



Faculty of Technology Management and Technopreneurship

SUSTAINABLE BANKING IMPLEMENTATION IN MAYBANK GROWTH

Tan Lay Hong

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SUSTAINABLE BANKING IMPLEMENTATION IN MAYBANK GROWTH

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**A thesis submitted
in fulfillment of the requirements for the degree of Doctor of Philosophy**

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DECLARATION

I declare that this thesis entitled “Sustainable Banking Implementation in Maybank Growth” is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature :

Name :

Date :

APPROVAL

I hereby declare that I have read this thesis and in my opinion this thesis is sufficient in terms of scope and quality for the award of Doctor of Philosophy in Technology Management.

Signature :

Supervisor Name :

Date :

DEDICATION

To

My Parents,

My Beloved Husband,

Whom without thier Support

The completion of this research wouldnt have been possible

ABSTRACT

Sustainability has been applied in banking; not only to satisfy the needs of the existing customers, but also to safeguard the needs of future customers for wealth creation. In Malaysia, some local financial institutions have taken the initiative to embrace sustainability into their banking operations to achieve sustainable competitive advantages. This research studied sustainable banking operating system by Maybank since it is the first sustainability bank in Malaysia. The Gap Model of service quality which developed by Parasuraman et al. (1985), is used in this study to assess the sustainable banking operating system implemented by Maybank. Service quality is largely rooted in the customer's expectations and perceptions. Literature shows that from prioritizing customer satisfactions at a micro level, the transition has been widening to embed the macro aspects of socioenvironmental responsibility. The research was grounded on social constructivism under an exploratory study. A qualitative case study approach was adopted, backed by three data collection techniques which are semi-structured interviews, observation and document analysis. This research was aimed to investigate the rationales that move Maybank to pursue sustainable banking operating system; Maybank's roles and responsibilities in implementing in sustainable banking operating system; how far has Maybank implemented the sustainable banking operating system; obstacles faced by Maybank throughout the process of implementing sustainable banking operating system; as well as strategies taken by Maybank to overcome the obstacles identified. After that, explanation building and time-series analysis were adopted for data analysis. The research pointed out Maybank has reached the phase of preventive banking and towards the phase of offensive banking. The bank generally expressed their commitment to move forward with their sustainability goals as they are aware of the increasing expectation of their stakeholders and the society at large. Maybank has adopted two main ways of integrating sustainability into the banking industry. Firstly, the integration of social and environmental responsibility in banking operations through in-house environmental initiatives and socially responsible initiatives. Secondly, the integration of sustainability into its core business through credit risks management, socially responsible investing and philanthropy. It is imperative for other banks in measuring, improving and reporting their sustainability goals and practices as they will eventually be bound to compete on sustainability benchmarking with industry competitors. The government may also need to strengthen its partnership with the banking industry and revisit its regulatory regime in the sector to ascertain the effectiveness of its policy direction in promoting sustainability in the banking industry. Several recommendations for future research can be made: (1) expanding further to include other stakeholders to add some more insights into the sustainable banking

practices and (2) further research could relate the sustainable banking with sustainable livelihood of local communities in Malaysia.

