

## Change Management at Saraswat Bank Transition to New-Age Innovative Banking

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**Abstract:** Setting out with the objective of understanding how Saraswat Cooperative Bank, the largest of the cooperative banks in India, has been responding to the wave of changes impending on it after the advent of new banks in the form of Payments Banks and Small Finance Banks which would be giving tough competition targeting the same audience or customers, the author has concluded that the bank has undertaken a massive transformation in terms of its systems and processes. The transition of banking to new-age innovative banking has served as an opportunity to the bank to assess existing processes and to take corrective and preventive steps and fortifications required. As a step in the direction towards creating a more robust technology platform that can keep pace with bank's future business growth, the bank has launched three new change projects this year viz. Project Udaan, Project Niyantaran and Project Satark. With the successful implementation of these projects, which are underway, the bank is further consolidating its position as a strong, sturdy and robust bank. Project Udaan is the Bank's ambitious plan to migrate to a new Core Banking System. Project Niyantaran is the transformation of the Bank's existing audit process to Risk Based Audit. And the Project Satark will strengthen the Information Security of the Bank.

The study explores and establishes how the Bank of India has responded to the changes in the last few years, through several strategic changes initiated in the bank having significant impacts on the performance of the bank. The case provides interesting insights into the various forces that trigger changes in an organization, resistance to these changes and interventions adopted to manage the change illustrating either effective or ineffective handling of an administrative or business situations.

The study has amply established that pursuing and monitoring change management is an enabler for survival and retention of marketshare as well as growth of marketshare for the bank in competitive environment. The study has helped in depicting the impact of change triggers and how the bank has been responding by appropriate action has by the change leaders proving the hypothesis that it is the implementation of robust change management strategies which helps banks to survive through troubled financial position and corrective growth path.

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### I. Introduction

Saraswat bank's total business which was around Rs.4000 crore in 2000 almost tripled to Rs.15295 crore in 2007. In the year 2008, the bank launched a branding initiative to reconfirm the thrust of the bank on its core values, which can be summed up as a "sense of belonging". In the last two decades the bank has witnessed a steady growth in business and taken several strategic business initiatives such as undertaking business process reengineering initiative, merging seven cooperative banks and then consciously nurturing them. The bank tied up with VISA International for issuance of debit cards. The bank has also successfully launched the RuPay EMV debit card in 2013-14. The bank was the first to achieve this milestone in respect of RuPay EMV card along with the Bank of Baroda.

In 2011, the bank was granted permission for All India Area of Operation by Reserve Bank of India. The bank has an ambitious business expansion plan in place to have a presence in all major cities of the country and is well poised to double total business to 1,00,000 crore over the next few years. The bank has a network of 281 fully computerized branches as on 31 March 2018 covering six states viz. Maharashtra, Gujarat, Madhya Pradesh, Karnataka, Goa and Delhi. The bank provides 24-hour service through ATMs at 260 locations. In 2018, the bank also introduced their Bank on WhatsApp facility to help customers receive updates and avail various banking services via the chat platform. As of 31 March 2018, the bank's business had surpassed Rs. 58,526 crores. It received The Best Cooperative Bank Award in 2016.

Bank has adopted a shift in its approach from top-line growth to bottom line growth in the past few years, by implementing measures such as improving the Credit-Deposit (CD) ratio and reducing cost of deposits. The effects are visible in the doubling of operating profit in the last five years i.e. from ₹ 332.36 crore

to ₹ 630.27 crore. The bank has been able to successfully contain its NPAs and its business level has increased from ₹ 44,969 crore as on 31st March 2015 to ₹ 61,812 crore as on 31st March 2019 i.e. a rise of ₹ 16,843 crore in absolute terms or 37.45%.

With improvements in technology, innovation, strengthening of infrastructure/systems/processes, investing in the demographic dividend, the bank is preparing for the promising future. With strong consumer connect and technological prowess, the bank would be able to keep pace with the modern-day competitive environment and emerge as a bigger, stronger and robust bank, while also serving as a role model and pioneer in the banking industry.

## II. Objective of research

Objective of research is to trace the multiple change management programs undertaken by the bank, assess the changes done in response to internal and external triggers and their success in terms of retaining and growing its market share and improving customer journeys. It's also aimed to assess the performance of the bank under successive leadership who have been the change leaders in the bank and to examine whether the change management practices are helping in creating the new merged entity and introduce the required culture synchronisation.

**Hypothesis:** Change management is an enabler for survival and retention of marketshare as well as growth of marketshare for banks. Understanding the impact of change triggers and responding by appropriate action has to be main task of the change leaders.

