

**Impact of using information technology in local banks in Sri Lanka: A customer's perspective**

K.P. Hettiarachchi, Sampath Bank

P.L.S. Peter, Department of Industrial Management, University of Kelaniya

Technological advances have revolutionized the way banks perform their financial transactions with emphasis on 'electronic banking'. The banking industry has become virtually dependent on, and continues to invest in Information Technology (IT) to gain a competitive advantage as it has the ability to enhance differentiation of products and services delivered to customers. Although the adaptation of IT in the financial services sector is widespread, certain services like internet banking, mobile banking are still in the process of gaining acceptance in Sri Lanka.

The study was conducted to uncover if Sri Lankan banks use IT as a tool to gain a competitive advantage, and as a means to enhance customer satisfaction. The most significant service quality dimensions such as access, reliability, responsiveness, security, attentiveness and communication were used for measuring customer perspective on service quality. In order to carry out the research, two questionnaire surveys were carried out among selected local banks and customers. In order to explore relationships between service quality and competitive advantage correlation statistical techniques were used.

The research findings revealed that two commercial banks use IT to gain a sustained competitive advantage and has also being successful in delivering a high service quality to their customers through internet channels. It also showed that banks using internet banking have been able to improve certain service quality factors such as accessibility, responsiveness, communication, reliability and attentiveness of banking services as perceived by customers.

The data revealed that one of the major obstacles for the use of internet banking is the insecurity of the customers in using such systems. Inadequate technological infrastructure, poor connectivity, customer perceptions, language barrier, password hacking and system failures are inhibiting the adoption of technology by a wider customer base. Given the competitive structure in the banking sector, it is imperative that sufficient resources are allocated to develop their IT systems and to raise awareness of customers on the security and ease of using internet based services for their routine banking operations.