

A Universal Banking Model Based on Empowerment and Skills Development

Un modelo de banca universal basado en el empoderamiento y el desarrollo de habilidades

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ABSTRACT

The present paper aims to propose a universal banking system focusing on the empowerment and skill development of bank employees. This study used the Delphi fuzzy method to select experts and classify and analyze their responses. Further, the DEMATEL method was used to identify and investigate the criteria correlations and map the network relationships. A robust statistical method was used to solve optimization problems based on data uncertainty. The results drawn from the model indicated that factors such as employee decision-making ability, responsibility towards executing a decision, access to decision tools, and employee self-efficacy sources influence the empowerment of employees and correct implementation of private, corporate, business, and investment banking. Further, they showed that sense of competence, motivation, participation, sense of effectiveness, and information technology influence universal banking. In addition, training and reward influence all types of universal banking.

Keywords: Universal banking, Empowerment, Radical humanist paradigm, Metaheuristic algorithm, DEMATEL

RESUMEN

El presente documento tiene como objetivo proponer un sistema bancario universal centrado en el empoderamiento y el desarrollo de habilidades de los empleados bancarios. Este estudio utilizó el método difuso Delphi para seleccionar expertos y clasificar y analizar sus respuestas. Además, el método DEMATEL se utilizó para identificar e investigar las correlaciones de criterios y mapear las relaciones de red. Se utilizó un método estadístico robusto para resolver problemas de optimización basados en la incertidumbre de los datos. Los resultados extraídos del modelo indicaron que factores tales como la capacidad de toma de decisiones de los empleados, la responsabilidad de ejecutar una decisión, el acceso a las herramientas de decisión y las fuentes de autoeficacia de los empleados influyen en el empoderamiento de los empleados y la correcta implementación de empresas privadas, corporativas y comerciales. banca de inversión. Además, mostraron que el sentido de competencia, motivación, participación, sentido de efectividad y tecnología de la información influyen en la banca universal. Además, la capacitación y la recompensa influyen en todos los tipos de banca universal.

Palabras clave: banca universal, empoderamiento, paradigma humanista radical, algoritmo metaheurístico, DEMATEL.

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1. Introduction

Universal banking is a term used for financial institutions and banks. It provides clients with extensive options for banking services. Universal banking is mostly formed when the focus is on special client groups; that is, when banks tailor their functions to the needs of their client groups, they have to learn and employ new specializations from wider fields of financial markets (Abtahi, 1996). For instance, a number of German banks which had initially started as business or corporate banks later turned into private banks. Also, retail and corporate banking in Asia shifted towards investment banking with their presence in international competition and the growing global commerce. As such, it can be said that universal banking is in line with human progress and social welfare (Athanasopoulou, 2004). Four major client groups of universal banking are retail clients, business clients, corporate clients, and private clients. Different banks have different standards for this classification; however, in most banks, the classification mainly relies on the average deposit of the client accounts. According to each client group, the related banking fields are established to manage the affairs of that client group.

The three main steps of universal banking implementation are client identification, market segmentation, and identification of the needs of each segment. Client identification is the first and most important implementation step of universal banking. Moreover, creative and committed human resources and employees are nowadays considered to be among the primary assets of a banking system and in a sense, the human workforce is the fundamental capital of a banking system (Fornell, 1981). Traditional banking focused on the physical activities of the staff and the tasks were carried out within predefined frameworks. However, the circumstances of the human workforce and employees will definitely change in new banking systems such as universal banking. New banking environments require employees that make sound, timely decisions and provide solutions for their problems. This requires capable employees and human workforce (Fornell, 1981).

