Information Technology Policy for Banks

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Abstract - *Based on the study undertaken on IT governance in banks in Western Maharashtra, it is found that there is ample scope for implementation of IT governance in terms of its usage for efficient and effective use of IT assets. Hence, it is suggested that banks should provide attention on IT governance implementation. Standard IT Governance framework would enable a bank to perform its business in an orderly and effective manner improves the customer service and aid in its own survival and growth.*

***Key Words*: Information Technology, IT Governance, IT Policy, Hardware/Software Acquisition, Security etc.**

1. INTRODUCTION

Banks extensively depend on Information Technology (IT) to execute its mission and provide services to the customers and banks' business partners. Information Technology policies are an essential requirement to sound IT usage and IT Security. They are designed to preserve the confidentiality, integrity, availability, and value of IT assets, as well as ensure the continued delivery of services. They also establish the appropriate focus and standards for acceptable IT practices across an organization. This policy is based on IT Act guidelines and highlights banks' goals and requirements for protecting its IT assets.

All bank components must comply with the basic requirements of this policy and its associated operational standards and technical documentation.

1.1 Purpose

Every organization that uses computers, email, internet and software on a daily basis should have information technology (IT) policies in place. It is important for employees to know what is expected and required from them when using the technology provided by their employer, and it is critical for a company to protect itself by having policies to govern areas such as personal internet and email usage, security, software and hardware inventory and data retention. It is also important for the business owner to know the potential lost time and productivity at their business because of personal IT usage.

Without written policies, there are no standards to reference when both sticky and status quo situations arise.

1.2 IT policy areas

IT policy address following areas:

1. **Acceptable Use of Technology**: Guidelines for the use of computers, fax machines, telephones, internet, email, and voicemail and the consequences for misuse.
2. **Security**: Guidelines for passwords, levels of access to the network, virus protection, confidentiality, and the usage of data.
3. **Disaster Recovery**: Guidelines for data recovery in the event of a disaster, and data backup methods.
4. **Technology Standards**: Guidelines to determine the type of software, hardware, and systems will be purchased and used at the company, including those that are prohibited (for example, instant messenger or mp3 music download software).
5. **Network Set up and Documentation**: Guidelines regarding how the network is configured, how to add new employees to the network, permission levels for employees, and licensing of software.
6. **IT Services**: Guidelines to determine how technology needs and problems will be addressed, who in the organization is responsible for employee technical support, maintenance, installation, and long-term.

Purpose of IT policy is to set direction and provide information about acceptable actions and prohibited actions or policy violations.
Guidelines are created and provided to help organization, branches and individuals who are part of bank community to understand how bank policy applies to some of the significant areas and to bring conformance with stated policies.

