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SBI cuts staff strength, looks to redeploy 10,000

BY TNN | UPDATED: AUG 14, 2017, 10.34 PM IST

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MUMBAI: **State Bank of India (SBI)** has reduced its staff headcount by 6,622 in the first quarter of FY18 to 2.73 lakh from 2.80 lakh at the beginning of the quarter due to retirements and a **voluntary retirement scheme**. The bank now plans to redeploy over 10,000 employees following the merger of its associate banks and due to digitisation.

Consolidation of associate banks and a shift to digital channels for banking have set in motion a job restructuring process in one of the largest employers in the country. "While the physics of the merger is over, the chemistry is yet to be completed," said **Arundhati Bhattacharya**, chairman, SBI, referring to the integration process after the merger of **balance sheet** which came into effect from the first quarter.

A large part of the job restructuring is taking place on account of merger as the bank juggles its branch network to avoid having several outlets on the same street. SBI has merged 594 branches till August 6 and has rationalised 122 administrative offices. This in itself is expected to result in savings of over Rs 1,160 crore annually. The bank has entrusted a new entity—SBI Infra Management—the responsibility of managing its real estate assets.

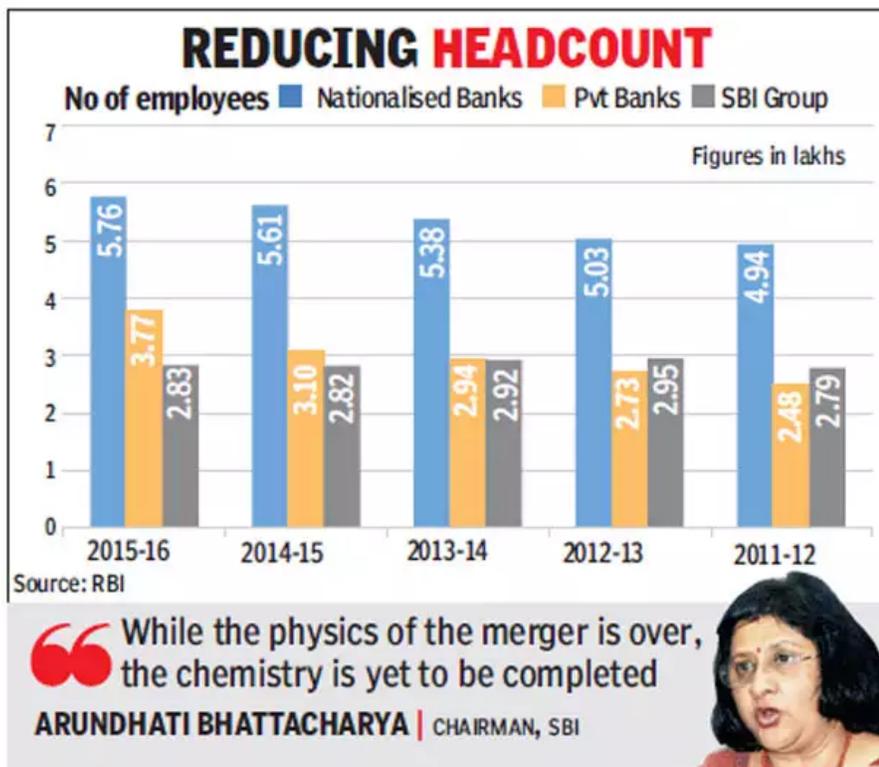
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SBI is also finding the need to rationalise due to digitisation within and outside the bank. For instance, the bank is redeploying staff in government service branches as the Centre is shifting most of its banking operations to portals. Private lenders like **HDFC Bank** have been reducing their headcount at a much higher pace even as they push digital transaction. HDFC Bank's staff strength has come down from 90,421 in December 2016 to 84,325 in March 2017.

In the first quarter of the current fiscal, the bank saw 7,247 employees exiting following retirements, including 3,569 employees of the erstwhile associate banks who were offered a voluntary retirement scheme. The bank had paid out Rs 473 crore ex gratia under this scheme which will result in salary savings of Rs 400 crore per annum. Of the staff redeployment planned by SBI, 2,000 will be because of shifting of administrative offices and another 8,618 due to branch rationalisation. Around 30% of the staff of rationalised branches will be redeployed in sales functions. The bank has introduced a new employee appraisal system where performers will receive financial incentives.

The total employees of SBI and associates as on March 31 was around 2.80 lakh. The number has been stagnant for a couple of years as there has been a hump in retirements of large number of employees hired during the '80s. As against the exits, the bank has hired only 625 staff members in the first quarter, taking the total headcount down to 2,73,181. The number could further drop as full year retirements in FY18 are expected to be around 15,460. The bank is recruiting specialists for digital space and marketing though not in large numbers.

The share of alternative (non-branch) channels in transactions has increased substantially from 76% a year ago to 80% on June 2017. The share of internet banking has increased from 24% to 30% of all transactions. Interestingly, ATM transactions are only 34% of transactions as against 43% a year ago.

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