

# **Process Re-Engineering in Complaints Resolution at the Bank of Punjab**



*By*

*Muhammad Arshad*

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Supervisor

**Dr. Lubaba Sadaf**

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degree of Executive Masters in Business Administration

In

**NUST Business School**

## BUSINESS PROJECT ACCEPTANCE CERTIFICATE

It is Certified that final copy of EMBA Business Project written by Muhammad Arshad Registration No. 363127 of EMBA 2K21 has been vetted by undersigned, found complete in all aspects as per NUST Statutes/Regulations/MS Policy, is free of errors, and mistakes and is accepted as fulfillment for award of EMBA degree. It is further certified that necessary amendments as pointed out by GEC members of the scholar have also been incorporated in the said business project.

Signature of Supervisor with stamp: Dr. Lubaba Sadaf

**DR. LUBABA SADAF**  
Assistant Professor  
NUST Business School (NBS)  
Sector H-12, Islamabad

Date: \_\_\_\_\_

Programme Head Signature with stamp: Dr. Muhammad Fawad Khan

**DR. M FAWAD KHAN**  
Assistant Professor  
Program Head (EMBA)  
NUST Business School, H-12, Islamabad

Date: \_\_\_\_\_

Signature of HoD with stamp: Mr. Bilal Ahmed Chohan

**Bilal Ahmed Chohan**  
Assistant Professor, IB&M  
NUST Business School, (NBS)  
Sector H-12 Islamabad

Date: \_\_\_\_\_

Countersign by

Signature (Dean/Principal): \_\_\_\_\_

**Principal & Dean**  
**Dr. Naukhez Sarwar**  
**NUST Business School**

Date: \_\_\_\_\_

## **ACKNOWLEDGMENT**

It is great pleasure for me to acknowledge all those who have contributed towards the conception, origin and nurturing of this project that is on “Process Improvement in Complaints Resolution at THE BANK OF PUNJAB”.

Before we get into thick of the things, we would like to add a few heartfelt works for the people who gave us unending time support whichever and wherever necessary.

My grateful thanks to my honorable supervisor Dr. Lubna Sadaf for providing me an opportunity to develop this refreshing bank lending product as Business Project for EMBA program.

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**Muhammad Arshad**

**EMBA-2K21**

## **Abstract:**

The process re-engineering of complaints handling represents a strategic initiative for banks to enhance their customer service and operational efficiency. This abstract provides a concise overview of the project's objectives and anticipated benefits.

Banks recognize the critical importance of addressing customer complaints swiftly and effectively to ensure high levels of customer satisfaction and maintain a competitive edge. Process re-engineering involves a comprehensive review of the entire complaints handling workflow, aiming to identify and eliminate bottlenecks, reduce costs, enhance compliance, and optimize resource allocation.

The project's anticipated benefits include improved customer satisfaction through faster complaint resolution, cost savings from streamlined processes, and a more robust compliance framework to navigate the regulatory landscape effectively. Additionally, it offers valuable data and insights for data-driven decision-making and the incorporation of technological advancements to further improve the customer experience.

By fostering employee satisfaction and accountability, the project creates a positive work environment that can contribute to better performance and reduced staff turnover. Ultimately, process re-engineering in complaints handling equips banks to excel in customer service, reinforce their reputation, and establish a strong foundation for long-term success in a customer-centric, highly regulated industry.

Business Process Reengineering is indeed a management approach that involves the radical overhaul and redesign of existing business processes to achieve significant improvements in various aspects, including productivity, cycle times, quality, and customer and employee satisfaction.

Here's a breakdown of the key points: -

1. **Assessment of Work:** BPR starts with a thorough assessment of the current business processes, focusing on understanding what work is necessary to deliver value to customers. This often involves analyzing existing workflows, identifying inefficiencies, and determining areas for improvement.
2. **Process Mining:** Process mining is a data-driven technique that involves the analysis of event logs from information systems. It helps organizations gain insights into their processes, discover

bottlenecks, monitor performance, and identify opportunities for enhancement. It plays a crucial role in the diagnostic phase of BPR.

3. **Redesign:** After assessing current processes, organizations undertake the critical task of redesigning these processes. The goal is to create more efficient, streamlined, and customer-centric workflows. This may involve reorganizing tasks, changing the sequence of activities, and leveraging technology to support the redesigned processes.
4. **Work Elimination:** As part of the redesign process, organizations may also question the necessity of certain tasks or processes. Some activities might be eliminated altogether if they don't contribute to delivering value to customers or if they are redundant.
5. **Third-Party Roles and Outsourcing:** Reconsidering the roles of third parties and outsourcing is a significant component of BPR. Organizations may decide to outsource certain processes or activities to specialized service providers if it makes more sense from a cost or efficiency perspective. Alternatively, they might insource certain activities to gain more control.

Overall, Business Process Reengineering is a strategic approach that requires a fundamental shift in how an organization operates. It often involves changes in organizational culture, technology adoption, and a strong focus on customer needs and satisfaction. Successful BPR initiatives can lead to substantial improvements in business performance and competitiveness.

By applying the concepts and techniques of Business Process re-engineering, I am able to re-design the process of Complaint Handling at the Bank of Punjab to achieve desired objectives of process improvement, cost & time reduction and customer satisfaction etc.

**In summary, this abstract highlights the pivotal role of process re-engineering in complaints handling as a transformative approach for banks to excel in customer service and maintain their competitive edge in today's financial landscape.**

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## **Introduction to the Project:**

Business process reengineering is the act of recreating a core business process with the goal of **Improving Product/Output, quality, or Reducing Costs.**

In an era where customer experience is paramount, banks face the ever-present challenge of providing impeccable service and ensuring customer satisfaction. A key aspect of this challenge is the effective handling of customer complaints. Timely and efficient resolution of complaints not only safeguards a bank's reputation but also can be a differentiating factor in a highly competitive financial landscape.

To meet this challenge head-on, banks are increasingly turning to process re-engineering as a means to enhance their complaints handling procedures. Process re-engineering is a systematic approach that involves the fundamental redesign of existing processes to achieve dramatic improvements in performance and efficiency. It is an indispensable initiative for banks that aspire to deliver an exceptional customer experience while simultaneously optimizing their operations.

