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**RE-ENGINEERING THE BANKING INDUSTRY IN A GLOBALIZATION ERA FOR A
COMPETITIVE ADVANTAGE**

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Abstract

In Nigeria, the import of globalization and the changing dynamics of banking and other financial institutions market forced players all levels to re-engineer their business organizations. The banking operations and functions which is intended to meet emerging challenges of globalization, bank consolidation, slashing operating cost, outsourcing, portfolio investment, payments and settlement systems call for innovative banking practices through Business Process Re-engineering. This is to enable Nigeria banks to incorporate strategic innovative customer schemes in order to bridge the service gap inherent in Nigerian banking sector. The objective of this paper is to assess the impact of reengineering the Nigerian Banking industry in the globalization era for competitive advantage and to uncover how business process reengineering can help organizations to effect innovation and strategic changes in the organization. The data for this current investigation were obtained from primary source that was analysed through simple percentage analysis and regression analysis. The paper concludes that business process reengineering has become useful weapon for any corporate organization that is seeking for improvement in their current organizational performance and intends to achieve cost leadership strategy in its operating industry and environment. It recommended that reengineering process remains effective tools for organizations striving to operate as effectively and efficiently as possible and organizations are required to reengineer their business processes in order to achieve breakthrough performance and long term strategy for competitive advantage and strategically positioned for globalized banking organizational growth and performance. Organizational performance and intends to achieve cost leadership strategy in its operating industry and environment. It recommended that reengineering process remains effective tools for organizations striving to operate as effectively and efficiently as possible and organizations are required to reengineer their business processes in order to achieve breakthrough performance and long term strategy for competitive advantage and strategically positioned for globalized banking, organizational growth and performance.

Introduction

The goal of business process re-engineering is to redesign and change the existing business practices or process to achieve dramatic improvement in organizational performance. Organizational development is a Continuous process but the pace of change has increased in manifolds. In a volatile global world, organizations enhance competitive advantage through business process re-engineering by radically redesigning selected process.

Sharma (2006) posited that business process re-engineering implies transformed process that together from a component of a larger system aimed at enabling organizations to empower themselves with contemporary technologies business solution and innovations. Organizational effective performance has become a watchword in modern business; as a result there are inexorable pressures for business process re-engineering. The rampant and rapid expansion of competition across markets and geographic raises important questions such as “how should work be redesigned”. “Who does it and “where do they do it”? “How to get it performed”? These questions necessitate venturing of Business Processing Re-engineering into the overall strategy for sustained competitive advantage, check costs and differentiate products and effective price management with greater intensity and then flawless less execution. At this junction, it is pertinent to ask what is “Business Process and as well as “Business Process Re-engineering”.

According to Stoddard and Jarvenpea (1995) Business Process are simply a set of activities that transformed a set of inputs into a set of outputs (goods or services) for another person or process using people and equipment’s. Business process entails set of logically related tasks performed to achieve a defined business output or outcome. It involves a wide spectrum of activities, procurement, order fulfilment, product development, Customer service and sales (Sharma. 2006). Thus Business Process Re- engineering becomes an offshoot of Business Process. Hammer and Champy (1993) argued that “the fundamental reconsideration and radical redesign of organizational process, in order to achieve drastic improvement of current performance in cost service and speed enjoys a fur measure of consensus. One can then assume that Business Process Re-engineering connotes the analysis and design of sorkf1osss and processes within and between organizations (Davenport and Short, I 990).

In Nigeria, the changing dynamics of banking and other financial institution market forced players at all levels to re-engineer. The banking operations and functions were redesigned to meet emerging challenges of bank consolidation, slashing operating cost, outsourcing, portfolio investment, payments and settlement systems. Innovative banking practices (through Business Process Re-engineering) enabled Nigerian banks to incorporate strategic innovative customer schemes to bridge the service and product gap inherent in the banking sector.

The change brought about by re-engineering in banks are reflected in product and services to give a new form or structure by introducing product and service schemes (such as credit cards, hassle free housing loan schemes, educational loans and flex- deposit schemes) integration of the branch network by USC of advance networking technology and customer personalization programmes (through Automatic Teller Machine (ATM) and any time banking). In order to survive and flourish in a global economy business must respond to major trends reshaping markets. Hence, the dynamics of the underlying forces at work require a renewed

thrust on reengineering in banks to contribute to management and diversification of growth horizons by impacting on productivity and profitability.

Acting on this conviction, re-engineering has continuously improved organizational performance in Nigeria and the banking sector has in recent times witnessed tremendous reengineering process in Nigeria. Notable among these re-engineering processes is the recent directives by the Central Bank of Nigeria on bank recapitalization. The banks have also explored the opportunities provided by information technology (IT) to automate and improve its service customer satisfaction, e-banking, ATMs, integrate branch network, etc. The modern business is characterized by stiff competition both locally and globally, hence, re-engineering process becomes a veritable engine of organizational survival and global competitive advantage.

