

BCS Bank International

BCS Bank International (BCSBI) is a large international bank based in London, UK. It has 350 branches world-wide, including 5 in the United Arab Emirates. BCSBI was started in 1862 and today stands as a leading international bank in commercial and retail banking businesses in Asia and the Middle East. BCSBI has a significant presence in the Middle East and the UAE in particular.



BCSBI's UAE Operations

The Bank has 5 branches in the UAE: 2 in the emirate of Dubai and 1 in each of Sharjah, Abu Dhabi, and Al Ain. The bank operates under a license granted to it by the federal government in 1975, allowing it to engage in all forms of banking operations in the UAE. The head office and main branch are located in a large office tower in a central of Dubai.

Operating in the Middle East is both challenging and rewarding for BCSBI. In terms of challenges, the bank faces many:

- Dealing with a multilingual society and customer base. The two official languages (Arabic and English) are well represented in their customer base, but so are customers who speak primarily Hindi, Urdu, Tagalog, and Farsi. All the different customers have different customs, traditions, and ways of doing things particular to their country or region. This situation makes it difficult to design good customer service operations to meet all the different customer expectations.
- The majority of employees in the UAE are not native English or Arabic speakers. As the bank operates as a formal branch of the UK head office, this poses some problems in terms of customer service, inter-office communications, inter-branch communications, and inter-bank communications.
- Banking laws and enforcement of banking laws differs from other operating environments. Employee loyalty, diligence, and ethics are different than those found elsewhere. Controlling day-to-day banking operations from the viewpoint of customer service and security is challenging.
- Oil wealth and commercial wealth are concentrated primarily in private hands, resulting in loan managers finding it difficult to assess the underlying risk level of their clients. There is little “transparency” in most private companies. Little detailed accounting information is available, and much of what is available is suspect. Overall, while Middle East operations are unusually profitable, the risk

level overall is much higher than other locales the bank operates in.

- A sensitive issue is money laundering. The UAE is still quite a cash economy and due to the wealth present, much cash is deposited at banks. At the same time, international bank regulators and foreign governments are focusing on certain countries that have been targeted as money laundering havens. BCBSI has been careful to balance their clients' right to privacy with international pressures to control money laundering. This is an ongoing challenge.
- Local culture and religion are not allied to the charging of interest on loans. While banking still operates openly and widely, it does have to consider and respect these values.

In terms of rewarding aspects of operating in the Middle East, BCBSI experiences the following benefits:

- Unusually profitable operations resulting from high interest rates on commercial and retail loans and low wage rates of the bank's employees.
- A high level of operational freedom in terms of managing labour.
- A low level of day-to-day interaction with regulatory authorities.
- The ability to make changes in operations quickly and effectively as a result of a flexible, open economy and business operating environment.

The Main Branch Customer Service operation

Of all the operations in the UAE operations of BCBSI, only one is not working satisfactorily. For several years senior management had noted that changes were needed to improve the Main Branch customer service operations. Since the bank has been growing so quickly and has been so profitable, management has not had the time to focus on the problems and try to affect solutions...until now.

Abdul Rahman is the new manager of the Main Branch. He has been with BCBSI for 7 years, having worked in all departments of the Main Branch. He has completed several 3-month learning/training periods in the UK operations and has been through a management training program. Abdul Rahman also holds a B.A. in Applied Science in Business Administration from the Higher Colleges of Technology in the UAE.

When Abdul Rahman started his new position a month ago, the bank's UAE Director asked him to find out what problems the Main Branch operations had and to solve them.

In particular, the Director noted several customer comments and complaints that concerned him:

"The queues for the customer service stations are confusing and illogical. Why do you have so many different counters? I hate waiting a long time for service in the main queue and seeing others getting quick service in the 'car loan payments' queue. I see many people receiving services other than just paying car loan payments there, too and it makes me angry".

