BUSINESS PROCESS REENGINEERING
FOR RETAIL BANKS

By

A KRISHNA CHAITHANYA
AKNOWLEDGEMENT

I would like to express my sincere gratitude to the Institute for Development and Research in Banking Technology (IDRBT) and particularly Mr. MV Sivakumaran, who was my guide in this project.

This opportunity of learning all the nuances of a banking platform and BPR in the banking of the country was a boon to me as one rarely gets such exposure.

I would not hesitate to add that this short stint in IDRBT has added a different facet to my life as this is a unique organization being a combination of academics, research, technology, communication services, crucial applications, etc., and at the same time performing roles as an arm of regulation, spread of technology, facilitator for implementing technology in banking and non-banking systems, playing a role of an NGO (without being one) and many more varied activities.

I am extremely grateful to Mr. MV Sivakumaran for his advice, innovative suggestions and supervision. I thank him for giving me the opportunity to approach diverse sections of people starting from bankers to general public.

I am thankful to the staff at IDRBT for helping me to get familiar with the environment. I am thankful to my department, Department of Management Studies, SMS UOH and MR. Srinivas internal guide of my project, for giving me this golden opportunity of working at a high-end research institute like IDRBT.

I am thankful to IDRBT for providing such an amazing platform for students to work in real application oriented research. Finally, I thank one and all who made this project successful either directly or indirectly.

I sincerely thankful to my friend Amar, Vipul & Ashwini, with whom I worked throughout my stint at IDRBT and the project was possible only with their cooperation. I also want to express sincere gratitude to all friends for their support, feedbacks and encouragement during report preparation & their active participation in survey.

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Abstract

The dynamic changes in technology have lead each and every industry to computerization and use of technology for effective utilization of resources, cost effectiveness and profit maximization, for this Retail banking is also not an exception.

Business Process Reengineering is fundamental rethinking and radical redesign of business processes to bring about dramatic improvements in performance. The stiff competition in retail banking services is a pushing factor for retail banks to improve its service provision. To achieve the desired goal, improving service quality and satisfying its customers, the bank implemented BPR.

This report explains what are the different methods of BPR, key factors for the successful BPR and how BPR implemented in SBI as an example. To understand the impact of BPR two questionnaires were distributed to customers and bankers and analyzed findings from it.

KEY WORDS: Business Process Reengineering, BPR, Retail Banking.
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1. Introduction to BPR

1.1 Business Process:

A business process is a group of logically related tasks carried out using a firm’s resources to provide customer oriented results in the support of the organization’s objectives.

Business processes are, simply a set of activities that transform a set of inputs into a set of outputs (goods or services) for another person or process, using people and tools.

Common Business Processes in Retail Bank:

- Account Opening
- Issue of cheque book
- Cash deposit
- Cash Withdrawal
- Cheque transfer
- Balance enquiry
- Credit card approval
- Loan disbursement
- Address change

There are many more operations apart from them which are listed above.
1.2 Business Process Reengineering:

The globalization of the economy and the liberalization of the trade markets have formulated new conditions in the market place which are characterized by instability and intensive competition in the business environment. Competition is continuously increasing with respect to price, quality and selection, service and promptness of delivery.

Removal of barriers, international cooperation, technological innovations cause competition to intensify. All these changes impose the need for organizational transformation, where the entire processes and organization climate and organization structure are changed.

Hammer and Champy provide the following definition:

*The fundamental rethinking and radical redesign of the business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed.*

Daven port given following definition:

*The analysis and design of workflows and processes within and between organizations. Business activities should be viewed as more than a collection of individual or even functional tasks; they should be broken down into processes that can be designed for maximum effectiveness, in both manufacturing and service environment.*

**Example of BPR:**

Consider a scenario where a customer want to apply for a new account and enquire about for loan and ATM card in a typical vertical organization structure as shown in figure 2. Here customer needs to wait in three different queues to get what he wanted to have.
When BPR is applied for this particular bank which focuses on customer satisfaction, cost reduction and efficient service they implemented “One Stop Shopping” as a major customer service innovation, requires the close coordination with a team of staff assigned to a process powered by IT for exchanging information and documents in order to service the customer’s request. For instance a customer applying for a loan “triggers” a team of staff assigned to service a loan application.
The customer communicates with only one person, called "case manager", for all three inquiries, shown in figure 3.

Manager completes an application for a loan in electronic form, which in turn is submitted through the network to the next team member, the credit control director, who examines the credit status of the customer. If the credit status is not satisfactory the rejection of the loan is approved by the credit manager and a rejection form is filled and it is returned to the case manager. The case manager explains to the customer the reason that his application was rejected.

On the other hand, if the credit status of the customer is satisfactory, the application submitted electronically to the next team member, who calculates interest rates and payment tables. The application is then submitted to the credit manager for approval using a digital signature. The approval of the application along with the payment table is delivered to the customer by the case manager.

1.3 Key targets of BPR:

Customer friendliness:

One of the main goals of introducing BPR is to get a competitive edge, and that can only be gained by providing the customer more than what the others in the market asking for.

Effectiveness:

How effective is the product or service that the business or manufacturing company providing the customer? If whatever product or service the business might be providing for the customer is successful, then the customers would automatically want to buy that service again.

Efficiency:

How efficient is the company that is manufacturing the product in minimizing costs before introducing it to the market? This is one of the questions that are believed to be very
important. If a manufacturing company can master the skill of being efficient, they can automatically customer friendly and effective.

1.4 How can BPR be applied to an organization?

When British Telecom had announced their Business Plan, all competitors were eager to find out who would be the new CEO of the organization. To the surprise of all the new CEO it was the customer. The company had decided to transform all the operations of the organization the way customers wanted them to operate. The most important action in applying BPR is the company's strategic goal to provide customer oriented services. BPR is a technique used to implement this type of organizational structure.

Having the management commitment for change, another very important factor for implementing BPR, is the enabling role of Information Technology. The way that businesses are organized around departments is very logical since, for instance, there were physical barriers in the communication of the accounting department with production department. (The warehouse could be in another location in the other part of the city). So it wasn't possible for a cross-functional team to communicate efficiently. In the 90s when telecommunication technologies were becoming abundant and low costing BPR was becoming a world-wide applicable managing technique for business upgrade, enabled by the technology. Employees can easily operate as a team using intranets/extranets, workflow and groupware applications, eliminating distances. We can work together even though we are located in different places.

Empowering people:

Empowerments means giving people the ability to do their work the right information, the right tools, the right training, the right environment, and the authority they need. Information systems help empower people by providing information, tools and training.

Providing Information:

Providing information to help people perform their work is a primary purpose of most information systems although they provide information in many different ways. Some systems provide information that is essential in informing a business process, such as the prices used to create a customer’s bill at a restaurant. Other systems provide information that is potentially
useful but can be used in a discretionary manner, such as medical history information that different doctors might use in different ways.

**Providing Tools:**

In addition to providing the right information, empowering people means giving them the right tools. Consider the way planning analysts produce consolidated corporate plans based on plans of individual divisions and departments. If the plans are submitted on paper, it is a major task to add up the numbers to determine the projected corporate bottom line. When the plan is changed during a negotiation process, the planning analyst has to recalculate the projected results. With the right tools, the numerical parts of the plans arrive in a consistent, electronic format permitting consolidation by a computer. This leaves the analyst free to do the more productive work of analyzing the quality of the plan.

**Providing Training:**

Since information systems are designed to provide the information needed to support desired work practices, they are often used for training and learning. As shown by an expert system and a decision simulator, they sometimes provide new and unique training methods.

