A STUDY OF HUBBING AS A STRATEGY FOR REDUCING COST AND INCREASING EFFICIENCY: THE CASE OF STANDARD CHARTERED BANK

BY

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DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other, institution or university other than USIU -A for academic credit.

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ABSTRACT

The banking sector has increasingly become competitive. A dwindling economy, increases in the number of banks, high interest rates have all led to a rise in operational costs and consequent reduction in profits. This has necessitated banks to develop strategies that enable them to provide superior service at minimum costs.

The objective of this study was to investigate the extent to which “Hubbing” (a process of reducing costs whereby banks are using remote locations where labour is cheaper or technical expertise more plentiful), as a strategy can be implemented to reduce costs as well as increase efficiency of the bank. The study was to further investigate whether the hubb (the central transaction office) was effective.

The study concentrated on one bank: Standard Chartered Bank. The tools used to carry out the study were both structured and open-ended questionnaires. The questionnaires were distributed to both the customers and staff of the bank. The questionnaires were administered through interviews. The variables used were cost and efficiency. The study sought to find out if the strategy (hubbing) was able to achieve the objective of increasing efficiency as well as reducing cost both to the customers and the bank.

The study revealed that the hubb had resulted in a marked improvement in quality of service. Over 70% of the respondents agreed that services such as depositing, withdrawing and ATM services had improved. The cost of transactions had gone up as confirmed by 90% of the respondents. Much as the quality of chequebooks had improved, 100% of the respondents felt that the turn around time for issuance of these accessories had increased. Loss of jobs was cited as a negative effect of automation.

From the study, it can be concluded that the hubb has resulted in improvement on the overall quality of service. The bank has been rendered more efficient as evidenced by the fact that more than 70% of the respondents felt that the speed of transactions had
increased. The study indicates that the hubb had indeed resulted in reduction in costs related to duplication of labour.

There are however a few areas that need improvement. The results indicate that there is a need to improve the communication network in the bank. Only 21% of the respondents felt that the communication network was excellent. There is also a need to improve the quality of ATM cards as well as the turn around time for duplicate statements issuance. Online shopping facilities were cited as one of the areas that both the staff and customers felt needed to be introduced by the bank.
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<tr>
<td>1</td>
<td>ATM</td>
<td>Automated Teller Machine.</td>
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<td>2</td>
<td>CBD</td>
<td>Consumer Banking Division.</td>
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<td>3</td>
<td>CIBD</td>
<td>Corporate and Institutional Banking Division.</td>
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<td>4</td>
<td>CRM</td>
<td>Customer Relationship Management.</td>
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<td>5</td>
<td>IT</td>
<td>Information Technology.</td>
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CHAPTER ONE: INTRODUCTION.

1.1. BACKGROUND OF THE STUDY.

Most organizations, especially in the service industry have found it necessary to move closer to their customers to realize a competitive advantage and improve their relationship with the customers. To achieve this they have adopted strategies that reduce cost, improve their relationship with customers (Customer Relationship Management) and centralize some of their processes. The Standard Chartered Bank has adopted ‘Hubbing’ as a strategy to improve its competitiveness. This according to Baker (2001) cannot be viewed as a new concept as three years ago, Citibank turned a transaction-processing subsidiary in India into a global processing hub.

From a customer’s point of view, banks manage relationships and process transactions. Relationship Management has been practiced for some time in the banking industry in the sense that marketers are focusing on developing relationships with the customer rather than just transacting with them. Customer Relationship Management (CRM) is concerned with the creation, development and enhancement of individualized relationships with carefully targeted customers and customer groups, the desired result being to maximize the total customer lifetime value (Payne, 2001).

The creation of global financial services behemoths the focus on retail services and the rising importance of wealth management services. These factors have all made CRM solutions a big business opportunity for technology vendors. According to Padalkar (2001) a CRM solution is never a pure technology initiative. Its success depends on the firm’s management, what it does with data is what counts. The CRM solution helps the firm to manage the customer life-cycle by tracking customer behavior and telling it who are their most profitable customers. The Internet and technology then can enhance a relationship with a customer, but human intervention is still needed to build the relationship from customer satisfaction to customer loyalty.
Baker (2002) in the ‘Banker Supplement’ states that when a bank looks at servicing its customers using multiple channels to sell multiple products, it must first centralize its back-office and customer support centers. Where it chooses to locate this facility depends on the cost as well as availability of skills and technology.

The following scenario can explain how IT helps in building relationships and enhancing customer loyalty: You are a customer of SCB, you use the local branch regularly and are known to one or two of the cashiers. However, occasionally you call at lunchtime and do not recognize the part time cashier who serves you. This has happened several times before, and you have been frustrated that you have had to explain your account history several times. Today however, although you have not seen the cashier before, she seems to have all your background information at hand. The computer system has been improved and is now able to consolidate all your data, as well as show notes on conversations you have had on recent visits. Technology has enhanced the banks ability to build its relationship with the customer.

1.1.1. STANDARD CHARTERED GROUP.

The Standard Chartered Group is the principal operating company of the Standard Chartered PLC - a multinational business group with headquarters in London. Standard Chartered PLC’s businesses are in banking, and in the provision of specialist financial services.

The Group’s roots are both in the United Kingdom and Africa. What later came to be known as The Chartered Bank was founded in 1853 in the United Kingdom by a group of East India merchants led by James Wilson. This was the time when The Chartered Bank of India, Australia and China were incorporated in the Royal Charter (Standard Chartered Bank Handbook [SCBH], 1989).

In 1858 the first overseas branches of the Chartered Bank were opened in Calcutta, Bombay and Shanghai followed by Hong Kong and Singapore in 1859. In 1862, a group
of businessmen led by John Peterson set up a bank to promote Trade and Development in Africa. They then registered the bank ‘The Standard Bank of British South Africa Limited’ in London. From this point there was no turning back (SCBH, 1989).

1.1.2. STANDARD CHARTERED IN AFRICA.

The bank opened its first branches in East Africa at Treasury Square Mombasa and Kenyatta Avenue in Nairobi in 1911. Later in the year a branch was opened in Zanzibar. Speke Road Branch was opened in Kampala, Uganda in 1912. This was soon to be followed by the mushrooming of many other branches all over Africa and in Kenya particularly (SCBH, 1989).

Standard Chartered Bank Kenya Limited was a wholly owned subsidiary of Standard Chartered PLC until a public share issue in the Nairobi Stock exchange in 1989. The public share issue affirmed the bank’s commitment to sharing in the destiny of those with whom it does business (SCBH, 1989).

SCB Product Supplement (1987) states that SCB Kenya is organized in three core divisions – Corporate and Institutional Banking (CIBD), Consumer Banking Division (CBD) and Treasury. Today the bank has a comprehensive and growing set of services and products, and is constantly searching for ways to improve them.

