

It in financing industries

[Business](#), [Industries](#)



Financial institutions, specifically the banking industries were those that benefit most with the rise of IT. They rely heavily on gathering, processing, analyzing, and providing information in order to meet the needs of the customers. These information are considered essential such that banking demands for prompt and accurate information. Then, Information Technology has made what seemed to be impossible in the past into a reality at this day and age. It is not surprising though banks were among the earliest adopters and eclectic users of automated information processing technology.

In the late 1960s, banks began to realize the comfort and convenience it could offer the industry, as well as its customers. Existing services were innovated and the introduction of new ones has increased in order to attract more customers and increase their demands. At the same time IT has reduced labor and processing costs. For example, from 1979 to 1994 the cost of an electronic transaction declined from 9.0 cents to 1.0 cent, while the cost of processing checks actually increased from 1.9 cents to 2.5 cents because of rising wages and paper costs.

Information technology has added more confidence and security to the banking industry. (Katz & Jordan, 1999) Numerous paper works which were done manually over a long period of time is more than just minimized. Opening, maintaining, and closing bank accounts were simply clicks away for the customers. Merchants' time and effort of going to and from the bank offices falling in lengthy lines are no longer observed. Any transaction can already be done by customers at any given time and place, without personally meeting the bank personnel.

Information Technology's sophisticated features have made possible the various applications as much as the structures of the banking industry. Due to this perceived constant development of the industry, a far better evolution is likely to happen in the future. (Ghaziri, 1998; Katz & Jordan, 1999) With the use of various information stored into different forms such as voice, data, images, and videos, banks are now able to manage various applications and transactions in the nick of time.

Furthermore, banks are becoming more competitive in the global market as much as they compete among themselves. This competition however benefits the consumers such that banks contend to providing the best customer service in order to meet the needs of the consumers. (Ghaziri, 1998) For financing firms, IT has opened up a wider and better market for them. With the use of Information Technology, they now use statistical models to evaluate risk efficiently, originate loans, transform them into marketable securities, and sell them to obtain funding to make more loans.

(Katz & Jordan, 1999) IT in the Banking Industry in Thailand One of the most IT competitive in the Southeast Asian countries in its application to banking industries is Thailand. In a study conducted by Wataganase in 2001, the problems that the country had faced are inadequate information system, inability to utilize policy instruments, particularly the exchange rate, outdated legal framework, inexperienced risk management, poor governance of financial institutions and corporations, and lax supervision.

However, the country was able to overcome each of these problems. Each one had been addressed appropriately by its government including the Bank

of Thailand. Various symposia were organized that educate the banking and finance industries with the necessary knowledge and understanding of the risks and benefits of the issues involved. (Wonglimpiyarat, n. d.)

Local banks in Thailand fall into three categories – a) banks whose major shareholders are Thai investors, individual and institutions and that which consists of five banks; b) the four hybrid or international Thai banks which were predominantly owned by foreign shareholders, especially foreign banks, during the Thai economic crisis in 1998 c) the three banks that are composed of government-owned banks whose operations mirror government policies.

(Sambandaraksa, 2007) Banks in Thailand were compelled to run along with the increasing integration of IT in providing the needs of their customers. The demand to use computer assisted facilities in the banks grew stronger with the entrance of the international banks that competes with the local banks.

(Sambandaraksa, 2007) They could not allow themselves to be left behind and let these international banks dominate the banking industry.

While their competitors face higher branch investment and operating cost due to non-familiarity of the banking systems in the country, the local banks were able to cope up equipped with greater management skills for which allows them to introduce changes promptly into the market.

(Sambandaraksa, 2007) The introduction of new services in various channels has not been very hard for the banking industries in Thailand. There was instantly a growing trend from personal banking to a more convenient

banking system matched with electronic banking and better customer service.

According to Oracle's financial services industry solution specialist director Andy Woodhouse, mergers and acquisitions in the financial services sector in Thailand had been very common even if it only composes three percent of the region's capital. Woodhouse considers the banking industry in Thailand the true knowledge-based industry because it spends three to four times more on IT as compared to the manufacturing industry.

Even its local banks are more than eager to upgrade their IT systems to fend off the competition from foreign banks and demand agility and flexibility to meet customer and regulatory demands. (Sambandaraksa, 2007) Thai banking structure did not just shift into an IT based banking. Banking automation changed from mass automation into smart automation such that it used the improvements in information and communications technology to enable the banking community to launch new types of financial services like electronic banking services and mobile banking services.

(Wonglimpiyarat, n. d.) On the other hand, based on the research study conducted in 2001, there is still a need for the banking industry to strengthen their IT systems to enhance differentiated that would also strengthen their competitiveness to not just satisfy the needs of their customers but exceed their expectations. The major problems that resulted in the survey enumerated the following problems: staff (36%); IT systems and equipment (21%); customer behaviour (17%); communication and cooperation (14%); work process (7%); other problems (5%).

(Sambandaraksa, 2007) Aware of such problems, banks should be able to understand the competitive situation by monitoring one another. This allows them to analyze the trends in the industry and make the necessary moves in order to level up with other banks. With the unstable Thai economy, banks need to analyze and track other factors that might affect its structure. Factors such as the demographic and social changes, and law and regulations must be taken into consideration in creating technological strategies and moves to compete with global market.

(Sambandaraksa, 2007) There is also a need for the banks to look into its staff their level of knowledge to the technology being used. Although this may seem a bit funny and odd, these things still happen. As much as banks need to educate its customers the benefits, limitations and reliability of the services that they offer, the management also needs to train extensively its employees the scope of the service in order strengthen the integrity of the bank and the service as well. (Sambandaraksa, 2007)

Because of the value given by the banking industry into the needs of their customers, as well as their preferences and attitudes toward technological shifts in the mode of service delivery, technological innovation in Thailand is not revolutionary but evolutionary. (Wonglimpiyarat, n. d.) Banks study the market situation with care and introduce new technologies gradually until customers get used to the process and aim for a far better quality that may still include the use of IT in its delivery.

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