IBM developed an expert system for fixing computer disk drives. The expert system was an organized collection of the best knowledge about fixing these disk drives, and it fostered rapid and efficient training. Before the system was developed, technicians typically took between 1 and 16 months to become certified, but with the expert system, training time dropped 3 to 5 months.

**Eliminating Unproductive Uses of Time:**

Information systems can reduce the amount of time people waste doing unproductive work. A study of how professionals and managers at 15 leading U.S. corporations spent their time concluded that many professionals spent less than half of their work time on activities directly related to their functions. Although the primary function of salespeople is selling, the time breakdown for salespeople averaged 36 percent spent on prospecting and selling, 39 percent spent on prospecting and selling, 3 percent on servicing accounts, 19 percent on doing administrative chores, and 6 percent on training. Better use of information systems could save
much of their unproductive time performing chores such as collecting product or pricing information, determining order status for a customer, resolving invoice discrepancies, and reporting of time and expenses.

**Eliminating Unnecessary Paper:**

One common way to improve data processing is to eliminate unnecessary paper. Although paper is familiar and convenient for many purposes, it has major disadvantages. It is bulky, difficult to move from place to place, and extremely difficult to use for analyzing large amounts of data. Storing data in computerized form takes much less physical space and destroys fewer forests, but that is only the beginning. It makes data easier to analyze, easier to copy or transmit, and easier to display in a flexible format. Compare paper telephone bills with computerized bills for a large company. The paper bills identify calls but are virtually impossible to analyze for patterns of inefficient or excessive usage.

**Eliminating Unnecessary Variations in the Procedures and Systems:**

In many companies, separate departments use different systems and procedures to perform essentially similar repetitive processes, such as paying employees, purchasing supplies, and keeping track of inventories. Although these procedures may seem adequate from a totally local viewpoint, doing the same work in different ways is often inefficient in a global sense. Whenever the systems must change with new technology, new regulations, or new business issues, each separate system must be analyzed separately, often by someone starting from scratch.

**1.5 Objectives of BPR:**

*When applying the BPR management technique to a business organization the implementation team effort is focused on the following objectives:*

**Customer focus:**

Customer service oriented processes aiming to eliminate customer complaints. In service sector and production department customer is the main source of revenue.
Speed:

Dramatic compression of the time it takes to complete a task for key business processes. For instance, if process before BPR had an average cycle time 5 hours, after BPR the average cycle time should be cut down to half an hour.

Compression:

Cutting major tasks of cost and capital, throughout the value chain. Organizing the processes a company develops transparency throughout the operational level reducing cost. For instance the decision to buy a large amount of raw material at 50% discount is connected to eleven cross checking in the organizational structure from cash flow, inventory, to production planning and marketing. These checking become easily implemented within the cross-functional teams, optimizing the decision making and cutting operational cost.

Flexibility:

Adaptive processes and structures to changing conditions and competition. Being closer to the customer the company can develop the awareness mechanisms to rapidly spot the weak points and adapt to new requirements of the market.

Quality:

Obsession with the superior service and value to the customers. The level of quality is always the same controlled and monitored by the processes, and does not depend mainly on the person, who servicing the customer.

Innovation:

Leadership through imaginative change providing to organization competitive advantage.

Productivity:

Improve drastically effectiveness and efficiency.
1.6 Different BPR Methodologies:

There are many approaches to BPR (e.g. Hammer, Davenport and Short), but independently of the one that is followed, a BPR initiative is a risky undertaking and several factors have to be considered for a successful effort. A very important success factor is the top management sponsorship. A BPR Project usually requires many resources, money and leadership, which can be assured only by a strong and consistent top management sponsorship. Another important success factor is the alignment of the transformation effort with the organisation’s strategic direction demonstrated from the perspective of financial performance, customer service, associate employee value, and the vision of the organisation.

The majority of BPR methodologies share common features and steps. In the following sections we describe a representative sample of these methodologies. In the end we describe the differences of these methodologies and the value and the importance of each special step in a BPR effort. Moreover, the main reasons behind the failure of BPR projects are discussed and a list of factors that should be considered in order a reengineering effort to be successful is provided. Finally, we discuss how BPR seems to be applied in future.

1.6.1 The Hammer / Champy methodology

Hammer and Champy define BPR as the “fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed”. In fact a BPR effort changes practically everything in the organization: people, jobs, managers and values, because these aspects are linked together. Hammer and Champy call these aspects the four points of the business system diamond, which is depicted in Figure 5.
According to them IT plays a crucial role in BPR, especially when it is used to challenge the assumptions inherent in the work processes that have existed since long before the advent of modern computer and communication technology. Inductive thinking is needed in order to recognize the power inherent in modern IT and to visualize its application. This means that instead of first defining a problem and then seeking and evaluating different solutions to it, it is more efficient to first recognize a powerful solution and then seek the problems it might solve. Since, reengineering is about innovation and not automation, one of its most difficult parts is recognizing the “new” capabilities of technologies.

Hammer and Champy consider poor management and unclear objectives as the main problems to BPR success, but initially they failed to give adequate consideration to the human factor. Only recently they acknowledge people’s resistance as a major obstacle to a successful BPR undertaking.

Hammer and Champy suggested a methodology for BPR, which was refined by Champer’s Consultant Company. The six phases of the methodology are next presented:
1. Introduction into Business Reengineering

The first step in reengineering is to prepare and communicate the “case for action” and the “vision statement”. The “case for action” is a description of the organization’s business problem and current situation; it presents justification for the need for change. The “vision statement” describes how the organization is going to operate and outlines the kind of results it must achieve. This qualitative and quantitative statement can be used during a BPR effort, as a reminder of reengineering objectives, as a metric for measuring the progress of the project, and as a prod to keep reengineering action going.

The articulation and the communication of the case for action and the vision statement is the leader’s (CEO) responsibility, who should inform firstly the senior management team and secondly the rest of the organization.

2. Identification of Business Processes

During this phase, the most important business processes are identified and are described from a global perspective using a set of process maps. Process maps give a picture of the work flows through the company. They show high-level processes, which can be decomposed into sub-processes on separate sub-process maps. Process maps are also used as a means of communication to help people discuss reengineering. The output of this phase is a number of process maps reflecting how these high-level processes interact within the company and in relation to the outside world.

3. Selection of Business Processes

It is unrealistic to reengineer all the high level processes of an organization at the same time. Therefore, it has to be decided which are the processes to be redesigned. This is a very important part of a BPR effort. Candidate for reengineering are the most problematic processes those with great impact to customers or processes with more chances to be successfully reengineered, processes that contribute to organization’s objectives and so on.

According to an organization’s strategic objectives more criteria could be defined for selecting processes for redesign, such as whether a process contributes to the organization’s strategic direction, has an impact on customer’s satisfaction e.t.c.
4. **Understanding of Selected Business Processes**

Before proceeding to redesign, the reengineering team needs to gain a better understanding of the existing selected processes, concerning what they do, how well or how poorly they perform, and the critical issues that govern their performance. Detailed analysis and documentation of current processes is not within the scope of this phase. The objective is the provision of a high level view of the process under consideration, in order the team members to have the intuition and insight required to create a totally new and superior design.

5. **Redesign of the Selected Business Processes**

This is the most creative phase of the methodology, because new rules and new ways of work should be invented. Imagination and inductive thinking should characterize this phase. Redesigning a process is not algorithmic or routine and therefore Hammer and Champy suggest three kinds of techniques that can help reengineering teams to generate new ideas:

As redesign proceeds teams can consider these techniques again to stimulate additional thought.

6. **Implementation of Redesigned Business Processes**

The last phase covers the implementation phase of the BPR project. Hammer/Champy do not talk about implementation as much about project planning. They believe that the success of the implementation depends on whether the five preliminary phases have been properly performed.

