How to Improve the Training and Development Process of Corporate Bankers?

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ABSTRACT

Senior management of the Bank expressed concern on the level of experience among corporate bankers; the apparent lack of knowledge and technical expertise in credit operations and credit analysis among them; the quality of credit proposals prepared by these executives; the lack of expertise to handle complex lending proposals; and the Bank’s philosophy to grow “general bankers” versus “specialists”. In addition, there is a general feeling among senior managers that junior officers (management trainees and associates) are lacked of emphasis on the acquisitions of professional qualifications such as MBA. It is therefore proposed to tackle these issues in phases through training and development. The adoption of “mentor” system, the extension of credit development phase and the attachment to various division on-the-job training may be the key but it should be recognized that it is the responsibility of individual manager to ensure meaningful jobs are made available for these young executives. It is important to ensure that those jobs could strengthen the junior officers from a development point of view whilst at the same time contributes to the Bank’s output. Through this new program, the junior officers will develop effective negotiating skills, gain more experience on lending and other credit issues, extend their knowledge of the Bank’s products and services, and build leadership and management abilities essential for their future career.

INTRODUCTION

This study aims at reviewing the effectiveness of the current credit development phase in Junior Officer Development Program (JODP) and proposing recommendations and benefits to senior management to modify it. The Head of Corporate Banking has currently addressed to line managers his concerns about the quality of corporate bankers and the need to review the JODP which is a basic training and development process for future bankers. It is also observed by the Head of Corporate Banking that the following problems are associated with the credit phase in JODP. There are insufficient credit skills of junior officers and the 12-month deployment in the credit development phase is too short. Also junior officers have no previous exposure in credit operations and credit analysis and credit managers are not experienced enough to coach junior officers. Junior officers are rotated on average, every 12 months which is too frequent from operations point of view.

The benefits of the recommendations will be improved effectiveness in the provision of quality training to junior officers; enhanced job satisfaction and developmental benefits for junior officers; repositioning of JODP closer to the frontline requirement and provides a viable career move for quality corporate credit executives; and one time elimination of career development problems faced by junior credit officers. This study will give the reader an overview of how it intends to address the issues senior management has identified. The recommendations proposed presumably will continue to benefit the organization, as well as the individual’s career development in the long run.
METHODOLOGY

Primary data are obtained from the meetings, interviews and discussions with respective parties. In addition, Human Resources (HR) have obtained written feedback from junior officers who had attended the current credit development phase of JODP. Secondary data are collected from reported data and statistics, by inspecting personal files and review HR policies. Three written comments were received from junior officers and recommendations include attachment to Credit Control Division, perform ad hoc assignments outside routine work, physical re-location of their sitting area closer to the trainers and exposure to other areas such as treasury and foreign exchange.

There is an ongoing open dialogue with all credit managers and senior account managers in those credit divisions and Corporate Banking Centers that are involved in the credit development phase of JODP. From time to time, line management will provide some input and suggestions which are relevant for the improvement of the program. This channel of communication has proven very useful to management in understanding the revision of the program. Two meetings have been held with HR & Training and are succeeded in securing their support and assistance. Data regarding the number of permanent and supernumerary jobs available in both credit divisions and Corporate Banking Centers are provided by HR.

With the consent of HR, some private and confidential documents were being reviewed and the recommendations proposed in this report are adhered to the Bank’s HR policies in every possible means. The following documents are selected for examination: a) junior officer’s latest appraisal report; b) junior officers’ personal files; and c) JODP details such as background, objectives, amendments, achievements. 10 questions were sent out to 10 selected junior officers and 4 responses were received (of which 3 were usable). Each respondent was asked to comment on the following: objectives, feedback and recommendations of the credit development phase of JODP.

SWOT ANALYSIS

Heizer, Jay and Render, Barry (1999 p.44) argues that once firms understand the issues involved in developing an effective strategy, they evaluate their internal strengths and weakness as well as the opportunities and threats of the environment. This is known as SWOT analysis. SWOT analysis is considered as the most appropriate method to be used to understand this kind of study because it can maximize opportunities and minimize threats in the current environment while maximizing the advantages of the Bank’s strengths and minimizing the weaknesses. Any preconceived ideas about the objectives are then revaluated to ensure they are consistent with the SWOT analysis. Subsequently, a strategy for achieving the objectives is developed. This strategy is continually evaluated against the value it wishes to create. The following are the highlights of the SWOT Analysis of the current credit development phase in JODP.

