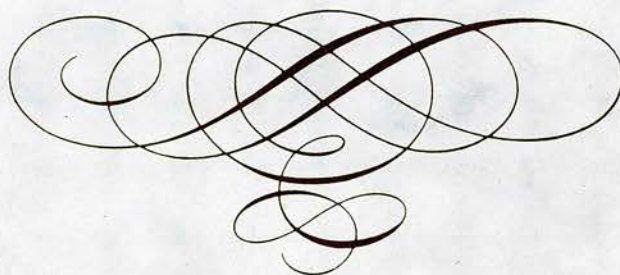




INTERNATIONAL

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A MESSAGE FROM MR SWALEH NAQVI

Dear Colleague,

I need not go over the events of the past few days.

All I want to express is the institution's gratitude for the quality of commitment which you have demonstrated in practical terms at a time when it was most needed. BCC's objective is to live as an honourable institution and a respectable member of the society. Let us once again resolve that we would live by your high moral standards and professional obligations.

With our firm faith in God, our own innocence and the system of justice in the US we are taking every step necessary to clear the various specific matters which have been raised. Let us all at the same time become more vigilant, more cautious that BCC's name is not misused by unscrupulous elements through attempts to establish business links with any of the branches.



With our highest admiration for your love for BCC and instinct to live honourably.

Yours truly,

SWALEH NAQVI



AGENDA

DAY ONE

October 8

1 REALISATION OF OUR VISION 1988 – OUR BUSINESS AND BALANCE SHEET

- Significance and importance of Balance Sheet
- Relationship of the units and individuals with the
Group Balance Sheet
- 1988 Balance Sheet

2 MARKETING

- BCC as a marketing and sales organisation
- Customer Service – Customer Satisfaction
- The Primary Product
- 1988 Relationship and Participation Deposit Drive

3 BUDGET

- Enter 1989
- More effective use of Budgeting exercise
- 1989 Business & Profit Budget
- 1989 Capability Budget

4 PREVIOUS AGENDAS

- What impact the Agendas of previous meetings made
on us – in practice, implementation,
institutionalisation?
- What change they produced?
- What should be the purpose and objective of formal
Agendas?

AGENDA

DAY TWO

October 9

1 NEW STRATEGY & 10 YEAR PLAN

- Presentation by New Strategy Division

2 1989 BUDGET & BALANCE SHEET PLANNING

- Presentation by Finance Division

3 HUMAN RESOURCES POLICIES & STAFF RELATED COST

- Presentation by Human Resources Division

4 CAPABILITY BUDGET

- Progress review by individual Support Centres

5 INTERNATIONAL MANAGEMENT DEVELOPMENT

- Contribution so far and future plans
- Presentation by IMD Centre

6 REGIONAL REVIEWS

- Achievements and Performance to date in 1988.
(Selected basis)

7 GUARDIANSHIP PROGRAMME

- Presentation by Executive-in-Charge

8 INTERNATIONAL DIVISION

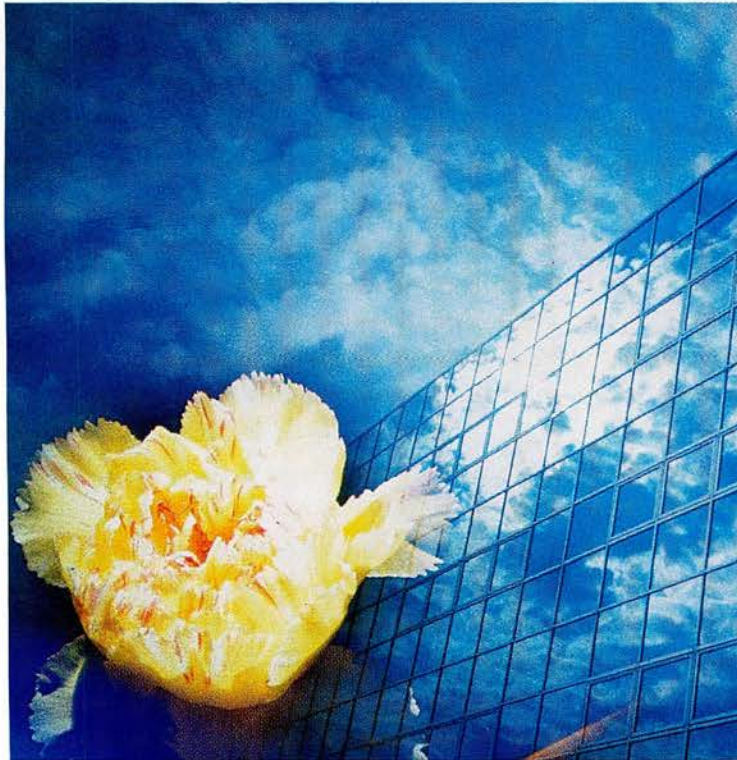
- Presentation by Executive-in-Charge

9 EMP DIVISION

- Presentation by the Division

NOVEMBER 1988

BCC MANAGEMENT CONFERENCE



The management conference held in London on October 8 and 9 was an important reaffirmation of all that BCC holds dear in our culture and our value system. The conference provided a clear indication of the style of BCC management now and in the years to come.

The report that follows represents the true voice of BCC's joint personality.



THE MEANING OF "GOOD MORNING"

The morning is the messenger of the day, reminding you of the nobility of work, the natural urge to work, and the joy you will experience from what you are going to do during the day. For work is a joy, not a burden. And responsibility is a joy, not something to be suffered.



Is there within you a person of vision, capable of meeting the challenge of the day, drawing the best out of you and appealing to your true nature? Finding such a person within you brings out the real meaning of morning.

More than 100 executives have gathered for this meeting. Feel the power of togetherness; feel how it energises you. Feel the relationship unsaid, unspoken – the energies merging together in the true joint personality.

The unification of management brings all the advantages of decentralised management in the market place. Management must be unified both physically and psychologically, so that several units, individuals, entities and market places merge into one, with one purpose, one objective and one direction. With this consolidation, multi-leadership merges into a joint leadership personality.

EVOLUTION OF MANAGEMENT

Questions are often raised about succession and continuity. Who will manage this bank? Who are the people who will take it into the next century? These meetings show the possibilities for every individual to participate in the management of today and the management of tomorrow – young managers by extending and improving themselves to match tomorrow's requirements, older ones by helping to create the managers of tomorrow. This is the evolution of management.

These meetings are a forum that has love and respect as its guiding message, and where the people who manage the decentralised and diversified organisation that is BCC become visible.

An important objective of these meetings is to reinforce the BCC culture and value system, and to strengthen the commitment to BCC's Major Purpose – submission



to God, service to humanity. Giving and success. Involved in our respective assignments, we sometimes become oblivious to the common purpose; from time to time we need to refresh ourselves by examining our objectives.

A demonstration of love, respect and consideration towards each other is what Mr Abedi used to call

the glue that unifies us. This is the framework, the code of conduct, of our meetings. We will therefore be talking a great deal, in these meetings, about love.



A JOY, NOT A BURDEN

These meetings aim to bring home to us a consciousness of responsibility. One country is a great responsibility; 73 countries are a greater one. Two hundred people are a great responsibility; 14,000 people are a greater one. The corporate objective of a particular country is a great responsibility; greater still is the corporate objective, the mission and the purpose of the BCC Group. We should feel that responsibility not as a burden, but as a joy.

Finally, these meetings are the process of institutionalising values: our values are not the values of one person or even a few, but of the institution. What is important is not the power of the individual, but the power of the institution. The importance of the individual cannot be denied, but the importance of the institution is greater still.

All these things, and perhaps many more that you can think of, form the continuing objectives of our meetings. If we all feel and accept them, then these meetings will be truly valuable. When we talk of vision in the

context of BCC, we are not referring to visionary people who live beyond the realm of reality. We are talking about people who live in reality but who, nevertheless, have a vision.

In order to have a vision, people must first have a burning desire. They wed themselves so firmly to their purpose that they develop a burning desire for its achievement.

Because we are creations, we have to have a relationship with our Creator. Because we live in an environment governed by the laws of nature, we have to have a relationship with the laws of nature.

Once we have this burning desire and the magnetic purpose on which it is focused, then we need the means to develop vision, and that means is enlightened and creative psychic energy. It is this alone that enables us to perceive all our possibilities.

COURAGE AND HOPE

If we have no courage and no hope, we will be unable to realise our vision. For vision does not relate to the ordinary: it is always something extraordinary.



But vision is not some kind of dream. It is a very organised, purposeful, conscious state into which an individual or group of individuals take themselves. From

***"Feel the power
of togetherness;
feel how it energises you."***

***"BCC vision has to be
transmitted to 14,000 people
and shared with them all."***

***"Transmit the light of life from
your being to the being of
others."***

there, they come back to realise their vision.

But whose vision are we talking about? First and foremost, it is the vision of those who have taken upon themselves responsibility for the success of BCC's mission, its purpose, its goals and its objectives.

The vision of these people has to be transmitted to 14,000 people and shared with them all – particularly those who are in charge of units, branches, regions and large departments.

How can this be done? Vision is an abstract power, not a delegated authority. So how can it be transmitted? It can only be transmitted through communication of being to being.



We are in the process of evolution: we are learning and developing. So long as we have the intention to evolve, we should have confidence in our ability to reach our goals. What makes the quality of vision? First and foremost, it is intentionality.