This project, focused on process re-engineering for complaints handling at banks, seeks to provide a comprehensive understanding of the objectives, methods, and expected outcomes of this critical transformation. As we delve into the details, it becomes evident that the project is not merely about addressing customer complaints; it is about redefining the way banks interact with and serve their customers, ultimately leading to a more efficient and customer-centric organization.

In the following sections, we will explore the specific goals and benefits of this project, discuss the methodologies and strategies involved, and shed light on how process re-engineering can be a game-changer for banks in today's dynamic and highly regulated financial environment. This project represents an opportunity for banks to fortify their customer relationships, achieve operational excellence, and position themselves as leaders in the ever-evolving landscape of banking and finance.

Typically, it involves the analysis of **company workflows**, finding processes that are sub-par or inefficient, and figuring out ways to get rid of them or change them.

By using the Techniques of BPR, we will examine existing Complaints Handling & Management System at the Bank of Punjab and after analysis we will suggest changing in existing mechanism to achieve followings Business objective: -

1. To minimize Complaint Resolution Time & Cost.
2. Timely Claims processing to strengthen Public Confidence over Bank.
3. To achieve Excellent Customer Services.
4. Strengthen Customer relationship & Deeping.
5. To avoid penalize action from SBP due to non-compliance of complaint Handling regulations.

**Our Work Flow for this Project will be: -**

**Part – 1 (Project Proposal/Introduction)**

1. Introduction to the Organization i.e. The Bank of Punjab.
2. Introduction to the Project.
3. Evaluate of existing Complaints Handling Process Flow.
4. Interpretation of existing Process in Flow-Chart for better Understanding.

**Part – II (Project Implementation)**

5. Suggestion/recommendation for improvement in existing system to achieve above mentioned objective by eliminating waste processes, adding effective processes.
6. Details of new Mechanism of Process.
7. Proposed Flow-Chart of Complaints Handling/Management.

**Part – III (Conclusion)**

8. Comparison of existing & new Proposed system.
9. Benefits of New Proposed System.
10. Recommendation to Bank Management
11. Conclusion.



## **Objective of the Projects:**

A complaint is an expression of concern, dissatisfaction either orally or in writing, made by a customer to an organization, with the quality or delivery of service, a policy, or procedure, or the conduct of an attendant, expecting response or resolution explicitly or implicitly. A customer may have a genuine cause for complaint, although some complaints may be made as a result of a misunderstanding or an unreasonable expectation of a product or service.

The Bank of Punjab promotes a quick, decisive, and accurate response to all concerns brought to its attention and all complaints should be treated fairly. Followings are objectives of Complaints Handling: -

1. Handling and investigating the complaints of customers in a transparent, prompt, professional, and timely way for its expeditious resolution.
2. Liaison with SBP, Banking Mohtasib and other regulatory agencies/institutions for quick redressel.
3. Maintaining MIS for complaints and their routing to the appropriate personnel/ department.
4. Acknowledgement, response, interim reply, or final reply to complainant within time frame as prescribed by SBP.
5. Reporting to senior management.

The Bank of Punjab (BOP) has established a centralized unit, independent of business lines, operational under the umbrella of Finance Group, for resolution of complaints in collaboration with business and support functions. This unit is responsible for acknowledging, investigating, tracking, escalating, and resolving customer complaints in addition to tracking Requests, Suggestions and Queries within a specified turnaround time. The Unit also performs in-depth qualitative and quantitative complaint analysis, followed by suggestions and recommendations to address root causes and drive continuous improvement. This unit is headed by a Unit Head, reporting to the Head of Complaint Management Unit & Service Quality who is reporting to Chief Financial Officer.

### **Objectives:**

By using the Techniques of BPR, we will examine existing Complaints Handling & Management System at the Bank of Punjab and after analysis we will suggest changing in existing mechanism to achieve followings

Primary Business objective: -

1. To minimize Complaint Resolution Time & Cost.
2. Timely Claims processing to strengthen Public Confidence over Bank.
3. To achieve Excellent Customer Services.
4. Strengthen Customer relationship & Deeping.

To avoid penalize action from SBP due to non-compliance of complaint Handling regulations.

The Others (secondary) objectives of the project for process re-engineering in complaints handling at banks are to:

1. **Enhance Customer Satisfaction:** The project aims to significantly improve customer satisfaction by streamlining the complaints handling process, reducing response times, and ensuring that complaints are resolved to the customer's satisfaction.
2. **Improve Efficiency:** To make the complaints handling process more efficient by eliminating redundant steps, automating routine tasks, and optimizing resource allocation, thereby reducing operational costs and maximizing staff productivity.
3. **Compliance and Regulatory Adherence:** Ensure that the complaints handling process adheres to all regulatory and compliance requirements, reducing the risk of non-compliance, potential fines, and legal issues.
4. **Cost Reduction:** Identify and eliminate wasteful processes, reducing operational costs associated with handling complaints, and ultimately improving the bank's cost-effectiveness.
5. **Data-Driven Decision-Making:** Create a process that collects and analyzes valuable data from customer complaints, enabling the bank to make informed decisions and implement targeted improvements based on insights gained from the data.
6. **Adaptation to Technological Advancements:** Incorporate technology and automation into the complaints handling process, allowing for quicker and more accurate responses and improving the overall customer experience.
7. **Resource Allocation Optimization:** Assign the right people with the right skills to address specific types of complaints, reducing idle time, improving resource utilization, and promoting employee accountability.
8. **Consistency and Standardization:** Establish clear guidelines and standardized procedures for addressing various types of complaints, ensuring that responses are consistent and meet the bank's quality standards.

9. **Risk Mitigation:** Identify and address systemic issues and root causes of complaints to minimize the potential for future complaints and mitigate risks to the bank's reputation.
10. **Employee Satisfaction:** Create a work environment where employees are empowered, accountable, and satisfied with their roles in the complaints handling process, which can lead to improved performance and reduced staff turnover.
11. **Competitive Advantage:** By offering superior complaints handling, the bank can differentiate itself in the financial industry, attracting and retaining customers, and enhancing its reputation.
12. **Long-Term Success:** The project aims to establish a robust and efficient complaints handling process that will serve the bank well into the future, ensuring a sustained commitment to customer satisfaction and operational excellence.

These objectives collectively represent a holistic approach to re-engineering the complaints handling process at banks, with the overarching goal of providing a superior customer experience, optimizing operational efficiency, and positioning the bank for long-term success in a highly regulated and competitive industry.

