Management Information System

Implementing Business Change with ICT

8/5/2015

State Bank of Pakistan

Branch : Rawalpindi Medical College.

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD.**

**(Department of Business Administration)**

**Assignment No. 2**

**Course: Management Information System**

**ISSUE**

**Implementing Business Change with ICT.**

**Submitted to: Sir Qalandar Hayat**

**Submited by: Maria Batool**

**Roll No. BK-593365**

**Semester: Autumn 2014**

**Level: MBA (3 ½ Years )**

**Course Code: (8507)**

***Preface***

Every student of MBA IT in AIOU has an essential requirement to do the research base assignment in any of the well reputed organization. The purpose of this program is to acquaint the students with practical applications of theoretical concepts taught to them during conduct of their MBA program.

The research base assignment in State Bank of Pakistan, it was a nice opportunity to have a close comparison of theoretical concept in practical field, involving the use of primary and secondary data. This assignment may depict deficiencies on my part but still it is an output of a student’ efforts, for which I beg pardon. The output of my analysis is summarized in a shape in the report the contents of the report Shows the detail of sequence of these. The report is concluded with problem and suggestions.

***DEDICATION***

***I dedicate this  
effort to my  
Parents & Teachers  
who Guide***

***&  
encourage me  
during the course***

***Of***

***My Studies and  
preparation of this  
Research base assignment.***

**.**

***Acknowledgement***

No one can say that I am perfect everyone should admit that without the help of ALLAH and His people a man can’t get anything so I bow my head before almighty Allah with gratitude. I am also very much thankful and presents salute to many individuals who have helped me in shaping this report .I am also very much thankful to lot of former fellows and contemporary colleagues who took the time and trouble during the last few days to speak to me about the way this text could be further improved.

I am very thankful to Sir Qalandar Hayat..

I am also thankful to the staff of State Bank of Pakistan ( Rawalpindi Medical College Branch.)

***Abstract***

I done my research in State Bank of Pakistan, Rawalpindi Medical College Branch to know how the staff work in financial institutions and among various types of people have different attitude. The objective of this report contains Banking structure, usage of ICT system, SWOT analysis and banking concepts with practical experience working in State Bank of Pakistan. There are many possible improvements, which can make positive changes in the system.

The staff of State Bank of Pakistan (Rawalpindi Medical College Branch) has described me the basics of ICT system in this way. To be there I have seen a lot of difficulties in the usage of ICT system but I got the point how to avoid these difficulties because of supportive staff, and they really made me learn a lot. During the data collection, I kept focusing to learn more and more about the ICT software. At the end of research I was fully confident with the knowledge I got from the branch.

**Table of Contents**

|  |  |
| --- | --- |
| Sr.# Contents | Page No |
| 1. Title page |  |
| 1. Acknowledgement |  |
| 1. Abstracts |  |
| 1. Table of contents |  |
| 1. Introduction to the issue |  |
| 1. Practical study of organization |  |
| 1. Data collection methods |  |
| 1. SWOT analysis |  |
| 1. Conclusion |  |
| 1. Recommendations |  |
| 1. References |  |

****

**Topic :**

**Implementing Business Change with ICT**

**Introduction :**

**What is Change?**

The word change can be describe as,

* To change something.
* To make something new.
* To replace or exchange for another.
* To exchange for an equivalent sum of money

**Types of changes**

There are three types of changes :

## 1- Developmental change

Developmental changes are those you make to improve current business procedures. As long as you keep your staff well informed of changes, and give them the training they need to implement process improvements, they should experience little stress from development change.

Examples of developmental change include:

* Improving existing billing and reporting methods
* Updating payroll procedures
* Refocusing marketing strategies and advertising processes.

## 2- Transitional change

Transitional changes are those you make to replace existing processes with new processes. Transitional change is more challenging to implement and can increase your employees' discomfort.

Examples of transitional change include:

* Experiencing corporate restructures, mergers or acquisitions
* Creating new products or services
* Implementing new technology.

## 3- Transformational change

Transformational changes are those you make to completely reshape your business strategy and processes, often resulting in a shift in work culture. These changes may be a response to extreme or unexpected market changes. Transformational change can produce fear, doubt and insecurity in staff, and needs to be very well managed.

Examples of transformational change include:

* Implementing major strategic and cultural changes
* Adopting radically different technologies
* Making significant operating changes to meet new supply and demand
* [Reforming product and service offerings](https://www.business.qld.gov.au/business/business-improvement/new-product-development) to meet unexpected competition and dramatic reductions in revenue.

**What is Implementation ?**

Implementation is an important managerial responsibility. Implementation is doing what you planned to do. It can be take as a process that carries out the plans for changes in business/IT strategies and application that were developed in the planning process.

