

**MANAGEMENT INFORMATION SYSTEM  
IN BANKING SECTOR IN NEPAL**  
*(A Case Study of Laxmi Bank Ltd.)*

**By**  
**LAXMI KISHOR SHARMA CHALISE**  
**Shanker Dev Campus**  
**Campus Roll No.: 1025 /064**  
**T.U. Regd. No.: 5-1-37-563-2000**  
**2<sup>nd</sup> Year Exam Symbol No.: 391207**

**A Thesis Submitted to:**  
**Office of the Dean**  
**Faculty of Management**  
**Tribhuvan University**

***In partial fulfillment of the requirement for the degree of  
Master of Business Studies (MBS)***

**Kathmandu, Nepal**  
**June 2011**

# **RECOMMENDATION**

This is to certify that the thesis

Submitted by:

**Laxmi Kishor Sharma Chalise**

**Entitled:**

**MANAGEMENT INFORMATION SYSTEM  
IN BANKING SECTOR IN NEPAL**  
*(A Case Study of Laxmi Bank Ltd.)*

*has been prepared as approved by this Department in the prescribed format of  
the Faculty of Management. This thesis is forwarded for examination.*

.....  
**Shree Bhadra Neupane**  
(Thesis Supervisor)

.....  
**Prof. Bishweshor Man Shrestha**  
(Head, Research Department)

.....  
**Prof. Dr. Kamal Deep Dhakal**  
(Campus Chief)

.....  
**Shankar Nath Adhiakri**  
(Thesis Supervisor)

## VIVA-VOCE SHEET

We have conducted the viva –voce of the thesis presented

by:

**Laxmi Kishor Sharma Chalise**

Entitled:

**MANAGEMENT INFORMATION SYSTEM  
IN BANKING SECTOR IN NEPAL**  
*(A Case Study of Laxmi Bank Ltd.)*

*And found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for the degree of*

**Master of Business Studies (MBS)**

### Viva-Voce Committee

Head, Research Department .....

Member (Thesis Supervisor) .....

Member (Thesis Supervisor) .....

Member (External Expert) .....

## **DECLARATION**

I hereby declare that the work reported in this thesis entitled “**Management Information System in Banking Sector in Nepal (A Case Study of Laxmi Bank Ltd.)**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Master of Business Studies (MBS) under the supervision of **Shree Bhadra Neupane** and **Shankar Nath Adhikari** of Shanker Dev Campus, T.U.

.....

**Laxmi Kishor Sharma Chalise**

**Shanker Dev Campus**

**Campus Roll No.: 1025 /064**

**T.U. Regd. No.: 5-1-37-563-2000**

**2<sup>nd</sup> Year Exam Symbol No.: 391207**

## **ACKNOWLEDGEMENTS**

This thesis entitled "Management Information System in Laxmi Bank" has been on paper to fulfill the partial requirement for MBS. It aims to show the interrelationship among the organization, information system and information technology adopted by the organization.

The preparation of this thesis would not have been possible without the support and valuable contribution of a various number of expert individuals and organizations.

I wish to extend my deep sense of indebtedness to Shree Bhadra Neupane and Er.Shankar Nath Adhikari, my thesis advisors, for providing valuable guidelines, insightful comments, encouragement, and generous treatment to complete this thesis. Similarly, I wish to extend my sincere gratitude to Prof. Dr. Kamal Deep Dhakal, Chief -Shankar Dev Campus who always encourages going ahead.

I am thankful to acknowledge all respondents and key informants. My heartfelt thanks go to Mr. Amit Sharma (Head of HR -Laxmi Bank) for her kind cooperation and indigenous support in the collection of information from the bank. Similarly Ms Euden Koirala , Mr. Jagadish Bhattarai , Mr. Sumed Bhattarai, Ms Bharati Pandey, Mr. Sudhir Pandey, Ms. Sweychhya Rana and Ms. Archana pandey of Laxmi Bank for providing me all the required materials and supportive information concerning this thesis.

I would like to extend my sincere thanks to Mr. Jiban Limbu (Head- IT Department) for guiding me in course of my study. I would too like to express my gratitude to Uncle Mr. Gavin Sharma for editing this report. Likewise, thanks go to my friends Simanta Pathak, Biswash Dharel and Ramesh Budhathoki for their cooperation and moral support.

I also would like to express my heartfelt thanks to Ms. Gayatri Sharma and Mr. Dipendra Jung Thapa of COMAT who has helped me to elicit this paper. Finally my family, without their support and encouragement, this study would not have been completed, deserves cordial recognition.