## **Introduction to the Organization i.e. THE BANK OF PUNJAB: -**

The Bank of Punjab was constituted pursuant to the BOP Act, 1989 (Public Limited Company). It was given the status of scheduled Bank by the SBP in 1994. It is principally engaged in Commercial Banking and related services with its Head Office at Lahore. Date of License Issued to The Bank of Punjab by State Bank of Pakistan: 19th September 1994.

The Bank of Punjab was founded by Mr. Tajammal Hussain (1<sup>st</sup> CEO of the Bank) and it functions as a scheduled commercial bank, with a network of over 687 branches in major business centers throughout the country.<sup>[71]</sup> It is the 6<sup>th</sup> largest commercial bank of the country. It provides a wide range of banking services including deposit in local currency; client deposit in foreign currency, remittances, and advances to business, trade, industry and agriculture. First Punjab Modaraba (FPM), a wholly owned subsidiary of the bank, was established in 1992, and is being managed by Punjab Modaraba Services (Pvt.) Ltd.

Currently, the Bank of Punjab is headed by Mr. Zafar Masud who joined as President and CEO on April 16, 2020 after being appointed by the Government of Punjab earlier and later being approved by the State Bank of Pakistan.

### **Vision: -**

Our banking partner in creating value and improving lives".

### **Mission: -**

Meet customer needs through innovative technology products/services to drive business growth while promoting financial inclusion, diversity and prosperity across the nation with a motivated team through culture of excellence and empathy.

### **Core Values “E-time”.**

- ✓ Empathy
- ✓ Teamwork
- ✓ Innovation
- ✓ Meritocracy
- ✓ Excellence
- ✓ To ensure best in class customer service

## **Complaints Management @ The Bank of Punjab:**

A complaint is an expression of concern, dissatisfaction either orally or in writing, made by a customer to an organization, with the quality or delivery of service, a policy, or procedure, or the conduct of an attendant, expecting response or resolution explicitly or implicitly. A customer may have a genuine cause for complaint, although some complaints may be made as a result of a misunderstanding or an unreasonable expectation of a product or service.

The Bank of Punjab promotes a quick, decisive, and accurate response to all concerns brought to its attention and all complaints should be treated fairly. Followings are objectives of Complaints Handling: -

6. Handling and investigating the complaints of customers in a transparent, prompt, professional, and timely way for its expeditious resolution.
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Complaint Management Unit (CMU) is divided into teams, each headed by a Team Leader. All Complaint Handling Officers (CHOs) will report to their respective team leaders who will report to Unit Head CMU. Complaint Management Unit is housed under Finance Group. CHOs will be responsible for resolving all type of complaints/cases as under reporting to respective Team Leaders. CHO can also act as an MIS officer and will be responsible for lodging customer concerns/complaints manually in the Customer Relationship Management (CRM) system along with other administrative assignments. We believe in the People – Service

Satisfaction Philosophy, whereby we aim at achieving high level of service standards by keeping our staff happy, recognizing their efforts and providing them with development opportunities.

“Complaint” refers to any written or verbal expression of dissatisfaction from a person alleging financial loss or inconvenience due to the provision of, or failure to provide, product or services offered by the bank. This expression can vary from customer to customer and can be written, oral, justified or unjustified. Occasionally, critical customer feedback can also be deemed as a Complaint.

Together with other components of voice of customer, a good complaint management process enables a bank to have a holistic view of our customers’ experience, and take targeted actions to improve its services. They form the critical foundation for us to serve our customers in the best possible way i.e., fairly and impartially.

A good Complaint Management system must have following major components: -

- Visibility and access for customers to have their concerns captured
- Transparency
- customers are treated fairly & impartially
- Resolution & Response to customer concern in the shortest period of time
- Eliminates root causes
- Drives continuous improvements

Complaints are an effective source of customer insight and their effective resolution can drive loyalty; therefore, BOP encourages and fosters a robust culture supported with well executed process to ensure each of the above.

## Complaints Receiving Channels

Channels/Sources through which complaints are received:

1. Call center
2. Branch
3. Email
4. FAX
5. Letter (Post)
6. BOP mobile Banking
7. Walk-in (through other BOP offices)

All complaints are also linked with the specific product of the bank. The following is the list of all such product categories: -

Sr. #	Product & Service Wise Category	Sr. #	Product & Service Wise Category
1	ATM Machine Services	11	E-Banking Service
2	Agricultural Loans	12	Government of Punjab Scheme
3	Auto Loans	13	Home Loans
4	Bancassurance & Financial Products	14	Home Remittance
5	BOP Solar	15	Mobile Banking
6	Branch Banking	16	Personal Loans
7	Complaint Handling	17	SME & Corporate Financing
8	Contact Center	18	SMS
9	Debit Card	19	Roshan Digital Account (RDA)
10	Discounts & Campaign	20	Other

## Complaint Type & TAT

### Complaint Types:

As per SBP, Banks are required to resolve expeditiously all the complaints. Complaints have also to be categorized into, at minimum, four types, Minor A, Minor B, Major, Fraud and ATM related complaints. While this categorization has to be done rationally based on the guidance of SBP, there will always be an element of subjectivity in categorization. This section defines all categories and the TAT allocated for each category.

### Category wise TAT:

Final response has to be sent within a certain number of days as per complaint type as follows:

Complaint Type	Number of days (WD)
Minor A	3
Minor B	6
Major	14
Fraud	29
Dispute Related ATM/Online Transaction Complaints	As per SBP instruction

1. Minor-A complaints will include those complaints which can be addressed very quickly at the call Centre level or at the individual level in the relevant function. These must not include any complaints where there are cross functional dependencies.
2. Minor-B complaints will include complaints where root cause is evident and as such may not need detailed investigation and there is also no cross functional dependency and can be resolved within 7 days.
3. Major: All other complaints (excluding fraud) will fall under Major. So complaints which does not involve fraud and require a detailed investigation will be tagged to Major and would be resolved in 15 days.
4. Fraud: All those complaints which fall in the fraud nature category, after thoroughly investigating, the final reply should be sent within 30 days.



5. Dispute Related ATM/Online Transaction Complaints: All those complaints which fall in the dispute related ATM/ online/alternative delivery channel (ADC) category, after thoroughly investigating, the final reply should be sent as per SBP regulations.

A robust complaint management system is a pre-requisite for an effective complaint management process. The bank has developed a custom-made CRM for managing its complaints. CRM is a proper workflow based system in which complaints are not only logged but escalation and monitoring is also automated.

