

PROCESS REENGINEERING FOR CONVENTIONAL OPENING ACCOUNT OF SAVING: CASE STUDY AT PT BANK YYY

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ABSTRACT

Business sustainability is one of important goals for every company, including banking industry. Competitiveness level of company can be known by customer satisfaction indicator. If customer satisfy the bank most probably is healthy and be able to conduct intermediation functions. For banking, to serve friendly (closed with customers), quickly (responsive), and prudently (responsible) are very important factors to reach customer satisfaction. The goals of this research are to make process simplification, increase customer satisfaction, and get resource efficiency.

The first step of this research make mapping of opening process for saving. Output of mapping stage are description about operation process, person in charge for each process, document involving, service time, distance between facilities, facility layout and others resources. Second stage is to analyze with 'dot and check technique' (creative problem solving). Third stage is to design process improvement and describe using process charts. Finally, last stage is to calculate differences between existing process and proposal improvement, for instance in service time and resources efficiency.

This research result service time can be reduced from 27 minutes 15 seconds to 14 minutes 45 seconds, more efficient in using document papers, and give guidance on layout standard in front office service area.

KEY WORDS: saving, opening, process reengineering, time reduction.

1. Introduction

Banking industry always try to improve service quality to satisfy their customers. In term of service quality, serve friendly (closed with customers), quickly (responsive), and prudently (responsible) are very important factors to reach customer satisfaction. Customer satisfaction survey which conducted by independent survey institutions, e.g. MARS/ MRI be reference to determine service level .

PT. Bank YYY is attractive growing national bank. Based-on MARS customer satisfaction survey show this bank can not reach service level target. PT. Bank YYY have 'only' fourth rank in service friendly and fifth rank in service speed. *Service Quality* Division have many complaints and feedbacks from customer against *frontliners* service speed, long queuing, service friendly, and facilities availability.

To cover this problem, top management decide to conduct *Business Process Reengineering* (BPR) for customer services processes. Goal of BPR program are to simplify process, improve service quality, and get resource efficiency.

Hammer and Champy (1993) define BPR is "A *fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed*". So, BPR is fundamental rethinking and process reengineering against business process to reach improving on performance, e.g. cost, quality, services, and speed dramatically. Hammer and Champy (1993) stated the core of BPR is to forget it obsolete rules on designing business process and re-start from zero (rethinking fundamental processes). Two years later, this view change to be more flexible. Hammer and Stanton (1995) and Champy (1995) stated BPR is flexible approach and not mandatory to "destroy everything". BPR is a part of innovation process and to implement this approach can be fitted with conditional situation.

2. Research Methodology

PT Bank YYY have several product types to attract customer's money. In general, product

types can be categorized to saving, deposit, and giro. For each product, there are process to service, for instances opening, closing, withdrawal, deposit, payment, clearance, administration, and overbooking. This research will focus on opening process for saving product type.

First step of research is to conduct mapping of opening process in several office branch at Jakarta and Bandung. Object observation are process description, resource involved, speed of operation services, facilities layout, waiting and wasting time for customers, bank employees, and resources.

These data will be describe on graph and diagram form. After that, they will be analyzed using *creative problem solving*. These analyses refer to BPR framework to process simplification (Hammer and Champy, 1993). These frameworks are:

1. Combine several process and work;
2. Decentralize decision making process;
3. Business processes was made in natural sequence and simultaneous;
4. Think to try using mass customization. Processes be able to have some versions;
5. Do job in effective and efficient place, if possible included in customer or supplier location;
6. Minimize no added value processes in controlling, checking, and others process;
7. Minimize reconciliation through reducing number of external contact points and create strategic business alliance;
8. Use operations as combination from centralization and decentralization;
9. Provide only one contact point with customers.

3. Data and Analysis

Opening account is most important variable as one indicator on bank service level. Parameter of service speed is a key factor to measure customer satisfaction level. Table-1 and figure-1 below show distribution of customer time spend for saving product type.

3.1. Problem Identification and Analysis

3.1.1 Process to fill-in application form

a. Number of opening account application form

Number of opening account application form sheet is too much. Therefore, these sheets often arise confusing for customer and useless, even by customer service (CS) officer. Yellow color's copy sheet should be given to new customer but in fact this copy sheet seldom be given to customer. Indeed of this sheet often be thrown away by CS officer. Yellow sheet should be shown by customer when he/ she want to take serving to add another product features, e.g. ATM Card. But, customers often forget to bring it and finally replaced by ID card.

This research recommended deleting this yellow sheet. This improvement can give resource efficiency on using sheet until 50%.

b. Guide to fill-in application form

Process time to guide and explain filling application form was too long (about 4 minutes). Application form sheet is *overcrowded*, meanwhile in several offices branch can be found simpler form (is it standardize problem?). Display sheet was arranged using rectangles form. Form like this limit to fill it. So, this research recommend to:

- Improve form structure of customer data sheet:

Rearrange data structure based-on priority data. Select and consider again which important or unimportant data. If we can categorize some data isn't important, delete this data types.

Use option to give electronic card and e-banking as default service. So, in this form don't provide option question: is customer need electronic card and e-banking? Give one row enough note if customers don't want to use these services.

- a. Use application sheet with no rectangles form. This recommendation will give time efficiency until 40 second (based-on calculation using predetermined time standard).