The bank has a mission to attain world-class status through building client relationships, superior brands, innovative use of new technology and well-managed relationships with the Government and regulators. The bank then needs to find a strategy to achieve all the above but at the same time keep the cost in check. With this objective the bank has come up with a new concept in the market, ‘Hubbing’ (Standard Chartered Partners [SCP], 2001).
1.2. PROBLEM STATEMENT.

SCB is faced with one fundamental problem that engulfs and occupies most businesses today - how to remain competitive in an increasingly harsh business environment WITHOUT compromising service delivery.

As economies continue to shrink, profit margins continue to decrease, and the business environment becomes competitive. Firms are faced with the option of either merging, diversifying and/or reducing costs to realize profits. Standard Chartered has realized that managing only for profit is like playing golf with the eye on the scoreboard and not on the ball. With this realization there is a need to come up with a strategy that is not only going to look at increasing profits but at the same time look at increasing efficiency (SCP, 2001).

1.3. OBJECTIVES.

1.3.1. GENERAL OBJECTIVE.

The general objective of the research was to establish the extent to which Hubbing can be adopted as a strategy to reduce cost, increase efficiency and improve processes across firms in Kenya.

1.3.2. SPECIFIC OBJECTIVES.

The Specific Objectives of this study were;

1) To identify the advantages and disadvantages of hubbing.

2) To establish whether this strategy can be successfully applied in the Kenyan economy especially within the banking sector.

3) To establish whether there are any side effects of adopting Hubbing as a strategy for reducing costs and increasing efficiency.
1.4. **JUSTIFICATION OF THE STUDY.**

Standard Chartered Bank has over the years tried to make a turn-around in its business performance. It is not only the company's innovative use of technology that wins favorable reviews but also its mind-set and culture, its willingness to team up with outsiders to acquire and retain intellectual assets, its near religious focus on customers and progressive human resource policy. To maintain this then, the management should continually find new and better ways of doing things. The findings of this study will help management see the setbacks that may come up as a result of Hubbing and therefore find solutions to these likely problems before they encounter them. At the same time the advantages of the concept will be clearly brought out hence enabling the company capitalize on them.

1.5. **SCOPE OF THE STUDY.**

The sample size used in this study was 120 customers from the 12 Nairobi branches of SCB. The bank has an average of 40,000 account holders. Thirteen members of staff were interviewed. The total number of employees of the bank is slightly over 1,500. The study only concentrated on the Nairobi branches of SCB.

1.6. **DEFINITION OF TERMS.**

**HUBBING** – This is a process of managing costs whereby banks are using remote locations where labor is cheaper and technical expertise more plentiful (SCP, 2001).
**HUBB** – The central transactions office.

1.7. **CHAPTER SUMMARY.**

In this chapter, the introduction to the study has been done, highlighting the effect that the changing environment has had on the operations of the bank. From the chapter it is evident that in order for the bank to continue making profit, there is a need to change
its strategy. The bank has adopted Hubbing as a strategy to reduce cost as well as increase efficiency. The purpose of the study was to determine the impact of this strategy on the overall performance of the bank. The chapter also describes the evolution and importances of CRM as one of the key strategies banks, and especially the SCB, have used to achieve a competitive leading edge. The remaining part of the study focuses on similar research work, the research methodology, results and findings, conclusions and recommendations.
CHAPTER TWO: LITERATURE REVIEW.

2.1. STRATEGY DEFINITIONS AND MEANING.

The management literature of the last decade or two shows the prominence of ‘strategic management and strategy’. Strategic management is the name of an academic field of study; strategy is the main topic of study. The term ‘strategy’ comes from the military and in the original Greek literally means ‘the act of a General’. Today, a strategy is a broad based plan to achieve the objectives of an organization.

Schendel (1978) states that a strategy is the most generalized type of plan and is developed to achieve long-term goals. It may concern the kind of products that will be produced how the organization will finance its activities and what the target market will be.

Lewis (1993) asserts that strategy is multidimensional and situational, but it suffers from the problem of three distinct, and in some ways conflicting, views on strategy. The models are linear strategy, adaptive strategy and interpretative strategy. The majority of the research is identified with the linear model, which focuses on planning and forecasting. The second mental model is identified as adaptive and this is the location of “strategic management” which Lewis (1993) considers an associated term. The last model considers strategy as a metaphor and is therefore not something, which can be treasured.

Denton (1995) defined strategic management in terms of thinking thus: strategic thinking is the art of outdoing an adversary, knowing that the adversary is trying to outdo you. Denton (1995) adds that every one must practice strategic thinking at home or at work. Strategic thinking starts with your basic skills and considers how best to use them.

Drucker (1999) writing on business challenges of the 21st century states that every organization operates on a Theory of the Business. That is a set of assumptions as to what
its business is, what its objectives are, how it defines results, who its customers are, what the customers value and pay for. Strategy converts this Theory of Business into performance. Its purpose is to enable an organization to achieve its desired results in an unpredictable environment. Strategy allows an organization to be purposefully opportunistic.

Mintzberg, (1994) in his book, “The Rise and Fall of Strategic Planning”, points out that people use “strategy” in several ways the most common being:

- Strategy is a plan, “how”, a means of getting from here to there.
- Strategy is a pattern in actions over time; for example a company that regularly markets very expensive products is using a “high end” strategy.
- Strategy is position; that is, it reflects decisions to offer particular products or services in particular markets.
- Strategy is perspective, that is, vision and direction.

The notice of restricting the basis on which strategy might be formulated has been carried one step further by Treacy and Wiersema (1994), authors of “The Discipline of Market Leaders”, they assert that companies achieve leadership positions by narrowing not by broadening their business focus. They identify three “value disciplines” that can serve as the basis for strategy; operational excellence, customer intimacy and product leadership.

What then is strategy? Strategy is perspective, position, plan and pattern. Strategy is the bridge between policy and high order goals on the one hand and tactics or concrete actions on the other. Strategy is a term that refers to a complex web of thoughts, ideas, insights, experiences, goals, expertise, memories, perceptions and expectations that provides general guidance for specific actions in pursuit of particular ends. Strategy is the course we chart, the journey we imagine and at the same time, it is the course we fear, the trip we actually make. Even when we are embarking on a voyage of discovery, with no particular destination in mind, the voyage has purpose, an outcome, and an end to be kept in view.
2.2. FACTORS CONTRIBUTING TO STRATEGY FAILURE.

Unless management is keen during the implementation of strategy all the efforts and resources used in developing it will be flushed down the drain. Strategy being a plan of intent to achieve objectives it is bound to failure if factors that are likely to affect its success are not checked beforehand. A research by Fortune Magazine (2000) identified the following factors as likely courses of strategy failure:

- Only 5% of the workforce understands strategy.
- Only 25% of Managers have incentives linked to strategy.
- Eighty five percent of executive teams spend less than one hour per month discussing strategy.
- Sixty percent of organizations do not link budget to strategy.