## Escalation Matrix

The escalation matrix observed and designed in the system is aligned with the internal and external guidelines. A complaint, if not resolved within the specified respective TAT, is escalated to the next senior level and keeps on escalating till it is about to burst the TAT at the bank level. At this time, it is escalated to the P&CEO. The following table summarizes the escalation levels:

Description	Complaint Assigned To	Minor A Complaints	Minor B Complaints	Major	Fraud Related Complaints
<b>Complaint Received in office hours</b>	To: <b>Branch/Department ID/CHO</b>	0-1 Working Day	0-1 Working Day	0-1 Working Day	0-1 Working Day
<b>Escalation Level 1</b>	To: <b>Regional Operation Manager/ Team Leader CMU</b>	2nd Working Day	3rd Working Day	3rd Working Day	9th Working Day
	CC: Regional Business Head/Business Head/ Unit Head CMU				
<b>Escalation Level 2</b>	To: <b>Regional Business Head/Business Head/ Unit Head CMU</b>	3rd Working Day	4th Working Day	11th Working Day	19th Working Day
	CC: Group Head/ Head SQ				
<b>Escalation Level 3</b>	To: <b>Group Head/Head SQ</b>		5th Working Day	13th Working Day	27th Working Day
Regulatory TAT burst					
<b>Escalation Level 4</b>	To: <b>President / CEO</b>		6th Working Day	14th Working day	29th Working Day

## **Existing Complaints Handling Mechanism/Process: -**

1. Receipts of Complaint
2. Logging of complaint in CRM system.

All customer Complaints/Queries/Requests are logged on CRM. Ticket/Complaint number is automatically generated upon addition of a Complaint.

Format of Ticket/Complaint number will be CDDMMYYXXXX where: -

- C refers to Complaint.
- DD refers to digits for date.
- MM refers to digits of month.
- YY refers to digits of year.

## **Service Related Complaints: -**

3. Assigning complaint to Complaint Handling Officer.
4. Escalating the complaint to concerned Business Group for their necessary action.
5. Investigation by line management.
6. Findings of investigation.

### If Complaint is Baseless

7. Guidance to complainant by concerned Business Group.
8. Recommendation for closure by concerned Business Head.
9. Intimation to complainant.
10. Closure Marking by CMU.

### If Complaint is Genuine.

7. Removal of Grievance/compensation to complainant.
8. Intimation by concerned Business Group to CMU regarding resolution of matter.
9. Provisioning of LOS (where required).

10. Intimation to complainant.

**Fraud Related Complaints**

3. Escalation of matter to concerned Business Group.
4. Intimation to FRMD.
5. Intimation to concerned Insurance Company.
6. Initial Investigation by concerned Business Group.
7. Evaluation by Operation/Business Group.

**If Fraud Detected: -**

8. Recommendation to FRMD for thorough Investigation through Internal Audit Function.
9. Detailed Investigation by IAF.
10. Analysis of IAF investigation Report by concerned business group.

**If Claim Verified by IAF**

11. Intimation to Complainant regarding fate of his claim.
12. Completion of formalities before processing of claim payment.
13. Processing of claim payment.
14. Confirmation to CMU.
15. Closure of complaint by intimating the complainant/claimant.

**If Claim Not Verified by IAF.**

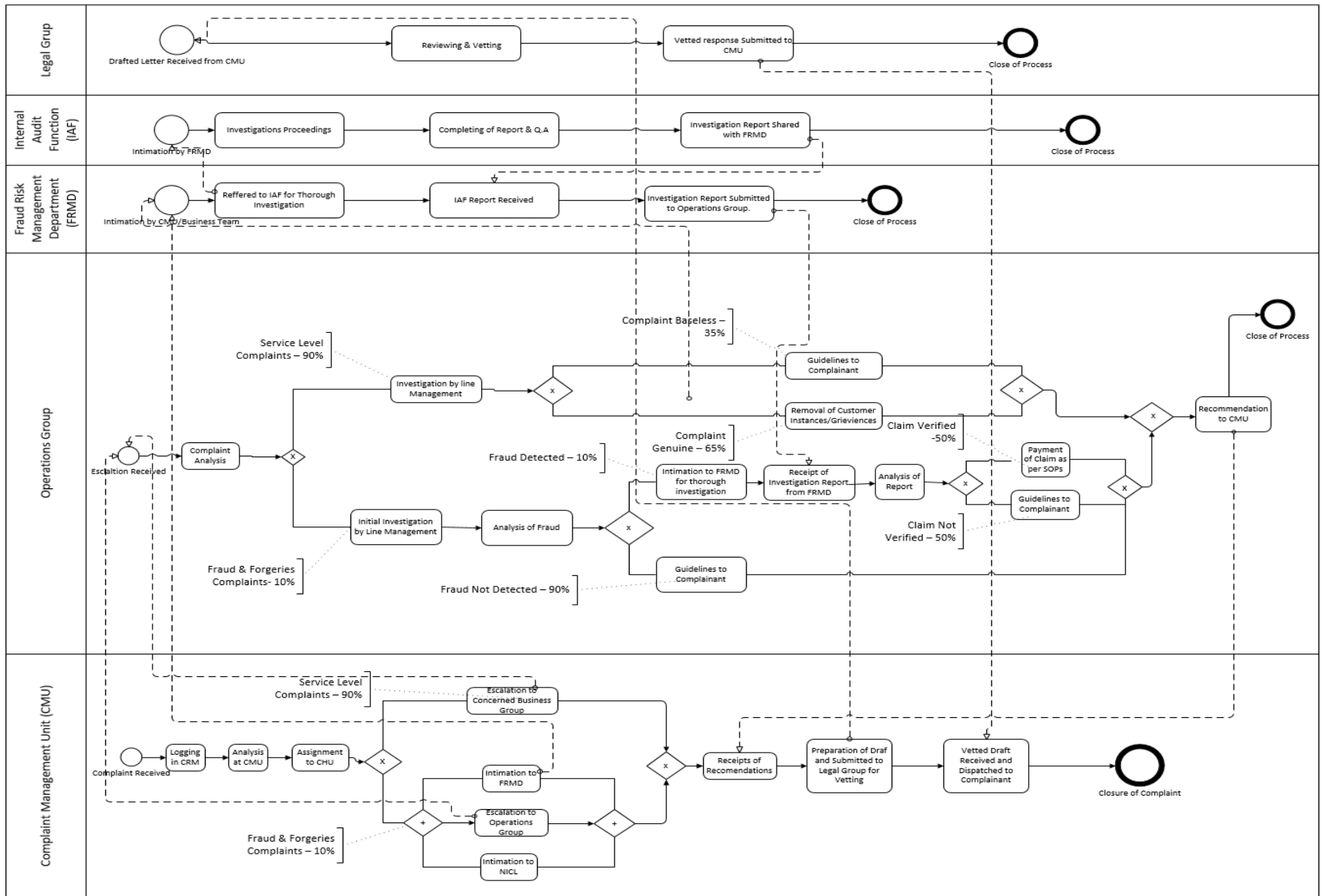
11. Intimation to complainant regarding fate of his claim.
12. Recommendation to CMU for closure of complaint.
13. Preparation of suitable response letter by CMU.
14. Reviewing by concerned business group/vetting from Legal Group.
15. Dispatching legally vetted response letter.
16. Closure of complaint.

