

11 Business Process Reengineering

11.1 Overview

Business process reengineering (BPR) is a systematic approach to redesign and streamline the work processes to achieve improvement in quality and efficiency of services. BPR in the working of SBP Banking Services Corporation (BSC) has been initiated to eliminate redundancies with a view to gain a higher level of operational efficiency and provision of better services to its stakeholders. The up-gradation of information technology in the operations of BSC has played an important role in redesigning the working process in different departments and field offices. The implementation of Globus banking solution and Oracle-Enterprise Resource Planning (ERP) modules have helped a lot in achieving operational efficiency in business processes of BSC.

11.2 Technological Improvements

The BPR activity in BSC is closely linked with the introduction of new technologies and business requirements of BSC. Successful implementation of Globus banking solution, Oracle-Enterprise Resource Planning application and other in-house developed software are by and large main reasons in redesigning the working procedures. With the introduction of the above systems, BSC has gained a number of benefits which include:

- Reduction of processing time of different transactions significantly.
- Retrieval of data/ information at different locations through shared database.
- Improvement in telecommunication network which has facilitated the BSC in communicating the important messages to all its employees at the same time.
- All manually prepared (paper based) payment instruments have been replaced by system generated instruments. Government Drafts and Bank Drafts are now printed through Globus banking system at the field offices and the system has also replaced manually written vouchers with the system generated instruments.
- Introduction of Letter Management System (LMS) for effective follow up of outstanding issues.
- Revenue Collection Automation Project (CAP) of Federal Bureau of Revenue has successfully been implemented at all the field offices of BSC. With the implementation of the system the offices are now able to issue computerized printed receipts to stakeholders. With the implementation of Oracle based system, generation and printing of income tax challans through Oracle based system.
- Operation of Real Time Gross Settlement System in a very systematic manner. In the first phase, only Normal Clearing was consolidated. Subsequently, the Same Day and Intercity clearings were carried out in the second and final phases respectively.
- Customization of following General Ledger reports through Oracle applications:
 - BSC Payment Advice Report

- BSC Tax Chalan Memorandum Report (at all offices and HOK)
- Routing of all loans and advances other than salary through AP Module from October 2007. This has provided better tracking of the transactions and facilitates in reconciliation of accounts.
- Pro-rata calculation of GP Fund cases on Excel sheet bringing accuracy, efficiency and saving in time.
- Development of prototype of Audit Facilitation Software to facilitate in reporting, follow up, compliance and repository related areas.

11.3 Procedure for Review

Before making any amendments in the working procedure, the concerned supervisors thoroughly review the system, analyze each process separately and determine as to how the same could be modified to raise the efficiency and effectiveness of the business. Recent developments relating to BPR are as under.

11.3.1 Review and updation of Manuals and Office Procedures

The existing Banking and Issue Department Manuals were introduced in 1970 and 1985 respectively. With the passage of time a number of changes have occurred in the working procedure and policy instructions. Particularly, after implementation of Globus banking solutions, Globus CI and Oracle ERP the whole working procedure of Banking and Issue Divisions in BSC field offices has been changed and shifted from manual to automated environment resulting in the discontinuation of almost all the manually maintained registers and books. Due to the above mentioned technological improvements it was imperative to update the said manuals to make the laid down procedures compatible with the new working environment. Accordingly, the Banking and Issue Department Manuals have been reviewed by the committees of highly dedicated and experienced officers especially constituted for the purpose. As a further exercise to infuse a sense of ownership among the users of these manuals the revised drafts of the manuals were sent to the field offices including the Issue Offices for their comments and feedback. The comments and suggestions received from field offices have been taken in view and the amendments proposed by them were incorporated in the revised drafts where necessary. During this course, some further developments in BSC and the related amendments in the instructions through circulars has necessitated a further review of Banking Department Manual which is being taken care of by the Accounts Department and expected to be completed by December 2008. In the meantime, Issue Department Manual has been thoroughly revised after incorporation of all required changes. It has now been sent to Finance Department of SBP for views. Besides, the Manual of Procedures is also under review of a committee which is expected to complete its work by the end of 2008.

