

RESEARCH STUDY



The Impact of Information Technology on the Performance of Cooperative Bank of Cotabato- Midsayap Branch

Objectives

The study was conducted to determine the impact of Information Technology on the performance of Cooperative Bank of Cotabato (CCBC), Midsayap Branch. The specific objectives were to:

1. Present an account on the historical performance of CBC;
2. Determine whether their investment in IT increased the productivity and improved business profitability;
3. Determine the impact of IT on the activities of the functional sections of the bank where IT is used; and
4. Identify the problems encountered in implementing IT project.

Highlights

1. Cooperative Bank of Cotabato, Midsayap Branch, was opened on September, 1983 with the mission to provide quality and responsive services that will enhance institutional development of the member clients. Its services includes savings deposits, time deposit, checking account, agricultural loan, commercial loan, industrial loan, salary loan, and Midsayap Water District water bill payments.

2. Investment on eighth (8) units computer did not have significant impact on productivity. For every 1% additional investment on IT, the return is only 0.182%.

The function exhibits returns to scale. Based on the regression analysis on profitability, both ROA and RLC have substantial relationship with IT investment per employee. However, even if there is a moderate correlation between the profitability ratios and IT investment per employee, the coefficient suggest that even large changes in IT have small effects on profitability. For instance, a 1% increase in the IT investment to employee measures implies only 0.000186 % increase in ROA and 0.00182 % in RLC.

3. With bank's desire to expand its operation and to reduce costs from overstaffing, they started computerization on January, 1995. The accounting section was the only department that was fully computerized.

The software they used Microsoft Word and Microsoft Excel and a special accounting System. Computerization reduced time spent in the processing and recording of transactions and preparation of reports in the accounting section by 75%. It eradicated overtime and did not necessitate hiring of additional employees.

4. The problems identified as serious were the absence of formal training given to the employees on the use of computers, limited number of computers, the long time needed to repair the computers and program, high costs of maintenance, and power interruptions that cause the system to collapse.

Recommendation

1. The Bank's management should broaden the use of their IT to obtain significant impact on the performance of the bank. They should IT to radically change the way services are delivered in a way that can not be duplicated by competitors.

To start with, they should hook up with the regional network to be on line with other branches.

2. To minimize daily in work, the bank should have a standby staff to do repairs or they should have a contact technician who is within the area for faster repairs.

3. In cases of power interruption, an Automatic Voltage Regulator(AVR) that delays the shutting down of computers for five minutes after brown out will help to properly shutdown the programs to minimize unsaved work and malfunction.

4. Formal trainings on new programs should also be provided to employees for more effective and efficient use of computers.



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