Some say that banking services are critical to the survival of the human race while banks themselves are not necessary survival (Holliday, 1995). Since the early 1990's man changes have taken place in the environment in which Nigerian banks conduct their business. Some of these changes in the banking environment are due to macroeconomic trends, globalization, deregulation, advancement in technology, escalating competition and disintermediation (Nwadiibia, 2004). To say that the banking industry is undergoing a period of change is a gross underestimation of the situation. In an industry where loans and deposits have been the core of business for centuries and the same way of conducting the banking business" has been used for decades (Blocklyn, 1994). Many people believes this industry may decline quickly in a very short time it' it does not implement far-reaching drastic changes to stay afloat in the midst of the dynamic environment in which it exists (Holliday, 1995).

Business Process Reengineering relies on a different school of thought. It believes in continuous process improvement, re-engineering assumes that current process is irrelevant and there is need to commence another one. Such a clean slate perspective enables the designers of business process to focus on new process. This is to project oneself on what should the process look like? How do my customers want it to be like? How do best-in-class companies do it? What we might be able to with no technology?

Business Process Re-engineering in the actual sense, have mixed successes therefore, business process re-engineering projects is aimed at transforming inefficient work process. Henceforth, organization such as banks and other financial institutions need to optimize results from this model in real business situations.

Banks are under heavy regulation from many areas including the federal government state regulators, and industry regulators (Frieder & I ledges. 1994). Nonbank firms that offer many of the same services as banks and compete heavily in some of the same market areas are not nearly as heavily regulated as the banking industry (Holliday. 1995). In recent years banks have been losing market share to these and other financial services providers as a result of factors beyond their control (Randle. 2009). The response of the banking industry to these and other related problems has been consolidation (McDermott & Berry. 2007). The emphasis on mergers and acquisitions that have taken place in banking over the last 1 'ears have prompted banking corporations to restructure their operations, hire experienced personnel with flair for deal making (Milligan, 2008). Some of the ways these and other bank personnel have helped facilitate the changes brought about by many of the drastic changes in the banking industry have been by changing the way banking business is conducted. For example, in an effort to more closely serve customer requirements, banks may start to specialize in certain segments of

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the value chain such as product manufacturing, marketing and packaging, distribution, sales and relationship management, or account servicing (Frieder & Gregor. 1996).

The main emphasis for business worldwide over the past decade has been on improving quality. Many companies have adopted some form of the new management and operations philosophy known as Total Quality Management. The major underpinnings of Total Quality Management are a continuous effort to improve products and operations to better satisfy customer needs; employee empowerment in decision making and a team approach to identify, prioritize and change targets for improvement; and a company-wide commitment to Total Quality Management strong enough to change what is necessary, including organization values and culture. The modern view of quality holds that it is not sufficient for product attributes to meet customer requirements: they must exceed them (Ramberg, 1994).

Most organizations who have embraced the principles of Total Quality are of the opinion that everybody inside the company should be focused on the customer-not just the marketing department and the sales force; not just those on the production line how now need to understand customer specifications; not just the CEO as he visits and spends time with customers. Today everyone, including even staff functions like public relations, should be keenly focused on the company's customers (Oliver. 1990).

Although there has been a significant amount of success with Total Quality Management, companies are now realizing that in many cases there is need for more dramatic improvements in productivity, competitiveness and profitability. This can be accomplished by major paradigm shifts which focus on value-added activities as well as other underpinnings for successfully implementing the concept of Business Process Re-engineering (Goll & Cordovano, 1993; Teng et al., 1994).

Business Process Re-Engineering

The concept of re-engineering traces its root back to management theories developed as early as 19th century. The purpose of re-engineering is to "make all your processes the best-in-class". Frederick Taylor suggested in the 1860's that managers' could discover the best process of performing work and reengineering echoes the classical belief that there is one best way to conduct tasks.

In Taylor's time, technology did not allow large companies to design processes in a cross-functional -or cross dimensional manner. Specialization was the state-of-the-art method to improve efficiency given the technology situation at that time.

According to Hammer and Champ) (1993), business process reengineering is defined as the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance such as cost, quality, service, and speed". Although Hammer and Champs (1993) declared that classical organizational theory is obsolete, classical ideas such as division of labour have had an enduring power and applicability that reengineering has failed to demonstrate. Business process reengineering does not appear to qualify as a scientific theory because among other things, it is not duplicable and it is limited in Scope (Maureen et al, 2005). Today organizational development is a continuous process but the pace of change has increased manifold. This means that in this competitive environment organizations will enhance its competitive advantage in its operation in it effectively design and implement reengineering selected processes.

Davenport (1993) described process innovation as the “envisioning of new work strategies, the actual process design activity, and the implementation of the change in all its complex technological, human, and organizational dimensions”. The question now is what is Business Process Reengineering? Business Process Reengineering is the analysis and design of workflows and processes within and between organizations (Davenport and Short, 1990).