The second component of the quality of vision is clean instinct and clear perception. These can exist only in a positive and open personality, and through objective relationships; not subjective relationships, but relationships tied to a purpose, which should be the purpose of the BCC organisation.

"BCC vision has to be transmitted to 14,000 people and shared with them all."

"We have to have a relationship with our Creator."

"The spirit of BCC is permeated by a moral dimension."

We must be able to assess our capability objectively, with clean instinct and clear perception, free from the confusion of prejudice. For in the final analysis the real quality of our vision is proved by what we actually achieve. The balance sheet is the proof of the reality of our vision.



The people gathered here are the global management of the BCC Group, and must recognise the need for change. The environment of the market place is changing, as is the environment of the regulations that govern us. To meet the demands of the new BCC, we need more mature, more enlightened and better qualified management; we need more enlightened, more creative and more imaginative marketing.

We must stretch and develop our mental capacity to face the new challenge, the global challenge. We are more and more involved in the total responsibility, which is not represented by designations, by specific assignments: it is represented by the one designation that is supremely important in this organisation – the BCC person, who has global nationality, a global outlook, and total responsibility.

THE TRUE SELF

We should initiate in ourselves the

process of self-discovery, to gain a realisation of our true selves. We must understand the quality of intentionality, the quality of our realisable vision; we must not allow ourselves to suffer from events of the past or the pressures of the present, or to become victims of the uncertainties of the future.

What we must do is very humbly to solicit support from each other – support that will be extended in our journey to self-realisation and self-discovery.

The best quality comes out of people when they are inspired. In BCC, inspiration comes from the bank's founding President, Mr Agha Hasan Abedi.

BCC is fortunate enough to have a highly capable executive cadre. Nearly 200 senior people of high quality, in both professional and personal terms, devote themselves to the mission of BCC. Round the clock, every day of the year, they are involved in achieving, in accomplishing, in excelling.



Capable people often do not realise just how capable they are, but we should not devalue ourselves. This does not imply, however, that we should not practise humility.

Our view of management is not confined to concepts and philosophies; it places equal emphasis on the translation of

ideas into the tangible.

Management is our relationship and the interaction of our relationships within the organisation. Marketing is our relationship and the interaction of our relationships with the outside world.

Mr Abedi has inspired us by his repeated efforts to make us realise that the material and the moral are not two different things; they are inseparable. All moral contains the material; the invisible contains the visible; the intangible contains the tangible.



Through his inspiration we have gathered more courage, more faith in ourselves – individually and, above all, collectively. His inspiration has shown us the darkness of our ego.

If we are to live in the grace of the attributes of the Creator, we must realise and fully accept one basic principle: that we will be able to stay on this path only through the laws of nature, accepting them and applying them to all facets of our existence.

For nothing lives in isolation, and nothing lives forever except the mission, because it is intangible.

BCC could easily achieve 10% growth over last year, but that would not be appropriate to the growth pattern of the bank, to the

collective quality of its energy.

The commitment that we are all called upon to provide cannot be energised unless our purpose is clear to us. For purpose is the sole factor that initiates an action. And inspiration is the intangible quality that sustains and improves the intensity of that action through its thrust and its quality. Each of us should re-examine our commitment.

Latin America and the Caribbean comprise a relatively new region for BCC. It has evolved over a period of five years, and progress has been satisfactory.

The major cause of our satisfaction is that we have succeeded to a certain extent in spreading the Major Purpose of BCC from the south of Florida to the furthest reaches of the South American continent.

The challenge we have taken upon ourselves is one that we have risen to in the past, and we will certainly not fail to do so for the remainder of this year.

All our staff in the Far East region – in both operating and non-operating units – are very clear



about the Group's needs, especially during the next few months, and they view it as their professional and moral obligation to respond to those needs.

Although BCC does not have a banking presence in Indonesia, the amount of business generated from Indonesia – as well as sales of products such as travellers cheques – has been extremely satisfactory.

Thanks to the support of the whole bank as well as the efforts of family members in the region, the US region is looking at positive balance sheet results.

Members in the UK region are very keen to respond to the call of the last quarter of 1988 by achieving their projected results.

THE REALITY OF OUR VISION

Our vision will only translate itself into reality to the extent that we are able to bring about an equilibrium



between our moral balance sheet and our material balance sheet.

God has not given us rights without obligations. We cannot live in isolation, on the basis of our own personal balance sheet or even on the basis of our unit's balance sheet. Our strength is a collective strength, and we all derive sustenance from the Group whenever we need it.

As Mr Agha Hasan Abedi has tried to explain many times, totality is very simple: it is the fragmented parts that are complicated. If we want to work in an atmosphere free



of turmoil, we should learn to live in totality, with full acceptance and full responsibility.

During the nine months to September 1988, BCC experienced a net increase of \$700 million in deposits, after eliminating the short term deposits received last December. Around 37,000 new accounts were opened, taking the total from 950,000 to just under a million.

Our increase of \$700 million is really an increase in call deposits, spread over a large number of accounts, and this is very healthy and very welcome.

A MARKETING CULTURE

From its inception, BCC has been a sales and marketing oriented organisation. Marketing was the area where Mr Abedi first encouraged greater organisation, by creating the Central Marketing Division in 1981. Its mandate was to create a marketing culture, backed up by marketing machinery.



We need each other's blessings; we need each other's support. Our business is selling and marketing, and that is what we want to revive, both in our spirits and by an organised effort. Thus we will revive the marketing culture of the BCC organisation.

BCC's management literature

should be read with intense focus and concentration – not on the grammar or composition, but on the selection of words. When those words are related to the person who is saying them, to his personality and to his meaning, then the full impact and joy of reading will be experienced.

MEANING OF LEADERSHIP

We must feel a desire to develop, to evolve ourselves and others, to help others to evolve. We must accept



the organisation's responsibility to provide individuals with the opportunity to grow. This is the true meaning of leadership.

It is in our nature to desire change, movement, mobility: not only physical mobility, but psychological mobility, spiritual mobility, mobility in our attitudes. For mobility is essential to any kind of progress.

THE MEDIUM OF QUALITY

We all develop, move and evolve through the medium of quality. Movement is part of the nature of things but how much are we aware of the need for movement within us? When many inner movements join together, it has the power to change destiny. That is the power of

realising what movement is. That is what leadership can achieve.

The joining of many inner movements cannot be forced. It can only be achieved through the power of love and power of relationships. We need first to relate to the organisation, then to our objective, then to the people in the organisation, then to our customers. We must never lose the meaning or the importance of customer relationships. A relationship is for all time, whatever the circumstances – that is Mr Abedi's belief. Relationships refresh and revitalise our lives because of their quality and their depth.

In any situation there are always two extremes. On the one hand, there are the known relationships, the known context, possibilities and capability. These are known and not moving. On the other hand, all possibilities exist in every situation. The only boundary on the possibilities is the extent that we ourselves can experience them. As practical and pragmatic people, we have to relate to both extremes – the containment of the known and full potential of the unknown.



The central point in management must be the opening up of the potential, its realisation and its translation into visible results. This is true in the context of

the unit, the region and the wider global perspective. The key to unlocking potential lies in developing relationships. If we can feel the power of relationships, the blossoming of potential is never far



behind. Any authority, any power, whether internal or external, has to be enfolded in the essence of purity.

THE MORAL DIMENSION OF BCC

In the process of action, we discover our potential. We have to release our energies without reservation in order to achieve our goals. The spirit of BCC is permeated by a moral dimension and this eases the burden of management. The challenge of BCC will be met with happiness and will be achieved in happiness. The times that we live through demand that BCC leadership ignites in every member of our family the highest quality of vision and the highest moral quality. Courage and purity will prevail.

Life is a process. In the process of organisations there is management and there is marketing which is the art of nurturing long term relationships. We are now more than ever reinitiating and re-emphasising the marketing process. There is throughout the bank an urge and a desire to commit ourselves

wholeheartedly to the spirit of BCC. This, in turn, will provide complete professional fulfilment to all members of our family and our clients will receive the highest standards of service.

If our commitment is totally pure, the operation as a whole must reflect that quality of commitment. Multifaceted leadership will operate through true joint personality. Only if we deal through our feelings can we reach, touch and achieve our goals. The most powerful tool of management is the quality of our relationships. We should feel in our hearts that we belong to BCC and BCC belongs to us.

We are resolved to revive the marketing culture in 1989. This will apply throughout the bank. Central Marketing Division would play an important role, working alongside branch offices. Country and regional offices would also be involved.



The sharing of experience, vision and energies will be the key to a sustained exercise that will last throughout the year. During this time, as ever, we will guard the quality of our assets, the quality of our liabilities, the quality of our advances and the quality of our deposits. We should never lose sight of the fact that we live in the shadow of

"If our commitment is totally pure, the operation as a whole must reflect that quality of commitment"

"We belong to BCC and BCC belongs to us."

"We have the human energy. We have the vision"



God's blessings. Every experience, every occasion, every event reminds us of this unalterable fact. God's blessings touch us, lift us and move us. Each year is a link in the chain of our destiny. In 1988 we have experienced, evolved, moved forward, always trying to search the heart of the matter, with our hope for the future undimmed.



The blessings of God fall on this organisation, but in the nature of man there is thanklessness also. Do we want thanklessness to dominate our feelings or do we want to thank God fully for His blessings? We know in our hearts that there is no lack of blessings.

