Empirical Research on the Model of Strategy Implementation for Future banking
Case study: Sberbank in Russia

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State of Problem

• The reality of future banking would be various from nowadays banking which is called as Bricks and Clicks.
• the crucial problem is to know the way of achieving ideal future or the way of implementing strategy of future banking scope
Conceptual Model of Problem

We should make strategies in uncertainly Future

Now!

Future!

What do we want?

What do we need?
Introduction - 1

• Financial services industry over time has opened to historic transformation which is advancing rapidly.

• Most of banks in the whole world make Strategy plan in this scope.

• In most strategic department of Iran’s banks, always based on such assumption: as long as we input a correct strategy into electronic banking scope, it will output expected results.
Introduction -2

• Approximately, over the world, 70% of electronic banking strategy failure is not due to poor strategies, but the planned strategy has not been implemented effectively (Beck (2011))

• The gap between strategic objective and actual result of future electronic banking can be called “missing link” or “implementation”.

• We investigate this in Sperbank of Russia which is the leader Russian bank in electronic banking field.
Sberbank Specifications

• Sberbank today is the largest credit institution in Russia and CIS, accounting for 26.8% of the aggregate Russian banking assets and 29.1% of banking capital.

• According to Global Finance magazine research, Sberbank took 9th place in the rating of the most reliable banks in Central and Eastern Europe in 2011.
On October 21, 2008, the Supervisory Board of Sberbank unanimously approved Sberbank’s Development future banking Strategy until year 2014 as follows:


2. Technological upgrade of the Bank and processes industrialization.

3. Radical increase of the Bank’s operational efficiency, based on up-to-date technologies, management and overall optimization through bank-wide implementation of Sberbank Production System/BPS based on Lean/Toyota Production System.

4. Development of international operations, primarily in the CIS countries.
• The strategic department of this bank had designed a road map of future electronic banking till 2014 year, but beside this road map, they have made a “road map implementation” which monitor and adopt all important things that should be done for achieving the goals (future electronic banking)
Future banking strategic performance

• Strategic performance for future banking is achievement degree of bank strategic objectives in a planned strategic period, and whether the strategic helps the bank to bring up ability and consciousness for future successful in electronic banking
• Evaluation of the strategic performance for future banking can be interpreted in two ways:

• One is evaluation the stage or final effect of strategic goal, Such as bank indicators which are popular in early years and the Balanced Scorecard Card which is more popular in recent years.

• The other is to emphasize on evaluation of completion details. Based on the understanding of this study on strategic performance for future banking
Conceptual Model
Research Hypothesis

• **Hypothesis 1:** High level of future banking strategic adaption capability has positive effect on strategic performance of it.

• **Hypothesis 2:** High level of future banking strategic support capability has positive effects on strategic performance.

• **Hypothesis 3:** High level of strategic control capability has positive effect on strategic performance of future banking
Methodology

• Empirical research sample of this study is Sberbank of Russia.
• We used the experts and managers of this bank.
• The questionnaires sent 130 in total. The final sample consisted of data on 126 questionnaires.
• In this paper, software AMOS7.0 is used to exam the structural of model and other data statistical analysis is completed by statistical software SPSS 13.0
Data Analysis

• The empirical research of this study is divided into two parts. Software AMOS 7.0 is used to verify questionnaire structure of strategic implementation for future banking in order to make sure the factors are constructed reasonable.

• Then correlation analysis and regression analysis are used to explore relationship between constitute factors of the strategic implementation and the strategic performance.
### Analysis of the results of Validity

<table>
<thead>
<tr>
<th>Latent variable</th>
<th>Strategic adaption capability</th>
<th>Strategies support capability</th>
<th>Strategic control capacity</th>
<th>Strategic performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach Alpha</td>
<td>0.7753</td>
<td>0.9637</td>
<td>0.9505</td>
<td>0.9110</td>
</tr>
</tbody>
</table>
In order to test the designed model, after reliability and validity testing, this study uses Confirmatory Factor Analysis (CFA), by Maximum Likelihood Method, to test convergent validity and identification validity of the questionnaire respectively.

<table>
<thead>
<tr>
<th></th>
<th>Kai 2/df</th>
<th>CFI</th>
<th>GFI</th>
<th>AGFI</th>
<th>NNFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference Level</td>
<td>2.0-5.0</td>
<td>&gt;0.8</td>
<td>&gt;0.8</td>
<td>&gt;0.8</td>
<td>&gt;0.8</td>
<td>&lt;0.09</td>
</tr>
<tr>
<td>Strategic Adoption</td>
<td>2.239</td>
<td>0.882</td>
<td>0.925</td>
<td>0.875</td>
<td>0.883</td>
<td>0.087</td>
</tr>
<tr>
<td>Strategic Support</td>
<td>2.217</td>
<td>0.800</td>
<td>0.940</td>
<td>0.891</td>
<td>0.820</td>
<td>0.065</td>
</tr>
<tr>
<td>Strategic Control</td>
<td>2.513</td>
<td>0.877</td>
<td>0.931</td>
<td>0.882</td>
<td>0.852</td>
<td>0.083</td>
</tr>
</tbody>
</table>
Regression Analysis
Results for Iran’s banks

• First:

the strategic implementation of future banking should be posed by a complex system, including strategic adaption capability, strategic support capability and strategic control capability. They work together to impact strategic performance. Therefore, upgrading enterprises’ capability in those aspects will enhance the strategic implementation and ultimately affect strategic performance.
Results for Iran’s banks

• Second:
  ➢ **Organizational collaboration,**
  ➢ **information control,**
  ➢ **financial control**

are the keys to promote corporate strategic implementation
Results for Iran’s banks

• Third:

the policy makers in banks of Iran should distinct between good goal (electronic banking as future banking) and good path (strategy and implementation of it). Good goal and good path need to be monitored and controlled correctly.
Further Researches

• First, the sample of this study is limited and confined in one bank. Larger and broader investigation will enhance the applicability of the conclusions.

• Secondly, the strategic implementation model needs to examine and improve further, such as the inter function path of strategic adaption capability, strategic support capability and strategic control capability.

• Third, different banks face different implementation problems. How to design the implementation of strategy model for different banks in Iran is still needed in future study.
Thank You!

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