According to Umukoro, (1999) Reengineering is an approach aiming at improvements means of elevating efficiency and effectiveness of the business process that exist within and across organizations. The key to reengineering is for organizations to look at their business processes from a “clean slate” perspective and determine how they can best construct these processes to improve how they conduct business.

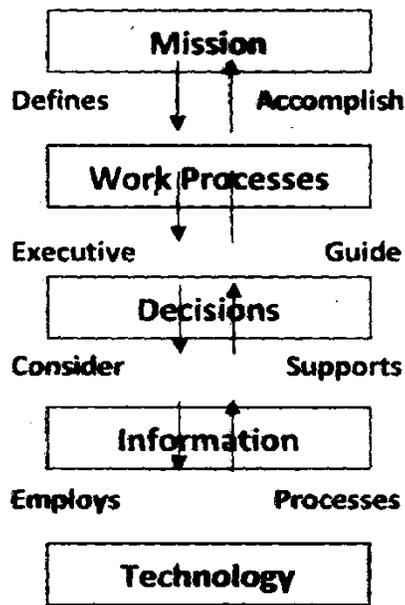
Business process reengineering according to Aluko (1999) is also known as Business Process Redesign, Business Transformation, or Business Process Change Management. Reengineering Aluko averred is a fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in cost, quality, speed and service. Reengineering, combines a strategy of promoting business innovation with a strategy of making major improvements to business processes so that a company can become a much stronger and more successful competitor in the market place.

Asika (2004) opined that Re-engineering is the basis for many recent developments in management. The cross-functional team, for example, has become popular because of the desire to re-engineer separate functional tasks into complete cross-functional processes. Also, many recent management information systems developments aim to integrate a wide number of business functions. Enterprise resource planning, supply chain management, knowledge management systems, groupware and collaborative s Unman Resource Management Systems and customer relationship management systems all owe a debt to re-engineering theory.

Thus reengineering as it relates to the banking industry is the “systematic. Comprehensive re-conception of what goes on in the consolidated bank”. “Reengineering focuses on redesigning processes because it is about doing better things, not about doing the same things in a better way or at a lower cost” (Allen. 1994). Essentially, reengineering amounts to making radical changes to one or more business processes affecting the whole organization. It also requires a cross- functional effort usually involving innovative applications of technology.

Cypress, (1994) described reengineering as a pioneering attempt to change the way work is performed by simultaneously addressing all the aspects of work that impact performance, including the process activities, the people’s jobs and their reward s’ stem, the organization structure and their roles of process performers and managers, the management system and the underlying corporate culture which holds the beliefs and values that influence everyone’s behaviour and expectations.

Business process reengineering began as a private sector technique to help organizations fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational costs, and become world-class competitors. A key stimulus for reengineering has been the continuing development and deployment of sophisticated information systems and networks. Leading organizations are becoming bolder in using this technology to support innovative business processes, rather than refining current ways of doing work.



Source: Knor, R.O. (1991): Business Process Redesign, Vol. 12, No. 6

Business process reengineering is one approach for redesigning the way work is done to better support the organization's mission and reduce costs. Reengineering starts with a high-level assessment of the organization's mission, strategic goals, and customer needs. Basic questions are asked, such as 'Does our mission need to be redefined? Are our strategic goals aligned with our mission? Who are our customers?' An organization may find that it is operating on questionable assumptions, particularly in terms of the wants and needs of its customers. Only after the organization rethinks that it should be doing.

Within the framework of this basic assessment of mission and goals, reengineering focuses on the organizations business processes, the steps and procedures that govern how resources are used to create products and services that meet the needs of particular customers or markets. As a structured ordering of work steps across time and place, a business process can be decomposed into specific activities, measured, modelled, and improved. It can also be completely redesigned or eliminated altogether. Reengineering identifies, analyses, and redesigns an organization core business process with the aim of achieving dramatic improvements in critical performance measures, such as cost, quality, services, and speed.

Reengineering recognizes that an organizations business processes are usually fragmented into sub-processes and tasks that are carried out by several specialized functional areas within the organization, often, no one is responsible for the overall performance of the entire process. Reengineering maintains that optimizing the performance of sub processes can result in some benefits, but cannot yield dramatic improvements if the process itself is fundamentally inefficient and out modeled. For that reason, reengineering focuses on redesigning the process as a whole in order to achieve the greatest possible benefits to the organization and their customers. This drive for realizing dramatic improvements by fundamentally rethinking how the organization's work should be done distinguishes

reengineering from process improvement efforts that focus on functional or incremental improvement.

Dimensions and Elements of Re-Engineering

The reengineering concepts involve four dimensions that are stated below:

(a) **Innovative Rethinking:** This is a process that is itself utterly dependent on creativity, inspiration and old-fashioned luck. Drucker (1993) argues that this paradox is apparent only not real: most of what happens in successful innovations are not the happy occurrences of a blinding flash of insight but rather, the careful implementation of unspectacular but systematic management discipline.

