CHAPTER THREE

OBJECTIVES

3.1   G4 To G5 Banking

In the early days, the 1st Generation Banking (G1) was part of a custodian of public funds and credit creators. During this era, the power and culture were with the banks. The main theme then was, "if you need banking services you come to me" culture. When many banks started to appear, the banks' abnormal profits had diminished. As a result, the banks decided to differentiate themselves by directed lending and longer term lending to specific sectors and customers. This led to the 2nd Generation of Banking (G2).

As a result of the financial liberalisation, the banks had evolved into the 3rd Generation of Banking. The G3 is defined when the financial supermarkets started to provide an array of financial products such as corporate, commercial and retail products for the various market segments. At present, most of the banks belong to the 4th Generation of Banking, which are customer driven. Banks are aware that they have to respond to the customers' need in order to survive. BCB is at present in this 4th Generation of Banking whereby there is liberalisation and de-regulation in the financial services industry.

As the financial services industry is undergoing a major transformation as a result of the Internet revolution. BCB is repositioning itself to be in the 5th Generation of Banking (G5), which is the E-Banking and Globalisation revolution. Bank Negara Malaysia (BNM) has instructed all the 10 major anchor banks to embark in the E- Banking by the end of 2001. This is to give the local banks adequate time to engage in E-Banking before the de-regulation in the financial services industry.

3.2   One Platform

The bank was operating on two different platforms i.e. ALLTEL and SAFEII system after the merger. The issue on the single platform could not be addressed at the date of the merger at October 1999 because it was very close the Y2K dateline. The actual one platform integration exercise only commenced on 17 March 2000 and was completed in June 2001. Prior to the merger, the IT Division had taken a stock take of both the banks 27 sub-systems used for the various products and services. The following diagrams identify the systems used by the banks for various operations as in APPENDIX 2.

The ONE Platform integration was performed in stages to reduce the risks of handling huge volumes of data beginning from the Southern Region, Northern Region, Klang Valley and East Coast and East Malaysia. APPENDIX 3 explains the evaluation of the various staggered proposals considered by BCB. The second method was used by the bank, which was the estimated Timeframe of 15-24 months. Although, this method was not the best option but it was used because the bank was under pressure to complete in it's overall merger integration as soon as possible. The merger integration "One Platform " was a pre-requisite in order to develop and implement all the bank's business initiates.

BCB spent RM160 million on technology investments last year. It entered into a strategic IT alliance with IBM Malaysia, ALLTEL Information Services and EMC Malaysia to provide it with sophisticated IT infrastructure based technology products and systems. The Bank will use the newly introduced IBM S/390 Parallel Enterprise Server Generation 6, which is said to be one of the world's most powerful commercial enterprise Server.

The increase in technology spending is essentially for the construction of a new core-banking system focused on client management, centralize database management system, building the foundation necessary for moving into

channels such as Internet banking, point of sale systems and more sophisticated customer relationship management (CRM).

The bank had set up an IT Programme Office function which oversees the plans and project management processes for the merging of the IT systems to ensure that the merger took place as quickly and cost effectively as possible with minimal disruption. The following are the IT Project Integration Teams critical success factors in implementing the single platform:

1) Human Capital skills and commitment
2) Strong Project Management skills
3) Through understanding and knowledge of both banks' systems
    - Business
    - Application

    - Technology
4) Execution/Implementation expertise/experience
    - manage interdependencies
5) End to end understanding of the IT Life Cycle
    - Business Requirements
    - Solutions and Applications Design & Selection
    - IT Architecture & Infrastructure Development
    - Resource Planning
    - Skills and Training
    - Project Management
    - Systems Management
    - Capacity Planning
    - Network Planning
    - Operating systems Planning and Migration
    - Change Management and Implementation
    - Redeployment of skills acquired to other integration projects

The business drivers and assumptions used in formulating the Migration Plan Business Objectives were as follows:

- Rapidly realize benefits from the merger and enhance the profitability of the franchise
- Maintain service levels and minimize disruption to customers during the integration process
- Quickly provide the capability for cross network access and move to full integration as soon as possible
- Focus on pragmatic solutions to minimize expenditure and operational risk
- Limit the need for wide-scale training and relocation of personnel in the interim stages
- Maintain a positive image and brand position in the market.

