

# Maybank history and swot analysis

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Company Background History of Maybank Maybank have first established its business incorporation at 1960 and after 52 years of operations it is undoubtedly that the group has proven its commitment to excellence and innovation to becoming Malaysia's regional finance leader. It first incorporates on May 31 1960 at Mayson House and are the first that introduced credit scheme at 1964. Maybank debit cards is first launch in 2008, and Maybank visa debit is the first dual purpose bank card that offers both domestic and international acceptance at millions of other merchant worldwide that accepts visa cards. n the other hand Maybank debit card are also the first to introduce reward points offering for debit card payment. For the full summary history for Maybank please refer to the appendix at the back. Vision /Mission / Values and Objectives Maybank's vision is ' to be regional financial service leader' it means they will strive to be the region's leader in finance services. On the other hand, Maybank's mission is ' humanising financial services across Asia' in other words, they would aim to increase the financial service available now across Asia.

Maybanks have various values which are: Teamwork: we work together as a team based on mutual respect and dignity Integrity: we are honest, professional and ethical in our dealings Growth: we are passionate about constant improvement and innovation Excellence and efficiency: we are committed to delivering outstanding performance and superior service Relationship building: we continuously long-term and mutually beneficial partnerships Maybank's objective to develop its awareness in the insurance and takaful sector in some identified growth market aside from Malaysia. (Maybank. com, year 2011) Maybank is listed in stock exchange Malaysia

(Bursa Malaysia), not only that they are known as the largest listed company in Bursa Malaysia by capitalization, RM54 Billion (Wikipedia, year 2012). It is also listed in some other countries' stock exchange like the Singapore stock exchange (SGX) (maybank2u. com, year 2002) Maybank Porter 5 Analysis

As accordance to the Principles of Contemporary Marketing by Kurtz and Boone, the Porter's Five Forces is the model developed by strategy expert Michael Porter that identifies five competitive forces that influence planning strategies, the five forces includes, the threat of new entrants(competitors), the threat of substitute products or services, the bargaining power of customers, the bargaining power of suppliers and the rivalry among the already existing firms in the industry in this case, it would be the banking industry.

These five forces determine the ultimate profit of an industry, which allows Maybank to have a better insight and understanding about the banking industry context to develop strategies in order to counter the vigorous competition in the banking industry. After years of efforts, Maybank has now become Malaysia's largest financial services group. (Wikipedia, 2012) The threat of new competitors The threat of new competitors in the banking industry is high. Nowadays, banking industry has become a popular sector due to its high profitability.

This ultimately attracts many entrepreneurs to venture in this particular industry. Traditionally, only banks are the sole grantors for consumer finance. But now there are lots of institutions that engage in this business for instance private finance companies as well as other unlicensed companies.

When many countries and cities financial institution join World Trade Organization (WTO) along with the Internet effect, the barrier of bank has disappear. Many financial and non-financial organizations can easily enter into the banking industry.

With just a small amount of capital those banking industries are able to build a multipurpose website, which also allows them to integrate with other organizations. Undoable, Those finance companies has posed as a threat to Maybank, particularly during the time those the private finance companies who offers lower rate of interest to borrowers. This used of approach goals are to capture a large portion of customer base from the banking industry. On the other hand, nowadays internet has allowed sharing of common technology and thus lowers the switching cost for the customers to shift, from banks, than finance companies.

The situation becomes undesirable to Maybank as other finance companies uses a faster and less complicated process of applying consumer finance. One of the greatest competitors of Maybank as it goes international would be the Western Union Bank that provides money transfer service for the consumers. This service has allows receivers from the other side of the earth to collect the money within fifteen minutes from the appointed bank. The consequences of this robust demand in the international money transfer service market.

Even so, Maybank has counterattack by creating a new payment system called the Maybank Money Express (MME). It provides a speedy, economical and secured remittance service for the consumers. The money transferred

reaches the beneficiary within minutes, with no hidden cost. Emerging Markets Direct has released their latest Malaysia Banking Industry Report 1H11 which shows that the total loans in the Malaysia banking industry has grown by 11.84% year over year to RM854.18 billion. As about 55.61% of total loans are driven by the household sector like the mortgage, and personal loans.

This analysis has shown that there is an intense competition in consumer loan granting. Thus, as to diversify the revenue generating portfolio, Maybank is currently focusing on wealth management such as unit trusts. The threats of substitute products or services The threats of substitute products or services in the banking industry are also relatively high, as Malaysia is gradually recovering from economic crisis, today many firms and corporations are able to offer a higher rate of return to such investors as shareholders and bond holders.

This has also undeniably pose as a threat to Maybank as the consumer may choose to withdraw their money from Maybank savings account or fixed deposit accounts and choose to invest in other particular firm instead as they may offer higher return for investors. Furthermore, as the impact of technology evolution, most businesses are now going through the World Wide Web (internet service), that helps eliminating brick and mortar. A bank is no longer has the absolute advantages although they have achieved large scale of economies.

This is due to the higher fixed and operating cost like utility fees and rental of the physical store. Besides, the bureaucracy organizational structure of

the government may abuse the performance of bank as the result of bank inefficient and inflexibility. These days, many researches have argued that Internet banking will ultimately be the dominant trend in banking sectors in the near future. In order to cope with the above challenges to remain sustainability in the banking market, Maybank has offered e-share application.

