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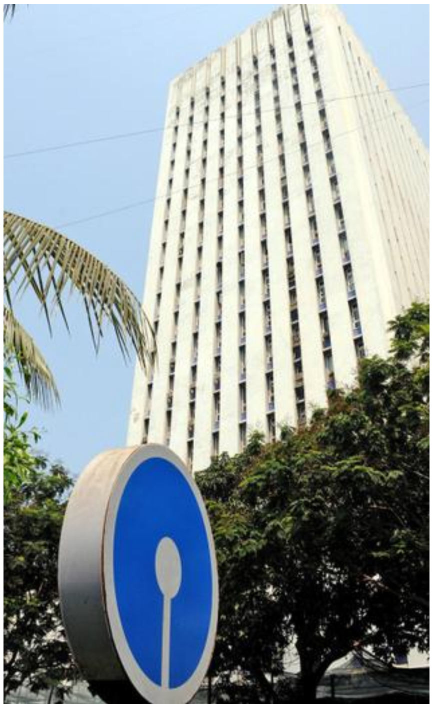
SBI to bank on integrated channel strategy to optimise services

K Ram Kumar

India's largest bank hopes to settle in on the right blend of physical and digital banking



Mumbai, December 25:

To wring more efficiency from its operations, State Bank of India is preparing an integrated channel strategy for the next three years to achieve an optimum mix between various distribution channels.

The distribution channels through which India's largest bank provides services include branches, ATMs, Point-of-Sale (POS) terminals, internet banking, mobile banking and business correspondent and customer service points.

The move to come up with an integrated channel strategy comes in the backdrop of transactions on alternative channels (or non-branch channels) seeing substantial traction in the last few years.

For example, as of October 2015, the number of internet banking and mobile banking transactions increased to 58.50 crore (from 39.95 crore as ofOctober 2014) and 4.94 crore (3.31 crore), respectively.

Similarly, ATM and POS transactions rose to 158 crore (133 crore) and 3.77 crore (2.59 crore), respectively.

According to Rajnish Kumar, Managing Director, SBI, "We are preparing our three-year plan…An integrated channel strategy is being worked out.

"The idea is that if you don't need a branch then don't open it. You open it with a certain purpose in mind. Not for just transaction banking."

Kumar said the bank is currently analysing as to how it can achieve an ideal customer touch point mix between various channels such as branch, ATMs, POS, internet and digital banking.

As of September-end 2015, SBI had 3.7 lakh touch points – 16,415 branches; 56,930 group ATMs (also includes multi-function and self-service kiosks and cash deposit machines); 2.4 lakh POS terminals; and 58,571 customer service points.

"Ultimately, you (customer) have to ask the question, why I need to go to a bank branch? We still need bank branches. That I firmly believe. It is not that bank branches are going to disappear. "…If I can do something on my mobile or internet banking then for transactions at least, branch visit will not be needed."

Since ATMs do not permit withdrawal over Rs. 40,000 and cash deposit machines allow deposit of only Rs. 50,000, Kumar explained that customers have to visit branches for high-value transactions. They will also need to go to branches for signing loan documents or getting advisory. "Ultimately, our goal and aim would be that our branches focus more on sales and advisory and handholding the customers if they have any difficulty," he said.

It may be pertinent to mention here that last year, the RBI's technical committee on mobile banking underscored that in terms of per-transaction or per-branch costs, mobile banking transaction is economical compared to the traditional banking channels and hence there is need for banks to encourage the mobile banking channel in a big way keeping in mind the long-term economic gains.

HR audit

Meanwhile, SBI is planning to appoint a consultant to carry out human resources audit, including conduct an employee engagement survey. As on September-end 2015, it had a complement of 2,11,433 staff members comprising 81,666 Officers, 90,760 Assistants and 39,007 Sub-ordinate staff.

The survey, among others, is aimed at determining the level of excellence in HR functioning in the bank in terms of the quality of personnel recruited and retained, the various HR policies and processes adopted / followed to make HR a truly strategic business partner.

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