

Innovative Banking: A Requirement of Modern Indian Public Sector Banks

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Abstract

In 21st century's global competitive scenario, many public and private sector banks across India have been compelled to reframe their banking strategy due to market forces such as the national recession, changing customer needs, and intense competition. In the banking industry, restructuring business strategy often demands significant structural changes in the service operations. Hence, innovative strategy like Business Process Reengineering (BPR) acts as a fundamental change process to competitive advantage and growth sustainability in banking sector. This work directed on the impact of BPR strategy in banking operations. The study highlights on the following aspects of BPR such as: (a) Customer Satisfaction after BPR used (b) How BPR created the USP (Unique Selling Point) in Banking Sector, (c) Problem facing during the implementation of BPR in banking industry.

Furthermore, the research looked into radical changes such as: faster service delivery, shorter transaction period, lower transaction costs, and so on.

The study may be utilised by professionals and scholars to gain a better grasp of the features of BPR, which can assist to contribute to the establishment of successful services in the banking industry in India through BPR practices.

Keywords: BPR (Business Process Re-engineering), USP (Unique Selling Point), Redesign, Banking

Introduction

The Banking Industry in India is ever-changing, there is a constant growth from a promising manufacturing sector to a promising service sector in the Indian Economy. It is also observed that a large no. of options available for customers where the demand for financial products to personalized services are the priority rather than being only a competitive advantage. The banking industry identified with structural changes in regulatory framework & technology. Stringent to norms are framed at faster rate adapt to the changing dynamics, in order to gain the advantage in the market. Technology of bank has undergone rapid changes since 1990s. The era of 90s- 2000 has observed a large no. of changes in the banking in India. Information Technology has made a huge and essential impact on banking. 'Banking Anywhere & anytime' have become the order of the day.

The banking sector at present is propelled by 3 C's i.e., Customer, Competition and, Change:

- Customer considered as knowledgeable & having purchasing power and preferring to variety.
- Competition is considered as huge in the country for Banking Sector which is ready to capture the market with tough competition.

- Changes are the need of the surroundings i.e. economic, financial, attitudinal, political, social, cultural, technological, trade, environmental, in different levels.

It is required to identify how & why Business Process Re-engineering (BPR) is to be implemented. It is also needed to identify the responses of all three different levels of management. The important questions are as follows:

- Identify the factors who are responsible for the success or failures of BPR.
- Examine the problems faced in BPR implementation.
- Whether BPR have any prospects in the banking system.
- Hammer and Champy in 1995 coined the concept of Re-engineering

Reengineering expressed as the foundational rethinking and revolutionary changes of business structure to achieve drastic changes in critical, peer appraise of performance in quality of product, cost of transactions, customer service and speed.

The current investigation is an investigation on the Impact of BPR on Commercial Banks. The study includes Canara Bank & Allahabad Bank respectively.

Finance Minister Nirmala Sitharaman, the Finance Minister of India has announced, if Allahabad Bank merged with Indian Bank; then it acquires the 7th position amongst the Public sector Bank with assets of Rs. 0.08 lakh core. The merger was done in 4th March 2020.

In the same way, Syndicate bank merged with Canara Bank to facilitate services to the . However the Syndicate now called as Canara Bank.

I. OBJECTIVES

- To know effect of Business Process Re-engineering on the function of the Banks.
- To estimate the status of BPR in Canara & Allahabad Bank Respectively.
- To identify the reactions the different age group after of Business Process Re-engineering implementation.

II. RESEARCH METHODOLOGY

This is a systematic research on the effect of Business Process Re-engineering on Canara Bank & Allahabad Bank respectively. Data collections are being identified from the preliminary and secondary sources of collection of data.

Random Sampling Method is used to identify the Primary Data from the respondent. Questionnaire method, Informal interview method and Personnel observation methods have been used for collecting the correct information.

Well-structured interview schedules were directed for the employees of both the banks. These questionnaires are applied in both Canara Bank & Allahabad Bank.

The researcher has covered 357 respondents from the bank employees where 183 (51.3%) are from Allahabad Bank and 174 (48.7% of the total sample) from Canara Bank. The current data were used and gathered from three major cities of Odisha i.e. Bhubaneswar, Cuttack and Puri. To get a quick response the e-questionnaire method was also approved.