Empowerment is a comprehensive, relatively time-consuming process that requires actions such as sharing the information with the staff, providing adequate autonomy with defined boundaries, and replacing hierarchies with task teams. This, in turn, leads to a flexible and dynamic organization where employees feel a sense of belonging and thus work with enthusiasm and pride (Fornell, 1981). Marl and Mordis define empowerment based on one's ability to accept responsibility and power via training, trust, and support. Ginned defines empowerment as problem-solving by the managers, while Blanchard, in *Three Keys to Empowerment* argues that empowerment is based on the knowledge, practice, and motivational ability of individuals (Mohaqueqnia, 2014). There are certain requirements for the successful implementation of universal banking the most important of which is the employment of competent and capable human resources. Hasanqolipoor et al. (Hasanqolipoor, 2013) reported that according to directive 90/40024 dated May 14, 2011, issued by the Central Bank of the Islamic Republic of Iran, banks are mandated to group their clients according to various criteria and tailor their services to each client group. This has led to movements and efforts in the banking system to adapt to the new banking system. International researches have also addressed this subject. Genliter conducted a study on developing a model for universal banking and staff capability and showed that employees need to be capable in this regard for the targeted implementation of universal banking [8]. Monorsitin investigated the effect of leadership styles and bank directors' relationships on job satisfaction among the employees of Turkish banks (Fornell, 1981).

Considering the competitive atmosphere of Iran's banking industry and the increasing growth of private banks, implementing and proposing a model for universal banking has been addressed by the banking authorities and the new strategy has found a good position in domestic and foreign areas in both practical and research fields (Hasanqolipoor, 2013). Davari et al. (2014) investigated the competencies required for universal banking implementation. The research identified the required competencies using exploratory methods and expert opinions. The result indicated the importance of decision making and delegation of authority, competency-based evaluation, technological skills, updated knowledge, flexibility, considering the staff as human assets, and learning. Khajesalehani (et al., 2014) investigated the relationship between employee communication skills and customer satisfaction, finding that better communicator skills by employees also improves customer satisfaction. Danai et al., investigated the relationship between the decision-making style of the heads of Islamic Azad Universities and their organizational performance, concluding that there was a direct, significant correlation between their directive decision-making and organizational performance.

Considering the overall movement of the national banking system towards universal banking and the role of bank employees and human resources as the chief executives of universal banking, empowerment and skills development the staff of Tejarat bank, as an efficient bank, are highly important for creating a competitive edge and increasing staff efficiency. Most banking studies adopt an objective approach to the subject based on structuralism and functionalism. Therefore, objective and humanist views still require further research. Moreover, one of the beneficial features of management studies is aiding the improved management practices as well as increasing the knowledge on the subject. The current work can improve management practices and provide an opportunity for rethinking the organization's activity and obtaining practical solutions for improved management performance. As such, this study aims to create a model of universal banking focusing on empowerment and skills development of employees. The main question of the research addresses the quality of a universal banking model based on employee empowerment and skills development. Accordingly, this brings about three questions:

1. What are the components of the desired universal banking model?
2. What are the component interrelations of the desired universal banking model?
3. What are the differences between models proposed for different banks?

2. Research Method

This is an applied study aiming to develop applied knowledge in a specific field. Considering the nature of the subject, exploratory-descriptive research method was selected and surveys and field studies were used for data collection.

The study used secondary sources such as books, papers, journals, and online resources to gather data. After that, it used a field study approach for developing and proposing the target model.

The statistical population of the qualitative phase consisted of a panel of experts who were able to help find the desired universal banking model based on their experience and knowledge. The statistical population at the quantitative phase consisted of the staff of Tejarat Bank of Gilan Province, Iran.

Data analysis was performed using component identification via the Delphi fuzzy method (expert views), identification of component interrelations using the DEMATEL method, developing a mathematical model based on large-scale, robust modeling; problem-solving using metaheuristic techniques, and sensitivity analysis via soft operational research techniques. The Delphi fuzzy method was utilized to select the experts and classify their responses and finally integrate them. The DEMATEL method was used to identify and investigate criteria interrelations and map network relationships. Further, the robust method was used to solve optimization problems with data uncertainty.

3. Findings

This study investigated various empowerment models and the factors influencing the empowerment. After reviewing the recent employee empowerment models in all levels, the factors identified in the models were submitted to the expert panel who selected 32 factors which they thought would influence the staff empowerment in universal banking (Table 1).

