

Accenture Do You Know Student Competition 2011

Case Study: Managing a Merger for a Regional Bank

Background

ABC Group is the fifth largest financial services provider in Southeast Asia by total assets, with a vision to be "Southeast Asia's most valued universal bank". It offers consumer banking, investment banking, Islamic banking, asset management and insurance products and services. Its key regional offices are located in Malaysia, Singapore, Indonesia and Thailand.

ABC Group acquired two banks in Indonesia: Bank X and Bank Y. In term of assets, Bank X was the sixth largest bank in Indonesia whereas Bank Y was the tenth. To comply with the Indonesia Central Bank's "single presence policy", ABC embarked on a plan to merge these two banks. The merger would create the fifth largest bank (ABC XY Bank) by total assets of more than USD 10 billion and also among the top five in terms of distribution network in Indonesia.

Challenges

Due to the nature of the banking business, two of the most important aspects of a bank merger is managing its people and the IT and operations merger integration.

The speed of completing the merger depends on the speed of the IT & Operations integration, whereas true "one-bank" service happens only upon completion of the IT & operations integration. The IT & Operations integration timeline will also drive the timeline for most other activities.

The two legacy banks posed several unique challenges that had to be addressed:

- The two legacy banks have similar size customers and transactions that would make the combined banks operate with double the volume.
- Bank X and Y are strong players in their respective market segments. Bank X is a strong corporate market player whereas Bank Y tends to focus more on the consumer and commercial markets.
- The two banks have huge customers base, 3.3 Million customers in total.
- Geographic spread (more than 650 branches, 1267 Automated Teller Machines (ATM), 237 Self Service Terminals (SST) located in across country)
- Distributed and decentralized systems in the two banks (more than 100 applications need to be aligned and integrated or rationalized)
- Need to retain and integrate two different legacy systems for credit card business alignment - Bank Y's merchant acquiring system and Bank X's card issuing system
- Different network architectures (hub & spoke vs. star topology)
- Selection of talented employees to continue the management and operations and how employees would work in a new environment

ABC needed to quickly integrate its new acquisition to realize merger synergies (both cost and revenue) and carry out the merger integration exercise without destroying any value or losing key customers. This process involved the integration of business units, operations and IT of both banks.

Questions

Question 1

You are leading the Accenture team to develop the IT Strategy for the integration services for the merger of the two banks. Using Accenture's proven "Merger Integration Framework and Methodology" what steps and what areas will you prioritize to ensure that the strategy fits with the overall goals?

To help you in making a decision, here is [Accenture's Merger Integration Framework and Methodology](#)

Question 2

You are asked to lead a team that would help ABC XY Bank prepare for changes by managing complex organizational and workforce transitions once the business and IT solution is in place. One of the challenges is to help ABC XY leadership and the integration teams in carrying out an effective transition to a new way of working. How would your team go about doing it?

To help you in making the transition, here is [Accenture's Transformational Change Management Framework](#)

Question 3

ABC XY Bank combined customer base reaches more than 3 million customers in more than 650 branches. The bank now operates double the volume and at the minimum, needs to maintain its customer base. Your team is asked to evaluate current service operations, segment and analyze the customer base and devise a customer contact blueprint that balances the cost of service with the current and potential value of customer relationships. What would you propose?

To help you in developing a Customer Relationship Management strategy, [a software design is available](#). But please note, that you may use other sources.