For the purpose of the study the Self Administrated Questionnaire (SAQ) was adopted. The same questionnaire is tested through the Cronbach's Alpha Analysis. Cronbach's Alpha normally analyzed the reliability of the data which were collected for the present study.

Primary information were collected by administering structured interview schedules and the opinions were analyzed by identifying dependent & independent variables to judge the prevailing BPR implemented by the bank and its effectiveness.

To get an analytical approach, the questionnaire consists of both independent & dependent variables of both the bank Employees. The minor independent variables are Age (below 35 years i.e. young employees, 36 - 45 years i.e. middle aged employees and 46 years above i.e. Super adult employees), Experience (below 5 yrs, 6-10 yrs, 11-15 yrs, 15-20 yrs, above 20 yrs).

There are four dependent variables identified.

- The major changes identified after implementing the BPR.
- The impression of IT on employees.
- The impact of BPR on banks.
- The changes in services after implementation of BPR.

To identify the worth of these dependent variables relating to the independent variables multiple questions asked individually to the dependent variables to the respondents. Each question was of five options given to answer based on Likert's Five Point Scale. These include Strongly Agree, Agree, No. opinion, Disagree and Strongly Disagree.

The details of the questions included in the dependent variables are as follows:

A) The major changes identified after BPR implementation.

- ❖ Identify the improvement on employee's behavior and attitude. (A1)
- ❖ Identify the changes in skill and knowledge of employees. (A2)
- ❖ Examine the improvement on co-ordination amongst the employees. (A3)
- ❖ There is a radical change. (A4)

B) The impression of IT on employees.

- ❖ BPR does not assist to get better competence of Employees. (B1)
- ❖ It is hard for the staffs to change from physical system to automated system. (B2)
- ❖ Maximum employees obtained VRS on account of re-engineering of processes in banks. (B3)
- ❖ The workers are overstrained after BPR in banks. (B4)
- ❖ Losing physical contact with an account of BPR in banks. (B5)

C) The impact of BPR on banks.

- ❖ On Employees. (C1)
- ❖ On Bank Performance. (C2)

D) The changes in services after implementation of BPR..

- ❖ Cash Payment /Receipts. (D1)
- ❖ Printed statement of various accounts. (D2)
- ❖ Issue of cheque book/ Draft. (D3)
- ❖ Fund transfer. (D4)
- ❖ Disbursement of loans. (D5)
- ❖ Multi service on a single counter. (D6)
- ❖ ATM cum Debit card facilities. (D7)
- ❖ Credit Card Management. (D8)
- ❖ Internet Banking. (D9)
- ❖ Drop boxes. (D10) were studied.

These questions are allotted with a code (A1...A4, B1...B5, C1...C2 and D1...D10) for distinguishing from each other and also to identify its validity.

To understand the average score of the performance, improvement and the changes implemented by the bank after implementation of BPR are calculated by taking the average score of all the dependent variables.

A. Validity and Reliability

To validate the instrument used in the research work Cronbach’s alpha tool is used.

TABLE 1. RELIABILITY ANALYSIS FOR EMPLOYEES QUESTIONNAIRE

Sl.No	Dependent Variable scale	Cronbach's Alpha	No. of Items
1	The major changes identified after implementing the BPR.	.801	4
2	The impression of IT on employees.	.789	5
3	The impact of BPR on banks.	.561	.3
4	The changes in services after implementation of BPR.	.746	10

III. ANALYSIS

The research work is based on employee’s demographic distribution of the minor variables. The research paying attention to the allocation of age as the major parameter to identify the different opinions of the employees carrying different age category of both the above banks after the implementation.

Age category emphasis to Major Experience, Enthusiasm to work and risk bearing capacity of the Employees. It is observed that 33.3 % employees of Canara Bank and 23.8% employees of Allahabad Bank are below 35 years respectively.

Another 9.8 and 5.6 percent belongs to 36 - 45 yrs and more than 45 years from Canara Bank. However 16.5 and 10.9 percent belongs to 36 - 45 years and more than 45 years from Allahabad Bank.

TABLE 3.BANK WITH AGE DEMOGRAPHIC TABLE OF EMPLOYEES.