Strengths There is a large pool of experienced credit managers and senior account managers in Corporate Banking Department. Executive management is very supportive. There is a strong commitment from both HR & Training. Good rapport with various credit divisions is established.

Weaknesses There is doubt on the experience level of coaching of junior officers among the credit managers and senior account managers. Duration of the credit development phase is too short. Extension of duration will possibly lead to a morale problem. There is a lack of exposure in areas such as credit operations and credit analysis among junior officers. Junior officers are lacked of overall knowledge about credit.
**Opportunities** Training (both internal and external) is provided to junior officers. There is improved liaison and co-operation with HR in order to maximize support. Under the revised program, it will create more promotion opportunities.

**Threats** After implementation, credit divisions will be exposed to additional workloads. Extra burden are posed to credit managers and senior account managers. Junior officers may not have specific accountabilities and duties. Promotion of junior officers will be delayed due to lengthening of training.

### OUTLINE OF JODP

JODP is a 3-4 year career and skills development program designed for junior officers of the Bank. They will be developed to become general bankers (not specialists). Junior officers have to rotate through three phases of development to complete the program, each of which last 12-15 months. They can be considered for promotion subject to vacancy and their performance. The three phases of development are in the following areas: Personal or Consumer Banking; Credit or Loans; and Imports and Exports. HR will keep track of the development of the junior officers and arrange suitable postings and career counseling during the three phases.

### OUTLINE OF CURRENT CREDIT DEPARTMENT PHASE

Junior officers deployed to credit divisions in Corporate Banking Department (CBA) and Corporate Banking Centers (CBC) in various branches during their credit phase of development. Junior officers are usually assigned to manage small portfolio and take up account relationship jobs. They do not have previous exposure to jobs in other credit areas. Most of the junior officers are supervised by credit managers. The amount of attention they give to junior officers varies. Some junior officers are expected to handle their portfolio independently and some are given more guidance.

### PROBLEMS WITH CURRENT CREDIT DEVELOPMENT PHASE

As mentioned, it is observed by senior management that the following problems are associated with current credit development phase and the results concluded after a thorough analysis of essential data and close observation:

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<tr>
<th>Problems</th>
<th>Causes</th>
<th>Results</th>
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| Insufficient credit skills of junior officers | • 12-month deployment in the credit development phase is too short.  
• Junior officers have no previous exposure to credit operations and credit analysis.  
• Credit managers are not experienced enough to coach junior officers. | • Junior officers lack overall knowledge about corporate credit.  
• Poor quality of credit proposals written by junior officers.  
• Fully developed junior officers lack experience in handling complex lending proposals. |
| Continuity in operations | Junior officers are rotated every 12 months which is too frequent from operations point of view. | Poor customer service as customers have to adapt to new portfolio managers every 12 months. |
IMPLICATIONS OF EXISTING PROGRAM

In practice, the junior officers are not yet eligible for moves into front-line banking unless they undergo again vigorous training. Apart from portfolio management, junior officers have to perform some routine jobs such as preparing monthly management reports. The nature of the work is repetitive and, within a short time, becomes tedious. Job satisfaction is therefore low and they rapidly become bored. Performance and productivity inevitably are less optimal. Staff turnover of junior officers is high in recent years and career aspirations have temporarily and ineffectively been met by promoting some less qualified candidates within the Bank. The inadequate training provided to junior officers results in their work being given less than desirable credence, at least as far as senior management is concerned.

Junior officers are assigned to credit divisions and CBC, after a suitable period of basic training. They report directly to credit managers and ultimately to senior account manager. Without wishing to be critical of officers in those positions, it is fair to say that neither is in the best position to oversee the development and training of the junior officers. Once in the credit divisions and CBC, they neither have access to technical updates, other than by their own initiatives. There can be little dispute that the Bank has had, and continues to have a significant problem of dissatisfaction among the junior officers as to their longer term career prospects. Indeed, it comes as to no surprise that some trainees have resigned as a result of the lack of career development opportunities.

RECOMMENDATIONS FOR MODIFYING THE CREDIT DEVELOPMENT PHASE

The following problems which arise in the current credit development phase and discussed previously are the major reasons for modification including insufficient credit skills of junior officers; and continuity in operations. HR recommends modifying the credit development phase in the following areas so as to tackle the major causes of the existing problems such as experience level of coaching of junior officers; duration of the credit development phase; and exposure to credit operations and credit analysis.

