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From Branch-Based Banking to Digital Operations: The Role of HR Practices in Transforming Private Sector Banking During Covid-19

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Abstract

During COVID-19, private-sector banks changed how employees worked, served customers, and used technology. This study examines how HR practices helped banks shift from primarily branch-based work to greater use of digital services and flexible work during COVID-19, with a focus on India and Uttar Pradesh. Earlier studies mainly looked at employee performance. This paper looks at how HR practices helped bank employees improve their digital skills, use technology, and carry out banking work during COVID-19. It builds on existing research and official pandemic-era reports from HDFC Bank, ICICI Bank, Axis Bank, and IndusInd Bank. The evidence shows the importance of work-from-home arrangements, flexible work, employee safety, virtual communication, digital learning, employee support and redesigned work processes. ICICI Bank reported Video KYC, WhatsApp banking and strong growth in digital transactions during the first COVID quarter. Axis Bank reported a large-scale work-from-home programme, remote access to bank systems, Bring Your Own Device (BYOD), hybrid work and technology-led productivity initiatives. HDFC Bank described its transition to a work-from-home culture and the use of digital customer solutions including Video KYC. IndusInd Bank reported a large-scale work-from-home setup, digital customer services, Video Branch banking, Video KYC, WhatsApp banking and a paperless mobile-based current-account opening process. These examples indicate that HR practices were not merely welfare responses; they became enablers of operational digitalization. This paper explains how HR practices supported digital changes in banks. It also proposes hypotheses for future research on private-sector bank employees in Uttar Pradesh.

Keywords: Human Resource Practices, Digital Transformation, Private Sector Banks, COVID-19; Banking Operations, Digital Readiness, Work-from-Home

1. Introduction

Before COVID-19, banks already used digital technology, but many banking activities still relied on branches, paper documents, and face-to-face customer contact. During the lockdown, banks had to keep operating while reducing in-person contact. Private-sector banks also had to change how employees worked, communicated, learned new skills, and managed their daily tasks.

During COVID-19, banks changed how they delivered services. Employees worked from home where possible. To keep staff safe, Banks took several steps, such as offering flexible working hours and providing online training. Employees learned to use digital tools and help customers with online banking. This helped banks keep working during the lockdown.

This study explains that COVID-19 not only increased banks' use of digital technology but also changed how employees worked with it. HR practices such as digital training, employee support, and flexible working arrangements helped employees use digital tools in their daily work. As a result, banks could better use their digital services and continue operations during the pandemic. Therefore, this study focuses on how HR practices drove changes in banking operations through digital technology, rather than focusing only on employee performance.

2. Research Problem

Previous studies on COVID-19 have examined work from home, employee well-being, HR practices, digital transformation, and organisations' ability to manage difficult situations. However, researchers often study these topics separately. Fewer studies explain how HR practices helped employees learn to use digital technology and how this, in turn, helped banks carry out their work with less dependence on physical branches and paper-based processes. This study examines this connection.

Banks may offer digital services such as mobile banking, internet banking, and online customer services, but these facilities alone are not enough. Employees need proper training and support to use them effectively. Managers must also help employees collaborate, even when working from different locations. Customers may also need guidance to use digital banking services. Therefore, this study aims to understand how HR practices helped banks use digital technology effectively and continue their operations during COVID-19.

3. Objectives

- To identify HR practices adopted by selected private sector banks during COVID-19.
- To examine how these practices supported employee digital readiness.
- To analyse how HR practices enabled changes in banking operations from physical to digitally supported modes.
- To examine the role of work-from-home, digital learning, flexibility and employee support in operational continuity.
- To analyse information published by selected private sector banks during COVID-19.
- To develop a conceptual framework linking HR practices with digital transformation and employee performance.

4. Literature Review

Carnevale and Hatak (2020) explained that COVID-19 made it difficult for employees to adjust to new working conditions and maintain their well-being. They noted that organisations needed to change work arrangements and better support employees. Caligiuri et al. (2020) discussed how HR practices changed during the pandemic and how technology became more important in managing employees. Kniffin et al. (2021) also highlighted key workplace issues, including remote work, employee well-being, leadership, and changes in working methods.

Wang et al. (2021) showed that effective remote work depends on work design, organisational support, autonomy, and communication. This is particularly relevant to banking because remote work supports continuity only when jobs, technology, access rights, and communication systems are designed appropriately. The literature therefore supports the proposition that HR practices complement technology rather than stand apart from digital transformation.

