

Even Numbered Saturdays are More Joyful for Bank Employees in India”-A Critical Analysis

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Abstract

Giving even numbered Saturdays as holidays for all banks is a good move from employee’s perspective. RBI made other Saturdays full working days.

1. Does it really serve the purpose of increasing the productivity of bank employees?
2. How it impacts on business ecosystem?
3. Do customers are really happy with this move?

This may bring lot of changes in Indian financial system. All these questions need to be answered to have better sustainable services.

Key Words: Second Saturday, Fourth Saturday, Banking system, RBI and Technology.

Introduction:-

Circulation of money and its pace decides the status of an economy of any country. Government of India wants to reduce the burden on the customer as well as on the system in handling paper currency during transactions. Reserve Bank of India (RBI) is promoting banks to invest their resources in technologies to realize paperless concept. Basically there are two propositions in services. Dr Bimal opines that banks are investing in technology for business continuity and to develop new products is more as compared to new technology which will change business processes. (Bimal, 2012)

1. System will wait for customers (On line systems)
2. Customers will wait for the system. (Batch Processing Systems)

In the first type of system design proposition increases the cost of operations. Cost of idle time which gets added cost of operations. This will ultimately decreases the efficiency of a bank. But it adds to customer delight. Customers always want to have the freedom to choose services whenever he or she wants. By doing this system pampers customer and leads more attachment and maintain good relations with the concern. Also customers want to have alternatives and variety in services. This is possible with the first proposition. By adopting one technological intervention such as Automated Teller Machine (ATM) banks could achieve the first proposition. Online banking and mobile banking adds to the list to get customers at higher level of customized banking. ATM on wheels and banking at your door step are the real examples to show systems are waiting for customer’s transactions. Retail banking and personal banking are the real examples to show systems can change according customer’s requirements. Different formats of banking have emerged in the recent past. Credit cards and debit cards made people’s life really simple and enhanced cashless transactions as the order of the day. These changes in design are to give better customer’s satisfaction and reduce cost of operations. Another advantage is reduction of cycle time of transaction is to enable quicker settlement and payment systems. National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement (RTGS) are the technical solution for quicker settlement. Cheque Truncation System (CTS) has revolutionized cheque settlement system. Electronic Fund Transfer and Mobile money transfer really brought banking on Fingertips.

In the Second instance cost of operations decreases because focus will be on batch processing. Productivity factor gets boost. Online systems are always costly as compared to batch systems. Bank ecosystem is moving towards customer friendly environment. That is the reason some private banks have adopted 365 days banking and some adopted 12 hours of banking formats. These tactics basically designed to give better facilities to their customers and also to attract new customer to their business. Bankers want to reduce their cost of operations and make banking operations more sustainable. Another issue in Banks is Non Performing Assets (NPA).

To reduce NPAs bank needs good governance and better fund management strategies. Every bank wants to reduce their NPA by using different strategies.

Banking is the backbone of any economy. Augmentation of banking system will give better control over economy. Second and fourth Saturdays are holidays for all bank employees. This is the RBI directive for all scheduled and non-scheduled banks. This came into effect from 1st September 2015. It is really good news to all bank employees. More than 10 lakh employees will enjoy this benefit. This was the long standing demand of the bank unions. This article looks at overall impact of this decision of RBI on Indian business ecosystem. Banking plays a crucial role in any economy and it supports all other sectors such as farm sector, manufacturing and service sector. India is facing huge unemployment problem and providing five days a week will shrink overall business and it can have a negative repercussions on the economy.

Another issue is Do bank employees really enjoy this intervention?

Critical analysis can give correct picture.

Other service sectors such as education, government etc., works five and half days in a week. By giving six days to banks on alternate weeks will not create synergetic effect.

India is a developing economy which needs higher acceleration for circulation of the money. Money rotation needs full support from the government as well as regulators so that it can create 24X7 and 365 days of circulation. But we are moving in the wrong direction. Customers don't really appreciate this new initiative and customers will somehow try to adjust with the new system. They are not ready buy the idea of having Odd numbered Saturdays as full working days and even numbered Saturdays as holidays.

Indian economy needs more technical infrastructure to provide better services around the clock. Service providers need to work out for a strategy in such a way that services don't suffer and employees still get five days a week. Ironical part is that RBI wants to give some more bank licenses to improve quality and create more competition. These confusing signals may hamper the growth of the economy.