11.3.2 Review of procedure for preservation of record

The implementation of IT solutions required the reviewing and updation of the procedure for preservation of records. The above procedure was previously reviewed in March 2000 but the recent developments called for a further review of these policies. During FY08, a detailed exercise was carried out by the committee constituted for the purpose, which segregated the existing records into three categories i.e., (i) record available in system, (ii) record kept manually and (iii) redundant. Feedback on the committee's recommendations

was obtained from all stakeholders and incorporated in the final proposals. As a result of reclassification of the record the total number of old record has been reduced from 419 to 350 of which 73 are system generated registers.

11.3.3 Development of Standardized Operating Procedure

Standard Operating Procedures (SOPs) of critical business units of the Accounts Department and field offices of BSC with detailed working protocols for the operation of each function have been developed. Further, new format on budgeting process in BSC has been developed in order to improve and strengthen the monitoring and controls in the coming years.

11.3.4 Improvement in reporting mechanism

The reporting system to Accounts Department HOK by the field offices has been modified to include accumulated balance of total receipts and payments of Federal Board of Revenue on daily basis. Statement of Weekly Government Balances which was previously dispatched on the 3rd day of the week is now updated and dispatched on the next working day with further improvement of daily reconciliation as compared to weekly reconciliation done earlier.

11.3.5 Centralization of payment against withholding tax

Payment against withholding tax has been centralized at Payment Controller Unit of Accounts Department HOK which has facilitated in reduction of entries in inter department reconciliation and ensured timely submission of returns.

11.3.6 Decentralization of stationery articles

Decentralization of 20 items of stationery articles classified as 'A' category has been carried out to improve the efficiency in minor purchases. This has also helped in identifying the obsolete articles which are ready to be written off subject to approval of the Board.

11.4 Rationalization of HR related policies

In order to create ownership and to adopt a standardized format across the board, an Inter Office Memorandum (IOM) has been introduced and its format has been placed in system. It is used for inter-office and intra-office/ department correspondence within BSC as well as with SBP instead of U. O. Note and Letter Heads. The IOM may either be addressed directly to the concerned person by name or by designation.

Circular books on human resource activity performed by the Personnel Management Department have been compiled and printed for the calendar years 2006 and 2007 during the period under review.

Spadework on BPR-simplification of policies and procedures related to annual merit increase, facility of leave, job rotation/ transfer of employees has been completed. The policy paper in the matter will be finalized on completion of the exercise of organizational development.

E-directory on training and skill development activities at BSC with preliminary information has been placed on ENB for the use of BSC employees. Training schedule for 2008-09 has also been updated.

11.5 Improvement in Medical and Healthcare Facilities

- Medical Attendance Rules have been reviewed comprehensively and submitted along with recommendations to the Board through designated committee for approval.
- Medicine procurement procedure has been reviewed and deficient areas identified for improvement to bring cost efficiency and quality control in the system.
- The technical and administrative functions of existing Medical Services Division of BSC has been segregated into two parts viz., Bank's Health Clinics and Medical Division which are now headed by the Chief Medical Officer and Joint Director respectively to make the system more efficient.
- Standard Operating Procedure for payment of hospital, labs and consultant's bills has been developed to bring efficiency in the existing procedure.

11.6 Facilitation to Stakeholders

- First phase of development of a mechanism for direct credit of bill/ claim to account of the vendor/ employees instead of issuance of cheques has been completed. Necessary information i.e. account numbers, bank and branch of the bank etc. of vendors/ employees has been obtained and forwarded to ISTD for preparation of interface between Globus and Oracle payable module. Direct payment through bank account is expected to commence from January 2009.
- To streamline the process for placing the printing orders to SBP-BSC Printing Press the entire procedure has been reviewed and following guidelines were set forth for uninterrupted, timely and good quality printing of the bank's publications:
 - All the print orders pertaining to the department of SBP and NIBAF will reach the press duly routed through the Chief Spokesman of External Relations Department SBP or an authorized officer of NIBAF.
 - All the jobs and publication pertaining to BSC will be routed through the Director Personnel Management Department, BSC Head Office Karachi.
 - On receipt of printing jobs/ publications the delivery voucher duly stamped and signed by the relevant official invariably will be returned to the Printing Press.