

A Comparative Study of Corporate Real Estate Strategies for Selected Local and Foreign Commercial Banks in Malaysia (Document Review)

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Abstract

Identify organizational objectives in relation to corporate property and organizational objectives in relation to the business strategy of the local and foreign commercial banks in Malaysia. The paper applies a qualitative research approach with document reviews as the main source of data collection techniques. Annual reports of around 12 documents of both local and foreign commercial banks have been reviewed. Rigorous data analysis using qualitative data analysis software was employed.

Findings from the related documents review revealed that most of the foreign commercial banks have a diversification strategy which is to increase the number of branches. This seeks to increase profitability through greater sales volume obtained from new products and new markets globally. While on the other hand local commercial banks have restructuring and acquisition strategies and this acquisition overcome costly barriers to entry which may make "start-ups" economically unattractive. This paper generates new knowledge about corporate strategies in relation to corporate property strategy and business strategies.

Keywords: Corporate Real Estate, Commercial Banks, Strategies

1. Study Background

Corporate real estate is a term used to describe the real property held and/or used by a business enterprise or organization for its own operational purposes. A corporate real estate portfolio typically includes a corporate headquarters and a number of branch offices, and perhaps also various manufacturing and retail sites.

In this area of commercial real estate, Manning and Roulac chronicled the decline in corporate real estate (CRE) research over the period 1995 to 1998 however since then there has been a renaissance of interest in the study of the corporate real estate discipline [1]. The enduring and expanding interest in CRE reflects global competition, technological innovation, business knowledge and the restructuring of local economies as some of the reasons compelling corporate organizations worldwide to transform their real estate portfolios in order to maintain competitive positions, increase market share and enhance shareholder value.

A recent issue was that Standard Chartered Bank Limited has been advised on strategies of resolving problems associated with non-performing loan portfolio and recoveries. The main challenge facing bank is that lending to retail segment is too risky. This is because individual with low income can cause bad credit risks. The bank also does not have appropriate technology to serve this clientele i.e. correct screening mechanisms to separate well from bad credit risks [2].

According to annual report of Citi Bank in Malaysia recently, the bank lacked a clear corporate strategy resulted in a steady decline in deposits and advances. In other word, there is lack of strategic approach to handle the customers in their pursuit for deposits and advances. The financial companies under study have this in common (annual report 2007-2008).

Another problem is that there is less concern in corporate real estate in Malaysia. In short research in Malaysia regarding corporate real estate is at minimal. As Veale (1989) said several years ago, for developed countries, corporate real estate management needed to be recognized as a field of management in its own right. The time has now come for developing countries' institutions of higher learning to develop a well-organized and comprehensive approach to managing a corporation's real estate assets. This will involve a strategic framework for connecting the many elements associated with real property management such as maintenance and repair, leasing, space planning, tenant services and the likes.

Based on the discussion above, this paper seeks to: identify organizational objectives in relation to corporate property and organizational objectives in relation to business strategy of the local and foreign commercial banks in Malaysia. The outcome of this study is part and partial of the authors' research work on proposing a strategic framework that will help the financial sector solve the recent problems associated with corporate property.

2. Literature Searches

Together with capital and labor, CRE has traditionally been regarded as one of the three basic types of organizational resources (Ansoff, 1988) and refers to tangible fixed assets such as land and buildings that are owned for operational purposes. The beginning of CRE research can be traced to the early 1980s when researchers began to highlight the significant levels of CRE ownership among companies (Veale, 1989; Currie and Scott, 1991). Showed that corporate property represented approximately 25 to 40 percent of total corporate assets in the USA while in the UK, Currie and Scott (1991) found that real estate represented on average 30-40 percent of total assets in the balance sheet of companies [3].

Several studies that followed sought evidence for the impact of CRE on firm performance. Given that non-real estate companies are allowed to use historical cost accounting for property assets in the USA, many have argued the stock market often is unaware of the market value of the CRE holdings and that stock prices do not adequately reflect current market real estate values (Palmon and Seidler, 1978; Brennan, 1990; Searfoss and Weiss, 1990). Miles et al. (1989) examined the role of CRE within the overall financial structure of the firm and argued that real estate could affect many corporate financial parameters such as cost of equity, debt, financial leverage, systematic risk and market-to-book value ratio of a firm. Evans et al. further suggested that the investors, analysts and the stock market simply failed to understand importance of CRE [4].

