



Information Technology Evaluation Practices  
Among Malaysian Banks

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## **Abstract**

Globalization and liberalization has necessitated the banking industry at large to use information technology (IT) to gain competitive advantage. This is evidence from the increasing expenditure over the last decade on IT. Accompanied by such high investment in IT, there is a demand for measures to evaluate IT in its proper perspective so that it delivers the value it promises. Traditional capital budgeting or accounting methods may not be sufficient to address the complexities of an IT evaluation process. IT evaluation therefore requires a socio-technical framework which sets linkages between the content, process and context within which it is performed. This study was done among the Malaysian local banks, with a total sample size of nine Head/Senior Managers of IS division and 127 stakeholders of ongoing IS/IT projects from the various banks. From the survey results, it was found that all the banks conduct IT evaluation at its feasibility stage and the most popular methods of IT evaluation used are the cost/revenue analysis and the cost-benefits analysis. These methods are basically traditional financial approaches to IT evaluation. Other factors which influence the IT evaluation methods include system characteristics. More subjective approaches to IT evaluation is preferred if the system is of strategic nature rather than mandatory type. The study also revealed that stakeholders who are employees with varied qualifications and having different roles in the IT evaluation; have an influence on the usage of the IT evaluation methods. Their perception towards the importance of various IT evaluation methodologies differs. Those with Accounting qualification showed a preference for the use of financial approaches to IT evaluation. Finally, a summary of findings, which includes implications for practice and for further research, was made.

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