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STRATEGIC CHANGE AND TRANSFORMATION: A CASE STUDY AT MALAYAN BANKING BERHAD (MAYBANK)

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This case was written by Hartini Ahmad, Shahimi Mohtar, Darwina Ahmad Arshad and Azrain Nasyrh Mustapa, Universiti Utara Malaysia. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

Disclaimer. This case is written solely for educational purposes and is not intended to represent successful or unsuccessful managerial decision making. The author/s may have disguised names, financial and other recognizable information to protect confidentiality.

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INTRODUCTION

The financial system has over several decades been instrumental in facilitating the economic success of Malaysia. As Malaysia advances into the new transition to the new economy – into a more globalised, a more digitized and knowledge based economy. The financial system is also operating in an era of rapid change, in an environment that is being shaped by advances in technology, by trends towards greater market orientation and globalization.

Even to the most casual observer of the financial services industry, the above statement portrays the challenging times for financial institutions. The rate at which the industry changes and develops in the complex nature of the financial system is breathtaking. The rapid pace of the information technology revolution, globalization, increasing buying sophistication and significant demographic changes are driving forces behind these changes.

Nowadays the challenges faced by the banking industry are enormous, and as more challenging because many banks are emerging from a period dominated by cost-cutting, downsizing or downscaling. In other words: after a prolonged period of internal focus, banks must again concentrate on external issues, and put strategic marketing at the top of their agenda. Strategic business marketing (also known as strategic industrial marketing or strategic business-to-business marketing) is the strategic marketing of products and/or services for transformation or 'consumption' by businesses.

It is important to understand the customers' expectation and perception of quality, an organization may deliver a satisfactory service where satisfaction has long been regarded as key to customer loyalty and views the banking industry as a mature industry in nature; whereby, in this highly competitive environment customer satisfaction is essential for bank's sustainability. The banking sector has responded far more slowly than other sectors to the new challenges that sustainability presents. Bankers generally consider themselves to be in a relatively environmentally friendly industry (in terms of emissions and pollution). However, given their potential exposure to risk, they have been surprisingly slow to examine the environmental performance of their clients.

Malayan Banking Berhad (Maybank) is the leading bank in the Malaysian financial services industry and has always been regarded as a benchmark of the financial sector performance. An overview of Maybank and the industry it is operating in, and presents its global (international) business activities and the situation which warrants for the alternative actions to be recommended to address any possible issues that may deter its performance or actions to sustain its current success. The exercise will at best try to amongst other identify the company's international business activities, efforts, and marketing programs at Maybank based on the available information gathered.

BRIEF HISTORY OF THE MALAYSIAN BANKING INDUSTRY

The banking industry in Malaysia dates back to the early 1900s when rapid economic development, as a result of thriving profits from rubber plantations and the tin industry then, saw the opening of foreign bank branches. Mercantile Bank which later became the subsidiary of the Hong Kong Bank (now known as HSBC) set up an office in Penang followed by Chartered Bank in 1875 and Hong Kong Bank in 1884 - 1913 saw the setting up of Malaysia's first domestic bank i.e. Kwong Yik (Selangor) Banking Corporation. Since then, the banking industry has continued its steady growth and

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