1.6.2. **Davenport’s and Short’s methodology**

Davenport and Short position IT at the heart of BPR. They recognise the existence of a recursive relationship between IT capabilities and BPR, meaning that IT should be considered in terms of how it supports new or redesigned business processes, and recursively business processes and process improvement should be considered in terms of the capabilities IT can provide. Despite their emphasis on innovation and technology, they recognise the importance of organisation and human resource issues as to change management, and suggest the use of traditional management approaches like planning, directing decision making and communicating.
Believing that BPR should be integrated with approaches like Continuous Process Improvement (CPI) [Reference is needed], Davenport and Short suggest that the redesign effort of an organisation involve five major steps.

The first three steps are very similar to Hammer’s methodology. Things differentiate after the fourth step.

1. **Develop Business Vision and Process Objectives**

   During this step the objectives and the business vision of an organisation are defined. A business vision implies specific objectives for process redesign, such as: Cost Reduction, Time reduction, Output Quality, the Quality of Work life and the Quality of Learning.

   The objectives are prioritized and stretch targets are set. A redesign effort does not aim at improving processes’ performance, so that they contribute to the fulfillment of the vision and the objectives of the organization.

2. **Identify Processes to Be Redesigned**

   The most important processes are identified and prioritised according to their redesign potential. Key business processes are identified either by identification and prioritization of all processes (exhaustive approach) or by identification of important processes or processes in conflict with the business vision and process objectives (high impact approach).

3. **Understand and Measure Existing Processes**

   The functionality of selected process is understood here and their performance is measured against the specific reengineering objectives. It is important that designers think in an innovative way and are not restricted or influenced by the analysis of current situation.

4. **Identify IT levers**

   IT is a powerful tool not only for supporting processes but also for creating new process design options; therefore, it has its own step in process redesign. The authors suggest eight ways to think about IT capabilities and their organisational impacts, which are summarised in Table 1.
### Table 1. IT capabilities and their organisational impact

<table>
<thead>
<tr>
<th>Capability</th>
<th>Organisational Impact/Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transactional</strong></td>
<td>IT can transform unstructured processes into routinized transactions</td>
</tr>
<tr>
<td><strong>Geographical</strong></td>
<td>IT can transfer information with rapidity and ease across large distances, making processes independent of geography</td>
</tr>
<tr>
<td><strong>Automation</strong></td>
<td>IT can replace or reduce human labour in a process</td>
</tr>
<tr>
<td><strong>Analytical</strong></td>
<td>IT can bring complex analytical methods to bear on a process</td>
</tr>
<tr>
<td><strong>Informational</strong></td>
<td>IT can bring vast amounts or detailed information into a process</td>
</tr>
<tr>
<td><strong>Sequential</strong></td>
<td>IT can enable changes in the sequence of tasks in a process, often allowing multiple tasks to be worked on simultaneously</td>
</tr>
<tr>
<td><strong>Knowledge</strong></td>
<td>IT allows the capture and dissemination of knowledge and expertise to improve the process</td>
</tr>
<tr>
<td><strong>management</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Tracking</strong></td>
<td>IT allows the detailed tracking of task status, inputs, and outputs</td>
</tr>
<tr>
<td><strong>Disintermediation</strong></td>
<td>IT can be used to connect two parties within a process that would otherwise communicate through an intermediary (internal or external)</td>
</tr>
</tbody>
</table>
5. Design and Build a Prototype of the Process

The final step in a redesign effort is the design of the new process. The actual design of the new process should be viewed as a prototype and successive iterations should be expected. Three key factors and tactics are considered in process design and prototype:

- using IT as a Design Tool
- understanding generic design criteria
- creating organizational prototypes

1.6. 3 Consolidated BPR implementation Methodology:

There are various BPR methodologies are available like apart from Hammer/Champy methodology and Davenport Methodology like Manganelli/Klein Methodology, Kodak Methodology, Process Analysis and Design Method (PADM) and some more are available comparison between them shows a similar way of approach which is consolidated below
In consolidated methodology here are 5 steps and they are explained below

i. Activity #1: Preparing for Reengineering:

Planning and preparation are vital factors for any activity or event to be successful and reengineering is no exception. There should be a significant need for the process to be reengineered.

This activity begins with the development of executive consensus, on the importance of reengineering and the link between breakthrough business goals and reengineering projects. A mandate for change is produced, and a cross-functional team is established with a plan for the process of reengineering. While forming cross functional team, steps should be taken to ensure that the organization continues to function in the absence of several key players. As typical BPR projects involve cross-functional cooperation and significant changes to the status quo, the planning for organizational changes is difficult to conduct without strategic direction from the top. The impact of the environmental changes that serve as the impetus for the reengineering effort must also be considered in establishing guidelines for the reengineering project. Another important factor to be considered while establishing the strategic goals for the reengineering effort is to make it your first priority to understand the expectations of your customers and where your existing process falls short of meeting those requirements. Having identified the customer driven objectives, the mission or vision statement is formulated. The vision is what a company believes it wants to achieve when it is done, and a well-defined vision will sustain a company’s resolve through the stress of the reengineering process. It can act as the flag around which to rally the troops when the morale begins to sag and it provides the yard stick for measuring the company’s progress.

ii. Activity #2: Map and Analyze As-Is Process:

Before the reengineering team can proceed to redesign the process, they should understand the existing process. Although some BPR proponents (in particular Hammer and Champy) argue against analyzing the current enterprise, saying that it inhibits the creative process, that might not always hold true. It varies from case to case. While some organizations
which are in dire straits might go the Hammer and Champy way (attempt a new process design while totally ignoring the existing processes) most organizations need to map the existing processes first, analyze and improve on it to design new processes. The important aspect of BPR (what makes BPR, BPR) is that the improvement should provide dramatic results. Many people do not understand the value of an As-Is analysis and rather prefer to spend a larger chunk of their valuable time on designing the To-Be model directly. What follows is an illustration that illustrates this fallacy.

A large manufacturer spent six million dollars over a period of one year in a bid to develop a parts-tracking system and was all set to go online. Only then did he realize that he had totally overlooked a small piece of information – ‘the mode of transmission of information between the scheduling staff and the shop floor was through a phone call.’ But just because this small yet vital information had not been documented all his efforts added up to naught and the whole system that he had so painstakingly developed had to be scrapped. Alas! He had recognized the need for an as-Is analysis, way too late.

The main objective of this phase is to identify disconnects (anything that prevents the process from achieving desired results and in particular information transfer between organizations or people) and value adding processes]. This is initiated by first creation and documentation of Activity and Process models making use of the various modeling methods available. Then, the amount of time that each activity takes and the cost that each activity requires in terms of resources is calculated through simulation and activity based costing (ABC). All the groundwork required having been completed; the processes that need to be reengineered are identified.

iii. Activity #3: Design To-Be process:

The objective of this phase is to produce one or more alternatives to the current situation, which satisfy the strategic goals of the enterprise. The first step in this phase is benchmarking. “Benchmarking is the comparing of both the performance of the organization’s processes and the way those processes is conducted with those relevant peer organizations to obtain ideas for improvement.” The peer organizations need not be competitors or even from the same industry. Innovative practices can be adopted from anywhere, no matter what their source.
Having identified the potential improvements to the existing processes, the development of the To-Be models is done using the various modeling methods available, bearing in mind the principles of process design. Then, similar to the As-Is model, we perform simulation and ABC to analyze factors like the time and cost involved. It should be noted that this activity is an iterative process and cannot be done overnight. The several To-Be models that are finally arrived at are validated. By performing Trade off Analysis the best possible To-Be scenarios are selected for implementation.

iv. Activity #4: Implement Reengineered Process:

