

ABSTRACT

Information technology, (IT/ICT), has become an integral part of everyday life. The potential contribution of information technology to improving the competitiveness of any business has globally been recognized. This is especially attributed to the well-known characteristics of IT for its high speed and accuracy in data processing, which in turn enables the business owners and managers to have their business information at hand for making timely and informed decisions.

In financial sector, IT is increasingly becoming the heart of the business. Without ICT most organizations, if not all, would be incapable of serving their customers, collaborating with partners, developing new products or performing other basic business functions. It would also limit the growth of the organizations as it is difficult to handle a large number of customers in manual systems. However, It can be observed, intuitively, that the small and medium financial Institutions are reluctant, or rather, slowly adopting ICT. This is typically characterized by the use of data cards, passbooks, counter books, and computer spreadsheets in recording financial transaction data.

In this context, this dissertation examines the reasons as to why, beside the said core value of IT, still the small and medium financial Institutions are not adopting and use IT in a fast pace enough to take the competitive advantage and fulfilling the potential of using IT effectively. The methodological approach to this study consists of a combined qualitative and quantitative research comprising a review of the literature and case studies. From the collected data and the analysis thereof, it was proved that the factors mentioned in the literature are in agreement with the practical situation that they are actually inhibiting computerizing small and medium financial institutions.

The result shows that, in general, the small and medium financial institutions have a reasonable perception of the importance of IT for their organizations as indicated by the noticeable attempt to use IT. However, it was further observed that there is a big knowledge gap between the current technological advancement or capability of IT and what is known to be in the field. The study concludes by pointing the way forward as to the possibilities for further research on the issues addressed in this dissertation.

