

**THE CHIEF EXECUTIVE OFFICER OF A BCC
SUBSIDIARY/AFFILIATE**

**HIS FUNCTIONAL RESPONSIBILITIES
HIS ROLE IN BCC GROUP**



BANK OF CREDIT AND COMMERCE INTERNATIONAL



**THE CHIEF EXECUTIVE OFFICER OF A BCC
SUBSIDIARY/AFFILIATE**

**HIS FUNCTIONAL RESPONSIBILITIES
HIS ROLE IN BCC GROUP**



INTRODUCTION

The basic functions of a C.E.O of BCC's subsidiary and affiliate in the context of the historical perspective of BCC's operation since inception will continue to change until the restructuring of the BCC Group takes a definite shape.

The C.E.O job of a subsidiary and affiliate can not come with a blue print of what the incumbent should do. He has to motivate and control diverse group of Executives, Officers and other members of the staff. In fact he has also to get things done through a large and diverse set of people consisting of over 80 nationalities working in 70 countries despite having little direct control over most of them.

The present structure demands:

- An image of honesty, integrity and fairness.
- Austerity and avoiding lavishness in style and extravagance in personal life as well as in official.
- The Bank remains a commercial organisation avoiding bureaucratic approach.

This should be reflected in his day to day dealing with:

- Members of the Board of Directors.
- Major Shareholders.
- Customers and public at large.
- The Government.
- The Press.
- Peers.
- Junior colleagues.
- Dealing with the Central Bank, Regulatory Authorities and External Auditors.

The Chief Executive Officer of a subsidiary / affiliate may be designated as Managing Director and or General Manager. It is a unique management position as his line of reporting and responsibility is of dual nature:

- a) Responsible to the Board of Directors of the subsidiary/affiliate as per parameters laid down by the Board.
- b) Responsible to Chief Executive Officer of BCC Group, the Divisional Heads at Central Office and Regional General Manager (where applicable), as per parameters laid down by the Central Office, Abu Dhabi.



FUNCTIONAL RESPONSIBILITIES OF THE CEO OF A BCC SUBSIDIARY & AFFILIATE

He will be a member of the Board of Director of the subsidiary/affiliate as a nominee of BCCI Holdings (Luxembourg) SA. He is also an integral part of the senior management of BCC Group.

CORPORATE STRUCTURE OF SUBSIDIARIES/AFFILIATES

The responsibilities of CEO varies depending upon share holding structure of the subsidiary/affiliate. In case BCC Group does not wholly own the subsidiary/affiliate, the role of the CEO has to take into consideration the interest of the other shareholders outside the Group. This again will differ from country to country where the subsidiary/affiliate is incorporated. It is therefore incumbent on the CEO to be fully aware of the commercial and corporate laws and regulations of the country. The constitution of the Board and its proceedings should take place strictly in accordance with the local laws and memorandum and article of association of the bank as approved by the competent authorities of the country.

FUNCTIONAL RESPONSIBILITIES OF THE CEO

As the functions and responsibilities are being defined by the Central Office for the first time, it may not be comprehensive and would therefore be reviewed on the basis of experience gained during the year.

BASIC STRATEGIES

The present requirement of the BCC Group demands:

- Clarity in the functional responsibility; not overloaded with paper work.
- Clarity in the authority delegated to him and clarity in the delegation of authority to others.
- Effectively implementing the process of accountability.
- Focus simultaneously on developing short, medium and long term agenda for businesses; also developing the networks of sources needed to accomplish those agenda. Selecting people in the Bank on professional basis who could help set action on the items for the agenda.