**If Fraud Not Detected: -**

11. Intimation to complainant regarding fate of his claim.
12. Recommendation to CMU for closure of complaint.

13. Preparation of suitable response letter by CMU.
14. Reviewing by concerned business group/vetting from Legal Group.
15. Dispatching legally vetted response letter.
- 16.** Closure of complaint.

# PROCESS FLOW CHART - Existing Complaint Handling Mechanism



## Calculation of Process Time & Cost: -

Sr. No.	Department	Process	Time Taken by the Process	Process Time in Minutes (Excluding Wait Time)	Process Cost Rs.
1	<b>Complaint Management Unit (CMU)</b>	Logging in CRM	5	5.00	26.04
2		Analysis at CMU	10	10.00	52.08
3		Assignment to CHO	5	2.00	10.42
4		Escalation to Concerned Operations Group - Service Related 90%	2	1.80	9.38
5		Intimation to FRMD - Fraud Complaints 10%	2		
6		Intimation to Operations Group- Fraud Complaints 10%	2		
7		Intimation to NICL - Fraud Complaints 10%	2	0.20	3.13
8		Receipts of Recommendations	1	1.00	5.21
9		Preparation of Drafft & Submission to Legal Group.	30	30.00	156.25
		Receiving Vetted Draft & Dispatching to Complainant	15	15.00	78.13
10		Closure Marking	5	5.00	26.04
<b>Department Process Time &amp; Cost</b>				<b>70.00</b>	<b>366.67</b>
1	<b>Operations Group</b>	Complaint Received from CMU	2	2.00	37.88
2		Analysis of Complaint	15	15.00	284.10
3		Investigation by Line Management - Service Level Complaints 90%	15		
4		Guidelines to Complainant if complaint baseless 35%	10		
5		Removal of Complainant Grievience 65%	10	22.50	426.15
6		Initial Investigation by Line Management	60		
7		Analysis of Initial Investigation.	30		
8		Guidelines to Complainant if Fraud Not detected - 90%	15		
9		Intimation to FMD for thorough investigation - 10%	5		
10		Receipt of Investigation Report	2		
		Analysis of Report	60		
	Payment of claim 50%	5			
	Guidelines to Complainant - if claim not verified-50%	10	11.10	210.14	
11		Recommendation to CMU.	2	2.00	37.88
<b>Department Process Time &amp; Cost</b>				<b>52.60</b>	<b>996.15</b>
1	<b>Fraud Risk Management Department (FRMD)</b>	Intimation by FRMD/Operations Group. (10% of Complaints)	2	0.20	0.95
2		Referred to Internal Audit Function for Thorough Investigation	5	0.50	2.37
3		Receiving & Recording IAF investigation Report.	2	0.20	0.95
4		Submission of report to Operations Group.	2	0.20	0.95
<b>Department Process Time &amp; Cost</b>				<b>1.10</b>	<b>5.21</b>
1	<b>Internal Audit Function</b>	Intimation by FRMD - (10% of 10% Complaints)	2	0.02	0.28
2		Investigation by IAF	4800	48.00	681.82
3		Sharing Investigation Report with FRMD	2	0.02	0.28
<b>Department Process Time &amp; Cost</b>				<b>48.04</b>	<b>682.39</b>
1	<b>Legal Group</b>	Drafted Letter Received from CMU (100% of Complaints)	2	2.00	37.88
2		Vetting by Legal Officer	30	30.00	568.18
3		Drafted Letter Submitted to CMU	2	2.00	37.88
<b>Department Process Time &amp; Cost</b>				<b>34.00</b>	<b>643.94</b>
<b>Total Process Time &amp; Cost</b>				<b>205.74</b>	<b>2,694.35</b>

## Data for Cost Calculation: -

Staff	Average Monthly Salary Rs.	Per Month Minutes Worked (22 days X 8 hours X 60 Minutes)	Average Per Minute Salary Rs.
Complaint Handling Officer	55,000.00	10,560.00	<b>5.21</b>
FRMD Staff	50,000.00	10,560.00	<b>4.73</b>
Operations Staff	200,000.00	10,560.00	<b>18.94</b>
Auditors	150,000.00	10,560.00	<b>14.20</b>
Legal Officer	200,000.00	10,560.00	<b>18.94</b>