Corporate real estate value is created by aligning property and business strategies, using capital efficiently, minimizing time-to-market cycles and reducing the entry and exit cost for business initiatives (Chirgwin, 2000). Changes in corporate real estate strategy may therefore necessitate the downsizing of organizations, the outsourcing of non-core functions and aggressive investment in information technology. To implement these objectives involves transforming the corporate real estate function into a strategic business partner (Yontz, 2001). Effective corporate real estate support depends on assisting property managers within organizations to make location and facility management decisions aimed at maximizing long-term cash flow as well as reducing costs. In this regard property needs to become not only more physically adaptable but also more functionally and financially flexible [5].

At the end of the last decade Manning and Roulac chronicled the decline in corporate real estate (CRE) research over the period 1995 to 1998 however since that time there has been a renaissance of interest in the study of the corporate real estate discipline [1]. A special issue of the *Journal of Real Estate Research* edited by Roulac and Manning (1999a, b) attracted sufficient interest to support not only one collection of papers but also resulted in a further two issues published two years later (Roulac and Manning, 2001) [1].

From a research perspective, various authors have considered the principal drivers that impact on corporate real estate strategies. These include more flexible lease terms to match

occupier and investor requirements (O’Roarty, 2001); using the design of corporate real estate to accelerate programs for new technological change (Duffy, 2001); the influence of location on innovation (Porter and Stern, 2001), enhancing financial performance and shareholder value (Hiang and Ooi, 2000; Hill, 2001; Schulte, 2001); focusing on space management and delivery of corporate real estate functions (White, 1998; Glagola, 1999; McDonagh and Hayward, 2000); how “fun offices” can promote new economy organizational culture employing the workplace as a means to attract and retain key employees (Roulac, 2001b); workplace productivity (Roulac, 2002a); organization of the global corporate real estate function (O’Mara et al., 2002). Corporate real estate is today regarded as an important strategic resource which can provide businesses with a difficult resource to duplicate (Wills, 2008). Real estate has come a long way from the stepchild of business research status in the 1980s. There have been a number of empirical studies that have explored corporate real estate’s ability to enhance organizational wealth (O’Mara, 1999; Mahlon, 1995). The proliferation of corporate real estate research has also been fuelled by the continued domination of real estate on the corporate balance sheet as well as the increasingly complex business environment compelling firms to discover their “hidden” real estate values (Liow, 1999; Carn et al., 1999) [4,6].

Corporate real estate managers are becoming aware of the need to conceptualize globalisation as being location-responsive customizing real estate to country/customer needs to effectively compete with a wide variety of competitors (Begley and Boyd, 2003; Friedman, 2005; Harvey and Novicevic, 2006).

3. Methodology

The methodology adopted for this paper is document review. Documentation was used to collect and refer to information published before in order to reach the objective of this paper. A reflective journal - often called a learning journal - is a steadily growing document that you (the learner) write, to record the progress of the learning. Document review is often used in historical research, which involves the study and analysis of data about past events. The specific methods used are flexible and open because the purpose is to learn how past intentions and events were related due to their meaning and value. Documents are reviewed considering the context within which they were created. The historian learns about particular persons at particular times and places that present unique opportunities to learn about the topic of interest. It is a research method that requires the researcher to enter into an in-depth learning process, to become a critical editor of texts, such as diaries, media reports, or blogs. This involved a review of the selected commercial banks annual reports to find company profiles, objectives, strategies and business plan in relation to corporate real estate strategies.

4. Corporate Real Estate Issues and Challenges in Malaysia

The Malaysia Real Estate Report provides industry professionals and strategists, corporate analysts, real estate associations, government departments and regulatory bodies with independent forecasts and competitive intelligence on Malaysia's Real Estate industry. For protagonists in Malaysia’s commercial real estate

sector, the global financial crisis, and subsequent downturn in global trade, was not a particularly important issue. Malaysia's economy coped fairly well with the challenges of 2008 and 2009. Malaysia's real GDP growth came in at a higher-than-expected 8.9% in Q2 2010, although it was still lower than the 10.1% figure registered in Q1 2010. This has led us to bump up our Malaysia's economic growth forecast for 2010 to 6.4%, from 4.9% previously. That said, despite the strong showing in H1 2010, we believe that the Malaysian economy's expansion will be significantly slower in the second half of 2010, given that it is expected the effect of a surge in external demand to diminish going forward, forcing the economy to become more reliant on domestic demand. Of much greater significance to real estate market protagonists has been the over-supply of space – particularly, in the Kuala Lumpur office sub-sector. BMI's in-country sources, who were interviewed at the beginning of 2010 and again in June/July, have indicated that in most of the market rental rates have held up. Uncertainty is the most significant issue for commercial real estate in the post-recession environment, as market participants owners and operators, lenders (Banks), investors, developers, and tenants look for a signal that economic and industry fundamentals have hit bottom and started a sustainable recovery. While this signal remains elusive, positive developments like increased deal flow, improved real estate capital markets, stabilizing office, apartment, industrial and hotel fundamentals, and the REIT rebound offer hopeful signs of recovery.