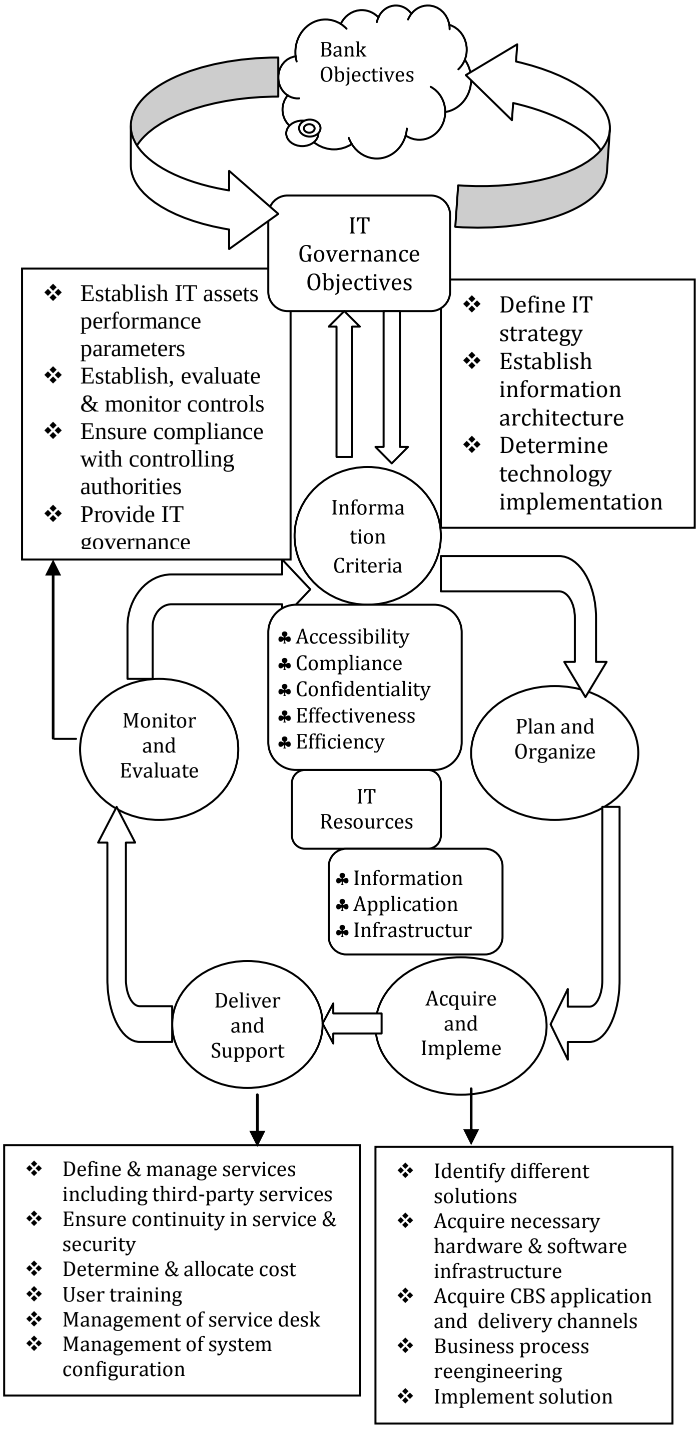
Bank Objectives
IT Governance Objectives
❖ Establish IT assets performance parameters
❖ Establish, evaluate & monitor controls
❖ Ensure compliance with controlling authorities
❖ Provide IT governance
❖ Define IT strategy
❖ Establish information architecture
❖ Determine technology implementation
Informa tion Criteria
♣ Accessibility
♣ Compliance
♣ Confidentiality
♣ Effectiveness
♣ Efficiency
Monitor and Evaluate
Plan and Organize
IT Resources
♣ Information
♣ Application
♣ Infrastructur
Deliver and Support
Acquire and Impleme
❖ Define & manage services including third-party services
❖ Ensure continuity in service & security
❖ Determine & allocate cost
❖ User training
❖ Management of service desk
❖ Management of system configuration
❖ Identify different solutions
❖ Acquire necessary hardware & software infrastructure
❖ Acquire CBS application and delivery channels
❖ Business process reengineering
❖ Implement solution

Fig -1: **IT Governance Framework**

2. CLASSIFICATION OF IT POLICY

IT policies may be classified into following groups:

1. Hardware Acquisition, Installation and maintenance Policy
2. Software Acquisition, Installation, maintenance and Licensing Policy
3. Network (Intranet & Internet) Use Policy
4. Security Policy
5. IT usage Policy

2.1 Hardware Acquisition, Installation and Maintenance Policy

Steering committee prepare hardware requirement schedule for necessary hardware in consultation with technical advisor.

Bank should acquire required hardware of reputed brand by using standard purchasing method suggested by state government and RBI.

Hardware required for HO and branches is purchased at HO level. In case of emergency branches purchase hardware and peripheral items by taking permission of HO. (The price of said purchases should not exceed RS.______________ per month)

Purchased material will be verified through technical consultant if any deficiencies observed at the time of inspection. The deficiencies will be communicated to vendor and necessary action as per purchase order terms will be taken by Head Office.

Bank should make maintenance agreement with reputed and authorized vendors only.

Terms and conditions of maintenance contracts are decided at HO level in consultation with IT department of a bank and technical consultant of a bank.