(b) **Process Function:** Taking a systematic perspective, Hammer and Champy (1993) describes process functions as a collection of activities that take one or more kinds of input and create an output that is of value to the customer. Typical processes of this include ordering of organizational structure, manufacturing, production, development, delivery and invoicing.

(c) **Radical Change:** In radical change, a key business process is the transformation of organizational element: it is essential to an organization survival. Change leads to new ideas, technology, innovation and improvement. Therefore, it is important that organizations recognize the need for change and learn to manage the process effectively (Pamela Ct al, 1995).

(d) **Organizational Development and Performance:** It takes a look at the firm's level of efficiency and way to improve its current activity level in order to meet up to standards and survive the competitive pressure. One way to judge the performance of an organization is to compare it with other unit within the company. Comparison with outsiders however can highlight the best industrial practices and promote their adoption, thus, this technique is commonly termed benchmarking" (Roberts, 1994).

Steps Involved In Business Process Reengineering

Davenport and Short (1990) prescribe a five-step approach to Business Process Reengineering, These are:

- i. **Develop the business vision and process objectives:** Business process reengineering is driven by a business vision which implies specific business objectives such as cost reduction, time reduction, output quality improvement, quality of work life.
- ii. **Identify the processes to be redesigned:** Most firms use high-impacts approach which focuses on most important processes or those that conflict most with the business vision. Few numbers of firms use the exhaustive approach that attempts to identify all the processes within an organization and then prioritize them in order to redesigned urgency.
- iii. **Understand and measure the existing process:** For avoiding the repeating of old mistake and for providing a baseline for future improvements.
- iv. **Identify information technology (IT) levels:** Awareness of IT capabilities can and should influence process. This is because IT is a sine qua non to the business process reengineering.
- v. **Design and build a prototype of new process:** The actual design should not be viewed as the end of the re-engineering process; rather, it should be viewed as a prototype,

which aligns the reengineering approach with quick delivery of results and the involvement and satisfaction of customers.

Nigerian Banking Industry in the Wake of Globalization

Although the position of mainstream economies is that economic benefits of globalization out the economic cost for most countries, developing countries, including Nigeria, are yet to feel the impact of the process. Nigeria, in acceptance of this position, has adopted the Structural Adjustment Programme (SAP) with the hope that it will be in a position to benefit from their process. All indications point to the fact that, given the dependent nature of the economy, it cannot benefit from the process. Third world countries with very weak internal structures, incapable of competing with the world economy, are generally not in a position of benefiting from globalization, which is a dynamic process, (Adegbite, 2007).

The place of Nigeria in the global economy has become an issue of policy relevance as a result of the rapid integration of the world's goods, services and financial markets. The trend in globalization has been sustained by the rapid liberalization of trade and capital flows between countries, the process is expected to intensify. Since this trend has been established and a reversal is not imminent now and the near future, the window of opportunities that exists in the system are open to those countries that can move along as effective participants. This is the reason why the potentials for Nigeria must be critically examined to define the part towards the realization of the full benefits from the current engines of growth of the world economy.

To benefit fully from the integration process, Oluba (2008) opined that Nigeria must be competitive in terms of the quality of resources available for exchange for those of other countries; macroeconomic and structural policies pursued in relation to trading partners' economies and the rest of the world; and the extent to which the country has liberalized its economic management to attract the benefits of an open economy. These elements are important because it has been established that globalization is alive driven by international specialization aided in part by factor endowment, the quality of domestic policies in terms of their international competitiveness and the extent to which markets are allowed to determine the allocation of resources.

The contribution of the Nigerian economy to the global economy and the benefits accruing to the economy from Nigeria's interrelationships with other countries, Oluba. (2008) further maintained can be determined and measured by a number of factors, among which is the shape of Nigeria in global trade, and investment and finance in terms of the total quantum of inward and outward flows of resources. The competitive advantage of Nigeria in the global economy is dependent on what she has to offer for the receipts expected from the rest of the world. In order words, what means does Nigeria have to assert effective demand for the resources of other nations? Other critical issues are the extent to which Nigeria has leagued domestic policy directions in the rest of the world. It will also be important to ascertain if the economic restructuring efforts so far applied in Nigeria have been able to achieve a market-led economic system growth.

Benefits of Globalization to the Financial Services Industries in Nigeria

Globalization can be defined in simple terms as the easy access or reach of a certain resource or control the world over. In context, globalization is a way of removing trade barriers. Globalization is a phenomenon that no development agenda can afford to ignore. According to

the WTO Agreement of which Nigeria is a signatory, all countries were bound to remove barriers to trading i.e. free flow of goods and services. This access is facilitated by communications network of Information Technology (IT) involving data and information transfer via electrical and electronic networking. Computers, Internet, e-mail, global satellite communication, telephone, fax, telex and cable are the various forms of IT utilized in global communications. Technological advances in communications have made it possible to know in an instant what is happening in a factory or stock market half a world away. The growing importance of services and information transmitted over fibre-optic cable and its increasing economic value has stemmed into globalization. Multinational companies now rely on production chains that straddle many countries.

