

ABSTRACT

Information Systems (IS) play a pivotal role in streamlining the flow of information within and outside organizations, particularly in the banking and insurance sectors. As decision-making in these industries involves a diverse range of strategic, technical, and routine information needs, an effective IS is essential to ensure seamless communication between decision centers and operational units. This study investigates the functioning of IS in banks and insurance companies in Dindigul District, Tamil Nadu, focusing on customer problem perceptions and the challenges faced in IS implementation.

The research highlights that in the banking sector, IS is more deeply integrated as a managerial tool compared to the insurance sector. However, both sectors encounter significant technical and human-oriented challenges. Technical problems, such as lack of transparency, rigidity, fear of new technology, bank charges for errors, insufficient IT knowledge, and technophobia, are identified as the most critical issues, accounting for 30.19% of the variance. Human-oriented problems, including customer resistance to change and limited interaction with IS, contribute to 24.24% of the variance.

The analysis further reveals that customer problem perception varies based on demographic and profile variables like age, gender, computer literacy, and personality traits. These factors significantly influence how customers perceive and interact with IS in both banking and insurance sectors. A comparative analysis using a t-test shows notable differences in problem perception between customers in these two sectors, with banking customers encountering fewer challenges due to IS integration.

This study emphasizes the need for targeted strategies to address technical and human barriers to IS adoption in financial institutions. Enhancing user training, improving system transparency, and reducing technophobia are key recommendations to improve IS effectiveness and customer satisfaction in the banking and insurance sectors. The findings serve as a valuable resource for managers and policymakers to optimize IS as a tool for operational efficiency and customer engagement.