According to Robbins (2004), effective managers are increasingly being described as coaches rather than bosses. They are expected to provide instruction, guidance, advice, and encouragement to help employees improve their job performance. If a manager wants to transform himself or herself into a coach, what needs to be done?

Robbins (2004) indicated that there are three general skills that managers should exhibit if they are to help their employees generate breakthroughs in performance:

- Ability to analyze ways to improve an employee’s performance and capabilities
- Ability to create a supportive climate
- Ability to influence employees to change their behavior and attitude

Most of the junior officers are coached by credit managers under the current system. They do not possess the attributes required in coaching the junior officers. Further, the experience level of this group of credit managers is not adequate to teach the junior officers the skills to handle corporate credit, especially some complex lending proposals such as mergers and acquisitions or management buy-out, etc. As a result, it is recommended that senior account managers to be the direct coach of the junior officers. It should be a “mentor” or “buddy” system so that junior officers will be directly coached by the senior account managers through customer visits and drafting proposals. The mentor will advise the junior officer throughout the entire attachment period either in credit divisions or CBC. He or she will also assist the junior officer to manage any specific project and assignment to successful outcomes. The mentor will
advise the junior officer throughout his or her period of attachment and to ensure a smooth transition into Corporate Banking and his or her career going forward.

Beardwell, Ian and Holden, Len (1997 p.325-327), expressed that mentoring is another version of the system whereby a senior or experienced employee takes charge of the training and development of a new employee. This suggests a much closer association than master & apprentice and elements of a father & son, mother & daughter relationship can exist, whereby the mentor acts as an advisor and protector to the trainee. In addition, junior officers should not have a separate portfolio to handle. These portfolios should then be redistributed among other credit managers and/or staff officers (the highest ranking among clerical grade) at positions additionally created.

By adopting the “mentor” system, it can generate the following benefits. Junior officers can acquire more skills and expertise from the experienced senior account managers. Senior account managers can monitor performance of junior officers more closely and spot areas for improvement through direct coaching. Portfolio currently handles by the inexperienced junior officers can then be handled by other permanent staff, which solves the problem of continuity in operations. Promotion opportunities at staff officer level will be higher if the portfolio currently handled by junior officers is directed to staff officer. In addition, the Bank is able to provide all qualified staff officers with an equal chance for future career development.

The following issues that arise from adopting the “mentor” system need to be addressed:

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<th>Issues</th>
<th>Suggested Solutions</th>
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<td>• Senior account managers are assigned with more coaching responsibilities on top of their daily duties. It will be a burden to them.</td>
<td>• Obtain commitment from senior management to make the program a success.</td>
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<td>• Number of credit jobs available will be constrained by the following:</td>
<td>• Include other “competent” credit managers who are committed and experienced in credit as coaches.</td>
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<td>➢ Limited number of senior account managers</td>
<td>• Design “credit skills development” guidelines and logbook for junior officers to ensure they understand the direction they are heading in the credit phase of development. Similar guidelines should also be issued to the coaches.</td>
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<td>➢ Number of “qualified” senior account managers who are committed to train and guide junior officers.</td>
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<td>• Junior officers will have no portfolio to manage and have no specific accountabilities. This may lead to less job satisfaction.</td>
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<td>• As junior officers have no specific accountabilities, it is difficult to evaluate their performance and complete the annual appraisal.</td>
<td>• Senior account managers can write progress report and discuss with junior officers on half yearly basis. Annual appraisal is not required for junior officers.</td>
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<td>• The staff officers may not be ready to take up the account relationship role immediately.</td>
<td>• Provide credit analysis and portfolio management training to staff officers and prepare them for taking up the account relationship role.</td>
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**Duration of Credit Development Phase**

The Head of Corporate Banking and other senior managers consider that 12-month of credit development is insufficient for a junior officer to acquire the necessary skills to handle complex credit issues. It is recommended to strengthen the training ground of credit by lengthening the credit development phase from 12 months to 18 months.
The following are the major benefits expected from the lengthening of the credit development phase. It allows junior officers to have a longer time in credit to gain exposure to a variety of credit issues and thus enrich their knowledge and skills. In longer term, the junior officers can be more readily promotable to take up senior positions in credit. It will enable the junior officers to build long term, strong working relationship with customers and colleagues who will be central to their success. Junior officers will be motivated by the promotion prospect in longer run. Robbins (1998 p. 168) defined motivation as the willingness to exert high levels of effort toward organizational goals, conditioned by the effort’s ability to satisfy some individual needs. The lengthening of the credit development phase will possibly lead to other issues:

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<td>Morale problem:</td>
<td>• Shorten JODP by cancelling the 3-month overseas attachment which aims at giving junior officers some overseas exposure and use these three months for attachment in credit operations and credit analysis.</td>
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<td>• Exercise flexibility in implementing the revised program to current junior officers.</td>
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<td>• Although in theory they should go through a 12-month credit development in JODP but in practice it can be extended whenever appropriate.</td>
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<td>• However, if senior grade position vacancies in general banking arise, competent junior officers can be considered for promotion as long as they have completed in 12-month development in credit.</td>
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<td>The number of junior officers recruited in previous years was based on the assumption of 3-year JODP. It may be difficult to meet operational demand unless turnover of executives is substantially reduced.</td>
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Source: Statistics are provided by HR

**EXPOSURE TO CREDIT OPERATIONS AND CREDIT ANALYSIS**

It is observed by senior managers of CBA that junior officers do not have an overall knowledge of the support given by credit operations division and they lack basic credit analysis skills. This could hinder the junior officers’ progression and performance in the field of credit. It is therefore recommended to add one-month attachment in credit operations division before credit development phase and also to attend a 4-day Corporate Credit Training Course and to add two-month attachment in credit analysis section in CBA before credit development phase.

According to Nankervis, Compton and McCarthy (1999 p. 324), although on-the-job training (OJT) is used commonly by all types of organizations, it is also one of the most poorly implemented training methods. Common drawbacks include the lack of a well-structured training environment; poor supervisory training skills; the omission of well-defined job performance criteria; and wastage or customer dissatisfaction because of mistakes made when the employee is learning on the job. In order to overcome these problems, training experts suggest the following points for conducting successful OJT:

- Develop realistic goals and measures for each OJT area
- Plan a specific training schedule for each trainee, including setting periods for evaluation and feedback
- Have supervisors establish a friendly atmosphere that is conducive to learning
- Conduct periodic evaluations, after training is completed, to prevent regression.
Hence, a specific training schedule in both credit operations and credit analysis should be prepared and submitted to HR for approval prior to implementation. Further, competent supervisors should be selected to coach the junior officers. They will also be working with junior officers to share their experience and to provide a peer network for future reference. During the one-month attachment in credit operations in CBA, junior officers will have to undertake the on-the-job training in the following areas: Loans and Settlement; Guarantees and Bonds; Security Control; Audit Confirmation; and General Administration and Returns. Again, junior officers will be coached by an experienced officer in each section and Manager Credit Operations will be responsible in monitoring their progress.

Credit Analysis Section (CAS) currently manages up to three junior officers at any one time. Each junior officer spends two months with CAS and performs a range of assignments, primarily financial analysis. The objectives are to acquire skills in performing spreading and analysis on financial statements; to obtain an understanding of the operations of CAS in relation to other credit divisions in CBA; and to network with people from different divisions and departments. Bazley, Hancock, Berry and Jarvis (1999 p.385) stated that bankers also require other information to make judgments about the future needs and prospects of the company in order to ascertain whether to lend money, when it is likely to be repaid and the risk involved. The information on future prospects is normally required in the form of projected cash flow statements and profit and loss statements, but also includes information about any other loans that the company has and their due dates for repayment. It is important to emphasize that credit analysis is a vital step in processing a loan application and junior officers must pick up this basic technical skill.

If exposure to credit operations and credit analysis is included in the new program, the following benefits are expected. Junior officers get a basic understanding of the credit operations which can enrich their job knowledge of the workflow between credit operations and lending divisions. Nankervis, Compton and McCarthy (1999 p.215) defined job enrichment as any effort that makes work more rewarding or satisfying by adding more meaningful tasks to an employee’s job. Junior officers gain a more solid training ground in credit analysis which can enhance the quality of written proposal. Skills and knowledge acquired in credit operations and credit analysis will be useful and valuable for other postings within the Bank. Junior officers have to perform at least ten spreading of financial statements in their first week of attachment under the guidance of an experienced staff officer. Junior officers have to perform minimum five credit analysis on medium-size companies each week under the guidance of Credit Analysis Manager or experienced senior credit analyst. Credit analysis reports will be reviewed by the relevant executive before being passed to Credit Analysis Manager for perusal.