Only through the quality of our feelings can we generate true creativity, not by authority, not by designated power, but through our feelings. How many of our officers possess true marketing ability and true encashment ability, passing the success line?

Tomorrow's leadership will emerge through the degree and the quality of their commitment to BCC. Tomorrow's leaders will know their being and experience the intensity of their desire and their capability. The leaders of today are creating a link between the budgeting of capability and the budgeting of business. The two budgets are interdependent in real

"Transmit the light of life from your being to the being of others."

"We live in the shadow of God's blessings."

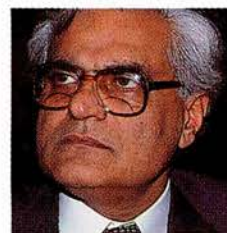
"This bank is a catalyst for change."

management. Mr Abedi's professional life is a testimony to the truth of this. Just as we have projections and targets for business and profit budgets, we should develop projections and targets for the capability budget.

THE NEEDS OF THE ORGANISATION

The capability budget was introduced so that each individual within the bank could relate his needs to those of the organisation. It is expected that each officer would express himself through his commitment to his assignment. If this happens in a genuine and wholehearted manner, there is no doubt that this will become visible in an enhanced performance, attitude and behaviour.

The capability of an officer becomes truly meaningful only when it is seen in the context of his environment. It is the responsibility of management to ensure that quality is a determining factor of the whole BCC environment. We have to see the capability of an



individual in relation to many factors: his relationship with his job, with colleagues and with his method of approaching his job.

The BCC environment is composed of the branch network, all 14,000 family members, our

capital base, the strength of our balance sheet, our culture and our value system. This is the environment in which each individual within BCC lives. A further aspect of our environment is the market place, both EMP and IMP.

An individual's internal environment is also very important.



It consists of his professional and human qualities, the quality of his being or his psyche and how he relates to others. All these find expression in his ability to be a maker of environments for himself and for others. Real management places great importance on enriching the environment. We seek to guide and encourage our colleagues to see the broader perspective and the true meaning of their assignments.

Over the years there have been many changes in BCC. We now all listen a little better than we used to. We are all a little more sensitive. We are more serious. There is patience and understanding now. So we are now on the road to a new being for ourselves individually and for the bank as a whole. We are seen very much as an institution that is here to stay. We have been through a very difficult year and we have come through it very well. That is our success.

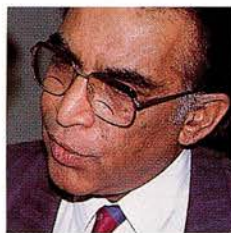
We came through 1985 and

1986 with all those problems. The market saw and appreciated the maturity and stability of our management. We stood firm. We are standing firm now. This is a great institution. You built it. You made it. But in reality we have only just begun. Now the real work must start.

We have the human energy. We have the vision. Now we have to build the bank into what it was always meant to be, what it has to be.

This bank has a transformative power. It is a catalyst for change. It is an instrument through which there will be visible changes in the world over many years. You are all instruments of change. Each one of you is a catalyst. Each one of you is a pioneer.

BCC conferences are lessons for life, lessons on how to deal with the human psyche and how to see the invisible. How many of us have really tried to release our energy? Release of energy is releasing the inherent quality in every single living human being. You release it through love. That is the key.



We are on the threshold of a revolutionary leap. BCC is on that threshold. If you have confidence in human nature, if you have faith in human nature, if you believe in the inherent quality of human nature, then let us release the

energy of all the people who work in this organisation. Love them. Embrace them. Forgive them. Our future is in them. We are the stepping stone. Yes, we have to mould them. They have to be noble, they have to be brave, they have to accept the good and the bad – there will always be that in totality. They will have to learn to live with the errors of the past and the joys of the past.

Stand firm when the organisation shakes as it did in 1985 and again in 1988. There is plenty of leadership. There is plenty of courage and there is abundant hope in this organisation. BCC has



a noble future. We talk about the need for future capital and we sometimes wonder where it is coming from. There is no doubt about that. We only need to have enough faith, hope and love. When we see something better than ourselves, we should love it; we should not try to suppress it, but let it fly, let it express itself.

True power resides only with God. The greater the number of people in BCC who reach out for God, who seek to identify fully with God, the fewer problems will engulf us. We can raise the whole level of this organisation by recognising that we live wholly in the shadow of His blessing.



Ko

THE LAND OF

The mornings are calm, but not for long. Having successfully hosted the 24th Summer Olympiad, the people of Korea have demonstrated that their vision has come true only because of the positive and organised approach and the determination to make the impossible come true.

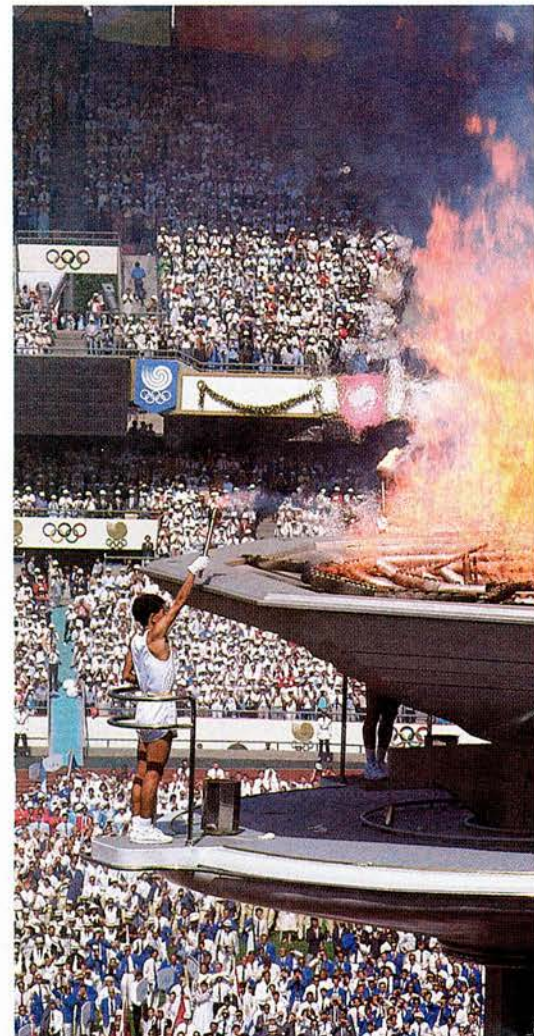
The same goes for the EMP team in Korea, who strive to achieve the impossible in a well organised and disciplined approach to realising their vision of making BCC the largest correspondent bank in the world.

The day begins immediately after the morning calm, but much before reaching the office, for the human EMP in Korea. The purpose of one's existence is planned at home and while commuting to the office. Once in the office (which is usually well before the official time) the small but very strong team briefly exchange greetings and a smile and sit down to plan a strategy for the day.

Among the discussions, the purpose is given a lot of emphasis. Problems, if any, suggestions, products and targets are discussed in open forum. The local sentiments and culture are given due importance, without which the purpose and planning have no meaning.

Strategies are changed constantly on the feedback from our previous calls. For example, we were being told by our correspondents that the advising banks are usually nominated by the applicants, so we decided unanimously that we should contact bulk importers, trading houses and corporations and request them to nominate BCC locations as advising banks.

The plan worked, so we went one step further and started distributing our international directories to these applicants, along with a list of existing agency arrangements signed between BCC locations and their prime banks (our correspondents).



THE OLYMPIC GAMES – SEOUL 1988.

REA

MORNING CALM



This made it very easy for the applicants to identify BCC in the location of the beneficiary, and enabled us to generate large volume letters of credit (exceeding US\$1 million each) to very competitive markets such as Los Angeles, New York, San Francisco, Frankfurt, Tokyo, Paris and Hong Kong.

By 10am the human EMPs are on their feet and out of the office, sipping ginseng tea with our correspondents. The calls are co-ordinated to cover two or three correspondents in the same vicinity and are normally made without previous appointments, which demonstrates the quality of relationships and the friendly attitudes.

Occasionally there follows a friendly informal lunch, where business is not normally discussed and the conversation centres around "kimchi", "pulgogi" and "kalbi" – all Korean delicacies. To be successful, one has to acquire a taste for Korean food and eating habits, which may not necessarily be easy for an outsider to acquire.

The afternoon sees letters of credit pouring in on our fax and telex machines for onward transmission to BCC locations. They are processed by, again, a small but very vigilant team of two girls in the department, who ensure that the L/Cs are decoded and accurately transmitted to the recipient BCC locations. Meanwhile a second round of calls – sometimes by telephone – is planned for the afternoon, and by 5pm the team meet again informally to ascertain the results of the day's proceedings.

The team also bring along with them any problems to do with the correspondents. These are attended to on the same day and copies of action taken are handed over to the correspondents the following morning to demonstrate our main strength – the quality of our personalised service. Occasionally a problem is a blessing in disguise, since it gives our correspondents an opportunity to compare our services with those of our competitors.



The day ends usually on a happy note at around 8pm, with the team looking forward to another day of success.

Informal meetings are regularly held to discuss the "five Ps" of EMP in Seoul: Purpose, Planning, Products, Productivity and Profitability. Despite the competition and the present global trend, we at EMP Seoul have not offered our correspondents any concessions by way of rebates, cash commissions, delayed reimbursements or interest sharing, since we believe that our prompt and personalised service outweighs these short term temptations and that our correspondents are worthy of better services rather than a few dollars in concessions. Constant efforts are made to ensure that most of the business is restricted to BCC counters and we feel happy and proud to learn from our branches that around 85% of all business from our correspondents is handled at their counters.

