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THE ROLE OF MANAGEMENT INFORMATION SYSTEM (MIS) IN BANKING SERVICES PRACTICE IN CASE OF NIB INTERNATIONAL BANK, GUBRE BRANCH.

The research paper submitted to college of business and economics, the department of management for the partial fulfilment of BA degree in management

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Abstract

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The study was conducted on Nib international bank in Gubre branch. The main objective of this study was to describe the role of management information system (MIS) in banking service practice. The role of MIS in the bank are supports the operation system, support management decision, creates loyal customers and customer's satisfaction. The researcher included different empirical and theoretical review that conducted by different authors or researcher in the previous that related to the title of the role of management information system (mis) in banking services practice. The researcher would use in the study *was the primary data used to accomplish the study. The researcher would be use to the primary data collection method by using questionnaire to employees of the bank. Census method use as a sampling technique since the population is manageable and in order to collect accurate and reliable information. Finally based on different researchers finding the researcher provided conclusion and suggestion for future researcher and different organization.*

Key term*: management, information, system*

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Acronyms

MIS--- management information system

TPS--- transactional processing system

DSS--- decision support system

ESS--- executive support system

KWS--- knowledge work system

IT--- information technology

IS--- information system

CHAPTER ONE

1. INTRODUCTION

1.1. BACKGROUND OF THE STUDY

Management information system (MIS) is an organized collection of people, procedures, software, data base, and device used to provide routine information to managers and decision makers. The focus of a management information system is primarily on operational efficiency. Marketing, production, finance and other functional areas are supported by MIS and linked through a common data base. MIS typically provide standard reports generated with data and information from the transactional processing system (TPS) (Ralph M.Stair George W. Reynolds).

The first step in learning how to apply information technology to solve problems is to get abrader picture of what is meant by the term management information system (MIS).You probably have some experience with using computer and various software packages. Management information system (MIS) or components of information system (IS) consists of five related components. These were hard ware, software, people, procedures and connection of data. The term information technology represents the various types of hardware and software used in information system including computers and networking equipment. The goal management information system is to enable managers to make better decision by providing quality information (Anderson, 2006).

To crate effective information system, you need to do more than simply purchase the various components. Quality is an important issue in business today particularly as it relates to information system (Anderson, 2006).

Many successful financial institutions have clearly demonstrated that information system and technology can be a powerful competitive weapon that can be used to capture market

structure or share, improve customer service, reduce operating cost and create new products and potential of information system (Anderson, 2006).

The resolution in information and communication technology has become central development ion the banking and financial service. Most banking service analysts include technology change on the short list of important factors underlying three dynamics in banking service structure and performance. More complete and speeder access to customer's information is knowing bank to make effectively manage complex customer relationship and to cross cell additional financial service. In addition, technology has been motivating factors for many of recent large banks managers. As institution less efficient technology management seek out manager partners with better technology management. In recent years' technology has been become increasingly important to the evolution of the bank retail delivery system and the development new electronic retail products (O'Brien 1990).

Modern banks must respond to challenges such as process automation, increased client expectation at the time bank must also manage risk harmonize their business operation with the growing national and international regulation. Financial institution is one of the largest information investors in information system and according to Earnest and Young (1905) the unprecedented close to Nib in information system and technology in an effort to improve efficiency and enhance customer service (Davies, and Olson, 1985).

1.2 Statement of the Problem

Management information system (MIS) is a system that provides information needed to manage organization effectively. Management information systems are regarded to be a subset application of people. Document, technologies and procedures used by management accountants to solve business problems such as costing a product services or a business wide strategy.

It supports the planning, control and operations function of organization furnishing uniform information in the proper time frame to assist the decision maker.

Banking are being an information intensive industry building a management information system within bank or an industry is a very large task. It is more so far the public sector banks which have a wide network of bank spread all over the country. At the present banks generate management information system reports largely from periodic paper reports or statement submitted by branches and regional or zonal office a management information system that supports management function of an organization. Information considered to be an important asset for any company in the modern competitive world in banking service and customer buying trends and behaviors can be predicated by it analysis of sales and revenue report.

The role played by information in aiding managerial work to support decision making particularly in the bank services cannot be ignored. Considering the fact that banking operation relies substantially on management information system. The purpose of the study is to describe the role of management information system in enhancing the effectiveness of banking service in case of Nib international bank in Gubre branch.

Research gap

The gap of this research is methodological gap the research done before used is sampling technique to collect data and also method of data presentation that is used before is by using graph other method of data presentation but would be use census to collect data and table and percentage to present the data. There is also place gap that the research is being done. The research which is done in different place but my focus is only nib international bank which is found in Gubre because in Nib international bank in Gubre branch there is no research done in this title.