**Implementing Business Change**

Implementation of new e-business strategies and applications is only the latest catalyst for major organizational changes enabled by information technology.

Implementation activities include managing the introduction and implementation of changes in business processes, organizational structures, job assignments and work relationships resulting from business/IT strategies and applications such as e-business initiatives, re-engineering projects, supply chain alliances and the introduction of new technologies. Companies use change management tactics such as user involvement in business/IT planning and development to reduce end-user resistance and maximize acceptances of business changes by all stakeholders.

**ICT - Information and Communication Technology**

**History:**

The phrase Information and Communication Technology has been used by academic researchers since the 1980s, and the term *ICT* became popular after it was used in a report to the UK government by Dennis Stevenson in 1997 and in the revised National Curriculum for England, Wales and Northern Ireland in 2000. But in 2012, the Royal Society recommended that the term *ICT* should no longer be used in British schools "as it has attracted too many negative connotations", and with effect from 2014 the National Curriculum was changed to use the word *computing* reflecting the addition of computer programming to the curriculum.A leading group of universities consider ICT to be a soft subject and advise students against studying A-level ICT, preferring instead A-level Computer Science.

**Introduction:**

ICT (information and communications technology - or technologies) is an umbrella term that includes any communication device or application, encompassing: radio, television, cellular phones, computer and network hardware and software, satellite systems and so on, as well as the various services and applications associated with them, such as videoconferencing and distance learning.

Information and communications technology (ICT) refers to all the technology used to handle telecommunications, broadcast media, intelligent building management systems, audiovisual processing and transmission systems, and network-based control and monitoring functions.  
  
Although ICT is often considered an extended synonym for information technology (IT), its scope is more broad.  
  
ICT has more recently been used to describe the convergence of several technologies and the use of common transmission lines carrying very diverse data and communication types and formats.

**Definition:**

It can be defined as,

“Diverse set of technological tools and resources used to communicate, and to create, disseminate, store, and manage information.”

**Components of ICT**

There are 6 components to an ICT system

* Data: raw facts and figures.
* Hardware: physical
* Software: the name given to computer programs.
* Information: data that is converted to give it a meaning.
* Procedures: a series of actions conducted in a certain order to make sure the system runs smoothly.
* People: data is entered by humans, for example a keyboard.

**Advantages and Disadvantages of ICT**

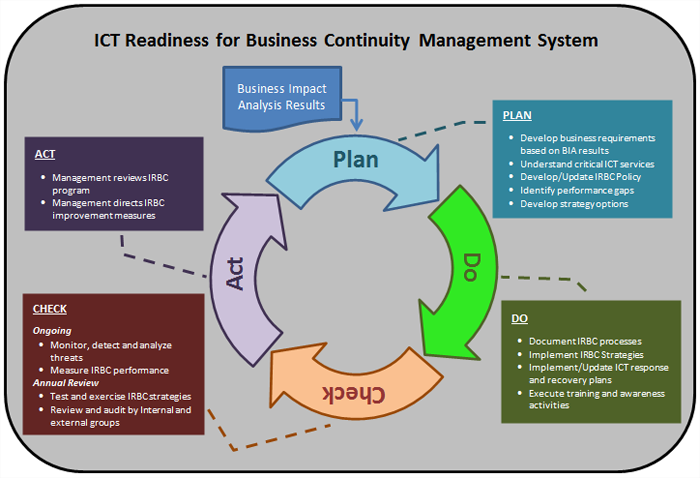
There are some advantages and disadvantages of using ICT.  
  
**Advantages of using ICT**.  
  
1- Using Microsoft word and software like Microsoft Publisher is that   
you can change the text, mistakes without having to start from the   
very beginning again.   
  
2- Work is easy to save and document, rather than someone keeping   
them in folders were they can get misplaced.   
  
3- You can make back up files quickly.   
  
4- Can keep all files under one folder e.g. communications   
  
5- Crop pictures down accurately   
  
6- Use scanners to scan in pictures form magazine and books.   
  
7- Printer that produce high quality work   
  
8- Access to the internet   
  
9- You can email letters and document to people all over the world.   
  
**Disadvantages of using ICT**   
  
1- The internet server can go down randomly, so you cannot connect to a   
webpage.   
  
2- Networks can get hacked into.   
  
3- Shopping online leaves shoppers prone to online credit card theft.   
  
4- Viruses can come through the internet damaging the files in your   
computer   
  
5- Some software can be difficult for some generations and people to   
learn how to use   
  
6- People start to rely on computers too much and use them to do   
everything.