Planning Assumptions

1. The Bank aims to complete integration as soon as possible having due regard to implementation risk, resource availability, cost/benefit and progress on other (non IT merger projects).

2. Enhancements to system applications would not be included in the IT migration plan but as a continuous improvement phase subsequent to the completion of the initial migration.

3. In migrating to the target application, the merged bank will adopt the existing business processes of the target application where possible.

4. As a pre requisite to the implementation, the IT migration plan will be fully communicated to business areas to ensure that business decisions (a key dependency in the recommended plan) are finalized in time so as not to hamper IT integration.

5. The bank will introduce an IT Project Office to co-ordinate and control all IT migration projects.

6. BOC and BBMB will continue to send data separately to BNM until relevant systems are fully merged.

7. The Migration Plan does not encompass the formation of the Islamic Bank, rationalization of Kewangan, and banking operation in Labuan.

8. During the migration from the current infrastructure to the merged infrastructure, the three data centers will still be in operation.

- The Bangi data center will continue to run BBMB's production while applications for the merged bank are moved progressively to that site.
- The Menara BBMB data center shall be the Development data center for all the development work related to the merged bank. It will also serve as the disaster recovery center for applications running on the Bangi data center. This assumption is based on the fact that the infrastructure is already in place to provide disaster recovery for 200 BBMB branches. Accordingly, it would be more cost effective to cater for an additional 52 BOC branches in the disaster recover infrastructure than vice versa.
- The BOC HQ data center shall continue to run BOC's production until all relevant application for the merged bank are migrated to the Bangi data center.

9. The merged bank may consolidate the three data centers into two-production at Bangi and development/disaster recovery at BOC HQ or Menara BBMB facility.

The critical timeline for this major change was the move from BBMB's SAFEII system to the ex-BOC, Alltel core banking system. These set of activities lasted 15 months and entailed changing the version of Alltel to be able to handle the ex-BBMB volumes, moving the ex-BOC Data Centre to the Data Centre in Bangi, migrating the ex-BBMB loans to Alltel then migrating the ex-BBMB deposit accounts to Alltel. During the above process, the IT department was upgraded and the disk subsystems were extended to the Central Processing Units at Bangi and the backup centre in Menara Bumiputra as Alltel requires more resources than the BBMB legacy systems.

The bank stresses on the quality of the IT development and service as improvements in the early stage of a development cycle pays ten-fold compared with the effort required to repair at production stage. The IT Programme Office improvements were concentrated in development and testing methods, which required investment in better tooling and significant

training. The objective was to improve "time to market" with the right quality. Improving "time to market" will become important with increased competitiveness and even more crucial with e-commerce changing the product life cycle by orders of magnitude.

3.2.1 Refining the Retail Bank Infrastructure

BCB had embarked in a major restructuring of the Branch Network and re-engineering of the branch operations after its merger exercise. Branches that overlapped within the vicinity of one km were re-aligned according to the needs and preferences of the bank's customers and the required product mix.

In order to restructure the branch, BCB removed the backoffice distraction from branches, organised sales and service, reconfigured branches to align customer needs and building sales capabilities. The reasons for restructuring are to facilitate the branches to concentrate mainly on sales and service without being inundated with the bureaucratic paperwork. The refining effect of the Retail Bank Infrastructure was optimised when the single "one" platform fully completed on 2 June 2001.

The bank had introduced a large number of new retail service centre branches in 2000. BCB was looking into reducing the per branch costs of IT by looking at alternative ways of connecting the equipment and the possibility of using devices other than PC's to reduce the Total Cost of Ownership. The main concern was the cost of maintaining and repairing PC's caused by external factors such as the PC architecture being vulnerable to software corruption, viruses and hard disk failures. The cost of managing these problems coupled with the relatively high cost of office software led to the PC cost being more than doubled over a 3-year period.