Banking sectors needs a scientific approach rather than just driven by emotions of unions. This is high time policy makers need to look at traditional model and how it can be molded and modified to meet modern customer expectations. Customer centric design may yield good customer satisfaction. Innovative solutions like all day banking , twelve hours banking, internet banking, mobile banking, Networked ATMs, Plastic Money, Core banking etc., has really changed the way we bank. These practices really brought customers nearer to service providers. Technological intervention has really increased in banking and its cost need to be recovered at the earliest by expanding facilities and capacities. Public sector bank needs to compete with new age bankers such as foreign banks and tech savvy private sector banks.

Research Methodology:

This is a conceptual research paper where in recent development in the banking industry is captured and analysis is carried out based on secondary data.

Data: Secondary collected from RBI website for analysis

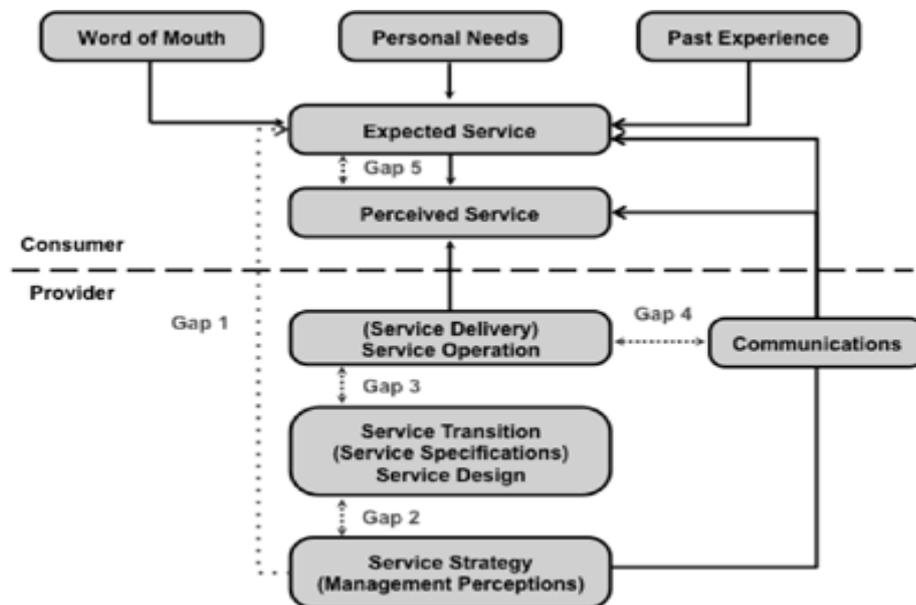
Background for the Study:

Service sector in India is promising and occupying more than 50% of share in total GDP. This sector needs strict rules and regulations for better growth. Government need to augment the service sector. Both the authors have opined that service sector has shown good growth even in rough weathers. (HAC Prasad and R Sathish, March 2010)

Laxman, Deen and Badiger (2008) examined that banking industry is undergoing a paradigm shift in scope, content, structure, functions and governance. The information and communication technology revolution has radically and perceptibly changed the operational environment of the banks.

India is a vacation deprived country and employees uses only 75% of the allocated vacation. South Korea uses only 40% of allocated vacation. Most of the Indians agree that vacation and happiness are strongly correlated. (Expedia survey 2015)

Madhavankutty (2007) concludes the banking system in India has attained enough maturity and is ready to address prudential management practices as comprehensively as possible, which an integral part of policy is making. Banking in India is poised to enter yet another phase of reforms once the door opens further to foreign players in 2009. This requires further improvement in technology management, human resource management and the ability to foresee rapid changes in the financial landscape and adopt quickly. At present, there is a huge hiatus between the top management earnings of state owned banks and private, as well as foreign banks. Banks have to lay down sound risk management strategies and internal capital adequacy assessment committees to ensure that they do not diverge from the prudential requirements.