The Ability, Motivation and Opportunity (AMO) framework helps explain how HR practices support banks' use of digital technology. Digital training helps employees develop the skills needed to use technology. Employee support, recognition and welfare help keep them motivated. Flexible working hours, remote access, and suitable working arrangements give employees more opportunities to use these skills in their daily work. Together, these HR practices can help employees become more comfortable with digital technology and use it effectively. This study further examines how employees' readiness to use digital tools helps HR practices bring changes to banking operations.

5. HR Practices During COVID-19

I. **Work-from-home:** Employees whose jobs allowed it started working from home instead of going to the office or branch. HR and IT teams supported remote work by providing online access, communication tools, security measures, and new ways of working. WFH therefore became both a safety intervention and a redesign of work.

II. **Flexible and hybrid working:** It reduced dependence on fixed attendance. Employers could roster employees, divide them into teams, or allow remote work based on role requirements. This created a more distributed operating model.

III. **Digital Learning:** It replaced or supplemented conventional classroom learning. Employees needed training in remote collaboration, digital systems, cybersecurity, customer-service processes, and changed procedures. Learning itself became less dependent on physical classrooms.

IV. **Employee safety and welfare:** It became operationally important. Health protocols, sanitisation, medical support, and employee assistance reduced risks to frontline staff. This allowed branches and critical functions to remain operational while other work moved online.

V. **Virtual communication and digital employee platforms:** It became part of everyday HR and management. Meetings, employee communication, learning, and coordination could continue even when physical gatherings were restricted.

6. Live Evidence: HDFC Bank

HDFC Bank's 2020–21 Integrated Annual Report describes how the organisation learned and relearned during the crisis and pivoted towards a Work-from-Home culture while continuing to serve customers. Its reporting also highlights Video KYC as a customer solution that enabled people to become bank customers from home. The bank described a broader technology transformation agenda, including new-age omni-channel customer experience technology and training employees to serve customers better. This evidence matters because it links employee work redesign and capability development to digital customer operations.

The HDFC Bank example shows three important changes during COVID-19. Employees could work from different locations, more customers could open accounts digitally, and employees needed new skills to use digital technology. This shows that HR practices and digital banking supported each other in helping the bank adapt to new ways of working.

7. Live Evidence: ICICI Bank

ICICI Bank provides particularly clear evidence of operational digitalisation during the first COVID quarter. Its official Q1 FY2021 performance review reported introducing Video KYC, which removed the need for a branch visit for specified onboarding processes. It also reported that WhatsApp banking crossed one million users just three months after launch, enabling customers to complete banking requirements from home. Mobile banking transaction volume increased 45% year-on-year, UPI merchant-acquiring transaction value increased 258%, and digital channels accounted for more than 90% of savings-account transactions in Q1 FY2021.

The bank did more than allow employees to work from home. It also made changes to help customers use online banking services. This reduced the need for customers to visit branches for some tasks. This shows that banks began relying more on digital services alongside their regular branch services.

8. Live Evidence: Axis Bank

Axis Bank offers strong evidence of HR-enabled digital transformation. During the pandemic, it reported one of the industry's largest work-from-home programs, with more than 20,000 concurrent users working remotely with access to bank systems. It also enabled more than 60,000 frontline employees in a Bring Your Own Device environment, allowing them to remain connected and serve customers. The bank introduced a hybrid work model and developed a framework for identifying roles that could operate permanently in virtual or alternate formats.

Axis Bank reported that its Sankalp project used technology to reduce loan approval time by nearly 75% and improve relationship managers' productivity by two to three times. The bank also noted in its 2020–21 report that COVID-19 accelerated the use of IT automation and cloud technology. These examples show that technology alone did not drive the changes. Employees also needed access to digital tools, flexible working arrangements, and new ways of working. At the same time, the bank changed its processes to use technology more effectively.

9. Live Evidence: IndusInd Bank

IndusInd Bank's 2020–21 report describes how the bank adjusted its working methods during the pandemic. It introduced work-from-home arrangements for more than 15,000 employees while taking steps to maintain customer services and protect staff. The bank also offered digital services such as the All-in-One store in its IndusMobile app, Video Branch, Video KYC, WhatsApp banking, and Alexa-based services. Its report also noted that more customers chose contactless payments over cash. The bank promoted digital banking to help customers access services while maintaining social distance.

