

# ORGANISATION OF COMMERCIAL BANK WORKPLACES FROM THE ASPECT OF CASH OPERATIONS

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The organisation of commercial bank workplaces from aspect of cash operations is of great importance for a commercial bank. The overall impression, or atmosphere in the area of banking services, where we can include here the opening and administering accounts and activities connected with this, creates the basis for building a relationship between the bank and the client. Generally, it can be said that these are the bank's points of first contact with the client. If the client has a feeling of satisfaction, it can be expected that he/she will return to the bank. If he/she does not get this feeling, the bank will probably have to provide him/her with significant advantages in other areas, in the case that they want to retain him/her. An inappropriate manner of organising banking services can in certain cases mean that clients with a significant orientation on certain types of transaction may prefer a different bank. The organisation of cash operations, the manner of performing them and the use of automated equipment all significantly influence the approach to solving the organisation of banking services. In the following text we will therefore deal in more detail with the issues of the organisation of cash operations in a commercial bank.

Principally, the organisation of commercial bank workplaces may be divided into three approaches: specialised, universal and combined.

The specialised approach is founded on cash operations being performed by specialised employees in special premises. We can characterise them as partial in relation to the range of banking products and services, traditional from the historical aspect and non-marketing from the client's viewpoint.

Characteristic signs of a traditional approach:

- cash desk operations are performed in premises equipped with the respective technology and security elements;
- the bank gives preference to its own needs in the field of organising work and security over the client's needs to quickly and conveniently carry out cash transactions;
- the workplace may create an impersonal or even unpleasant impression;
- this approach is more suitable for the bank's organisation and management of cash desk operations, fewer employees perform cash transactions and it is also less

demanding on the management and the need for currency in the bank.

A client service on the basis of a clear specialisation of employees was typified by the Czechoslovak State Bank, but also in the majority of large Slovak banks in the first half of the Nineties.

**Diagram 1: traditional approach**

	Cash operations			
	Cash desk No. 1	Cash desk No. 2	Cash desk No. 3	
Client account administ- ration				Client account administ- ration
Client account administ- ration				Client account administ- ration
Client account administ- ration				Client account administ- ration

The universal approach is founded on the idea of cash operations being performed by all cash window employees at ordinary bank workplaces. We can describe this approach as comprehensive from the aspect of performance of the bank's services and a marketing-based approach from the client's point of view.

The characteristic signs of the universal approach include:

- a more liberal approach to security of the cash-desk service, meaning that cash desk operations are performed outside cash point booths at ordinary workplaces, which may be equipped with safety equipment (e.g. safes with a time lock);
- the bank provides comprehensive activities in the



field of banking services, meaning that an employee performs non-cash operations in respect of a client's account together with cash operations;

c) the bank gives priority to the client's needs, which are a fast and convenient service above its own needs in the field of work organisation and security;

d) friendly communication with the client at barrier-free workplaces;

e) this approach presents more demanding conditions for the management of cash-desk services and cash held at the bank.

The organisational arrangement of the comprehensive workplace of a commercial bank in the field of banking services is shown in Diagram 2.

Diagram 2: Comprehensive approach

	CW	CW	CW	
CW				CW
CW				CW
CW				CW

Key: CW – Comprehensive workplace.

A strict application of a comprehensive system of organising cash transactions is applied only sporadically, since objective barriers exist in this field, e.g. the high volume of certain cash operations, security standards, etc.

The combined approach allows the optimal combination of individual systems. In the process of managing a commercial bank, similarly as in other fields of management in other fields, it is necessary to analyse the actual possibilities, or limitations, and the influence of external factors.

In the practical activity of a bank there can occur the situation where it is not possible to apply a comprehensive system for a variety of reasons, such as insufficient preparedness of staff for performing comprehensive banking services, an unsuitable technical platform of the bank information system, the need for quick changes in consequence of a large impact from significant competitors, etc.

An example in this field was the change in the organisation of performing cash operations at VUB, a.s. at the end of the Nineties, entitled Comprehensive Client Servi-

ce (CCS). The aim of this project was to raise the quality of banking products and services via the universalisation of staff at the banking services section.

The project CCS was gradually introduced in all branches and sub-branches of VUB, a.s., and the results of its implementation may be summarised as follows:

1. The project was essentially realised within the set time and to the expected quality given the level of banking services at that time;

2. The economic effects were positive, since through realising the planned reduction in the number of workplaces in consequence of the universalisation of employees and increasing the intensity of work, total annual savings in wage costs of approximately SKK 20 million were achieved with a one-time investment cost of approximately SKK 15 million;