**Business and ICT Partnership :**

ICT plays a vital role in advancing business strategies, improving economy and growth of business. A survey of firms carried out in 56 developing countries finds that firms that use ICT grow faster, invest more, and are more productive and profitable than those that do not.

Business without ICT is like a human being without soul. ICT as important as other factors like investment and human resources etc; for success and expansion of business.

Following diagram is showing the importance of ICT for business.



***Practical Study***

***Organization Selected***

******

**Definition of Bank:**

 “Bank is a financial institution that is collects money form lender and gives to creditors and get the profit. It accepts deposits from individuals, firms and companies at a lower rate of interest and gives at higher rate of interest and gives at higher rte of interest to those who need them”

**State Bank of Pakistan**

**Introduction :**

|  |
| --- |
| State Bank of Pakistan is one of the largest commercial bank operating in Pakistan. It has redefined its role and has moved from a public sector organization into a modern commercial bank. The Bank's services are available to individuals, corporate entities and government. While it continues to act as trustee of public funds and as the agent to the State Bank of Pakistan (in places where SBP does not have presence). It has diversified its business portfolio and is today a major lead player in the debt equity market, corporate investment banking, retail and consumer banking, agricultural financing, treasury services and is showing growing interest in promoting and developing the country's small and medium enterprises and at the same time fulfilling its social responsibilities, as a corporate citizen. |

|  |
| --- |
| In today's competitive business environment, NBP needed to redefine its role and shed the public sector bank image, for a modern commercial bank. It has offloaded 23.2 percent share in the stock market, and while it has not been completely privatized like the other three public sector banks, partial privatization has taken place. It is now listed on the Karachi/Islamabad/Lahore Stock Exchanges.  **History :** |

* 1950 NBP established a branch in [Jeddah](http://en.wikipedia.org/wiki/Jeddah), [Saudi Arabia](http://en.wikipedia.org/wiki/Saudi_Arabia).
* 1955 By this time NBP had branches in London and [Calcutta](http://en.wikipedia.org/wiki/Calcutta).
* 1957 NBP established a branch in [Baghdad](http://en.wikipedia.org/wiki/Baghdad), [Iraq](http://en.wikipedia.org/wiki/Iraq).
* 1962 NBP established a branch in [Dar us Salaam](http://en.wikipedia.org/wiki/Dar_es_Salaam), [Tanganyika](http://en.wikipedia.org/wiki/Tanganyika).
* 1964 The Iraqi government nationalized NBP's [Baghdad](http://en.wikipedia.org/wiki/Baghdad) branch.
* 1965 The Indian government seized the [Calcutta](http://en.wikipedia.org/wiki/Calcutta) branch on the outbreak of hostilities between India and Pakistan.
* 1967 The [Tanzanian](http://en.wikipedia.org/wiki/Tanzania) government nationalized the [Dar es Salaam](http://en.wikipedia.org/wiki/Dar_es_Salaam) branch.
* 1971 NBP acquired [Bank of China](http://en.wikipedia.org/wiki/Bank_of_China)'s two branches, one in [Karachi](http://en.wikipedia.org/wiki/Karachi) and one at [Chittagong](http://en.wikipedia.org/wiki/Chittagong). At separation of [East Pakistan](http://en.wikipedia.org/wiki/East_Pakistan) NBP lost its branches there. NBP merged with [Eastern Mercantile Bank](http://en.wikipedia.org/w/index.php?title=Eastern_Mercantile_Bank&action=edit&redlink=1) and with [Eastern Bank Corporation](http://en.wikipedia.org/wiki/Eastern_Bank_Corporation).
* 1974 The government of Pakistan nationalized NBP. As part of the concomitant consolidation of the banking sector, NBP acquired [Bank of Bahawalpur](http://en.wikipedia.org/w/index.php?title=Bank_of_Bahawalpur&action=edit&redlink=1).
* 1977 NBP opened an offshore brain [Cairo](http://en.wikipedia.org/wiki/Cairo).
* 1994 NBP amalgamated [Mehran Bank](http://en.wikipedia.org/w/index.php?title=Mehran_Bank&action=edit&redlink=1).
* 1997 NBP branch in [Ashgabat](http://en.wikipedia.org/wiki/Ashgabat), [Turkmenistan](http://en.wikipedia.org/wiki/Turkmenistan) commenced operations.
* 2000 NBP opened a representative office in [Almaty](http://en.wikipedia.org/wiki/Almaty), [Kazakhstan](http://en.wikipedia.org/wiki/Kazakhstan).
* 2001 [State Bank of Pakistan](http://en.wikipedia.org/wiki/State_Bank_of_Pakistan) and [Bank of England](http://en.wikipedia.org/wiki/Bank_of_England) agree to allow only 2 Pakistani banks to operate in the UK. NBP and [United Bank](http://en.wikipedia.org/wiki/United_Bank_Limited_Pakistan) agreed to merge their operations to form Pakistan International Bank, of which NBP would own 45% and [United Bank](http://en.wikipedia.org/wiki/United_Bank_Limited_Pakistan) 55%.
* 2002 Pakistan International Bank renamed itself United National Bank Limited (UNB). The ownership structure of the UNB remained as before. The only change to the shareholding structure is that UNB had recently been privatized in Pakistan and was now owned 49% by the Government of Pakistan and 51% by a joint foreign consortium of [Abu Dhabi](http://en.wikipedia.org/wiki/Abu_Dhabi).