Major	Minor	Age Parameters				Total
			<i>Less than 35 years</i>	<i>Age 36 to 45 years</i>	<i>46 and more than 46 years</i>	
CANARA BANK	Employees	Count	119	35	20	174
		% of Total	33.30%	9.80%	5.60%	48.70%
ALLAHABAD	Employees	Count	85	59	39	183

BANK		% of Total	23.80%	16.50%	10.90%	51.30%
TOTAL	Employees	Count	204	94	59	357
		% of Total	57.10%	26.30%	16.50%	100.00%

Experience or year of Associations an essential variable for the research. Experience affects the employee regularity, reducing challenge level, increasing intolerance. It is also examine the competency and the commitment of an individual at the workplace.

It is observed that 26.9% of employees of Canara Bank are working with less than 5 years of experience. About 11% are having 6 to 10 years of experience whereas 8.4% and 2.5% have 15-20 years and 11-15 years of working experience respectively.

Further it also reflects that under Allahabad Bank employees 17.9%, 10.4%, 5.6%, and 17.4% are working having below 5 years, 6-10 years, 11-15 years and more than 16 years of experiences respectively.

TABLE 4; Bank with Year of Association Demographic Table of Employees.

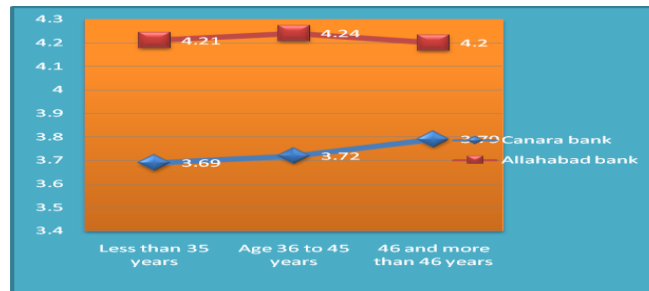
Major	Minor		Year of Association (Experience)				TOTAL
			Less than 5yrs	6-10 yrs	11-15 yrs	15-20 yrs	
CANARA BANK	Employees	Count	96	39	9	30	174
		% of Total	26.90%	10.90%	2.50%	8.40%	48.70%
ALLAHABAD BANK	Employees	Count	64	37	20	62	183
		% of Total	17.90%	10.40%	5.60%	17.40%	51.30%
Total	Employees	Count	160	76	29	92	357
		% of Total	44.80%	21.30%	8.10%	25.80%	100.00%

ANALYSIS OF INDEPENDENT & DEPENDENT VARIABLES

Various statistical techniques have been used for interpreting the data to understand the complete impact of BPR in Allahabad Bank & Canara Bank respectively. The Analysis includes of Variance (ANOVA). Two Way and One Way ANOVA both have been used. Two-way ANOVA used to identify the difference in opinion. The One way ANOVA is used to examine the difference in between the dependent & independent variable through the Multiple Means Tests (Duncan Multiple Range Test).

The graph;-1 it is seeming that, the staffs of diverse categories relating to the age of Canara Bank are having the similar opinion and satisfied on the major development made at Canara Bank after implementation of BPR. In dissimilarity the level of satisfaction of the different categories of employees of Allahabad Bank relating to the age is less as contrasted to the Canara Bank employees. The acceptance level is less of Allahabad bank employees within the employees behavior, attitude after implementation of the BPR.

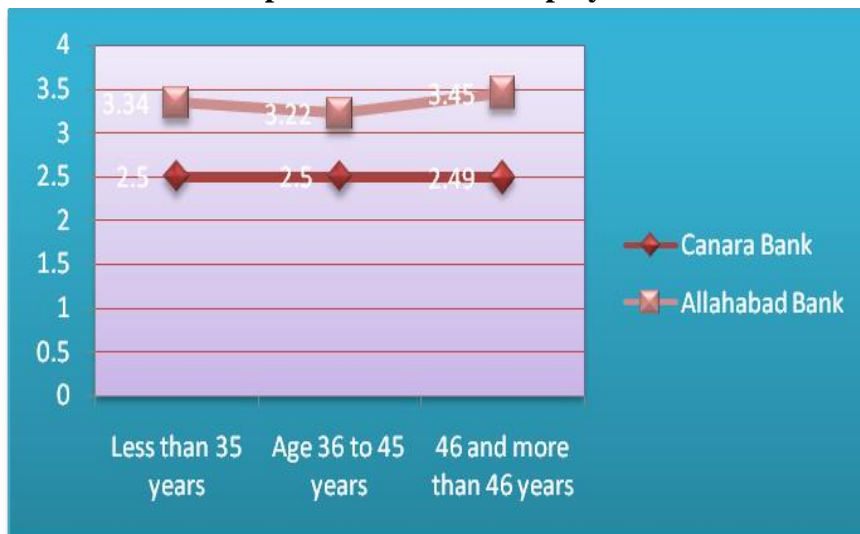
Graph – 1: Perception of Canara Bank & Allahabad Bank Employees Basing on Their Age the Major Change after implementation of BPR.