**Methodology:** The research is based on published research papers, books, newspaper articles and annual reports of the bank. Being a central banker himself, authors interaction with senior officials of the bank has helped in gaining understanding of the various changes introduced by the bank.

## III. Key Performance Indicators

Diagrammatic representation of the key performance indicators and the balance sheet performance highlights of the bank are as under;

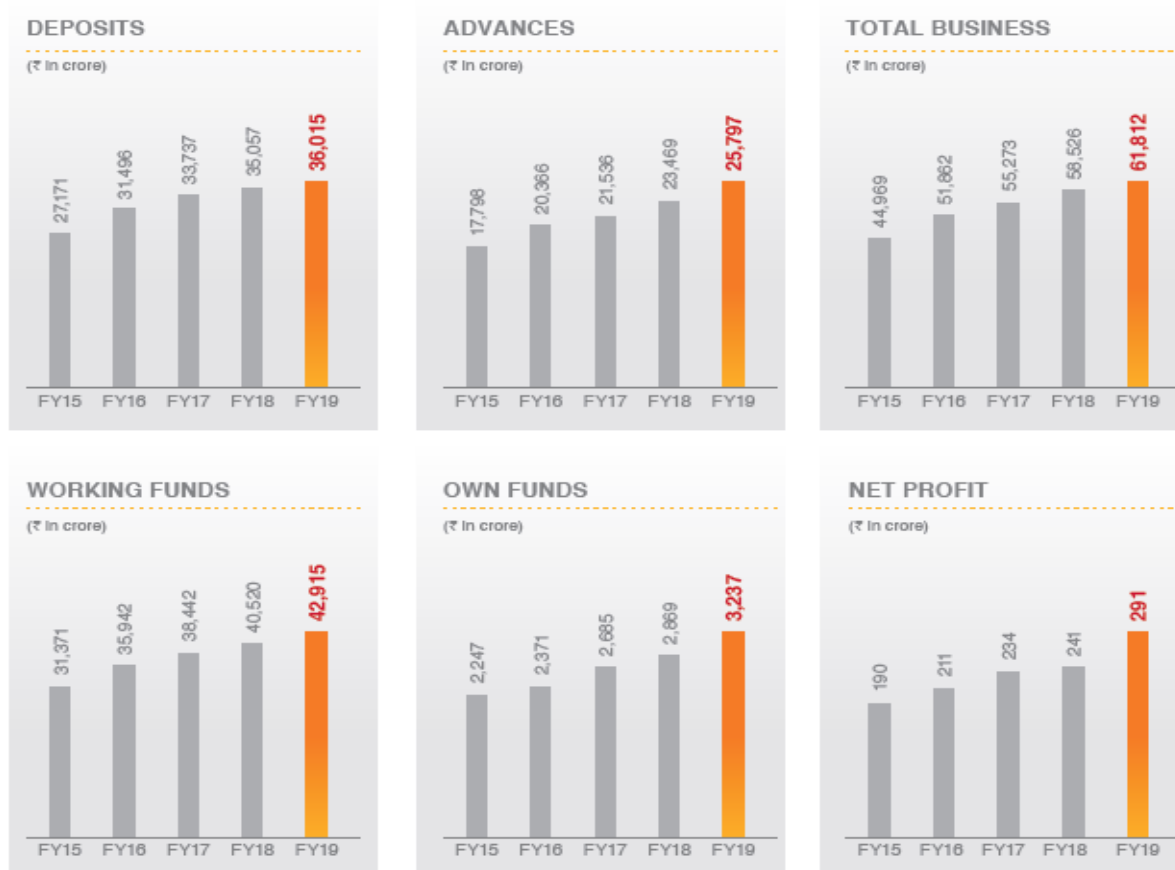




Diagram 1: KPs of Saraswat Coop Bank (source Annual Report 2019)