The implementation stage is where reengineering efforts meet the most resistance and hence it is by far the most difficult one. If we expect that the environment would be conducive to the reengineering effort we are sadly mistaken. The question that confronts us would be, ‘If BPR promises such breath taking results then why wasn’t it adopted much earlier?’ We could expect to face all kinds of opposition - from blatantly hostile antagonists to passive adversaries: all of them determined to kill the effort. When so much time and effort is spent on analyzing the current processes, redesigning them and planning the migration, it would indeed be prudent to run a culture change program simultaneously with all the planning and preparation. This would enable the organization to undergo a much more facile transition. But whatever may be the juncture in time that the culture change program may be initiated, it should be rooted in our minds that ‘winning the hearts and minds of everyone involved in the BPR effort is most vital for the success of the effort. Once this has been done, the next step is to develop a transition plan from the As-Is to the redesigned process. This plan must align the organizational structure, information systems, and the business policies and procedures with the redesigned processes. “Rapid implementation of the information system that is required to support a reengineered business process is critical to the success of the BPR project. The IDEF models that were created in the As-Is can be mapped to those created during the To-Be and an initial list of change requirements generated. Additional requirements for the construction of the To-Be components can be added and the result organized into a Work Breakdown Structure (WBS). Recent developments in BPR software technologies enable automatic migration of these WBS activity/relationships into a process modeling environment. The benefit here is that we can now define the causal and time sequential relationships between the activities planned.” Using prototyping and simulation techniques, the transition plan is validated and its pilot versions are
designed and demonstrated. Training programs for the workers are initiated and the plan is executed in full scale.

**V Activity #5: Improve Process Continuously:**

A process cannot be reengineered overnight. A very vital part in the success of every reengineering effort lies in improving the reengineered process continuously. The first step in this activity is monitoring. Two things have to be monitored – the progress of action and the results. The progress of action is measured by seeing how much more informed the people feel, how much more commitment the management shows and how well the change teams are accepted in the broader perspective of the organization. This can be achieved by conducting attitude surveys and discrete ‘fireside chats’ with those initially not directly involved with the change. As for monitoring the results, the monitoring should include such measures as employee attitudes, customer perceptions, supplier responsiveness etc. Communication is strengthened throughout the organization, ongoing measurement is initiated, team reviewing of performance against clearly defined targets is done and a feedback loop is set up wherein the process is remapped, reanalyzed and redesigned. Thereby continuous improvement of performance is ensured through a performance tracking system and application of problem solving skills. Continuous improvement (TQM) and BPR have always been considered mutually exclusive to each other. But on the contrary, if performed simultaneously they would complement each other wonderfully well. In fact TQM can be used as a tool to handle the various problems encountered during the BPR effort and to continuously improve the process. In corporations that have not adopted the TQM culture as yet, application of TQM to the newly designed processes should be undertaken as a part of the reengineering effort.

**1.7 Key Success Factors for BPR:**

1. **Top Management Sponsorship:**

   Major business process change typically affects processes, technology, job roles and work place culture. Significant changes to even one of these areas require resources, money, and leadership. Changing them simultaneously is an extraordinary task. If top management does not
provide strong and consistent support, most likely one of these three elements will be present over the life of the project, severely crippling the chance for success.

2. **Effective communication**

Effective communication is considered a major key to successful BPR-related change efforts. Communication is needed throughout the change process at all levels and for all audiences even with those not involved directly in the re-engineering project. Effective communication between stakeholders inside and outside the organisation is necessary to market a BPR program and to ensure patience and understanding of the structural and cultural changes needed as well as the organisation's competitive situation. Communication should take place frequently and in both directions between those in charge of the change initiatives and those affected by them. Communication should be open, honest, and clear, especially when discussing sensitive issues related to change such as personnel reductions.

3. **An adequate job integration approach**

Several researchers emphasize that designing and implementing an adequate organisational human resources infrastructure is important to a BPR project's success. Job and labor integration (case worker) is the most appropriate approach of human resources design that supports the process-based organisational structure rather than a function-based one. When individuals within a process perform a series of tasks efficiently, product quality, processing time, and cost are all going to improve. However, the move to integrate human resources architecture necessitates a careful consideration of all related organisational changes.

4. **Adequate resources**

Adequate resources and sufficient budget allocated properly are important for a successful BPR project.

5. **Appropriate use of methodology**

Establishing a disciplined approach for BPR and using a sound methodology are prerequisites for BPR success. A BPR methodology should be designed or selected creatively to satisfy the
current needs of the organization. Adequate customization of available BPR methodologies determines the level of comprehensiveness and effectiveness that a new customized BPR methodology can reach.

6. Effective BPR teams

Cross-functional BPR teams are a critical component of successful BPR implementation. Teams should be adequately composed. Team members should be experienced in variety of techniques. Teams should be made up of people from both inside and outside the organisation. The determinants of an effective BPR team are as follows: competency of team members, their credibility within the organisation and their creativity, team empowerment, motivation, effective team leadership, the training of members in process mapping and brainstorming techniques, proper organisation of the team, complementary skills among team members, adequate size, interchangeable accountability, clarity of work approach, and specificity of goals.

7. Appropriate job definitions and allocation of responsibilities

As BPR results in a major structural change in the form of new jobs and responsibilities, it becomes a prerequisite for successful implementation to have formal and clear descriptions of all jobs and responsibilities that the new designed processes bring along with them.

8. Factors related to BPR project management

Successful BPR implementation is highly dependent on an effective BPR programme management which includes adequate strategic alignment, effective planning and project management techniques, identification of performance measures, adequate resources, appropriate use of methodology, external orientation and learning, effective use of consultants, building process vision, effective process redesign, integrating BPR with other improvement techniques, and adequate identification of the BPR value.
2. Retail Banking:

2.1 Introduction to Retail Banking:

All over the world, there is a shift in the economy from the manufacturing to the service sector. The contribution of banking to the service economy is duly recognized. Banking industry includes a number of businesses such as corporate banking, investment banking, wealth management, capital market etc.

Retail banking is another segment of the banking industry. It is typical mass- market banking characterized by a large customer base and a large volume of transactions. There is a high level of co-operation between banks, retailers, customers and consumers in this segment.

Retail Banking has been the new focus of the banking industry across the world. The emergence of new economies and their rapid growth has been the most important contributing factor behind this resurgence in Retail Banking. Changing lifestyles, fast improvement in information technology, other service sectors and increasing levels of income have contributed to the growth of retail banking in countries like India that are developing at a good pace. In India the Retail Banking scenario has been the market changing from a seller’s market to a buyer’s market.

Retail banks offer services like account opening, credit card, debit card, ATM, internet banking, phone banking, insurance, investment, stock broking and so on.

Retail banking refers to the dealing of commercial banks with individual customers, both on liabilities and assets sides of the balance sheet. Fixed/current/saving accounts on the liabilities side, and mortgages loans (e.g, personal, housing, auto and educational on the assets side, are the important products offered by banks. Related ancillary services include credit cards or depository services. Retail banking refers to provision of banking services to individuals and small business where the financial institutions are dealing with large number of low value transactions. This is in contrast to whole sale banking where the customers are large, often multinational companies, governments and government enterprises and the financial institution deal in small number of high value transaction.
Retail banking can be defined as---

“Retail banking is typically mass – market banking where individual customers use local branches of larger commercial banks. Services offered include savings and checking accounts, mortgages, personal loans, debit cards, credit cards and so”.

The concept of Retail Banking is not new to banks but is now viewed as an important and attractive market segment that offers opportunities for growth and profits. Retail banking and retail lending are often used as synonyms but in fact, the later is just the part of retail banking. In retail banking all the needs of individual customers are taken care of in a well – integrated manner.