That gives a fast way for customers to applying for Initial Public Offerings (IPO) via Maybank2u. com (M2U). By integrating this investment service, Maybank can assist the customers to well manage their wealth and successfully prevent the customers from withdrawing their money and subscribe the IPO at brokers. Right now, Maybank has acquired more than half the Malaysia online market through continuous investments in the particular field. And now, Maybank2u. com remains the leader in Internet banking with 55. 6% market share as at June 2010. Internet banking has helped Maybank to grasp assisting customers and draw numerous new potential customers as the customers found that internet banking can help ease their work and save them a lot of time. The bargaining power of customers The bargaining powers of customers in the banking industry are quite high too. As everyone knows, Customers are very imperative essential for a business, this too applies for the banking industry especially Maybank which is well-known as a customer-centric bank.

The bargaining power of customers is especially high when it comes to price sensitivity, Interest Rate and service charge is a sensitive indicator for customer in banking industry, customer may as due to those indicators be it

higher or lower, decided to draw out all or a lump sum of capital from their respective bank to another bank or other financial institution. To make matters worse, the switching cost for this action is quite low and easy to be done. In the banking industry, customers are the net suppliers of fund for a bank. In conjunction to this, Maybank has tries to minimize the customer's bargaining power.

On the other hands, poor customer service of a bank may increase the bargaining power of customer, take for example, if Maybank could not understand what the customers require or had insufficient resources to meet customers' needs, it will reduce customer's satisfaction drastically and later lead to them switching to another banks with better service. In order to avoid a high customers bargaining power, Maybank had invested in Analytical Customer Relationship Management system to efficiently utilize the information gained from each customer for improvement purpose.

This system enables Maybank to gain the knowledge about customer's expectations towards the bank. Maybank will than formulates different strategies to cater the needs of customers. Besides programming a feedback dropper on their website, Maybank also focus on the fundamental values of hospitality which is a heartwarming attitude and skills in handling customer complaint, to achieve these targets, Maybank has launced the GUEST & Telephone Etiquette Programme at April 2009 and WeS. E. R. V. E Programmed in December 2009, besides that they had also tried promoting various programmed to reward the customers of Maybank in point of money form.

Lastly, customer also had higher said in Buyer's concentration towards a company concentration ratio, Bank industry is a high buyer concentration industry, where many people uses the bank service, such as mortgage, loan, investment, deposit money, insurance and also the currency exchange. Even so, the concentration ratio for international banking industry is medium, as many large bank exist in the world, such as HSBC, Fortis, Deutsche Bank, and CitiBank. The bargaining power of suppliers The bargaining power of supplier is where one used to assess how easy it is for supplier to drive up prices.

This is driven by the number of suppliers of each key input, the uniqueness of their product or service, their strength and control over you, the cost of switching from one to another, and so on. The fewer the supplier choices you have, the more you need the supplier's help, and the more powerful the suppliers are. (Wikipedia 2012) In the banking industry, it has three main suppliers of its product, which is money . The first one would be the, depositors. Depositors, has no bargaining power whatever in reality. If they make time deposits the bank will set the price or interest rate it will pay.

The other supplier would be the credit market supplier, the credit market as a source of supply of the raw material, money, is open to all at all time if they are qualified participants. The source of supply present can be argued to be infinite as there are too many credit market suppliers in the market. The central bank The Central bank is effectively the resource of last resort.

Apparently, at least for the moment, it will continue to supply liquidity to the banking system in virtually unlimited quantities at very reasonable cost.

In Malaysia, Bank Negara Malaysia is the main legal power supplier for all the banks in Malaysia. It endows power to all the banks for carrying out their businesses as long as they did not do anything that is illegal under the banking acts. In such case, Maybank has to comply with the minimum rate of interest which is 3% currently, the increase in Statutory Reserve Requirement from 3% to 4% and the prohibition of investing in the low credit rating corporations although they offer high return.

The Rivalry among Existing Firms in the Industry The rivalry among the existing players in the same industry, it shows that if there are any other strong competition between the existing players in the same industry, and to see if is one player is more dominant than the other or are all or most of them stand in an equal ground or standing based on their strength in the industry market and size of the company when compared to other companies. The rivalry among existing Firms in the banking industry are high.

There are many banks in the world, due to technology advancement, financial control become uncomplicated, adding with the changes of environment in the society, competition between banks become violent futhermore the maturity of financial market in the western country is relatively high. Every bank in the industry is selling homogenous product at almost the same rate, therefore an intensive competition exist among them ,

many banks struggle to make their product different compare to the others banks by offering additional benefits.

Theories suggest that bank may compete in term of performance growth, customer retain rate, profitability and risk taking. This occurs especially when the forces has not only arisen from local banks and private local financial institutions but also from the foreign banks. Right now, as the economy from Europe is experiencing a downturn, many foreign banks such as HSBC bank and OCBC bank are vigorously competing with local banks in Malaysia.

After analyzing the behavior and needs of the customers through Analytical Customer Relationship Management system, uses the reward marketing strategy so cope up with the others. For example, customers who reload via Maybank ATM or M2U is eligible to enjoy free sms and free mobile internet along with many other remunerations and rewards when customers are uses the Maybank internet banking system. \*\*\*\*\*[http://en.wikipedia.org/wiki/File:Porters\\_five\\_forces.PNG](http://en.wikipedia.org/wiki/File:Porters_five_forces.PNG)