

ABSTRACT

In an IT world today, no one can deny that IT is not an easy technology or long lasting knowledge. Technology changes everyday. It is not an area for any company to easily manage it as before. It may not be worth purely dealing with IT in-house because of inadequate expertise, uneconomical expense and obsolete knowledge. Most worldwide companies have already outsourced their IT functions to professional.

Banking industry tends to develop into IT outsourcing to gain a competitive edge, cut costs, improve efficiency and services. Kasikornbank then decided to become the first Thai commercial bank that entered the fully IT outsourcing in 2003.

By transferring service delivery of IT activities to a “specialist,” Kasikornbank can focus on its core businesses. Outsourcing helps Kasikornbank to improve the quality of IT services delivered to the business and to customers. It offers the possibility of bringing IT costs under control through the efficiencies of the service provider and the sharing of common costs among the service provider’s customer base.

We found some interesting drawbacks. Outsourcing incurred extra charges for simple IT advices. The Bank’s staff feel uncomfortable with a more complex procedure of IT consulting which slows down their internal work process.

We have made some recommendations to reduce risks from outsourcing. We would recommend Kasikornbank to have more than one service provider in IT. The Bank should ensure that its business continuity plan addresses situations in which the service provider fails to continue providing service. The plan should ensure that the Bank has ready access to all records necessary to allow it to sustain business operations and to meet its legal or regulatory obligations in the event the service provider is unable to provide the service.