

Case Study: Global Bank Responds to Opportunities Resulting from Deregulation

EquaTerra Advises International Bank Regarding Chinese Market

At a Glance

Company Profile

A leading international bank employing over 73,000 people in more than 50 countries. Although based in London, it has been doing business in China for many years and serves both consumer and wholesale banking clients in Asia, the Middle East and Africa. The bank's income and workforce has more than doubled over the past five years as a result of organic growth and acquisitions.

Services Featured:

- Location Analysis
- Partner Selection Process

Business Processes Involved

- IT

Executive Summary

This global leader in banking wanted greater involvement in the recently deregulated Chinese banking industry. By building a hub in China and partnering with an organisation that would manage it appropriately, it felt it could provide new services to Chinese customers, such as loans and credit cards, which it had not been able to offer prior to deregulation. It also wanted to cut costs while still providing first-class customer service. With EquaTerra on board as an advisor, the bank was able to pinpoint an appropriate location for their hub in China and select a service provider partner that met its exacting qualifications.

Business Challenge

As a result of joining the World Trade Organisation (WTO), the Chinese government agreed that, from December 2006, foreign banks could compete directly with Chinese banks with few barriers. Having operated in China for many years it was well positioned to benefit from the deregulation of the industry.

In 1999, it had set up global operations centres in Chennai and Kuala Lumpur in order to support a range of operational activities. The bank also migrated many of its IT functions and systems development work to these centres.

In 2007, back office operations were split across Shanghai, Shenzhen, Kuala Lumpur and other branches. The bank decided to create a central hub that would work to achieve benefits of productivity, scale, service and control. The goal was to grow the Chinese business in a cost-effective and well controlled manner, while continuing to offer high levels of customer service.

Management envisioned that the hub would be located outside of the high-cost Tier 1 cities, such as Beijing and Shanghai. They also wanted to deliver a high standard of management and quality of service to customers through partnership with a market-leading organisation. EquaTerra was retained to ensure the proper research was conducted and the best choices were made throughout the process.

The bank wanted to work with a partner which could manage the centre. Potential candidates had to be strongly committed to creating a hub in China and knowledgeable about the country's current business environment, as well as its potential for the future.

They also needed the necessary financial strength to create and finance the hub in partnership with the bank.

Finally, it was important that any partner be able to provide a number of positive benefits including:

- Sharing of overhead costs (premises, management, recruitment and training)
- Achieving scale operations quickly
- Sharing of specific skills and experience

How We Helped

EquaTerra understood the bank's key requirement for developing the hub in a Chinese city with economic strength, but one without the expense of major cities. EquaTerra analysed the top Tier 2 cities in China and evaluated the various attributes, conditions and qualities required to meet the bank's needs. Tianjin was ultimately chosen as the most suitable location. The city's strong and sustainable economy, its potential workforce and close proximity to the capital city of Beijing (only 120 kilometres away) were cited as key influencing factors.

EquaTerra then moved to assisting the bank with the selection of an appropriate partner to manage the centre. The bank's intention was to develop a long-term, trust-based relationship and they therefore sought an organisation with a similar management style, culture and work ethic. Whilst it was keen to benefit from any expertise the partner had to offer, it also wanted to share their considerable banking knowledge to help develop the partner's business.

Because of EquaTerra's knowledge of and experience in the Chinese market, advisors were able to recommend several qualified service providers for the bank's consideration. From those providers, the bank chose to partner with a local Chinese vendor.

Results

Today, the bank's Tianjin operation is thriving. More than 100 agents successfully provide a range of services to customers, and management continues to gain a deeper understanding of the Chinese business environment. The hub holds a new national call centre and handles both consumer and wholesale banking activities, including collections.

The bank has big plans for its Tianjin centre, including using it to serve the needs of customers in other countries. Eventually, some of the processing work done in Kuala Lumpur may also be moved to Tianjin to increase cost efficiency, and it may also act as a cross-border recovery site for the bank's Chennai location. These opportunities will be reviewed by the bank in the near future.

About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

www.equaterra.com

Contact Us

If you would like to know more about EquaTerra please contact us.

BeLux
Pegasuslaan 51831
Diegem (Brussels), Belgium
Tel: +32 (0)2 709 29 32
infobelux@equaterra.com

China
Level 31, Jin Mao Tower, 88 Shi Ji Avenue
Pudong, Shanghai 200120, China
Tel: +86 (0)21 28909093
infochina@equaterra.com

Finland (Baltics and Russia)
Mannerheimintie 12b, 5th Floor
FIN-00100 Helsinki, Finland
Tel: +358 (0)9 2516 6368
infofinland@equaterra.com

Germany
Herriotstrasse 1
60528 Frankfurt, Germany
Tel: +49 (0)69 67733423
infogermany@equaterra.com

India
Level 4, Rectangle No.1,
Commercial Complex D4, Saket,
New Delhi 110017, India
Tel: +91 (0)11 4051 4227
infoindia@equaterra.com

The Netherlands
Postbus 75090
1070 AB Amsterdam, Netherlands
Tel: +31 (0)88 002 2900
infofl@equaterra.com

Singapore
12 Prince Edward Road, Podium A, #04-07A,
Bestway Building, Singapore 079212
Tel: +65 9784 3688
infosingapore@equaterra.com

Sweden (Nordic HQ)
Strandvägen 7a
114 56 Stockholm, Sweden
Tel: +46 (0)8 662 30 67
infonordics@equaterra.com

United Kingdom
150 Minorities, London EC3N 1LS
United Kingdom
Tel: +44 (0)845 838 7500
infouk@equaterra.com

Americas
Three Riverway, Suite 1290
Houston, TX 77056
United States of America
Tel: +1 713 470 9812
infoamericas@equaterra.com

If you have questions about this report, or would like to learn more about how EquaTerra can help your organisation address the points and opportunities discussed, please contact; Sridhar Vedala, EquaTerra Consultant, sridhar.vedala@equaterra.com, +44 (0)20 7347 5149