Junior officers will be required to maintain a “Development Log” to record the identity and nature of assignments they perform. Apart from the obvious benefit to management, who will be able to ensure that an appropriate range of assignments are being undertaken by each trainee, junior officers themselves will find such a log useful for development purpose. Ultimately, the log will be computerized, and available to managers for monitoring purposes. Junior officers have to attend some of the Credit Control meetings with problem account customers and to gain exposure in risk management and loan restructuring. It would be advisable for the “mentor” to establish regular meetings with the junior officers from which they will be able to gain a deeper understanding of their performance. Senior account managers and credit managers normally request CAS to prepare “Credit Analysis Reports” on their corporate and commercial customers. All junior officers under the new program are supposed to understand this basic requirement before they start performing their credit analysis assignments. Issues arise from the inclusion of credit operations and credit analysis is summarized below.
Issues | Suggested Solutions
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Duration of the program is lengthened and leads to:  • Morale problem as a result of delay in promotion.  • Difficulty in meeting operational needs. | It has been discussed in previous section under “duration of credit development phase”.
It will create burden to managers in credit operations and credit analysis who are assigned with additional coaching responsibilities. | Design a comprehensive training course for junior officers on credit operations so that the attachment in credit operations can be shortened to three weeks.

As junior officers, they are expected to work hard at their own development and grasped all the basic credit skills during the training period. The ever-increasing possibilities presented by developing technologies and changing legislation, demand different training programs that are flexible enough to meet each new challenge as it arises. Many projects require complex solutions, so will encourage junior officers to cross-train in a wide range of business areas. All these training programs require long term commitment from the junior officers. Only by doing so, they will constantly be expanding their skill, building broader business awareness and ultimately, be better able to serve the customers’ needs.

CONCLUSIONS AND RECOMMENDATIONS

It is of great importance for success of this revised credit development phase in JODP as this forms the basic training and development process for future corporate bankers. Junior officers are expected to diligently at their own development, but with the support and coaching of an experienced manager at every stage are crucial in motivating them to function as a team and work together to resolve the daily inevitable programs. HR will be involved from the outset. It is imperative they support the initiative and the placement of the junior officers once they have completed the program. HR will also be of great assistance in counseling junior officers as appropriate. In order to overcome uncertainty as to skills, appropriate formal and on-the-job training should be provided in conjunction with Training & Development. The above recommended program is for general guidance and is not a guarantee that concrete career paths will always be available indeed, alternative opportunities may from time to time arise. Selection for future positions will, as is currently the case, depend upon operational considerations and the experience, skills and potential of the individual concerned.

The primary benefit of the proposed new program will be greater variety of tasks for junior officers, with the consequential expansion of their experience and improvement in career prospects within the Bank. A secondary benefit, resulting from the first, will be that, over time, it should be possible to increase the productivity and quality achieved. As a result of the mentor-focused approach, there will be a significant improvement in team spirit and morale. All-in-all, the proposed training and development program is a significant enhancement over the existing one. There will always be room for further improvement, particularly in terms of developing more training courses. If the proposals made in this report are implemented, they will help the junior officers in refocusing their banking career. More importantly, they will place a greater responsibility on senior account managers and credit managers to act as “mentor”. In turn this places greater emphasis on the need for quality in everything CBA does.

It is recommended to make the following modification to the credit development phase in JODP:  • Assign senior account managers and experienced credit managers as direct coach of junior officers.  • Lengthen the duration of credit phase of development from 12 months to 18 months.
• Cancel the three month’s overseas attachment and replace it with attachment to credit operations and credit analysis before the credit phase of development.

The constantly changing customer and market demands call for continuous personal development. The Bank therefore encourages employees to acquire professional qualifications which will enable them to be more effective in their work as well as become better equipped for future career development. The Bank’s policy on MBA qualification has been modified. Junior officers these days are encouraged to enroll the MBA program organized by approved institutes, though it is not mandatory. However, their progression will by no means be hindered by the lack of qualification. Applications for MBA studies must have at least one year’s executive service with the Bank. As a result, all junior officers are encouraged to enroll the MBA programs offered by accredited universities.

REFERENCES


