own products, but offering the best available products, whoever the provider is.

If banks were to adopt this strategy, it could be expected that products like loans and mortgages would increasingly have the characteristics of commodity products, low-margin, high volume products. Another tendency is for banks to re-think cross-selling, by adapting it more to each customer’s needs, that is, bundling products together but in a manner that satisfy the needs of individual consumers. With this strategy, it should be expected that banks would be offering services for which a long term relationship and trust are important (Hallam-Baker, (1996).

With the development of Internet banking, competition is expected to increase in the sector. Yet competition will not only originate within the banking industry, but also from other financial intermediaries such as insurance companies. Moreover, competition may come as well from non-financial firms, such as technology companies that control communications networks and the gateways to them.

Such companies could set up themselves as brokers, directing consumers to the most suitable product for them. E-banking has produced changes in the structure of bank income. As a result of increased competition that has lowered margins in lending operations (the banks' traditional business) banks have diversified their sources of income and rely increasingly on income from fees services rather than interest rate spreads. Fees charged for services include typical banking activities like payment transactions, safe custody and account administration (Hallam-Baker, (1996).

These activities are, in general, less volatile than fees and commissions charged on activities which are affected by economic and cyclical developments (e.g. underwriting activities, brokerage services, treasury management, transactions on derivatives, private banking, credit card business). This change is also reflected in the increasing size of off-balance sheet items in the banks' financial accounts. Technology allows these same products -for example a loan to a company- to be traded in capital markets (securitization) instead of remaining in the bank's balance sheet.

Another result of the new environment has been the process of disintermediation. This process has various dimensions by (Heskett, 1994). By disintermediation we normally refer to banks losing share of financial intermediation to institutional investors (investment funds, insurance companies and pension funds). This is true for both bank assets and liabilities, although it is in the collection of savings where this process has been the most pronounced with mutual funds, pension funds and life-insurance policies capturing funds at the expense of bank deposits.

On the assets side, disintermediation has also occurred in the provision of credit, where capital markets have been gaining share at the expense of banks (Hallam-Baker, (1996). Yet, banks continue to have a natural advantage in the financing of households and SMEs, as in this activity asymmetric information and transaction costs remain important. There are two more additional dimensions of disintermediation and these are not linked to institutional investors.

These are disintermediation at the level of back-office operations and in the distribution of banking products. With regards to disintermediation of back-office operations, information technologies play an important role because they allow gains from centralizing activities with large economies of scale (for instance, payments processing may be pooled between several banks or contracted out to specialists). Disintermediation regarding distribution activities involve the deployment of new distribution channels by banks (some Internet banking sites) as well as outsourcing of these channels.

Indeed some ATMs in the United Kingdom are not owned by banks and some banks use supermarket chains as a distribution channel in Spain) or through alliances with firms in the ICT sector (for instance some Internet portals. At the core of the European universal banking industry is the payments system, and the core of the payments system is the demand deposit (checking or current deposit account) (Boot et al, 1991). Demand deposits are characterized by their liquidity feature, which gives customers the possibility of withdrawing funds when needed, (Boot et al, 1991).

Banks have various means to charge for the provision of liquidity. They can do so through charging customers directly (management fees, or low interest paid on funds) or indirectly. This latter will occur when deposits serve as a means of selling other bank products, or because deposits can be seen as inputs to the production of other services. With regards to banks charging directly for the provision of deposits, the starting point is to remind that because banks have the monopoly for deposit taking, deposits have traditionally constituted a natural source of funding for banks (Boot et al, 1991).

Electronic payments will contribute that deposits are less profitable for banks because technology (for instance, Internet) has lowered the costs for customers to gather information on banks' offers and to move accounts to a new bank. As a result, there is increased competition in capturing deposits which makes banks sometimes to compete for new accounts at a price above cost. On the other hand, through allowing a faster and cheaper spread of information, ICT have also affected the demand side of the banking business. Lower switching costs for customers might bring changes in the traditional customer inertia in the sector, and increase competition (Boot et al, 1991).