Retail banking in the country is characterized by multiple products, multiple channels and multiple customer groups. This multiplicity of the roles to be played by the retail bankers adds to the excitement as well as the challenges faced by the bankers.

**Multiple Products**

The products included in retail banking are--

- various types of deposits/accounts.
- Credit and debit cards
- Loans (Personal, Auto, Housing etc.)
- Insurance, mutual funds etc.

**Multiple channels of distribution**

- Internet banking
- Mobile banking
- Call centers
- Branches
Multiple Customer Groups

- Individual customers
- Petty businesses
- Small and Medium Enterprises (SMEs)

The Indian Banks are competing with one another to grab a pie of the retail banking sector, which has tremendous potential as retail loans constitute only 8% of GDP in India, whereas their percentage is about 35 in other Asian economies.

Retail banking environment today is changing fast. The changing customer demographics demands to create a differentiated application based on scalable technology, improved service and banking convenience. Higher penetration of technology and increase in global literacy levels has set up the expectations of the customer higher than never before. Increasing use of modern technology has further enhanced reach and accessibility.

Retail Banking as a business model is adopted by all the banks in India on account of multiple comfort factors for the banks viz. acquisition of a huge customer base, multiple product offerings, better pricing and profitability, scope for cross selling and up selling financial and beyond financial products for increased per customer revenue and of course better risk proposition. With the changing paradigm of technology as the driver for retail banking explosion, banks are embracing different strategies by redesigning their conventional business silos, re-engineering existing products and inventing products, services, channels, relationships to increase the share of the customers’ wallet.

2.2 Functional Area of Retail Banking:

Retail Banking Service Delivery:

This functional area refers to the provision of financial services to individual and small business in order to satisfy their financial needs through different channels.
Retail Banking Operations & Support:

It refers to the provision of back-office operational services and fulfillment for retail banking business units in order to support them to deliver quality service to customers.

Credit Management:

This functional area encompasses retail credit strategy formulation, credit policy establishment and execution, and credit risk management of retail banking at the more sophisticated decision level while the acts of gathering, preparing and analyzing all types of retail credit information for approval, renewal and extension to ensure loan exposure is adhered to the bank’s credit guidelines are also included in the day to day operation level of activities.

Compliance & Risk Management:

By observing the Banking Ordinance and other legal and statutory requirements including global trend and local practices, it ranges from the initiatives of banks in formulating internal policies to ensure banks’ activities are in compliance with the regulations at the decision making level to the acts of conforming to the internal rules and standard operation procedure at the working level.

Technology Management:

With an aim to improve sales and service productivity; raise channel efficiency; facilitate customer acquisition and retention; as well as develop innovative products to ensure quality service delivery, this functional area refers to the operation and control of hi-tech equipment or system to complete job requirements in a smooth and effective manner.

Product Development & Brand Marketing:

It refers to activities related to the building of the branding or corporate image of a bank and the development of products based on the needs of bank customers.

Quality Management:
This includes the activities which are directed to ensure banking products and services provided can meet the needs and expectations of different stakeholders.

**Sales & Relationship Management:**

With a customer-centric aspiration, this functional area represents the deeds of introducing, demonstrating, recommending, promoting and cross-selling all retail banking and other related services and products to meet customer needs via different channels.

**Strategic Business Management**

This functional area refers to the initiatives to keep up with the local and global economic Development, especially the movements in China so as to identify development potential for the bank.

**2.3 Retail Banking in India:**

In India banks have classified into three major categories according to their management and the strategies followed by them are different. Those are mainly Public sector banks which run under government in India most of the business carried by these banks largest players like SBI and its subsidiaries are also comes under this, other banks which comes under this include Indian Bank, Union bank, Bank Of Baroda and many other banks are there. These banks consider profit maximization as the least priority thus it making affordable and accessible to the least income group people.

Another sector is Private Sector banks which lead by ICICI Bank, Axis Bank and HDFC bank. These banks adopt technology changes rapidly and their main motive is profit maximization. They will deliver world class services to those who can effort and provide customized products which caters the customers need. Other banks in this sector include Kotak Mahindra Bank, Federal Bank..Etc.

Foreign banks which are headed abroad open its branches in India to provide services to HNIs and its corporate clients. These banks give world class service. To ensure the reliability of this institutions RBI and other regulatory bodies put some guide lines for this banks. In this sector Citi Group and Standard Charted Banks are the leaders.
These all banks are committed to provide retail banking services to consumers after analyzing the annual reports of these firms, there is a list of banks and it’s Assets, Liabilities and Assets + Liabilities is given below

Each banks Retail segment Asset, Liability and Asset & Liability as on March 2013,

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI</td>
<td>5,96,699</td>
<td>7,29,633</td>
<td>13,26,332</td>
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<td>HDFC Bank</td>
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<td>PNB</td>
<td>1,05,217</td>
<td>93,789</td>
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<tr>
<td>Oriental Bank of Commerce</td>
<td>86,904</td>
<td>86,904</td>
<td>1,73,808</td>
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<td>IDBI Bank</td>
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<td>Canara Bank</td>
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<td>Bank of India</td>
<td>78,292</td>
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<td>Axis Bank</td>
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<td>Indian Overseas Bank</td>
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<td>62,625</td>
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<td>Central bank of India</td>
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<td>68,093</td>
<td>1,24,581</td>
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<td>Kotak Mahindra Bank</td>
<td>52,890</td>
<td>48,027</td>
<td>1,00,917</td>
</tr>
<tr>
<td>Bank Name</td>
<td>No. of Branches</td>
<td>No. of ATM's</td>
<td>Total Assets</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>----------------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Indian Bank</td>
<td>51,558</td>
<td>46,170</td>
<td>97,728</td>
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<tr>
<td>Syndicate Bank</td>
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<td>UCO Bank</td>
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<td>IndusInd Bank</td>
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<td>Andhra Bank</td>
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<td>Bank of Maharashtra</td>
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<td>26,181</td>
<td>54,352</td>
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<tr>
<td>State Bank of Patiala</td>
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<td>33,095</td>
<td>59,453</td>
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<td>SBBJ</td>
<td>25,537</td>
<td>22,727</td>
<td>48,264</td>
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<tr>
<td>Federal Bank Limited</td>
<td>23,203</td>
<td>21,517</td>
<td>44,720</td>
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<td>Vijaya Bank</td>
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<td>45,032</td>
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<tr>
<td>Jammu &amp; Kashmir Bank Ltd.</td>
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<tr>
<td>United Bank of India</td>
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<td>18,490</td>
<td>36,980</td>
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<td>Karur Vysya Bank</td>
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<td>16,040</td>
<td>34,339</td>
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<td>State Bank of Mysore</td>
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<td>15,739</td>
<td>31,797</td>
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<tr>
<td>South Indian bank</td>
<td>14,651</td>
<td>13,857</td>
<td>28,508</td>
</tr>
<tr>
<td>ING Vysya Bank Limited</td>
<td>14,107</td>
<td>24,585</td>
<td>38,692</td>
</tr>
<tr>
<td>Punjab&amp; Sindh Bank</td>
<td>13,977</td>
<td>13,215</td>
<td>27,192</td>
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</table>
After analyzing the data above I found out top 10 leaders retail banks leaders considering their revenue below

