

# [The co operative bank commerce essay](https://assignbuster.com/the-co-operative-bank-commerce-essay/)

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The co – operative bank is the oldest democratic and ethical bank of UK . For over 150 years the bank has been a democratic bank , never losing its edge on its democratic stature . It would be very interesting to know about the work culture of such a big democratic bank . The co – operative bank is also a secular bank . The employees not just consist of catholics but also people from other religions . For example the treasury of the co – operative bank is Rajesh Bhatia who is a hindu . So people from diverse religions are working together to form one big bank that is co – operative bank . The bank tries to maintain a very friendly environment for its employees . All the employees are given a chance to suggest their views but there is a process in which these views are analysed . This process takes place in stages . If some worker has any new idea then hw will tell it to the manager . The manager will first look into the idea then he will analyse it and decide the category of the idea . Whether the idea is related to Mars or retailing or the general insurance . After categorising the idea the manager will then send it to the head of that respective area . They take a look at that idea and in turn send it to the acting CEO . The CEO will forward it to the board of directors and then the decision will be taken . All important decisions are taken in this same manner or stages . It might take a little time but the process is a full proof procedure . The workers never refer to the manager as Sir . They always call him by his name . The employees feel very good working in the co – operative bank . The co – operative bank has been rated as one of Britain’s top employers 2012 by http://www. britainstopemployers. co. uk . A lot of aspects have been considered in this research before coming to the conclusion that this bank has outstanding working conditions . The outstanding working conditions include commitment to social goals , ability to mix profits with principles , rejuvenating a much loved brand , pioneering fair trade sales in UK and commitment to ethical finance . Britain’s top employers 2012 first made close assessments with the HR division of The co – operative bank . Here all the critical areas of the HR department were assessed such as primary benefits , secondary benefits , working conditions , training and career opportunities . A review is then taken . The review is thoroughly taken from the answers of actual participants only and then ratings are given . The co – operative bank achieved positive ratings and reviews in almost all the sectors of assessments .

Source: Rabobank

WORKING STARTEGY

Even though The co – operative bank is an ethical bank but they do charge interests . Because every organization needs funds to keep working . One great advantage of the The co – operative group is that they are not just operating in banks but also in food retails , housing , farming and education . So the profits from all the sectors are utilized thoroughly and they try to distribute it equally . Last year profits of around 50 million pounds were earned and about 40% of the profits were distributed to members , staff and community groups . One of the important business strategies of The co – operative bank is providing memberships . Membership is what makes The co – operative bank different from other businesses because The co – operative bank is run by its members and the bank gives a chance to its members to say how the company needs to be run . When one becomes a member then he will get a membership card . So everytime a member buys something from The co – operative then they can use their membership card . By doing this they earn points . Twice a year , the points that the member has earned are turned into cash and given to him as a share of the profits . It is very easy to become a member and there are lots of deals , discounts and money – saving offers for the members to enjoy . Not only can one choose from the outstanding financial products of The co – operative bank but by simply doing the day to day banking as a member , he can increase his share of profits as well. On current accounts , for every 10 pounds held on an average in a co – operative bank , one can earn 1 point . For mortgages , for every 40 pounds outstanding on a Co – operative bank or Britannia mortgage , one can earn 1 point . For loans , for every 10 pounds outstanding on a Co – operative bank or smile loan , one can earn 1 point . For Savings accounts , every 20 pounds held in a Co – operative bank , smile or Britannia savings account , one can earn 1 point . For Car/home/pet insurance , for holding an annual Co – operative insurance policy , one can earn upto 250 points . For credit card , every 10 pounds held on or borrowed on Co – operative bank or smile credit cards , one can earn 1 point .

According to http://www. co-operativebank. co. uk , one of the most important and profitable startegies for The co – operative bank was to merge with Britannia on 1st August 2009 . This merger aimed at providing better profit for the share holders and also creating new employment opportunities . This new business was successful in achieving more than 70 billion pounds of assets , nine million customers , more than 12, 000 employees , more than 300 branches and 20 corporate banking centres . The Co – operative now comprises of The co – operative bank including smile and The Britannia business , The co – operative insurance and The co – operative investments .

ANALYSIS

Let us do a SWOT analysis on The co operative bank . According to David Jobber , a SWOT analysis is a structured approach to evaluating the strategic position of a business by identifying its strengths , weaknesses , opportunities and threats .