To devise the policies and strategies, a detailed knowledge of changing political, economic, and regulatory environment is essential in addition to the changing needs of the market place. It should encompass the basic principles and objectives of BCC Group's business strategy in the foreseeable future as under:



FUNCTIONAL RESPONSIBILITIES OF THE CEO OF A BCC SUBSIDIARY & AFFILIATE

- Developing a strategic plan for the location within overall strategy and policies of BCC Group, keeping in view the local requirements and trends.
- Developing the capability to anticipate, identify and deal with difficult or abnormal situations promptly and effectively.
- Developing and enhancing relationship with government departments, central bank, external auditors, parastatal agencies, corporations, various financial institutions and important individual customers etc.
- Encourage the Officers to strive for excellence, team work, creativity and hard work and promote building up of their image, reputation and integrity

Co-ordination of Marketing Approach

Deposits

- Creation of broad based stable and low cost deposits with right mix.
- Identifying and selecting talented marketing team at branch and Head office level.
- Planning for deposit mobilisation at economic pricing. Determining the stream of deposits available in the area of their operation and outside.

Business

- Creation of marketing culture in the Bank. The yardstick should be that every and any transaction is a profitable one. Yield and pricing of the business proposals is of prime importance.
- The successful implementation of the marketing plans of BCC Group and those drawn by the subsidiary and affiliate necessitated by the local business opportunities.
- Encashing the possibilities of international business through the cooperation of branches, Country Manager and Regional General Manager in other locations/countries e.g. the import of goods in a BCC country may result in the export business for another BCC country etc etc. Research paper on the subject should be prepared and revised on yearly basis.

Profit

- It should be measured by:



- o Return on assets.
- o Return on capital.
- Net profit should be real and after accounting for various provisions (including loan loss and tax provisions) as required by the accounting policies of BCC Group and local legal requirements.
- Finding new streams of profit is a real challenge for the CEO.

GENERAL ADMINISTRATION AND HUMAN RESOURCES

Banking, being a service industry, its major resource is the people who work for it. The objective should be to ensure continued enhancement of human resources capability so that high quality personnel are available to fulfil the corporate objectives through judicious recruitment of specialised skills at all levels of responsibility. The CEO should ensure that a machinery is created to provide motivation to officers with potential for achievements, get their long term commitment with the bank and encourage them to actively participate in its growth. There should be an open channel for communication with the people and CEO must respond to the opinions of the Managers who should be allowed to act and are not over controlled.

Local Officers

The number of the local officers and other staff far outweigh the number of international officers. In view of the current and future pressure of 'Localisation' and various restrictions on the posting of expatriates in most of the countries, this matter has attained new dimensions of urgent nature. The CEO must study this problem carefully and chalk out a comprehensive plan for action in consultation with Human Resources Division and Geographical Division. This plan should include:

- Search for local talent at all level.
- Provide for academic training and on-job training.
- Carefully monitoring their career path.

It should be kept in mind that the global presence and operations of BCC Group shall always require the services of adequate number of international officers in each country/location.

- Approving optimum strength of staff in branches and Head Office on annual basis in consultation with Regional General Manager/Geographical Division/Human Resources Division at Central Office



FUNCTIONAL RESPONSIBILITIES OF THE CEO OF A BCC SUBSIDIARY &
AFFILIATE

- Appointing senior officers/managers in local cadre in consultation with RGM/Geographical Div./HRD.
- Approving appointment of local officers within the approved budget.
- Recommending local salary scales, grades and increments relating to local staff to RGM/ Human Resources Division/Geographical Div. as per laid down guidelines.
- Approving increments of staff and their promotions to supervisory and officers cadre in consultation with RGM / Geographical Div.
- Approving posting and transfers of Senior Managers in consultation with RGM/HRD and Geographical Division.
- Supervising and providing guidance to branches for training of staff - both on-the-job and formal training through available avenues in consultation with HRD.
- Identifying the star performers and other outstanding officers and making plans for their career progression in consultation with HRD.
- Sanctioning leaves of all managers and other senior officers.
- Extricating the managers and officers from the malady of containment and psychological lethargy and inertia wherever it has set in.