Since globalization depends mainly on the IT industry, there is need to have a sound IT policy. This however, is being pursued as is evident in the release of the first ever IT policy for Nigeria with the vision statement: "To make Nigerian IT capable country in Africa and a key player in the Information Society by 2015, using IT as the engine for sustainable development and global competitiveness".

In Nigeria, every industry has been affected in one way or another by globalization. Everywhere, the emphasis is on globalization as it provides a larger market and larger services. Globalization creates expansion and gives room for diverse operations within an industry all aimed at taking that industry to greater heights. The financial services industry, comprising of financial institutions such as banks, discount houses, financial corporations, building societies, issuing houses, insurance companies and investment trust, is one industry that is being greatly impacted by globalization. Two dimensions of globalization to be considered include trade and financial flows.

For Nigeria, trade is the primary vehicle for realizing the benefits of globalization. It brings additional competition, variety, and enlarges the foreign markets, benefiting businesses. It exposes domestic firms to the best practices of foreign firms and to the demands of discerning customers encouraging greater efficiency. Trade gives firms access to improved capital inputs and encourages redistribution of labour and capital to relatively more productive sectors.

Financial flows across national borders have risen far more quickly than trade in recent years. These capital flows can be seen as follows:

- i. Foreign direct investment consisting of capital input intended to purchase a stake in the management of an organization.
- ii. Foreign portfolio investments and management
- iii. Bank loans and other credit facilities
- iv. Capital investment for official development

Foreign capital investment is of substantial economic gain to all parties. Foreign investors diversify their risks outside their home market and gain access to profitable opportunities throughout the world. Disregarding the importance of the benefits of foreign capital investments is not advisable, but for such capital to be infused into the local market, policies and institutions that will ensure that capital mobility benefit Nigeria's developing economy rather than injuring it needs to be put in place and effected.

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The Nigerian government can begin this process by reforming the banking sector and nurturing capital markets. Increased competition in the financial sector through globalization improves incentives for both finance houses and their customers. Development of domestic financial sector and the involvement of securities and stock markets in larger financial activities increase competition. Entry of foreign banks, from countries that have sound regulatory systems in place, into Nigeria, boosts regulation by importing high-quality risk-management standards, regulatory practices and seasoned management professionals.

The globalization of the financial market affects development because finance plays such an important role in economic growth and industrialization. Financial globalization affects growth in two ways: by increasing the global supply of capital, and by promoting domestic financial development that improves allocate efficiency, creates new financial instruments, and raises the quality of banking services.

Globalization keeps the financial services industry around the world in the same trend as monetary affairs in recent times are tending towards the same side. The most common of these trends include funds transfer and smart card services, which is fast becoming the standard of business transactions worldwide. The global reach of these services enables business to be transacted from one end of the globe to another. A businessman can do his business in U.K., for example, and receive his money in Nigeria or a customer can operate a foreign account fully well as if he were in the bank in person.

Globalization reduces the volume of cash in transit. With interconnectivity of finance houses, a traveller needs not convey the cash he needs for an overseas business in his luggage. He either operates his account offshore or transfers his money into a new account in an affiliated bank. Also, when international companies or countries trade, it would have been ridiculous for them to deliver millions of raw cash from one longitude to another rather the foreign exchange services handle the financial transactions and balances accounts. Through globalization the financial services industry would benefit immensely from expatriates in development countries in areas of training and technical assistance.

Nigerian professionals would then measure up to their counterparts in advanced countries. Ideas would be shared and Nigerian professionals would learn the techniques employed in other countries to achieve better financial services provision. Such techniques could be adapted to suit the peculiar situations in Nigeria thereby coming up with new ideas and more prolific results.

Globalization will also provide a security measure for indigenous multinational financial institutions. In Nigeria here the economic and subsequently the financial sector is very uncertain, a global financial services industry would ensure that even in the case of an economic downturn such finance houses do not fold up but they would be able to rely on their international market to continue operations. Indeed, globalization will help the financial services industry to thrive in Nigeria even in a dwindling economic situation all things being equal.