The following four core branches have been identified:

1)   Sales kiosks/Service outlets

2)   Basic Spoke (essentially no frills service branch)

3)   Full Service Spokes (can support all retail customers)

4)   Hub Branches (will be the show case branch for each sub-region)

The design modularity of the branches allows for scalability. It provides flexibility in representation points to meet economic returns and results in a more robust and viable cost structures.

The following are the product and services categorised to enhance sales and service.

a)   Common transactions

b)   Sales and Service

c)   Small Business

d)   Specialist Product Sales

e)   Specialist Transactions

TABLE 1.9

BRANCHES AND LOCATIONS

	Core Branches	Locations
1	Sales kiosks and service outlets.	High Retail Area Office Building Industrial Area Petrol Station Star/Putra LRT Station Campus
2	Basic Spoke	Industrial Area Office Building Residential (low end) Campus Rural Area
3	Full Service Spoke	Commercial District High Retail Traffic Residential – Middle/High End Remote Places
4	Hub Branches	Commercial Districts

SOURCE: BCB BUSINESS PLAN

The following will be centralised in the Back Office :

a)   Retail Credit Centre for loan approvals, Account Control and Portfolio

b)   Risk Management.

c)   Phone Banking – Enquiries Customer Service, telephone Banking and Telemarketing.

d)   Regional Transaction Processing Centre – Paper and electronic transaction processing.

This structure will inevitably lower cost, enhanced customer service, 'one stop' service, 24 hours fast loan processing and enhanced network banking capability. The timeline for Back Office Centralisation, Branch Reconfiguration and Sales Organisation Implementations are presented in the following Timeline Chart in APPENDIX 4, 5 and 6.

FIGURE   3.1

BCB HUB BRANCH ORGANIZATION
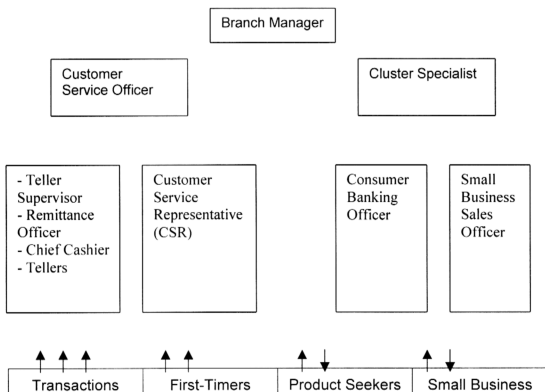
Source: BCB Business Plans

APPENDIX 11, 12 and 13 explains in detail the various products and services offered at the different branch service centers. It also provides an insight on how the bank intends to target it's different target markets based on the customers preferences and population density. This realignment carves the path for the bank to move towards achieving its business goals through technology automation.

3.2.2 Rationalisation of Processing Division

The processing centres were established in early April 2000. They initially took over the accounting and balancing processes of the branches, GL posting, cheque clearing, OC management, inward cheque return processing, standing instructions and autopay, among others. Plaza Pantai took over the activities of retail credit processing, electronic and tele-banking, transaction processing and trade finance processing.

BNM's latest Financial Sector Master Plan (FSMP) encourages Malaysian banks to outsource their non-core banking processes to specialist operations companies. The aim is to increase efficiency in the financial services market and allow banks to focus on sales, marketing and customer service, in line with trends in most developed economies. BCB is abiding by the FSMP to be a first mover and gain a competitive advantage.

BCB has formed OpCo's who will be a full-fledged for-profit company, the provider of IT and other utility processing services. As a for-profit company, OpCo will maintain an arms length relationship with the Bank, and will provide the Bank with its IT and processing needs. What used to be the Bank's back-office functions will now be OpCo's core business and profit generator.

Backed by a more superior and efficient technology platform, OpCo is poised to be Malaysia's first of its kind services provider. For now, OpCo will provide its services to BCB, to enable the Bank to focus on its core business of providing banking and other front-office services to its customers. One of the key changes being made within the new bank is the move to centralisation of back-office functions leaving the branches free to pursue customer-focused activities. The three main areas for attention are cheque clearing, retail loan approval and collection and recovery.

•The cheque clearing processes will be re-engineered to be more efficient and effective, particularly for pending and referred items and for outward clearing.