Some implications of these trends for relationship banking can be found, for instance, in Berlin and Mester (1998). They suggest a complementarity between deposit taking and lending in the sense that rate-insensitive core deposits allow for inter-temporal smoothing in lending rates. If this were the case, increased competition on deposits would threaten the viability of relationship lending. Another instance of possible implications for relationship banking refers to lower switching costs and duration.

instance in the loan commitment literature where it is emphasized the importance of inter-temporal tax-subsidy schemes in pricing to resolve moral hazard (Boot et al (1991)) as well as the complementarity between deposit taking and commitment lending. With regards to banks not charging directly for the provision of payments services and liquidity, it is worth noting that in Europe it is an extended practice that traditional banks run current accounts as loss leaders, on the basis that they can cross-sell other products such as credit cards, retail brokering services, savings accounts and consumer loans, to their existing account holders, (Kashyap et al., 1999).

This clearly points at economies of scope originating with the provision of deposits. In this respect, ICT will reduce the amounts of deposits that households are willing to hold, at the expense of growing participation in pension funds and mutual funds. From the point of view of banks, deposits may cease to be the main source of funding, whereas funding from insurance and mutual funds will gain in importance. Again, this lowers the possibility of the economies of scope between deposits and loans in relationship banking (Benjamin and Wigand, 1995).

Derivatives are among the new products that have more significantly contributed to the transformation of the banking sector in the past years. Financial derivatives can be classified into two broad categories: forwards and options. By a forward contract, one party agrees to buy something from another party at a specified future date for a specified price. By an option contract, one party agrees to provide the right, but not the obligation, to another, to buy or sell something in the future at a specified price.

Combination of forwards contracts (like swaps), option contracts (like straddles), or both, abound (Benjamin and Wigand, 1995). Financial derivatives are attractive for two features: they facilitate the implementation of leveraged strategies, and are a specially suited instrument for unbundling risks. With regards to the unbundling of risks, banks can use derivatives to manage mismatches in interest rates between fixed rate assets and floating rate liabilities. Similarly, a firm wanting to raise capital may find it cheaper to issue debt in dollars and then use a currency swap to translate dollars into its domestic currency.

A firm can use derivatives to insure against price movements in commodity imports, for instance. In summary, investors can use derivatives to hedge against risks by shifting them to investors willing to take these risks. Thus, derivatives contribute greatly to enhance the efficiency of the market through the production of a range of products and prices that widen considerably the investors' choices in a manner that enhances the differentiation of risks and allows its more efficient allocation to the preferences of consumers (Benjamin and Wigand, 1995).

The spread of financial derivatives has been made possible by advances in technology as well as developments in theoretical finance related to the pricing of risk. Despite the above explained benefits of derivatives products, the spectacular growth of their markets and their leveraged condition have sometimes generated concerns about the risk they entail. As confirmation of the concerns for the stability of financial markets, analysts mention that systemic risk as a whole may have increased.

Several elements explain this effect. It has been mentioned that advances in technology and the appearance of new products have transformed considerably the way financial institutions work and invest. In the area of risk management, technology developments have made it easier to keep track of the overall value of positions of an investor. Some years ago, calculating the overall risk for an institution in one location only, would take more than a few hours; nowadays, the technology allows a financial institution to compute almost instantaneously the value of its positions around the world.

Similarly, technology and portfolio theory have had an impact on risk management by providing the means for an institution to diversify risk. The problems for market stability appear when these advances are implemented by institutions without accounting sufficiently for some of the techniques' flaws. Recent research, as well as market evidence, suggests that these techniques tend to underestimate the level of risks of an investor by not accounting sufficiently for recurrent episodes of financial turmoil (Benjamin and Wigand, 1995).

Zheng and Zhong (2005) examined the trend in the internet revolutions that have set the Chinese banking sector in motion and the Factors which have influenced the adoption of IB in china. It was revealed that internet availability, awareness, attitude towards change, computer and internet access, cost, trust in ones bank, security concerns, ease of use and convenience were the major factors affecting the adoption. Al-Hajri (2008) examined various factors that might act to determine whether a given technology is likely to be adopted by the banking industry in developing country.

The result indicated that relative advantage, organizational performance, Customer organizational relationship and ease of use, can shed light on the reasons for adoption of Internet technology. An exploration done by Singhal and Padhmabhan, (2008), revealed that utility request, security, utility transaction, ticket booking and funds transfer were major factors contributing to internet banking adoption Tat, et.al (2008) examined predictors of intention among users of internet banking to continue using IB services.