**Laxmi Kishor Sharma Chalise**

# TABLE OF CONTENTS

Recommendation	
Viva Voce Sheet	
Declaration	
Acknowledgement	
Table of Contents	
List of Tables	
List of Figures	
Abbreviations	
	<b>Page No.</b>
<b>CHAPTER – I</b>	<b>INTRODUCTION</b>
1.1 General Background	1
1.1.1 MIS for Right Decision	6
1.1.2 The Interdependence between Organizations and Information System	7
1.2 Decision Support System	10
1.2.1 Group Decision Support System	12
1.2.2 Decision Support System Users	12
1.3 Evolution of Banking Industry	13
1.3.1 Commercial Banks	14
1.3.2 Risks of Banking	15
1.4 Introduction of Laxmi Bank	15
1.4.1 Products and Services of Laxmi Bank	17
1.5 MIS in Bank	19
1.6 Statement of the Problem	21
1.7 Objectives of the Study	21
1.8 Limitations of the Study	22
1.9 Organization of the Study	22
<b>CHAPTER – II</b>	<b>LITERATURE REVIEW</b>
2.1 Conceptual Framework of MIS	24
2.1.1 Management	25
2.1.1.1 Management Levels and Skills	29
2.1.2 Information	30

2.1.2.1 The Qualities of Good Information	31
2.1.2.2 Organization and Information	33
2.1.2.3 System	33
2.1.2.4 The Component Parts of a System	33
2.1.2.5 Management Information System	34
2.1.2.6 Positive Impacts of Information System	37
2.1.2.7 Negative Impacts of Information System	37
2.1.2.8 Model of MIS	39
2.1.2.9 SWOT for a new information systems installation	40
2.1.2.10 The four faces of IS function	40
2.1.3 Conceptual View of DSS	42
2.1.3.1 Decision Making and DSS	42
2.1.3.2 Decision Making Phases	44
2.2 Review of Case Studies	45
2.3 Review of Thesis	50

### **CHAPTER – III RESEARCH METHODOLOGY**

3.1 Introduction	52
3.2 Research Design	52
3.3 Population	52
3.4 Data and Information Gathering Techniques	52
3.4.1 Primary Data and Information	52
3.4.2 Secondary Data and Information	53
3.5 Data Presentation and Analysis Procedures	53
3.5.1 Tools for the Documentation of Information Flow	53
3.5.1.1 Flowchart	53
3.5.1.2 Entity-Relationship Diagram (E-R Diagram)	55

### **CHAPTER- IV DATA PRESENTATION AND ANALYSIS**

4.1 General Background	56
4.2 Analysis of Existing System of Laxmi Bank, Hattisar	57
4.2.1 Database System of Laxmi Bank	59
4.2.2 System Model of Laxmi Bank	60

4.2.3IT Vision and Strategy	60
4.2.4 Intranet	62
4.3 Decision Making in Laxmi Bank	62
4.3.1 The Hierarchy of Management in Decision Making of Laxmi Bank	64
4.3.2 Decision Making Model in Laxmi Bank	64
4.3.3 Characteristics of Managerial Decisions	65
4.4 Flow and Uses of Information for Decision-Making Process	65
4.4.1 Strategic Information	65
4.4.2 Tactical Information	66
4.4.3 Operational Information	66
4.5 How IT is Changing Organization in Context of Laxmi Bank	68
4.6 Networking Strategic Value in Context of Laxmi Bank	70
4.7 Human Resource Management	71
4.7.1 Human Resource Management Process in Laxmi Bank	71
4.7.2 Basic Model for HR Planning System in the Laxmi Bank	72
4.8 E-R Diagram for Laxmi Bank	73
4.9 Analyzing the Importance of Management Information System in the Management Functions of the Banking Sector	74
4.9.1 Satisfaction with the Traditional Banking System	74
4.9.2 Difficulties with the Traditional Banking System	75
4.9.3 Understanding of Management Information System	76
4.9.4 Importance of Management Information System in the Banking Sector	77
4.9.5 Does MIS enhance Management functions (Planning, organizing, decision making, staffing, communicating, motivating, leading and controlling)	78
4.9.6 Does Information Technology support Information System	79
4.9.7 Purpose of Using MIS Officially	79
4.9.8 Is MIS practiced in your Organization	80
4.9.9 Does the Current system fulfill your information needs	81
4.9.10 What factors will increase the use of information system in your organization	82
4.10 Major Findings of the Study	83



