

The Usage of Information Communication Technology (ICT) In Facilitating Global Bank Effective Decision Making

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Abstract

The ever increasing competitive banking industry has led to many banking institutions to look for ways to sustain. By using the ICT as a mean to transfer the information, organization can process and store the information they have gathered from their operations across the globe virtually. The study aims at investigating the influence of the independent variables such as information preparation through the usage of ICT, avoiding ambiguous situation through reduction of uncertainties and real-time information flow provided by ICT to global bank effective decision making. After acknowledging the right topic to be search, researcher had decided to use primary data search as in distributing a set of questionnaire to selected respondents. Growing number of global banks for the past decades have shown a significant needs to more decision making on a global scale thus highlighting the needs for research in global decision making to assist the global banks with better approaches to decision making on a world-wide scale.

Key Words: Global Bank, Information Preparation, Ambiguity Avoidance, Real-Time Information Flow.

INTRODUCTION

In the era of globalized world economy, business firms can no longer depend on its home country to prosper. Firms now need to source from various countries to achieve economies of scale and competitive advantage over the competing firms. Information communication technology (ICT) creates efficient informational flows between the firms and its operating subsidiaries. This is in accordance to (Kashanchi & Toland, 2006) view, where alignment of the firm's core objectives and ICT is needed to ensure firm's ability to achieve and maintain its competitive advantage. The presence of ICT enables the organization to process and store the information they have gathered from their operations across the globe virtually. Access to worldwide information and expertise can help the organization to increase their operational efficiency as decision can now be made over the line. Running an operation throughout the world with less innovative strategy is challenging as it may affect firm's managerial decision and their success factors.

Over the years, the developments in digital technologies have contributed to a significant impact on business by replacing the conventional model of decision making. The global bank faced challenges based on their active operations in multiple countries that require a decision to be made across the diverse cultural landscapes. Therefore, more capital is needed to be invested by global banks in the development of more robust ICT platforms due to the dramatic changes in today's competition. With an expected increase of population in Africa and Asia to 350 million and 450 million, respectively, come numerous opportunities for global banks to penetrate to these markets. Alongside greater banking penetration to the emerging markets, global banks now need to find ways to better serve their global consumers.

According to (Qureshi, 2005), the usage of ICT could translate to the enhanced firm's labor productivity, administrative efficiencies, competitiveness and access to information and expertise virtually across various national boundaries while reducing their operational cost and time taken to resolve issues. Apart from that, ICT also provides platform for firms to integrate their supply chain activities by ensuring real-time informational flow and reduction of alternatives to decision making. Therefore, it is the aim of this paper is to elucidate the relationship of the factors that directly influence global banks decision making process such as information preparation, ambiguity avoidance and real-time information flow.

Problem Statement

The ever increasing competitive banking industry has led to many banking institutions to look for ways to sustain. Among other is through the usage of Information Communication Technology (ICT). Failing to comprehend the arising issue and eliminating the unwanted alternatives usually results in poorly implemented solutions. Poor and less optimal decisions are often made by those lacking in knowledge, information and skills (Damghani, Taghavifard, & Moghaddam, 2009). By using the ICT

as a mean to transfer the information and knowledge, organization can reduce time taken to communicate and share the information between the headquarters (HQ) and their subsidiaries and amongst the subsidiary units and reducing the risk of data and information duplication through the usage traditional storage system. Therefore, it is the aim of this paper to study the usage of ICT in facilitating global banks effective decision making.

Research Questions

There are several questions occurs in this research and are based on the variables set.

1. Does information preparation through the usage of ICT affect global bank decision making?
2. Does ambiguity avoidance through reduction of uncertainties provided by ICT affect global bank decision making?
3. Does real-time information flow provided by ICT affect global bank decision making?

Research Objectives

The research objectives are developed based on the above questions.

1. To identify whether information preparation through the usage of ICT affect global bank decision making.
2. To identify whether ambiguity avoidance through reduction of uncertainties provided by ICT affect global bank decision making.
3. To identify whether real-time information flow provided by ICT affect global bank decision making.

Significance of Study

The study aims at investigating the influence of the independent variables such as information preparation through the usage of ICT, avoiding ambiguous situation through reduction of uncertainties and real-time information flow provided by ICT to global bank effective decision making. Growing number of global banks for the past decades have shown a significant needs to more decision making on a global scale thus highlighting the needs for research in global decision making to assist the global banks with better approaches to decision making on a world-wide scale.

