8 BUSINESS PROCESS REENGINEERING

8.1 Overview

Business Process Reengineering (BPR) entails modification in the existing rules and procedures to attain a higher level of operational efficiency and better internal controls. The fast paced change and diversification have become the distinguishing features of the banking industry. The prime objective of BPR in SBP-BSC is to align business processes with 'best practices' available in the field / market and automation while getting rid of the redundancies for providing better services to internal and external stakeholders. The BPR is not a one time solution rather it is a continuous process of screening and re-engineering / modification to bring excellence in the service delivery to stakeholders. In this regard, SBP-BSC has made progress during the year and planned to introduce further improvement in work processes in coming years.

8.2 Technological Improvements

After successful rollout of the state of the art Globus Banking Solutions and implementation of various modules of Enterprise Resource Planning (ERP-Oracle) coupled with different in-house developed programs (e.g., programs pertaining to Prize Bonds, Letter Management System etc.) the SBP-BSC has successfully switched over from manual working to automated work processes to some extent. The organization is gradually transforming towards achieving a paper-free working environment. In this context, the basic infrastructure compatible with latest technological upgradation has already been provided to streamline the automated business processes. The automated settlement of inter bank transaction through NIFT has ensured the integrity, authenticity and reliability of the process. The implementation of Real Time Gross Settlement (RTGS) system, in near future, will bring further improvement in the effectiveness of payment system in general and enhance the functional capacity and efficiency of commercial banks in particular. System generated reports indicate the performance of various units at a given point of time (i.e., end of the day, peak time, end of the week / month etc) and support the supervisors / managers in identifying the areas needing further improvement besides help in timely decision for improving the quality of services. With a view to enable the staff to keep themselves abreast with the developments in BPR and perform their duties effectively in an automated environment, various trainings were imparted to the officials of field offices in different related areas.

8.3 Updation of Manuals and Procedures

The implementation of BPR in various processes and switch over from manual working to automation made it imperative to review and update the procedures given in the existing manuals. With the above in view SBP-BSC has finalized the drafts of Issue Department and Banking Department Manuals. The updated Banking Department Manual after review by a committee constituted for the purpose, has been submitted for final approval while revised version of Issue Department Manual is under review of a committee. Also, the SBP-BSC has constituted a new committee for updation of the Manual of Office Procedures. The committee is expected to complete the work shortly.

8.4 Banking Operations

At present, all banking operations are carried out through Globus and Oracle. Major achievement on banking side is the implementation of Globus Inter-company reconciliation system in all BSC offices. The parallel paper based processing in banking transactions is partially in force; however efforts are under way to switch over all the operations to the system gradually. A comfortable and smooth working has been witnessed in the banking department after implementation of Globus where all the data pertaining to business is secured and can be made available at any time. With a view to upgrade the quality of banking services to its stakeholders, the SBP-BSC has improved its business processes during FY07 to keep them aligned with the process of automation. Major achievements in this area are as under:

- CBR Module is efficiently working at the field offices and information / data is daily transmitted through on-line system to the concerned authorities of the CBR.

- Automated Digital Calling System is being installed at field offices, initially over banking counters to facilitate the general public and to avoid the long queues. This will make the things easier for the dealing staff at the counters and also enhance the satisfaction level of stakeholders.

- Introduction of one window operation at pension counters for the retired employees of SBP / SBP-BSC with seating arrangements and cold drinking water facility at Karachi office.

- Introduction of one window operation for payment of prize money up to Rs15,000/- to facilitate the general public and stakeholders.

- Transfer of a major portion of Prize Bonds data relating to PB-14 (depicting the date and place of issue of Prize Bonds) to the system. On completion of the project, SBP-BSC will attain the level of discontinuing the marking of PB-18 manually which will ultimately save the valuable time and human resource.

- Updation of local maintenance menu through auto-inter-company transactions. Since February 8, 2007 all the offices are LIVE and the age-old practice of processing the incoming advices manually has been discontinued. This has led to more efficiency in work and instant remittance facilities especially in MT and TT.
- Discontinuation of almost all manual ledgers of Establishment Cost, Current Accounts, General Ledgers and Remittances as an outcome of shifting from manual working to automated environment.

