

# Correspondent Banking Thrust 1986-1990-2000

1986 sees correspondent banking emerging as a permanent thrust for BCC. It is destined to take its place with consumer and commercial banking as one of our bank's most important activities. Over the past few months, a great deal of energy has been spent in developing a conceptual framework to assist the evolution of BCC from being a user of services in correspondent banking to becoming a provider of services. This is the fundamental change that will ensure that BCC takes its rightful place as a major force in correspondent banking.

Success depends on a carefully planned and well-managed dynamic interaction between many different streams of energy in BCC. In general there needs to be a broadening and strengthening of attitude if we are to derive full benefit from this enormous marketing opportunity. It is important that branches are willing to integrate correspondent banking fully into the range of their activities. Regions must broaden their awareness and realise the possibilities of growth on a global scale. This will entail embracing correspondent banking as an important element in all our marketing activities.

Correspondent banking calls for a transition from marketing that is product or transaction centred to marketing that is very much relationship oriented. We must ensure that BCC becomes the natural and

inevitable choice of a large number of banks in their correspondent banking transactions.

If this can be achieved within a reasonable time frame, the volume of possibility is immense. During the next five years, we are projecting a 17-fold increase in the volume of our correspondent banking business. Anything like this kind of increase in business will call for a dynamic reshaping of certain areas of BCC. A specially designed correspondent banking organisational structure will dedicate its energies to the following tasks:

- 1) developing sufficient numbers and high quality in human resources;
- 2) giving guidance on the necessary balance between a mass marketing drive by individuals within the bank and a regionally and centrally

coordinated marketing effort to appropriate levels of our organisational structure;

- 3) increasing its support role, placing units of the International Division at some regions and helping to create frontline encashment points in the form of Regional International Departments (RIDs) and Correspondence Banking Desks (CBDs);
- 4) sharing knowledge, information and vision with all concerned through complete interfusion and interdependence in a series of truly dynamic relationships that span the world;
- 5) contributing to the continued evolution of the International Division;
- 6) ensuring that decisions of a high calibre are taken quickly;



- 7) contributing to the development of products suitable for a highly sophisticated market;
- 8) ensuring that the structure of correspondent banking is sufficiently flexible and variable to suit different regions and markets.

For its part, the International Division will be looking for support from many areas within BCC, in particular from Regional Management, branches and CSO.

Within CSO, the main divisions with which International Division is likely to interact are Central Credit Division for limits, Central Marketing Division for coordinated marketing, Human Resources Division for manpower requirements, International Management Division for training and sales force development, Management Services Division for automated product developments, and Group Asset Management Service (GAMS) for thrust planning, marketing assistance and technology development.

The International Division is developing a high-energy organisational structure. The three RIDs currently being developed are located in Hong Kong, New York and Dubai, with 30 CBDs located worldwide.

The RIDs will have a vital role. They will be acting as extensions of the International Division and as mediums of interfusion of central and regional thrusts. They will adopt a frequent calling programme on regional banks, act as major centres for handling correspondent banking business, and provide intense support for the CBDs. The RIDs will also be deeply involved on behalf of the International Division with the following projects:

- linking the consumer and commercial banking thrusts with correspondent banking;
- managing the leverage and reciprocity between BCC's respondent and correspondent roles;
- providing for each region a balance between a focus on local profits and benefits for the group as a whole by balancing inward and outward correspondent banking business drives;
- making changes in attitude to create orientation, sense of possibility and vision, and transforming these into intentionality in order to produce the necessary ethos and dynamics for the year of correspondent banking;
- managing and providing business volume spread, country exposure, products, pricing, profitability, service

quality and relationships;

- changing long-established relationships in correspondent banking and making history by succeeding in our journey to securing a significant market share by the end of this decade.

For their part, the CBDs represent encashment points at local levels and are able to market correspondent banking services on a very personal level. Their roles can be further defined as:

- creating intense relationships with local correspondent banks to make BCC an automatic choice for them;
- implementing a constant calling programme as a self-directing unit of quality and energy;
- establishing relationships with LC-FEx operating officers of local banks and branches of foreign banks;
- ensuring the maximum share of outward business by routing local bank LCs through BCC's overseas network;
- obtaining and managing feedback on service quality;
- containing and minimising potential conflicts/disputes in LC collection reconciliation services for inward business by acting as a correspondent banking service quality auditor;
- identifying specific transaction opportunities such as bulk imports for our own centre and for BCC branches overseas, and following up transactions identified by overseas CBDs, RIDs and the International Division;
- promoting the sale of travellers cheques;
- reviewing agency arrangements with correspondent banks and extending its branch coverage;
- using vision and intentionality to help BCC become a major correspondent bank.

To a large extent the success of BCC in entering the correspondent banking market on a large scale will depend on the quality of interfusion between different divisions within the bank, and our ability to transform this interfusion into dynamic action. The interrelationship of the International Division with three other divisions in particular will be of vital importance.

The Central Marketing Division and the International Division are now working together in the following ways: Central Marketing Division is entering corporate marketing with the help of the International Division in non-BCC countries through

project guarantees and bulk LCs. The two divisions are jointly specifying BCC locations/centres for advising corporate LCs, allowing working capital ODs and issuing guarantees. They are also jointly generating securities from banks to cover dealings with corporations, and they are influencing corporate clients in OECD countries to nominate BCC branches and to identify collecting bankers to enable International Division to influence them.

The Central Marketing Division is identifying clients who are currently bidding in projects and involved in bulk transactions and then nominating BCC branches for LCs or advising the International Division about issuing banks to enable BCC to approach them for routing their LCs through BCC.

Group Asset Management Services (GAMS) has joined hands with the International Division in order to assist and support the RIDs and CBDs. Both divisions will participate in the CSO Correspondent Banking Committee to assist in planning, developing the organisational structure and the necessary sales force. They are producing a correspondent banking product range and service profile guide so that CBD officers can familiarise themselves fully with all products offered by BCC and by other banks. They will ensure that CBDs are aware of how sophisticated the market has become and help to identify current trends in the US and elsewhere.

The two divisions are preparing a pre-marketing checklist and call guide so that all CBD and RID officers are professionally prepared for their calls, and a system of contact report after each meeting. This will be accompanied by a comprehensive marketing and procedure guide covering all aspects of marketing, handling business, reporting and monitoring.

Very importantly, the two divisions are also preparing a computerised analysis of bank balance sheets in order to identify marketing opportunities and assess the risks involved. In conjunction with this analysis, there will be a target bank list for use by RIDs and CBDs, so that correspondent banking officers can be aware of the breadth of the market in which they operate.

International Management Development (IMD) is working with the International Division to develop practical training procedures.

The overall correspondent banking thrust represents in every sense a major stage in BCC's evolution. It requires the highest quality of energy and vision, vitally backed by the excellence in service, to fulfil BCC's destiny as we become the automatic and inevitable choice for correspondent banking business around the world.