Perception of Canara Bank & Allahabad Bank Employees Basing on Their Age on The impression of IT on employees.

The employees of Canara Bank from three categories of age are having opinion and submit minimum score as they disagree that implementation of BPR reduces the personal care and physical contact with the customers. The employees of Allahabad bank employees have given a different opinion that somehow the injecting of BPR improves less efficiency of employees and the employees face difficulties from switching over to manual to computerized system. The mean score nearer to 2.5.

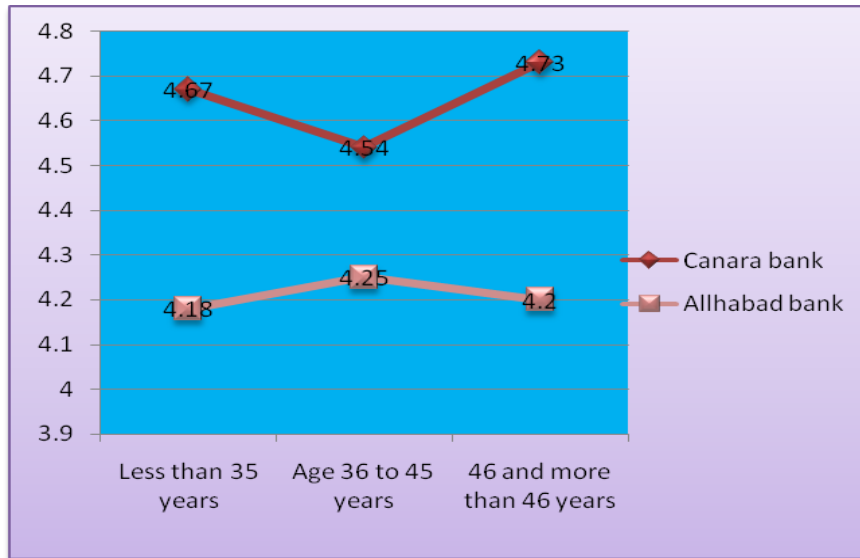
Graph-2: Perception of Canara Bank & Allahabad Bank Employees Basing on Their Age on The impression of IT on employees.



Perception of Employees of Canara Bank & Allahabad Bank base on their Age on the Overall Impact of BPR on Banks.

It is observed that the opinion of Canara Bank & Allahabad Bank employees are different from each other. The Canara Bank employees have same opinion whereas the mean value remains within the 2.49 to 2.5. The employees of Canara Bank rate high impact of BPR upon the customers, employees and on the overall bank. Whereas the Allahabad Bank employees also identified with high impact. That shows the Canara Bank employees perceived there is a high impact of BPR on customer, employees and bank. The Allahabad Bank employees having similar opinion and the mean value remain within the 3.22 to 3.45 Canara Bank employees.

Graph – 3: Perception of Canara Bank & Allahabad Bank Employees Basing on their Age on the Overall Impact of BPR on Banks.



Perception of Canara Bank & Allahabad Bank Employees Basing on their Age on the Level of Your Satisfaction in The changes in services after implementation of BPR.

It is observed that the employees of Canara Bank are fulfilled with the services obtained after implementation of BPR. Whereas the mean value reach nearer to 4.4 in all these three categories of employees. Mean (m) of the Allahabad Bank employees belongs to the age group less than 35 years, 36 to 45 years and more than 46 years are 4.03, 4.05 and 4.02 respectively.