It was revealed that trust was the strongest predictor followed by compatibility and ease of use. Mirza, et. al., (2009) revealed a significant difference between demographic and attitude of users and non-user groups. The majority of customers were very comfortable and willing to use IB services. Security concerns, lack of technological knowledge and awareness stood out as being obstacles to the adoption of Internet Banking. Yuttapong et.al (2009) investigated the factors impacting the adoption of internet banking and found that complexity had a negative relationship with intention to adopt the internet banking in Thailand.

Further, it was indicated that compatibility had a high positive relationship with intention to adopt IB. Al-ghamdi and King (2009) explored how IB affects the relationship between customers' trust and their loyalty. The study also examined how factors may affecting IB usage can be different in UK and Saudi Arabia. The study considered privacy aspects, communication, customer experience, usefulness, self-efficacy and ease of use as major factors trust and customer loyalty.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the general methodology used to conduct the study. It specifies the research design, data collection methods, research instruments, data analysis and interpretation.

3.2 Research Design

This study utilized a case study. A case study involves an investigation of specific issues in an environment without generalizing. A case study was preferred since the commercial banks in Kenya are homogeneous in nature in terms of product and service delivery using ICT (Chandran, 2004). The study adopted both descriptive and explanatory designs.

3.3 Data Collection Method

The study used both secondary and primary data. This was to ensure richness in the findings and conclusions drawn from the study. Secondary data was collected from existing reports and company reports. An interview guide was developed and filled in by the banks' head of departments i.e. IT, card centre and operations, this formed the raw data. The Data obtained was complemented by researcher own data obtained from annual reports of the banks' balance sheets covering the period a period of ten years. This allowed for data comparison and a rich data analysis to give valid conclusions.

CHAPTER FOUR

DATA ANALYSIS, RESULT AND DISCUSSIONS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The purpose of the research was to evaluate the ICT strategy adopted by Standard Chartered Bank Kenya Limited. The results presented were based on the research questions. The data was gathered exclusively from interview guide as the research instrument. An interview guide was designed in line with the objectives of the study. The data is presented in qualitative research form followed by discussions of the data results. The chapter concludes with critical analysis of the findings.

4.2 If the staff met regularly to share ideology on the ICT strategy

It was determined from the study that all of the respondents indicated that the banks ICT department regularly met to in order to review and implement the ongoing strategies being implemented by the bank and also the already implemented strategies.

4.3 Deadlines and milestones under the ICT strategy are constantly reviewed

The respondents indicated that deadlines and the milestones set under ICT strategy were achieved and they were too constantly reviewed and new ones were put in place so that the company/ bank could be in a position to provide high quality service to its customers as well as increasing the general performance of the bank due to the effectiveness and efficiency of the ICT services provided in the institutional.

4.4 ICT Implementation steps and processes if are working correctly

The study sought to determine if the steps and the processes for the ICT implementation were working properly in the bank. The respondents indicated that the projects initiated by the ICT department are working according to the plan and the bank keeps on updating the existing networks and the ICT facility so the facilities would be in good working condition.

4.5 Presence of relevant performance indicators for all ICT activities

It was indicated by the respondents that there was performance indicators that existed in the bank for all ICT activities. This include the periodic evaluation from customers who utilize the various facilities provided the bank as well as the banks employees. The bank also hired specialists who specialized with monitoring the various projects initiated by the banks ICT department so that the services provided would be as per in comparison with other banks in the banking industry.

4.6 If the organization ICT results achieved meet the organization objectives

It was determined that the majority of the banks objectives regarding the projects initiated by the ICT department were achieved as the results from the ICT were positive and the banks customers never complained about the system breakdowns or the delays as the result of the poor facilities put forth by the bank's ICT sector.

4.7 Presence of a framework on fixing benchmark of performance

The study established that a benchmark existed in the bank for the measuring the performance of the projects initiated. Any problems that were experienced in the facilities that led to or malfunctioning were fixed on time.

This was actually done so that the complains from the end users would be less and for the prevention of migration to other banks who were perceived to provided more efficient and effective. It was indicated that the bank recognized that effective exploitation of technology is essential to the bank efficiency and reform agenda. This is a comprehensive implementation plan to fundamentally change how it incorporated ICT into its everyday business.