Time passes fast, and at the end of the month we are all eager to see the fruits of our efforts and whether our expectations from each correspondent have come true. Usually they do, but if not the weaknesses are analysed and overcome in the coming month and targets are drawn up afresh.

The morale is very high, the vision is great and clear, the attitude positive and the urge to achieve the impossible always burning within us like the Olympic flame. We are striving for the gold in every product and will not rest till we achieve it.

This account is by Keki Phiroze Wadia, manager of the EMP Department of BCC Seoul. He previously spent 20 years with Bank of India and two years with Wells Fargo Bank, before joining BCC Hong Kong in 1983.



KOREA – LAND OF CHANGE
WHERE TRADITION AND
INNOVATION LIVE SIDE BY SIDE.

FIRST IMPRESSIONS

BY ERSILAN AHMED OF INTERNATIONAL DIVISION

"Our customers receive the prompt service they deserve."



"BCC's culture fosters long term relations with clients."

In mid-1987 my family and I decided to settle in England, so in December that year I came to London to look for a job – preferably in the financial services industry, since I was already working for a commercial bank in Pakistan. After being interviewed by a number of senior BCC executives at the Leadenhall Street head office I was offered a post, which I accepted.

Once back in Pakistan I resolved various visa related issues at the British Consulate in Karachi, and settled my affairs. I flew into London with my family in early May 1988, and on May 9 started work in the International Division, which I knew had the reputation of being one of the most professionally managed divisions in the bank.

My first day brought all the mild alarm associated with a completely new situation. As well as the need to learn the ways of a new country, I was also faced with the need to settle into a new job. There would be new people to meet, new surroundings, and of course the job itself, which was quite a departure for me. I had previously worked on corporate planning in a branch environment, but now I would be marketing BCC products and services to other financial institutions, and monitoring these relationships from a head office point of view.

I was asked to begin by spending time in the various sections of International Division, in order to familiarise myself with its people, its processes and its systems. So I spent the next few weeks with the various section heads. During this time I was also able to meet people from other parts of the bank and to make a number of interesting observations.

First, I was pleasantly surprised by the depth of talent both within International Division and elsewhere. Many of the people I met seemed to be specialists in their fields, and I began to feel that any shortcomings in the systems would be more than compensated for by the people operating them.

Second, BCC's culture appears to foster long term thinking about business and relationships, rather than being governed by short term (and sometimes shortsighted) profit objectives.

Third, I discovered that the credit evaluation process – at least in International Division – although less formalised, is in no way less thorough than those of other established, well known banks.

Finally, International Division's response time for transactions, requests and credit approvals (or rejections) is extremely fast, and the relevant communications to branches are normally sent very quickly. Requests from branches or other departments are handled speedily, ensuring that our customers receive the prompt service they deserve.

Of all these points, I believe the first is the one that has been the key to BCC's present position of strength. Its achievement in becoming a \$20 billion bank in just over a decade and a half of operation is a clear tribute to the quality of its staff.



BCC THROUGH THE EYES OF



*The younger generation
share the ideals
of the BCC philosophy*



A high proportion of BCC family members are under 35. On their shoulders rests the future not only of BCC, but of families in 73 countries of the world. That is the responsibility they will inherit from today's senior management, whose task it is to ensure that their successors are prepared to meet the challenge.

Not only is it imperative that senior managers pass on to the younger generation, as parents to their offspring, the expertise, knowledge, experience and ideals that will perpetuate the philosophy of BCC. It is also essential that they provide this younger group with opportunities to develop and grow.

MANAGEMENT STYLE

Opportunities have always existed in BCC: they exist today and will exist tomorrow, enhanced by the bank's non-hierarchical nature, its evolutionary character and the incorporation of the family concept in its management style. BCC's professional training

programmes and the recently introduced guardianship programme complement these opportunities.

In previous years, when BCC was at the growth stage of its cycle, these opportunities were readily apparent as new positions were continually created and filled by relatively young people. The success of these individuals stemmed not only from their own enthusiasm and commitment, but also from the guidance and support they received from more experienced members.

REMOVING LIMITATIONS

Now that BCC is at the consolidation stage of its cycle, opportunities may not be so readily apparent, due to the limitations of individual perception. The removal of this limitation is another responsibility of today's senior management.

They must direct BCC's younger members to these openings, and identify potential areas of growth within their existing functions. They must provide routes to self-



*Seeking the opportunity
to realise their
potential*



THE YOUNGER GENERATION



*A systematic
training programme
should be developed*



development by broadening the scope of the individual's current job, offering training programmes, giving the member greater exposure to management, and broadening the base of management itself.

Such measures will give younger members the feeling of being in the mainstream of activity and events, with a concomitant boost to morale and commitment. They will have the chance to improve themselves to a level enabling them to become members of the team of committed, capable and enthusiastic professionals who will take BCC through its next growth phase with unparalleled force and direction, until the next generation is ready to take over.

SENSE OF DIRECTION

When a small sample of International Division's younger members were asked what areas they considered to be important in their relationship with BCC, they agreed unanimously on four points:

- 1 A sense of direction for themselves and the organisation: knowing their careers were progressing, attaining qualitative and quantitative objectives, and having the means to attain them.
- 2 A sense of being needed: a feeling of belonging, sharing in the struggle for success, and being part of the mainstream.
- 3 A desire for objective appraisal followed by guidance for professional and personal growth.
- 4 The opportunity to express their potential, feelings, thoughts and emotions.

If the above goals are to be achieved, a systematic training programme must be developed to provide opportunities to a large number of younger members rather than just a select few. The management system must be one that gives guidance and direction to a broad range of individuals across the whole of the Group.

The present management must make this objective their priority, so that the vigour of BCC's youth can be harnessed to the eventual benefit of the institution.



*The vigour
of BCC's youth must
be harnessed*





BANKING AND FINANCE

BANK OF CREDIT AND COMMERCE (EMIRATES) (BCCE) was founded in January 1983 when Bank of Credit and Commerce International (BCCI) Overseas converted its UAE branches into a local bank. Cayman Islands-based BCCI Overseas is one of the two principal subsidiaries of parent company BCCI Holdings (Luxembourg – MEED 26:9:87).

The other principal subsidiary is BCCI Luxembourg, which itself had 16 branches in the UAE when BCCE was created. These have since been reduced to eight, to conform with local central bank regulations.

BCCE is the second largest subsidiary of BCCI Overseas. The Nigeria office is the biggest.

BCCE is the UAE's sixth biggest bank, ranked by 1987 assets, and was listed 36th in MEED's table of the top 50 Gulf-based commercial banks in 1987 (Banking and Finance, MEED Special Report, August 1988). The bank was the second biggest in the UAE in terms of customer deposits according to Central Bank figures for the first quarter of 1988.

STRUCTURE

BCCE is 40% owned by BCCI Holdings (Luxembourg). Ten per cent is held by Abu Dhabi Investment Authority, which is directly owned by the Abu Dhabi government. Another 10% is owned by the government of Dubai. The original promoters of the bank own 15%. These include members of the ruling family and business people from all seven of the UAE's

emirates. The remaining 25% is held by UAE citizens. BCCE is the only UAE bank to have a direct shareholding from the governments of both Abu Dhabi and Dubai.

The bank's chairman is Shaikh Nahayan Bin Mubarak al-Nahayan, a member of the Abu Dhabi ruling family and the chancellor of Al-Ain university. Managing director and chief executive since the bank's inception has been Zafar Iqbal, who has worked in Abu Dhabi since 1968. He joined BCCI Holdings in Abu Dhabi in 1972, as the bank was being established.

Other senior staff include general manager Bashir Tahir; Mahmood S. Allarakhia, accounts manager; Ghulam Hannani, manager of loans and accounts; and M. Ajmal Sheikh, area manager for Dubai and the northern emirates. Total staffing in September 1988 was 576, of whom 167 had officer status.

STRATEGY

Zafar Iqbal says the strategy is to reach out to the largest possible number of clients through highly motivated staff and commercially competitive rates. Its primary activity is trade related business, and the provision of working capital for local firms. It is not involved in capital finance and does not take part in international syndications.

International activity is financed through domestic operations. Ninety-five per cent of BCCE's loan portfolio is in the UAE.

Nevertheless, the directors are

considering expanding into other GCC states, and possibly further afield, in 1990/91. Iqbal emphasises that the bank is seeking to consolidate its present position until then, rather than expand.

The 40% shareholding by BCCI Holdings is very important to BCCE's overall operations. The holding company has 424 offices in 73 countries and these form the basis of overseas operations, although Iqbal stresses that BCCE has developed a significant correspondent banking network in its own right.

BCCE prides itself on technological innovation. It was the first local bank to computerise, in 1975. It now has five automated teller machines (ATMs); a further six will be installed by mid-October. The new ATMs will be bilingual, in English and Arabic, and will operate 24 hours a day, every day of the year. Customers will be able to use them to issue account instructions and order cheque books as well as withdraw cash. The old ATMs will be modified to bring them up to the standard of the new ones.

In April 1989, BCCE will link up to the Visa international network. Visa cards will be issued, giving customers access to Visa's worldwide ATM network, as well as to the bank's own machines in the UAE.