## Performance Highlights

Particulars	FOR THE YEAR ENDED		
	31-03-19	31-03-18	% change
Total Income	3,430.04	3,376.02	1.60
Total Expenditure	2,799.77	2,847.51	-1.68
Gross Profit	630.27	528.51	19.25
Less: Provisions	231.57	190.74	21.41
Profit Before Tax	398.70	337.77	18.04
Less: Income Tax	107.41	97.09	10.63
Profit after Tax carried to Balance Sheet	291.29	240.68	21.03
	AT THE YEAR END		
<b>Own Funds</b>	<b>3,237.38</b>	<b>2,869.03</b>	<b>12.84</b>
Share Capital	263.97	236.75	11.50
Reserves and Surplus	2,973.41	2,632.28	12.96
<b>Deposits</b>	<b>36,014.87</b>	<b>35,056.66</b>	<b>2.73</b>
Current	2,169.66	2,703.06	-19.73
Savings	8,217.28	8,090.82	1.56
Term	25,627.93	24,262.78	5.63
<b>Advances</b>	<b>25,797.49</b>	<b>23,469.11</b>	<b>9.92</b>
Secured	25,618.87	23,328.06	9.82
Unsecured	178.62	141.05	26.64
<b>Total Business</b>	<b>61,812.36</b>	<b>58,525.77</b>	<b>5.62</b>
<b>Priority Sector</b>	<b>10,611.05</b>	<b>5,910.72</b>	<b>79.52</b>
<b>% to Adjusted Net Bank Credit (ANBC)</b>	<b>45.21</b>	<b>27.45</b>	<b>-</b>
Small Scale Industries	777.50	430.04	80.80
Small Businessmen and Traders	4,805.05	2,864.71	67.73
Other Priority Sectors	5,028.50	2,615.97	92.22
<b>Working Capital</b>	<b>42,915.12</b>	<b>40,520.30</b>	<b>5.91</b>
<b>Investments</b>	<b>11,013.69</b>	<b>9,567.97</b>	<b>15.11</b>
<b>Borrowings and Refinance</b>	<b>2,221.31</b>	<b>1,231.67</b>	<b>80.35</b>
<b>Net NPAs (%)</b>	<b>1.80</b>	<b>0.94</b>	
<b>Capital Adequacy (%)</b>	<b>13.16</b>	<b>13.60</b>	
<b>Number of Members</b>			
Regular (Shareholders holding 50 shares & above)	2,13,836	1,99,616	
Nominal	50,273	39,972	
<b>Number of Branches</b>	<b>284</b>	<b>281</b>	
<b>Number of Employees</b>	<b>4,341</b>	<b>4,061</b>	
<b>Productivity per Employee</b>	<b>14.24</b>	<b>14.41</b>	
<b>Profit per Employee (₹ in lakh)</b>	<b>6.71</b>	<b>5.93</b>	
<b>Return on Average Assets (%)</b>	<b>0.72</b>	<b>0.60</b>	
<b>CD Ratio (%)</b>	<b>71.63</b>	<b>66.95</b>	
<b>NIM (%)</b>	<b>2.62</b>	<b>2.19</b>	
<b>Cost to Income Ratio (%)</b>	<b>52.80</b>	<b>55.68</b>	

Table 1: Balance sheet highlights of Saraswat Cooperative Bank

### IV. Change Management Projects of Saraswat bank

Saraswat Bank has grown multifold over the past several years with the growth being more rapid over the past decade. The rapid growth against the backdrop of a continuously evolving banking environment entails strong steps to strengthen the systems, processes and controls. To adapt to changing times and the rapidly

transforming banking environment, Saraswat Bank launched three important change management projects during 2018-2019 viz., Project 'Udaan', Project 'Niyantaran' and Project 'Satark'.

### **1. Project Udaan**

Project Udaan is Bank's ambitious plan to migrate to a new Core Banking System. As the bank has grown exponentially over the years, with significant growth in the last decade. The business operations were aptly supported over the past decade by our prevailing Core Banking System (CBS), which was being continuously updated to keep pace with the new developments, regulatory requirements and changing business dynamics. However, the existing CBS has inherent limitations and the system updations were becoming increasingly difficult with the advent of digital products and increase in the business size. It was under these circumstances that Project Udaan was launched.

Under Project Udaan, the bank initially assessed vendors for availability of functionalities, user friendliness, ease of operations, existence of controls, adherence to compliance and MIS reporting after going through detailed presentations by each of the vendors. The architecture, platform, scalability, agility, infrastructure requirements, robustness, Information & Cyber Security were also studied. Based on the various functional domains and internal assessment, your Bank finalised Finacle, the CBS system offered by M/s. Edge Verve Systems Ltd., a wholly owned subsidiary of Infosys. Finacle is presently being used by several large PSU banks and private sector banks besides smaller co-operative banks and has built a market reputation for itself in this segment. The bank, thus, will migrate to a robust, scalable, secure CBS that will help it boost the agility and efficiency of its operations, significantly improve customer experience across channels and ensure confidentiality and integrity of data within the system.