<table>
<thead>
<tr>
<th>Bank</th>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>State bank of India</td>
<td>596699</td>
<td>729633</td>
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<tr>
<td>HDFC Bank</td>
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<tr>
<td>Punjab National Bank</td>
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<td>204318</td>
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<tr>
<td>Oriental Bank of Commerce</td>
<td>86904</td>
<td>156300</td>
</tr>
<tr>
<td>IDBI Bank</td>
<td>83990</td>
<td>126489</td>
</tr>
<tr>
<td>Canara Bank</td>
<td>78711</td>
<td>116296</td>
</tr>
<tr>
<td>Bank of India</td>
<td>78292</td>
<td>93789</td>
</tr>
<tr>
<td>Axis Bank</td>
<td>75261</td>
<td>86904</td>
</tr>
<tr>
<td>Bank of Baroda</td>
<td>73229</td>
<td>74860</td>
</tr>
<tr>
<td>ICICI Bank</td>
<td>72975</td>
<td>68950</td>
</tr>
</tbody>
</table>
After the analysis State Bank of India stood top in all the three departments with having assets of 596699 Cr. liability of 729633 Cr and total asset & liability of 1326332 Cr.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Assets+Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>State bank of India</td>
<td>1326332</td>
</tr>
<tr>
<td>HDFC Bank</td>
<td>372970</td>
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<td>ICICI Bank</td>
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<td>IDBI Bank</td>
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<td>Punjab National Bank</td>
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<td>Axis Bank</td>
<td>191557</td>
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<tr>
<td>Oriental Bank of Commerce</td>
<td>173808</td>
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<tr>
<td>Bank of India</td>
<td>153152</td>
</tr>
<tr>
<td>Bank of Baroda</td>
<td>142180</td>
</tr>
</tbody>
</table>
3. Business Process Reengineering for Retail Bank

Retail bank is a major segment in banking industry in Indian scenario where most of the population is using traditional delivery channels like branch and ATMs which are costlier when compare with other alternate channels. The process time which could be taken to perform a operation is little higher in traditional channels which can reduce customer satisfaction.

Other foreign players and private banks are entering into the market which are providing highly customer centric operations can be a threat to banking giant like SBI. So entire retail banking sector had undergone numerous changes which changed the entire banking industry. Today’s banks are quite different from the banks being held at 20 years ago.

Let us consider a scenario how BPR is implemented in SBI which is a leader in retail bank sector in India with which we can analyze the impact of BPR in retail bank sector.

3.1 BPR in State Bank of India:

The State Bank of India is the oldest and largest bank in India, with more than $250 billion (USD) in assets. It is the second-largest bank in the world in number of branches; it opened its 10,000th branch in 2008. The bank has 84 international branches located in 32 countries and approximately 8,500 ATMs. Additionally, SBI has controlling or complete interest in a number of affiliate banks, resulting in the availability of banking services at more than 14,600 branches and nearly 10,000 ATMs.

SBI traces its heritage to the 1806 formation of the Bank of Calcutta. The bank was renamed the Bank of Bengal in 1809 and operated as one of the three premier "presidency" banks (the presidency banks had the exclusive rights to manage and circulate currency and were provided capital to establish branch networks). In 1921, the government consolidated the three presidency banks into the Imperial Bank of India. The Imperial Bank of India continued until 1955, when India's central bank, the Reserve Bank of India, acquired the majority interest in the bank and changed its name to the State Bank of India (SBI).

In 1959, the Indian government passed the State Bank of India Act, resulting in the acquisition (majority shareholding) of eight state-affiliated banks and the creation of the State
Bank of India Group (SBI Group). The SBI itself is now majority owned by the Indian government, which purchased the shares held by the Reserve Bank of India.

Unlike private-sector banks, SBI has a dual role of earning a profit and expanding banking services to the population throughout India. Therefore, the bank built an extensive branch network in India that included many branches in low-income rural areas that were unprofitable to the bank. Nonetheless, the branches in these rural areas bought banking services to tens of millions of Indians who otherwise would have lacked access to financial services. This tradition of "banking inclusion" recently led India's Finance Minister P. Chidambaram to comment, "The State Bank of India is owned by the people of India."

A lack of reliable communications and power (particularly in rural areas) hindered the implementation of computerization at Indian banks throughout the 1970s and 1980s. During this period, account information was typically maintained at the local branches with either semi automated or manual ledger card processing. During the 1990s, the Indian economy began a Period of rapid growth as the country's low labor costs, intellectual capital and improving Tele communications technology allowed India to offer its commercial services on a global basis.

**Objective of BPR**

- To enhance customer service levels and experience by simplifying processes and offering multiple delivery channels
- To build deep and lasting relationship with customers
- To improve productivity through increase of business and profit per employee
- To Free up time of Branch and Branch Manager to focus on sales and marketing
- To acquire new quality customers

**Pillars of BPR**

i) Branch Re-design
ii) Centralised Processing Centers
iii) Alternate Delivery Channels
iv) Customized products
i) **Branch Re-design:**

As a part of BPR initiative taken in bank branch has been redesigned to cater the needs of customer in effective way and some new job roles has been introduced.

**Types of Branches after Redesign**

- Core Sales and Service Branch (SSB)
- A self assisted outlet- Mini Branch operated by 1-2 staff and supported by a full suite of alternative channel access devices (ATMs, call center link, internet kiosk etc.)
- Sales focused outlet located in high traffic areas
- Product specific outlet such as home loan center, locker center

**Role of Branch Manager**

- Spend 60% of his time in acquiring valuable customers and upselling/cross selling to top customers of the branch

**Role of Manager (Branch Operation)**

- Allocation of staff duties to ensure that branch operates normally despite leave
- Complete responsibility for maintaining desired customer service levels in the branch (e.g., transaction time, waiting time for customers etc.)
- Authorizing transactions beyond the power of Single Window Operators
- Handle customer grievances on service which cannot be solved by Single Window Operators/Grahak Mitra
- Ensure proper upkeep of branch premises
- Manage vendors and suppliers of the branch to ensure that there are no disruptions in branch work
- Ensure that staff administrative matters including leave records and staff records are in order
- Follow-up to ensure that all pending work in the Branch like IOA memos, un-reconciled GLIF entries are completed promptly
- Joint custodian of vault and ATM
Role of Customer Relation Officer (CRO)

✓ To cross-sell to all walk-in customers of the Branch,
✓ To spend at least 20% time in proactive cross-selling products to the top customers
✓ To handle transactions where there is a significant interaction and an opportunity to cross sell to the customer.

Role of Single Window Operator:

✓ To be a Single touch-point for customers for transaction related needs viz. cash receipt and deposit, pass book update, Draft/BC issuance, Government Challans, Accepting ATM card requests
✓ Grahak Mitra will support the single window operators by managing queues, provide forms/vouchers to customers and help customers with use of alternate channels

Role of Relationship Manager (Personal Banking) :

✓ To provide relationship based services to top 300 (approximately) high value ‘P’ segment customers
✓ To get new high value customers for the Bank

ii) Centralised processing centers:

In 2002, bank management approved the KPMG-recommended strategy for a new IT environment that included the implementation of a new centralized core banking system. This effort would encompass the largest 3,300 branches of the bank that were located in city and suburban areas. The technology advancement allowed bank to establish centralised processing center which reduced TAT. Some of the central processing centers are given below

☐ Liability Central Processing Centre (LCPC)
☐ Retail Asset Central Processing Centre (RACPC)
☐ Small and Medium Enterprise City Credit Centre or SMECCC
☐ Centralised Pension Processing Cell (CPPC)
☐ Trade Finance Central Processing Centre (TFCPC)
☐ Stressed Assets Resolution Centre (SARC)
Currency Administration Cell (CAC)
Centralised Clearing Processing Centre (CCPC)
Document Archival Centre (DAC)
Centralised Settlement & Reconciliation of PPF transactions (CSRP)
Home Loan Sales Team (HLST)
Inward Remittance Cell (IRC)
Mid-Corporate Loan Administration Unit (MCLAU)

Because of this, banks can specify the exact TAT for each operation. List of TAT for asset based product for the bank is given below:

- Home Loan – 6 days
- Education Loan - 5 days
- Mortgage & Rent Plus - 6 days
- Auto Loan – 2 days

iii) Alternate Delivery Channels:

Delivery channel is where a customer gets the service from the bank where he can perform a banking operation. Traditionally in banking branch is the only delivery channel but because of technology changes, new channels called alternate channels emerged which includes ATMs, internet banking, Mobile banking, POS (Point Of Service), call center and social media banking.

