ABSTRACT

Financial institutions and banks continuously claim to provide customer driven services. For this banks and financial institutions are adopting the unique concept of business process reengineering i.e., 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. At present era of cut throat competition both at national and international levels banks specifically wants to provide customer oriented services in order to fill the gap. However to become to market leader, it requires more of breakthrough in corporate performance by adopting bpr with it. Sbi has adopted the concept of bpr by breakthrough innovations in all the branches across the world. This research paper typically discusses the changing scenario of sbi after adopting the concept of bpr. I have adopted the case study method approach in which i have taken four branches of sbi and analyze the effect of bpr on these specific branches. In this study we see that after adopting the concept of bpr these branches have increasing numbers of customers. After adopting the bpr concept the service gap is almost eradicated to a greater extent. Again aggregate market share and industry growth rate also increased to a certain extent.

Index words: business process reengineering, sbi, fundamental rethinking, radical redesign

Paper type: conceptual paper

I. INTRODUCTION

Bpr also known as ‘core process redesign’, new industrial reengineering’, working smarter is defined as 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. Bpr is basic business model that improves the overall business structure of any particular organization. Some definitions of bpr are as follows:

- hammer & champy, (1993) in their book “reengineering the corporations: manifesto for business revolution.” (new york: harper collins) defined reengineering as “fundamental rethinking and the radical redesign of business to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed” (p.32)

Parker (1993) indicates that it is healthy for us to have more than a little cynicism about what bpr is and how it can impact the organization.

Davenport (1993) stated that manufacturing objectives of quality performance, price, and overall product performance, are now taken for granted and new emerging objectives are time, service, and flexibility.

Cigna corporation, (1994) described business reengineering means, “breakthrough innovations focused on customer needs – a vehicle to realign strategy, operations, and systems”

Caron, jarvenpaa & stoddard, (1994, p. 234). Their definition (p236) refers to reengineering as a “methodology based on a holistic approach involving a simultaneous review of the business strategy, business operations and it structure.” Davenport and stoddard (1994) and earl (1994) indicate that there is confusion as to what bpr is and how it works and this, notwithstanding the considerable enthusiasm of the last five years.

1.Isignificance of bpr:

- Bpr simply lowers the cost significantly less than new system development.
- Bpr improves the overall quality of products and services of the particular organization.
- Bpr also improves the speed of the manufacturing processes by adopting the modern technology.
- Bpr is useful in beating the market competition and in attaining the maximum market share.
- Bpr is useful in obtaining dramatic industry growth rate
1.2 changing banking transactions in india

Gone are the days when people used to stand in long lines to withdraw money or when a cheque deposited took a week to get credited to your account. The banking industry has traveled a long way from there and all this has been possible due to use of information technology in banks. Information and communication technology has brought a transformational change in banking operations and payment systems in banks.

Banks have benefited a lot by this in terms of reduction in operational costs and efficiency improvement. But the primary beneficiaries of this have been the bank’s customers. Some of the transformations brought about by inclusion of it and how it has benefited the bank’s customers are depicted below:-

Core banking solution (cbs) - a comprehensive, integrated-yet-modular core banking solution, can cater to bank’s needs and multiple business segments. With core banking solution, banks can effectively meet challenges of reducing operational cost and establishing customer intimacy. It can enable bank to reduce the time to market for new products, thereby staying ahead in the competition, and fulfilling compliance mandates. Banks can also manage higher transaction volumes and increased customer expectations, with ease.

Cbs integration completely revolutionized the way banks operate. It has automated all core banking operations such as recording of transactions, passbook maintenance, interest calculations on loans and deposits, customer records, balance of payments and withdrawal. Customers can deposit or withdraw money from any of the bank branch all over the country. This saves a lot of time and cost for both the bank and the customer.

Automated teller machines - earlier people had to visit branches to withdraw money or at the time of emergency at night or holidays, they had to rely on others for money. But now with the huge network of atms there is no need for the customers to visit the bank branches and stand in long queues to withdraw or deposit money. They just have to visit any nearby atm (of any bank), swipe their card and withdraw money within seconds.

Smart cards - it is popularly known as plastic money. These pocket sized integrated circuit embedded cards have eliminated the need for paper money. People need not to carry loads of cash in their pocket, they can shop by swiping their card and the money automatically gets debited from their account.

Internet banking - it has eliminated the need to visit bank branch to a great extent. Just sit in the comfort of your house and customers can perform any banking transaction they want to perform. Checking account statements, transferring money, paying bills etc everything has been made possible at a click of a mouse.

Mirc and automated cheque clearing - magnetic ink character recognition (micr) allows computers to read the number printed on the cheque. This expedited cheque clearing process to a great extent and also eliminated human errors. Now with the introduction of automated cheque clearing and cheque truncation system (cts) the need for physical cheques is completely eliminated. Cheques can be scanned and converted to electronic form. This saved the time required to transfer cheques from one city to other and reduced the cheque clearing time from 3 days to 1 day.