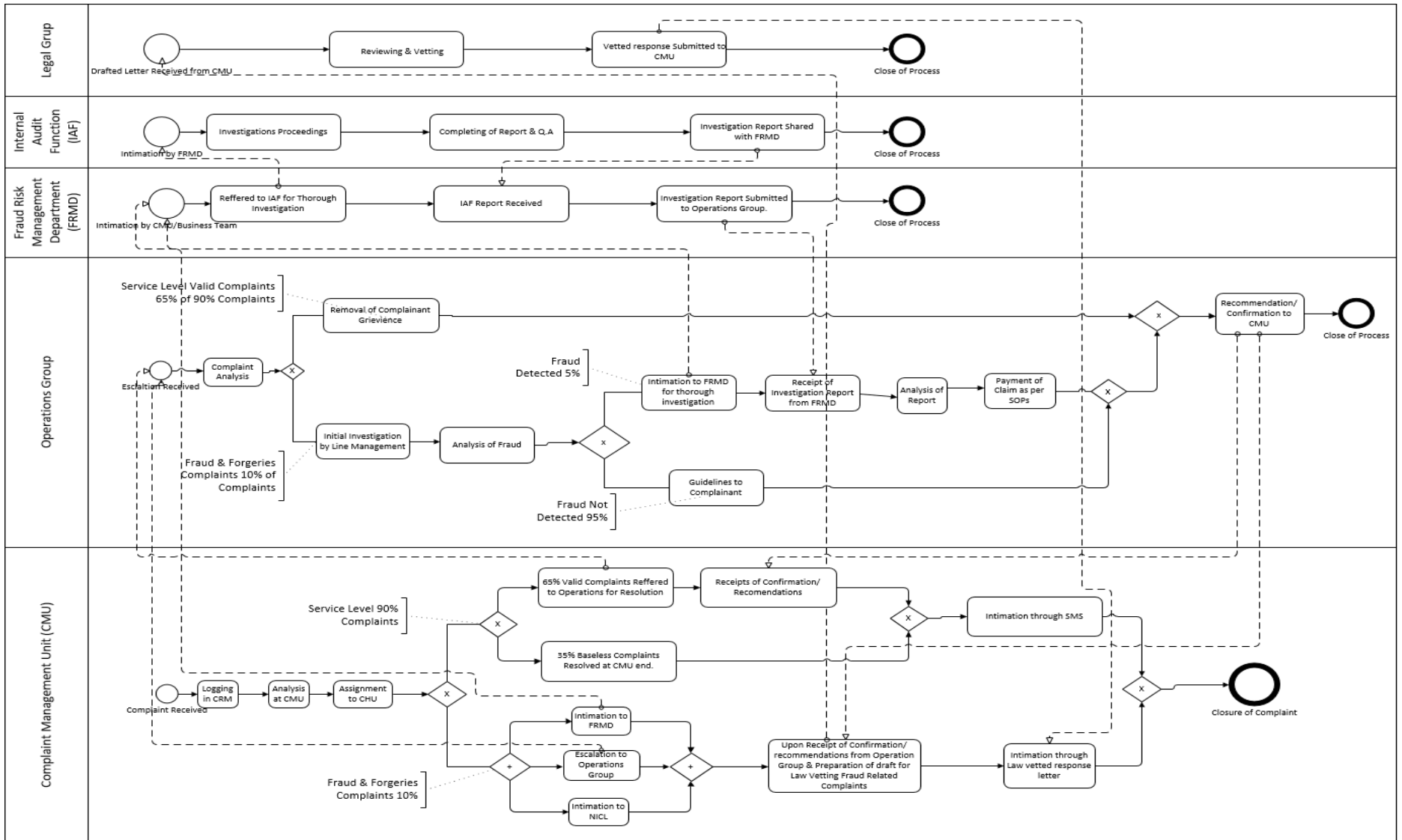
## **Proposed Changes/Re-engineering of Process**

By reviewing existing complaint Handling Mechanism, following suggestions are recommended to decrease processing time & cost: -

1. Complaints Handling Officer should be give the rights to initial investigations (only service related complaints) and in case of baseless complaints the same should be attended at spot.
2. There is no need to submit Law vetted response in case of all service related complaints. An intimation SMS is enough for compliance of SBP regulations.
3. Staff Trainings to Minimize Process time without compromising Quality Standards.
4. In case of Fraudulent Complaint, only the cases should be referred to Internal Audit Function, where customer's Financial Claims are valid as per initial investigation by the line management, otherwise, a suitable response letter may be submitted to close such complaints.