- Carrying out all banking operations through Globus and Oracle, the major achievement being the implementation of Globus Inter-company reconciliation system in all SBP-BSC offices. This feature has allowed simultaneous debit and credit of the inter-company accounts at both the offices involved in a transaction.

8.5 Payment of Advances and Staff Loans

Implementation of BPR in Payments Control area has necessitated modifications in the existing rules and procedures to attain higher operational efficiency and better internal controls. After implementation of Advances Module, the payments pertaining to staff advances through manually prepared vouchers / cheques have been discontinued and these payments are currently made through Accounts Payable Module in Oracle by authorizing the payments on-line coupled with the transmission of duly signed system generated advices to Payment Controller Unit for processing of system generated cheques.

8.6 Medical and Health Care Services

BPR of the existing procedure of Medical Services Division (MSD) for settlement of employees' medical bills, payments to medical vendors / suppliers of medicines and transformation of medical related activities into an effective patient friendly technology drawn system with built-in fiscal and administrative internal controls was initiated in June 2005. In this perspective the existing payments process was extensively reviewed and a new simplified process was implemented at SBP-BSC during the period under review, thereby eliminating unnecessary processing steps. These improvements are highlighted in the following paragraphs:

8.6.1 Introduction of Medical Claim Forms

The existing Medical Claim Forms have been replaced with the newly developed Claim Forms cum Scrutiny Sheets in different colours for making payments of medical claims / bills to the serving and retired employees of the Bank.

Table 8.6.1 Features of newly Developed Medical Claim Form		
S#	Particulars of Form	Colour
1	Application for Reimbursement of Allopathic Treatment Cost.	White
2	Application for Reimbursement of Homoeopathic/ Unani Treatment Cost	Light Blue
3	Payment Form for bills to the Hospitals, Laboratories, Consultants and Medicine Suppliers.	White
4	Application for Advance against Medical Expenses (Involving costly treatment / diagnostic services).	Pink

8.6.2 Elimination of Pre-auditing of Medical Claims

The system of pre-auditing medical claims/bills at MSD has been eliminated which substantially reduced the turnaround time for payment of the claims. Consequent upon dispensation of pre-audit function the responsibility of operational staff/officers has increased manifold. As such they will be required to conduct the affairs concerning responsibility of calculation, rates, applicable medical rules and correctness of required documents with care and caution to avoid acts of omission.

8.6.3 Introduction of Post Auditing of Paid Medical Claims

After elimination of pre-auditing of medical claims, the Internal Audit Department (IAD) has been assigned the task to conduct 100% post-audit of the paid medical claims/bills with the help of Internal Audit Units (IAUs) at HOK and field offices. This process will ensure sufficient control mechanism in processing of medical claims/bills.

8.6.4 Segregation of Functions

Under the revised business processes the "In-order" certificate has been bifurcated into "Technical In-order" and "Financial In-order" certificates. Technical in-order certificate is given by the doctor / bank's medical officer while financial in-order certificate is issued by the functionaries on the administration side. Different limits have been set for issuance of technical in-order certificate to speed up the processing of bills.

Table 8.6.4 Limit of Technical In-order Certificate of Medical Claims		
S#	Hierarchy Level	Limit up to Rupees
1	Part-time / Daily Wager Doctors	5,000
2	Bank's Medical Officer (Regular)	5,000
3	Assistant Chief Medical Officer/ Deputy Chief Medical Officer/ Senior Deputy Chief Medical Officer.	10,000
4	Chief Medical Officer	Beyond 10,000

8.6.5 Payments against Medical Claims/Bills

The main features of the revised process for payment against medical claims / bills are as under:

- Claimed amount in excess of Rs.5000/- is paid to the active employees through cheque / Bank Transfer at their option every 10th, 20th and 30th of each month.

- The individual claims up to Rs.10,000/- at the field offices are processed and approved at the respective office using the similar processing and sanctioning system under the revised procedure while claims exceeding Rs.10,000/- are sent to HOK for approval.
- Bills up to Rs.10,000/- pertaining to Chief Mangers are processed and paid at the same field office. The Internal Audit Unit (IAU) carry out cent percent audit of personal claims of the Chief Manager before payment to him.

- Retired employees and eligible dependents of deceased employees have been allowed payment of all their medical claims irrespective of amount through cheque / Bank Transfer at their option, every 10th, 20th and 30th of each month.