Strengths

According to the article The Co-operative : How to measure its strength , The co – operative has an advantage of the internet bank Smile. This Smile has become a very successful form of internet banking in the recent years . It has increased the demand of The co operative bank very much . Smile is a very famous and efficient provider of pensions and insurance . The profits of The co operative banks boomed to 73. 4 million pounds in the first half of 2008 . According to http://www. co-operative. coop , the core banking platforms of the bank has been upgraded by introducing some of the most modern computing systems which are very fast and efficient . So this has also improved customer servicing effectively and thus increased customer satisfaction and improving their experience . During the merger with Britannia branded branches , these technological improvements gave customers near four fold increase in outlets to conduct their banking .

Weaknesses

According to The Cooperative Banking Model: Performance and Opportunities by

Hans Groeneveld , now a days the members find it difficult to manage the organisation due to the increased complexity of the organisation in which the management group consists of dedicated professionals . It has also been found out that the membership process makes the decision making very slow and also prevents innovation and adjustments to new developments . (Hans Groeneveld , 2011)

Opportunities

The co operative bank provides opportunities to further ones career and also to build one from the scratch . The bank provides job opportunities at its head office in Manchester and also at other branches . The company is maintaining a separate portal for registration for jobs . The bank also provides a lot of credit facilities to the customers if they want to start a new venture .

Threats

The evolution of large scale foreign and unknown markets could endanger the traditional heart of The co operative bank . Recently The co operative bank has started taking a lot of risks involving high profit investments . In one of the move of the bank , it announced plans to transfer work out of North Staffordshire . This move would almost leave jobs of 65 employees under threat . Apparently this move is being made for greater financial control and tougher regulatory requirements.

STRENGTHS

1 High customer satisfaction

2 Rising market shares , dense branch networks

3 Stable profits , high rating , low funding costs

4 Relatively unaffected by credit crisis

5 Contribution to stability and diversity in financial systems

WEAKNESSES

1 Become more complex

2 Difficult to manage due to complexity

3 Membership process makes decision making slow

4 Slow innovation

OPPORTUNITIES

1 Further ones career

2 Help in new venture

3 Financial advice

4 Good credit facilities

THREATS

1 threats from large scale foreign and unknown markets

2 Increase in risks by The co operative bank

3 The move to leave out North Staffordshire

Now let us look at some macroenvironmental aspects of The co operative bank . These include political , economic , ecological , social and technological aspects .

Political

As it has been explained in the hierarchy of The co operative bank , it is a democratic bank .

Economic

The co operative bank has been one of the most successful banks of uk in recent times . It has tried to maintain its economy throughout . This can be found out by comparing their financial performance between 2010 and 2011 as per http://www. co-operative. coop/corporate/Press/Press-releases/Headline-news/Results-2011/

## Financial performance

## 2011

## 2010

## % change

Gross sales

£13. 3bn

£13. 1bn

+1. 0%

Group operating profit

£585m

£582m

+0. 5%

Profit before tax and member payments (equivalent to the pre-tax profit of a plc)

£373m

£396m

-5. 8%

Net borrowings

£1. 49bn

£1. 44bn

+3. 3%

Ecological

According to A co-operative green economy by Pat Conaty , protecting the environment is one of the very important aspects of The co operative . These include reducing the gross green house gas emissions by 35 % by 2017 , producing around 25% of electricity using renewable sources of energy , setting up a head office that will set new standards in sustainable design , construction and operation . Thus they are also concerned with the safety of the environment .

Social

Inspite of so much competition and other foreign forces , concerne have been made to maintain the ethical standards of The co operative bank . The bank has been quiet successful in this approach . The fact that it won so many accolades proves it . Some of the awards that it won in 2011 include winner of the Observer’s Ethical Business Award; first place in Business in the Community’s Climate Change Award and ‘ Platinum Plus’ in their Corporate Responsibility Index; a leading ranking in the Sunday Times’ Best Green Companies List; and winner of The Financial Times’ award for Europe’s Most Sustainable Bank.

Technological

The bank went through massive technological renovation recently and has upgraded itself with all new systems . The bank’s call centre has been very efficient in helping the people with difficulties . Smile has been one of the top internet banking .