2.2 Software Acquisition, Installation, Maintenance and Licensing Policy

It is the policy of banks to manage its software assets and to ensure that banks installs and uses only legal software on its PCs (including portables) and servers. Banks will take all steps necessary to prohibit its users from duplicating any licensed software or related documentation for use either on bank premises or elsewhere unless bank is expressly authorized to do so by agreement with the licensor. Unauthorized duplication of software may subject users and/or bank to both civil and criminal penalties under the IT Act. Bank must not permit any employee to use software in any manner inconsistent with its applicable license agreement, including giving or receiving software from clients, contractors, customers and others. It is the policy of the bank to acquire copy, distribute, transmit and use software in accordance with the software management policies of the bank and the terms and conditions in any license agreement accompanying a particular software product.

2.3 Network (Intranet & Internet) Use Policy

Bank offers employees access to its bank computer network and the Internet for only official work assigned to respective employee.

If you or anyone you allow to access your account (itself a breach of this policy) violate this policy, your access will be denied or withdrawn. In addition, you may be subject to disciplinary action, up to and including termination.

2.4 Security Policy

A Security policy includes the overall importance of security within the organization, identifies what is being protected, identifies key risks and mechanisms for dealing with those risks and provides for on-going and regular monitoring and feedback to ensure the polices are enacted and enforced. Regular updates are needed to reflect changing business needs and practices. The policy enumerates the roles and responsibilities of all information systems users for protecting the confidentiality, availability and integrity of information assets.

2.5 IT Usage Policy

All members of the bank community are obligated to use bank's IT resources in accordance with applicable laws, with Bank policies (including its work policy, and its standards of honesty and personal conduct), and in ways that are responsible, ethical, and professional. Recognizing the need to ensure the preservation and availability of the official records of the Bank for legal, administrative, and historical purposes, the bank has adopted the following archival policy.

All records generated or received by the various branches. Administrative and Head offices of the Bank in the conduct of their business, regardless of the form in which they are created and maintained, are the property of the Bank and constitute archival material. The records covered by this policy include official printed material, correspondence, machine-readable files, record books, minutes, committee files, financial records, and associated papers.

All branches, administrative officers of the bank and Officers of the HO, as well as those members of the staff who, by virtue of administrative responsibilities either of a continuing or occasional nature, possess files, records, or documents relating to their official duties, are requested to observe the following regulations:

The use of bank's IT resources is restricted to Bank business and incidental personal use. Incidental personal use may not interfere with bank work, nor may it result in additional direct cost to bank. Bank's computers and other IT resources must be used in a manner consistent with bank's status as professional financial Institution, and so, for example, cannot be used for the benefit of personal businesses or other organizations unless permitted by bank policy. Unauthorized access to and use of bank's IT resources violates this policy

3. CONCLUSIONS

It is concluded that, the study throws light on status of IT governance implementation, impact of IT governance and problems faced by banks while IT governance implementation. Many direct and indirect factors affect on the progress of IT governance implementation in banks in general and banks under study in particular.

The analysis of the data pertaining to IT governance implementation clearly indicates that there is an ample scope for furthering IT governance implementation. The study reveals that It governance implementation in private and public bank is satisfactory but IT governance implementation in co-operative banks is infancy stage, because of lack of top management awareness about IT governance.

IT governance implementation in banks would greatly influence by involvement of top level management and may expand vertically and horizontally to ensure all the business requirements. This could happen only when –

- Top management associates themselves as IT user
- IT objectives are clearly defined
- Adoption of IT strategy/policy and furthering as per technology and business changes
- Establishes separate IT department with required qualified professionals
- Business processes are reengineered

Besides above mentioned factors the involvent of regulatory agencies with mandatory and minimum standards in terms of technology governance would also work as driving force. The study carried out on selected banks clearly indicates that there is an urgent need to act and deploy standard IT governance framework which could cover all areas of IT governance activities under one umbrella. The suggested IT Policy is based on the study would probably provide a roadmap for banks and put the IT as a business driver rather than business enabler.

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