

Impact of business process improvement projects on the performance of the Sri Lankan banking sector

Dulan de Silva¹ Chamli Pushpakumara²

Seylan Bank Plc¹, Department of Industrial Management, University of Kelaniya²

ABSTRACT

Business Process Improvement (BPI) is a systematic approach to help any organization optimize its underlying processes to achieve more efficient results. BPI attempts to reduce variation and wastage in processes, so that the desired outcome can be achieved with better utilization of resources.

There is a marked difference in the characteristics of BPI projects in financial institutions compared with those of a manufacturing firm because business processes for financial institutions are more information intensive and service oriented. Although the success and failures of BPI in the manufacturing sector are well documented, there is a gap in literature on the assessment of the success of such projects in the financial sector, especially in a local context.

This paper describes a research aimed at the evaluation of the level of achievement of the desired performance improvements in BPI projects in the banking sector in Sri Lanka, and the identification of the factors that lead to such results.

Five types of BPI projects that have a big impact on the bank across branches and head office, and that have been implemented in seven Sri Lankan banks have been selected for the study. Factors leading to performance improvement are measured through the variables such as empowerment, integration, strategic alignment and perceived success and the improvements in the performance are measured using indicators such as service improvements in terms of reduction of service time and cost.

Results of the study sheds light on the issues associated with realizing the potential benefits of BPI projects that would assist decision makers successfully implement such projects.

Keywords: Business Process Improvement, Performance Measurement