From the above research it is imperative that strategy must be accompanied by training of workforce, managers given incentives to achieve strategy, frequent meetings to discuss strategy and setting budgets to cover strategy implementation.

2.3. GENERAL CHALLENGES OF BANKS AND OTHER ENTERPRISE REFORMS.

Bonin, Mizsei, Szekely and Wachtel (1995) state that key challenges facing State banks include illiquidity (on a cash or funds flow basis), insolvency and the configuration of banking systems. All relate directly to fiscal discipline and the imposition of hard budget constraints, increasing private sector share in economy, and the enforcement of market discipline on banks and enterprises (including bankruptcy and liquidation in both sectors) as part of the new incentive system needed for systematic transformation and economic growth.

Much as the banks may be seen to be having a lot of assets in terms of loans, returns on these assets are low if not negative when we bear in mind the rate of payment default. According to Olooo (2002) National bank for instance has required a lot of government support owing to its huge portfolio of unserviced loans which has landed it in deep waters most of the time. This
fact alone has managed to reduce most banks cash flow and hence constraining liquidity for ongoing operations.

As a result of the above situation banks have on many occasions heavily depended on the government to bail them out. This has hence caused a huge burden on the government and hence the need to come up with strategies that are going to alleviate the liquidity problem that the banks are always facing. Oloo (2002) in Market Intelligence states that on the other hand continued government interference in the operations of the banks has led to accumulation of bad loans after inflationary effects are taken into account.

Bonin et al (1995) elucidated that the other greatest challenge facing the banking industry today is mismanagement of the same and hence jeopardizing deposits and capital. Of course the biggest question in our minds right now then would be the effectiveness of the current licensing system.

2.4. BANKING SYSTEMS REORGANIZATION.

Bonin et al (1995) alluded that along with other problems associated with the banking sector inherited from the socialist period, transition economies have had to address the issues of the “optimal” scale of banking sectors taking into account past distortions, current institutional weakness, and appropriate licensing and capital requirements. Distortions they say have generally consisted of excess specialization on the part of banks by sector (agriculture, housing, industry), function (saving) or territory (regional), which have limited portfolio diversification opportunities. There is therefore need to come up with a system that will negate the above issues. It is however important at this point to note that this is more bent towards the state owned banks in the country. At which point we shall therefore look at the activities of the foreign banks in order to narrow down to the core of the paper.
2.5 THE ROLE OF FOREIGN BANKS IN ECONOMIES.

According to Denton (1995), increase in trade and foreign direct investment, globalization of financial markets, the diminishing distinction between banking and capital markets, liberalization of financial markets around the world, and the increasingly free convertibility of currency are some of the reasons that have led to the increase in growth of international banking.

The two distinct aspects of foreign banking activity are:

- Cross border activities
- Activities of the banks outside their country of origin.

Arguments against foreign bank entry include:

1. As banks have enormous influence in the economy as well as a very close relationship with the government, there is always the fear that this will lead to foreign control of the economy.
2. Foreign banks at the same time may have a different objective function than the domestic banks. Their goal, profit maximization, may lead to business decisions in the domestic economy, which are undesirable.

The other arguments against foreign banks would include:

- Fear of foreign control.
- Protection of infant industries.
- Foreign banks have different objectives.
- Regulatory differences.

Contributions of Foreign Banks

Bonin et al (1995) states that the contributions of foreign banks are as follows:

1. Product and service innovation.

   The existing banking institutions in Kenya are very unlikely sources of innovation. The chief reason being that they are most of the time preoccupied with problems of restructuring their loan portfolios. The other reason would be
that they are unlikely to have personnel familiar with innovative banking services not to mention the lack of capital outlay to undertake the same.

2. Economies of Scale and Scope.
   The local banking institutions taking an example of Kenya are inefficient providers of payment mechanisms and hence the introduction of more efficient payment providers is required.

3. Environment of competition.
   Foreign banks introduce competitive pressures that in the long run benefit both the savers and the lenders.

   A good example here is that some foreign banks may lack branch network to generate deposit financing of their activities and hence are likely to turn to the interbank market.

5. Spill over effects of good banking practice.
   Foreign banks are likely to introduce modern banking practices that are largely unknown and hence spread them to the other local banks.

6. Attract Foreign Direct Investments.
   The presence of foreign banks in the host country that can offer high quality banking services of all kinds will attract foreign investors. Foreign banks serve their home country customers in the foreign market.

2.6 HUBBING.

For the banking industry, innovation has come to be synonymous with the intelligent allocation of technology resources driven in part by several key regulatory changes. For example, the creation of the common European market and the introduction of the Euro have shifted the emphasis from regional specialist to global players. The resulting cross border trading has led to more complicated settlement processes and the need for universal non-repudiation standards. Global companies must leverage technology to reinvent themselves rather than allowing technology to leave them- and their value proposition – in the dust.
In the financial services industry, three significant transformational trends have emerged (Baker, 2001).

1) The blossoming of intra-industry partnerships and alliances.
2) A return to core competencies facilitated by strategic use of specialized providers.
3) Secure communications and connectivity via a global financial extranet (hubbing), which is the great enabler of the other two trends (The Banker, May 2001).

2.6.1 HUBBING EXPLAINED.

Hubbing is a term used to describe efforts by companies to centralize activities in areas that seem more advantageous. In the words of Mike Grime, Group Head of Operations SCB (2000), “until recently, we were doing nearly all our processing in the countries where we do business. In many cases, that meant carrying out the same tasks in different ways in more than 40 different countries. By centralizing this activity, we are reducing duplication and gaining the ‘economy of scale’ so vital for controlling costs and staying competitive.”

Lewis (1993) states that today organizations are using the global economy, as an opportunity to manage costs and increase productivity by using remote locations where labor is cheaper or technical expertise more plentiful. Reassessing its business mode, a bank may choose to put back office operations in another country or it may turn to another company that is the leading vendor of such a service, recognizing the overhead reductions that can be realized by turning to an external provider. These relationships become more seamless as more secure and faster means of communications are developed.

Contracting out these activities enables the banks to concentrate on their core activities. Banks are now finding a way of cutting costs by exporting jobs abroad where they can be done more cheaply. They are now outsourcing their software development work to India and even go a step further by outsourcing their back office for customer support services. Deutsche Bank, for instance, set up a center in Bangalore that develops software for its operations worldwide. Standard Chartered bank at the time short listed Shenzhen, Kuala Lumpur and Chennai as possible places where its back office could be located (Baker, 2001).
2.7 GLOBAL HUBB.

Walter (2001) states that three years ago, Citibank turned a transaction-processing subsidiary in India into a global processing hub. From the customer’s point of view, banks manage relationships and process transactions. The creation of global financial services behemoths, the focus on retail services. This has made the customer relationship management solutions a big business opportunity for technology vendors.

