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Market Watch

# Merged entity of PNB, Oriental Bank of Commerce and United Bank of India may follow a SBI-like structure

BY [ATMADIP RAY](#), ET BUREAU | UPDATED: OCT 03, 2019, 06.31 AM IST

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The merged entity of [Punjab National Bank](#), Oriental Bank of Commerce and United Bank of India may follow a State Bank of India-like structure with local head offices in every region to leverage the strengths of each of the merged banks.

In the scheme, the regional offices may be headed by chief general managers with a couple of general managers under him or her like the practice in SBI, UBI chief executive officer, Ashok Kumar Pradhan, said.

"We intend to finalise all these administrative strategies in the next six months so that the merged entity can focus on business from the very beginning," Pradhan told ET.

The merger is expected to come into force from April 1 next year.

**BIG NUMBERS**

<p>The merger is expected to come into force from April 1 next year</p>	<p>The PNB-OBC-UBI amalgamation will create India's second largest bank</p>	<p>It collectively had a business of ₹18 lakh crore in March and 11,437 branches</p>	<p>The PNB-OBC-UBI combination would have 17-18 chief general managers</p>
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Pradhan said that while PNB's and UBI's respective administrative structures are more compliance oriented, OBC follows a vertical structure which is more business focussed. The merged entity may follow a mix of both with every circle acting as "bank within a bank" with higher business focus like in SBI.

These are parts of the ongoing discussions and a steering committee of chief executives of the three merging banks will take the final call.

Bank of Baroda, after the merger of [Dena Bank](#) and [Vijaya Bank](#) with itself, is experimenting with vertical structure only in its Mumbai circle.

Amalgamation of PNB, OBC and UBI would create the country's second largest bank – both in terms of business and branch network. They collectively had a business of Rs 18 lakh crore at the end of March that originated through 11,437 branches amongst them.

SBI, the country's largest lender, had a business of Rs 51 lakh crore at the end of June. SBI had merged its associate banks and [Bharatiya Mahila Bank](#) with itself in 2017.

The PNB-OBC-UBI combination would have 17-18 chief general managers, Pradhan said. The government last month allowed the banks with over Rs 10 lakh crore business create CGM posts as per their business needs to strengthen governance.

Pradhan expects the new layer to create aspirations among employees, especially the younger generation, who he said, are happy about the merger. "I don't see much of a challenge in terms of human resource management. The government has made it clear that there would be no retrenchment or voluntary retirement," he said.

However, post-merger branch rationalisation may create some redundancy, but they would be redeployed in other functions.

“But, synchronisation of IT platform will be a major challenge,” Pradhan said. UBI and OBC use core banking software Finacle-7 while PNB uses a higher version, Finacle-10.

These banks have formed as many as 34 functional teams to smoothen the process of merger.

Their respective boards have cleared the merger proposal. These banks will now hire agencies to carry out the valuation exercise.

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