WHAT KIND OF GOVERNANCE FOR BANKING INFORMATION SYSTEMS IN CAMEROON?

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Abstract

As banks are called upon to step up investments in information systems (IS), questions remain regarding their contribution to value creation. The objective of this research is to understand the governance orientation that banks in Cameroon give to their information systems so that they serve value creation. The method used is qualitative and focused on multiple cases. The study was conducted on a sample of six banks distributed according to their origins (two Western subsidiaries and four African banks). The results obtained using the verbatim technique reveal that information technology (IT) governance is still embryonic within banks. Indeed, few banks are truly interested in the deep needs of the priority stakeholders of banking IT: customers and employees. IT governance in banks remains primarily oriented towards the creation of shareholder value, materialized by the revenues generated.

1. INTRODUCTION

Investment in information systems (IS) remains a major challenge for banks in emerging countries (Saïdane, 2015; D'Orazio & Free, 2024).

However, the question of the value created by IS remains a central concern for researchers and business leaders. For some authors, value is created when organizations have made significant investments in IS (Matlin, 1979). For others, the value created stems rather from the ability to govern their IS (Alreemy et al., 2016).

The issue of IT governance remains fundamental in banks in Cameroon, as significant investments are being made to adapt to the digital revolution driven by artificial intelligence (AI). This sector also includes subsidiaries of Western banks with more advantageous IT strategies than those of local banks. Incidentally, the results of Kenfang's (2020) study show that subsidiaries invest mainly in the intangible aspect of IT, while local banks prioritize the tangible dimension. Local bank managers would then suffer from a "managerial myopia" which would lead them to focus their attention only on investments in tangible resources generating short-term profits, while those of subsidiaries would be endowed with the strategic intention that leads them to invest in intangible resources, generating long-term profits. In addition to their strong capacity for innovation and the important partnerships they establish with Western technology solutions companies, Western subsidiaries come from territories where large companies have created structures[1] of IT governance, which is not the case for companies in Africa.

While the shareholder orientation of governance advocates that IS serves the creation of value for shareholders alone (Loh & Venkatraman, 1993), the partnership orientation posits that value must be created for all priority stakeholders of IS (Almaqtari, 2024). This latter orientation is now the most widespread in the literature, particularly since the existence of the COBIT (Control Objectives for Information and Related Technology) standards, which, in the fifth version, integrate the consideration of stakeholder needs in IS governance.

In the Cameroonian context, where work on IT governance has so far remained non-existent, we draw on the literature on social responsibility. This paradoxically shows that Western subsidiaries are less inclined than African banks to adopt a partnership orientation, while shareholder orientation was at the origin of the 2008 financial crisis. The preceding developments raise the following central research question:

RQ: What governance orientation do the information systems of banks in Cameroon follow?

The objective of the research is to understand the governance orientation that banks in Cameroon give to their information systems so that they serve the creation of value.

[1] This is the case of the Computer Club of Large French Companies (CIGREF) created in 1970.

2. LITERATURE REVIEW

The debate on the value of IS is based on the resource-based view (RBV), which considers IS as a resource whose mere possession by a company is sufficient to ensure its financial performance. Research following the RBV path has produced ambivalent results, ranging from a positive correlation between the level of investment in IS resources and financial performance to a negative correlation. This ambivalence is likely because IS have become commonplace, no longer constituting rare resources and difficult to duplicate. Thus, it is no longer enough to invest in information systems but to know how to govern them. The ability to govern information systems, therefore, appears as a skill to be classified as an intangible asset that provides significant long-term revenues. IT governance is borrowed from corporate governance, defined as the set of incentive and control measures implemented by the board of directors to limit the managerial latitude of the director or to encourage him to work in the interest of shareholders. This shareholder perspective of IT governance, the pioneering work of which dates back to Jarvenpaa and Ives (1990), has gradually given way to the partnership approach, which questions the responsibility of decision-making power and the needs of the stakeholders. Indeed, the responsibility for decisions lies with the board of directors and senior management, who take them while taking into account the needs of the IT stakeholders (Weill & Ross, 2004). Better still, this approach seeks the creation of shareholder value through that of priority stakeholders in the sense of Mitchell et al. (1997). The partnership governance of IS must then serve the interests of shareholders, employees, and customers, who are the priority stakeholders of banking IS according to Dubois et al. (2008). For customers, it is above all a question of using servuction or co-creation to involve them in all phases of the construction of multichannel banking technologies, to guarantee their satisfaction. The actions to be taken on employees consist of raising their awareness of the technologies to be implemented, training them, motivating them, etc., and involving them in the implementation process, to avoid resistance, deviations, misuse, and even rejection. It is important to note that information systems also pose ethical problems for employees and can lead to psychosocial risks (Kenfang, 2024). Biwolé-Fouda (2011) shows that shareholder value is created when customers’ and employees’ value is guaranteed. Ultimately, only the stakeholder perspective of governance promotes the alignment of information systems, risk management, and value creation for the company (Kabbaj & Aliouat, 2018).

3. METHODOLOGY

The study adopts a qualitative approach focused on the study of multiple cases. It is justified by the lack of research on the subject in the African context in general, and in Cameroon in particular. The sample is made up of six banks because Hlady-Rispal (2002) recommends working on at least three and at most six cases. These are two Western subsidiaries out of the three in operation, and four African banks out of sixteen. The data are collected from information systems directors and technology directors within the various banks. They are analyzed verbatim.

4. RESULTS

The effectiveness of IT governance practices remains mixed within banks. While subsidiaries use exported technologies, African banks also emphasize innovation through intrapreneurship. This is the case for two of the four African banks in the sample, which appear to be interested in customer-centric IT governance, sometimes developing technologies internally to meet customer needs. In most cases, technologies are implemented without considering the needs of customers and employees. In all banks, the only actions aimed at employees involve training and support for management. The ethical aspect, which involves taking into account employee privacy (video surveillance, for example) or the impact of IT on employee health, is not considered by the banks. IT governance is primarily oriented toward creating value for shareholders alone, in that the managers interviewed tend to talk more about the financial gains generated by their IT investments.

5. CONCLUSION

This reflection is of particular interest in a digitalized banking environment facing significant technological challenges. The ideological bias posits that only partnership-based IT governance is likely to serve value creation. The results reveal that IT governance is still embryonic, as it is carried out by a minority of African banks. Western subsidiaries, for their part, do not seem interested in understanding customer needs. This situation is detrimental in light of bank customer complaints in Cameroon. Finally, subsidiaries seem to have retained their historical mentality of focusing only on large and less risky Western companies, turning away from the needs of local customers, whom they deem at risk. The results of this study would have been more interesting if the perspectives of other priority stakeholders (customers and employees) had been collected. Nevertheless, this limitation could be addressed in future work.

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