When a bank looks at serving its customers using multiple channels to sell multiple products, it must first centralize its back-office and customer support centers. The location of the facility depends on the cost as well as availability of skills and technology. The majority of companies will have to recognize that in the new environment there will be no prizes distributed for companies that come second.

2.8. CHAPTER SUMMARY.

In this chapter, related literature on the concept of Hubbing has been reviewed. The operations of both foreign as well as local banks the Kenyan economy have also been reviewed.

From the foregoing findings, it is clear that for organizations to succeed in achieving their objectives there is need to formulate practically feasible strategies. These strategies are business processes that identify the highest level plans and actions that will move the organization from its current situation to the desired position at a given point.

Converting strategy into action requires the organization to make changes in its performance that fit with the strategic intent and that are sustainable over time. However most organizations fail in achieving their objectives not because they do not have good strategies but, according to Fortune Magazine 2000, because they do not train their workforce, they do not link incentives to strategies for the respective managers, they do not allocate budget for
specific strategies and more so the managers concerned do not hold frequent meetings to discuss strategy.

It is worth noting that banks operate in very highly competitive environment where profit margins are stifled and costs are ever rising. Hubbing is a strategy that has been adopted by some of the banks to tackle the issue of reducing cost and increasing efficiency. Deustech Bank for example set up the Bangalore Hubb to develop software for its operations worldwide and SCB also identified Kualar Lumpur and Chennai as Hubbs for its worldwide operations, (The Banker, 2001).
CHAPTER THREE: RESEARCH METHODOLOGY.

3.1. INTRODUCTION.

The methods and procedures that were used to carry out the study are described in this chapter. The main topics in the chapter will include; research design, identification of the population and sample of the study, data collection methods that were used, research procedures and data analysis methods.

3.2. RESEARCH DESIGN.

The researcher used descriptive design in this study. This approach demands clear specification of what or who is being researched, why research is necessary and the way the research is going to be carried out. Last but not least when and where the research is being carried out. This is the simple reason as to the choice of the above design. Further the study was a crosssectional one as the study was to be carried out over a long period of time.

The population of interest in this study included the Nairobi branches of the Standard Chartered bank in Kenya. The study encompassed interviewing employees of the bank as well as a number of the customers. There were therefore two sets of population

3.3. POPULATION AND SCOPE.

Both the customers as well as employees of the bank constituted the scope of the population. The population constituted of:

- One hundred and twenty customers, 10 from each of the 12 Standard Chartered Branches in Nairobi.
- One Managerial staff member.
- Twelve Non-managerial staff members (one from each of the 12 Nairobi branches).
Geographic scope- the study covered customers as well as staff of the 12 Nairobi branches of the Standard Chartered Bank.

Time Scope – Data collected was mainly primary data however bank officers as well as the customers were to focus back and share what they have been experiencing after the bank had set up a central hub.

3.4. SAMPLE DESIGN.

The Stratified sampling method was used to select both the customers as well as the members of staff to be interviewed

➢ Each bank branch was viewed as a stratum.
➢ Random sampling was then carried within every stratum.

3.5. DATA COLLECTION METHODS.

Both primary and secondary data was used. Primary data was collected through field surveys and personal interviews. Personal interviews were used to pre-test the three sets of structured questionnaires that were developed to administer the survey.

These sets of questionnaires were administered using 'a drop-and-pick' method. The questions were developed from the relevant literature from the literature review section. Secondary data was collected from the records of the bank.

3.6. DATA ANALYSIS AND PRESENTATION.

The data used in this study was descriptive in nature, and was analyzed using statistical methods such as tables, graphs, charts and percentages.
3.7. NATURE AND FORM OF RESULTS.

The results have been presented to answer the research questions. The study shows at a glance the positive and negative effects of Hubbing. Information regarding the perceptions of customers is invaluable not only to Standard Chartered but also to any other firm that intends to adopt this strategy.

3.8. CHAPTER SUMMARY.

This chapter explains the research design, gives an introduction to the population sample as well as the computation of the sample size. The methods of data collection and analysis are also presented in the chapter. The chapter then gives graphs, tables and pie charts as the tools for interpreting and deriving conclusions from the analyzed data.
CHAPTER FOUR: RESULTS AND FINDINGS.

4.1. ANALYSIS OF QUALITY OF SERVICE OFFERED TO CUSTOMERS.

4.1.1. Length of time customers have held accounts with the bank.

The study sought to find out the length of time that the respondents had held accounts in the bank. One hundred and twenty customers were interviewed and of these 60% had held accounts in the bank for over 2 years. Forty percent had held accounts for less than 2 years. Figure 4.1a represents this.

![Figure 4.1a: Period of time customers have held accounts with SCB.](image)

From Figure 4.1a, it is evident that 60% (majority) of the customers of the bank have had accounts with the bank for more than 2 years.
4.1.2. Service Ratings.
Respondents were asked to give their opinion on the overall quality of service provided by the bank. The services here included depositing, withdrawals, account opening, loan processing, ATM services and stationery provided by the bank. The results are indicated in Table 4.1a.

Table 4.1a: Service Rating

<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>EXCELLENT</th>
<th>GOOD</th>
<th>SATISFACTORY</th>
<th>DON'T KNOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depositing (A)</td>
<td>Percentage Frequency</td>
<td>10 % (12)</td>
<td>90 % (108)</td>
<td>0 % (0)</td>
</tr>
<tr>
<td>Withdrawals (B)</td>
<td>Percentage Frequency</td>
<td>21.6 % (26)</td>
<td>58.3 % (70)</td>
<td>20 % (24)</td>
</tr>
<tr>
<td>A/C opening (C)</td>
<td>Percentage Frequency</td>
<td>15.8 % (19)</td>
<td>0 % (0)</td>
<td>39.2 % (47)</td>
</tr>
<tr>
<td>Loan processing (D)</td>
<td>Percentage Frequency</td>
<td>0.83 % (1)</td>
<td>0 % (0)</td>
<td>0.83 % (1)</td>
</tr>
<tr>
<td>ATM Service (E)</td>
<td>Percentage Frequency</td>
<td>91.6 % (110)</td>
<td>8.3 % (10)</td>
<td>0 % (0)</td>
</tr>
<tr>
<td>Stationery (F)</td>
<td>Percentage Frequency</td>
<td>21.6 % (26)</td>
<td>78.3 % (94)</td>
<td>0 % (0)</td>
</tr>
</tbody>
</table>
From the figures in Table 4.1a the level of service provided by the bank can be termed satisfactory. Hubbing and centralization has obviously been a major contributing factor here as most of the respondents agreed that such simple transaction as depositing (A) and withdrawals (B) are quite well handled. Ninety percent of the respondents agreed that the depositing (A) process was good while 10% thought it was excellent. As far as withdrawals (B) were concerned, 80% percent thought the process was good while the remaining 20% found it satisfactory. On account opening (C), 45% of the respondents did not know whether this service was good or bad. Thirty nine percent thought it was satisfactory and only 15% found it excellent.