As a result of a global reach, more companies will engage in cross-regional and intercontinental transactions and currencies would be swapped. Firms transact more with countries that can earn them higher foreign exchange and are not restricted to nearby countries, which may not be of much benefit to them. In effect, the greatly improved foreign

exchange earnings would strengthen the economy and provide a stronger base for the growth of the financial services industry

Presently, the Nigerian economy is not very sound to support full globalization of every industry the prevailing economic would not be able to support the global market. As globalization is encroaching in on every sector of the economy, Nigeria would depend heavily on foreign finance houses to invest in the nations industries. This is because Nigerian finance houses do not presently have the capability to raise the foreign currency loans required to fund these global operations. The average Nigerian bank whose minimum shore capital of N25 billion is less than a third of the amount needed to fund projects in the major global industries such as the oil, steel and telecommunications industries. For this reason, the Nigerian bank is contending with financing small and medium scale enterprises (SME) instead of the major industries, which are the nation's main revenue earners.

Globalization is creating the increasing dependence of the Nigerian banking system on multinationals, thus, the proliferation of foreign banks in the Nigerian market. These new foreign banks are likely to turn the system around and Nigerian banks must brace up for the competition. Although, experience suggests that foreign financial institutions do not undermine domestic financial systems: they are rarely dominant and tend to exhibit a long-term commitment. Nigerian finance houses would have to change their mode of operations in order to meet the dial challenges of the global banking in the country. Taking up the challenge should help liquidity, not only in the oil and gas industry, but also in other sectors of the economy such as agriculture and manufacturing.

There are four key components to the approach to financial reform that will both ensure stability in the country and capture the benefits of integration into world capital markets:

- i. In order to reap the benefits of the global financial market, Nigeria needs to strengthen banking regulations and build complementary and well-regulated securities markets.
- ii. Policies should be directed to reducing the demand for short-term foreign borrowing and checking its volatility.
- iii. International cooperation should he sought in setting and implementing fiscal, monetary, and exchange rate policies.
- iv There should be the cultivation of a healthy economic environment in order to attract long-term foreign investment, and allowing domestic markets to operate in stability protecting the investors rights and obligations.

Unless the financial services industries really knows its onions and it's ready to fleet up to the expectations of the Herculean task that globalization will present, the future for the industry and the entire Nigerian economy may not be so bright after all.

Reengineering and Information Technology

Hammer (1990) considers Information Technology (IT) as the key factor in reengineering for any organization that wants to witness a "radical change" in its operation. He prescribes the use of Information technology to challenge the assumption inherent in the work processes that have existed since long before the advent of modern computer and communications technology. He argues that at the heart of reengineering is the notion of discontinuous thinking or recognizing and breaking away from the out dated rules and fundamental assumptions underlying operations. These rules of work design are based on assumptions about technology,

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people and organizational goals that no longer hold. Aremu and Saka (2006) argue that Information Technology (IT) is a strategic resource that facilitates major changes in competitive behaviour, marketing and customer service. In essence, IT enables a firm to achieve competitive advantages.

Davenport and Short (1990) further posited that Reengineering requires taking a broader view of both Information Technology (IT) and business activity and of the relationship between them. Information Technology should be viewed as more than an automating or mechanizing force: to fundamentally reshape the way business is done.

Information Technology (IT) and Reengineering have a recursive relationship. Information technology capabilities should support business processes and business should be in terms of the capabilities Information Technology can provide. Davenport and Short (1990) refer to this broadened, recursive view of Information technology and reengineering as the new industrial engineering business process. This represents a new approach to coordination across the firm. IT promises and its ultimate impact is to be the most powerful tool for reducing cost of coordination (Davenport and Short, 1990).

Information and Communication Technology in Re-Engineering the Nigerian Banking Sector

Technology is no longer being used simply as a means for automating processes. Instead it is being used as a revolutionary means of delivering services to customers. The adoption of technology has led to the following benefits: greater productivity, profitability, and efficiency; faster service and customer satisfaction, convenience and flexibility; 24x7 operations; and space and cost savings (Sivakumaran, 2005). The Internet has caused a technical revolution and it could have greater impact on change than the industrial revolution (Engler & Essinger, 2000).

According to Sivakumaran, (2005) Technology has been used to offer banking services in some ways:

- ATM are the cash dispensing machines that can be seen at banks and other locations where crowd proximity is more. ATMs started as a substitute to a bank to allow its customer' to withdraw cash at any time and to provide services where it would not be viable to open another physical branch. The ATM is the most visited delivery channel in retail banking, with more than 40 billion transactions annually worldwide. In fact, the delivery channel revolution is said to have begun with the ATM. It was indeed a pleasant change for customers to be in charge of their transaction, as no longer would they need to depend on an indifferent bank employee.
- The phenomenal success of ATMs had made the banking sector develop more innovative delivery channels to build on cost and service efficiencies. As a consequence, banks have introduced telebanking, call centers, internet banking, and mobile banking. Telebanking is a good medium for customers to make routine queries and also an efficient tool for banks to cut down on their manpower resources. The call center is another channel that captured the imagination of banks as well as customers. At these centres, enormous amount of information is at the fingertips of trained customer service representatives.
- Fallout of the ICT-driven revolution in the banking industry is the Centralized Banking Solution. Centralized Banking Solution can be centric