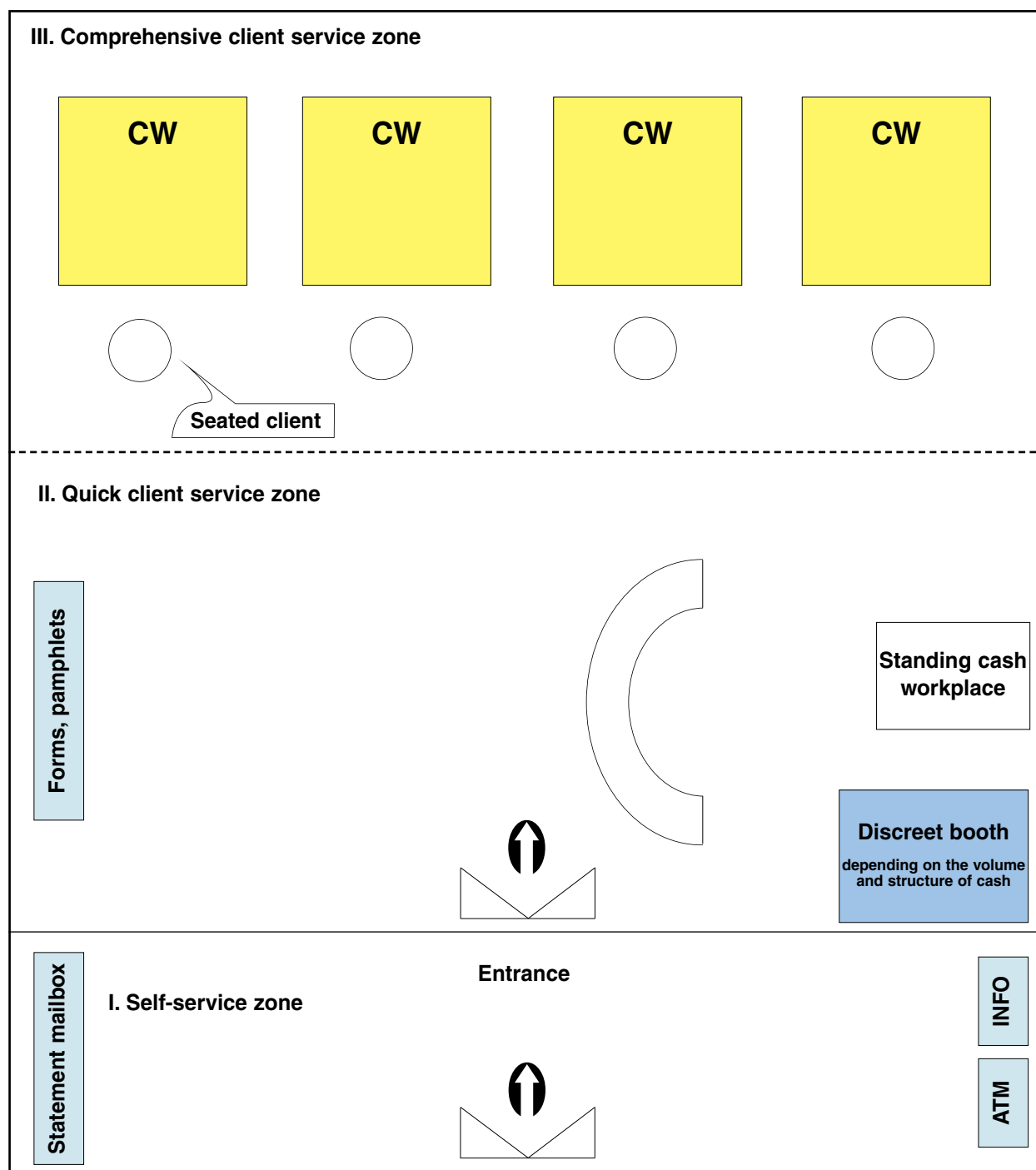
3. The justification for implementing CCS in the bank was also confirmed by an analysis of marketing research results. Up to 584 of the total number of 768 respondents (76%) evaluated the implementation of the CCS system as positive. 414 clients (53.9%) noted an improvement, or significant improvement in the case of 170 respondents (22.1%). 138 respondents saw no effect on the quality of services. 24 respondents stated that the quality of services had worsened as a result of the implemented system and for respondents reported a significant worsening in service.

The combined system of performing cash transactions dominated in Slovak commercial banks at the end of the Nineties and has remained important also in the current period. Besides VUB, a.s., we can also take Tatra banka, a.s. and CSOB, a.s. and certain other commercial banks as examples.

The permanent interest of commercial banks in innovation is leading also to changes in the organisation of branches. With some simplification it can be said that the currently prevailing trend in this field is a solution by means of various zones for serving the client. The outline of a zoned organisation arrangement is shown in Diagram 3.

From a deeper analysis it can be seen that again this is essentially a combination of the specialised and comprehensive approach, nevertheless with a different intensity of the individual approaches. The aim of this approach is to achieve the optimisation of the selected system for organising the processing of a client wanting a specific type of transaction performed. Attention will also certainly be paid to the results of prospective marketing research, since a certain potential risk may be the fact that the same client segment will be served by various systems depending on the required banking operation. This can mean, among others, a varying quality of banking services depending on the selected working procedures and technical equipment, or possibly a marked weakening in the possibilities of actively selling banking products and services.

**Diagram 3: Zoned solution**



As regards the largest retail banks in Slovakia we can expect a gradual transition to the zoned arrangement of workplaces, even if the balance of individual service zones for the client maybe varied, and similarly for the scope and functionality of the technical and automation and equipment used. These aspects are conditional upon the strategy and business policy of the bank, or current client structure, and prospective orientation on selected clients segments, as well as possible investments or staffing quality of the bank.

Questions of optimising the organization system of performing cash operations are an important component of bank management and as such will certainly be at the centre of attention for commercial banks. The manner of performing cash and other related banking operations creates the basis for a stabilisation of a bank's clients and at the same time enables a bank to gain new clients, which in today's conditions of relatively strong competition between commercial banks is certainly an interesting challenge for both a bank's management as well as its employees.