According to Gavin Tee, Malaysia Real Estate Outlook for 2011, "There will be a very special phenomenon in 2011 because the best and the worst opportunities in the real estate market will emerge," said Gavin Tee, Malaysia well-known real estate investment consultant, in his recent talk "2011 Real Estate Market Forecast". He also mentioned that the implementation of a maximum loan-to-value (LTV) ratio of 70% will affect the investing movements in the housing market, while the Prime Minister Datuk Seri Najib Tun Razak's Economic Transformation Programme (ETP) will create new prospects and opportunities in the real estate market. He added that the property prices are still relatively low and transaction activities are stifled. For example: Many owners of high-end apartments and second-tier urban houses are facing difficulties at selling their properties and the 70% mortgage cap simply made the situation worse.

According to Emerging Trends in Real Estate Asia Pacific 2011 report, the commercial real estate markets have remained active in 2010 and appear ready to follow that trend throughout 2011. Investment prospect ratings for Kuala Lumpur have increased slightly, but not enough to move the city from 15th overall. "Over shore capital interest in Kuala Lumpur makes up less than 5 percent of the overall amount of capital levels invested in the property market." Even with the lack of global institutional capital inflow, the real estate market is expected to remain bullish during 2011. Development in the area is expected to continue in 2011, but at a lower level than previously seen.

The majority of development deals will come from domestic players and M-REITs. The majority of respondents have interest in the office sector, with almost 35 percent believing it is time in 2011 to complete some deals. Similar to the other cities covered, the lack of retail space is a concern in Kuala Lumpur. Therefore, almost 43 percent plan to buy in that sector in 2011, while just shy of 50 percent will ride out the year and hold on to their current retail portfolio.

Threats of the commercial banks in Malaysia according to commercial banking report is the economy as a whole is vulnerable to external shocks, both regionally and further afield. Growth looks threatened by global economic instability and a fall-off in global demand. Singapore has an eye on one of Malaysia's most promising niches, Islamic banking, and remains a major competitor in this area. Despite the severe global recession this could still be an area of interest.

Foreign companies will provide increasing competitive challenges both at home and in the banks' attempts to spread their regional wings although now focusing on their own problems, this threat has abated for now. Political instability with a change at the helm of government may cause Malaysia's rulers to lose focus on the need for continued economic reform which would cause even more hardship during the global crisis. Government "ownership" of the reform programs and strong leadership are necessary to take charge of and implement the complex microeconomic processes that a systemic bank restructuring entail. In the crisis countries, political changes had a positive impact on the pace and resolve of the restructuring process. Only domestic constituencies can deal with the legal and institutional factors that are prerequisites for success, but that also can bring the process to a halt. Restructuring has to take into account human resource constraints and legal issues, given that it typically has major effects on private wealth.

Corporate sector problems represent the flip side of banks' nonperforming loans. Bank restructuring should be accompanied by corporate debt restructuring, which has been lagging and is now delaying the bank restructuring process. At the same time, financial sector restructuring should be given priority as the governance structure of banks and their prudential framework provide powerful levers to bring about the corporate restructuring reform.

Prudential regulation and supervision have been strengthened to foster better bank governance and stronger market discipline. In all the countries, domestic standards are being brought closer to international best practices, including areas such as foreign exchange exposure, liquidity management, connected lending, loan concentration, loan provisioning, data disclosure, and qualifications for owners and managers. Steps have been taken to strengthen the autonomy and authority of supervisors, upgrade their powers and skills, and improve on-site examination, off-site monitoring, and analysis techniques.

