

**ROLE OF EMPLOYEE IN OPTIMISING CUSTOMER SATISFACTION IN BANKING
5.0, A CASE OF NATIONALISED BANKS IN INDIA**

Ashwitha

Research Scholar, Department of Commerce ,Imayam Arts and Science College , Kannanur,
Thuraiyur– 621206 Tiruchirapalli District 2,

Affiliated to Bharathidasan Universit Tamilnadu, India, Ashwithasshetty1992@gmail.com

Dr. G.Suresh

Assistant professor in Commerce & Research Guide, Department of Commerce, Imayam Arts
and Science College , Kannanur, Thuraiyur– 621206 Tiruchirapalli District 2

Affiliated to Bharathidasan Universit Tamilnadu, India, drsureshgphd@gmail.com

Abstract

Business Model canvas in a strategic tool to evaluate the performance of a firm from different perspectives, especially, operations, marketing, cost and revenue creation and social purview. Twelve factors were identified and analysed the banking 5.0 from the perception of employees. This paper is analysing the appropriateness of using Business Model Canvas using expert opinion. Interview method is used to collect the information and a qualitative data is collected from the experts to advance with data collection tool. The survey outcome shows that the employees are concerned on fall in employment in nationalised banks in core banking area, losing opportunity for those who have less or no digital skills. Second observation is the challenged work life management and employee stress.

Key words: Business model canvas, employees, Banking 5.0, Digital technology

Introduction

The book, “**Banking 5.0 : How Fintech Will Change Traditional Banks in the ‘New Normal’ Post Pandemic**” authored and edited by **Bernardo Nicoletti** explained the adoption of industry 5.0. It is published by Palgrave MacMillan as a volume of the book series, **Palgrave Studies in Financial Services Technology**.

This book has 15 chapters that clearly explained all the aspects of Banking 5.0, the adoption of industry 5.0 in banking sector.

Banking 5.0 explained the digitalization on banking sector to reduce cost, increase speed and agility. It will add to increase in revenue as well. The banking 5.0 explained the personalization of solutions and improved interaction between the human and machine to reduce effort and maximise the benefit.

The modern banking sector adopted digital technology for both process improvement and organization change. The banking generations is given below,

Table 1: Generations in Banking

Bank Generation	Improvement
Banking 1	Centralbanks, Clearinghouse
Banking 2	Branchnetworks
Banking 3	Bankingapplications , MICR, Creditcards, Dematerialization, ElectronicfinancialmarketsElectronicpayments
Banking 4	Fintech, Online/mobilebanking, Virtualglobalmarket, ETF, Crypto currency, HighFrequencyTrading
Banking 5	Cognitive banking, Robo-advisors , Hybrid Robo-advisors and bots, Responsible banking, Embedded banking

The transformation in Banking starts from Bank 1.0 and Bank 2.0. Bank 1.0 is the financial institution with transactions primarily handled through traditional banking channels. Bank 2.0 emphasizes on two factors, understanding customer behaviours and maximizing customer satisfaction through innovative practices and technology adaption. This transition was initiated with the introduction of ATMs (Automatic Teller Machine) though the customers prefer branches with good look, convenient, feel and a purpose. The customers need physical printouts still for confidence(Goodale, 2013).

Bank 3.0 is a strategic steps to reduce over the counter transactions and shift the no value or low return transactions to alternate channels (digital platforms) and focus on high return transactions like loan segment, credit cards etc.. Customers will also be happy in getting their transactions done fast and efficiently. Banking applications, digital transactions, mobile wallets are examples of it. Usability the key term to explain the user friendly systems that make banking easy, secure and comfortable (King, 2013)

Banks 4.0 is the adoption of Industry 4.0 and it is an integrated, adapted, optimised, service oriented and interoperable process. It provides smart, efficient, effective, individualised and customised production at reasonable cost. Introduction of artificial intelligence helped to improve overall performance of the bank and employee though automation like, Auto teller machine (ATM), Cash Deposit Machine (CDM), Pass book updating, Chat rooms etc. These strategies reduce the employee involvement in the routine banking activities and customers can serve themselves. The mobile applications can help a large range of banking activities like payment for utility bills, loans, purchases etc.(Kaur, 2020)

Banking is the exchange of value (and trust) between an individual or an organization and a financial institution. Industry 5.0 is the integration of artificial intelligence and robotic process of automation form cognitive solutions and it cause industry 5.0. Blending of Humanization from individuals and sustainability from society service right solution to the customer.