### **2. Project Niyantaran**

Project Niyantaran is the transformation of the Bank's existing audit process to Risk Based Internal Audit. 'Niyantaran' means control, restraint or balance. Under Project Niyantaran, your Bank has adopted a proactive initiative to transform the present internal audit into a Risk Based Internal Audit function, in line with RBI norms for Scheduled Commercial Banks.

Under the Risk Based Internal Audit approach, the bank will carry out Process Audits, so that process lapses and newer unanticipated risks can be identified and mitigated through control measures, thus reducing repetitive observations in transaction audits. Apart from process audit, Risk Based Internal Audit will also include Audit of outsourced processes, regulatory compliances and IS Audit.

The transformation will involve a seven-stage roadmap viz., defining governance requirements, undertaking a risk assessment, devising annual Audit Plan, developing Risk Control Matrix for each process, conducting Risk Control Self-Assessment, revamping audit methodologies, strengthening the audit team and reporting mechanisms. The bank thus looks forward to a transformed approach towards audit in the years to come.

### **3. Project Satark**

Project Satark is the project to strengthen the Information Security of the Bank. While the organisation is preparing its journey on compliance and keeping abreast with changing technological needs, it is important that its stakeholders are equally aware of the same so that they do not fall prey to cyber-attacks. To create such awareness, 'Project Satark' was launched with a view to set up an information security governance framework. A cyber NINJA mascot along with a shield has also been designed which symbolises that the employees are the cyber ninjas who will be a shield by being aware, vigilant and, thus, keep the organisation safe and secure from cyber bullies. Under Project Satark, various awareness sessions were conducted for Executives and Senior Management staff during November 2018 as part of "Information Security Awareness week". The objective of the programmes was to highlight to the employees their role in the Bank's information security, improve information security awareness, enhance compliance with information security management system, impart knowledge / information which will enable employees to be up-to-date with the latest technologies / trends in the field of Information and Cyber Security and help them better their skills to safeguard their most valuable information asset.

The Information Security Department is parallelly carrying out various projects on governance, risk, compliance and cyber-defense. These projects are aimed at bringing out various risks and enabling the Bank in mitigating the same.

The bank has formed a dedicated Information Security Department, headed by the Chief Information Security Officer (CISO), who oversees overall Information and Cyber Security for the Bank.

### **V. Digital Banking Initiatives of the bank**

The world has entered an era of ‘Digital Darwinism’ in which technology and society are evolving rapidly, faster than organisations can adapt to the change. Emergence of digital banking tools and services are creating multiple ways to streamline processes, interpret data and service customers. The bank has realised the importance of these emerging technologies which can serve towards enabling superior customer experience and act as agile operating models for their business. Following this ideology, the bank was amongst the first banks in the sector to embrace this digital revolution and today has over 30 digital products which are managed by their internal dedicated Digital Banking Department.

More than 72 per cent of banks total transactions happen through digital services. Bank’s strategy of implementation of the best industry standards, robust vendor management policy, detailed research of latest technologies and efficient project management ensures that they are always ahead of the curve in offering digital banking services. The bank is at the forefront to offer services digitally even to customers who visit through branches via Self-operating Kiosks or ‘E-lobbies’. Their ‘E-lobbies’ are equipped to offer a wide array of banking services such as ATMs, cash recyclers, passbook printing kiosks and cheque deposit machines. It is one of the few banks to offer Internet Banking in a ‘one page’ format. It has undertaken special efforts during the year for improving the security of digital services, redesigning processes and creating customer awareness of digital products.

It is the first Bank in the co-operative sector to offer WhatsApp Bank, TAB Saraswat Bank and Cardless cash withdrawals.

### **VI. Futuristic change optimism of the bank:**

With journey towards channel innovations, the bank has witnessed a tremendous increase in the number of customers embracing this change. Over the years, the bank has introduced many industry first digital banking services which have changed the way customers meet their banking needs. Bank on WhatsApp was one such innovative leap. The bank plans to continue their efforts towards improving customer service, offer personalised solutions and serve clients with efficiency. The bank is taking special actions to enhance IT infrastructure and it is planning on implementing newer technologies and cloud-based solutions in the future. The bank is also exploring new and emerging technologies like API Banking, Blockchain, Artificial Intelligence and Machine Learning to reach their goal of maximising customer satisfaction through digital services. The bank has ensured that they are secured by design and understand the importance of safeguarding the customers against cyber threats and staying digitally relevant at the same time.