•For retail loan approvals, the new Retail Centre system will be extended through approval, documentation, disbursement, account opening and performance review. Access to the system will be made available from regional centres and branches if deemed appropriate.

•The Collection and Recovery Centre currently handles retail overdrafts and term loan for ex-BBMB. It will be extended to cover small business loans, credit cards and the ex-BOC loans.

The redefinition of branch focus has led to the Centralisation of Back-Office functions To remain competitive in an industry that is quality service-sensitive; one of the Bank's post-merger initiatives included the redefinition of our branches' roles as sales and service outlets. In congruence with this move, branches' back-office functions were removed and centralised at three regional centres – in KL, Penang and JB – that were set up for the specific purpose of taking over this back-office processing. Such a major move was to allow branch staffs to allocate more time on providing and delivering quality front-office service, which is deemed key to BCB to remain competitive.

That marked the beginning of a new culture shift in BCB, which, was from being transaction-focused to being sales-focused. This significant move would definitely have an impact on our Bank's overall productivity and performance.

The centralisation of the back-office functions improve branches' focus and enables the back-office processing to be carried out without it having to take a back seat in line of work importance to front-office service delivery.

The current ex-BBMB statement archived on microfiche system with one based on digital technology will be replaced. Currently, the bank spends a significant amount of time and money retrieving statements for customer microfiche is slow and of poor quality. The new system will allow the Call Centres and other functions to call up archived statements and print directly on their desks or send direct to customers. The introduction of an integrated e-mail and messaging system will provide the platform for other work related workflow type applications, which allows for more systematic monitoring of the processes in the bank.

The WAN system too must be upgraded to facilitate the handling of the huge volumes of data and to facilitate the images of signatures, cheques or Trade Documents to be transmitted in a usable time. The IT department will look at a fully managed service with a bandwidth to the branches of 65k compared with today's bandwidth of 9.6k or 14.4k. This will incur considerable extra running costs, estimated at RM20m vs. today's costs of RM6m. Without such an upgrade such process improvements will not be viable.

For the Processing Division to attain its full potential, the following target environment was defined:

a. Development and maintenance of state of art Central Processing Centre that will enable the division to take over all processing functions of the bank without jeopardising on the existing quality of output and efficiency in process.

b. Efficient work processes that will contribute positively towards the productivity of the division in general, and the bank as a whole. This may relate to cost efficiency, ease of procedures, and reductions in error rate, frauds, and delinquent accounts.

c. To set up a conducive organisational environment which supports continual motivational initiatives and staff development.

APPENDIX 7, 8 and 9 illustrates the breakdown of the various tasks' which have to be completed before the bank can accomplish it's overall Processing Division automation. The tasks are shown in detailed in the above APPENDIX for 60 days to a 1year, 2 years and 3 years plan. Since the bank is a large entity, all the different tasks were performed simultaneously in the various SBU's (Strategic Business Units).

This division will become a totally autonomous entity when it is able to provide services to external parties or develop third part alliances in revenue generating ventures. The Processing Division will also constantly strive to improve work processes to ensure smooth work flows, without jeopardising on control and quality. This is achieved by leveraging on IT facilities and the new bank's organisation structure. Continuous efforts will be made to ensure that all processes within the bank are carried out in the most efficient manner.

The objective of the Division is to enable the processing of all Bumiputra-Commerce's high volume and repetitive transactions. This will be done in the most cost efficient manner and is aimed at relieving the branches and other sales and services units from such duties to allow them to focus on their core activities. In order to optimise usage of infrastructure in terms of technology facilities and equipment, office space and manpower, most of the core activities of the Processing Division will be carried out in a centralised or regionalised mode. This will allow for economies of scale to be achieved.