Bank 5.0 (Banking 5.0) is the integration of Artificial Intelligence, Cobots and sustainability with the fundamental banking services. As per Business Model Canvas,

Business Model Canvas components(Nicoletti, 2016)

Business model provide two factors(Chesbrough, 2006) comprises of two concepts: Value Creation and Value capture. Value creation is the research and development while value capture is resource utilization. The prime component is philosophy that provides long term vision (Liker, 2004). Value proposition is the range of products or services provided by the organization (Hassan, 2012). The four customer management concept includes, acquisition, retaining, upselling and cross selling, and develop customer preference and loyalty. It depends on the market they serve, lifestyle and perceptions, affordability and the support offered by the form to develop market. The management of tangible and intangible resources are also important. (www.cleverism.com/key-resources-building-block-in-business-model-canvas/). Partnership include the collaborations with in and inter organizational collaborations. Inter-organizational concepts include marketing propositions as well. It includes all innovative practices and investments in developing creative and value generating partnerships.. (https://florence-douglas-center.org/rocky-river/example-of-collaboration-between-two-or-more-organizations.php)

In business model, pricing and payments are digitalized and convenient. Now the digital payment gateways made the transactions easy , spontaneous and secured.

Table 2: Business model Canvas Matrix

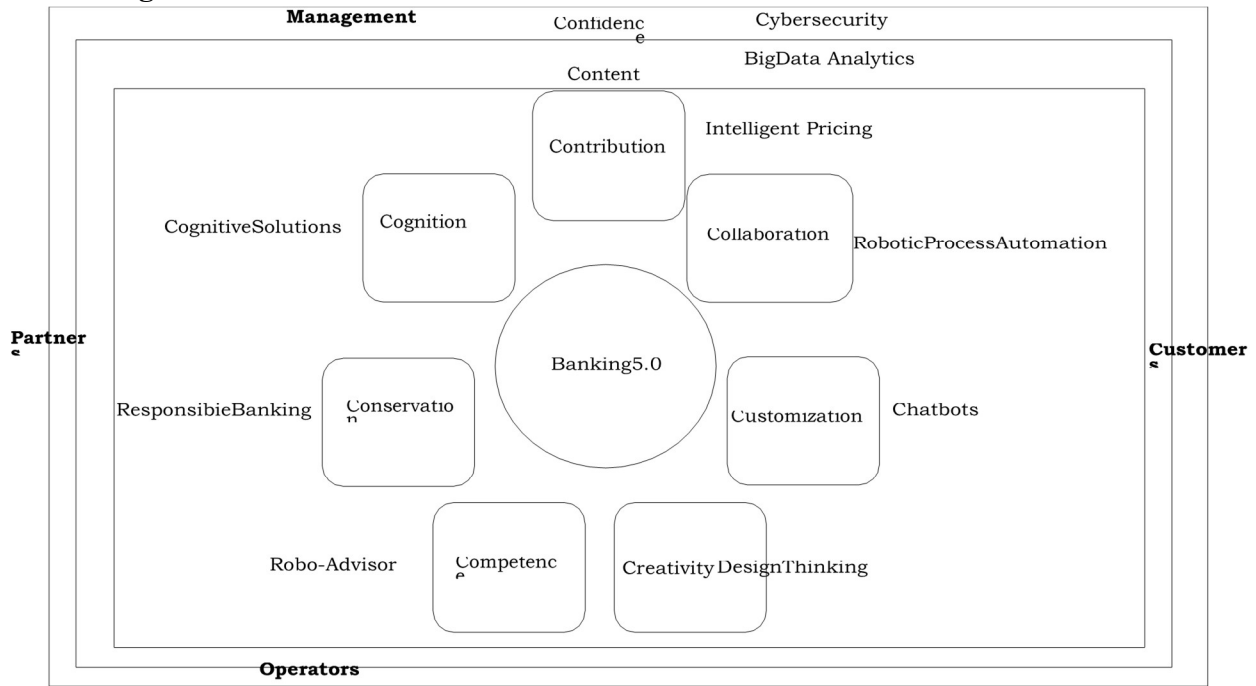
Partnerships Technology companies Insurance companies	Processes Marketing Big Data Analysis	Value Proposition Automated Advice Technology assisted advice	Proximity Customer Centricity Cleanness Transparency Simplicity	Partition Customer Competitors Regulators
	Platforms & Persons AI Algorithms RPA		Place	
			Digital Channels; Apps Web Solutions Omni-access	
Payments Commissions Salaries Devices Software		Pricing Accounts Data Monetization		