Table 1: Factors influencing employee empowerment

No.	Factor
1	Sense of influence
2	Choice
3	Sense of competence
4	Sense of meaningfulness
5	Information
6	Rewards
7	Power to make decisions affecting organizational direction
8	Power to make decisions affecting organizational performance
9	Employee self-esteem
10	Self-efficacy beliefs
11	Senior management coaching
12	Training
13	Participation
14	Motivation
15	Job satisfaction
16	Information technology (IT)
17	Management strategies
18	Organizational conditions and factors
19	Employee self-efficacy sources
20	Participation in decision-making
21	Corporate values
22	Open relationships
23	Feedback dependent control
24	Structuring
25	Facilities
26	Employee decision-making ability
27	Staff operational responsibility in implementing the decisions
28	Access to decision and execution tools
29	Staff responsibility towards the outcomes of their decisions

30	Integrations between the senior managers and frontline employees
31	Involving the staff in planning and operational information of the organization
32	Involvement of staff unions

Moreover, having investigated different types of universal banking and the previous models and their implementation methods in Iran according to the banking experts, we selected the following six types of banking to investigate for model development:

1. Private banking;
2. Retail banking;
3. Virtual banking;
4. Corporate banking;
5. Investment banking;
6. Business banking;

In the next step, in order to respond to the first question, the components and function of each banking type were identified using field studies and a questionnaire survey. Then the product development criteria in each banking system were identified and according to the experts, 32 factors influencing universal banking were expertly reviewed and ranked based on their effectiveness.

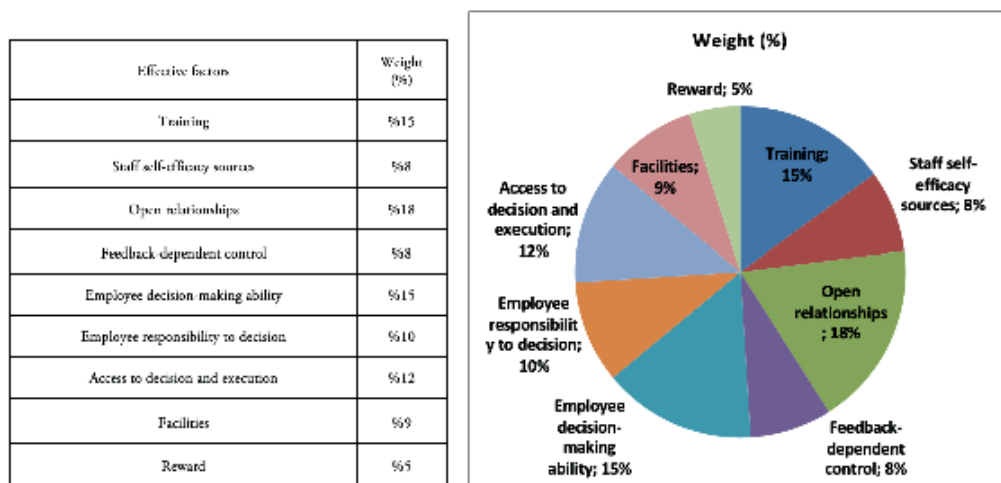
3.1. Private banking

The types of private banking and their components are categorized into two groups: Asset management; financial services and private services and consultations. The development criteria of private banking products were investigated from four perspectives:

1. Needs assessment: every client;
2. Relationships: account manager;
3. Delivery: Offices and special branches
4. Required information: personal life information.

Afterward, the 32 factors affecting employee empowerment in universal banking were submitted to the panel of experts and ranked by their priority (Fig. 1).