It is important to note here that 98.3% of the respondents did not know anything about the loan processing (D). Less than 2% gave positive feedback with regards to this process. ATM services (E) on the other hand got the highest rating as over 90% of the respondents agreed that this service was excellent. All the respondents were happy with the banks stationery (F). Basing our conclusion on the simple processes such as withdrawing and depositing we can say that hubbing has had a positive effect on the efficiency of the bank. Customers highly rated most of the services offered by the bank, majority rating the services as either excellent or good except for the account opening and loan processing which most did not know how to
rate. This is understandable since a customer opens an account once and does not have to open the same account twice. As far as loans were concerned, most of the customers may not have processed a loan with Standard Chartered within the period covered by the study.

4.1.3. Changes In Quality of Service.

An assessment was made of the customers’ views about the changes in quality of service as a result of the creation of the hubb. Table 4.1b indicates the response.

Table 4.1b: Changes in Quality of Service

<table>
<thead>
<tr>
<th>FUNCTION</th>
<th>STRONGLY AGREE</th>
<th>AGREE</th>
<th>DISAGREE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of service has improved</td>
<td>Percentage</td>
<td>100 %</td>
<td>0 %</td>
</tr>
<tr>
<td></td>
<td>Frequency</td>
<td>(120)</td>
<td>(0)</td>
</tr>
<tr>
<td>Cost of transaction has increased</td>
<td>Percentage</td>
<td>99.1%</td>
<td>0.9 %</td>
</tr>
<tr>
<td></td>
<td>Frequency</td>
<td>(119)</td>
<td>(1)</td>
</tr>
<tr>
<td>Speed of transactions has increased</td>
<td>Percentage</td>
<td>95.8%</td>
<td>4.16%</td>
</tr>
<tr>
<td></td>
<td>Frequency</td>
<td>(115)</td>
<td>(5)</td>
</tr>
<tr>
<td>Improved communication</td>
<td>Percentage</td>
<td>21.6%</td>
<td>78.3 %</td>
</tr>
<tr>
<td></td>
<td>Frequency</td>
<td>(21)</td>
<td>(94)</td>
</tr>
</tbody>
</table>
Despite the improvement in quality of service provided, (all the respondents strongly agree that the quality of service provided had been improved), the results show that 99% of the respondents felt that the cost of transactions had greatly increased. Seventy eight percent do not feel that the communication network had been improved. This they argued was due to the fact that they hardly ever received their bank statements. Majority felt that statements should be sent on a monthly basis. Most customers were however satisfied with the speed of transactions in the bank as 95% strongly agreed that the speed of transactions had improved.

The results from Table 4.1b show that a number of things had been improved by the introduction of the hubb, these include quality of service and speed of carrying out transactions. There is however the need to improve the communication system and at the same time customers also felt that the cost per transaction was high. These are some of the things that the bank has to look into in order to make the hubb a success.
4.1.4. Overall Customer Service.

Regarding customer service, respondents were asked to rate the bank's service as Good, Excellent or Satisfactory. Figure 4.1d indicates the responses elicited from the customers.

Figure 4.1d: Overall Customer Service

Hubbing had resulted in improvement of customer service within the bank. This is evidenced by the fact that the overall customer service level more than satisfied over 90% of the respondents. Thus showing that hubbing had improved the way bank serves customers.

4.1.5. Areas That Need Improvement.

Respondents were asked to highlight areas that needed improvement. This would help management continuously monitor the effects of hubbing both positive as well as negative and hence take corrective measures. Table 4.1c shows the areas that the customers felt needed to be improved in order for them to enjoy excellent services.
Table: 4.1c: Areas That Need Improvement.

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>PERCENTAGE</th>
<th>FREQUENCY</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCREASE CASHIERS</td>
<td>66.6 %</td>
<td>80</td>
</tr>
<tr>
<td>PRODUCTION OF STATEMENTS IN THE BRANCH</td>
<td>91.6 %</td>
<td>110</td>
</tr>
<tr>
<td>ONLINE SHOPPING</td>
<td>70 %</td>
<td>84</td>
</tr>
<tr>
<td>CREDIT CARDS</td>
<td>31.6 %</td>
<td>34</td>
</tr>
<tr>
<td>CHILD ACCOUNTS</td>
<td>55.8 %</td>
<td>67</td>
</tr>
<tr>
<td>REDUCE CHARGES</td>
<td>42 %</td>
<td>35</td>
</tr>
</tbody>
</table>

Figure 4.1e gives the results in a pictorial form.

Figure 4.1e: Areas that need improvement

From the results in figure 4.1e, over 91% of the respondents thought that it would be better if statements were produced in the branch as opposed to the central system of production. It was thought that this would reduce turn around time for statement issuance.
Only 9% of the respondents advocated for the introduction of credit cards. Seventy percent thought it a good idea to have the current debit cards facilitate online shopping. Over 50% agreed that the bank should introduce child accounts. Despite the fact that 99% of respondents strongly agreed that the cost of transactions had increased only 42% thought that the charges should be reduced. The results indicate that the bank needed to improve on the turn around time for statements issuance, increase the number of cashiers as well as introduce online shopping facility on the debit cards.

4.1.6. Ranking of Top Banks.

Opinions were sought on the bank that the customers believed should be ranked highest in terms of service delivery in the Kenyan market today. Respondents were provided with a list of banks and asked to rank them. Figure 4.1f illustrates the respondents’ opinion on the top banks operating in the country today.

**Figure 4.1f: Bank Ranking**

![Bank Ranking Chart](image)

The results indicate that Standard Chartered bank was the superior bank with 66% of the respondents giving it the top rank.
Twenty five percent of the respondents selected Barclays Bank as the top most bank while no respondent selected Kenya Commercial Bank. Despite the fact that Citibank had also hubbed its processes, only 4% of the respondents gave it the top most ranking.

4.2. ANALYSIS OF STAFF VIEWS ON HUBBING

The study sought to find out the length of time that the employees had been in employment with the bank. The results are indicated in Figure 4.2a.

Of the 12 employees that were interviewed, 5 had worked for the bank for more than 2 years but less than 5 years and 7 had worked in the bank for more than 5 years. Figure 4.2a illustrates this.

**Figure 4.2a: Period of time in employment.**

The results indicated that 42% had been in employment with the bank for less than 5 years whereas 58% had worked for the bank for more than 5 years. Therefore only 58% of the sample population was in the bank before and after the introduction of the central hubb.
4.2.1. Comparison of Work Load Before and After The HUBB.

The hubb as strategy was implemented in order to increase efficiency. An increase in efficiency would then go hand in hand with reduction of workload. To access the validity of this the staff was asked to compare the workload before and after hubbing.