Philosophy of Vision

Protection or Security

Comparison of different Banking formats based Business Model Canvas

Banking 5.0 model



The Banking 5.0 can be explained with 7 Cs. Contribution, collaboration, customization, creativity, conservation, and cognition. It is a big data analysis mode in which system links the partners, customers, operators and management through system

Role of employees in Banking 5.0

Though the Banking 5.0 is technology oriented, customers, users and service managers are human beings and hence, the banking 5.0 is a human-technology interface. A few transitions observed here are, shifting of operations from branch to mobile applications, agency operation to self-instant transactions, delay and complex operations to simple and easy steps, immediate information and updates and easiness in managing large operations easily. The benefits as a customer is high due to convenience, easiness, speed and security in operations. But the employee point is not attractive due to drastic degree of substitution of jobs with technology leading to unemployment, need of digital skills and technology acumen among employee, high work stress, technology failures may lead to personal commitment and loss.

The shifting of operation from employees to user helped the banks to concentrate on more value generating business in which human involvement is more. This gave two benefits to the banks that an assured revenue generation through automated process independent of employees and productive revenue generation of employees.

The new role demands a new set of Knowledge, Skill and other attributes. They are, experiential learning, emotional intelligence, intellectual and smart working, Continuous training need to enhance technological adaptability. The role of employees is in facilitating user interfaced banking operations, reduction in information asymmetry and increase information clarity, verification of investor/ borrower details etc.

Statement of problem

Increasing use of technology in banking sector cause fall in employment opportunities and one of the reasons is digital skills. This leads to fall in job generation as the banks become specific in their skills