5. Discussion and Findings

5.1. Local Commercial Banks' Corporate Strategies and Business Strategies

5.2. Am Bank Berhad

According to annual report AmBank, the AmBank Group is expanding rapidly and is seeking ways to meet their demand for new office space requirements. This relocation exercise has commenced with Am Trustees Berhad and The Manager both relocated to Menara Merai (to be renamed Menara AmFIRST) in April 2011 and May 2011 respectively. The manager's investment objectives and strategies include;

(i) Acquisition Strategy

The Manager intends to pursue an acquisition strategy for AmFIRST to increase net property income and the potential for asset growth based on the following criteria:

- Yield-accretive;
- Healthy tenant mix and occupancy level;
- Good location;
- Value adding opportunities; and
- Good building and facilities specifications.

(ii) Capital Management Strategy

The Manager's strategy for the management of AmFIRST's capital structure involves adopting and maintaining an appropriate debt-equity structure with gearing level to be maintained within the prescribed limits and utilizing an active interest rate management policy to manage the risks associated with interest rate fluctuations. The Manager believes that this strategy will:-

- Optimize Unit holders' returns;
- Maintain operating flexibility when considering capital expenditure requirements; and
- Enable AmFIRST to maintain financing flexibility in the funding of future acquisitions.

5.3. CIMB Bank Berhad

CIMB bank Strategy and Finance (GSF) is responsible for developing, executing and managing the Group's strategic initiatives as well as financial measurement and reporting. In 2010, GSF focused largely on the tracking and implementation of various transformation initiatives to accelerate their progress and to deepen integration of new components into our regional model. The Group MD/CEO leads CIMB Group's management in carrying out the corporate strategy and vision of the Group and is accountable to the Board for the day-to-day operations of CIMB Group's business, strategic planning, and budget, financial. All Board members bring their independent judgment, diversified knowledge and experience in deliberations on issues pertaining to strategy, performance, resources and business conduct, reporting and risk management. The Board meets regularly to discuss business strategy, financial performance, operational issues, potential strategic acquisitions or alliances, matters pertaining to compliance and governance as well as reports on matters deliberated by Board Committees and their recommendations. Board meetings are scheduled in advance each year to facilitate Directors to plan their schedules. Special Board meetings are held in between the scheduled meetings

to deliberate on urgent and important matters that require the Board's attention and decisions.

5.4. Maybank Berhad

Maybank In 2011, have embarked on a project to refresh the Maybank brand. This involves reviewing the Group's corporate architecture and identity to better align brand strategy with the bank's business vision. The project will enable us to leverage more effectively on Maybank's brand equity through a more consistent interpretation and communication of our brand proposition to all stakeholders across Asia. It will also allow us to maintain and celebrate our brand heritage and at the same time rejuvenate the brand so as to boost its relevance and appeal to both existing and new customers. Maybank is pleased to introduce the new Maybank logo as part of enhancing our brand, which will become an ever more valuable asset and a key tool in building enduring customer relationships. On the asset management front, the strategy of our asset management subsidiary is to build a leading asset management brand by providing strong investment management support for Etika funds, wholesale funds and institutional mandates as well as by leveraging on Maybank's extensive distribution network.

5.5. Public Bank Berhad

As for Public bank long-term business strategy, the Group will continue to invest in staff development to enhance staff core competencies to sustain the Group's superior performance and prepare them for career progression. The Public Bank Group will continue to pursue its strategy of strong organic business growth with a superior quality loan portfolio, improve productivity as well as building a broader and deeper customer franchise. The Group will also continue to uphold its risk management capabilities and maintain its strong corporate governance culture and practices in its pursuit of profitability and business growth. Strategic Business Direction of the Retail consumer and commercial banking businesses remained the core focus of the Public Bank Group, as these businesses contribute to more than 80% of the Group's total profit. In particular, the Group's lending business will continue to be supported by growth in home mortgages, hire purchase financing for passenger vehicles and retail commercial loans to SMEs. Leveraging on its leading market share in key retail lending segments, the Group continues to enhance its profitability through its pursuit of a strong organic growth strategy in its lending business, whilst prudently managing the asset quality of its balance sheet.

5.6. RHB Bank Berhad

RHB bank's Business Strategy and Prospect 2011; the recovery in the domestic economy is expected to remain robust, with the potential for relatively strong growth to be sustained. The domestic economy has demonstrated resilience, showing a steady growth path to recovery. Amid the favorable growth prospects, the Banking sector is expected to face new business trends due to further normalization in the monetary policy, shift to debt markets and rising consumer debt level. The retail activities will continue to be active in the coming year and with the infrastructure being put in place, the Group is well poised to reap the benefits of the continued economic growth in the country.

