

# [Analysis of ocbc banking industry](https://assignbuster.com/analysis-of-ocbc-banking-industry/)

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But compared with other analyzing models, Porter's 5 forces model is not intended to be used for an analysis of an industry sector according to the intended for its industry analysis. (Roger Lever, 2008) The SOOT Analysis is one of several strategic planning that are utilized by business and other organizations to ensure that there is a clear objective defined for the project. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective.

SOOT Analysis stands for Strengths, Weakness, Opportunity and Threats. Compared with PESTLE Factors analysis, SOOT looks at the internal factors ourselves in this business planning which should link the external ones to balance the financial positions while making decisions. See the Table 2 below: Table 2: SOOT and PEST Factor Analysts Model. The five main concept refers to Bargaining power of suppliers, Bargaining power of errs, Threat of new entrants, Threat of substitute products and Competitive rivalry. The table 2 below helps to show the relationships between each elements clearly.

Table 2: Basic relationships between Porter's Five Forces Model. Bargaining power of suppliers is the power of suppliers to drive up the prices of the business inputs and bargaining power of buyers is the power of your customers to drive down the business prices. Threat of Substitution analyzes the extent to which different products and services can be used in place of own industry and threat of new entry provides the ease with which new competitors can enter the market if there merchants see this market is making good profits and then drive the business price down.

Last but not least, competitive rivalry indicates the strength of competition in the industry which combines the whole five concepts. (Porto, 2002) Research On COB Banking Industry 3. 1 COB Research Description The COB Bank group of businesses comprises afamilyof companies owned by Singapore longest-established local bank. It is the longest established Singapore bank, formed in 1932 from the merger of three local banks and the oldest of which was founded in 1912.

Since the time of our founders, we have always understood the uncial needs of our customers and developed financial solutions that meet their needs. To address increasingly diverse needs across different communities and geographies, COB Bank has expanded and acquired businesses beyond the realm of commercial banking. COB Bank has been ranked by Bloomberg Markets magazine as the World's Strongest Bank for two years, 2011 and 2012. The annual report provided on the home website is easily achievable for going through which provides researchers feasible methods to do the researches.

The mission of COB Bank is providing and developing innovative and high quality financial services that exceed growing public expectations with best results and vision comes out as to be the bank of choice with world class standards recognized for its caring and trustworthiness. (COB Group, 2011) By acknowledging these, researchers can adjust the companies running by calculating its financial ratio and do comparison with another 2 local banks : DB'S and I-JOB for quantitative research and consequently to acquire quantitative data by analyzing the company itself for its internal strength and weakness and external opportunities and threats.

Among all methods, Quantitative by using figures are the most direct way to balance ND evaluate its business processing. Mall, M. (1997)) Table 3 is an example of the financial report which can help to get some figures out. According to the financial report annually, financial ratios such as Profitability Ratio which contains Net Profit Ratio and Gross Profit Ratio; Liquidity Ratio, Gearing Ratio and Price Earning Ratio. This financial ratios can help to illustrate its internal strength and weakness, buyers power and suppliers power and even competitive rivalry clearly.

However, combination can still be used in both quantitative and qualitative researches. 4. Finding Analysis and Conclusion Quantitative and Qualitative Research: 4. 1 Finding Analysis For Outlining After some simple calculation of COB Bank, an indication has been provided by comparing with another 2 local banks. Here are some results. Profitability Ratio is a comparison of two or more financial variables that provide a relative measure of a firm's income-earning performance. From the data provided in appendix and calculated by formula, it can been seen that COB Bank has its strength and weakness among other financial banks.

Here are some outlining findings based on Porter's Five Force Model. The bargaining power of customers is also described as the arrest of outputs: the ability of customers to put the firm under pressure, which also affects the customer's sensitivity to price changes. Due to the result of Profitability ratios (Table 4) and Price Earlier Ratios, COB Banking Industry has done well on the part of making profit but the weakness also shows that it is not sensitive with the valuation of a company's current share price compared with other ones.

This result will affect buyer's concentration and volume. The degree of dependency upon the existing channels of distributes is quite well as customers shall find this branch bank everywhere in the central area. In addition, the bargaining power of customer is low which is a strength part for business continuing process. The bargaining power of suppliers is also described as the market of inputs. Suppliers of raw materials, components, labor, and services (such as expertise) to the firm can be a source of power over the firm, when there are few substitutes.

The supplier side ofmoneycomes from the savers and money depositors. Obviously, the information is assessable easily to catch the movement of its internal investments and this gives the customers much confidence to deposit money in. Thus the number f depositors is large and their supplier power is low. This also provides good conditions which belongs to strength part. Profitable markets that yield high returns will attract new firms. This results in many new entrants, which eventually will decrease profitability for all firms in the industry. Ill tend towards zero (perfect competition). The existence of barriers to entry is low as the financial policy of Singapore is beneficial foreign banks to settle in and this gives a high threat to COB Banking Industry for strong competition. Threat of substitute products or services concerns the existence of products outside f the realm of the common product boundaries increases the propensity of customers to switch to alternatives. For analyzing this part, environmental of COB Bank are taken into consideration.

Banks such as China Bank, Cit Bank, HUSH Bank and even Malaysia Bank are located everywhere in the whole country which highly threats COB Banking Industry. Moreover, people nowadays are not satisfied to but the money in the bank to get the low interest rate. The are becoming to alter and invest into gold and foreign exchange market or even do the business by thrillers. This also causes the threat of its banking industry. For COB Banking industries, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry.

Competitive rivalry is likely to be based on dimensions such as price, quality, and innovation. Technological advances protect companies from competition. This applies to products and services. COB Banking Industry that are successful with introducing newtechnology, are able to charge higher prices and achieve higher profits, until competitors such as DB'S, I-JOB and HUSH imitate them. Examples of recent technology advantage in have been ATM machine and Queue Management System. Vertical integration is a strategy to reduce a business' own cost and thereby intensify pressure on its rival. 4. Conclusion After deep research and analysis by using quantitative and qualitative resources, Porter's Five Force Model, PEST Factors and SOOT Analysis, COB Bank Industry which is really a strongly organized company and gives an obvious impact on Singapore banking industry. It has some quite good result such as lower power in buyers bargaining and suppliers bargaining and becomes a trust-worth company. However, it also has some risky point which needs to be considered according to the SOOT Analysis. COB Bank is corporate to Chinese banking industry closely which gives a lot of opportunity for its further development.

Based on the findings, the economic is not uncertainty for banking industry. A lot of fluctuation has been created and impacted the business directly which companies should pay much attention to predict the economic cycle and exchange rate. To strength its resistance, COB Bank should unite more companies such as UNTIL Income, AI even the insurance companies for corporation. This can helps to enlarge its business and maintain its stable development. 5. References and Appendix References Kamala, M. (1997) Jobstress, satisfaction, and mentalhealth: An empirical examination of self-employed and non-self employed Canadians.