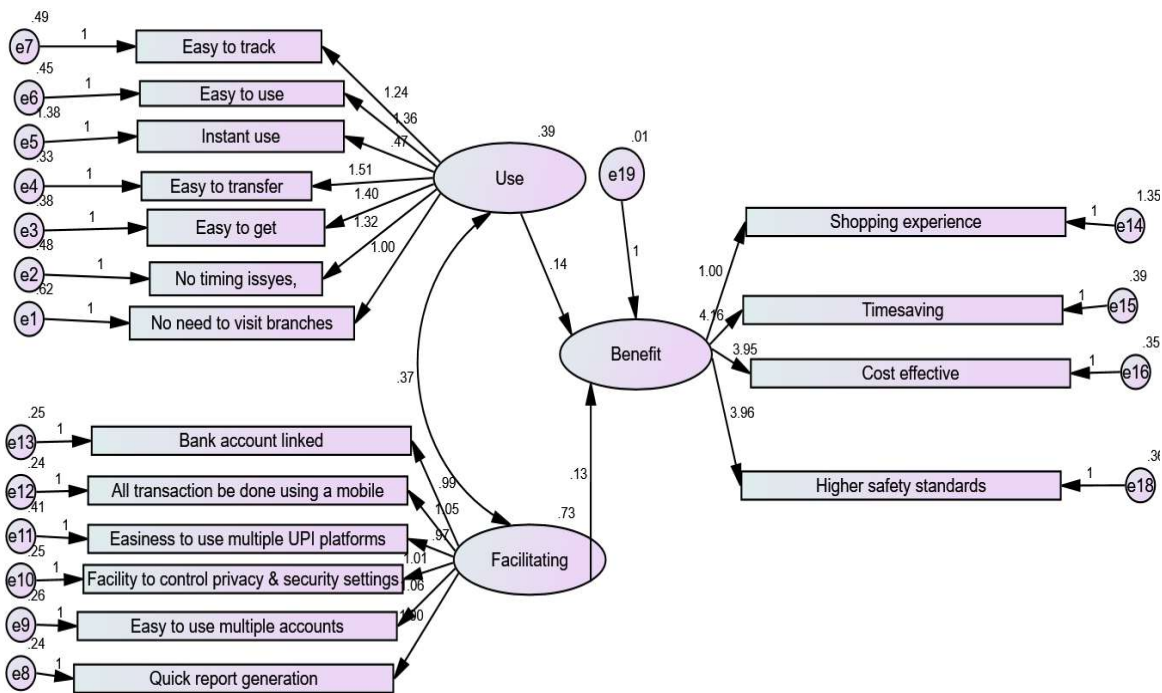
Objective

To understand the employee issues in Banking 5.0

Research Methodology

The survey is an expert opinion method in which interview technique is used using a structured questionnaire. 102 experts from three type’s banks participated. They are, nationalised banks, scheduled banks. Structural Equation Model is used to analyse the preference of users.

Data Analysis



Regression Weights: (Group number 1 - Default model)

		Estimate	S.E.	C.R.	P	Label
Benefit	<--- Facilitating	.130	.036	3.630	***	
Benefit	<--- Use	.135	.039	3.435	***	
No need to visit branches	<--- Use	1.000				
No timing issues	<--- Use	1.322	.094	14.122	***	
Easy to get	<--- Use	1.405	.095	14.804	***	
Easy to transfer	<--- Use	1.514	.099	15.269	***	

			Estimate	S.E.	C.R.	P	Label
Instant use	<---	Use	.469	.092	5.117	***	
Easy to use	<---	Use	1.360	.094	14.393	***	
Easy to track	<---	Use	1.242	.090	13.821	***	
Quick report generation	<---	Facilitating	1.000				
Easy to use multiple accounts	<---	Facilitating	1.060	.040	26.493	***	
Facility to control privacy & security settings	<---	Facilitating	1.010	.038	26.328	***	
Easiness to use multiple UPI platforms	<---	Facilitating	.971	.044	22.302	***	
All transaction be done using a mobile	<---	Facilitating	1.054	.039	27.142	***	
Bank account linked	<---	Facilitating	.986	.038	25.844	***	
Benefits1	<---	Benefit	1.000				
Benefits2	<---	Benefit	4.157	1.092	3.807	***	
Benefits3	<---	Benefit	3.951	1.038	3.807	***	
Benefits4	<---	Benefit	3.962	1.041	3.807	***	

Covariances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
Use <--> Facilitating	.371	.038	9.671	***	

Variances: (Group number 1 - Default model)

	Estimate	S.E.	C.R.	P	Label
Use	.395	.053	7.506	***	
Facilitating	.729	.060	12.056	***	
e19	.012	.006	1.883	.060	
e1	.617	.041	14.894	***	
e2	.482	.035	13.743	***	
e3	.381	.030	12.840	***	
e4	.325	.028	11.759	***	
e5	1.383	.088	15.722	***	
e6	.447	.033	13.446	***	
e7	.488	.035	14.010	***	
e8	.245	.019	13.223	***	
e9	.265	.020	13.122	***	

	Estimate	S.E.	C.R.	P	Label
e10	.247	.019	13.193	***	
e11	.414	.029	14.379	***	
e12	.236	.018	12.820	***	
e13	.254	.019	13.386	***	
e14	1.352	.086	15.748	***	
e15	.386	.033	11.808	***	
e16	.353	.030	11.867	***	
e18	.362	.030	11.936	***	

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	37	665.163	116	.000	5.73
Saturated model	153	.000	0		
Independence model	17	6754.247	136	.000	49.664