It ensured the early factoring of technology considerations into the design of policy, increase digital inclusion, reduce the cost of our operations, and ensure information is shared and transparent where possible and always handled appropriately. Delivering strategy commitments supported their plans for economic growth and enable workforce transformation so that the bank has the tools to deliver modern, effective banking services.

4.8 If the institution's performance closely linked to the ICT strategy

It was established that the institution's performance was closely linked to the ICT strategy and the facilities provided by the ICT department as most of the services provided by the bank revolved around the ICT facilities. It was determined that the any breakdown in the ICT services led to the inefficiencies and ineffectiveness of the services provided by the bank and the ICT department of the bank were mandated to keep the facilities running smoothly.

4.9 Participation of all Board of directors and the Governing Council

It was established from the study that none of the board of directors and the governing council participated in the strategy implementation and evaluation because the

responsibility was delegated to ICT manager and the heads of the various departments in the bank to work together during the implementation of the projects and to oversee the success implementation.

4.10 Communication of outcomes to all levels in the institution

It was determined that better communication and information sharing among the standing ICT departmental personnel and other personnel entailed in the implementation of the project was very critical for the proper implementation of the project, advisory and technical bodies, workings groups with the various departments and working groups established for specific major ICT projects.

Moreover, major ICT projects such as the implementation of ERP systems were readily communicated. Communication was done at all levels in the bank for the better use and the utilization of the ICT facilities. The ICT strategy process in the organization was often accompanied by the establishment of focal points or liaison officers for the major departments and programmes, so as to increase communication and interaction with business, and alignment with the needs of clients and other banks employees.

4.11 Presence of a formal, periodic evaluation of the ICT strategic plan

It was established from the study the bank had a formal, periodic evaluation of the ICT strategic plan and this assisted the bank to monitor and evaluate the various ICT strategic plans and if the projects have been successfully been implemented and launched. The various ICT managers and the departmental heads and other ICT personnel meet on regular basis and implement the ICT strategic plans for better launching and implementation of the projects in the ICT department of the bank.

4.12 If corrective action is always taken as a result of evaluation of strategic plans

It was established from the study that the bank evaluated its strategic plans through the committee which was established by the bank and the necessary actions taken through use of corrective actions which are then implemented. The respondents indicated ICT strategic plans meetings are periodic and they were meant to go through the various implementation process and any shortcomings or the weaknesses are corrected.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents discussions of the key findings presented in chapter four, conclusions drawn based on such findings and recommendations there-to. This chapter is, thus, structured into discussions, conclusions, recommendations and areas for further research.

5.2 Summary of the findings

The banks ICT department regularly met to in order to review and implement the ongoing strategies being implemented by the bank and also the already implemented strategies.

The respondents indicated that deadlines and the milestones set under ICT strategy were achieved and they were too constantly reviewed and new ones were put in place so that the company/ bank could be in a position to provide high quality service to its customers as well as increasing the general performance of the bank due to the effectiveness and efficiency of the ICT services provided in the institutional.

There were performance indicators that existed in the bank for all ICT activities. This include the periodic evaluation from customers who utilize the various facilities provided the bank as well as the banks employees. The bank also hired specialists who specialized with monitoring the various projects initiated by the banks ICT department so that the services provided would be as per in comparison with other banks in the banking industry.

Regarding the projects initiated by the ICT department were achieved as the results from the ICT were positive and the banks customers never complained about the system breakdowns or the delays as the result of the poor facilities put forth by the bank's ICT sector. Benchmarks existed in the bank for the measuring the performance of the projects initiated. Any problems that were experienced in the facilities that led to or malfunctioning were fixed on time so that the complains from the end users would be less and for the prevention of migration to other banks who were perceived to provided more efficient and effective.

It was indicated that the bank recognized that effective exploitation of technology is essential to the bank efficiency and reform agenda. This is a comprehensive implementation plan to fundamentally change how it incorporated ICT into its everyday business. It ensured the early factoring of technology considerations into the design of policy, increase digital inclusion, reduce the cost of our operations, and ensure information is shared and transparent where possible and always handled appropriately.

It was established that the institution's performance was closely linked to the ICT strategy and the facilities provided by the ICT department as most of the services provided by the bank revolved around the ICT facilities. It was determined that the any breakdown in the ICT services led to the inefficiencies and ineffectiveness of the services provided by the bank and the ICT department of the bank were mandated to keep the facilities running smoothly.