Table 4.2a shows the responses from the employees on the issue of comparison of the workload before and after the hubb.

<table>
<thead>
<tr>
<th>Function</th>
<th>More</th>
<th>Less</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process flow of transactions</td>
<td>Percentage 25 %</td>
<td>75 %</td>
</tr>
<tr>
<td></td>
<td>Frequency (3)</td>
<td>(9)</td>
</tr>
<tr>
<td>Stress level</td>
<td>Percentage 41.6 %</td>
<td>58.3 %</td>
</tr>
<tr>
<td></td>
<td>Frequency (5)</td>
<td>(7)</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Percentage 100 %</td>
<td>0 %</td>
</tr>
<tr>
<td></td>
<td>Frequency (12)</td>
<td>(0)</td>
</tr>
<tr>
<td>Technical Know-how</td>
<td>Percentage 50 %</td>
<td>50 %</td>
</tr>
<tr>
<td></td>
<td>Frequency (6)</td>
<td>(6)</td>
</tr>
</tbody>
</table>
Figure 4.2b gives the results in a pictorial form.

**Figure 4.2b: Comparison of workload before and after hubbing.**

Results from Figure 4.2b indicate that, the level of efficiency had greatly improved. Seventy five percent agreed that the process flow of transactions had greatly improved as a result of the hubb. Hubbing had also resulted to an increase in the stress level as over 58% of the respondents reported an increase in the level of stress as a result of the hubb. All members of staff interviewed agreed that efficiency levels had been improved by the hubb. As far as technical know-how was concerned 50% thought there was an increase in the level of technical know-how.

These results clearly indicate that the level of efficiency as well as process flow of transactions had improved. However something needed to be done as far as stress level and technical know-how were concerned.
4.2.2. Analysis of Quality of Products and Services Offered By The Bank.

An attempt was made to find out the difference in quality of service and products provided to the customers between the post and pre-hubbing era. The results are indicated in Table 4.2b.

Table 4.2b: Analysis of Quality of Products and Services offered by the Bank.

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>TRUE</th>
<th>FALSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of cheque books has improved (A)</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Cheque books are now more easily available (B)</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>Turn around time for cheque books has reduced (C)</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Quality of photo debit cards has improved (D)</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Photo debit cards are now more easily available (E)</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Turn around time for photo debit cards has reduced (F)</td>
<td>75%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Figure 4.2c: Analysis of Quality of Products and Services offered by the Bank.

As a result of the hubb the quality of cheque books (A) had been seen to improve. All the employees agreed to this with 100 percent attesting to it. Seventy five percent of the staff
agreed that cheque books were more easily available (B) as they were provided to the customers five days after the day of account opening. Twenty five percent however thought that cheque books were not easily available (B) as their availability was limited to only current account holders. All the respondents agreed that the turn around time (C) for cheque book issuance had not reduced but on the contrary had increased from 2 days to 4 days.

The hubb had resulted in easier access to the photo debit cards as all the respondents agreed that photo debit cards were easily available (E) as all account holders were entitled to get one. The Quality of cards (D) had however not improved as all the respondents thought that the old photo cards were better than the new visa electron cards. Unlike the new visa electron cards, the old photo cards never failed at the ATM and they had no expiry date. These old cards unlike the new ones were never faulty. Seventy five percent of the employees however felt that the turn around time (F) for issuance of the photo debit cards had reduced. From the results it is evident that hubbing had led to an improvement in the quality of cheque books, the availability of cheque books as well as on the availability and turn around time for issuance of photo debit cards.

On the other hand as a result of the hubb, the turnaround time for the issuance of cheque books had increased and the quality of the photo debit cards had been rendered poor. These are then some of the areas that the bank needed to improve on for the success of the strategy.

4.3. IDENTIFICATION OF THE RATIONAL FOR HUBBING.

The third section of the questionnaire targeted one managerial staff member. An in-depth interview was held with the manager to exhaust the reasons for hubbing and to find out whether those objectives had been realized. The effects of hubbing on the entire company were also determined. The following is a summary of the questions and answers handled during the interview.

1. Rank in order of priority the reasons for hubbing.

The reasons were ranked in order of priority as:
- Hubbing was viewed as a competitive strategy. This strategy was implemented in order to give the bank a competitive edge over the other competing commercial banks both within and outside the country in the regions that the group is represented.

- In order to achieve competitive advantage, the bank saw the need to provide efficient service. It was through hubbing that the bank has managed to provide efficient services to all its clients.

- As a strategy hubbing was also aimed at reducing the costs that the bank incurs. Reduction of costs will in turn lead to competitive advantage.

- Hubbing was also a response to environmental changes. Due to the increased level of technology, the bank has seen it fit to make necessary changes in order to keep abreast with the improved and ever changing level of technology.

- Finally hubbing has also been implemented in order to right size.

Figure 4.3 gives the results in a pictorial form.

**Figure 4.3 Descending order of Priority**

Descending Order of priority

- **RIGHT SIZE**
- RESPONSE TO ENVIRONMENTAL CHANGE
- CUT COST
- INCREASE EFFICIENCY
- COMPETITIVE STRATEGY
- LEVEL OF CONCERN
2. Achievement of hubbing objective.
   Managements’ opinion was sought on the extent to which the objective of hubbing had been met. The manager agreed that to date the objectives of hubbing process had partially been met. The process of hubbing was ongoing at the time of the study. The completion of the hubbing project was to take at least 3 years. It is only after the completion of the process that the bank will be able to ascertain whether all the objectives of Hubbing will have been met.

3. Give reasons, if objectives have not been met.
   Cost recovery was among the ‘yet to be achieved’ objectives of the process. However it will be after the whole process of hubbing is complete that Standard Chartered Bank will be able to clearly establish if the objectives especially of cost recovery had been realized. In Kenya at the time the study was carried out, the cost-income ratio before and after the hubb had reduced by forty three percent. This is a clear indication that at the end of the implementation of the strategy, most if not all of the objectives will have been satisfactorily met.

4. What effect has hubbing had on the bank?
   As a result of the hubbing more processes will be automated leading to more job losses. However the bank is now able to provide more efficient services to the customers and at the same time is able to serve as a global bank.

5. Advantages of hubbing were cited by management as follows:
   i). Reduced Duplication Of Processes
       By centralizing processing activity in a hubb, SCB is able to reduce duplication and gain the ‘economy of scale’ so vital for controlling costs and staying in competition.

       Centralizing is enabling SCB to implement standard processes across the business. This will help improve the consistency and quality of the service provided to SCB customers worldwide.
iii). Cost Savings

By moving processing work from high-cost locations to lower cost location, there are savings made in cost.