PERFORMANCE

Iqbal describes BCCE's 1987 results as satisfactory in the light of

ANALYSIS: BCC (EMIRATES)

the economic conditions in the Gulf and the world generally. Profits for the year were Dh 51.6 million (\$14 million), an 18% decline on 1986. The bank has returned profits every year since it was founded, the high point being 1985, when they reached Dh 65.3 million (\$17.2 million at current exchange rates).

Iqbal hopes that the 1988 results will improve on those for 1987. More emphasis is being put on domestic banking operations and off-balance-sheet business. The bank is also strengthening its foreign exchange and investment operations to increase the profits generated from its high level of liquid funds.

Funds with the central bank and due from banks and affiliates account for 45% of total assets. Loans and advances, net of provisions, represent only 55% of customer deposits. Iqbal makes no apology for this, saying the bank believes that operations should be conducted against a high level of liquidity, and that it is not interested in rushing into potentially difficult lending.

A 10% stock dividend was issued for 1987, after a 10% cash dividend was made for 1986. The bank has issued dividends in every year of operations.

BCCE's return on assets ratio of 1.1% and return on equity ratio of 14.49% make it one of the most profitable Gulf-based commercial banks. Its equity to assets ratio of 7.63% gives it a secure base for operations.

OUTLOOK

BCCE is one of the banks in the UAE that performs most consistently. It is unlikely to be projected into the major league of its rivals, such as National Bank of Dubai or National Bank of Abu Dhabi, but could easily expand to challenge Bank of Oman in the UAE. Its connection to BCCI Holdings will ensure that the focus of its activities remains trade related.

THIS ARTICLE WAS PUBLISHED IN THE MIDDLE EAST ECONOMIC DIGEST ON SEPTEMBER 23 1988.



ALONG THE CORNICHE - ABU DHABI

BCC (EMIRATES): RESULTS, 1986-87
Dh million

	1987	1986	% change
Total assets, of which:	4,668.2	4,552.1	+2.5
loans and advances ¹	2,145.3	2,655.4	-19.2
due from banks and affiliates	1,868.9	1,429.9	+30.7
securities	255.6	54.7	+367.3
Customer deposits	3,886.1	3,565.4	+9.0
Shareholders' equity, of which:	356.0	322.8	+10.3
paid-up capital	290.5	290.5	—
Operating profit	71.6	85.4	-16.2
Loan loss provisions	20.0	22.5	-11.1
Net profit	51.6	62.9	-18.0
Dividend of stock (cash ²)	29.1	29.1 ²	—

FINANCIAL RATIOS
%

	1987	1986
Return on assets	1.10	1.38
Return on equity	14.49	19.49
Equity to assets	7.63	7.09
Loans to assets	45.96	58.33

¹Net of loan loss provisions

Exchange rate: \$1 = Dh 3.673 (September 1988)

Source: BCC (Emirates), Abu Dhabi



LIFE IN THE

Like most other international banks, BCC has a number of dealing operations in different parts of the world for executing foreign exchange and money market transactions on behalf of BCC branches and customers.

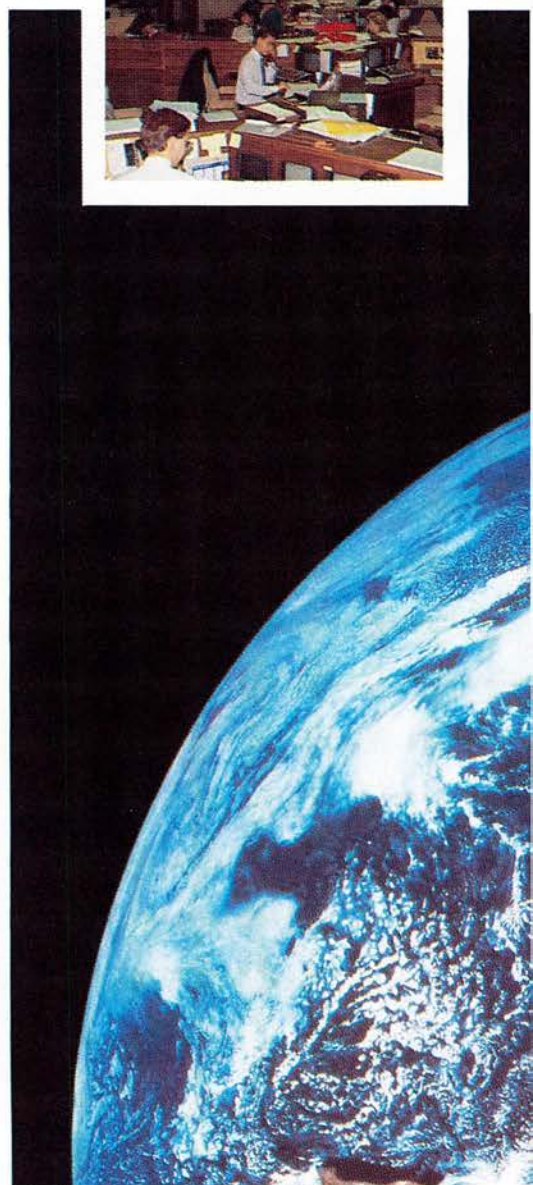
In recent years, with the growth of our correspondent relationships and our special efforts to develop relationships with correspondent banks in the developing and under-developed countries, we have become a provider of services to a large number of banks, central banks of the Third World, and financial institutions, as well as central banks and specialised financial institutions in many countries in both the eastern and the western hemisphere. The services provided by our principal dealing locations are an important constituent of the package we offer them.

The BCC Group's principal dealing locations are in Tokyo, Seoul, Hong Kong, Bombay, Bahrain, Abu Dhabi, Paris, Luxembourg, London and New York. Smaller dealing rooms are operated in Sydney, Manila, Muttrah, Cairo, Zurich, Geneva, Frankfurt, Toronto and Miami. Specialised but restricted dealing activities are conducted by some branches of BCC and its affiliates and subsidiaries in locations such as Macau, Colombo, Dhaka, Karachi, Deira Dubai, Madrid, Panama, Los Angeles and San Francisco. In BCC as in any other bank, the dealers are looked upon with considerable awe and admiration. These are the people reckoned to be specially gifted and surrounded by an aura of mystery. They have to keep themselves very well informed and also be eager to learn new theories and ideas. Though relaxed and easy going outside their dealing rooms, they can show amazing energy and tenacity in conducting their hectic dealing activities, regardless of noise and distractions.

We need to identify more and more young people of the right calibre, and train them in all aspects of dealing activity—particularly in modern concepts such as charting and forecasting.

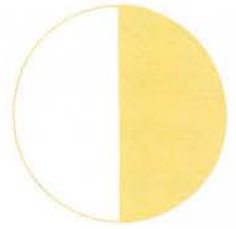
AN IMPORTANT PERSON

Dealing room activity is not restricted to the dealers. There is another important person who plays a major role. He is popularly known as the settlement officer, or officer in charge of back up. He remains largely anonymous, and in most cases has a tendency to be self-effacing.



DEALING ROOM

BCC FOREX OPERATIONS COVER THE
WORLD'S MAJOR FINANCIAL CENTRES.



He has several roles, but in brief he is the person who conducts all the book keeping, position keeping and execution of the exchange and money market deals, management of nostro account balances including switching of funds, chasing of transactions popularly described as "fails", and all the problems and penalties that follow such "fails".

The activities of one dealing room can never be the same as another's. Each location has to react competently to local circumstances and situations, and at the same time be ready at a moment's notice to don the hat of an international dealing establishment, with all the requisite knowledge of international events and sentiments.

BCC is catching up in the practice of keeping dealing activity open around the clock to cater for markets in different time zones. Several BCC dealing rooms have already adopted 24 hour or nearly 24 hour cycles purely on a voluntary basis.

GLOBAL MANAGEMENT

The automation of dealing rooms has now become the topic of the day. As well as local automation for dealing and settlement activities and down loading of accounting entries on to a branch's mainframe computer, a large number of international banks are going over to global management systems where, from a central location, all money market and foreign exchange activities and exposures are monitored and controlled so as to maximise profitability and minimise lopsided exposures and credit risks.

Such global management will sooner or later become necessary for BCC, but first we may have to take a close look at the resources in our various dealing rooms. Unless uniform automation and procedures are in place at all locations, there will be no point in looking for global management systems.

A dealing room is probably the only place in the bank where deals for very large amounts can take place by means of a single telephone or telex conversation. Because of this there is an unwritten agreement between banks that all such deals will be on principal-to-principal basis, and that under no circumstances will funds be paid out to third parties. The importance of this needs to be fully understood by all.





ECONOMIC VIEWPOINT: FUND-

By SAMUEL BRITTAN in BERLIN

The traditional capital of Prussia, which recently celebrated its 750th anniversary, has provided a magnificent, if occasionally slightly sinister, series of stage sets for this year's International Monetary Fund and World Bank meeting.

One highlight was a Citibank reception in the Gropius Museum of Modern Art: several storeys around a huge covered courtyard, brilliantly illuminated at all levels; a barrel organ at the entrance, bands at the furthest corners and ranks of riot police in the streets outside. It was like a film set for an eve of revolution.

But was anything happening behind the stage? The conventional answer is no: finance ministers were trying, not always with complete finesse, to keep the world's currency markets sweet before the US presidential election, after which they would see the long foreshadowed great US budget balancing spectacular.