None of the board of directors and the governing council participated in the strategy implementation and evaluation because the responsibility was delegated to ICT manager and the heads of the various departments in the bank to work together during the implementation of the projects and to oversee the success implementation. Better communication and information sharing among the standing ICT departmental personnel and other personnel entailed in the implementation of the project was very critical for the proper implementation of the project.

Advisory and technical bodies, workings groups with the various departments and working groups established for specific major ICT projects, such as the implementation of ERP systems. Communication was done at all levels in the bank for the better use and the utilization of the ICT facilities. Formal, periodic evaluation of the ICT strategic plan and this assisted the bank to monitor and evaluate the various ICT strategic plans and if the projects have been successfully been implemented and launched.

The various ICT managers and the departmental heads and other ICT personnel meet on regular basis and implement the ICT strategic plans for better launching and implementation of the projects in the ICT department of the bank. Better communication and information sharing are key parameters that the firms should observe for better implementation of their firms diversification plans as well as in the ICT sector.

5.3 Conclusions

The study concludes that ICT strategies should be implemented by the various organizations in order to enhance the use and the installation of the facilities which are necessary for the effective and the smooth running of the business operations. Benchmarks for evaluating the ICT facilities in the banks and other firms should exist in order to measure the performance of the projects initiated and only this way the banks or the firms should diagnosis the effectiveness of the facilities that are in place.

Effective exploitation of technology is essential for the bank to increase their efficiency and effectiveness levels and reform agenda and all the firms should be incorporating and taking advantage of the technology to increase their growth through the adoption of the technologies. Currently the institution's performance is closely linked to the ICT strategy and the facilities provided by the ICT department as most of the services provided by the bank revolved around the ICT facilities and thus the banks should fund and install the latest technologies to attract more customers from other banks.

5.4 Recommendations

The banks and other firms should adopt ICT strategies in which the committee for coming up with the necessary ICT facilities to be installed and the various latest innovations to be utilized and in this case the firm would be in better position to command and attract a bigger market share. The various firms should be investing in the latest technology as this would reflect a smooth running of their operations as well as growth.

5.5 Suggestions for further study

This study aimed at evaluating the ICT strategy adopted by Standard Chartered Bank Kenya Limited. The same study should be carried out in other organizations and establish if the challenges outlined in this project would be achieved. The study utilized interview guide on which the findings were subjective to the opinions of each respondents and in future studies, other instruments of data collection should be utilized. The sample size used in this study was top level management who were four and to this end, future studies dealing on the same should use a larger sample size to increase the reliability of the data collected.

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APPENDICES
APPENDIX I: Cover Letter

SUSAN KAMENE MAVUNGO,

University of Nairobi,

P.O BOX, 30197

Nairobi.

June 2011

Dear Sir/Madam,

RE: DATA COLLECTION

I am a postgraduate student at University of Nairobi undertaking a Master of Business Administration degree Program majoring in Strategic Management. One of my academic outputs before graduating is a thesis and for this I have chosen the research topic “evaluation of ICT strategy at standard chartered bank Kenya limited”.

You have been selected to form part of the study. This is to kindly request you to assist me collect the data by responding to the interview guide. The information you provide will be used strictly for academic purposes and will be treated with utmost confidence. A copy of the final report was available to you upon request. Your assistance will be highly appreciated.

Yours Sincerely,

SUSAN KAMENE MAVUNGO

APPENDIX II: Interview Guide

1. Does staff meet regularly to discuss actions under the ICT strategy
2. Are deadlines and milestones under the ICT strategy are constantly reviewed
3. Are ICT Implementation steps and processes are working correctly
4. Does The institution has relevant performance indicators for all ICT activities of the Institution
5. Does the organization ICT results achieved meet the organization objectives
6. Does The Institution has a framework on fixing benchmark of performance
7. How is the Institution 's performance closely linked to the ICT strategy
8. All levels of the Institution including the Board of directors and the Governing Council take part in strategy evaluation
9. Outcomes are communicated to all levels of the Institution
10. There is a formal, periodic evaluation of the ICT strategic plan
11. Corrective action is always taken as a result of evaluation of strategic plans

APPENDIX III: Standard Chartered Bank Limited Letter

APPENDIX IV: University of Nairobi Letter

APPENDIX V: Proposal Correction Form