Chapter 1

Introduction
1.1 MOTIVATION - WHY WAS THIS PARTICULAR TOPIC CHosen?

The studies in the area of 'Customer Satisfaction', 'Business Process Re-Engineering', or 'Consumer Behaviour' etc. are comparatively new subjects in the field of Business Research in India. These subjects have gained prominence since the last decade of the 20th century when the Government of India decided to throw the Indian Economy open for the Global players. Now businesses are operating in a globalised economy (known as the 'New Economy') where things are moving at a lot faster pace and markets are characterised by hyper competition. In this new economy business must adopt to the empowered consumer. In present business environment organisational success depends on outperforming competitors in satisfying consumers. Consumers are the kingpins, who drive modern business and their satisfaction is of prime importance to the organisation.

With rapid technological changes taking place, the consumers of the globalised village are having taste and preferences, which are ever changing, and their expectation levels are continuously increasing. The organisations have to redefine, "what is our business?" and redesign the business process.

After nationalisation of Indian Banking industry, most of the nationalised Indian Banks, also taking advantage of the government’s protectionist policy started operating with a fixed set of procedures, which gradually undermined customer's expectations. This led to a situation where banking became an unavoidable troublesome and time-taking activity for the majority of the customers. For the common people, particularly for busy executives and business people, banking became very difficult as most of the banking processes such as opening a bank account, withdrawal of money, getting a bank draft etc. consumed a lot of time of the customers. Things became worse with the fact that the customers had to go to the bank branches, which remained open for public transaction only for limited hours per day. Also the transaction hours are in the morning when the executives and business people are extremely busy. A small number of high earning people could escape this situation by subscribing to a very few foreign banks. These foreign banks had set their standards for opening bank account, minimum balance requirement etc., so high that their service could be assessed by very limited number of customers. These banks were also very choosy about selecting their customers. Hence, the general Indian Banking
environment at that time can be visualised as having huge amount of customer dissatisfaction resulting in huge loss of useful manpower.

After the Government of India started its liberalisation policy, a number of smart private banks came into existence and rapidly occupied leadership positions by providing radically improved customer service and constantly improving customer satisfaction level. Since, Reserve Bank of India plays an important role in restricting the banks offerings in terms of interest, etc., these private banks realised the need for re-engineering and redesigning their business process in order to increase the customer satisfaction level. These created two different types of banking environment, one composed of satisfied customers and the other dissatisfied and frustrated customers but both providing the same banking products. The nationalised banks have huge asset base at their disposal and also have the widest geographical coverage serving a diverse group of customers (from poor and illiterate farmers, rickshaw-pullers, etc. to rich and educated, businessmen and business executives). In this respect the private players stand quite far away from them. The nationalised Indian banks have also realised this situation and are putting their efforts to redesign the business process for better customer satisfaction. So, it was thought that a comprehensive study of the situation would be very helpful in diagnosing solutions, which will lead to better use of national property.

Hence, the present work on 'Business Process Re-Engineering as a driver of customer satisfaction – A study with reference to selected Indian Nationalised Banks'; can be treated as a significant work in this field particularly in the Banking Sector.

1.2 RESEARCH OBJECTIVES

The study was carried out with two major objectives, one of them consisting of studying the underlying business process of banking industry, the types of re-engineering processes initiated by the members of the industry and identifying the factors or components of the banking processes which affect customer satisfaction level including their relative importance. The second part consisting of how business process re-engineering (BPR) affects customer's satisfaction level. Here also we have tried to study whether BPR can be considered as a main
driver towards customer satisfaction in the banking industry. Hence the objectives of the study can be summarised as follows:

- To study the current business process in banking industry.
- To identify the factors in the business process of banking industry which affect customer satisfaction level, and develop understanding about their implications and relative importance.
- To find out how BPR has affected the customer satisfaction level in the public sector banks and whether BPR can be considered as a driver of customer satisfaction.

1.3 SCOPE AND COVERAGE OF THE STUDY

In a wider sense BPR covers all the elements of the marketing mix (product, price, place, promotion, people, process and physical evidence) and also restructuring and re-skilling of the human resource. But in this study we have restricted our observation on IT application of BPR on banking service as this is being widely applied as a very effective one.

It is generally observed that customer dissatisfaction results mostly due to the following factors:

- Lengthy and time-taking process for opening bank account.
- Time-taking process for withdrawal of money.
- To find the status of an account a customer has to visit the bank branch for several times.
- Huge time and energy required to be spent to reach to the bank's branches. (Mainly applicable for busy executives).

Hence, in our study we have tried to find out how Indian banking industry has improved on these areas through BPR, by means of providing computerised passbook updating, ATM facility, etc.

This study has been carried out for nationalised banks in and around Kolkata. This has been done considering the service location of the researcher. The study is also restricted to State Bank of India and five other nationalised banks located in and around Kolkata.
1.4 SIGNIFICANCE OF THE STUDY

Study of Consumer Behaviour is of great importance to business but this sort of study is a comparatively new concept in India. Banking plays a very important role for the economic development of any country. Indian Banking industry has passed through several stages in the business environment, which has been a result of changes in the Government’s policy. The nationalised banks grew and flourished with the support and protection of the government but now they are exposed to severe competition from expert private players in the liberalised economy. The expectation of the customers in the banking industry has been raised in terms of convenience and ease in operation. Hence, this type of study can be treated as a pioneering work having tremendous significance for people from all walks of life.

This type of study will have an impact on social, economic and technical environment of the country.

**Social Impact:** Since banking occupies a significant part of everyone’s day-to-day life, any improvement on banking service will have a significant impact on the social life.

**Economic Impact:** With the increase in convenience and ease in receiving banking services the amount of banking transactions is likely to increase. This will lead to better performance of the banks, banking also forming a major part of trade and commerce, hence, improvement on banking services will have significant economic impact.

**Technological Impact:** This type of study can be an eye opener for providers of banking services who have to focus on latest technological developments for better redesigning of banking processes. This will also put a pressure on the technical service providers to be more innovative and constantly develop new technologies or upgrade existing technologies.

In a broader sense, this will create a national impact for Indian banking industry to become a globally competitive one.

1.5 PLAN OF THE RESEARCH STUDY

The study spans over seven chapters including the present one and also a bibliography has been added at the end.

In Chapter 2 and Chapter 3, ‘Business Process Re-Engineering’ and ‘Customer Satisfaction’, have been respectively explained in details.
Chapter 4 gives a brief scenario of Indian Banking.

Chapter 5 consists of Research Methodology, which includes survey of earlier literature, designing of questionnaires, test running of questionnaires, sampling procedures and statistical tools used in this survey.

Chapter 6 deals in detail the findings of the research work; this is again sub-divided into two sections:

Section I: Dealing with analysis of the Provider's Mind; whereas

Section II: Making an analysis of the Customer's Psyche

Finally, Chapter 7 presents a summary of the earlier chapters and concludes the study with suggestions and recommendations for further research work.