NBP needed to redefine its role and shed the public sector bank image, for a modern commercial bank. It has offloaded 23.2 percent share in the stock market, and while it has not been completely privatized like the other three public sector banks, partial privatization has taken place. It is now listed on the Karachi Stock Exchange.

* 2003 NBP opened its branch in [Kabul](http://en.wikipedia.org/wiki/Kabul), and the first ATM in [Afghanistan](http://en.wikipedia.org/wiki/Afghanistan) was installed there.
* 2005 NBP closed its offshore branch in [Cairo](http://en.wikipedia.org/wiki/Cairo).
* 2010 NBP opened its branch in Karaganda (Kazakhstan).
* 2011 NBP opened its representative office in Toronto (Canada).

**Vision Statement :**

To be recongnized as a leader and a brand synonymous with trust highest standards of service quality, international best practices and social responsibility.

**Mission Statement :**

To promote Forex business at the most competitive rates, facilitate quick settlement of remittances and strive for increased market share, thereby retaining our position as the market leader.

**Products :**

NBP has many products. Some of the products are :

* Deposits
* Advances
* Corporate Advances
* Remittances
* Miscellaneous

**Branches of NBP :**

The Branch network of State Bank of Pakistan is divided into following categories

* ATM network ( Total ATMs 101 & Total ATMs machines 104)
* Domestic network ( 1249 Branches)
* Islamic network ( 5 Branches)
* Online network ( 156 Branches)
* Overseas network ( 29 Branches)
* Swift network ( 12 Branches)
* Customer Facilitation Centers (6 Customer Facilitation Centers)
* Agriculture branches ( 825 Branches)

# Number of Employees of State Bank of Pakistan

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Permanent |  |  |  | 13237 |
| Temporary/ On Contractual basis | | |  | 842 |
| Bank's own staff strength at the end of the year | | | | 14079 |
| Outsourced |  |  |  | 2350 |
| Total Staff Strength | |  |  | 16429 |

# Business volume of State Bank of Pakistan

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Rupees in Millions | |  |  |  |  |  |
| Year |  | **2004** | **2005** | **2006** | **2007** | **2008** |
| Total Assets | | 553,231,467 | 577,719,114 | 645,132,711 | 762,193,593 | 817,758,326 |
| Deposits |  | 465,571,717 | 463,426,602 | 501,872,243 | 591,907,435 | 624,939,016 |
| Advances | | 220,794,075 | 268,838,779 | 316,110,406 | 340,677,100 | 412,986,865 |
| Reserves |  | 10,813,914 | 13,536,041 | 13,879,260 | 15,772,124 | 19,941,047 |
| Investments | | 149,350,096 | 156,985,686 | 139,946,995 | 210,787,868 | 170,822,491 |
|  |  |  | Horizontal Analysis (%) |  |  |  |
| Total Assets | | 100 | 104 | 117 | 138 | 148 |
| Deposits |  | 100 | 100 | 108 | 127 | 134 |
| Advances | | 100 | 122 | 143 | 154 | 187 |
| Reserves |  | 100 | 125 | 128 | 146 | 184 |
| Investments | | 100 | 105 | 94 | 141 | 114 |

**Topic Implication on Organization**

State Bank of Pakistan started business when ICT have not grown as it is today. With the passage of time the bank move their business towards the latest technologies of that time. State Bank of Pakistan is now working totally on technology bases and e-banking system. State Bank of Pakistan coming to realize that internet is a part of banks alternative delivery channel strategies activities concentrated in the business-to-consumer segment, focused on retaining clients. In Internet banking, security is a primary concern. Security concerns have been addressed from every angle within the architecture of the Internet banking application. Electronic banking (e-banking) and branchless banking transactions continued to show growth momentum as both the volume and value of these transactions displayed a rising trend in the country during the last 4 years.