4.4. CHAPTER SUMMARY

Results in this chapter indicate that much as the service rendered by the bank had improved, there are still some areas that need improvement. From the customers point of view the quality of service provided had improved. Services such as cash deposits, withdrawals and ATM services were more than satisfactory. From the staffs’ point of view, the transaction processes had been rendered less tedious. The managements’ objective of cutting costs had also been met.
CHAPTER FIVE: DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS.

5.1. INTRODUCTION.
This chapter discusses the results of the study, it draws conclusions from these results as to whether hubbing does indeed reduce banking operational costs and increases efficiency. The chapter further makes a few recommendations and proposes suggestions for further research work.

5.2. SUMMARY.
The purpose of this study was to determine the extent to which hubbing can be implemented as a strategy to reduce cost and increase efficiency. The study sought to answer questions pertaining to whether hubbing as a strategy did indeed reduce costs and increase efficiency.

The study found that hubbing did indeed reduce banking operational costs and that hubbing also increased operational efficiency.

5.3. DISCUSSION.
This section focuses on individual sections of the results and it seeks to draw valid conclusions from those results.

a). Profile Of Respondents.
Respondents were grouped into three strata: customers, employees and management staff. They were selected at random from twelve branches of Standard Chartered Banks in Nairobi. Ten customers were selected from each of the 12 branches while only 1 employee from each of the 12 branches was selected for investigations. One management staff was interviewed from the head office.
The customers, the employees and the management staff had over two years experience with the company. This therefore proves that only those who had experienced change in the Bank as a result of hubbing were investigated.

b). Service Rating.

A representative sample from among customers was asked to give their opinion on the overall quality of services provided by SCB. Of the 120 customers interviewed, over 99% rated the service as good. The services investigated included depositing, withdrawals, account opening, loan processing, ATM service and stationery. Hubbing had therefore had a positive effect on the services rendered by the bank.

c). Changes In Quality Of Service.

When respondents were asked about changes that had occurred to the quality of service in the last 3 years, their response varied with the factor under consideration. On the issue of improved quality of service all those investigated agreed that the quality of service had greatly improved. Ninety nine percent felt that the cost of transaction had increased. Because of not receiving statements regularly, 78% of the customers interviewed felt that the communication network had not improved.

d). Areas The Bank Needs To Work On.

On the issue of the areas that the customers felt needed improvement, 92% of the customers interviewed felt that issuance of statements should be improved. Only 32% of the respondents requested for an introduction of credit card facilities. Generally, over 50% of the respondents felt that the bank could improve most operational areas within the bank.

Results in Table 4.1c show that although hubbing had greatly improved the bank's services, there were still other aspects the bank needed to work on. More than 50% of the respondents
emphasized on the need to produce statements in the branch, introduce online shopping, increasing cashiers and introducing children accounts.

e). Bank Ranking.

Customers were asked to rank banks in terms of quality of service delivery. There results indicate that SCB has the highest quality of service followed by Barclays Bank, Commercial Bank of Africa and then Citibank.

f). Comparison Of Workload Before And After Hubbing.

Employers respondents, who had worked with the Bank for over two years were asked to compare workload before introducing hubbing in the year 2000 and workload after hubbing. There results indicate that efficiency has greatly improved, process flow of transactions has greatly improved and there is also an increase in technical know how. However, there is now a higher level of stress as over 58% of staff agree that they are now more stressed by work than before hubbing was introduced. Generally there is now an increase in workload but processes have been eased through hubbing.

g). Quality Of Products And Services Offered By The Bank.

Employees were asked to state whether quality of products and services had improved as a result of hubbing. Their answers indicate that the quality of cheque books had improved, cheque books and photo debit cards are now more easily available, the turn around time for cheque books had improved while that for photo debit cards had reduced. The quality of photo debit cards has reduced as a result of hubbing.

h). Identification Of The Rationale For Hubbing

A management team member was interviewed to find out the reasons for hubbing and any limitation to the strategy. From the response received hubbing was introduced as a
competitive tool to increase efficiency to cut down cost to respond to environmental change and to right size. These objectives have partially been met as the process of hubbing is still going on in Zambia, Chennai and Kula Lumpur. Other objectives of hubbing can only be fully realized after process of hubbing has been completely finished.

Hubbing has had positive as well as negative effects on the bank. Job losses have been one of the negative effects of hubbing. However, automation of process has also led to more efficient services to customers. More specific advantages of hubbing would include;

- Reduced duplication of processes.
- Improved standard processes across the business.
- Coast saving

This study was carried out to investigate the extent to which hubbing as a strategy can be adopted to reduce cost and increase efficiency in the banking industry. The results of the study have shown that as a result of the Hubb the quality of service offered by the bank has improved greatly. From the results of the study, more than 90% of the customers interviewed agreed that the quality of the service provided by the bank had improved. At the same time the quality of accessories for example cheque books has improved. But there is need to improve the quality of the ATM cards. The workload has also been reduced as a result of the hubb as 75% of the staff agreed that the process flow of transactions was less tedious. More than 55% of the employees felt that the stress level had been reduced by the creation of the central hubb. The hubb had resulted in reduction in cost incurred by the bank, as there is a reduction in duplication of most duties. Costs have also been reduced as the labor force required has been reduced as a result of the hubb.

However there are areas that need improvement. All the staff felt that the turn around time for cheque books as well as ATM cards needed to be reduced. The customers on the other hand felt that something ought to be done about the turn around time for statements. This is evidenced by the fact that more than 90% cited this as an area that needed improvement.
From the study the researcher has managed to pick up the areas that need to be reviewed in the strategy in order to satisfy the customers as well as the staff.

5.4 CONCLUSION

The twelve branches of Standard Chartered Bank in Nairobi constituted the geographical scope of the study. The target respondents were the customers as well as employees of the bank. The results indicate that hubbing as a strategy had indeed reduced cost as well as increased efficiency in the bank. This has been evidenced by the fact that more than half of the respondents agreed that the overall quality of service had improved. The study has shown that most of the processes have been made less tedious as a result of that hubb. There has also been a marked improvement in the accessories offered by the bank this is evidenced by the fact that majority of the employees agreed that the quality of cheque books had improved as well as the expansion of the services offered by the photo debit cards.

The study also indicates that the hubb had resulted in decrease in turn around time for most of the processes and hence efficiency. Cost of production had been reduced and as a result the bank has created a niche for itself in the market place. This is evidenced by the fact that out of the 120 respondents 60% ranked the bank as the best in the country.

The study also indicated that the hubb had its negative side, which includes loss of jobs for its employees. The research revealed that more and more of the processes will continue to be automated and this poses a great risk to the employees. This will on the other hand help in reducing costs.

The research has given a hint on the challenges that may hinder the overall success of the hubbing strategy. It is important to note that identification of these challenges is a contributory factor to revise the strategy. The bank should therefore take time to research and find out from its customers the aspects of the bank that they are not particularly satisfied with. The study has indicated for example that the customers find the costs to be high at the same time they are not happy with the current system of statement production.
Hubbing has many advantages as revealed in the results of the study but at the same time there are some drawbacks that are as a result of the hubb. It is up to management therefore to keep monitoring this process and try and identify the negative aspects that come as a result. This will enable them to take corrective action at the onset of the problem and by doing so reduce the level of dissatisfaction of the customers.