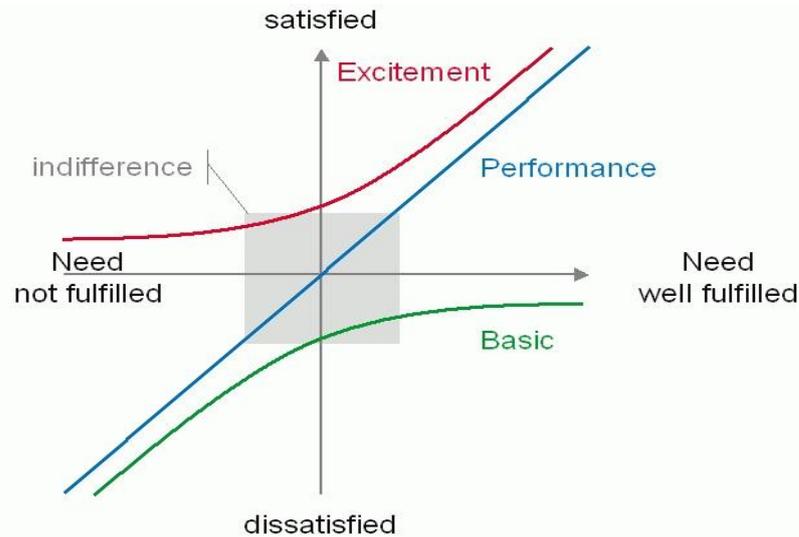
SERVQUAL model developed by Zeithaml, Parasuraman & Berry in the 1980s comes as a facilitator to measure, evaluate and manage quality analysis of services and has also been named as a method of analysis of the deficiencies in service from the process to improve the service provided. (Zeithaml, Parasuraman and Berry, 1990)

The Japanese model developed by Noriaki Kano consists on study the features that we are going to add during to our product during its development. The point is to think in obtain customer satisfaction without adding features that do not add value.

The Kano characteristics

Kano proposes to classify the consumer preferences into several categories according to these aspects:

- Attractive factors.
- Linear or normal factors.
- Essential or basic factors.
- Indifferent factors.
- Refusal or contrary factors. (Kano, 1984)



Analysis and Discussion:-

In any given year of 365 days 52 Sundays will be off. 26 Saturdays will be off. 26 days will be off on compulsory holidays. 262 days in year banks will work. Roughly 70% of the whole year is available for banking. On an average 1572 hours (262X6) available for customers for their transactions. Country of 125 crore population is getting 1572 hours of support from each branch. One can imagine level of banking infrastructure what we are providing to this nation which has one sixth of world population. There is serious gap which we need fill up by multiplying our banking infrastructure and make country with vibrant 24X7 services rather than moving away from valuable services. Already banks are suffering from NPAs and increasing no of hours of service will reduce overheads and ultimately cost of operations. Generally all Saturdays are crowded in any bank because of lesser no banking hours. That rush is getting added up either on Fridays or on Mondays. By shifting to new paradigm neither the customers will be benefitted nor the corporate. In fact money will be out of banking system because of these interventions. People will stock money during weekends which reduces cash reserves of any branch. But risk in the society increases because one need to protect cash for the next week. Here one more issue is banks work under state government rules. If the neighbor state has different holidays list it will also have impact on the banking operations. This will affect business across different states.

Challenges are need to be understood with this intervention. First of all demand of banking services will boost up on Fridays and Mondays. Ultimately demand will not die because it is related to money which has no substitute. Generally customers don't remember second and fourth Saturdays, in turn they extend their thinking for all Saturdays and ultimately demand will be pushed to Fridays and it becomes a horrible Fridays for all bankers. Economy is like a balloon where you cannot suppress demand for ever. If you press it one place, it will create more pressure elsewhere .Demand will move from Saturday space to Friday space. Mondays and Fridays become very crucial and employees will be discouraged to take any casual leaves on those days. This will create HR problem at large. Tendency to covert to two (one on second week and another on forth week) "Short vacations" will become more priority to all bankers. Contemplating its impact can become still worse if any government holidays or compulsory holiday fall on Mondays and Fridays. Customer is really forced to plan their bank transactions by keeping an eye on calendar every week. Now table calendars and wall calendars are also indicating these holidays in their display. Customers should never miss their schedule.

These aspects will bring more planning component for the customer and may bring more discipline. But the question is whether it will be taken with that positive spirit and enthusiasm by the customer needs critical view.

Many of Savings Bank account holders have bank accounts with Public Sector Banks (PSB) rather than Private Sector banks. Many of the rural banks and cooperative banks have not ventured into deep technological absorption. This will definitely hamper customer dependability and may lead to customer dissatisfaction. By increasing working days will serve more customers. If we reduce working days definitely quality of banking service will suffer.