The following are the Processing Division's opportunities that have been identified:
- Outward cheque clearing
- Cheque books issuance
- Retail loans appraisal and approval
- Loans documentation and disbursement

- Centralised document management
- Branch accounting
- Account maintenance
- Cards Processing and issuance
- Cash management
- Trade Finance Processing
- Loans Collection and Recoveries
- Call Centre

The following processing centres will support the above functions :

- Eighteen Trade Finance Processing Centre
- One Retail Loan Credit Centre
- Six other processing centre (comprising of 3 main and 3 minor centres) to support Inward/Outward Cheque Clearing, Cheque Book Issuance, Branch Accounting, and Loans Documentation/Disbursement, Account Maintenance, and Recoveries/Collection.
- Outsourced ATM and Cash Management

Target Staffing Requirements

There would be a large reduction in the number of staff currently involved in the processing of the above transactions. With the economies of scale, the potential savings in manpower undertaking the processing functions may be more than 45% as seen below and in detailed in APPENDIX 10.

No. of staff currently	No. of staff doing processing
Doing processing activities	Activities in future
Equivalence of 2,892 staff's time	1,535 staff

Key Performance Targets

A major challenge for the division is to meet specific performance targets that are set. Due to the nature of the division's functions, the performance of the Processing Division will be based upon efficiency and quality of service.

The following are some of the performance targets that have to be achieved:

- To be able to decide on fate of retail loans application and to issue LO (Letter of Offer) within 48 hours of receiving application
- To enable customers to check and determine the status of their retail loans application at any time and place
- To triple the Retail Credit Centre's processing capacity
- To reduce the number of delinquent retail loans to within single digit
- To reduce the cost of inward cheque clearing to RM0.25 per cheque from existing RM0.60 per cheque
- To reduce the number of unreconciled accounting entries to nil
- To achieve ATM uptime of 98% from 95% presently
- To target an increase of ATM Card base by 30%
- To resolve all ATM dash disputes within 5 days (presently about 10 days)
- To resolve all ATM unauthorised withdrawals within 14 days (presently 2 months)

- To have a base of 300,000 Call Centre customers
- To achieve a 50% utilisation of the total call centre customer base
- To enable the Call Centre to accommodate all non-cash Retail transactions
- To be able to deliver 90% of all processed Trade Documents within 24 hours (currently only 60%)
- To achieve an error rate of less than 1% in Trade Processing (presently 5%)

Expected Capital Investments

The amount of capital investments required for the IT development is about RM70 million. The infrastructure that has been established will be able to provide long term returns. The following is the break down of the anticipated capital outlay for year 2000 :

TABLE 1.9

CAPITAL COST OF BCB

Outward cheque clearing/co-location of SPICK[1]	RM	11m
Regional documentation/disbursement of loans[2]	RM	10m
Imaging and other Trade Finance infrastructure requirements[3]	RM	10m
Retail Collections and Recovery[4]	RM	6m
Centralisation of branch accounting[5]	RM	1m
Centralisation of account maintenance[6]	RM	1m
Electronic Banking[7]	RM	15m
Call Centre enhancements[8]	RM	4m
New Business Initiatives[9]	RM	6m
Establishment of a new Central Processing Centre[10]	RM	6m
TOTAL	RM	70m

SOURCE: BCB MANAGEMENT ACCOUNTS

Notes :

1.   Includes RM6 million IT capital expenditure budgeted by IT Division.

2.   Includes RM1 million budgeted by IT.

3.   Includes RM5 million budgeted by IT.

4.   Includes RM4.7 million budgeted by IT.

The potential business opportunity areas have been identified :

Operational Excellence Alliance Development

- Payment Processing and Statement Printing – services can be offered to other retail-based businesses such as the telephone and other utility companies in which the bank will undertake to manage the total collection for the client.
- Document Storage, Management and Imaging – an efficient document management system that will be able to complement all of the division's activities. With efficient document warehousing and retrieval facilities, the services can also be offered to customers whose operations require large document archival systems, such as EPF, IRD and JPJ.
- Credit Scoring – a sophisticated credit scoring system, which could be offered as a service to other credit-based merchants such as applicant stores and furniture including Courts Mammoth, Parkson Grand and Seng Heng Electrics.
- Card Issuance – with card-based commerce and transactions becoming more popular, the bank will provide card issuance services to clients such as Touch 'N' Go, universities MACRO.
- Trade Finance – Trade Finance Competency Centre services can be offered to smaller financial institutions or other foreign banks intending to compete in Malaysia.