Fig. 1. Employee empowerment in private banking as perceived by the experts



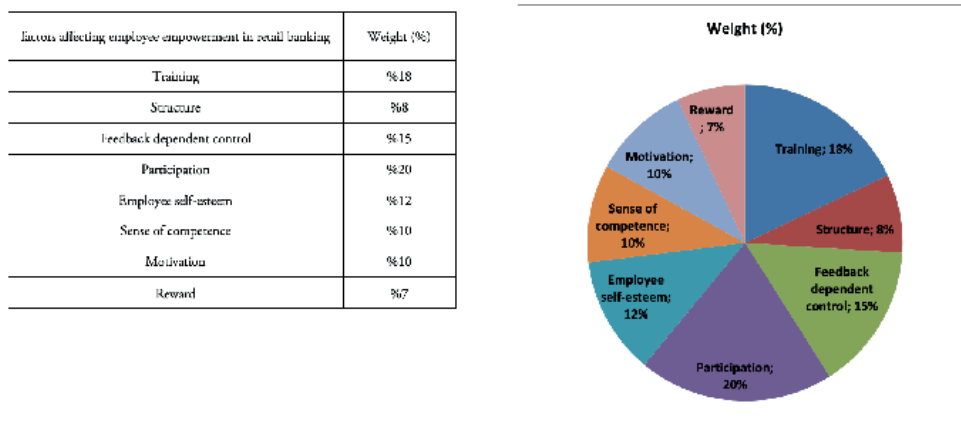
3.2. Retail banking

The 32 factors affecting employee empowerment in retail banking were submitted to the experts and ranked (Fig. 2). Different operations in retail banking were determined as follows:

1. Deposit reception;
2. Supervising e-payment methods;
3. Credit services and bank facilities;
4. Resource and usage assessment;
5. Claims;
6. Credit risk of the branches and their performance assessment;

7. In-person banking services to individuals and companies;
8. Market analysis and assessment of competition status and services;
9. Insurance services for clients;

Fig. 2. Employee empowerment in retail banking as perceived by experts



3.3. Virtual banking

Different virtual banking operations were determined as follows:

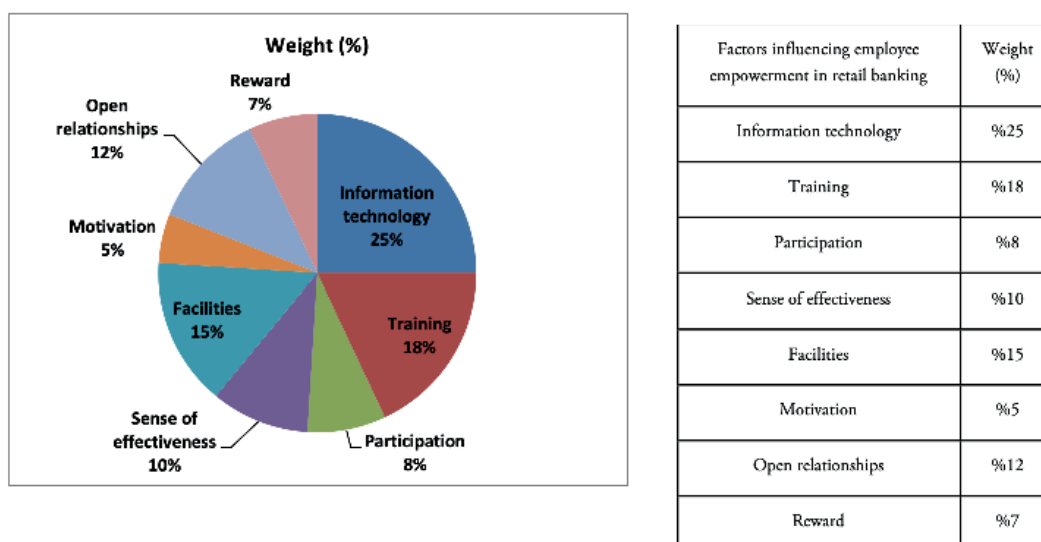
1. Focus on new distribution channels;
2. Providing modified series for clients;
3. Using e-commerce strategies.

Moreover, the criteria for virtual banking product development were investigated from four perspectives:

1. Needs assessment: client class;
2. Relationships: electronic;
3. Delivery: virtual;
4. Required information: client personal lives.

Then, the 32 factors affecting employee empowerment in virtual banking were submitted to experts and ranked (Fig. 3).

