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# Information Superhighway and it’s Strategic Implementation at Bank Of America

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Abstract

# This paper will talk about the Information Superhighway specifically Internet and Internet Security and its impacts on Bank of America/Merrill Lynch. Focus will be on the current business issues such as online banking, identity protection/theft and information security and integrity implementations utilized at Bank of America. Furthermore, we will discuss the effects of technology on organizational re-engineering. Additionally, possible solutions that will span a period of three years will be suggested to the Executive Committee at Bank of America.Information Superhighway and it’s Strategic Implementation at Bank Of America

Over the years, the Internet has become our main mean of communication. It has been defined by Al Gore, a as the Information Superhighway. The increase use of the Internet has changed the banking industry, as customers now are more comfortable banking from the comfort of their home. Numerous research studies suggest that the utilization of the Internet plays a fundamental role in a firm’s ability to enhance business performance through innovations in products, channels and customer segments (Sambamurthy & Grover, 2003; & Tanriverdi, 2005). Bank of America, has been striving to become a leader in online banking technology and services as it tries to fulfill customer needs through its services.

**Information Superhighway defined**

The BusinessDictionary.com defined Information Superhighway as an internet-type [global](http://www.businessdictionary.com/definition/global.html) [network](http://www.businessdictionary.com/definition/network.html) of [computers](http://www.businessdictionary.com/definition/computer.html) that, potentially, will connect most of world's [individuals](http://www.businessdictionary.com/definition/individual.html), firms, and organizations. It is envisioned to [provide](http://www.businessdictionary.com/definition/provide.html) very [high](http://www.businessdictionary.com/definition/high.html) speed access to [information](http://www.businessdictionary.com/definition/information.html) in all [forms](http://www.businessdictionary.com/definition/form.html) (text, [graphics](http://www.businessdictionary.com/definition/graphic.html), audio, video) [via](http://www.businessdictionary.com/definition/via.html) a [telephone](http://www.businessdictionary.com/definition/telephone.html) or wireless [connection](http://www.businessdictionary.com/definition/connection.html). The term was first used in 1985 by the 45th US [Vice President](http://www.businessdictionary.com/definition/Vice-President.html) (1993-2001) Al Gore (born 1948) in an American [context](http://www.businessdictionary.com/definition/context.html) where every [citizen](http://www.businessdictionary.com/definition/citizen.html) is aimed to be connected. In simpler words, it is the mean to connect the world faster and simpler.

**Background of Bank of America**

According to the Wikipedia, Bank of America, is an American multinational banking and financial services corporation, which is the largest holding company in the United States by assets and the second largest bank by market capitalization. Bank of American serves clients in more than 150 countries and has relationship with ninety-nine percent of the United States Fortune 500 companies. Moreover, as a 2010, Bank of America is the fifth largest company in the United States by total revenue. In addition, the bank's acquisition of Merrill Lynch made Bank of America the world's largest wealth manager and a major player in the investment and financial industry. The bank has a retail-banking footprint that covers approximately eighty percent of the United Sates population.

One would imagine that a bank with such power and presence would have somewhat of technological authority in the financial industry and would be a trendsetter.

**Current Business Issues**

*Online Banking Security*

Through out the years, Bank of America has been keeping up relentlessly with the technology trying to offer its best services to its clients through many online services. Bank of America realizes that online transaction processing is the way of the future and agrees that the Internet is a convenient medium to offer its banking services. Nevertheless, they also realize that online banking security should be at the top of their list. Client protection is of its most importance for its continued success of online banking services and productivity. Not only is online banking cost effective for BofA, it can also perform thousands more transactions simultaneously for various clients. Despite BofA's efforts to push its services to online, Internet banking does not work well with its high net worth clients (Aziz, 2011).

According to an internal Merrill Lynch survey, a majority of high net worth clients indicated that they did not like online banking or had negative experiences where they felt that there was a lack of security. Some of these experiences include faulty transactions due to server timeouts or session timeouts.

In regards to Bank of Americas regular clients many feel unsafe, as they have experienced information identity theft as they have received ATM cards with a different picture on the card.

*Organizational reengineering due to Internet banking*

Over the year, technology in general has become the enemy of manual labor where repetitive tasks by an employee of an organization can be replaced by an application. In our scenario, technology, specifically online banking has slowly replaced traditional banking. Collins & Ryan (2007) reports that since peaking in 1989, the banking industry’s payroll has shrunk. Between 1989 and 1995, banking employment fell more than 6 percent, while industry output increased 15 percent. The explosion of ATM transactions and Internet banking is often cited as the primary reason for banking’s decreased payrolls. The most visible effect of ATMs has been to transform the multitude of fully staffed branch offices that existed in the 1970s into today’s sparsely staffed branches. Moreover, online banking has reduced the need for hiring employees such as tellers or managers or customer service personnel at branches as we can now hire one online manager than handles banking questions from a central location through the telephone.