Broad Plans

The detailed activity plan from 1999 to 2001 for each of the sections under the Processing Division are highlighted below:

a) Immediate/Near Term: Focused on Integration and certain key milestone projects

i. Since the main priority of the Division was complete on merger integration, hence in the near to middle term, most of the initiatives

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undertaken was integrative in nature. The most critical was the process reengineering and development of the operating policies whereby external parties view and transact with the bank as a single entity but internal procedures and systems differ.

ii. The immediate term would also see the launching of certain key milestone projects that are able to be initiated without disrupting the normal daily operations such as the Call Centre and the Retail Credit Centre. The introduction of these centres will serve as a launching pad for the operation framework of the bank and be reflective of how BCB branches will ultimately operate in the future (i.e. totally sales and service focus with little disruption by back room processing activities).

iii. After the integrations were completed, BCB embarked upon forming and implementing the processing centres to take over the branch back office functions.

b) Medium Term : Enhancement of capabilities and capacity development; Performance Benchmarking and Measurement

i. Once the gestation period and integrative efforts were completed, the Division immediate efforts were to increase capabilities and capacity in order to free all branches from processing duties and to enhance capabilities towards achieving market dominance.

ii. To benchmark towards the attainment of world-class standards, some of the sections may be subjected to undergo international accreditation such as ISO standards). Internally, continuous and active efforts will also be made to enable the activities of each of the processing units to be physically measured.

3.2.3   E-Banking

According to a US based Research Company, International Data Corp. Table
1.10 illustrates the e-commerce revenues.

TABLE 1.10

E-COMMERCE REVENUES

US $ million	1998	1999	2000*	2003*
Revenues in Asia Pacific	21.0	40.4	169.7	1,300.0
Value of transactions in Malaysia	20.0	95.0	1,050.0	N/a
Revenues in Malaysia	15.0	46.0	N/a	1,570.0

SOURCE: IDC survey

BCB plans to position itself by dominating all e-channels, e-community and e-
network in the country. BCB has "dot com" it's organisation to take advantage
of the potential business benefits and cost reduction opportunities that e-
commerce will make available by the setting up of Commerce Ventures The
Bank is also positioning itself to be the Official Financial Services Provider for
these networks such as the e-Government procurement, Putra Jaya, Johor
Information Infrastructure and universities. Some of the capabilities in these
technologies are   (smart card), Choice Online/CTS and Interbank-Giro and
other closed community opportunities..

BCB has embarked on some exploratory projects to enable access to its
systems using the Internet technologies such as the Home Ownership portal
where consumers can identify potential properties and apply to the bank for a
Home Loan. BCB's has the opportunity to establish a supply chain
relationship to reduce our internal costs via e-procurement capabilities. The
bills presentment may be another opportunity area where the bank can
establish relationships with infrastructure companies to present bills
electronically to consumers and organisations.

The merger has brought about considerable changes in organisation structure and style. As a result, there is a greater need for the business units to have access to business information. The Introduction of the Customer Relationship Management and improvements to the Risk Management systems will give rise to greater need for the introduction of Business Intelligence technologies which will allow for more analytical use of existing management information.

3.2.4 Customer Relationship Management (CRM)

Another major challenge faced by banks in Malaysia, BCB and abroad is how to provide enhanced customer service to the existing customers (customer loyalty) and ways to attract new ones in the new digital age. According to a report by Ernst & Young on 24th September 1999, Financial Institutions need more than technology to help cement relationships with customers, as the e-commerce/e-bank is leaving the "handshaking" to the modems. The survey of 100 companies in 26 countries found that the rate of spending on customer relationship management (CRM) was faster than the spending on technology in general.

The issue in CRM (Customer Relationship Management) is an important concept in most organisations as it supports one-to-one marketing practices for building customer loyalty and increases profitability. For example, customers will be attracted to banks, which provide value-added, accurate, professional and timely information. In order to provide these services, banks ought to redefine their supply value chains management techniques to integrate transaction origination (manufacturing), distribution, marketing and sales.