Mobile banking - This has further increased the ease for a bank’s customer. Now the customer does not require a pc or laptop to get in connection with his bank. He can perform all banking transactions via a mobile device kept in his pocket.

Banking the unbanked - Information technology is also playing a key role in financial inclusion. Financial institutions such as FINO make use of technology for acquiring customers in rural areas. Fino’s banking correspondents move with hand held devices in rural areas and enable transactions at customer doorstep. This proves to be a lot of ease for customer and also reduces cost of transaction for bank; a transaction that costs $1 at a bank branch costs only 40 cents using FINO’s banking correspondent model. Technology has also helped in improving the operational efficiencies in government facilities such as PDS, NREGA and RSBY.

RFID in Banks – The latest trend in the banking industry is the usage of RFID technology for the better customer relationship management. New tech savvy banks like YES bank, use this technology for its customers so that it can give a personal touch to its customers when they enter its premises.

The RFID enabled chips in mobiles of customers help them to pay at shopping centers just by waving their mobiles in front of contactless readers. The money is directly debited from their accounts.

II. OBJECTIVE OF THE STUDY

- To understand the concept of Business process reengineering.
- To study the impact of BPR on SBI.

III. LITERATURE REVIEW

Several authors have provided their own interpretation of the changes being applied to organizations, for example Davenport and Short (1990) have described BPR as the analysis and design of work flows and processes within and between organizations. Hammer and Champy (1993) have promoted 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. Other authors such as Talwar (1993) have focused on the rethinking, restructuring and
streamlining of the business structure, processes, methods of working, management systems and external relationships through which value is created and delivered. Pettrozzo and Stepper (1994) on the other hand, believe that BPR involves the concurrent redesign of processes, organizations, and their supporting information systems to achieve radical improvement in time, cost, quality, and customers’ regard for the company’s products and services. While Lowenthal (1994) describes the fundamental rethinking and redesign of operating processes and organizational structure, the focus is on the organization’s core competencies, to achieve dramatic improvements in organizational performance, as BPR’s essential components. Although the definition by Davenport and Short (1990) is much narrower, their description of the concept is as far-reaching. In practice, both TQM and BPR have focused on the definition and operation of business processes to produce products and services within a defined business scope. However, neither TQM nor BPR have focused on strategic business direction setting or planning, but of course these may be necessary components in achieving this vision. Also each methodology, in its own right, does not have the intention or the capability of reinventing business or industry. More importantly only one of these definitions refers to information systems. It can thus be said that BPR is not necessarily dependent on IT solutions. There is general agreement that IT can be a powerful enabler, with the radical improvements sought more a function of organizational process redesign, rather than IT implementation (Gadd and Oakland, 1995; Hammer and Champy, 1993). While IT specialists insist that new systems are central to BPR, the challenge is increasingly one of the implementation of organizational change and the visioning involved in that change, rather than the technology itself (Wastell et al., 1994).

3.1 BPR & information technology:

Furthermore, IT is one of the most prevalent facilitators of process change. It is often the primary catalyst, which allows a company to achieve its business objectives (Chan and Land, 1999). It is regarded as the essential “enabler” of reengineering. Meanwhile, all companies that embrace reengineering are not successful in attaining their goals. By some estimates, 70 percent of reengineering projects fail for one reason or another (Hammer and Champy, 1993). In some companies, failures are often attributed to internal organization problems. In other companies, projects fail because the IT organization is often viewed as an obstacle to innovation (Chan and Land, 1999). Despite the general understanding of the useful roles of IT infrastructure in BPR, empirical studies examining such types of relationships are scarce in the literature. Though there have been some studies, which have looked at the relationship between

IT and BPR, most of these studies are case-based descriptions. For example, BROADBENT ET AL. (1999) in a recent study demonstrated the critical role of IT infrastructure in BPR. Similar anecdotal case-studies were also elaborated by Hammer and Champy (1993). In addition, several researchers have argued about different roles of IT. For example, Hammer (1990) and Hammer and Champy (1993) argue that IT plays a critical role in BPR, while some others, such as Davenport (1993) and Hammer and Stanton (1994) believe that BPR is not an IT initiative, rather it requires to bring organization-wide IT resources together, in order to enhance customer responsiveness and business performance. IT resources, according to GROVER ET AL. (1995), consist of IT infrastructure, IT competence, and organizational expertise in employing and sustaining IT-enabled work. Thus, IT infrastructure includes both technical and organizational capabilities that enable organizations to share information resources (BHATT, 2000).