Table-1 Distribution of customer time spend to open saving account

No.	Type of Process	Time Spend (seconds)
1.	Waiting time to be served by CS officer	145
2.	Interaction with CS officer	830
3.	Waiting time to deposit	450
4.	Interaction with teller	210
Total time to open saving account (existing)		1635

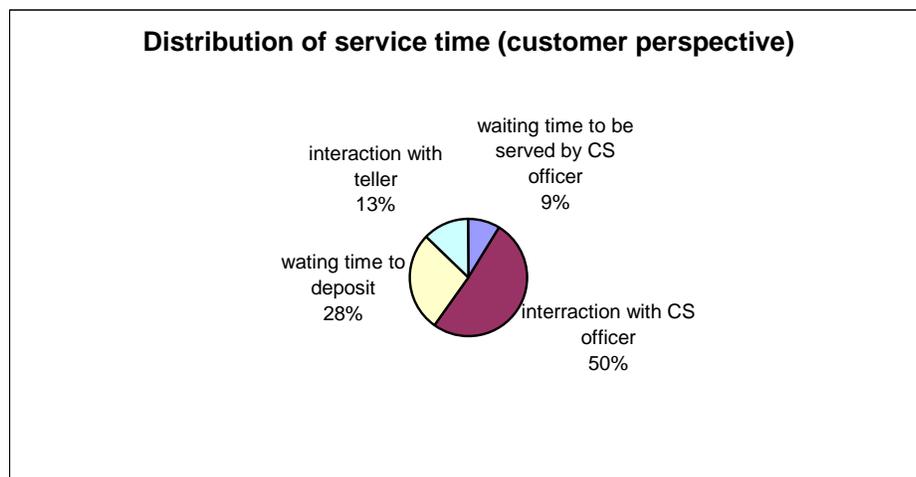


Figure-1 Distribution of customer time spend to open saving account

- b. Separate form structure to be: (1) fields should fill but they already have in ID customer, (2) field should fill but there aren't in ID customer, (3) optional data (for market research only). These data in third categorized sometime don't need to fill while customers interact with CS officer.

customer to fill application form during he/she wait to be served by CS officer.

This activity can be implemented if application form be placed at customer waiting room. In addition, this form have to have simple design and easy to be understood by customers.

This recommendation can cut time to interact between customer and CS officer.

3.1.2 Application form can be found only at CS officer desk

Account application form can be found only at CS officer, that's why customer have to take and fill this form in front of CS officer. Meanwhile customer waiting time until to be served by CS officer is 2 minutes 25 seconds. This research recommends giving chance for

3.1.3 Customer waiting time have high variance

This variance indicates that sometime CS officer have overload but another time have low load. Regarding to this phenomena, this research suggest if CS officer have over load,

customer do not need to fill his/ her data which have already provided in customer ID card. These data can be filled by CS officer while he/ she have low load or at the end of day based-on referring customer ID card.

3.1.4 Process to copied customer ID card

For every customer, CS officer always ask ID card to copy this data. Meanwhile, for old customer, bank should have this ID card. This research recommends that old customer ID card does not need to be asked again by CS officer.

In addition, process to copied customer ID card usually is done when customer was filling application form or after filling this form. This process will add service time. This research recommends to move this process during customer wait to be served. Consequence is bank have to hire guest relation officer to handle copying customer ID card.

3.1.5 Process to deposit while opening account

In every opening new account, customers have to deposit her/ his money via teller. Customers have to wait about 7 minutes 30 second before getting service to teller. This research recommends becoming all CS officers as CS-One Stop Service (CS-OSS). Its mean that CS officer have to have authority to accept customer deposit. For transition step, this recommendation can be implemented just for main branch or branch with high load.

3.1.6 Approval process to open new account

Maintenance approval, application approval, and legally or officially approval be done using serial processes. Meanwhile approval is not value added process. This research suggests minimizing approval process or combining serial approval to be single approval. Single approval will give time efficiency.

4. Conclusion

1. Comparing between existing process and recommendation can be shown in table-2 below.
2. Table-3 show processing time for existing process and proposal process

5. Reference

1. Hammer, M., Stanton.(1995). The Reengineering Revolution. Harper Business.
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Table-2 Comparing between existing process and recommendation

No.	Object to be Analyzed	Existing Process	Recommendations
1	Application form	Complicated multiple form: Overcrowded, rectangles display, and not separated between mandatory data and optional data	Simple multiple form: No rectangles display, separated between mandatory and non-mandatory data
2	Placement of application form	In front of CS officer	Customer waiting room
3	Time to fill application form	Be done in front of CS officer	Can be done at customer waiting room
4	Copy customer ID card	By CS officer while customer fill in application form in front of CS officer	By GRO while customer be at waiting room
6	Deposit money	Via teller	Via CS officer one stop service (CS-OSS)
7	Approval process	Three time with serial processes	Single Approval

Table-3. Comparing processing time between existing and recommendation:

Activity/ Process	Processing time for existing (second)	Processing time for proposal (second)
Customer wait to be served by CS Officer	145	145
CS Officer guide and explain opening process	260	260
CS Officer prepare application form	90	
Customer fill in application form	150	
CS Officer check customer data	30	30
CS Officer input application data to computer	90	90
Process approval by CS Officer Head	60	60
Customer wait to deposit her/ his money to teller	450	
Deposit to teller	210	210
Issued passbook	60	60
Passbook verification by Teller Head	60	
Print transaction in passbook	30	30
TOTAL	1635 seconds	885 seconds
	27 minutes 15 seconds	14 minutes 45 seconds