The supply value chain allows banks the ability to establish direct link to customers, suppliers or distributors to complete transactions or trade information more easily. In addition, this technology enables comply to bypass

others in the value chain and sell direct to customers at a lower price thus increasing CRM and building customer satisfaction. Hence BCB has identified it's existing internal processes, which are redundant and reengineering it to create value-added activities, which increases it's competitive advantage.

BCB's ONE Platform integration allows much greater focus on customers and sales channels. "CRM is grounded in the idea of establishing a learning relationship with each customer, starting with your most valuable ones..." Harvard Business Review 1995. There is potential in leveraging our vast customer database in marketing efforts for both internal marketing use or for services to other marketing organisation. Micro-marketing, in which marketing are based on target customer segments, will become key in gaining competitive advantage. In leveraging on our IT infrastructure CRM and micro-marketing would present a great business opportunity for the Processing Division.

Wheelwright and Clark (1992, p. 16) argue that clarity of the objective, focus on time to market, and high quality prototypes often provide competitive advantages to firms, as these firms can meet customers' demands in new products and services quickly. According to Rosenthal (1992), a shared understanding among organisation members about the dynamics of product innovation, active anticipation of customers' needs and resolution of inter-functional problems are important criteria for introducing high quality products to customers.

By linking with suppliers and customers, a firm can better manage its inventory and meet customers' demands in products and services by creating customer intimacy (Carter *et al.*, 1987; Johnson and Vitale, 1993). The extended collaborations enable a firm not only to speed up customer service, but also manufacture and bring new products and services quickly to the market place. According to Capon, Galzer and Lazer information intensity of the industry refers to the amount of information needed to develop, produce,

and use a product or service (Capon and Galzer, 1987; Lazer, 1991). In an information intensive environment, firms are often pressed to make quick decisions toward restructuring of business processes. Also, higher information intensive products require continual process improvement because of the short product development cycle time (Davenport, 1993 p 121-7).

By analyzing and the target market segment of its customers, BCB launched its innovative Hibah Harta and Hadiah Sulaiman Kasih products. BCB's new trustee products give clients, Muslims especially, more flexibility in matters of inheritance. The two services, offered via BCB subsidiary Bumiputra-Commerce Trustee Bhd (BCT), provides a fast, secure and efficient way for a donor to distribute assets to beneficiaries. *Hibah Harta* (HH) is aimed at Muslims while *Hadiah Sulaman Kasih* (HSK) or 'Gift of Love' is for non-Muslims.

The HH and HSK agreements are upheld by both the civil and *syariah* courts, and exempted from stamp duty and inheritance tax since the property is assigned while the benefactor is alive. BCB targets as its initial market the Klang Valley and states like Kelantan. Rozali is confident of the products' usefulness. 'Malaysians are becoming financially more sophisticated and aware of the need to plan. They don't want to be told what to do; they want to be able to choose what to do, intelligently.' Nik Hassan adds, 'It's a sign of the prosperity of our society. In the past it was about saving, borrowing, buying a house and all that. Then there were the investment products like unit trusts and other wealth-management products. Now we stretch it to include managing wealth after you are not around.

3.3 Strategic Alliances with World Class Financial Services Providers

Bank of America Alliance

In December 2000, BCB entered into a strategic trade co-operation arrangement with Bank of America, the largest bank in the United States to offer global connectivity to strengthen its commercial trade relationships and help its customers compete more effectively on a worldwide basis. With the arrangement, Bumiputra-Commerce customers can benefit from quick execution and accelerated payments through Bank of America's global reach enabling them to enjoy real time and on line processing, secure and confidential transaction, enhanced accuracy, speed and information access.

Western Union Alliance

On 12 March 2001, the Bank entered into a strategic alliance with Western Union Financial Services, the world's leading specialist money transfer organization. The Bank's collaboration with Western Union will enable it to provide specialist money transfers for customers using Western Union's advanced, proprietary global computer network and a special Moneylink software to achieve instant error-free data transmission to make quick and safe money transfers around the world within minutes. 50 selected BCB outlets in market centres will offer the services during the initial phase. The bank's customers will gain access to a network of over 101,000 Western Union outlets in 185 countries and they need not have a bank account or credit card to send or receive monies.