The spectacular will, in all probability, turn out to be a minor B film. Even if the US budget were miraculously balanced, the borrowing is highly likely to be transferred to the private sector, leaving the current deficit still in place, but probably not mattering.

This scenario will of course suggest itself to any close student of British events and the British Chancellor, Nigel Lawson, did indeed dwell on it in a highly

abstract way. But not a single non-British representative whom I met showed the slightest concern with, or even good knowledge of, the UK current account deficit.

Whoever thought of the word imbalances to describe a pattern of worldwide borrowing and lending, between, for instance, the US, Japan and Germany, has a great deal for which to answer.

Fortunately not everyone is waiting in decadent fashion for an American initiative to which to respond. Work is going on on alternative monetary and exchange rate proposals. The main IMF studies should start surfacing in January, about the time a new American President takes over. But it would hardly take two hours for the Fund staff to present a framework for co-operation if called upon to do so.

Nearly all Fund lending is to developing countries. It now has more in common with the Third World-oriented World Bank. Discussion of development and particularly debt problems dominate conversation at the annual meetings, and even more so among commercial bankers.

On the debt side the poorest African countries, whose debts are nearly all official, have been helped by relief flowing from the Toronto Summit initiative. It was in the middle income countries, with debts owing mainly to commercial

banks, that Michel Camdessus, the Fund's managing director, moved further from prevailing orthodoxy. He advocated "debt reduction" and even the hitherto unmentionable "debt forgiveness". Mr Camdessus also wants to encourage the purchase by debtor countries of their own debt at prevailing market discounts.

The Fund director has an oratorical and presentational flair not seen since the days of Per Jacobsson in the early 1960s. In a dialogue with the German churches he was asked about the fate of the poorest when IMF conditions are imposed. In response he went beyond the party line of saying that the distribution of adjustment was a problem for debtor governments. He criticised the priority given to military spending at the expense of education and health. Speaking on the same day as the £1 billion British-Malaysian arms deal, he should have added something about the arms sales policies of Western governments.

At the political level an alliance is developing between Japan, France and the Fund itself on issues ranging from debt reconstruction to increases in Fund quotas. The Americans, Germans and British are understandably suspicious of the *dirigiste* instincts of these countries. But why not respond with ideas of their own? Germany in particular, as the world's third

BANK CONFERENCE NOTEBOOK

THE FOLLOWING ARTICLE APPEARED IN THE FINANCIAL TIMES ON SEPTEMBER 29

largest economic power, needs to do more than keeping a stiff upper lip.

Meanwhile there need be no apology for trying to put macroeconomic co-operation in the main industrial countries on a better footing. Much the best contribution has come from an unofficial study chaired by a former British Cabinet Secretary, Lord Hunt. (International Macroeconomic Policy Co-ordination, Group of 30, St Mary at Hill, London, EC3P 3AJ.)

The Group of 30 study reads like a development of Nigel Lawson's initiative at the 1987 meeting, when he advocated published movable exchange rate bands with some action to prevent a sustained inflationary or deflationary drift for the system as a whole.

This study should and could have formed the basis of the Chancellor's IMF speech this year. Instead he delivered a Treasury-derived lecture on the unimportance of the current account. Although, in my minority view, this is quite valid, it looks like special pleading when the British current deficit has surprised the Treasury by shooting up to 2.5% of GDP.

For matters affecting the world monetary system we must return to the Group of 30. The authors consider the alternatives of discretionary co-ordination, a system based on economic

indicators and one based on exchange rates.

They reject discretionary management partly because it tends to be confined to trouble-shooting in crisis. Or, alternatively, as in the case of the 1978 Bonn package, it "is the result of such protracted bargaining that the agreement is obsolete almost as soon as it is reached".

Co-ordination based on indicators is also rightly rejected. Links between instruments and targets are variable and controversial – often even indirect. Governments are most unlikely to agree on any automatic connection between policy response and deviations in the indicators (whether intermediate ones such as the money supply or budget deficit, or more final objectives such as growth in prices).

Rule-based co-ordination, hinging on exchange rates, emerges as the best option: not only by elimination but because the exchange rate is "the single most important price in the economic system, unambiguously defined with instant data available".

Moreover, the European Monetary System experience suggests that participating countries can retain a good deal of freedom in fiscal policy. This upsets those who believe in co-ordination for its own sake. On the other hand, the much-vaunted monetary

freedom conferred by splendid isolation is highly deceptive; and nothing is gained by appeasing prime ministers on the matter.

The Plaza and Louvre accords, to the extent that they have worked, have been based on exchange rates. A rule-based system can use them as a foundation. As the study reminds us, there are many important details to decide. The present unannounced reference ranges are both broad and soft. The dollar is still just within its unpublished range, despite its sharp rise over the summer. Moreover, currencies are allowed to drift outside the ranges in time of stress.

Nevertheless, the key question relates to the arrangements for changing the ranges and also to how internal policy adjustments should be shared between weak and strong currency countries to make the ranges effective. Intervention can only buy a little time. These are the questions on which the Chancellor over-cautiously missed the chance to make a contribution.

Of course conference speakers would describe them as difficult. In fact they are much less so than most human decisions. But they will not be solved by lying on our backs waiting for the next American President who I hope will show little respect for those disinclined to think for themselves.



IMF/ WORLD BANK

This year's joint annual meetings of the International Monetary Fund and the World Bank were held in West Berlin in late September. They failed to produce any major new initiatives, in terms of either increased international economic co-operation or efforts to relieve the economic and debt problems of the developing world. However, a number of debt relief proposals already in the pipeline were confirmed, providing some comfort, especially for Africa's troubled economies.

EXCHANGE STABILITY

The Group of Seven leading industrialised nations (the US, Japan, West Germany, France, the UK, Canada and Italy) reaffirmed their commitment to pursuing policies that will maintain exchange rate stability and continuing to co-operate closely on foreign exchange markets.

The finance ministers and central bank governors of the G7 countries emphasised their continued interest in stable exchange rates among their currencies, and indicated that they are continuing their study of ways to improve further the functioning of the international monetary system and the co-ordination process. In line with the commitments undertaken at previous meetings, they reaffirmed that fiscal monetary and structural policies will continue to aim at

promoting more balanced growth in the deficit countries and the expansion of domestic demand in the surplus countries.

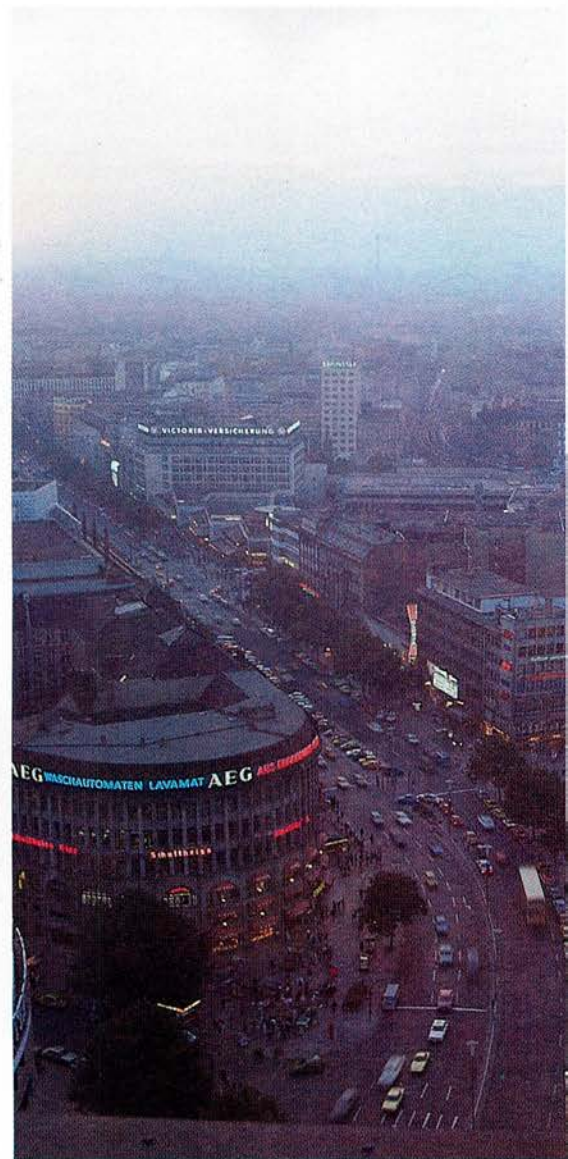
DEBT RELIEF

On debt, the G7 ministers and governors reiterated their strong support for the growth oriented case-by-case debt strategy. However, the way was cleared to implement the Toronto initiative to provide debt relief through the Paris Club to selected poorer countries in Sub-Saharan Africa. The potential beneficiaries are 34 low income countries with \$62 billion of foreign debt, \$43 billion of which is owed to official creditors.

The potential benefit to these countries is \$500 million a year, although the actual benefits are expected to be significantly lower because the debt relief will only apply to those countries willing to undertake an International Monetary Fund programme.

Under the Toronto accord, creditors can choose from a menu of debt relief options:

- A partial write-off of one third of the debts, first suggested by the French. Loans would carry a 14 year repayment period, with eight years' grace before repayments.
- The reduction of interest rates to half of that being charged or 3.5%, whichever is the higher. Repayment terms would be the



BERLIN – THE LOCATION OF THIS YEAR'S IMF MEETING

ANNUAL MEETING



same as on the first option. This originally British suggestion appears to be the favourite of most countries.