Generally system can serve only those many customers which are possible to serve on any given day (normal). This phenomenon will create horrible Friday and Monday banking experiences. Still private banks don't have so much heat because of lesser no accounts and many are aware non-conventional methods of banking. Another issue in private banks is that minimum deposits are far higher than conventional banks. Under Jan Dhan programme many people opened their bank accounts. These people were not into the net of banking operations earlier. Now they maintain their hard earned money in these accounts. These Jan-Dhan account holders fail to transact on bank holiday days. This will still worsen their life styles and will withdraw all money and want to keep money in their personal custody. This may in turn increase crime rates.

Most of corporate accounts operate on Cheque based payments and holidays will delay process of receipts and payments. This will directly affects cash flows of business organization. Many of SMEs operate on highly critical cash cycles and delays in payment will throw these organizations out of gear. It will affect their lead time and delay in business operations.

Banking Industry is the most vibrant industry which is really recession proof because of its flow of money. Cash flow of banking sector is always healthy and irrespective of economic conditions. Industries and customers borrow and deposit money from banking sector in alternate modes. Sometimes industry borrows and customers more money to improve the growth of their business and sometimes customers borrow money to realize their aspirations with loan intervention. Banking is a supporting infrastructure and needs more people and more technology to integrate with world economy. Financial markets need more openness to beat the clock and make it more synchronous to global markets.

Service sector like banking which is a backbone of any economy is going to introduce a new culture all together. It increases on an average 26 holidays per year to all bankers. Long –pending demand of bank employees came into action.

Banking system indirectly controls general public as well as business system. Unilateral decision of RBI which is a regulator to all banking operations may not give full happiness to all bank employees. Families of these employees don't enjoy these short vacations unless similar steps are taken from other departments or other authorities of the service sectors as well. This is because spouse and children may not available to spend this quality time. IT employees are enjoying all Saturdays and bankers are enjoying second and fourth. Service sector in India is the highest contributor to country's economy. Service economy is driven by knowledge workers and technology. It is always better to improve productivity of these workers by giving more facilities and flexibility. It improves productivity. Most of the IT companies are following flexi timings and five day concept to give more space for relaxation and even they are promoting work from home so that commutation can be avoided at times. These facilities are given to improve employee satisfaction. But what about other service sectors such as education, government offices and others list goes on where they work for five and half days a week. It's time to look at our society towards five day concept rather than five and half days. Developed economies are following five days and their productivity is not low. Governments should think holistically to pass on benefits to its citizens as well. This may improve happiness index of overall working class society. This is always a tradition of our regulators to take unilateral decision without taking overall view of the decisions. By making five days a week will improve work life balance and increase happiness of employees. For employer power, water as well commutations expenses can be saved. Traffic congestion in cities will come down. Maharashtra government is seriously thinking of 5 days week to its government employees and increase retirement age to 60 years. The Table depicts the holidays, i.e. the total working days per year.

Data Analysis:

IT Employees	School Teachers	Bank Employees &	Govt. employees
52**+52*=104	52**(Half days)+52*=78	26**(full days)+52*=78	52**(Half days)+52**=78

*Sundays ** Saturday & Full day working on other Saturdays

For example: In Karnataka 23 Government holidays are there in the year 2016 and 26 Even numbered Saturdays will lead 52 holidays and 52 Sundays. Almost 101 days of 365 days comes to almost 28% days banks are closed. This shows banks can support up to 72% of days for the public and business community. This is a great loss to the nation and to the public at large.

Customers will also tune their mind and automatically adjust to the system timings. Service sector needs support from all authorities to formalize and take it new heights with more protective rules and better facilities to attract more intelligent and smart workers to contribute positively. Banking system can generate more employment opportunities to youth to build more sustainable and promising career.

Conclusion:-

The decision taken by the RBI is welcoming but who is going to benefit from this initiative, will the bankers or their families or the customers, Nobody.

But another question may arise here? What about customers?

Customers struggle to withdraw money by standing in long queues in front of ATMs. If in case the nationalized banks or any other banks limits the money stacking in the ATM machines to certain limits, customer's plight will be more problematic. This situation can be wrongly used by the business class to take advantage by stating bank holiday. This will also lead to money crunch. Allied services like insurance and stock markets are thoroughly affected. Banking system is becoming a dictator in disguise for the whole society.

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