➤ defined as a solution that enables banks to offer a multitude of customer-centric services on a 24x7 basis from a single location, supporting retail as well as Corporate banking activities, as well as all possible delivery channels existing and proposed. The centralization thus afforded many a “one-stop” shop for financial services a reality. Using CBS, customers can access their accounts from any branch, anywhere, irrespective of where they physically opened their accounts. The benefits offered by Centralized Ranking Solution are:

- Offer a “one-stop” IT management shop
- Make banks prepared for current as well as future requirements
- Decrease the risks arising from solutions requiring multiple components and multiple vendors.
- Improve the returns via seamless integration of soft are and hard are services
- provide a greater choice through the availability of an array of technologies

Information technology has not only helped banks to deliver robust and reliable services to their customers at a lower cost, but also helped banks make better decisions. Here a data warehouse plays an extremely important role. It essentially involves collecting data from several disparate sources to build a central data warehouse to store and analyse the data. A data warehouse in a bank typically stores both internal data and data pertaining to its competitors.

Graham, (2003) averred that. The next wave in ICT-driven banking resulted in the creation of the Society for World Interbank Financial Telecommunication (SWIFT), which is a financial-industry-owned cooperative organization. SWIFT provides secure, standardized messaging services and interface software to 7,650 financial institutions spread over 200 countries. SWIFT’s worldwide community includes banks, broker/dealers, and investment managers, as well as their market infrastructures in payments, securities, treasury, and trade. Establishment of SWIFT is a landmark development in worldwide payment systems in banks and financial institutions.

Evaluating Re-Engineering Strategies for the Nigerian Banking Sector

Re-engineering can be defined as the analysis and radical redesign of business processes to achieve dramatic improvement in critical measure of performance. Re-engineering asks basic questions and seeks to re-create organization process designed around the needs of customers, owners, employees, suppliers and regulatory agencies which form the core constituencies business. (Umukoro, 1999). None of them can be overlooked if re-engineering is to be achieved. This implies that customer centered organization will have a sophisticated management and measuring system stem from defining operating and attracting those areas that are most critical to the customer.

The success formula must be TQ + S (i.e. Total Quality added to Service), meaning ‘F can be overlooked if re-engineering is to be achieved. This implies that customer centered organization will have a sophisticated management and measuring system stem from defining operating and attracting those areas that are most critical to the customer.

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The success formula must be TQ + S (i.e. Total Quality added to Service), meaning Total Quality Service. It marks the state of affairs in which an organization delivers superior values to its consumer, employees and stakeholders customers cantered- organization around the world devote their or effort on the following:

- **Market and customer research:** To identify and recognize the changing needs of customer
- **New product development through strategy formulation:** To develop actions and method of approach to stay ahead of competitors through continuous product development.
- **Manpower training and development:** To impact appropriate skills knowledge and attitude in members of organization and secure their Commitment.
- **Total Quality Management:** To do better with less resource through the redesign of core organizational systems and methods.

Okupe (2007) opined that, in a dynamic society like ours (Nigeria), where the economy is continuously undergoing various structural transformations, especially in the financial sector and the insurance industry inclusive, it is imperative they should be able to have personnel who are capable of achieving organizational objectives, through development of programmes towards the realization of these objectives. It is in fulfilment of this arduous task that manpower development and training programmes gives the management of business organizations much food for thought.

Manpower development and training is indeed regarded as one of the greatest assets of any organization. Manpower planning entails the estimation of how many qualified people are necessary to carry out the assigned task, how many will be available (or available) and what must be done to ensure that personnel supply equal personnel demand at the appropriate point in the future.

Factors to Consider During Re-Engineering Process

1. Customer Behaviour: The aim of any organization is to meet and satisfy target customer needs and wants but knowing customer is never simple, customers may state their needs and wants. But-act otherwise. They may not be in touch with their deeper motivation they may respond to influence that changes their mind at the last minute, (Achumba, 1996).

Okpue (2007) averred that marketers in the banking industry must study their target customers wants, perception, preference and buying behaviour. Such study will provide dues for developing the company's new product, product feature, price, channel message and other marketing mix element. Environment stimuli enter the buyer consciousness. The marketer's task is to understand what happened in the customer's consciousness between the arrival of outside stimuli and the buyer purchase decision.

2. Branch Management. Location and Distribution of Banking Service: Bolaji (2006) opined that a bank striving to achieve its set goals and organizational objectives should be strategically located in business concentrated areas here there are potential customers and high economic activities. It has been recognized that the place where a branch is located is of utmost importance because of a potentially viable branch may fail to perform, if located in an area where factors that could contribute to its success is lacking.

3. Marketing, Communication, Promotion and Publicity: In the view of Onye Okpe (2000), advertising is the social tool that encourages public support of various institutions by conveying

accurate and compelling information to consumer about the needs and 2oals of these institutions and entities.