NBP is also dealing with Electronic Funds Transfer (EFT). Electronic funds transfer (EFT) refers to the payment of goods, where payment is made from one account to the other. The types of EFT payments is included credit/debit cards, online payments, top up accounts and online banking services (where the accounts can be managed online). NBP has an advantages of using electronic payments from a customer’s perspective can include the fact that it is quicker to enter card details than send a cheque in the post and the receipt of goods is much faster.

NBP and Ufone had a partnership agreement for mutual benefits. This long-term arrangement between NBP and Ufone will include a series of partnerships that both the organizations will undergo in phases, including the provision of customized ICT solution to State Bank of Pakistan, a SMS notification portal for NBP with customization for different pull and push notification.

Down the line, Ufone will handle the SMS and mobile application for banking related initiatives. It will also assist NBP for Contact Center services, which includes, provision of a CMS (Complaint Management System) and Call Center related services.

Officials of Ufone and NBP told Pro Pakistani that this strategic partnership of both the organization is first of its kind in Pakistan where a bank and a cellular company are joining hands to facilitate their customers with technologically advanced financial solutions.

Both parties agreed on deploying a number of project together, but in phases, that will include the provision of branch-less banking services to NBP account holders, such as withdrawal and deposit services at over 27,000 Upaisa agents across the country.

.

**e-Statements**

A customer of this bank will be able to receive his account statements through email at his provided/registered e-mail address through subscribing this facility. The frequency of e-statements can be set to monthly, quarterly and half yearly.

**SMS Alerts**

A customer will be able to receive banking transaction details on real time basis (subject to mobile network availability) through subscribing for this service. The facility is available for Cards and Accounts based transactions and includes the following:

* Cash withdrawal/deposit
* Cheque withdrawal/deposit
* Issuance/Cancellation of Pay order/Demand Draft
* Inter branch transfer
* ATM withdrawal & Funds transfer

**SWOT Analysis :**

**Strengths :**

• Any time banking

• Any where banking

• Cash free banking

• Reduction in Cost of transaction

• Easy to make utility payments

• On-line purchases

• Competitive advantage

• Unlimited network

• Lesser work load

• Lesser chances of fraud & misappropriation

• Better profitability„

• Better customer relationship

**Weaknesses :**

• Difficult in the adoption of technology

• Fear of technology

• High cost of technology

• Lack of preparation for usage

• Un-equal implementation of technology

• Not much secured, can be hacked any time.

• Technology defects in dealing with other banks.

• Working under political pressure

• Old employment awareness

**Opportunities :**

**•** NBP can utilize the electronic banking opportunity to ensure on line banking 24 hours a day.

• Micro financing in the market is another opportunity to NBP.

• They must enter in personal & car financing products.

• Implementation of the Core Banking System is still an opportunity

• Partnership with other companies.

**•** Merit Base Culture promote.

• Training

• Growing banking system.

• Increase economic activities.

**Threats :**

• Modern type of banking

• Customer complaints

• Emergence of new competitors.

• Whole structure changed to online.

• Downsizing

• Penalties due to low internal control and compliance

• Staff switching over to other private banks due to more facilities

• Other bank’s charming atmosphere

• Payments and FBR Collections create heavy workload.

**Recommendations :**

• Banking council of Pakistan should also initiate some programs to equip the staff with much needed professional training.

• Employees of the bank should be given a task and authority and they should be asked for their responsibility

• The manager should strictly monitor the performance of every staff member.

• There should not be any abrupt policies change by the upper management, as this practice hurts the customer confidences in the bank.

• Government should make long-term policies.

• Charges should be increased to RS 10 per bill to enable the branch to cover their handling costs and make some profit.  
• 160 major branches of NBP should established a direct link with the, head quarter in Karachi

• the management is required to keep proper security against the card.

• that a small amount of interest should be charge on this amount as well because the bank gas • kept-aside the amount for that borrower and can not advance it anywhere.

• The branches that are not much used could also be closed

• should adopt flexible credit policy while giving credit to the agriculture sector.

**Conclusion :**

After my research, I have concluded that NBP is now moving on to the electronic banking system. This system has some internal weaknesses and external threats but it is due to the faults of management not due to the defects of system. My opinion is that if management of the NBP take some steps and work on recommended things can results in improvement of performance and image of the bank.

**References :**

* NBP annual report (2010)
* NBP annual report (2011)
* NBP annual report (2012)

Online Resources

* [www.dawn.com.pk](http://www.dawn.com.pk)
* [www.sbp.org.pk](http://www.sbp.org.pk)
* [www.nbp.com.pk](http://www.nbp.com.pk)
* www.onlinewbc.gov/docs/finance/fs.ratio.