The main advantage of migrating to other channels is cost involved with that. According to studies when a customer walks-in to a bank to withdraw money, cost incurred to bank is as high as 200 Rs per transaction where 20 Rs in ATM and 4-6 Rs with other channels. Along with this cost benefit banks can also earn income from other banks by transactions happened that through their alternate channels.

An alternate channel also improves customer satisfaction because one can use banking services at his convenient time and place.
The steps to be followed in making a new distribution channel successful:

- Understand customers’ current channel/transaction behavior and their underlying attitude;
- Use sophisticated experimental customer research to assess the economic impact of tactics designed to change that behavior;
- Develop an integrated channel migration plan which blends economic and non-economic incentives to ensure that right initiatives are targeted at the right customers;
- Protect sales effectiveness by utilizing the ability of non-branch channels to select amongst prospects and differentiate the marketing message;
- Design non-branch channels to emphasize personalized interaction to counteract decreased loyalty among remote customers;
- Develop tracking mechanisms to allow you to assess and revise your migration strategy on an ongoing basis.

Delivery channel gains mass acceptability and is user friendly; the bank can use it to cross-sell its as well as others’ products. For example, banks have already started dispensing railway tickets, movie tickets through their ATMs. In future a bank’s ATM would function like a kiosk delivering more of non-cash transactions, thereby simultaneously reducing the fixed and operating cost of ATM.

iv) Customized Products:

BPR initiated SBI to made customized product to the customer, initially traditional banking products like Savings Account, Current Account and other products were available to the customers.

As market is evolving BPR initiated banks to provide different products like credit card, insurance products, mutual funds and DeMAT accounts to customers made available. BPR made banks a Financial Super Market which made which enhanced customer satisfaction and improved revenue through fee.
4. IMPACT OF BPR ON RETAIL BANKING:

To know the impact of BPR on Retail banking I conducted two surveys for both customers and bankers in which 48 customers and 38 bankers were participated. We have categories their responses and showing them in graphically. Following are the responses of customers and employee.

Customers:
Customer Profile:

<table>
<thead>
<tr>
<th>Gender</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>29%</td>
</tr>
<tr>
<td>Female</td>
<td>71%</td>
</tr>
</tbody>
</table>

Among the respondents 71% of them are male and 29% of them are female.

<table>
<thead>
<tr>
<th>Type of bank</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>79%</td>
</tr>
<tr>
<td>Private</td>
<td>21%</td>
</tr>
</tbody>
</table>

Among the respondents 79% of the people belong to Public sector bank rest are from Private sector banks.
Most of the respondents are of age between 22-35 years followed by younger people.

50% of the total respondents are maintaining account from 0-3 years 38% are maintaining in 3-8 years. Among the respondents 63% of them use banking services less than 2 times 31% 2-5 times and 6% are more than 5 times per week.
PRODUCT MIX:

Among the respondents, most of them are using savings accounts and there is much scope to cross sell to customers.

81% of the respondents are satisfied with product mix where only 4% feel that there can be still some chance for further advancement.
Alternate delivery channels:

ATM is the highest used channel followed by Internet Banking and Branch Banking. It clearly shows that customers are moved from traditional Branch Banking to other alternate channels.
With overall alternate channels most of the customers are satisfied.

Mean and standard deviation is calculated to display the overall measure, for this a scale of 1-5 is taken where 1 is lower rating and 5 is higher rating.

<table>
<thead>
<tr>
<th>Delivery Channel</th>
<th>Mean</th>
<th>Standard Deviation</th>
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<tbody>
<tr>
<td>Branch Banking</td>
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<tr>
<td>ATM</td>
<td>3.875</td>
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<td>Call center</td>
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<td>Internet Banking</td>
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<td>POS</td>
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</tbody>
</table>

From the above table we can conclude that ATM and Internet banking are most user friendly to the customer where as call centers and mobile banking can be improved.

81% of total customers are satisfied with the alternate channels provide by their bank. It improves customer satisfaction and reduces cost.
TAT with respect to Alternate channels

With alternate channels, TAT of the operation has increased drastically but there is some scope to increase TAT with respect to call center and Mobile banking.

81% of the customers are satisfied with the survey and they don’t want to switch to other bank.
If bank want to attract more customers from other banks they can concentrate on above parameters at the same they need to compete with other banks for customer retention.
Bankers Profile:

**Age**
- 18-27: 36%
- 28-36: 43%
- 37-58: 21%

**Gender**
- Male: 79%
- Female: 21%

**Type of Bank**
- Public Sector: 67%
- Private Sector: 33%
Bankers who responded to survey are 34 members, among them 36% of them belong to age group of 18-27, 43% of them belongs to 28-35, 21% of them belongs to 36-58 years.

67% of the bankers belongs to public sector remaining 33% people belongs to private sector banks. 50% of them working in the bank from 0-3 years 29% of them working from 3-8 years 7% of them working from 9-15 years, rest 14% are working in the bank more than 15 years.
Findings from the survey:

i) 53% of the bankers think that introduction of alternate channels has decreased customer density in the branch, thus allowing them to give superior customer service.

46% of the bankers believe that because of BPR customer density in banks have reduced with that they can deliver superior services which increases customer satisfaction.
ii) **BPR** initiatives taken in the bank have impacted bankers a lot among them bank working hours, work life balance and product cross sell are three main aspects. The above graph tells how each parameter impacted banker is given.

Most of the bankers feel that BPR increased their working hours and they are not happy with that but surprisingly most of them are feeling neutral about work life balance.

iii) According to bankers how BPR impacted following parameters like customer satisfaction, Business improvement, transparency, Security and product mix is given in a chart.

![Impact of BPR](chart)

According to bankers BPR increased customer satisfaction, business improvement, transparency, security, and product mix.

IV) 72% of the employees were able to adopt the changes that were happening and they will easily adopt further changes if happens.

![Adoptability](chart)
Comparing TAT of different operations among customers and bankers:

To find out the TAT of different operations mean is considered.

Both bankers and customers feel that BPR improved TAT of the operations. But in all cases bankers are more satisfied than bankers and there is a huge gap in clearing.

<table>
<thead>
<tr>
<th>Operation</th>
<th>Customer Mean</th>
<th>Bankers Mean</th>
<th>Bankers SD</th>
<th>Customer SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Opening</td>
<td>3.458</td>
<td>3.714</td>
<td>1.069</td>
<td>1.147</td>
</tr>
<tr>
<td>Issue of cheque</td>
<td>3.312</td>
<td>3.571</td>
<td>1.016</td>
<td>1.055</td>
</tr>
<tr>
<td>Branch Tx</td>
<td>3.375</td>
<td>3.857</td>
<td>0.770</td>
<td>1.178</td>
</tr>
<tr>
<td>Clearing</td>
<td>3.312</td>
<td>4</td>
<td>0.679</td>
<td>0.878</td>
</tr>
<tr>
<td>Loans</td>
<td>2.77</td>
<td>3.5</td>
<td>0.854</td>
<td>1.015</td>
</tr>
<tr>
<td>Problem resolve</td>
<td>2.93</td>
<td>3.785</td>
<td>1.05</td>
<td>1.039</td>
</tr>
</tbody>
</table>
Bankers feedback on BPR in Retail banking:

✓ Technological change is an ongoing process.
✓ It is around global market where results near to real time to serve business purpose
✓ It has increased the expense on technology to great extent due to introduction of technology in unwanted and less needed areas, which in turn has reduced the profitability.
✓ Surely it has reduced the wastage of man power on unproductive activities like interest calculation, jotting and tallying etc.
✓ New jobs have come up with technology
✓ Communication has become easy.
5. CONCLUSION

Retail bank which is one of the profitable segment in banking sector had changed because of BPR. In this report I have tried to conclude how it affected customers, bank employee and bank basing on reports of two questionnaires which are distributed to bankers and customers.