## Proposed Flow Chart: -



## Cost & Time Calculation for Proposed Mechanism

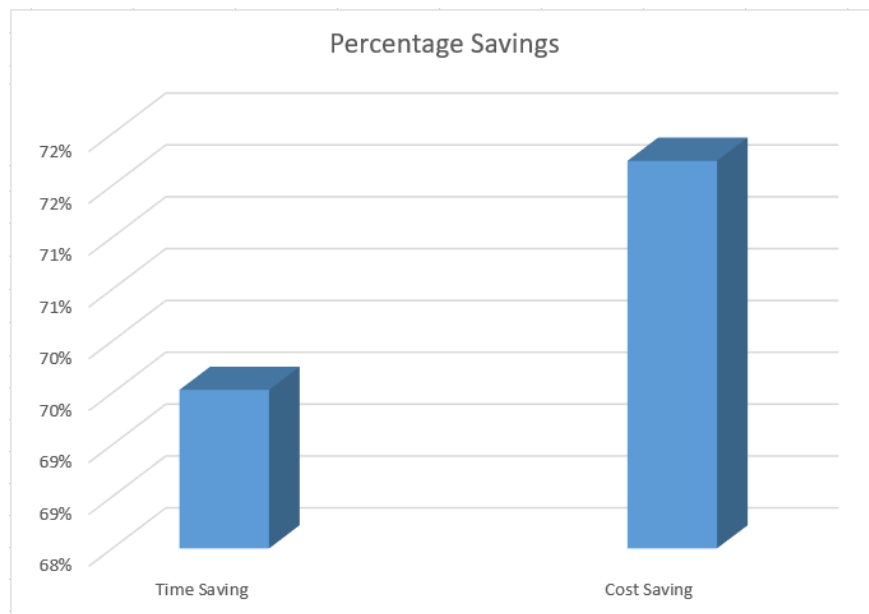
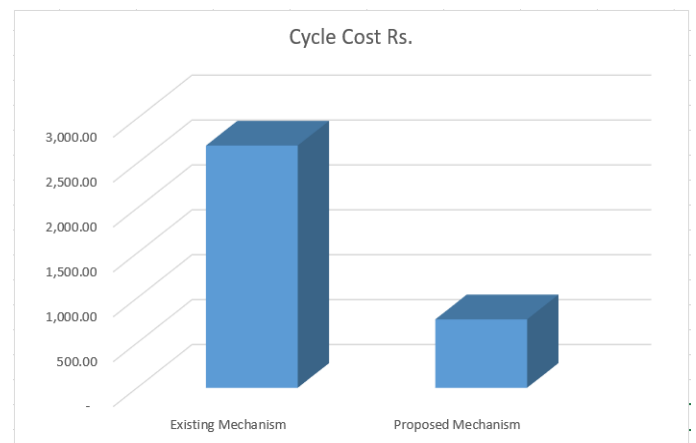
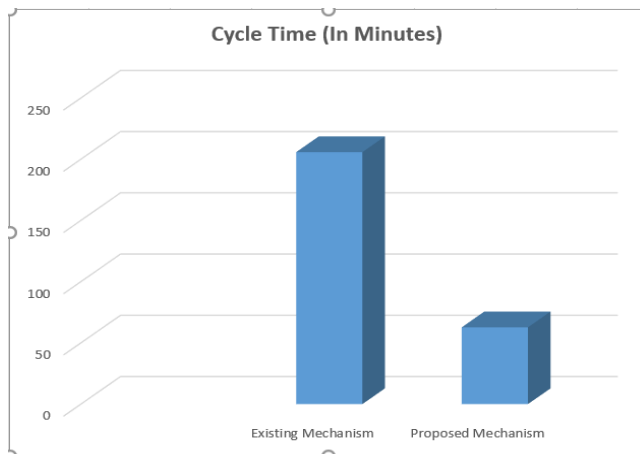
Sr. No.	Department	Process	Time Taken by the Process	Process Time in Minutes (Excluding Wait Time)	Proces Cost Rs.
1	<b>Complaint Management Unit (CMU)</b>	Logging in CRM	2	2.00	10.42
2		Analysis at CMU	5	5.00	26.04
3		Assignment to CHO	2	2.00	10.42
4		65% of 90% Valid Complaints Referred to Operations Grup	2		
5		Confirmation from OG for valid Complaints	2		
6		35% of 90% Baseless Complaints attended by CMU Staff	2		
7		Intimation through SMS for Service Level Valid Complaints	2	4.77	24.85
8		Intimation to FRMD - Fraud Complaints	2		
9		Intimation to OG - Fraud Complaints	2		
10		Intimation to NICL - Fraud Complaints	2		
11		Receipt of recommendations from OPNS/Preparation of Draft Letter	10		
12		Intimation through law vetted response.	5	1.70	11.15
13		Closure of Complaint	2	2.00	10.42
<b>Department Process Time &amp; Cost</b>				<b>17.47</b>	<b>93.29</b>
1	<b>Operations Group</b>	Complaint Received from CMU	2	1.37	25.95
2		Analysis of Complaint	5	3.43	64.87
3		Removal of Customer Grievience valid Service level Complaints (65% of 90%)	5	2.93	55.40
4		Initial Investigation by Line Management - Fraud & Forgrie 10%	60		
5		Analysis of Initial Investigaton	10		
6		Guidelines to Complainant if Fraud Not detected - 95%	5		
7		Intimation to FRMD for Thorough Investigation if Fraud Detected (5%)	2		
8		Receipt of Investigation Report	2		
9		Analysis of Report	5		
10		Payment of Claim as per IAF recommendation	10	4.81	91.01
11		Recommendation/Confirmation to CMU	2	1.37	25.95
<b>Department Process Time &amp; Cost</b>				<b>17.74</b>	<b>263.17</b>
1	<b>Fraud Risk Management Department (FRMD)</b>	Intimation by FRMD/Operations Group.	2	0.01	0.05
2		Referred to Internal Audit Function for Thorough Investigation	5	0.03	0.12
3		Receiving & Recording IAF investigation Report.	2	0.01	0.05
4		Submission of report to Operations Group.	2	0.01	0.05
<b>Department Process Time &amp; Cost</b>				<b>0.06</b>	<b>0.26</b>
1	<b>Internal Audit Function</b>	Intimation by FRMD	2	0.01	0.14
2		Investigation by IAF	4800	24.00	340.91
3		Sharing Investigation Report with FRMD	2	0.01	0.14
<b>Department Process Time &amp; Cost</b>				<b>24.02</b>	<b>341.19</b>
1	<b>Legal Group</b>	Drafted Letter Received from CMU	2	0.20	3.79
2		Vetting by Legal Officer	30	3.00	56.82
3		Drafted Letter Submitted to CMU	2	0.20	3.79
<b>Department Process Time &amp; Cost</b>				<b>3.40</b>	<b>64.39</b>
<b>Total Process Time &amp; Cost</b>				<b>62.69</b>	<b>762.31</b>

Data for Cost Calculation: -

Staff	Average Monthly Salary Rs.	Per Month Minutes Worked (22 days X 8 hours X 60 Minutes)	Average Per Minute Salary Rs.
Complaint Handling Officer	55,000.00	10,560.00	5.21
FRMD Staff	50,000.00	10,560.00	4.73
Operations Staff	200,000.00	10,560.00	18.94
Auditors	150,000.00	10,560.00	14.20
Legal Officer	200,000.00	10,560.00	18.94

## Comparison of existing & new Proposed system.

	<b>Time (In Minutes)</b>	<b>Cost Rs.</b>
<b>Total Process Time &amp; Cost - Existing Mechanism</b>	<b>205.74</b>	<b>2,697.35</b>
<b>Total Process Time &amp; Cost - Proposed Mechanism</b>	<b>62.69</b>	<b>762.31</b>
<b>Saving in Time &amp; Cost</b>	<b>143.05</b>	<b>1935.04</b>
<b>Percentage Saving</b>	<b>70%</b>	<b>72%</b>



## Benefits of New/Proposed Mechanism of Complaint Handling

Process re-engineering in complaints handling for banks can offer several benefits, as it can help streamline and improve the efficiency of the complaint resolution process.

Here are some of the key advantages:

1. **Improved Customer Satisfaction:** A more efficient complaints handling process can lead to quicker resolutions, which in turn results in higher customer satisfaction. Satisfied customers are more likely to continue doing business with the bank and may even become advocates.
2. **Faster Resolution Times:** Process re-engineering can help identify bottlenecks and unnecessary steps in the complaint handling process. Streamlining the process can significantly reduce the time it takes to address customer complaints.
3. **Cost Savings:** By eliminating redundant steps and automating certain parts of the complaints handling process, banks can reduce operational costs. This can lead to significant cost savings over time.
4. **Enhanced Compliance:** Re-engineering can ensure that the complaints handling process adheres to all regulatory and compliance requirements. This reduces the risk of non-compliance and potential fines or legal issues.
5. **Better Reporting and Analysis:** A more efficient process can also lead to better data collection and analysis. Banks can gain insights into the types of complaints they receive, root causes, and trends. This data can be valuable for making informed decisions and improving the overall customer experience.
6. **Increased Accountability:** By defining clear roles and responsibilities in the complaints handling process, it becomes easier to track and assign accountability. This can lead to a higher level of responsibility among employees, which can improve overall performance.
7. **Optimized Resource Allocation:** Banks can allocate resources more effectively with an optimized process. This means assigning the right people with the right skills to address specific complaints, reducing idle time and improving overall resource utilization.
8. **Better Knowledge Management:** Streamlining processes often involves creating a centralized knowledge base for customer complaints. This enables employees to access

relevant information quickly, leading to more accurate and consistent responses to customer complaints.