Graph 4;- Perception of Canara Bank & Allahabad Bank Employees Basing on their Age on the Level of Your Satisfaction in The changes in services after implementation of BPR.

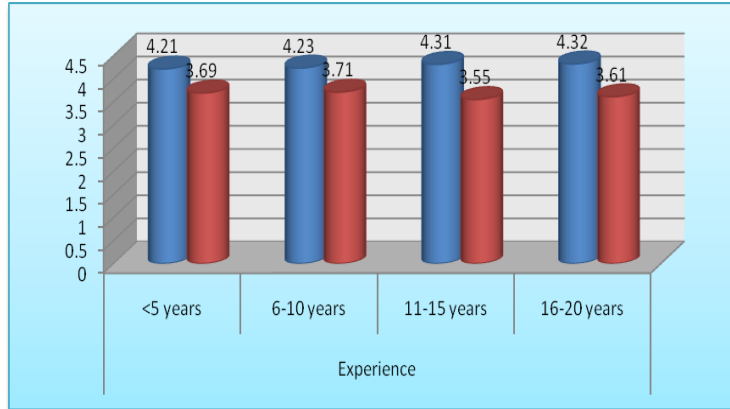


Perception of Canara Bank & Allahabad Bank Employees Basing on Their Years of Experience of the Level of Expectation on The major changes identified after implementing the BPR.

From the multiple mean table 4.56 and Graph 4.17, the following opinions of the staffs are found i.e. the Canara Bank workers are highly satisfied, where the average mean value is above 4. The workers associated with bank from 16 years to 20 years are highly satisfied in contrast to others with the major changes in Bank after implementation of BPR. The perception of Allahabad Bank employees towards major changes made after implementation of BPR is less satisfied in comparison to Canara Bank Employees. Mean value is nearer to 3.7.

Graph 5:- Perception of Canara Bank & Allahabad Bank.

BANK Employees Basing on Their Years of Experience of the Level of Expectation on The major changes identified after implementing the BPR.

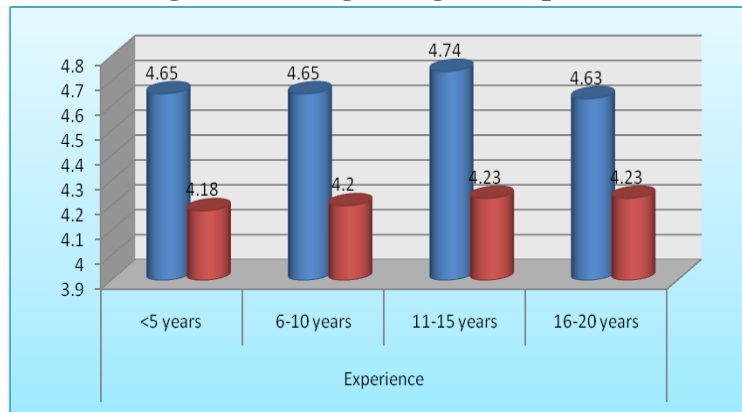


Perception of Canara Bank & Allahabad Bank Employees Basing on Their Years of Experience on level of Agreement Regarding The impression of IT on employees.

It is observed that, the Allahabad Bank employees are averagely satisfied with the impression of IT, and mean value is nearer to 3.3. Further the experience group belongs to 16 to 20 years are more satisfied in comparison to others.

The employees of Canara Bank are very less satisfied as compared to Allahabad Bank, and mean value is nearer to 2.6.

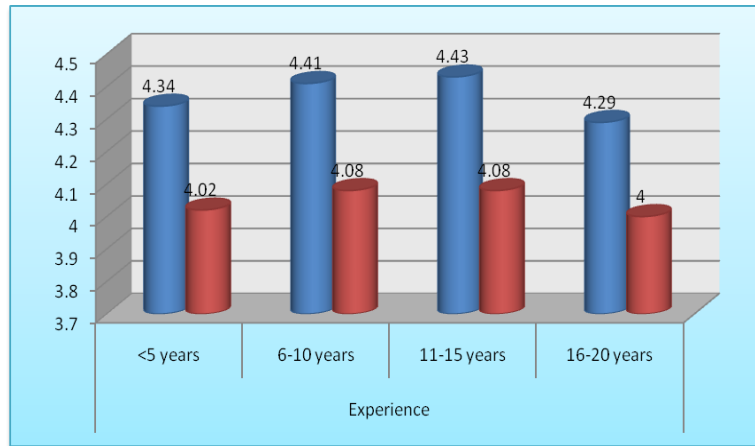
Graph 6:- Perception of Canara Bank & Allahabad Bank Employees Basing on Their Years of Experience on level of Agreement Regarding the impression of IT on employees.