1.3 Research Questions

- How the Management Information System support the banking activities?
- What is the major role of management information system in the Banking practices?

- What are the contributions of management information system for the development of banking services practice?

1.4 Objective of the Study

1.4.1 General Objective of the Study

The general objective of the study is to assess the role of management information system in banking service practice in case of Nib international bank in Gubre branch.

1.4.2 Specific Objective of the Study

- To assess how the Management Information system support banking activities.
- To density the major role of management information system in the Banking practice.
- To identify the contribution of management information system for the development of banking service.

1.5 Significance of the Study

- ✓ The research paper would be important for the researcher to develop his /her knowledge, skill and talents.
- ✓ This research paper would be important for the organization itself to know the role of management information system and its effectiveness to their service.
- ✓ This research paper heslp the initial insight for other researchers who are interested to go through detailed study for the future.

1.6 Scope of the Study

The conceptual scope of the study was concentrated on the role of management information system in services practice in Nib international bank in Gubre branch. In order to describe the role of management information system, but it will not include other branches, private and government banks that are found around in Gubre town. Because,

to do so it requires time, finance and manpower. Geographically the study was be conducted in Nib international bank in Gubre branch .the time which the study cover are November –June.

7 Limitation of the study

The limitation of the study was and shortage of time because of corona virus and absence of the managers at time of distribution of questioner's. With respect to some respondents they are not always present in the required time, some respondents was not give appropriate information for the study and involuntary of the respondents to fill the questioners. And also lack of related research papers worked in the study area.

1.7 Organization of the Paper

This research proposal consists of three chapters. The first chapter introduction part contains background of the study, statement of the problem, research objective: general objective, specific objective, research question, significance of the study, scope of the study, and organization of the paper. The second chapter contains review of related literature. The third chapter deals research design and methodology, description of the study area, population and sampling technique, type of data collection, method of data collection, data analysis method and limitation of the stud

CHAPTER TWO

2. REVIEW OF RELATED LITRATURE

2.1, DEFINITION OF MANAGEMENT INFORMATION SYSTEM (MIS)

Management information system (MIS) is an integrated computer based user machine system that provides information for supporting operation and decision making. A management information system produces information products that support many of the day-to-day decision making need of managers and business professionals. Reports, display and response produced by MIS provide information that these decision makers have specified in advance as adequately meeting their information (O'Brien, 2004).

2.1.2, Features of management information system (MIS)

Management information system can be distinguished from another information system within organization by reference to the specific future of that system.

- ✓ Provision of support for structural decision makers at all management levels.
- ✓ Provision of online access to transactional processing system (TPS) of the organization to given summarise in the performance of the organization.
- ✓ An internal rather than external focus with detail being provided on reorganization itself rather than competitors or the overall economic environments.
- ✓ Provision of more detailed information on the organization operation where refused this drill down facility so often associated with management information system (Davies GB).

2.2 Information requirement of an organization

Information is a data that has been processed into meaningful format for decision makers with an organization. Information is a vital reroute to an important ingredient in a day to day operations and it is also useful us a means of communicating with another organization and organization individually.

Historically, the organization information needs weeds categorized as follows:

- Information for planning.
- Information for monitoring performance.
- Information for controlling activity.
- Information for decision making.
- Information for communication.

2.3, Information requirement of manager

The information requirement of managers will be vary depend on their specific role within an organization. Management is divided in to three different levels. These are strategic, tactical and operational. As you know, the different level of management will be involved in specific activity. The levels of managerial decision making that must be supported by information technology in successful organization are:

- Strategic management: strategic level of management is concerned with a monitoring and controlling organization. It is a board of directors and an executive committee and top executive develop over all organizational goals, strategies, polices, and objectives as part of strategic planning process. It is also the overall direction in the political, economic, social and competitive business environment (O'Brien, 2004).
- Tactical management: tactical level of management is involved with implementing the decision of strategic manager ensuring that the different departments within the organization are operating correct. Increasingly, business professionals in self-directed teams as well as business unit's managers develop short and medium range plans, schedules, and budget and specify the policies, procedures and business objectives for their sub-unit of the company. They also allocate resources and monitor the performance of their organization sub unit including department, divisions, processes teams, project team and other work groups (O'Brien, 2004).

- Operational management: operational level of management is the member of self-directed team or operating managers develop short range plains such as: weekly production schedule. It is involved with day to day decision making however as more transaction process with the organization (O'Brien, 2004).

2.4, Decision making and quality of information

To be useful information must process certain quality such as being time lines and relating to the area of business that managers receiving the information is actually responsible for information is said to be useful when it fulfillments the following characteristics nature.