**CHAPTER – V      SUMMARY, CONCLUSIONS AND  
RECOMMENDATIONS**

5.1 Summary	87
5.2 Conclusions	89
5.3 Recommendations	91
5.3.1 Implementing and Establishing a Computerized MIS Department	91
5.3.2 Application of Decision Support System in the Bank	92
5.3.3 Design of Decision Support System Model	93

**Bibliography**

**Annexure**

## LIST OF TABLES

<b>Table No.</b>	<b>Title</b>	<b>Page No.</b>
4.1	Satisfaction with the Traditional Banking System	74
4.2	Difficulties with the Traditional Banking System	75
4.3	Understanding of Management Information System	76
4.4	Importance of Management Information System in the Banking Sector	77
4.5	Does MIS enhance Management functions (Planning, organizing, decision making, staffing, communicating, motivating, leading and controlling)	78
4.6	Does Information Technology support Information System	79
4.7	Purpose of Using MIS Officially	79
4.8	Is MIS practiced in your Organization	80
4.9	Does the Current System fulfill your Information Needs	81
4.10	What factors will increase the use of information system in your organization	82

## LIST OF FIGURES

Figure No.	Title	Page No.
1.1	MIS for Right Decision	6
1.2	Organization and MIS	7
1.3	MIS System	9
1.4	DSS System	11
1.5	DSS Sets	13
2.1	DSS Sets	24
2.2	Key Aspect of the Management Process	25
2.3	Key Aspect of the Management Process	27
2.4	MIS System Process	30
2.5	Information as a Key Resource in Today's Business	31
2.6	Component Parts of a System	34
2.7	Component of MIS	39
2.8	The Four 'Faces' of IS Function	41
2.9	Decision Making and DSS	43
2.9	Decision Making Phases	45
4.1	Flow Chart	58
4.2	Database System of Laxmi Bank	59
4.3	System Model of Laxmi Bank	60
4.4	IT System of Laxmi Bank	61
4.4	<a href="http://www.makuri.com">www.makuri.com</a>	62
4.5	Decision Making Model in Laxmi Bank	64
4.6	Managerial Decisions	65
4.7	Information Flow in Laxmi Bank	67
4.8	Contribution of IT in Laxmi Bank	69
4.9	HR Management in Laxmi Bank	71
4.10	HR Planning in Laxmi Bank	72
4.12	E-R Diagram for Laxmi Bank	73
4.13	Satisfaction with Traditional Banking	74
4.14	Difficulties with Traditional Banking	75

4.15	Understanding of MIS	76
4.16	Importance of MIS in Banking Sector	77
4.17	Does MIS Enhances Management Functions	78
4.18	Does IT support IS	79
4.19	Purpose of Using MIS	80
4.20	Is MIS practiced in your Organization	81
4.21	Does the Current System fulfill your Information Needs	82
4.22	What factors will increase to use of information system your organization	83
5.1	Decision Support System in Laxmi Bank	92
5.2	Suggested DSS Model in Laxmi Bank	93

## **ABBREVIATIONS**

A.D	-	After the death of the Christ
ATM	-	Automated Teller Machine
CBIS	-	Computer Based Information System
CEO	-	Chief Executive Officer
COBAL	-	Common Business Oriented Language
DM	-	Decision Making
DSS	-	Decision Support System
ER	-	Entity Relation
GDSS	-	Group Decision Support System
GSID	-	Global Server Identity
HNB	-	Hatton National Bank
HR	-	Human Resources
HRIS	-	Human Resources Information System
IDP/S	-	Intruder Detection Prevention/System
IP	-	Internet Protocol
IPO	-	Initial Public Offerings
IS	-	Information System
IT	-	Information Technology
MIS	-	Management Information System
NPR	-	Nepalese Rupees
NRB	-	Nepal Rastra Bank
NRN	-	Non Resident Nepalese
OLAP	-	Online Analytical Processing
PL/I	-	Programming Language
PoS	-	Point of Sales
SAARC	-	South Asian Association for Regional Cooperation
SME Loan	-	Small Medium Enterprise Loan
SQL	-	Structure Query Language
SWIFT	-	Society for Worldwide Interbank Financial Telecommunication
SWOT	-	Strength Weaknesses Opportunities and Threats
TSA	-	Technical Service Agreement
WAN	-	Wide Area Network