

The Betty Letters

My Dear Grandchild,

I know that you will think that I am a cruel woman, but I do not feel sorry for DBS Bank (Hongkong) Ltd ([]), the Hongkong, banking subsidiary of DBS Group Holdings Ltd (), which is listed on The Singapore Stock Exchange. When I read that this banking group is doing poorly, I did not feel the slightest remorse for it or its management. This bank is getting its comeuppances, according to Bo-Bo, my froglike husband. I do, however, feel a little sorry for some, if not all, of the 900 workers who are about to be sacked by this bank. The sackings are due to start on or about November 24, 2008, I have been reliably told. It was not until The Frog, over breakfast, last Friday, told me some facts about the senior management of DBS Bank (Hongkong) Ltd that I began to obtain a little appreciation of the modus operandi of senior management. It seems, according to The Frog, that a couple of years ago, a decision was made by senior management in Hongkong that old Hongkong customers could be sacrificed on the altar of expedience if the salesmen and saleswomen of DBS Bank were able to seduce Mainland Chinese, multi-millionaires and multi- billionaires to make use of the services of the Hongkong bank's offices, especially in the purchase of a range of certain financial products. Very few well-established, Hongkong customers were given any new facilities by DBS Bank unless, of course, they were able to demonstrate that they were willing to compete with their Mainland Chinese counterparts. As a result, many old customers migrated to other Hongkong banks where they were treated with the respect that they were entitled to receive. Now, of course, the entire DBS Group is suffering. Good! That will teach this bank the very important lesson: Never throw away an old handkerchief unless you are certain that you have the money to purchase a new one. In case you missed the official announcement from DBS Group Holdings Ltd, for the July-September Quarter, its Net Profits dropped to about \$S379 million, down from about \$S610 million for the like period in 2007. Mind you, \$S379 million is about \$HK1.96 billion, which is, still, a lot of money. However, come the end of this Fiscal Year for this Singapore banking group, we shall see just how badly placed is the financial situation. What took The Frog's notice – and he chuckled as he read the bank's report – was that DBS Group Holdings Ltd had had to write off about \$S319 million in bad debts, including writedowns of about \$S129 million for derivatives trading. I heard The Frog exclaim, in between sips of tea: 'Good! Let's see some more!' I talked to one of my contacts at DBS Bank, a lady who is in charge of securities trading – she likes to take a swim in the mornings, just like me, you see – and this is what she told me about this Hongkong bank. This 45, year-old, senior bank employee (my estimate of her age because she never told me) said that the DBS Bank is pushing employees to volunteer to be sacked! That's right! In the first round of sackings, and there are more sackings to come, it seems, DBS Bank is offering those who volunteer to leave the bank without being pushed out the door, one month of compensation for every year of service. In addition, DBS Bank will attempt to obtain alternate employment for the sacked workers at outsourcing companies, such as IBM, to which DBS has outsourced its Information Technology requirements. For those workers, who do not volunteer to leave of their own accord, they stand the chance of losing money because, just prior to the second round of sackings, there will be a cut in salaries and wages for certain classes of bank workers. Then, you can appreciate that one month of compensation for every year of service will be considerably less money than is presently being offered. This married lady told me that she is quite willing to leave the bank, today. Her exact words were: 'I am happy to go!' So much for employee loyalty, I heard myself remark to

this woman. 'What do you expect? Love for senior management?' she quickly countered.

I could not understand her attitude, at all, so I prodded this lady for more information. What she told me really was a shock. It seems that she has lost nearly all of her old customers and clients because of the bank's policy of aiming for what she called, 'The Big Bucks'. There was one example that sticks in my mind. It is the case of a corporate customer and its boss who had been with the bank since 1972. Neither the company nor the boss had ever even had as much as a bounced cheque; and all bills and interest payments had been paid on time for the 36 years that it had been a customer of this bank, going back to the days when it was known as Overseas Trust Bank Ltd (). However, when the memo came down from on high as to the new bank policy, this old customer was given the boot. All facilities were cancelled, slowly but surely, I was told. 'It was not worth one's while to talk to this client, along with many others of the same or similar ilk, because, then, one could not be able to meet one's quota, set by management,' this lady told me, matter of factly. The quota, I was told, was the minimum amount of money, brought into the bank within a 90-day period, along with a minimum number of new accounts by a certain class of employee. No new accounts and it was out the door – and don't let the door hit you in the arse on the way out. In one case, I was told, the bank told one senior employee, who had been with DBS Bank for more than 15 years, that she would have to accept a 50-percent cut in her pay, or, in the alternative, she may resign with dignity. She left, of course. Now, I am told that this former DBS Bank, senior officer, found an even better position with a European bank.

Which brings me to the point of this letter: One should never consider change for the sake of change, alone. As an example, when one is happy with one's husband – provided that he behaves himself and remembers to close the toilet seat after he has done his business, among other things – then, one does not have to think of looking for a replacement husband. After all, when the lights go out, one man is very much like another, is that not so? In the case of a bank, any bank in any part of the world, if the bank is reasonable and somewhat flexible, a customer is unlikely to consider changing. What could be achieved by switching banks? Although I criticise The Frog, as the saying goes: 'The devil one knows is better than the devil that one does not know'. I have trained The Frog for a number of decades, now. I am not willing to train another Frog for the next few decades. One trained Frog is better than 2 untrained, but trainable, frogs, croaking near a pond in the middle of the night.

Well, I must go now, here comes my frog, looking for his dinner and who knows what else ... Get my drift?

Talk to you, next week.

Chief Lady

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