Fig. 3. Employee empowerment in virtual banking as perceived by the experts



3.4. Corporate banking

Different corporate banking operations were grouped as follows:

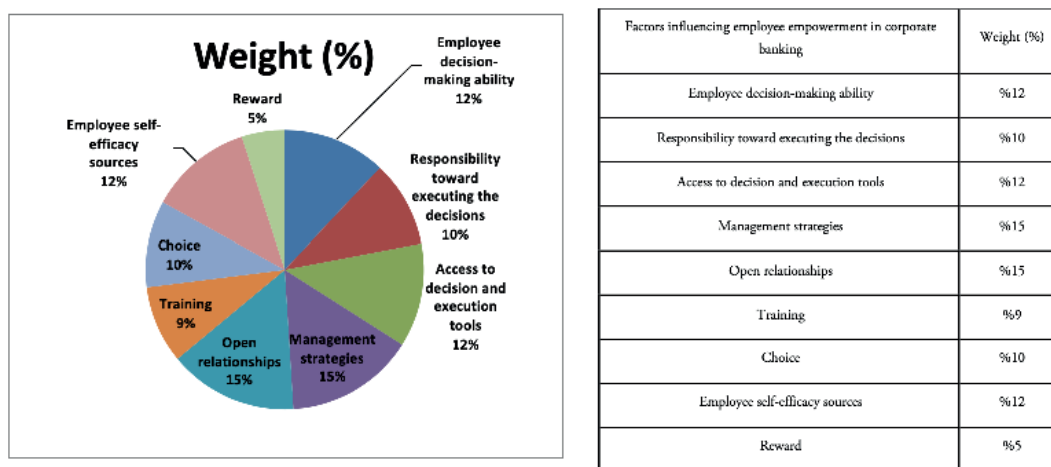
1. Corporate payment services;
2. Financial risk management;
3. Corporate risk management;
4. Capital management;
5. International management;
6. Corporate facilities;
7. Market management;
8. Financial corporate management.

Then, the criteria for corporate banking product development were investigated from four aspects:

1. Needs assessment: every client;
2. Relationships: directors and clients;
3. Delivery: dedicated branches and offices;
4. Required information: business information.

The 32 factors influencing employee empowerment in corporate banking were submitted to the experts for ranking (Fig. 4).

Fig. 4. Employee empowerment in corporate banking as perceived by the experts



3.5. Investment banking

Different operations of investment banking were identified as follows:

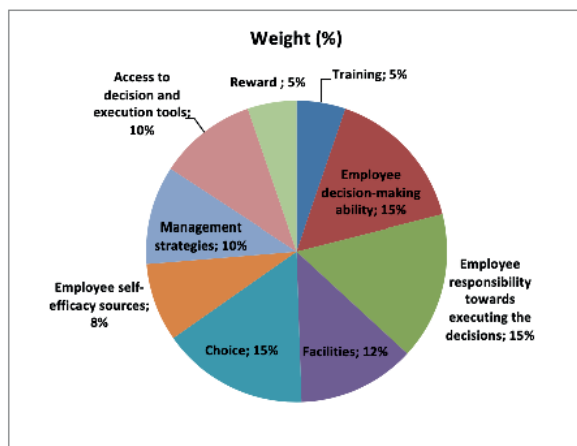
1. Financial studies;
2. Assessing and supporting business plans;
3. Developing financial justification plans for projects;
4. Consultation and leadership in financial resourcefunds for financing businesses;
5. Assessment of the evaluation and public or private distribution of corporate securities;
6. Subscription and subscription agreement for securities;
7. Strategic assessment and operation support for the purchase and merging of companies;
8. Participating in and financing new and profitable projects;
9. Consulting for corporate financial restructuring and developing business plans for businesses;
10. Preparing companies for listing in national and international exchange markets.

Then, the criteria for investment banking product development were ranked as follows:

1. Needs assessment: every client;
2. Relationships: account manager;
3. Delivery: offices of investment banks;
4. Required information: business, industry, and economic information.

Next, the 32 factors influencing employee empowerment in investment banking were ranked by the experts (Fig. 5).

Fig. 5. Employee empowerment in investment banking as perceived by the experts.



Factors influencing employee empowerment in investment banking	Weight (%)
Training	%5
Employee decision-making ability	%15
Employee responsibility towards executing the decisions	%15
Facilities	%12
Choice	%15
Employee self-efficacy sources	%8
Management strategies	%10
Access to decision and execution tools	%10
Reward	%5

3.6. Business banking

Different business banking operations were identified as follows:

1. Liquidity management;
2. Imports financing;
3. Payment services;
4. Distribution of security papers;
5. Providing facilities;
6. Exports financing.