BUDGET AND MARKETING

- Approving the membership of Head Office Management and Branch Management Committees in consultation with RGM/GD wherever necessary and guiding the members in the functioning of the Committee.
 - Reviewing marketing plans, targets and progress and identifying and enhancing new opportunities of business and profit.
 - Creating effective and adequate marketing machinery
 - Finalising the budget of the bank for submission to Central Budget committee.
 - Reviewing budget performance of each branch as per laid down procedure.
 - Assist and guide the branches in developing practical marketing plans and strategies with specific time frame for achievement.
-



FUNCTIONAL RESPONSIBILITIES OF THE CEO OF A BCC SUBSIDIARY & AFFILIATE

- Monitoring closely the functioning of the committees, at the branches, participating reviewing the minutes of the meeting whenever possible.
- Promoting global co-operation and co-ordination in marketing. Encouraging marketing for other locations and inviting other locations to pass on business in the branches of the Unit.

LIABILITY MANAGEMENT

- Developing a clear perception about the present and future profile, targets and composition of:
 - o Deposits with right mix
 - o Due to Bank
 - o Other sources of funds
- Planning and action for growth of deposits with appropriate emphasis on low cost deposits and deposits in convertible currencies
- Monitoring liquidity management
- Monitoring cost of fund

ASSET MANAGEMENT

- Continuous vigilance for and improvement of the quality and security of assets (emphasis on quality of credit)
- Clear perception of the present and future profit and composition of assets with a view to achieve optimum balance in security, liquidity and profitability
- Creation of suitable and adequate management capability and expertise to deal with abnormal situations relating to risk assets and exposure. (e.g. setting up recovery department where necessary)

BALANCE SHEET MANAGEMENT

- Preparation of balance sheet projections within the overall projections and policies of BCC Group duly ratified by the Board of Directors. The recommendations and comments of the External Auditors, Regulatory Authorities and other legal requirements of the country should be seriously
-



taken into consideration. The draft balance sheet should be finalized after consultation with Accounts Division and Geographical Division at the Central Office.

CREDITS

Introduction

Our experience has confirmed the inadequate attention paid in handling and processing of credit matters/proposals in the past. The loan losses sustained by BCC Group resulting in heavy provisions and laxity in following the established credit sanction procedures added to the problems being faced by the BCC Group. This has done immeasurable damage to the security and safety of the Group and tainted our image, environment and ethos within the BCC Group and outside. The CEO of the subsidiary/affiliate must:

- Implement effectively the process of accountability resulting in a strict disciplinary action against the officers/executives found responsible for loan losses.
 - Strengthening credit departments in the Head office and Branches with knowledgeable credit officers.
 - Ensuring that the established credit sanction procedure is followed.
 - Implementing the Group credit policies as laid down by the main Board of Directors of the BCC Group and the Local Board.
 - Ensuring :-
 - o Working out programmes for recovery of significant non-performing loans and delinquent facilities.
 - o Planning and adequacy of Loan Loss Provisions in consultation with the Central Credit Division, Abu Dhabi.
 - o Review of quality of credit line proposals submitted by branches with regard to presentation and substance. Overseeing and evaluating the workings of credit department at the Head Office.
 - o Compliance with Group Credit Policy including Sectorial Ceilings, other ratios and country exposures.
 - o Expediting decision making process in Branches and Head Office.
-



FUNCTIONAL RESPONSIBILITIES OF THE CEO OF A BCC SUBSIDIARY & AFFILIATE

- o Personal meetings with large borrowing customers.
- o Close liaison with Central Credit Division on credit matters.
- Review that the Credit Sanctioning Procedure laid down by Central Credit Division and Board of Directors of the subsidiary / affiliate is strictly followed by branches.
- Review of the quality and effectiveness of credit administration machinery.
- Review the discretionary limits and forward recommendations for revision, if any to Central Credit Division, Central Office.
- Overseeing compliance of various audit and examination recommendations and observations relating to credit
- Giving special attention to the training of credit officers

INTERNAL CONTROL AND COMPLIANCE

- Ensure implementation of standard systems and procedures, both contained in standard procedure manuals and enacted locally. In this area co-ordinate and seek assistance from Systems and Operations Division, Central Office and ensure that the procedural manuals and circular issued by the Division are readily available in branches.
- Reviewing Central Audit Reports, External Auditors Reports and their Management Letters, Central Bank and Regulatory Authorities reports and ensuring that they are complied with within reasonable time.
- Ensure that the manual issued by Central Compliance Group are introduced and its contents along with any further local regulations issued there, are followed meticulously.