5.5 RECOMMENDATIONS

From the study there are a number of areas that need improvement.

1. A system that will facilitate faster production of statements should be put in place. Currently customers have to wait 72 hours in order for the bank to get a statement. This they felt to be very inconvenient and management should therefore find a way to reduce the turnaround time for statements issuance.

2. Most of the customers felt that the bank should also facilitate online shopping through the ATM cards. This will not only increase the market share of the bank but also increase the bank’s revenue.

3. The study also indicated that as far as the communication network is concerned there is room for improvement. Only 21% of the customers felt that the communication network had improved as a result of the hubb.

4. Finally there is a need to improve the quality of the ATM cards. As 100% of the staff felt that the old photo cards were of superior quality.

5.6 SUGGESTIONS FOR FURTHER RESEARCH

This study forecast on respondents that are customers of SCB only. In order to cross check results of the study, a replica can be done but using respondents from more than just one bank. This will offer insight as to whether the hubb has reduced costs and increased efficiency when the bank is compared to other banks.
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APPENDIX 1:

QUESTIONNAIRE 1

AIM OF QUESTIONNAIRE
Standard Chartered bank opted to centralize its processes as well as all the back office work. This questionnaire is aimed at finding the customers views on this decision. Further we shall be able to see the impact this decision has had on the customers.

SECTION ONE

ACCOUNT HOLDERS
(Tick the appropriate response).

1. How long have you held an account with our bank?
   (a). Less than two (2) years
   (b). More than two (2) years.

2. How would you rate the service provided by the bank today in terms of efficiency?

<table>
<thead>
<tr>
<th></th>
<th>EXCELLENT</th>
<th>GOOD</th>
<th>SATISFACTORY</th>
<th>POOR</th>
<th>VERY POOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depositing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Withdrawals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Account Opening</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan Processing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATM services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stationery (deposit slips, withdrawal slips)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Are you aware that banking has been simplified so that you can carry out your transactions at any branch countrywide?
   (a). YES.
   (b). NO.

4. To what extent do you feel the following services have changed in the last three years?

<table>
<thead>
<tr>
<th>Service Description</th>
<th>STRONGLY AGREE</th>
<th>AGREE</th>
<th>DISAGREE</th>
<th>STRONGLY DISAGREE</th>
<th>NO CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of service has improved</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of transactions has increased</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Speed of transaction has increased</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved communication network</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(e). Other changes (specify). _________________________

5. How do you rate our customer service?
   a) Excellent.
   b) Good.
   c) Satisfactory.
   d) Poor.
   e) Very poor.
6. What areas would you like improved in the bank if any?

7. Rank in order of priority the top five banks in the country (in your opinion).
   (a) Standard Chartered Bank
   (b) Citibank
   (c) Barclays Bank of Kenya
   (d) Commercial Bank Of Africa
   (e) Kenya Commercial Bank

8. Do you have any other comments that you feel best describes the services offered by the Standard Chartered Bank today?
QUESTIONNAIRE TWO.

STAFF.

Hubbing is a process of managing costs whereby banks are using remote locations where labor is cheaper or technical expertise more plentiful. In other words banks are contracting the non-core activities to enable them to concentrate on their core activities.

1. How long have you been an employee of the bank?
   a) Less than two years.  
   b) Between 2 - 5 years.  
   c) More than 5 years.  

   Go to Q3.  
   Go to Q2.  

2. How would you compare the workload between now and before hubbing

<table>
<thead>
<tr>
<th>MORE</th>
<th>LESS</th>
<th>NO DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>process flow of transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stress Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Know how</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Outsourcing is one of the key features of hubbing for example now the production of cheque books has been outsourced. With this in mind tick true or false

   a. (Quality of Cheque books has improved. True □ False □
   b. Cheque books are now more easily available. True □ False □
   c. Turn around time for a cheque book has reduced. True □ False □
   d. Quality of photo debit cards has improved. True □ False □
   e. Photo debit cards are now more easily available. True □ False □
   f. Turn around time for photo debit cards has reduced. True □ False □
4. Has outsourcing increased efficiency in the banking process (efficiency would refer to speed and accuracy of carrying out transactions to serve customers).
   a) Yes.
   b) No.
   c) Not sure.

5. What areas if any do you feel should be improved in the banking process today?
QUESTIONNAIRE THREE

MANAGERIAL STAFF.

1. Rank in order of priority the reasons for adopting Hubbing as a strategy
   a) To increase efficiency. □
   b) To cut costs. □
   c) To right size. □
   d) As a competitive strategy. □
   e) To cut down on the work force. □
   f) Other reasons. □

2. Have the objectives for hubbing been met?
   (a). Fully met. □
   (b). Partially met. □
   (c). Uncertain. □
   (d). Not met. □

3. Give reasons if Objectives have not been met.

4. What effect has hubbing had on the bank?

5. What specific advantages can you attribute to hubbing?
APPENDIX 2:

BUDGET

1. MONEY BUDGET

<table>
<thead>
<tr>
<th>PROJECT WRITING</th>
<th>COST (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typing and printing</td>
<td>10,000</td>
</tr>
<tr>
<td>Diskettes and Stationery</td>
<td>1,800</td>
</tr>
<tr>
<td>Photocopy</td>
<td>2,000</td>
</tr>
</tbody>
</table>

**DATA COLLECTION**

<table>
<thead>
<tr>
<th>Activity</th>
<th>COST (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traveling expenses</td>
<td>3,000</td>
</tr>
<tr>
<td>Facilitation</td>
<td>6,000</td>
</tr>
</tbody>
</table>

**TOTAL**

22,800

2) TIME BUDGET

<table>
<thead>
<tr>
<th>Activity</th>
<th>Duration (months)</th>
<th>Time Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal Writing</td>
<td>One</td>
<td>February - March</td>
</tr>
<tr>
<td>Field Work</td>
<td>Two</td>
<td>April - June</td>
</tr>
<tr>
<td>Data analysis</td>
<td>One</td>
<td>June - July</td>
</tr>
<tr>
<td>Thesis Writing</td>
<td>Two</td>
<td>July - September</td>
</tr>
</tbody>
</table>
APPENDIX 3:

LIST OF STANDARD CHARTERED BANK BRANCHES IN NAIROBI

1. Moi Avenue Branch.
2. Kenyatta Avenue Branch.
3. Harambee Avenue Branch.
4. Haile Selasie Branch.
5. Koinange Street Branch.
7. Westlands Branch.
8. Muthaiga Branch.
10. Industrial Area Branch.
11. Langata Branch.
12. Yaya Center Branch.