The bank also launched an assisted mobile-app facility in June 2020 to open current accounts without paper. The process used APIs to validate KYC information in real time, enabling eligible customers to open current accounts digitally. Its corporate operations also enabled digital submission of trade transactions via the Connect Online channel and email.

IndusInd Bank's experience presents how employee support and digital services helped the bank during the COVID-19 pandemic. On the one hand, the Work-from-Home arrangement allowed employees to continue working, while online banking reduced the need for customers to visit branches. The bank also introduced online methods for tasks such as opening accounts and submitting trade documents, while reducing paper use.

10. Comparative Analysis of Private Sector Banks

Bank	Key HR/Work Practice	Digital/Operational Change	Interpretation
HDFC Bank	Work-from-home culture; employee capability development	Video KYC; omni-channel customer solutions	HR-supported remote work accompanied customer digitisation
ICICI Bank	Remote-capable work and digital enablement	Video KYC; WhatsApp banking; >90% digital savings-account transactions in Q1 FY2021	Customer operations rapidly shifted away from branch dependence
Axis Bank	WFH; BYOD; hybrid work; role redesign	Remote access to systems; cloud/automation; digital productivity initiatives	HR and technology jointly redesigned work architecture
IndusInd Bank	WFH for >15,000 staff; employee safety/support	Video Branch, Video KYC, WhatsApp, paperless account opening, digital trade submission	Remote workforce and digital processes reinforced each other

11. From Local/Branch Banking to Digital Banking

The evidence suggests a three-stage transformation. Before COVID-19, banks mainly relied on branch visits, paper documents, and face-to-face customer contact. During the COVID-19 pandemic, limited physical presence drove WFH, virtual coordination, digital onboarding, and contactless transactions. After the initial crisis, many of these practices became candidates for hybrid and digitally enabled operating models. The changes in banking during COVID-19 can be explained in the following way:

Dependence on Branches → Flexible Working Supported by HR Practices → Employees Learning to Use Digital Tools → Increased Use of Online Banking Services → Reduced Dependence on Physical Branches → A Combination of Digital and Branch-Based Banking.

During the COVID-19 pandemic, more people started using digital banking. However, some customers still visited bank branches to deposit or withdraw cash and get help with banking work. Banks continued branch services while encouraging customers to use online banking. This allowed customers to use the services that best suited their needs.

12. HR Practices as Enablers of Digital Transformation

Digital technology alone was not enough for banks to keep operating during COVID-19. Employees also needed the right skills, training, and support to use it properly. Work from home required employees to access banking systems from different locations and communicate with their colleagues online. Video KYC required them to learn new ways of verifying customer identities. Digital customer services required bank employees to help customers use online banking facilities. Similarly, paperless work required employees to change their usual methods of maintaining and handling documents. These changes show how HR practices helped employees adapt to new ways of working and made it easier for banks to use digital technology in daily operations.

The COVID-19 pandemic brought many changes to how banks operated. HR practices helped employees adjust to new ways of working and use digital tools more effectively. As a result, banks started using digital technology more quickly. This study focuses on that shift.

13. Employee Performance as an Outcome

Employee performance is also important in this study. Digital tools may help employees complete tasks faster, collaborate across locations, and serve customers through multiple channels. However, actual research must verify these benefits. Therefore, the proposed model examines how employees' digital readiness and changes in banking operations may affect their work performance.

In future studies, researchers can collect data directly from bank employees to understand their work performance, quality of service, productivity, and willingness to take on additional responsibilities. They can use established measurement tools to assess these areas. Researchers should also study employees' readiness to use digital technology along with their performance. This will help them distinguish between simply providing digital tools and employees actually using them to improve their work and banking services.

14. Conceptual Framework

COVID-19 Pandemic → HR Practices (work from home, flexible working hours, workplace safety, digital training, employee support and online communication) → Employee Readiness for Digital Work (improved digital skills, ability to adjust to changes, teamwork through online platforms and confidence in using technology) → Use of Digital Services (digital KYC, online communication, paperless work and remote customer services) → Changes in Banking Operations (less dependence on physical branches, working from different locations, digital customer services and a combination of online and branch-based work) → Continuation of Banking Services During the Pandemic → Employee Performance.