- The lengthening of repayment periods to 25 years – the only option that the US has said is permitted by its budget constraints.

INTEREST FUNDING

African countries may also be the major beneficiaries of a World Bank plan, announced at the annual meeting, to offer what amounts to indirect interest rate relief to selected countries. Funds are to be channelled to help the outstanding interest payment obligations of 17 International Development Association (IDA) countries, which were previously able to borrow under the main International Bank for Reconstruction and Development (World Bank) lending facility.

The funding for these countries, of which 13 are in Africa, will be allocated in addition to existing structural adjustment credits, but in proportion to outstanding interest obligations. While there is no direct link to repayment obligations, one official said the scheme came "pretty close" to being a direct form of refinancing.

The outstanding IBRD debt of the 17 eligible IDA-only countries – those still creditworthy with the IBRD are ineligible – totalled \$2.9 billion at the end of the Bank's

last fiscal year. Total interest payments are expected to equal roughly \$240 million this year, with Bank resources able to meet about half. Over the next five years the Bank will allocate \$420 million – around 60% of expected needs.

While these moves provide some potential relief for the poorest countries, the meetings had little new to offer the middle income countries with debts owed mainly to commercial banks.

REFINANCING

The IMF's policy making Interim Committee (IC) reaffirmed its support for the current case-by-case approach to middle income countries. It noted, however, that "more forceful actions" were needed to resolve the severe financing and adjustment difficulties faced by some debtors, particularly after recent rises in interest rates. Commercial banks should be encouraged to provide adequate refinancing, not just rescheduling of debt repayments.

The Fund's managing director, Michel Camdessus, moved further from prevailing orthodoxy. He advocated "debt reduction" and even the hitherto unmentionable "debt forgiveness". Mr Camdessus also wants to encourage debtor countries' purchase of their own debt at prevailing market discounts.

The way for such moves has been opened by the debt provisioning of commercial banks,



and few dispute the view that debt relief in some form must play a significant role if the debt problem is ever to be resolved. Nevertheless, the consensus is that the often protracted case-by-case approach remains the appropriate way to tackle the problem.

JAPANESE INITIATIVE

However, at the meetings Japan unveiled its long-anticipated initiative to relieve the debt burdens of developing countries. The plan, which the Japanese are dubbing the Miyazawa initiative after the Japanese Finance Minister, envisages relieving the debt burdens of middle income debtor countries by helping to convert loans into securities.

Precise details have not yet been finalised, but it calls for a debtor country to establish a reserve account funded by its own resources but held in trust at the IMF. This is meant to enhance the certainty of repayment to creditors. Significantly, the proposal does not call for guarantees from industrialised countries or from the IMF or World Bank. G7 finance ministers reiterated their opposition to risk transfers from the private to the public sector.

Under the Miyazawa initiative, there are two preconditions for countries to be eligible to benefit. An IMF programme must be in place, and there must be pledged funds from bilateral and multilateral institutions. It has not been made explicit how this fits in with a separate Japanese plan,

which would provide untied loans from the Japanese Export-Import Bank for countries with IMF programmes, as part of an effort to recycle the Japanese current account surplus.

TWIN CRISES

In keynote speeches, IMF managing director Mr Michel Camdessus and World Bank president Mr Barber Conable urged a new economic partnership between industrialised and developing nations, to allow the Third World to escape its twin crises of debt and poverty. Mr Camdessus called for urgent measures from the world financial community to reverse the current flow of resources from the developing to the developed world.

At the same time, Mr Conable punctured a general mood of complacency about the international economy by describing as a moral outrage the fact that one billion people in the Third World lived in extreme poverty. The stubborn fact of the 90s, he said, is that growth has been inadequate. Recalling that the World Bank group's commitments to borrowers over the past 12 months had risen to a record of more than \$20 billion (£12 billion), Mr Conable pledged fresh effort in fields of hunger, education and environmental protection.

With nearly all Fund lending being channelled to developing countries, the IMF now has more in common with the Bank. However, a decision of the World Bank president to recommend

\$1.25 billion in new loans for Argentina before an economic programme from the IMF is in place caused some controversy.

It raised questions about the future relationship between the Bank and the Fund, which are central to the question of how the debt crisis – unresolved after six difficult years – is to be approached. The tradition has been that the IMF takes the leading role in the management of each country's problem. Only after a fund programme is in place do the other elements follow: World Bank sector reform loans, reschedulings with the Paris Club of western creditor nations, and private financing from the banks.

PROTESTS AND CRITICISM

Other developments at the meetings included a warning from the IMF to developing countries over arrears of around \$2.6 billion owed to the Fund, which could block a possible increase in resources, and calls for the Bank to give increased attention to environmental protection in lending to developing countries.

The annual meetings took place, however, against a background of protests and criticism not just over the environmental consequences of some Bank supported projects, but also over the impact of Fund imposed programmes on the poor in developing countries. The results of the meetings will do little to allay such criticisms.

This report was compiled by the Economic Evaluation Wing of BCC.

THE VIBRATIONS OF GIVING

AUGUST 30, 1988

The following letter was sent to Mr Swaleh Naqvi by Francesca Garrard from Cromwell Road branch.

Dear Mr Naqvi,

Thank you for giving us all an extra opportunity to give. This gesture was welcomed and appreciated by the whole branch, on whose behalf I am writing to you to express our thoughts on the subject.

A useful starting point for an exploration of the philosophical meaning of Giving is the Biblical parable of the widow's mite. We are told that a group of eminent and worthy Pharisees were congratulating themselves, after Church one Sabbath, on their generosity.

Wealthy men, they had each given a fair sum of money to the collection and their largesse made them feel good. The warm inner glow they felt was in direct proportion to their self-esteem.

One member of the congregation, however, was not so impressed. He directed the attention of these good men to the presence of a little woman discreetly slipping a very small coin into the collection box. "That small coin the woman gave was an act of far greater generosity than the large sums donated by you," he told the annoyed men in question. "The woman is a widow, barely able to feed herself, yet despite her own poverty she still manages to give something."

In other words, the true act of Giving involves sacrifice. Giving that is executed in the manner of performing a social ritual which confers status upon the giver without requiring sacrifice is a paltry version of a noble and exalted act. The money raised may be greater, and that money may be able to fund good works, but its presence does not challenge the ills of the world in the same way as a gift that is the product of self-sacrifice.

A good example of the contradictions raised by this philosophical question is the Band Aid concerts, which raised extraordinary sums of money to help alleviate the sufferings of poor people in Africa. The money raised, however, was a tiny fraction of the collective income of the people who gave, and at no stage was a serious debate engendered on whether society as a whole should make more of a long term sacrifice in order to attack the root causes of such large scale poverty in Third World countries.

Life is of course made up of many more components than the material aspects represented by money, and a great deal more than cash can be given. But the same principles apply. Time and knowledge are perhaps the most valuable human resources, and they too can be given in both a noble and an ignoble manner.

Charitable organisations allow people to donate their time and their skills to the good of the greater whole. And in every aspect of life, from the home to the work place, there are countless opportunities to give one's time and share one's knowledge to help other people. Such action is often not only noble, but extremely sensible and efficient because it enables individual strengths to be conferred on others for the good of the whole.

If colleagues in a business share their knowledge with each other, and take time to explain matters the other person may not understand, then the overall sum of knowledge can only expand. People will know how to perform duties to greater effect, how to avoid pitfalls and traps, and be in a better position to take advantage of business opportunities that may arise.

Every individual has some ability or insight that may be useful within a given situation. It may be the capacity to understand a complex problem, or to calm a fraught and tense atmosphere; whatever it is, its worth will be multiplied if everyone has the opportunity to share and, if possible, learn it.

The individual cannot and should not be impeded from pursuing legitimate ambitions, but his or her worth must also be related to the ability to both give and receive, because ultimately the practical success of a company depends on it.

Financial partners in a successful enterprise sacrifice short term rewards in order to nurture long term strength. In the same way colleagues, from secretary to managing director, can take a giant step towards mutual success by making the occasional sacrifice of individual time and mental power in order to help raise overall standards.

Your gesture gave us an opportunity not only to give, but to reflect on the more important aspects of Giving within our private lives and at work, and we are trying to become less selfish in our thoughts, words and deeds.

Yours sincerely,
With kind regards,


FRANCESCA GARRARD



THE SENSE OF

Understanding its meaning, its

THE MEANING

The sense of proportion is an active sense. Others may not be: the sense of possibilities, for example, can be passive and yet provide insights into possibilities. But the sense of proportion is the sense that is

Without a sense of proportion, optimal operation of long run profit is impossible. It is the sense of proportion that determines how I judge the quality and amount of my profit. It is the means by which I judge profit in relation to that of my peer group, whether it be local

what allows me to judge the total profitability of each client relationship. Am I able to capture the total profit potential of each client, and create the right mix of interest and non-interest income from each? Am I able to identify and capitalise on opportunity profit from one-off



active at the application stage. It is the distillation of possibilities through the filter of reality in the container of capability.

Take profit, for example. Profit is the realisation of possibilities, the capturing of opportunities. Profit can derive from new business, from the enhancement of existing business, from a reduction of costs or from the avoidance of loss. Profit can contribute to one's own location or to another location.

