

Why can't banks learn from the Civil Service?

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29 Apr 2010

The POSB Story

Just over a week ago, DBS chief executive Piyush Gupta emphasized that the [bank must do something to improve its POSB platform](#) so that it can address its customers' issues such as long waiting time at branches and long queues at ATMs. Clearly in his mind, Mr Gupta knows that the growth of POSB is a key component of his retail banking aspiration. While this is definitely a positive step forward, the challenges surrounding the rebuilding of the POSB brand has gone back a long way.

When POSB was awarded to DBS "on a silver platter" back in 1997/98 as some would like to put it that way, the intention was to build size to fend off competition from foreign banks as part of the banking liberalisation landscape. Size as we learned from the global financial market collapse in 2008 is no longer the requisite to become a strong and stable bank but that is another discussion.

During the integration phase, the combined DBS-POSB entity struggled with the humongous challenge of trying to leverage on the large deposit customer base while balancing its cost through consolidating its largely overlapping network of branches and ATMs, contrasting product offerings and duplication of business functions and processes. Along the way, DBS moved out from the shared ATM network to save on "us-on-them" transaction costs but got many of its customers annoyed in the process as long queues formed at its ATM – this is still a common phenomenon today.

The greatest challenge however is evolving and growing an enlarged enterprise to have 2 distinct brands to support supposedly two distinct customer segments (DBS and POSB) that are tightly inter-twined at personal, family and corporate levels. In its analysis of the brand values, the bank could have also [under-estimated the strong attachment that many POSB customers have to the POSB brand](#) resulting in a flurry of letters to the press and grass root leaders during those days when DBS was refining its brands, segments and products differentiation.

DBS struggled (an under-statement, actually) in the first five to eight years after the integration of the two entities as there were major changes in key leadership positions. From the extreme of trying to steer the bank to focus more on process re-engineering and investment banking activities to treasury business to predominantly consumer banking business, priorities were re-prioritised in relatively short span of time leading to some confusion and execution difficulties.

To address the brand issue and manage customer expectation on pricing, service level and bottom-line for the bank, lessons were sought from other industries; "high-street" branches for DBS brand were borrowed from retailing concept and customer servicing of economy and business class were borrowed from the airline industry. To manage the seemingly endless queue of customers at its branches, experiences were drawn from the fast food industry including the hiring of a fast food veteran to manage the POSB outfit.

As DBS digest the post merger hiccups, its competitors were silently chipped away at the bank's customer base. Besides seeing its market share in housing loans declining, another significant lost is the franchise for the Child Development Account (aka [Baby Bonus Scheme](#)) to OCBC and Standard Chartered. As DBS has always wanted to provide banking services to cater to its customers from "cradle to grave", the lost of the CDA was noted by some industry players as a significant blow to DBS.

While many CEOs often prefer to put aside the past and work towards the future, the old and wise saying that history often repeats itself will always come to haunt those who ignore the past. If Mr Gupta starts to review what happened in the past, he may want to consider if he should look to the government services for inspiration on how the various statutory boards and government bodies have managed to transform themselves over the years.

Why the Civil Service?

While banks provide very important banking transaction and financial advisory services to the general public, the civil service provides equally important and critical services; namely health care, housing and management of usage of CPF funds just to name a few that touch the daily lives of the entire population; residents and the transient population. Even the [National Library Board](#) plays a very key role in encouraging life long learning and promoting a knowledgeable and engaging society.

Many would have argued that the key differences being banks are commercial entities that are closely monitored by all stakeholders for bottom-line performance that impose challenges in providing the desirable quality products and services to their customers. To these critics, let's be mindful that the budgets allocated to civil service and government departments are also closely scrutinized and monitored. To ensure that its government employees are meeting established service standards, key performance indicators similar to those used in the private industries are also enforced.