Model	RMR	GFI	AGFI	PGFI
Default model	.072	.802	.839	.808
Saturated model	.000	1.000		
Independence model	.516	.197	.097	.175

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.827	.798	.842	.814	.841
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Model	PRATIO	PNFI	PCFI
Default model	.853	.706	.718
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.069	.058	.082	.120
Independence model	.082	.076	.096	.132

Model	HOELTER .05	HOELTER .01
Default model	231	247
Independence model	13	14

Minimization: .062
 Miscellaneous: 1.500
 Bootstrap: .000

Total: 1.562

This model is a recursive model in which the residuals are not correlated with the observed variables. The results shows that this model has moderate fit with CMIN of 5.73 and RMSEA of 0.069.

The regression model shows that easiness in money transfer (1.514) and easiness to get different applications from play store to install in mobile (1.405) and no timing constraints (1.322) , easiness to track (1.360) and easiness to use (1.242) also high regression coefficients. Facilitating conditions have an uniform effect on the latent variables while in benefits, time saving and cost effectiveness have high regression coefficients. Both the latent variables, use and facilitating conditions have a correlation of .130 and .135. This shows that facilitating conditions and use leads to the expected benefits from Fintech products.

The covariance between use and facilitating conditions also shows that facilitating conditions influence of Fintech products.

Banking 5.0 has enabled the customers to use banking services directly without visiting banks. It is an advantage for the banks to concentrate on value based activities.

Findings and discussions

This study was to investigate the appropriateness of Business Model Canvas in analysing the Banking 5.0, the comparison shows that small banks who are engaged in small business, especially private Non Banking firms. The opinion survey showed three factors relating to banking sector and they are, falling employment opportunities, delayed recruitment process, and high need of digital technology affect the availability of right candidate.

Conclusion

Banking 5.0 was viewed from Business Model Canvas from the purview of its twelve parameter. The banking sector has changed from the traditional form to the user managers, Artificial Intelligence based technical platforms. The skill set needed is digital skill and fast technology adaption. The increasing business volume and system based valuation because employees work stress. Training is the right solution for it.

Bibliography

- Chesbrough, H. W. (2006). Open business models. Harvard Business Press.
- Geib, M., Reichold, A., Kolbe, L., & Brenner, W. (2005). Architecture for customer relationship management approaches in financial services. In Proceedings of the. 38th annual Hawaii international conference on system sciences. IEEE.
- Goodale, J. (2013). Bank 1.0 and Bank 2.0 Success Entails Learning from Each Other's Best Practices. Retrieved from <https://digitalpayments.files.wordpress.com/2013/03/bank-1-0-and-bank-2-0.pdf>
- Hassan, A. (2012). The value proposition concept in marketing: How customers perceive the value delivered by firms. A study of customer perspectives on supermarkets in Southampton in the United Kingdom. *International Journal of Marketing Studies*, 4(3), 68.

- (n.d.). <https://florencedouglascenter.org/rocky-river/example-of-collaboration-between-two-or-more-organizations.php>.
- Kaur, N. (2020). BANKING 4.0: “THE INFLUENCE OF ARTIFICIAL INTELLIGENCE ON THE BANKING INDUSTRY & HOW AI IS CHANGING THE FACE OF MODERN DAY BANKS”. *International Journal of Management (IJM)*, 11(6), 577-586.
doi:10.34218/IJM.11.6.2020.049
- King, B. (2013). Bank 3.0. In B. Herkunchahyo (Ed.), *Can the branch be saved?*
- Liker, J. (2004). *The Toyota way*. Esensi, San Francisco.
- Nicoletti, B. (2016). *Digital insurance*. London: Palgrave-Macmillan,.
- Osterwalder, A., & Pigneur, Y. (2010). *Business model generation: A handbook for visionaries, game changers, and challengers*. Chichester, UK.: Wiley.
- (n.d.). Revenue Streams in Business Model Canvas. www.cleverism.com/revenue-streams-in-business-model-canvas/.
- (n.d.). www.cleverism.com/key-resources-building-block-in-business-model-canvas/. Retrieved from www.cleverism.com/key-resources-building-block-in-business-model-canvas/