ABSTRAK

Konsep mampan telah digunapakai dalam industri perbankan, bukan sahaja untuk memenuhi keperluan yang sedia ada, tetapi juga bagi menjamin keperluan bakal pelanggan untuk penciptaan kekayaan. Di Malaysia, terdapat beberapa institusi kewangan tempatan telah mengambil inisiatif untuk melangkah ke arah kemampanan dalam operasi perbankan mereka bagi mencapai kelebihan daya saing yang mampan. Kajian ini menyelidik sistem operasi perbankan mampan oleh Maybank yang menjadi bank mampan yang pertama di Malaysia. Model jurang bagi kualiti perkhidmatan yang diilhamkan oleh Parasuraman et al. (1985) digunakan dalam kajian ini untuk menilai sistem operasi perbankan mampan yang digunakan oleh Maybank. Kualiti perkhidmatan ialah konsep asas yang kebanyakannya berpunca daripada harapan dan persepsi pelanggan. Sorotan kajian menunjukkan kepuasan pelanggan diutamakan pada peringkat mikro, perubahannya meluas termasuklah dari aspek makro iaitu tanggungjawab sosiopersekitaran. Kajian ini berasaskan konstruktivisme sosial iaitu suatu cabang kajian eksploratori. Pendekatan kajian kes kualitatif digunakan melalui tiga teknik pengumpulan data yakni temubual separa berstruktur, pemerhatian dan analisis dokumen. Kajian ini bertujuan untuk mengkaji rasional yang mempengaruhi Maybank untuk melaksanakan sistem operasi perbankan mampan, peranan dan tanggungjawab Maybank dalam menggunakan sistem operasi perbankan tersebut, cabaran yang dihadapi Maybank sepanjang proses perlaksanaan sistem operasi perbankan mampan serta strategi yang diambil oleh Maybank bagi mengatasi cabaran yang dikenal pasti. Seterusnya, pembentukan huraian dan analisis siri masa digunakan untuk menganalisis data. Kajian mendapati Maybank telah mencapai fasa sistem perbankan preventif dan ke arah fasa sistem perbankan yang ofensif. Bank secara amnya menunjukkan komitmen untuk maju dengan sasaran mampan kerana mereka menyedari peningkatan harapan pemegang saham dan masyarakat secara umum. Maybank telah menggunakan dua cara utama untuk memasukkan kemampanan dalam operasi perbankan industri. Pertama, integrasi sosial dan tanggungjawab alam sekitar dalam operasi perbankan melalui inisiatif persekitaran dalaman dan inisiatif tanggungjawab sosial. Kedua, merujuk pada integrasi kemampanan ke dalam perniagaan terasnya melalui pengurusan risiko kredit, pelaburan tanggungjawab sosial dan filantropi. Hal ini adalah penting bagi bank-bank lain untuk mengukur, memperbaiki dan melaporkan matlamat dan amalan kemampanan kerana mereka akhirnya akan terikat untuk bersaing melalui penandaaras kemampanan dengan pesaing industri. Pihak kerajaan juga perlu untuk mengukuhkan kerjasama dengan industri perbankan dan mengkaji semula pihak yang mengawal selia dalam sektor ini untuk menentukan keberkesanan dasar dalam menggalakkan kemampanan dalam industri perbankan. Beberapa cadangan untuk kajian lanjutan boleh dibuat: (1) mengembangkan lagi dengan memasukkan pihak berkepentingan yang lain, ini akan dapat menambah lebih banyak pandangan ke dalam amalan perbankan yang mampan dan (2) kajian lebih lanjut boleh dilakukan berkaitan dengan perbankan yang mampan dan kehidupan lestari

masyarakat tempatan di Malaysia.

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LIST OF ABBREVIATIONS

SERVQUAL	Service Quality
GABV	Global Alliance for Banking on Values
FSMP	Financial Sector Master Plan
DFIs	Development Financial Institutions
SRI	Socially Responsible Investing
WOM	Word-of-mouth
NGOs	Non-government organization
HRM	Human Resource Management
ESG	Environmental, Social and Governance
ABM	Association of Banks in Malaysia
F4GBM	FTSE4Good Bursa Malaysia
BOD	Board of Director
CSR	Corporate Social Responsibility
GSQM	Group Service Quality Management Department
IISD	International Institute for Sustainable Development
HR	Human Resource
FWA	Flexible Work Arrangement
ICT	Information and Communication Technology
CSR	Corporate Social Responsibility
CRC	Corporate Responsibility Committee

LIST OF PUBLICATIONS

List of Journal Publications

- (1) Tan, L. H., Chew, B.C. and Hamid, S. R. (2016). Relationship Between Service Quality and Customer Satisfaction : A Case Study of Malaysian Banking Industry. *International Journal of Productivity and Quality Management* , 19(1), pp.38-50.
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