THE CRITICAL SUCCESS FACTORS FOR INFORMATION SYSTEM (IS) RISK MANAGEMENT IMPLEMENTATION IN THE NIGERIAN BANKING SECTOR

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ABSTRACT

Information system (IS) risk management is an important area of study in the banking sector. Banks are service-oriented businesses that deal with the multitudes of customers and other stakeholders’ information on a daily basis. This information is, however, subjected to a number of uncertainty, threat, and risk. Hence, IS risk management implementation becomes a necessity. The objectives of this study are to identify the critical success factors for IS risk management implementation and to examine the effect of IS risk management implementation on bank performance. The critical success factors for IS risk management implementation covers both internal (i.e., top management commitment and support, organization structure, organization culture, trust, strategy, and resources) and external (i.e., competitive pressure) factors. Survey questionnaire is employed for data collection. The respondents involve 30 senior managers of the Nigerian banks.

SPSS is used for data analysis. The findings show that top management commitment and support, organization structure, and resources significantly influence IS risk management implementation. Organization culture, trust, strategy, and competitive pressure, however, do not influence the IS risk management implementation. In addition, IS risk management implementation influences bank performance. The study’s findings contribute to the body of literature on the critical success factors for IS risk management implementation in the banking sector.

Keywords: Information system (IS), risk management, critical success factors, performance.
ABSTRAK


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“It seems impossible until it is done” (Nelson Mandela)

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LIST OF ABBREVIATIONS

IS Information System

CRF Critical Success Factor

IT Information Technology

COSO Committee of Sponsoring Organizations of Tradeway Commission

IRM Institute of Risk Management

SPM Supervisory Policy Manual

NSW New South Wales

TQM Total Quality Management

ICT Information and Communication Technology

EIU Eastern Illinois University
CHAPTER 1 INTRODUCTION

1.1 Overview

This section starts with background of the study, problem statement, research questions, objectives of the study, scope of the study, significance of the study, and the organization of the study.

1.2 Background of the Study

During the last two decades, one of the most impressive developments in the global financial markets is to improve the ability of an organization to encounter the uncertainties arising from both internal and external business environment, especially with its negative impact at the organizational level. In view of this, risk management has been emphasized as a major area of business practice with the aim of identifying, analyzing, and controlling causes and effects of uncertainties and risk in an organization.

Several ways have been used by researchers to classify risk in organization. Jorion and Khoury (1995), for instance, classified risk into financial and business risk. Business risk is related to the activity of the company itself, focusing on the factors affecting the products and/or the market. Financial risk refers to potential losses in the financial markets caused by fluctuations in financial variables. Gleason (2000) classified risk into two: systematic and unsystematic risk. Systematic risk is linked to the market or state of the economy in general. Unsystematic risk, on the other hand, is associated with a property or a specific organization. Unsystematic risk can be mitigated by diversifying the portfolio, while systematic risk does not improve diversification (Gleason, 2000).
The contents of the thesis is for internal user only
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