The bank has gained from these channel innovations in terms of improved market outreach and rise in customer preferences; increased customer satisfaction due to the convenience derived from interactive, exclusive, affordable and innovative offerings; development of state-of-the-art IT infrastructure, which is agile, efficient and scalable, enabling us to integrate upcoming technologies with the current systems; development of enriching partnerships with FinTech companies and having the advantage of leveraging their innovations and financial offerings and shorter turnaround time of customer service and at the same time lowering of operational costs.

Digital services launched in 2018-19 include i) Bank on WhatsApp ii) Bank on TAB iii) Saraswat Bank 100 iv) Contactless Debit Card v) Mobile Banking App “GOMO”, registrations for which increased by 29 per cent over the preceding year vi) One-Page Internet Banking. The customer registrations for One-Page Internet Banking rose by 15 per cent over the preceding year. vii) UPI: Registrations for Unified Payment Interface (UPI) services offered by the Bank increased by 182 per cent over the last year.

The Bank also offers various other digital facilities viz. Missed Call and SMS Banking, M Passbook, Bharat Bill Payment, Saraswat Quick Pay (an online collection facility for schools, companies and other entities), POS (Point of Sale) Services (for its customers/merchants), Aadhaar Enabled Payment System (AEPS), Saraswat Bank Connect mobile app, Bharat QR, Payment Gateways, Cardless Cash Withdrawal, Gift cards, NETC FasTag, Corporate Internet Banking and myriad variant of debit cards etc., the usage of which is increasing significantly.

Saraswat bank has taken special efforts during the year to improve the security of digital services and took various initiatives for creating customer awareness for digital products.

### **VII. Customer Relations and Experience Department:**

The Customer Relations and Experience

Department focusses on establishing connect with the customers using multiple communication channels and improving the existing practices and processes, thereby adding value to the services being offered to bank's customers. Some of the change initiatives in this direction during the year were as follows: -

-Catering to customers’ queries, requests and complaints round the clock through 24 X 7 contact center.

- Ensuring that customer grievances are attended within the stipulated Turn Around Time (TAT) and in a uniform manner.
- Detailed analysis of the grievances to identify gaps in services and addressing the issues.
- Engaging with customers on Mother's Day, Environment Day and New Year's Eve etc.
- Launching of Complaint Redressal Portal.

### **VIII. Complaint Redressal Portal:**

Customer Complaints are an inevitable reality of any business. The bank treats a complaint as an inherent opportunity to undertake improvements and thereby enhance customer relations. It firmly believes that if aggrieved customers' problems are redressed properly, they can prove to be willing ambassadors of the bank. To make the complaint redressal process more efficient, the bank has implemented internal grievance redressal system through the 'CRS (Complaint Redressal System) Portal'. The CRS portal is designed primarily to have a common platform across the Bank to manage complaints and follow a uniform redressal system. The portal includes detailed process to solve complaints received from different media like e-mails, letters, websites, social media, and personal visits or telecons, in addition to complaints registered at branches. For every complaint registered on the CRS portal, a unique ticket number is generated, and the customer is informed about the unique ticket number by sending an SMS on his registered mobile number. There are predefined escalation levels in the portal to ensure accurate resolution and Turn Around Time (TAT) observance. The portal makes it mandatory to communicate the resolution of the complaint to the complainant and wherever possible, seek his acknowledgement. Once a complaint is resolved, it is closed in the portal and an SMS is again sent to the customer, informing the same. The portal is user friendly and allows access to the active dashboard as well as enables generation of related reports from time to time. This Complaint Redressal System will corroborate the Saraswat Bank philosophy of Customer First.

### **IX. Conclusion**

Saraswat Cooperative Bank, the largest of the cooperative banks in India, has been responding to the wave of changes impending on it after the advent of new banks in the form of Payments Banks and Small Finance Banks which would be giving tough competition targeting the same audience or customers, the author has concluded that the bank has undertaken a massive transformation in terms of its systems and processes. The transition of banking to new-age innovative banking has served as an opportunity to the bank to assess existing processes and to take corrective and preventive steps and fortifications required. As a step in the direction towards creating a more robust technology platform that can keep pace with bank's future business growth, the bank has launched three new change projects this year viz. Project Udaan, Project Niyantran and Project Satark. With the successful implementation of these projects, which are underway, the bank is further consolidating its position as a strong, sturdy and robust bank. Project Udaan is the Bank's ambitious plan to migrate to a new Core Banking System. Project Niyantran is the transformation of the Bank's existing audit process to Risk Based Audit. And the Project Satark will strengthen the Information Security of the Bank.

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