- Relevance: It reduces uncertainty by helping you predict what will happen or confirm what already has happened.
- Reliability: it is dependable i.e. free error or basis faithfully portrays event and activities completeness.
- Time lines: you get it in time to make your decision.
- Understandable: it represented in a manner you can comprehend and use a consensus nation the nature of information is such that people would tend to produce the same results.
- Accessibility: you can get it when you need it and in format you can use (Mesfin, 2008).

2.5, Types of information

As you have seen each of the management level within an organization used different types of information system. The individual system is focused on the need of management within each level. And so they have different objectives, contains different information, and tend to present that information in different ways. The summary of this system can now be provided as followers operational managers by tracking the individual sales invoices cash perceive and species good sold to one customer etc. will be found within this system. All the data will be collection in to the transaction processing will be collection in to the transaction processing system (Lucas, 1990).

Management level with in organization is designed to assist with the monitoring and control of other systems. They will tend to provide reports of an extension basis to support the decision making of more senior managers. Decision making support system (DSS) is used to provide summaries information while management information provides summaries of the transaction data from the TPS (Davies and Olson, 1985).

Strategic level finally helps management address more long term issue and problems such as the overall strategic direction and products or the production of five years plains the executive support system will provide management with the summarized strategic information needed to make decision (O'Brien, 1990).

2.5.1, Executive support system (ESS)

An executive support system (ESS) is a type of decision support system is oriented to the need of senior executive. It incorporates a work station programmed to minimize procedures for obtaining management information. It may have access to external data base such as news and stock exchange data's in order to give up data information that may have an impact on the organizations

2.5.2, Decision support system (DSS)

Decision support system (DSS) is a form of management system. It is a software which creates a model of what is known as beast current practice and is consulted to obtain specialists assistance decision modeling. Decision theory and decision analysis attempt to make model from which the beast decision can be taken decision support system give the decision maker to access this type of model but intelligent institution and judgment of the decision maker are integral part of the system. A good DSS have balanced among the three capabilities. It should be easy to use to support the interaction with nontechnical user. It should have access to avoid verify of data and it should provide modeling and analysis in ways in summary. DSS is not concerned with the routine processing of transaction record keep or reporting (O'Brien 2004 and M. Marks, 2006).

Characteristics of decision support system (DSS)

Further characteristics of decision support system including:

- Brad based approach to supporting decision making those help to identify important future trained adopting the organization to the changing conditions.
- Decision making retain control over the decision making the process it allowed the capacity to retrieve, manipulate, present and store data.
- Utilization of appropriate mathematics and statics model to assist the decision makers on evaluating alternative solution.
- Output directed to organization personal at all level it can be provide.

2.5.3, Knowledge support system (KWS)

Knowledge work system means creating new knowledge of information by research, experimentation and investigation into existing trends and products. These are many different areas of knowledge of work and each one can be supported by its own collection or knowledge work statement (KWS) (O'Brien 1993).

A knowledge work system is computerized package designed to provide knowledge workers is with the means to create and integrate new knowledge in an organization.

2.6, Role of management information system

Management information has a significant role in the success of service and other organization according to O'Brien the role of management information system is classified in to three (O'Brien 1990).

- Support of business operation.
- Support of management decision.
- Support of competitive advantage.

A. Support of business operation

Information system support business by processing data with more speed and more capacity generated by and used in business operations. They record and process data

resulting from business, updated base and produce various documents and reports to speed up business operation and hence decision making will be on time.

B. Support of management decision

Information system plays this role by providing reports and critical information to managers. They also give advice and interaction support for manager.

C. **Strategic role of information system**

It achieves this role by improving operation and efficiency of the organization. Promoting business information and building strategic information. According to O'Brien, the main roles of management information system in business are;

- To produce necessary infrastructure
- To create uses in awareness
- To monitor the financial and capital requirement
- To interlink business activities

2.7 Empirical review of related literature

The empirical part of this paper focused on the related works in developing as well developed nations.

Richard (2014) conducted a study on the public sector management information systems, UK. Management information systems (MIS) are fundamental for public sector organizations seeking to support the work of managers. Yet they are often ignored in the rush to focus on 'sexier' applications. This study aims to redress the balance by providing a detailed analysis of public sector MIS. It firstly locates MIS within the broader management monitoring and control systems that they support. Understanding the broader systems and the relationship to public sector inputs, processes, outputs and outcomes is essential to understanding MIS. The paper details the different types of reports that MIS produce, and uses this as the basis for an MIS model and a description of the decision-making benefits that computerized MIS can bring. Finally, the paper

describes generic public sector MIS that address internal government transactions, public administration/regulation, and public service delivery.

Nokuthula (2015) conducted a study on the role of management information systems in measuring organizational performance in the KwaZulu-Natal Department of Arts & Culture. Government departments collect process and use information for planning and reporting to comply with diverse legislation at operational and strategic level. Information systems play an important role in the collection and processing of information, making it possible to process large quantities of information, and synchronize and share it. Management information systems are used to process information both at strategic and operational level to monitor activities, assess and plan new services, and monitor trends which enable senior managers to effectively manage the strategic direction of an organization.