Limitations of Study

This study tests bankers' responses to the usage of ICT that are every day and common in their line of duty. It provides some evidence that ICT can be correlated to global banks effective decision making in some situations and not in others. More research is needed on the other usage of ICT in facilitating global bank effective decision making. 5 global banks were selected to take part in the study, however, 3

banks were not able to take part in the study due to confidentiality reasons, resulting to a limited number of respondents.

LITERATURE REVIEW

Information Preparation

The rapid pace of change in information management, has led to the need for constant monitoring to ensure validity and accuracy of the business data. In the absence of reliable and timely information, firms were unable to make a sound decision making. Competitive nature in banking environment forced firms to continuously update their products offering and efficiently keep their cost down. Smooth integration of ICT in global bank operational activities provide cost opportunity and advantage for the banks. The off-the-shelf banking features enables firms to provide online retail banking thus making it easier for them to reach wider customer base and interconnection of geographically scattered branches in domestic as well as international market at a reasonable cost through the usage of Wide Area Network (WAN) or Enterprise Network (EN), (Dauda & Akingbade, 2011).

Ambiguity Avoidance

Making a decision under uncertainty is a daunting task for any manager. A lot of a time, decision makers are facing a severe lack of information prior to making a decision. Carrying the MNC title would require the bank to pay sufficient consideration to complex and ambiguous international business environment. With most firms pursue international business venture to widen their customer base and to benefit from scope of economy, making more and more decision on a global basis. To further explain this, Damghani et al. (2009) suggested that decision analysis model falls under two extreme poles; one is deterministic and the other is pure uncertainties; explaining, that the degree of certainty is depending on the level of knowledge that one's has to solve a problem. To help bankers in making a decision based on imperfect observations, automated decision support system is equipped with various sources of uncertainty and assessment tools parallel to the multiple objectives of the system. Apart from that, with information communication technology (ICT), decision made under uncertainty could be avoided as ICT provides platform for managers to communicate to clear the air.

Real-time Information Flow

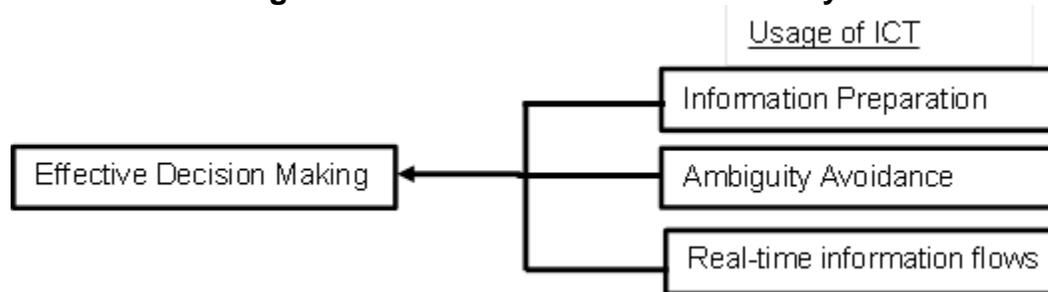
Today's Industrial growth mainly depends on the real-time and on-line information rather than traditionally stored data due to its direct effect on competition. It is a challenging one for the communication industry to provide the required information continuously without delay. By considering and having the control over the common control management techniques the flow of information is maintained without or with delay based on the services offered either online service or offline service. (Macriga & Kumar,

2009).The decision-making process in a business is strongly dependent on organizational structure and the style of management. Decisions need to be made rapidly as well as correctly, which implies the necessity of an appropriate level of knowledge and skill (Frontini & Kennedy, 2003). Moreover, Adam (2008) stated that information system for use in supply chain management has evolved over a number of decades. An information flow facility allow transactional and management data to be distributed across the supply chain on a real time basis. It will facilitate integration of process activities in various supply chain participant thus requiring the end-customer to respond to the changing condition.

THEORETICAL FRAMEWORK

Research on ICT and its roles in firm’s effective decision making suggests ICT enables firm to prepare the needed information to make a sound decision and reducing the risk of making decision under uncertainties on a real-time basis.