"I don't like lining up to fill out deposit and withdrawal forms and then lining up behind others who get their forms filled out for them by the customer service personnel! It makes me wonder why I don't simply let the customer service personnel do mine, too. Oh yes, and why is the form filling station so tiny and with only 3 places to work? Everyone filling their forms out there can see each other's private financial documents and information. This lack of privacy is very bad."

"You changed the cheque deposit station to a desk in the middle of the bank. Now when I want to deposit my cheques and withdraw money I have to line up twice in different queues. What a waste of my time! And why are cheques done at a desk with chairs? Whenever there are many people who want to deposit cheques, they crowd around the desk, some sitting, some practically leaning on others, and all trying to get in front of me. And they all see my personal financial documents, too, which makes me very upset."

"I went to hand in a request for a wire transfer. I was told to hand it in at the Information Station. There was a large group of people not queuing at the Information Station, but instead reaching their arms out in front of each other to try to get the attention of the person there. And when I finally got through to the customer service person there, they took my transfer and put it on a pile of other paperwork on top of the counter. Everyone could see my information clearly. The person was polite and nice, but it wasn't pleasant trying to get their attention and in seeing my document being so openly displayed."

"When I opened a bank account there, I sat down at one of the Account Application Stations. There, the person asked another customer to sit beside me. While we reviewed my personal financial details the other person alternately talked loudly on his cell phone and listened to our conversation. I felt very put out and angry by this. I don't want other people knowing my financial information. As well, the desk is in the wide open area right beside the busy side entrance. People were constantly coming and going, brushing past my chair and seeing all my paperwork. This is not the kind of service I expect from a professional bank like yours."

Armed with these 5 customer complaints, Abdul Rahman began to learn about his branch some more. He did some of his own research and came up with the following information:

- He found a layout diagram of the branch and studied it (see layout diagram attached).
- There are 5 customer service stations in the branch. All of these service stations have as their primary goal “speed of service”. Minimum verbal interaction with customers takes place. One employee working in customer service can handle up to 100 customers in their typical work day. The functions of the S1 - S5 stations are as follows:
 - S1 - Handles car loan payments - customers line up in queue Q1.
 - Car loan payments are simple, fast transactions, like depositing a cheque or withdrawing cash, which take little time and effort.
 - Often, however, customers lining up in Q1 want to do more than just paying their car loan payment and either tie up S1 with other banking needs or jump over to S2 if it becomes open, frustrating Q2 customers.

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Questions:

1. What problems do you see in the Main Branch Operations? Explain two important or serious problems clearly. Do not suggest solutions. Only define and explain the problems.
2. What kind of service pattern(s) do you see in the Main Branch, particularly at the customer service stations (S1 - S5) and the cheque deposit station? For

- each pattern you think exists, give two reasons (proof) that it is the type you say it is.
3. Why did four customers complain about "privacy" issues? Should Abdul Rahman take any action about "privacy"? (do not suggest solutions, simply explain why he should or should not take actions, with reasons)
 4. For the customer service stations (S1 - S5) and the queues for them (Q1 - Q3), answer the following questions:
 - A. What kinds of queuing system (s) exist? Give reasons for your choice (s).
 - B. Below are hypothetical values for one queue at BCSBI (Q1 for example). Explain clearly what the following values mean:

 $Lq = 3.1$

 $Ws = 4.4$ (minutes)

 $Po = 0.15$

 $Ls = 4.5$
 - C. In your opinion, are the results noted in (B) above "bad" or "good" in the context of the BCSBI Main Branch customer service operation? Explain briefly why you think so.
 5. What could Abdul Rahman do to solve some of the problems you identified in question #1? Suggest 2 possible solutions to either or both of the problems you identified and explain them clearly and fully, including, of course, reasons why the solutions would work.
 6. This case is about service operations at a bank. What will be the anticipated impact on bank operations overall as customers increasingly bank online using their mobile phones and computers? Identify all the areas of bank operations that will be impacted and what those impacts might be.