Management information systems play an important role in measuring organizational performance. The purpose of the study was to describe the role of management information systems (MIS) in measuring organizational performance in the KwaZulu-Natal Department of Arts & Culture. A case study approach was used to investigate the research problem. Managers of the core programmer of the department were included in the study. Face-to-face interviews and self-administered questionnaires were used to collect data. The study concluded that the role of MIS in measuring organizational performance was limited in the department. The department did not have an integrated PMIS (performance management information system) or adequate capacity to develop and manage such a system. The study recommends that the department should formalize its performance measurement framework and build capacity to fully implement a PMIS. Further studies should include participants who are not in management and should examine the records management systems in greater detail.

To create effective information system, it needs to do more than simply purchase the various components. Quality is important issue in business particularly information system (Anderson, 2006). Many successful financial institutions have clearly demonstrated that the information system and technology can be powerful competitive

Weapon that can be used to capture market structure or share improve customer service reduce operation cost and create new products and potential of information system (Anderson, 2006).

Financial institutions are one of the largest investors in information system earnest and young (1905) and unpresented close to $billion in information system and technology in effort to improve and enhance customer service (Davies and olson 1985). The goal of management information system is to enable manager's providing quality information system (Anderson, 2006).

Banks require training for their information technology and non-information technology professional. The earnest training could cover various aspects of information technology implementation security and control (A.rafeq,2003).Management information system are observe to be a subset of over all internal control of business which cover knowledge, documents and technologies and procedures used by the management accountants to solve management problems(Reseve bank of India) .In information system uses minimum resources to achieve desired objective. It is said to be efficient other wise it is in efficient. (reserve bank of India 2001).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Deign

The researcher for the purpose of the study would use descriptive type of research design. Because the researcher used describe the existing situation, work environment and state of affaire through questionnaire regarding the role of management information system (MIS) in banking service practice.

3.1.1 Target Population and Sampling Technique

The target population of the study includes all permanent employees found in Nib international bank Gubre branch. There was no need for selecting sample respondents because the population is more easily manageable to gather relevant information regarding to the study. Thus, the researcher would use census because the the total population is 20 which is less than 100.

3.1.2 Type of Data Collection

The source of data that researcher uses to conduct the research would use both primary and secondary data collation method. The primary data would use collect from the managers of the bank and employees of the bank through questionnaire. The secondary data would have collected from both published unpublished materials such as memos, manuals, plans and books.

3.1.3 Methods of Data Collection

Concerning with the method of data collection the researcher would use questionnaire due to the following reasons other than other data collection methods such as interview and observation.

- It is low cost even when the population is large and widely spread.
- It is free from bias of the interviewer because of to use questionnaire method.
- The respondents answer questions own words.

- Respondents who are no easily approachable can also be reached conveniently.
  So, the researcher would use questionnaire i.e. both open ended and close ended questionnaire.

3.1.4 Data Analysis Methods

The data that was collected by the above data collection method would be analyzed through descriptive analysis by using table, frequency, and percentage. The researcher would use descriptive analysis due to the researcher the research would for the first time and it is easy to analysis the research by using table and percentages and also it is easily understandable.

CHAPTER FOUR

4. CONCLUSION AND RECOMMONDATION OF RELATED LITRATURE

4.1 Conclusion literature review

This chapter tried to show information role and types which can be used to improve banking practice of nib international bank as well empirical studies in related to this title. In general management information system i.e. technological and functional skills, use and capabilities listed below and based on general occupational qualifications for computer and information system managers commonly recognized by most employers. so management information system plays great role in banking practice.

Management Information System (MIS) is basically concerned with the process of collecting, processing, storing and transmitting relevant information to support the management operations in any organizations. Therefore, managerial objectives are absent or unclear, probably due to inadequate information, there is no basis for a search. Without information obtained through a search, there are no alternatives to compare, and without a comparison of alternatives the choice of a particular course of action is unlikely to yield the desired result of the previous researcher.

4.2 Recommendation of literature review

The researcher suggests that the success and faliurty of any organization depend on the information they obtain from different source. This information could be processed and translated in to action to create system in organization. Without MIS organization cannot obtain available information. The MIS units should be adequately financed and maintained to ensure free flow of information and adequate use of MIS in decision making on long-term and short-term planning as well as budgeting. Proper orientation should be given to managers at all levels as well as in-service training for secretaries to ensure proper and adequate use of MIS facilities in generating and disseminating information for better

decisions in the organization. Therefore MIS are plays crucial role for the success of one's company goal, objective, mission, vision and to be competitive.

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