IT-Governance Framework Considering Service Quality and Information Security in Banks in India

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ABSTRACT
This study proposes an IT-Governance framework for the Indian Banking Industry. This research explores the factors predicting customer loyalty in retail banking. The classical SERVQUAL model that captures consumer insight of a service along the five dimensions (reliability, assurance, tangibles, empathy, responsiveness) and is combined with three critical factors of cyber / information security, namely confidentiality, integrity and availability (CIA) to generate a conceptual framework for IT-governance in Indian Banking. A survey with more than 150 respondents was conducted. The study concludes that customers have a moderate to low perception on current Indian banking infrastructure and other dimensions of services quality it provides, while a highly favourable perception of the parameters of information security and hence, it can be leveraged to implement certain critical policies of the government with requires confidentiality and integrity.

KEYWORDS
Banking, Information Security, IT-Governance, Service Quality

INTRODUCTION
The Indian Banking System has gone through lot of changes in its structure and functioning since the liberalization of the economy in 1991. With increasing number of foreign multinational corporations entering the market-place, the competition in the market has increased greatly and a lot of customer-centric strategies are being developed for sustainable competitive advantage. The increased use of information technology has accelerated the competition. Thus, increased competition, highly educated consumers are forcing banking industries to review customer service strategies. Numerous studies have identified the significance of service quality in achieving customer satisfaction and creating customer loyalty in banking sector (Berry et al., 1989; Cronin et al., 2000; Kang & James, 2004). Service quality plays a major role in order to retain existing customers and acquire new ones, reduce costs, enhance corporate image, generate positive word-of-mouth recommendation, and improve profitability (Berry et al., 1989; Cronin et al., 2000; Kang & James, 2004; Reichheld & Sasser, 1990; Rust & Zahorik, 1993; Yoon & Suh, 2004). Improved service quality in banks can also gain a competitive edge in terms of higher revenue, customer loyalty and customer retention (Kumar et al., 2010). In today’s world, globalization, privatization and liberalization have contributed for

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increased use of information technology in banking industry. In this era of information technology, customers are also concerned about service quality in relation to information technology provided by the banks (Agrawal, 2014). This is because every bank is offering online banking transaction. Customers’ have shifted their focus to selection of bank based on high quality service of information technology provided by bank. Thus, banks have recognized the fact that providing high service quality of information technology can gain and retain customers (Hongxiu, 2009) apart from catering to the issue of data security and utmost protection and it can be achieved by using the latest Information and Communications Technology (ICT) (Ruivo, Santos, & Oliveira, 2019). The usage of ICT facilitates the management of projects and learning opportunities for mutual learning (Georgiadou et al., 2017). High service quality of information technology becomes a critical factor for the success of a business based on e-transactions (Zeithaml et al., 2002). Apart from the other competencies and strengths unrelated to information technology, this also motivates and stimulates a sense of development to reach the top level (Colomo et al., 2010). The technology coupled with human and social factors affects the performance and development of the team members (Fernández-Sanz & Misra, 2011) and it requires a high intensity of coordination and cooperation between the various stakeholders to make it possible (Misra et al., 2012).

Any customer-centric policy / product / strategy is developed only after proper evaluation of the customer perception regarding the same. In case of banking, customer perception is formed by taking regular feedback from the banking customers regarding the service quality with respect to various banking services that the banks provide (Wilson et al., 2012). The relationship with the customer is the focus for banks and it is developing the key competencies and strategies for such profitable relationship management (Ogwueleka et al., 2015). This paper intends to examine the customer perception of Service Quality with emphasis on Information Security. Since ‘information’ is the most important strategic asset for any enterprise, and in case of banks, maintaining a balance between service quality and information security is of at most importance for efficient governance, therefore this study would help in assessing how customers perceive these sensitive issues. Considering all these factors the present study attempts to examine the customer perception of Service Quality with emphasis on Information Security in banking industry. The development process of a novel software product involves the creation of useful ideas (Crawford et al., 2014). So, an I.T. framework is required which takes into account the service quality in-line with information security. Information Technology (IT) plays a significant role in organizations so appropriate IT governance is a must for the smooth functioning (Garbarino-Alberti, 2013). This ever-increasing dependability and potent impact on the performance of the business paves the way for a greater demand and management of I.T. departments (Gama et al., 2011).

**Banking Sector in India**

Banking and Financial Services form the backbone of any economy, and India is no exception. Indian Banking System (IBS) is regulated by the Reserve Bank of India (RBI), which was established under the RBI Act, 1934 and nationalized in 1949, under the Banking Regulation Act. RBI, till date, remains the supreme monetary authority that governs the policy making and functioning of all financial institutions across India. The government, via RBI, exercises control over banks, to protect the interest of the depositors and stabilize the banking system. Figure 1 is the summary of the current banking statistics of India.

**Need/Rational for this Study**

The Indian banking industry has undergone considerable changes in its structure, composition and working, post the liberalization of the economy in 1991. Although the RBI, along with assistance from the Indian government, keeps the banking institutions well-supervised and controlled, the banking sector has its own challenges when it comes to financial distress, moral practices, and IT-governance (Singh, 2016). These issues are periodically reflected in the form of banking frauds, rise of NPAs
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