Ratinder Kaur (2011) he studied business process reengineering in State Bank of Patiala. In India, the changing dynamics of Indian economy have brought many reforms in financial sectors especially in banking and insurance sector. To meet new competitive challenges due to technology induction in banks and change in the customers’ perspective forced organizations to rethink about their ways of doing business operations. Consolidations, amalgamations, pressures to reduce operating costs stressed banking community to adopt tools like Business Process Reengineering (BPR) in order to bring strategic benefits to organizations. State Bank of Patiala (SBOP) has initiated BPR initiatives on the lines and under the umbrella of State Bank of India (SBI). The study attempts to determine whether there is an improvement in the competitive measures of cost management, customer service, quality and productivity of bank under study. In India, no such study on BPR in banking specifically with reference to State Bank of Patiala has been found so far. Thus, present study contributes to the research in banking with regard to BPR. Saroj K. Datta and Sukanya Kundu (2011) discuss about e-banking initiatives in Indian public sector banks (PSBs) can be considered as a successful case of BPR implementation. Attempt has been made to study e-banking solutions adopted by Indian PSBs and to evaluate their performance in improving the level of customer satisfaction and the business performance of the PSBs. The study is based on secondary data on selected Indian public
and private sector banks. The research shows that there is a growth in the usage of ATMs and in the volume of electronic funds transfer which reflects that customers prefer electronic delivery channel more than traditional branch banking. The growth of productivity indicators of reengineered banking process is higher than that of the partially computerized banks and banks following traditional mode of operation. The research work brings out that information technology (IT) application has a very prospective future in India.

Malarvizhi.V (2011) discuss about modern-banking is a major invention that has changed the business of banking. World over banks are reorienting their strategies towards new opportunities offered by modern-banking. The recent trend shows that most „brick and mortar” banks are shifting from a „product-centric” model as they develop their new modern-banking capabilities. With this background an attempt was made with the Objectives; to present an overview of e-banking services offered by both public and private sector banks in Coimbatore city; to examine the socio-economic profile of e-banking user; to study the extent awareness and the usage of modern-banking Services and to ascertain the customer’s satisfaction about various modern-banking services. The data was collected with the help of a well structured and pre-tested interview schedule, administered to 100 e-banking users during the period November 2008 to January 2009. The data collected was tabulated and analyzed by using simple percentages, Chi-square test and Garrett ranking technique. From the findings of the study, it was revealed that customers are satisfied with the services provided by the public sector banks than the private sector banks. The study suggests that, Customers have to be educated in the use of every new technology. On the whole e-banking increased operational efficiencies and reduces costs, besides giving a platform for offering valued added services to the customer, thereby fulfilling all the essential prerequisites for a flourishing banking industry. In a nutshell, to meet the emerging challenges banks have to undertake a series of changes in original, structure, functions, practices and marketing to popularize e-banking.

Bidyut Jyoti Bhattacharjee (2011) discusses about due to adoption of privatization and globalization policies, the nationalized commercial banks of India come under pressure in their business. One of the reasons is the presence of private banking companies in this endeavor. Maintaining a good relationship with the customers is the primary functions of the banking business and to increase the profitability of the banking unit; it is necessary to emphasis on the business which is located in rural and semi urban areas in particular. So, the banking units have to satisfy the customer of semi urban area along with the customers of urban and metropolitan cities. Keeping in mind the above fact, the present study has undertaken to examine whether the customers of semi urban area are satisfied with the banking services especially in the modern era. The study includes 60 customers of Barpeta district of Assam; a semi urban area who is the customers of different nationalized commercial banks of India. The data are classified and interpreted with the help of tabulation and graphs. The result shows that the customers are not satisfied with the banking services at all and especially with the ATM services. Therefore, awareness program should conduct in different time regarding the use of other e-technology devices to make smooth and prompt business transaction. Moreover, some remedial measure should necessary to adopt by the top management of banking unit to ensure better quality services.

IV. RESEARCH METHODOLOGY

In this research paper case study method of qualitative analysis has been used. The case study method involves a careful and complete observation of a social unit, be that unit a person, a family, an institution, a cultural group or even the entire community. I have taken four branches of State Bank of India situated at Lucknow to study the impact of BPR on these branches. I thoroughly observed following branches:

a) State Bank of India, Chander nagar, Lucknow
b) State Bank of India, Ramnagar Alambagh, Lucknow
c) State Bank of India, Hazratganj, Lucknow
d) State Bank of India, Parag dairy, Lucknow

V. RESULTS AND DISCUSSIONS

I have observed that after adopting the concept of BPR the all four branches of SBI has following radical improvements:

- **Operational cost is reduced by 50%.**
- **Quality of products and services has been improved exponentially.**
- **Service attributes i.e., people, process and physical evidence has been improved to a greater extent.**
- **Speed of the banking transactions has been improved to a greater extent.**
- Again all the four branches are using sophisticated technology of Tata Consultancy Services that helped a lot in attracting the new customers
- **Day to day banking transactions has become more convenient in all the four branches of SBI.**
- **The precious time of customers is also saved to a certain extent.**
- Customers felt more satisfied with SBI services. I have taken the random interviews of some customers in all the four branches to their perception about SBI services. **The organizational culture of all four branches has been improved a lot.**
VI. CONCLUSION

In this way we can say that after adopting the concept of BPR by State Bank of India the banking scenario in all the four branches has been changed drastically. The service gap is also eradicated to a certain extent in all the four branches. Customers have become more satisfied with the banking services after adopting the BPR concept.

REFERENCES