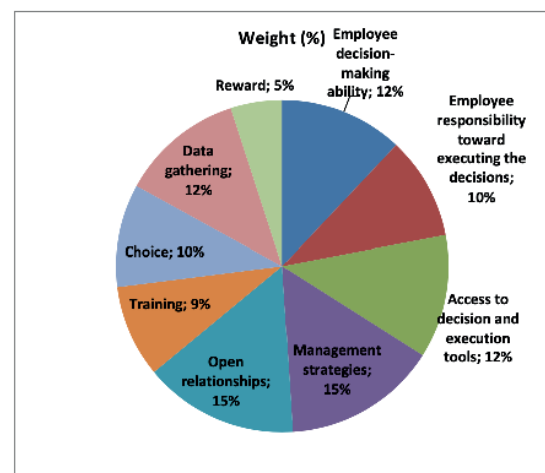
Then, the criteria for business banking product development were investigated from four aspects:

1. Needs assessment: every client;
2. Relationships: account manager;
3. Delivery: offices of investment companies;
4. Required information: business, industry, and economic information.

In the next step, the 32 factors affecting employee empowerment in business banking were submitted to the experts for ranking (Fig. 6).

Fig. 6. Employee empowerment in business banking as perceived by the experts.

Factors influencing employee empowerment in business banking	Weight (%)
Employee decision-making ability	%12
Employee responsibility toward executing the decisions	%10
Access to decision and execution tools	%12
Management strategies	%15
Open relationships	%15
Training	%9
Choice	%10
Data gathering	%12
Reward	%5



In the last step, based on the component relationships in universal banking focused on employee empowerment, the authors used the DEMATEL method (using expert views to extract system parameters and place them in a structure based on graph theory and hierarchical structures) to classify the components of universal banking as follows:

Group A:

1. Private banking;
2. Investment banking;

3. Corporate banking;
4. Business banking.

Group B:

1. Retail banking;
2. Virtual banking.

Then, the factors influencing employee empowerment were classified based on the weights given by banking experts to each component of universal banking. The results showed that the two factors of *training* and *reward* influence all components of universal banking. The remaining components of universal banking were calculated and classified based on their respective banking functions.

4. Discussion and Conclusion

Considering the proposed universal banking models have always consisted of market segmentation and client classification (i.e. corporate, investment, virtual, business, retail, and private banking, etc.) which are rooted in two of the four paradigms of social sciences (structuralism and functionalism), the present research studied the implementation of universal banking from the humanist and cognitive paradigms. The results indicate that employee empowerment and analyzing the factors influencing empowerment in each banking component can effectively influence the sound implementation of universal banking. After weighting to each factor influencing the good implementation of universal banking in Group A (private, corporate, business, and investment banking), the Group A factors were identified as follows:

1. Employee decision-making ability;
2. Employee responsibility toward implementing the decision;
3. Access to decision and implementation tools;
4. Employee self-efficacy sources.

Then factors influencing Group B were identified as follows:

1. Sense of competence;
2. Motivation;
3. Participation;
4. Information technology;
5. Sense of effectiveness.

Further, the two factors of *training* and *reward* were effective in different types of universal banking. Mashhadi investigated the relationship between employee communication skills and customer satisfaction. They concluded that verbal communication skills had a direct and significant relationship with customer satisfaction, where higher verbal communication skills were related to higher customer satisfaction. As for listening skills, the findings and the feedback showed that they did not predict customer satisfaction, that is, there was no significant relationship between listening skills and feedback with customer satisfaction. Therefore, the verbal skills of employees were stronger predictors of customer satisfaction. Momeni et al., conducted a study on the results of employee empowerment in the health and medicine sector, concluding that organizations can invest on employee training and learning to increase the capacity required for added value, effective performance, and responsibility by the staff. Thomas and Velthouse, investigated the relationship between customer satisfaction and the universal bank. They concluded that there are 7 effective factors on customer satisfaction in universal banks: employee responsiveness, social responsiveness, innovative services, positive verbal communications, competence, and reliability. Positive verbal communication was rated as very significant by the customers. As such, banks need to improve the effective communication skills of their personnel via training and supervision over conduct and performance. The findings of the present work have provided a complete model of universal banking in line with other studies.

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