Customer Perception:

Customers are satisfied with the number of products available with the bank they are even using non-banking services like insurance and mutual funds through banks only. Most of the customers have migrated to other alternate channels; ATMs and Internet banking are of top priority and they are happy with these services. Access to Mobile banking and call centers need to be improved as they are emerging services especially in countries like India.

Bankers Perception:

Most of the bankers are accepting the changes that are happening in the industry but they feel that these advancements increased their work timings which effected work life balance. BPR improved their product mix with which they can cross sell their products. Migration to other alternate channels decreased customer density increased transparency, security which increases customer satisfaction and helped to improve business.

Banks Perception:

Migration to other alternate channels reduces cost by 90% thus profits of the banks can be improved. To cater customer needs banks tied up with other players to provide customized products. Cross selling these products has given a chance to gain fee based income.
Business Process Reengineering in Retail Banking

* Required

1. Age *
   - 18-27
   - 28-36
   - 37-45
   - 46 and above

2. Gender *
   - Male
   - Female

3. Which type of bank you are working ?
   - Public Sector Bank
   - Private Sector Bank
   - Regional Rural Bank
   - Foreign Bank
   - Other: ____________

4. How long you have been working in BFSI sector ?
   - 0-3 Years
   - 3-8 Years
   - 9- 15 Years
   - 15- 24 Years
   - 25+ Years

5. Because of alternate delivery channels customer density in branches have reduced

   1  2  3  4  5

   Strongly Disagree  ○  ○  ○  ○  Strongly Agree
6. Rate how technology in banking changed following parameters?
(Technology changes like Core Banking Services, Computerization.. etc, 1 for lowest and 5 for highest)

<table>
<thead>
<tr>
<th>Parameter</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business improvement</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Transparency</td>
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<tr>
<td>Security</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Product diversification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. Because of your bank’s strategic alliances with other players made you to cross sell non-banking financial products.
(Like insurance, mutual funds.. etc)

| Strongly disagree | 1 | 2 | 3 | 4 | 5 | Strongly agree |
|-------------------|---|---|---|---|---|               |

8. The use of technology has decreased working hours of your bank?

| Strongly disagree | 1 | 2 | 3 | 4 | 5 | Strongly agree |
|-------------------|---|---|---|---|---|               |

9. The use of technology has improved work life balance?

| Strongly disagree | 1 | 2 | 3 | 4 | 5 | Strongly agree |
|-------------------|---|---|---|---|---|               |

10. Rate how technology reduced TAT (Turn Around Time) in the following operations
(1 is for lowest and 5 is highest)

<table>
<thead>
<tr>
<th>Operation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account opening</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue of cheque book</td>
<td></td>
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<td></td>
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<tr>
<td>Deposit and</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
withdrawal at bank
Cheque clearing
Sanction and disbursement of loan
Resolving a problem

11. Is there still some scope for further advancements in your bank with respect to technology?

1 2 3 4 5

Strongly disagree 0 0 0 0 0 Strongly agree

12. Were you able to adopt the new technological changes that were happening in your bank?

○ Yes
○ No

13. Your bank's product mix caters each and every financial need of your customer?

1 2 3 4 5

Strongly disagree 0 0 0 0 0 Strongly agree

14. Customer migration to other delivery channels has increased your bank's profitability

1 2 3 4 5

Strongly disagree 0 0 0 0 0 Strongly agree

15. Give your comments on technological changes that changed the BFSI sector?
Business Process Reengineering in Retail Banking

* Required

1. Gender *
   - Male
   - Female

2. Age *
   - < 21 Years
   - 22-35 Years
   - 36-55 Years
   - 55 Years and above

3. With which type of bank you are maintaining your account? *
   - Public Sector Bank
   - Private Sector Bank
   - Foreign Bank
   - RRB
   - No Account

4. Since How long you are maintaining your account with your bank *
   - less than 1 Years
   - 1-3 Years
   - 3-8 Years
   - 8-15 Years
   - 15+ Years

5. What are the services you are using with your bank? *
   (Tick any No.of the products)
   - Savings Account
   - Current Account
   - DeMat Account
   - Home Loan
6. Does your bank's product mix satisfy your need? *
   - Strongly Agree
   - Agree
   - Neither Agree nor Disagree
   - Disagree
   - Strongly Disagree

7. What are different delivery channels you use? *
   (Tick any No. of channels)
   - Branch Banking
   - ATMs
   - Internet Banking
   - Mobile Banking
   - SMS Banking
   - Call Center
   - Home Banking
   - POS
   - Other:

8. Rate each delivery channel according to your convenience and ease of usability? *
   (Give score according to your preference, 1 is lowest and 5 is highest)

<table>
<thead>
<tr>
<th>Channel</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch Banking</td>
<td></td>
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</tr>
<tr>
<td>ATM</td>
<td></td>
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<td></td>
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<tr>
<td>Call Center</td>
<td></td>
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</tr>
</tbody>
</table>
9. Is your bank is providing with enough no. of alternate channels *
   - Strongly Agree
   - Agree
   - Neither Agree nor Disagree
   - Disagree
   - Strongly Disagree

10. How you will rate your Bank in providing services ? *
    1  2  3  4  5  6  7  8  9  10
    Low  ○  ○  ○  ○  ○  ○  ○  ○  High

11. How often you use banking services ? *
(Except balance enquiry and cash withdrawal in ATMs)
   - less than 2 times in a week
   - 2-5 times a week
   - more than 5 times

12. Would you like to switch to another bank ? *
   - Yes
   - No

13. If possible what are the factors that forces you to change to another bank ? *
   - Lack of Service
   - convenience
   - More No. of Products
   - Technological advancement
   - Brand value
   - Relation with Banker
   - Other: _ _ _ _ _ _ _ _
14. Rate your satisfaction with TAT (Turn Around Time) of each operation. *
(1 is the lowest and 5 is the highest)

<table>
<thead>
<tr>
<th>Service</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account opening</td>
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<tr>
<td>Issue of cheque book</td>
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<tr>
<td>Deposit and withdrawal at branch</td>
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<tr>
<td>Withdrawal at ATM</td>
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<tr>
<td>Internet based transactions</td>
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<tr>
<td>Cheque clearing</td>
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<tr>
<td>Sanctioning and disbursement</td>
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<tr>
<td>Loan amount</td>
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<tr>
<td>Resolving a problem</td>
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<tr>
<td>Customer service help lines</td>
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<tr>
<td>Mobile banking</td>
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</tr>
</tbody>
</table>

15. Has your bank improved in completing operations in lesser time when compare to past? *
(Before introduction of alternate delivery channels)

- **Strongly Agree**
- **Agree**
- **Neither Agree nor Disagree**
- **Disagree**
- **Strongly Disagree**
- **Other:**

16. Are you satisfied with the overall performance of the Bank? *
(Attentiveness, transparency, security...etc)

- **Strongly Agree**
- **Agree**
- **Neither Agree Nor Disagree**
- **Disagree**
Strongly Disagree

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