The study is based on the Ability, Motivation and Opportunity (AMO) framework. According to this approach, HR practices help employees develop digital skills through training, stay motivated through proper support and job security, and perform their duties more effectively by providing flexible working arrangements and access to digital tools. The study suggests that employees' readiness to use digital technology played an important role in helping banks change their working methods and improve their operations.

15. Hypotheses

H1: HR practices adopted during COVID-19 influenced how employees used digital technology in private sector banks.

H2: Digital training significantly influences employee adoption of technology-enabled banking processes.

H3: Work flexibility significantly influences digitally enabled work arrangements.

H4: Employee digital readiness significantly influences transformation of banking operations.

H5: Digital operational transformation significantly contributes to operational continuity during COVID-19.

H6: Employee digital readiness mediates the relationship between HR practices and digital transformation.

H7: Digital operational transformation positively influences employee work performance.

16. Research Methodology

This study is based on research papers and official bank reports from the COVID-19 period. It covers four private sector banks: HDFC Bank, ICICI Bank, Axis Bank, and IndusInd Bank. These banks were chosen because their reports describe how they changed their working methods, supported their employees, and used digital technology during the COVID-19 pandemic.

For further research in Uttar Pradesh, the study can collect primary data from private-sector bank employees through a questionnaire using a five-point rating scale. The study can examine HR

practices, employees' digital skills, technology use, changes in banking operations, and employee performance. Researchers can adapt questions from similar studies and pilot-test them before the main study. SPSS can then analyse the data using descriptive statistics, reliability tests, correlation, regression, and mediation analysis.

17. Discussion

The four banks show a similar pattern. Banks introduced new HR measures to protect employees and keep services running during COVID-19. These changes also affected how employees worked. Work-from-home arrangements reduced the need to go to the office, while BYOD and remote access let employees work from other locations. Online training helped employees learn new skills, and digital tools made communication easier. Banks also introduced services such as Video KYC, WhatsApp banking, Video Branch, and paperless processes, reducing the need for customers to visit branches.

The evidence also indicates that private sector banks used the crisis to accelerate pre-existing digital strategies. COVID-19 acted as a catalyst rather than the sole origin of digital transformation. This distinction is important for academic analysis: the pandemic changed the speed and scale of adoption and made digital capability an operational necessity.

The examples show that HR practices and digital transformation are closely connected. Banks may introduce digital services, but employees are needed to use these services, explain them to customers, and solve problems. Similarly, employees can work from home only when the bank has suitable technology and proper work procedures. Thus, digital transformation is not just about using technology. It also depends on employees, work processes, and the way a bank is managed.

18. Implications for Private Sector Banks in Uttar Pradesh

Private sector banks in Uttar Pradesh can learn from their COVID-19 experience and continue using flexible work methods wherever possible. Rather than returning entirely to old ways of working, they can combine traditional banking practices with digital solutions. HR departments should include digital skills in recruitment, employee training, career growth, and performance reviews. Regular training is also important because banking technology, online security risks, and customer needs keep changing.

Banks should decide on hybrid working arrangements by considering each job's nature, data security, and customer service requirements. Managers should receive training on guiding remote employees, assessing performance based on results, and supporting teamwork through digital tools. Banks should also prioritise employee health, safety, and well-being when planning daily operations, especially for staff who work directly with customers at branches.

Banks continued to serve customers through branches and online banking. Employees helped customers use mobile banking and complete digital KYC. Online banking made daily transactions easier and saved time. However, some customers still visited branches when they needed help or found online banking difficult to use.

19. Conclusion

COVID-19 brought major changes to how private sector banks operated. Banks began relying more on digital services and flexible work models instead of branches. Reports from HDFC Bank, ICICI Bank, Axis Bank, and IndusInd Bank show that these changes involved more than new technology. Employees also had to adjust to new working arrangements, communicate through digital tools, learn new skills, and find better ways to serve customers.

The study concludes that HR practices were a key enabler of digital banking transformation. Work-from-home, flexible work, digital training, employee safety, virtual communication, and employee support created the human infrastructure required for digital adoption. In parallel, Video KYC, WhatsApp banking, paperless onboarding, remote system access, BYOD, and other digital initiatives changed the operational architecture of banking.

The proposed model—HR practices → digital readiness → technology adoption → operational transformation → continuity and performance—provides a clear basis for future empirical research among private-sector bank employees in Uttar Pradesh. Such research can identify which HR practices best predict digital readiness and whether digital transformation subsequently improves employee and operational performance.

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