EFFICIENCY

- Ensure efficiency in the working of the branches
 - Ensure efficiency in carrying out of business transactions at all levels.
 - Ensure efficiency and courtesy in dealing with the customers.
-



EXPENSES AND COST CONTROL

- Ensure that Expenditure Control and Approval Procedures Manual is introduced based on BCC Group Manual in consultation with Geographical Division and are strictly followed at all levels.
- Strict discipline is maintained in adhering to expenditure approval authorities granted at various levels

AUTOMATION AND TECHNOLOGY

- Review automation needs of the locations as per local requirements.
- Seek guidance and approval from Systems and Operation Division, Abu Dhabi on all matters related to Automation and Technology.

IMAGE

- The CEO of the subsidiary / affiliate should initiate and actively participate in a systematic program directed to enhance and project the image of the Bank
- Create an awareness among the staff about the strength and quality of the organisation, enlighten them to remove beliefs and myths about organisation's situation which are significantly out of touch with reality.

SUGGESTIONS AND INNOVATIONS

The Chief Executive Office of the Subsidiary/Affiliate should contribute towards overall development and growth of BCC Group. Any scheme/product found profitable in the location should be communicated to Central Office for introduction at other locations.

CONSEJO DE ADMINISTRACIÓN
1970

SECRETARÍA GENERAL

SECRETARÍA DE PLANEACIÓN

DIRECCIÓN ASISTENTE JURÍDICA

DIRECCIÓN DE INSPECCIÓN

COMITÉ DE DIRECCIÓN
Presidente: R. Martínez
Vicepresidente: T. N. Rodríguez
Miembros: G. R. Rodríguez, C. R. Rodríguez, F. Rodríguez

SECRETARÍA DE PLANEACIÓN

DIRECCIÓN DE INVERSIONES
R. Martínez

DIRECCIÓN DE PLANEACIÓN Y FINANZAS
R. Martínez

DIRECCIÓN GENERAL DE INVESTIGACIONES
R. Martínez

DIRECCIÓN GENERAL DE ADMINISTRACIÓN
A. López

DIRECCIÓN GENERAL DE MARKETING
A. López

DIRECCIÓN GENERAL DE ASESORIA
E. Hernández

DIRECCIÓN GENERAL DE PERSONAL
E. Hernández

DIRECCIÓN DE EVALUACIÓN DE INVERSIONES
A. Fajardo

DIRECCIÓN DE INVESTIGACIONES
A. Fajardo

DIRECCIÓN DE TELEFONÍA
A. Fajardo

DIRECCIÓN DE INFORMÁTICA
M. Martínez

DIRECCIÓN DE ASISTENTE JURÍDICO
C. G. Rodríguez

DIRECCIÓN CORPORATIVA
C. G. Rodríguez

SECRETARÍA DE PLANEACIÓN

DIRECCIÓN DE MANTENIMIENTO DE ALIMENTOS Y SEGURIDAD
J. Rodríguez

DIRECCIÓN DE ORGANIZACIÓN
J. Rodríguez

DIRECCIÓN DE ASISTENTE JURÍDICO
A. López

DIRECCIÓN DE PRESUPUESTOS Y CONTABILIDAD
J. Rodríguez

DIRECCIÓN DE CONTROL DE GASTOS
J. Rodríguez

DIRECCIÓN DE PROYECTOS ESPECIALES
A. López

DIRECCIÓN DE VALORES
J. Rodríguez

DIRECCIÓN DE SERVICIOS GENERALES
J. Rodríguez

DIRECCIÓN DE GARANTÍA
J. Rodríguez