Figure 1. Research Framework of Study



Based on the above framework, below hypotheses were derived:

Hypothesis 1: Information preparation will be positively related with global banks effective decision making.

Hypothesis 2: Ambiguity avoidance will be positively related with global banks effective decision making.

Hypothesis 3: Real time information flow will be positively related with global banks effective decision making.

RESEARCH METHOD

The main objective of the research is to investigate the usage of ICT for global bank in making decision. For the purpose of the study, the researchers decide to apply primary data search as in distributing a set of questionnaires to selected respondents. 5 selected international banks that operate in Malaysia were identified and chosen for the study. The population of the study will involves the senior and middle grades of management staff that involves in the decision making process in the global banking institution in Malaysia. The Statistical Package for Social Science (SPSS) is used as a tool to analyze the data.

DATA ANALYSIS AND FINDINGS

Response Rate

A total of 28 questionnaires were collected out of 50 questionnaires distributed. The response rate was 60%. 20 questionnaires were not able to be collected due to the unwillingness of 2 banks to cooperate.

Material of Findings

The Usage of ICT in facilitating Global Bank Effective Decision Making: Gathered data were analyzed based on the research questions and objectives. Findings and analysis on the usage of ICT in facilitating global bank effective decision making are as follows:

Usage	Findings & Analysis
1. Information Preparation	The result have shown that there is a strong positive relationship between information preparation and global bank effective decision making; indicating, that information preparation through the usage of ICT is crucial in bankers decision making process as they rely heavily on a systematic records of data and information with the percentage of 75 % respondents are in agreement to the statement. Apart from that, majority of the respondents agree and strongly agree that the cost of gathering, preparing and maintaining information can be reduced with the usage of ICT with a percentage of 46 % and 29 % respectively, while the remaining is indifference to the statement. A combination of 93 % of the respondents are in agreement to the statement that the increase information content gathered greatly influenced the nature of decision made thus, making the hypothesis to be accepted at ($r=.866^{**}$, $p<0.01$).
2. Ambiguity Avoidance	Decision made under uncertainties could also be reduced through the usage of ICT as it provides a platform for global banks eliminate the unwanted alternatives. 82 % of the respondents are in agreement to the view that decisions are confidently made with an existence of ICT to facilitate the process, while the remaining 18 % neither agree nor disagree to the statement. Majority of the respondents agree and strongly agree with a percentage of 43% and 39% respectively while the remaining 18% of the respondents neither agree nor disagree to the statement that ICT enables global bank to have sufficient

	data for decision making. The hypothesis is accepted at ($r=.580^{**}$, $p<0.01$).
3. Real-time Information Flows	The use of ICT has helped banking institutions to reduce the time taken to communicate and share information needed in making decision. Apart from that, majority of the respondents agree and strongly agree that ICT ensures real time information sharing among stakeholders within and across national boundaries, with a percentage of 43 % and 32 % respectively, while 25 % is indifference to the view. Real-time information flow is imperative as it allows the parties in decision making to source data and discuss with each other in making an important decision regardless of whether they are located in the same geographic region or not. Consequently, reducing the cost of data duplication that are commonly found in the MNCs traditional data storage system. The hypothesis is accepted at ($r=.686^{**}$, $p<0.01$).

CONCLUSION

The study aims to understand the factors that influence global bank effective decision making. In general, the findings suggest that significant relationship exist between perceived factors and global bank effective decision making. This implies that ICT infrastructure enables global bank to store and share data and information virtually; enabling the managers to cut the needed time to solicit data from files that sometimes is scattered across national boundaries. ICT also provide a means for global banks to reduce their operational cost as the data is virtually stored and easily accessible by the intended parties though they are located far from the head office or each other.

Good decision making stems from various alternatives to choose from. However, in most cases, these alternatives could also be a source of ineffective decision making especially in a multifaceted global business environment. The ability of a firm to eliminate the unwanted alternatives is one of the critical factors in ensuring only the best alternative is chosen. The uncertainties in decision making process could be reduced as ICT provides a platform for decision makers to exchange ideas, information and data regardless of their locations to clear the air and to also exchange their expertise to one another. Hence, there should be a concerted effort by the global banks to invest more money in the development of their ICT infrastructure as this will lead to a better informed decision.

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