Perception of Canara Bank & Allahabad Bank Employees Basing on Their Year of Experience on the Impact of BPR on Banks.

It is seen that, the Canara Bank workers are satisfied with the impact of BPR on bank, and the mean value is nearer to 4.7. Here the employees are adopt the BPR practices and got maximum benefit out of that. As per the analysis, the mean value of the opinion of the Allahabad Bank employees nearer to 4.2 which indicates a high level of satisfaction amongst the employees about the impact of BPR on bank. Whereas the satisfaction level is little less in comparison to the Canara Bank employees.

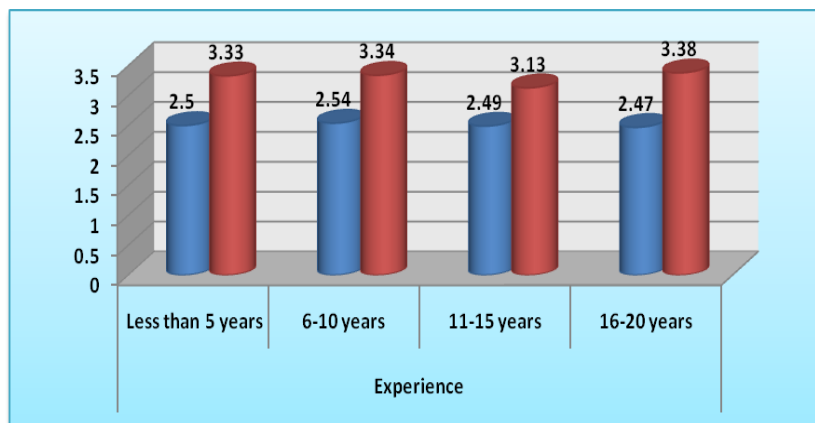
Graph 7:- Perception of Canara Bank & Allahabad Bank Employees Basing on Their Year of Experience on the Impact of BPR on Banks.



Perception of Canara Bank & Allahabad Bank Employees Basing on Their Year of Experience on the Level of Your Satisfaction in the Banking Services After BPR in the Banks

It is identified that, the average mean of the Canara Bank employees are nearer to 4.4, which indicates that the employees are satisfied with the improved and speedy services after implementation of BPR. Whereas the Allahabad Bank employees are less satisfied in comparison to Canara Bank employees, here the mean value is nearer to 4.

Graph 8;- Perception of Canara Bank & Allahabad Bank Employees Basing on Their Year of Experience on the Level of Your Satisfaction in The changes in services after implementation of BPR.



CONCLUSION:

The study includes analysis of data obtained from employees perception of Allahabad bank & Canara Banks for understanding the impact of BPR followed in both these banks. For this the different aspects are considered. For an overall implementation of BPR, notable changes made after implementation of BPR, Impression of IT and level of satisfaction of employees and customers after the implementation of BPR have also been studied and analyzed.

The following conclusions have been drawn-

- The employees of Canara Bank belonging to all age groups are highly satisfied with the implementation of BPR.
- The employees of Allahabad Bank are satisfied with the BPR practices i.e. CBS (Core Banking Solution), 4 key processes etc. But so far as the employees the younger generation (34.3%) fill highly satisfied with the overall implementation of BPR which is not in the case of the senior citizens..
- Considering major improvement made by the bank after implementation of BPR, the senior employees (more than 46 years) (5.6 %) of Canara Bank are also satisfied and motivated by the changes made by the bank with the help of BPR.
- From the same observation it is also concluded that the employees in the senior age group in Allahabad Bank are relatively less satisfied by the changes made by the bank. The experienced employees expect still more BPR practices in Allahabad Bank which is the largest Public sector bank of the country.
- It is evident from the present study that BPR represents a major step for improvement over conventional management strategies. As an integral approach the three dimensional strategy should be adopted in the banking sector.

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