9. **Adaptation to Technological Advancements:** Process re-engineering often involves the integration of technology to enhance the efficiency of complaint handling. This can include chatbots, AI, and other tools to provide quicker and more accurate responses.
10. **Competitive Advantage:** Banks that excel in handling customer complaints stand to gain a competitive advantage in the financial industry. Word of mouth and online reviews can significantly impact a bank's reputation, and efficient complaint resolution can contribute positively to this.
11. **Employee Satisfaction:** A well-designed process can reduce frustration and stress for employees involved in the complaint handling process, leading to higher job satisfaction and potentially reducing staff turnover.

In summary, process re-engineering in complaints handling for banks can result in better customer satisfaction, cost savings, improved compliance, and more efficient operations. It can also provide valuable data for decision-making and help the bank stay competitive in a highly regulated and customer-centric industry.

## **Suggestions/Recommendations to Bank Management:**

Following suggestion for Bank of Punjab Management for effective Complaints Handling:

- ✓ Line Managers and Department Heads must train the staff under their jurisdiction to ensure that each and every staff member has read and understood this ‘complaint policy’; and also understands the importance of applying the policy.
- ✓ All staff members should be aware of what constitutes a complaint and that all complaints received whether verbally or in writing must be logged in CRM system.
- ✓ All staff must know the process of logging a complaint in CRM system. CRM ID is compulsory for all stake holder.
- ✓ Staff must ensure that communication material is available and displayed across all channels to facilitate seamless registration of complaints. This includes complaint forms, communication material on website and notice boards, availability of web-forms on the website and functioning of email addresses.
- ✓ All staff member should be aware of their respective responsibilities for handling Customer’s complaints e.g.; at branches and in general any staff receiving a complaint from a customer through any channel should share the respective complaint with CMU at [complaints@bop.com.pk](mailto:complaints@bop.com.pk).
- ✓ Any changes in the complaint handling process and procedures should be brought to the knowledge of each and every staff member.
- ✓ Bank’s schedule of charges, terms and conditions and other material for reference purpose for e.g., processes and procedures manual and product details if any, are accessible to each staff member for reference in case of need.
- ✓ Prominently display a notice of banking Mohtisib and that bank’s handling procedure is available on demand.
- ✓ A brief bank’s internal complaint handling mechanism along with point of contact (POC) to be made available on website.
- ✓ The name of the bank’s focal person for managing PEP’s must be displayed at an appropriate location on the bank’s website.

- ✓ Bank must send SMS at least on bi-annual basis to all of their customers informing them about the modes of complaint lodgment.
- ✓ Complaint Management Unit of BOP goes through Internal Audit every year. Details of Audit observations and the status of compliance is shared in committee meeting.
- ✓ Bank will use market research technique like mystery shopping and customer satisfaction survey aimed at gauging the effectiveness and efficiency of their complaint handling procedures/mechanism. Such activities may be conducted at least once in two years either covering all elements of complaint handling or some specific areas.
- ✓ For the purpose of transparency, the Unit Head CMU will make appropriate disclosures regarding their performance in relation to complaint handling in their annual accounts. The information disclosed in annual accounts will interilic contain: -
  - A brief commentary of bank's internal complaint handling mechanism and initiatives taken during the year.
  - Total number of complaints received directly by banks and average time taken to resolve the complaints.

## **Conclusion:**

State Bank of Pakistan has circulated “Guidelines in Dealing with Customer’s Complaints” wherein all banks and DFIs have been advised to have proper mechanism for the resolution of public complaints and grievances. For the purpose all banks and DFIs are required to identify and entrust the responsibility to an appropriate senior person to handle all sort of complaints received.

The person and section/unit (Complaint Management Unit) entrusted the work must: -

- a. Acknowledge all the complaints;
- b. Address/handle and investigate the complaints in a fair and prompt manner;
- c. Devise a system for Redressal of the complaints in an appropriate and courteous manner and the reply to the complainant must be clear and indicate the reasons/rationale of the decision being conveyed to him/her. If possible, the reply may be sent in Urdu language where the complainant has used the language other than English.
- d. The complaints must be responded within a period of 10 working days. Where a complaint requires further investigation, an interim reply must be sent indicating the reasons for the time to be taken and expected date of action/response.
- e. where a complaint needs to be probed further the same may be investigated by an employee who is not directly involved with that particular complaint.
- f. Procedure for lodgment of a complaint and its resolution both in English and Urdu for the convenience of their customers and also post it on notice boards at each of their branch/office as also on their website.
- g. Make available copies of their internal complaint handling procedures, in each of their branches and offices to which customers have access for expeditious disposal of complaints.

Bank of Punjab has developed an effective complaints handling mechanism in compliance of SBP guidelines and regulation. However, the purpose of complaints management was only to attain Excellent Customer Services and to comply SBP regulation to prevent any penalize action.



Although existing system giving desired results, however, it is time taking and costly process. By using process re-engineering techniques, we will be able to save Time & Cost upto 70% & 72% respectively.

The project holds significant promise for banks seeking to enhance their customer service, operational efficiency, and competitive positioning. By systematically evaluating and improving the way complaints are received, processed, and resolved, banks can achieve a range of valuable outcomes.

The benefits of this initiative encompass improved customer satisfaction through faster complaint resolution, cost savings through streamlined processes, and a more robust compliance framework. Moreover, a well-executed re-engineering effort equips banks with better data and insights for decision-making, along with the ability to adapt to technological advancements that can further enhance the customer experience.

By optimizing resource allocation and promoting employee accountability, this project can lead to better performance and higher job satisfaction among bank staff. Ultimately, banks that successfully re-engineer their complaints handling process not only stand to gain a competitive edge in the financial industry but also establish a solid foundation for long-term success in a customer-driven, highly regulated environment.

In a world where customer satisfaction and reputation management are paramount, process re-engineering in complaints handling is an essential step towards achieving excellence in service delivery and fostering stronger, lasting relationships with customers.