Profit can be opportunity profit or core business profit. Profit can be volatile and uncertain or a steady stream of income. Profit can be poor quality profit or high quality profit.

or foreign banks; in relation to the volume of my business and the size of my staff; in relation to the banking centre's profitability.

It enables me to judge profit in relation to types of business: government sector, such as tenders, import and export of key commodities, foreign aid or local government business; private sector (local); and private sector (foreign).

It enables me to judge profit in relation to my total costs, my interest and other variable costs, my assets and my equity.

It enables me to judge profit in relation to other BCC branches of the same size and other locations of the same type.

The sense of proportion is

transactions from each client? Am I able to feel and realise the profit potential of each client outside my location, whether in merchant, private or technical banking?

And it is the sense of proportion relating to the objective and mission of BCC that determines how I utilise my time in the quest for profit. What proportion of my time is spent on direct contribution to business and profit; on relevant routines and procedures? What is the return on my time spent on relevant routines as opposed to irrelevant ones; on routine rather than on the creation of new business?

Is my time spent defensively, holding on to existing business and profit, or aggressively, on

PROPORTION

experience and its application.

expanding them? Is it spent reactively, fighting fires resulting from poor planning, organisation, management and lack of vision; or pro-actively, creating new possibilities, by energising staff, creating powerful relationships, enhancing the bank's image

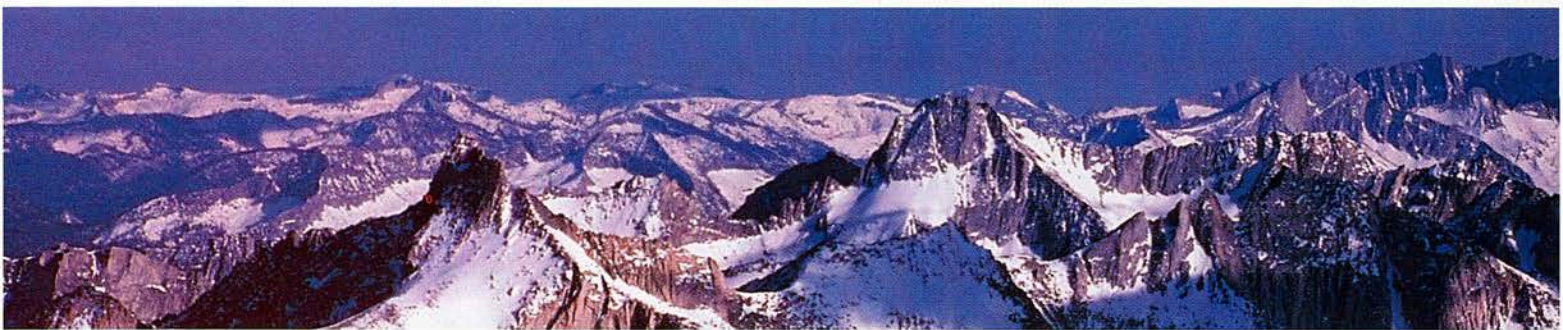
accountable in my own eyes for every deed, word and decision, or am I looking for scapegoats and excuses?

All this is just a glimpse of the infinite meaning within the sense of proportion, which is a sense of totality.

and from that moment.

THE APPLICATION

The application of the true sense of proportion is to our total existence, whether in the state of intuition or cognition. Only when the sense of



through business activities and not through irrelevant activities and relationships?

When dealing with people, am I responding at a superficial level, or tackling the heart of the matter? Am I merely resolving an immediate problem, or trying to improve someone's ability to resolve problems? Am I dealing with the matter under consideration, or dealing with the personality through the lens of my egocentricity?

Am I succumbing to the glamour of the transaction, or focusing on the real nature of the client? Am I operating within a fixed picture, or do I realise that we are all bound by changing circumstances, thoughts and emotions? Am I willing to hold myself

THE EXPERIENCING

The true sense of proportion can only be experienced if we are simultaneously in a state of involvement and in a state of detachment. Observe, for example, the relay runner. He must be on his mark, and totally focused on the process of covering a set distance to his next team-mate as fast as possible and within his own lane. This is a state of total involvement with his objective.

At the same time, the runner is totally detached – from the noise of the watching crowd, from thoughts of family and friends, of his final position, or of his prize. His focus is entirely on the moment at hand, on extracting the best from himself

proportion pervades our total personality, character and being can it become applicable to the maximum degree. It is our most potent tool in planning, decision making and implementation. It contains the sum of our experience up to the point of initiating an act, and the maximum sense of possibilities emanating from that act.

At its zenith, the sense of proportion has the capacity to touch the unknown through the medium of transparent faith, giving it real conviction and powerful confidence.



BANKING & FINANCE: FAITH IN

Bank of Credit and Commerce (BCC) has always believed in taking management to the market place. Tying in this strategy with its policy of decentralisation, BCC has grouped its offices into a number of geographical regions. BCC's commitment to local communities is amply demonstrated by the establishment of a number of its affiliates and subsidiaries globally.

BCC (Emirates) is an affiliate of BCCI (Holdings) Luxembourg SA. It operates as a local bank with 16 branches and provides a full range of retail banking services. Keeping its faith in the promotion of local business, BCC(E) combines its intimate knowledge of the local markets with the expertise of international finance attained through the geographical spread of the Group as a whole.

BCC (Emirates) started operating from January 1, 1983. The bank's figures for 1986 and 1987 are as follows:

BCC (Emirates) was conceived in the process of change and continues to remain in change – responding to it and creating it, simultaneously and continuously. The year 1987 continued to witness uncertainties in the international financial markets which together

with the stock market crash in October 1987 and instabilities in exchange rates of major currencies have had a substantial impact on the economy of oil producing and developing countries.

In spite of the worldwide economic uncertainties and persistent turmoil in the Middle East the normal pace of growth and commercial activities in the UAE has been better than that of most of its neighbouring countries, mainly due to farsighted policies of the government and due to the vision and perception of the leaders of the country and their ability to respond to the change.

The change was not a regional but rather a global phenomenon of complex proportions – and BCC (Emirates) has repeatedly been one of the first to respond to change and it was:

- The first to introduce the evening banking service.
- The first to introduce the cheque card. This enables its customers to encash their cheques at any of its 16 branches.
- The first to introduce ATMs in the UAE. BCC (Emirates) introduced ATMs in March 1983. Steps have been taken to further enhance and modernise this

	1986	1987
TOTAL ASSETS	4,552,078,000	4,668,233,395
TOTAL CAPITAL FUND	322,775,044	355,979,057
TOTAL DEPOSITS AND OTHER FUNDS	4,145,835,581	4,236,628,813
TOTAL CAPITAL FUND AND LIABILITIES	4,552,078,000	4,668,233,395

PROMOTING LOCAL BUSINESS

service through 1988-89.

- The world's first bank to introduce a unique scheme for the purchase of BCC Visa US dollar and pound sterling travellers cheques with an automatic personal accident insurance cover up to US\$275,000. Besides, it ensures worldwide acceptability and a 24-hour refund service.

The BCC Group has its own training programmes through courses and seminars at its academies at Karachi, Hong Kong and London for officers through which the staff are initially trained and subsequently assisted in upgrading their technical and professional abilities in addition to their induction into the culture and value system of the Group.

Major areas of the bank's business are short-term commercial loans, trade finance and the bank's own investment department and dealing room.

The bank maintains a steady business under the able leadership of its chairman, Shaikh Nahyan bin Mubarak Al Nahyan, which is reflected by its profit figures since inception, as quoted below:

YEAR	OPERATING PROFIT
1983	Dh 62,376,484
1984	Dh 73,003,131
1985	Dh 76,312,849
1986	Dh 85,419,785
1987	Dh 71,559,013



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HELP FOR FLOOD VICTIMS

Following the disastrous floods in Bangladesh, BCC made two donations totalling US\$200,000 to the President's Relief Fund in aid of the victims of the tragedy. The picture shows Mr M. A. Rashid, general manager of BCC Dhaka, presenting cheques and a message of sympathy from Mr Swaleh Naqvi to Bangladesh's President, Lt Gen. H. M. Ershad.



BIRTHDAY CELEBRATIONS IN OMAN



On September 1 this year, the Mina Al Fahal (PDO) branch of the National Bank of Oman in Muscat celebrated its eighth birthday by holding a special meeting of the Budget and Marketing Committee. It was attended by deputy general manager Mr S. A. Abbasi and central support executive Dr Ahsanul Hassan Khan, as well as the regular committee members and all branch staff.

Speakers stressed the need for staff to grow along with the bank and thus share in its achievements, and several resolutions were passed for the coming year. The picture shows NBO staff gathered for the anniversary celebrations.

NIZWA MARKS ANNIVERSARY

The National Bank of Oman's Nizwa branch celebrated its fourteenth birthday on September 25, 1988, by inviting important clients and government officials to a reception. The chief guest was the Wali of Nizwa, His Excellency Mohammed Ahmed Albusaidy, who praised the activities of NBO, which he described as "everybody's bank".

At a special meeting of the branch's Budget and Marketing Committee, held after the party, Mr Hamed Shaid from head office congratulated all staff members on the completion of 14 very successful years in Nizwa. He emphasised the need for everyone to continue to devote their efforts to achieving the 1988 target, and all those present expressed their readiness to accept the challenge.



