

THE MEGA MERGER

'Bank of Baroda to build upon core strengths of three banks'

OUR BUREAU

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With India's second-largest public sector bank set to come into existence following the merger of Vijaya Bank and Dena Bank with Bank of Baroda (BoB) from April 1, BoB, on Sunday, said it plans to build upon the strengths of the three banks, their synergies, and scale up operations by deepening relations with a wider customer base.

Interoperability

In a statement, BoB said interoperability of key banking services across all branches would be introduced by April-end, the scope of which will be expanded gradually. IT integration is expected to be completed over 12-18 months, when customer accounts of all three banks will be migrated to a single core-banking system.

"Technology integration would be a two-stage parallel process. A consistency in customer experience will be established soon with uniformity in processes for delivery of customer services," the bank elaborated. The consolidated

bank will have a wider geographical reach with more than 9,500 branches, 13,400 ATMs, 85,000 employees serving 12-crore customers, and a business mix (deposits plus advances) of ₹15-lakh crore.

"The 12-crore customers will experience superior banking services and benefit from a wider product range, including cash management solution, supply chain financing, financial planning, and wealth management services. These benefits will be supplemented by increased number of touch points numbering 22,000 with enhanced geographical reach," the bank said.

The Centres of Excellence in Analytics & Artificial Intelligence and Technology of BoB would enable improved processes and increased cross-selling, it added.

Cost, revenue synergies

Emphasising that the consolidation offers cost and revenue synergies, BoB observed that the realisable revenue synergies arise from wider product offering, improved

cross-selling, and deeper micro market penetration on account of potential for branch relocation, and improvement in fee income, among others.

The branch and administrative office rationalisation and tech spend optimisation offer potential cost synergies. An action plan for realisation of these synergies is being put in place, the bank said.

BoB said that the service conditions of the employees will not be impacted, and the interests of employees will be fully protected. The best of HR practices adopted by each of the banks will be examined for adoption.

PS Jayakumar, MD and CEO, BoB, said: "We would work for the success of amalgamation by effective execution of all the activities to build a stronger organisation and collectively deliver more to the stakeholders than that of sum of individual entities."

According to the notification dated March 30, 2019 by the Reserve Bank of India, all branches of Vijaya Bank and Dena Bank will function as branches of BoB from April 1.