Communication, he averred is the process of carrying or disseminating information to prospective buyers and sellers and creating understanding among these people about the products or services of the organization, in order to influence their behaviour and to enable the bank achieve its stated objectives, while Promotion consists of advertising, direct marketing, sales promotion and public relations. It is the various activities the organization undertakes to communicate and promote its products or services to the target market.

There is doubt that the above summarizes the marketing activities that could be found in the banking industry and they also indicate the indirect manner in which the application of marketing mix could be applied in the marketing of financial services for re-engineered banking industry.

Principles of Customer-Cantered Re-Engineering For Competitive Advantage

The Following according to Okpue, (2007) should be the guiding principles that are central to customer-cantered-reengineering for competitive advantage:

- The process of reengineering involves rearranging and realigning strategy structure systems and employees organization around the customer.
- In order to accomplish the above, it is essential to have a clear and precise understanding of customer expectations.
- The ultimate purpose of re-engineering is to create a state of total customer value
- For re-engineering to have its maximum long term impact, it must he strategically integrated into all aspects of organization's way of doing business; its policies, procedures practices and processes.
- Re-engineering is not one-time event; it is a continuous process of innovating to surpass customer expectation and empowering employees to manage relationship in a manner that creates delight and loyalty. In a nutshell, customer cantered reengineering is redesigned the business from the outside in by recording or rearranging the organizations strategy systems and structure around elopers so that they can create total customer value. The customer is the centre of re-engineering initiative.

Human Resource Factors That Can Hinder Reengineering Success Out dated cultures, ineffective management styles, bureaucratic red tape, or an out-of-date reward system create organizational inertia (Ligus, 1997). Thus, Human issues cannot be ignored if business process reengineering is to succeed. Hutchins (1996c) states that human issues involved in reengineering have finally been recognized as vital success.

Schrage (1997) stated that while IT has improved organizational processes, in other respects it has proven threatening to successful organizational functioning. People easily become weary of coping when visions of brave, new processes aimed at providing the customer with more value. These concepts are often stymied with a wall of human resistance (Hutchins, 1996c).

- **Fear of job loss:** Edwin Dean (1996) feels the big problem is that often management uses reengineering as an excuse to lay off people. However, these are usually these are people

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needed to provide quality for the customer and grow the enterprises in the future. Therefore, reengineering drives fear into the organization and destroys the entire social segment of the socio-technical system which produces the product or service. Davenport averred that reengineering has become a synonym to cutbacks. Whether or not this rational or an actual linkage is irrelevant. Headcount reduction was the % managers could justify the financial expenditure and strategic rationale.

- **Lack of management support:** Management often allows money to be thrown around purchasing technology, but then overlook financing training of people necessary to infuse or utilize the IT (Davenport, 1993). Strong leadership is necessary if reengineering projects are not to be ruined by psychological and political disruptions that accompany change (Corrigan. 1997). Spouse
- **Change of organizational structure and culture:** Human passions and emotions react strongly when the prospect of change intrudes on their familiar working and living patterns (Hutchins, 1996c). Dean (1996) believes the necessary cooperation to achieve success will not occur unless people are assured they will not be working themselves out of a job. Technology is changing so rapidly we have come to expect people and organizational structures to do the same. IT project teams that promise quick results are only setting themselves up for disappointment. If reengineering is approached with inadequate skills in the employee base, very little training and support programmes, and without input during the design stage by employees, change at a moderate pace is extremely difficult.

Conclusion

Reengineering which is a situation when a business organization is transforming processes that together form a component of a larger system aimed at enabling organization to empower themselves with contemporary technologies business solution and innovations. In the context of changing customer expectations, technological discontinuities, increasing environmental uncertainties, business managers have a big challenge of making the right strategic choice and setting their strategic priorities in order to allocate their resources to different functions in an efficient manner for business success.

One of the most important objectives of reengineering business processes is to redesign the existence of a business practices in order to achieve improvement in performance. Nigerian Managers must develop new tools, new concepts, and new organizational mind-sets to cope with the turbulent and chaotic environment leading to change. This can only be achieved through effective and efficient reengineering of their business.

For the analysis, it is discovered that reengineering a business has a significant positive effect. One general conclusion that can be drawn from this paper is that many findings from literature which hold the general conception that Business process reengineering entails the critical analysis and radical redesign of existing process to achieve breakthrough improvements in organizational performance cannot be doubted.

Interestingly, the research shows that business process reengineering requires innovations and organizational change, in order to be successful. Also as a matter of fact, Business Process reengineering as found from the research typically affects various variables in the organization such as people, employees, business, technology etc.

Finally, Business Process Reengineering has become useful weapon for any corporate organizations that is seeking for improvement in their current organizational performance and intends to achieve cost leadership strategy in its operating industry and environment. Reengineering process remains an effective tool for organizations striving to operate in the competitive world; organizations are required to engineering their business process in order to achieve breakthrough performance and long-term strategy for organizational growth.

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