To provide the competitive environment among civil services, the Ministry of Health (MOH), for instance set up four region clusters ([National Health Group](#), [Alexandra Health](#), [National University Health System](#) and [SingHealth](#)) to manage and integrate the primarily health care services in the country. Even Patient Satisfaction Survey is conducted annually across all public hospitals, specialty centres and polyclinics and results are published on the [MOH website](#). Even the [hospital bill sizes](#) for various common procedures at different public hospitals are also published. Finally, how many chairman, CEO or board members at private organisations are like the Minister of Health who engages the public (stakeholders) on a regular basis using blog, twitter and Facebook?

Some Winning Stories

Besides the Health Ministry, its hospitals and the entire primary health care infrastructure that have to deal with time critical, life threatening and often emotional patients and family members, there are other government organisations that have done a great deal in terms of transformation themselves to meet the ever demanding and evolving needs of the general public. Below is a sampling of some of these achievements.

The Central Provident Fund (CPF) introduced since 1955 has evolved over the past 55 years from helping employees save for retirement initially to home ownership, health care and subsequently in meeting members' request to use CPF funds for investment, asset enhancement became a new charter. Likewise, the [CPF Board](#) has also during these periods taken on multiple roles beyond originally intended.

Besides managing almost 3.3 Million members' accounts with balances of nearly S\$167 Billion (end-Dec 2009), it manage on behalf of its members the SingTel discounted shares (Group A shares) from 1993 as part of the government's plan to share the nation's wealth when SingTel was privatized, again in 1996 (ST-2 shares) when Temasek Holdings diluted its share holdings in SingTel, management and distribution of the New Singapore Shares (NSS) since 2002, Economic Restructuring Shares (ERS) from 2003 and the GST Offset Package in 2007.

Notwithstanding the use of electronic credits to members' bank accounts, the distribution of such credits and benefits often create periodic but significant surges of older and retired CPF members visiting the various CPF centres during the distribution period. Initially, such peak periods often caused undue stressed to CPF members, staff and the infrastructural systems supporting these services but over time, the CPF Board has learned and taken various measures to manage such events. In addition, on a yearly basis, the IRAS worked with the CPF Board to use the latter premises located in various parts of Singapore to aid in the filling process for the tax payers.

Next in line is the National Library Board (NLB). While many in Singapore knew about the old National Library, few are aware that the NLB was established only in 1995 and over a short span of 6 years till 2001; the NLB has transformed the public library system into a network of libraries conveniently accessible to the public and customized to satisfy a diversity of needs. Now with a network of 22 public libraries located in various parts of the island and staff strength of about 1,000, the NLB has serviced 38 million visits last year, handled over 30 million books borrowed or 80,000 books a day.

To fulfill its vision to serve all segments of the Singapore society, the NLB embarked on a number of innovative initiatives such as the "Library in Your Pocket"; a service that allows its members to access library services (enquiries, reservation, renewal, etc), download e-books or view library programmes on the go via the mobile phone; the "Project Deliver Me" where volunteers are ferried by volunteer cabbies to deliver books to members that are home-bound and the fully wireless mobile library (MOLLY) that regularly visits children in special needs schools and homes the Read and Reap programme, a weekly blog on short snippets from books as well as over one million electronic books to cater to the tech savvy readers.

Some bankers may wonder why the NLB is cited as an example when it doesn't face any competition. The fact is that it does. Firstly, NLB competes with other public sector organisations in the area of customer service; secondly as part of its mission to expand the learning capacity of the nation, it faces competition from the internet, entertainment sources and lifestyle pursuits for the discretionary time of its members and finally, the NLB and its network of libraries also face direct competition from commercial bookstores such as Borders, MPH, Popular, Kinokuniya and not to mention the smaller neighbourhood bookstores. Like banks, the NLB leverage on technology as the key enabler to create significant value for both staff and its members. In fact, NLB prides itself in its ability to use technology effectively and permeating it in every aspect of NLB's operation.

Both the CPF Board and NLB are the first public organisation to receive the Business Excellence Award in 2009 (The CPF Board and NLB were Service Quality Award winners in 2004 and the NLB one of the winners in the Innovation Excellence Award in 2001).

Banks like DBS may not need to look further to other industries and could take a leaf from public organisations like MOH, CPF Board and the NLB, to name a few.

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