The Group will continue to focus on building up its respective market shares in its core businesses with Islamic Banking and Global Financial Banking continue to grow in size and form an even larger part of the Group's financial performance. A statement of intent of the Group's Risk Management Framework is to align the Group's business strategy to risk strategy, and vice versa. This is typically articulated through the Group's annual business and financial budgetary plan, which is progressively facilitated by the integration of risk measures in economic capital management. It is also implemented through the Group's construction of a Sustaining risk-focused organization as described in the preceding sections where business and support units are required to be primarily responsible and accountable for risk management.

5.7. Alliance Bank Berhad

Alliance Bank Berhad the Group is paving its way forward as Malaysia's premier integrated financial services group with its strong consumer and business banking focus. Our strategies for growth are centered on driving customer experience and enhancing productivity. The bank's staff remains committed to working together towards shared goals. The remuneration framework of the banks stated in annual report 2011 should support the Company's culture, objectives and strategy and should reflect the responsibility and commitment, which goes with the board membership and responsibilities of the CEO and senior management officers. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain the employees and/or directors of caliber, and yet not excessive to the extent of the Company's funds are used to subsidize the excessive remuneration.

5.8. CIMB Bank Berhad

A continuation of the transformation agenda which was initiated after the Niaga-Lippo merger in 2008. T2 is a multi-year programme which will sharpen CIMB Niaga's focus in high-margin lending, diversify its revenue stream, improve cost efficiencies, and strengthen its human capital base. 2010 was also the 2nd year of CIMB Thai's transformation agenda, and highlights include the restructuring of its businesses to streamline reporting structures aside from creating better regional alignment; revamping its insurance business with the signing of strategic partnerships.

6. Foreign Commercial Banks Corporate Strategies and Business Strategies

6.1. OCBC Bank Berhad

OCBC Bank has been operating in Malaysia for more than seven decades and is today one of the top five foreign banks in the country. It has a staff strength of over 3,500 employees and a network of 31 conventional banking branches and five Islamic ones, offering a range of specialist financial services that includes consumer, corporate, investment, premier and transaction banking, as well as global treasury services to meet the needs of its customers across communities.

The New Horizons strategy announced in February 2003 is our three-year plan to seek international growth via a build-and-

transfer approach, and to build a high performance bank through a balanced business scorecard approach. It will strengthen its market position in two existing core markets of Singapore and Malaysia, and use this as a platform to transfer successful business models and product solutions to other ASEAN countries and China. The aim is to establish a presence in a third country. In Risk Management, it will build consumer and business loan books prudently and continually improve credit processes to maintain a sound credit portfolio and a strong credit rating.

6.2. United Overseas Bank Berhad

The United overseas bank strategy, the bank was ranked number two for total new bancassurance business (Source: Life Insurance Association of Malaysia for Jun-08 report). Unit trust sales was slow in first half 2009 but picked up in the second half. The Bank's ongoing efforts in providing unit trust products that meet the needs of its customers were rewarding where it ended the year as one of the leading Institutional Unit Trust Agent ("IUTA") in the market. With a full range of products and services catered for its high net worth customers, the Bank managed to grow its Privilege Banking customer base by 23% in 2009.

As part of the Bank's comprehensive operational risk framework, a Business Contingency Plan has been developed. In addition, in line with the increasing need to outsource internal operations in order to achieve cost efficiency, policy has been established to regulate the outsourcing of services to third parties. Risk transfer mechanisms, such as insurance, to mitigate the risk of high loss events also form part of this framework. Identified operational risks with relatively high residual risk assessment ratings and new risks that are beyond the control of the Bank will be scrutinized for insurability.

6.3. HSBC Bank Berhad

HSBC bank Business Strategy during the Year 2010 has been a year of progressive recovery for the financial services industry. The Group delivered a strong performance, with profit before tax exceeding the RM1 billion marks and is now well on track to resuming pre-crisis level profitability and long term organic growth in all business segments. The Group continued to remain strong in liquidity, capital strength, cost discipline, relationship-banking and global distribution capabilities. Rating Agency Malaysia has reaffirmed HSBC Bank Malaysia Berhad's ("the Bank") AAA/P1 ratings, reflecting the Bank's robust asset quality and strong financial standing. The Bank maintains its market leader position in various segments and won various awards in 2010, which included:

1. Best Deal – The Asset Triple A Country Awards (HSBC was joint book runner and joint lead manager in the US\$1.25 billion Government of Malaysia Sukuk)
2. Best Debt House – The Asset Triple A Country Awards
3. Best Bank – The Asset Triple A Country Awards
4. Best Sub-Custodian in Malaysia – The Asset Triple A Asian Awards
5. Best Domestic Custodian in Malaysia – The Asset Triple A Asian Awards
6. Best Cash Management Bank in Malaysia – Euro money

8. Best Foreign Bank in Malaysia – Alpha Southeast Asia
9. Best Foreign Exchange Provider 2010 – Global Finance

The Group is committed to developing products and solutions in response to market trends and has expanded its range of market related products and services accordingly. As a pioneer sukuk provider, HSBC Amanah Malaysia Berhad's ("HSBC Amanah") brand name was also used as leverage to expand its market share of the Islamic global markets business. The Bank capitalized on its debt capital market leadership to secure key deals, and once again asserted its market leadership position among foreign banks in the debt capital markets by maintaining its position as the No.1 foreign book runner for Malaysian Ringgit bonds and Islamic bonds for the fourth consecutive year.

6.4. Royal Bank of Scotland Berhad

Business Plan and Strategy for Royal bank of Scotland, the Bank had an exceptional year. Increased volatility and providing customized derivative solutions to meet client hedging requirements led to a large increase in Global Markets trading revenue. This was complemented by continued growth in the Bank's Global Transaction Services and Regional Markets businesses which continue to grow their client base by providing access to tailored financial solutions. The Bank has also remained conservative throughout 2009 and as such has not been impacted by any write-downs on trading assets or loan portfolio.

6.5. Standard Chartered Bank Berhad

As of standard chartered bank, the Bank has a very clear and ambitious strategy in Malaysia, which is to achieve its ambition to be the best international bank, leading the way in Asia, Africa and the Middle East. Over the past few years, the Bank

has built significant momentum to lead the way in product innovation, service, performance culture, corporate governance and enhancing shareholder value. The Bank will continue to accelerate its Consumer Banking growth, drive Wholesale Banking revenue, invest in human resources and the business, enhance customer experience and deliver technology benefits. The Bank remains committed to grow its business in Malaysia and will continue to play its role in the economic development of the country. Barring any unforeseen circumstances, the prospects of the Bank for the rest of the year are expected to be in line with the current economic conditions.

6.6. Citi Bank Berhad

In 2010, Citibank increased its customer touch points with the simultaneous opening of four new branches nationwide, in Taipan USJ, Cheras, Melaka and Kuantan. Continuing to demonstrate our commitment in placing customers first, we joined the Malaysian Electronic Payment System (MEPS) network. Citibank customers are now able to use their Citibank Debit & ATM cards at over 10,000 ATMs at over 2,000 locations around the country, giving them added access to cash and banking convenience.

It strengthened the Citibank brand profile and created a bigger and stronger presence in cities across Malaysia, where its customers work and live. We launched "Powered by Citi" - a statement of our strategic focus across Asia - that was represented by the iconic Citi Blue Wave logo and driven by a major advertising campaign. 'Powered by Citi' is about taking customer needs one step further by giving them power, total flexibility and freedom to live their lives at a pace that is right for them.

7. Conclusion

| Local commercial banks strategies and business strategies | Foreign commercial banks strategies and business strategies |
|--|--|
| AmBank: Acquisition Strategy, Capital Management Strategy | OCBC bank: Diversification strategy |
| Maybank: Brand strategy with the bank's business vision | United overseas bank strategy: operational risk framework |
| Public bank: organic growth strategy in line with asset management | HSBC: Organic growth strategy |
| RHB bank: Risk Management Framework is to align the Group's business strategy to risk strategy | Royal bank of Scotland: Investment strategies for hedging requirements |
| Alliance bank: The remuneration framework strategy, salary increment for the productivity of the bank. | Standard chartered bank: Diversification strategy |
| CIMB: Restructuring strategy | Citi bank: Diversification strategy |

The summary from the above table show that there is difference in their strategies. Most of the foreign commercial banks have diversification strategy which is to increase number of branches. This seeks to increase profitability through greater sales volume obtained from new products and new markets globally. While on the other hand local commercial banks have restructuring and acquisition strategies and this Acquisitions overcome costly barriers to entry which may make "start-ups" economically unattractive. Therefore both local and foreign commercial have competitive strategies which will make their businesses successful.

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