*Identity Theft Prevention and Fraud*

With the development of any technology that handles sensitive data, there is always a question of security. With Bank of America, being one of the biggest banks in the country and having such an online presence, there is a question of data security. Personal information such as account balance and social security can be available for hijacking for people of interest. According to Mols, Information identity theft has become one of the fasted growing crimes, and the use of Internet has been a key component of such crimes (Mols, 2000). David Lazarus, writer of the LA Times, mentions that Andrew Goldstein, who has been a Bank of America customer for more than four decades, has lost more than $20,000 from his checking account due to a security breach. Some of the cause was that a Bank of America employee with access to the customers' records had leaked reams of data to a ring of scammers (Lazarus, 2011). It is vital that customers never share sensitive information with anyone, including institution employees. As more customers are exposed to online banking, privacy of information and security of their information becomes at a higher risk.

**Proposed Solution**

Customer retention and security should be Bank of America's highest priority. By defining the risks associated with online transactions and services, Bank of America will define and implement online transaction objectives where a select group of branches will participate in this pilot program and evaluate its success. Specifically, Bank of America will observe the expenses (financial and technological) associated in monitoring Internet banking activities.

Moreover, Bank of America will improve its internal processes and systems including branch computers as well as servers with security updates that range from privacy, identity management and disaster recovery to the standard where they are confident that information stays secure and up to date.

In addition, to decrease risk of fraud and theft, customer authentication and activity will be increase where access to a specific account can be making by only one client and not multiple locations. Limiting and monitoring the dollar amount of transaction processing in and out of accounts will also increase security as it can indicate any suspicious activity.

To reduce the possibility of employee fraud, Bank of America, will implement activity tracking on all of its employees' desktops and limit employee access. Moreover, extensive screening checks will be made in place for current and new employees. Moreover, credit report checks should be made on all employees, as it can indicate an employee’s way of life and level of responsibility. Manages should be on employee behavior recognition and personal issues as it can indicate suspicious activity.

Bank of America, should not disclose to its employees if there were any security breaches as it can expose its system's weaknesses. However, the company should release newsletters to its customers on ways to protect themselves from identity fraud.

Even though, the FDIC protects customer’s funds, Bank of America will implement additional layers of identity protection to its high network clients. FDIC only covers clients to a certain amount. Bank of American can offer extended protection for a nominal monthly fee.

With all these security implementation, still, precautions should be taken by customers to track their transactions and activity regularly.

To address the organizational reengineering issue, Bank of America should implement a leverage program. The increased use of technology has created an atmosphere of job insecurity and workplace stress for employees. Leonard (2000) maintains that labor-displacing technology has become more evident in our everyday lives. The driving force behind these technological advances is the elimination of labor. ATM machines along with Internet banking have replaced tellers throughout the banking industry. Bank of America managers should constantly evaluate branch performance and employee funding. The leverage program will allow employees to be displaced from one branch to another per need basis in a certain geographical radius. This will allow both the employee to retain their jobs as well as the firm leveraging its resources. Moreover, promotions within the corporation are a good way of retaining and encouraging employees to strive for better performance.

**Recommendation to Executive Committee**

In the upcoming years, Bank of America will have some challenges, and all branches of the company must work together to implement the integration of new technological strategies. Rigorous auditing of systems will be essential in areas of online banking. Thus, Bank of America will strive to meet the following recommendation to remain a safe, successful and groundbreaking institution. Bank of America mush determine whether the company's goals and vision in the online banking industry are aligned with its overall objectives. Continuous unit testing and overall testing of its applications should be made to ensure up to standard security. Improve and enforce ethical conduct from the firm’s employees white evaluating job performance and productivity and behavior. Create short term and long-term technological objectives and integrate them with every day implementations to gain conformity and buy-in from employees. Increase the channels of communication with both customer and employees to stay up to date with latest concerns and comments. Improve responsiveness to any issues whether service related or technology related to keep customer confidence in the company.

**Conclusion**

As the Information Superhighway continues to grow, so do technology infrastructures. The Internet has changed the world does commerce in many fundamental ways especially in the financial industry. Online transaction processing has become a norm for many and has gained institutions many niche and demographics where they could not reach otherwise. In fact, banks are finding that a comprehensive online/Internet banking strategy is essential for success in the increasingly competitive financial service market (Wang & Wang, 2007). Bank of America, is excited about the different possibilities that online banking can offer to its customers. However, to keep customer loyalty, they have to show them safety and piece of mind in order for their organization to keep growing.**References**

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