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FirstCaribbean International Bank



This case was compiled by the Arthur Lok Jack Graduate School of Business in collaboration with the United Nations Development Programme (UNDP) Guyana as part of a study of progressive Caribbean businesses.

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Abstract

The emergence of FirstCaribbean International Bank in October 2002 heralded the birth of the Region's largest publicly traded financial services company, with a presence in sixteen (16) countries. FirstCaribbean stands out as a leading example of applying human resource management best practice and adapting these to the countries and cultures within which the Bank operates. The Bank's mission is to be: "First for Customers. First for Employees. First for Shareholders". This "trinity" is viewed by the Bank's management as a necessary, self-supporting, virtuous unity.

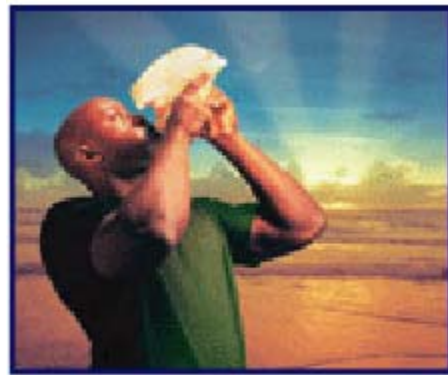
This case study focuses on how the Bank goes about being "First for Employees". The keystone strategy to be "Employer of Choice" has four main themes:

1. Pay for Performance;
2. Sharing in Our Success;
3. Investing in Our Number One Asset; and
4. Opportunities for All.

The Company

The Caribbean financial landscape gave birth to a financial giant on October 14, 2002 with the combination of the Caribbean operations of two powerful international banking institutions - Barclays Bank PLC and the Canadian Imperial Bank of Commerce (CIBC). The new entity formed the FirstCaribbean International Bank. The Bank is in 16 countries and 26 islands.

It has approximately 100 retail branches and corporate and international banking centers, an asset base of approximately US\$10 billion and a market capitalisation of about US\$3 billion. It



has over 750,000 accounts serving about 400,000 customers. FirstCaribbean is the largest issuer of credit cards in the English-speaking Caribbean. The Bank has a staff of approximately 3,300 of which fewer than two dozen are extra-regional expatriates.

At inception, the Bank was awarded an "A-Stable" rating by Standards and Poor. This rating has been consistently reaffirmed since it was first awarded. FirstCaribbean is the safest and highest rated regionally headquartered bank.

It is also the most international of all the regional financial institutions, with strong linkages to two world-rated banks on each side of the Atlantic. FirstCaribbean is owned by Barclays (47.5%) and CIBC (47.5%) with the rest of shares widely dispersed and owned by Caribbean people and institutions.

To combine both banks required obtaining the approval of sixteen governments, engaging with nine unions, eight central banks and monetary authorities and four stock exchanges across the region while navigating the complexities and peculiarities of fifteen bodies of law and practice, and regulatory infrastructure.

Over the past two years the Bank's most significant achievement has been the complete integration of its regional operations. Last year, FirstCaribbean was awarded "best emerging market bank" in the Region by Global Finance Magazine of New York. It was also awarded "best bank" in the Region by the Banker magazine, London.

The Motivation

Very early in the negotiation between Barclays and CIBC, the decision makers realised that a key to First Caribbean's sustainability and success was to recognise and address the concerns and care of its employees. Thus, dating back to 2001, tremendous efforts were made to collaborate with the many different trade unions representing the bank's employees.

Stakeholder participation was not only seen as necessary, but also deemed to be critical if the bank was to succeed. This meant that FirstCaribbean was faced with the task of "selling" the idea of the merger to different trade unions across the region, to get their "buy in" and cooperation.

FirstCaribbean was successful in getting the unions' support. A significant milestone was the negotiation and signing of a Region-wide framework agreement with all the Bank's unions. This Agreement was used to govern industrial and employee relation practice across the Region during the two-year integration period. To the best of our knowledge, this is the first time such a pan-regional agreement has ever been collectively negotiated between multiple unions in various countries and a single

employer. It is critical to point out that all of these changes did not happen seamlessly or without incidence. For instance, in the first year of the integration there was some unrest and industrial action in a number of countries including the Bahamas, Barbados and Jamaica. On these occasions, the framework agreement proved invaluable in helping to address the concerns raised and returning the operations to normalcy.

FirstCaribbean was able to address these situations by using the Bank's guiding human resource philosophy. The Bank believed that harnessing the energy, skill and commitment of its employees will make it the first choice for their customers, and achieve its aspirations of being the Caribbean's benchmark institution - "First for Service and First for Innovation, in the eyes of all".

Taking Action

FirstCaribbean concentrated on four core themes to implement its "Employer of Choice" strategy. The following table summarises several of the policies and measures that were put in place to create a balanced and competitive compensation package for FirstEmployees.

Theme	Actions Taken to Date
Pay for Performance	<ul style="list-style-type: none"> ▪ Harmonisation of Pay and Grades with increases for about 60% of all staff. ▪ Harmonised bonus scheme offering 0 - 15% for all clerical staff and 30% for Management, subject to performance. ▪ New Recognition Scheme introduced. This is referred to as "Player of the Series Award" in keeping with the Bank's "CRICKET " Values. The Awards are offered on a quarterly as well as an annual basis. The premise behind the awards schemes are: reward professionalism and performance across First Caribbean; reward employees who exemplify FirstCaribbean's values; recognise excellence in customer service; acknowledge teamwork; honour staff who consistently go beyond the boundaries of their job requirements; and motivate employees to aim for higher standards of performance.
Sharing in Our Success	<ul style="list-style-type: none"> ▪ Share gift for all permanent employees at merger completion (US\$1,500 to US\$3,500). ▪ Employee Share Purchase Plan (ESPP) offering subsidised purchase of First Caribbean Shares. ▪ Bonus pools directly linked to performance of FirstCaribbean and increased for 2004 in line with profits.
Investing in Our Number One Asset	<ul style="list-style-type: none"> ▪ Learning and Development function formed. ▪ Launch of electronic learning and the planned launch in 2006 of the First Caribbean "Banking University" - offering a range of classroom, distance learning and job study opportunities. ▪ US\$3.8 million of Integration Training investment mainly in systems training. ▪ US\$2.6 million budget for Training for 2004 - 2005, considerably increased over pre-merger levels of investment. ▪ First Caribbean Study Programme launched (up to US\$2,000 per year per employee reimbursement for tuition fees/expenses for relevant study programmes).
Opportunities for All	<ul style="list-style-type: none"> ▪ All jobs advertised via Internal Job Advertising (IJA) dependent on local legal/work permit requirements. ▪ Opportunity for attachments to Barclays/CIBC in UK/Canada. ▪ Creation of new function in the Caribbean for roles previously played by Barclays/CIBC in UK / Canada equals more jobs in the Caribbean (for instance, Treasury, Treasury Operations, Market Risk, Strategy and Corporate Development, Internal Audit, HR and Marketing).

Business Benefits

Focusing on being the "Employer of Choice" and respecting and recognising its employees concerns has yielded significant business benefits to FirstCaribbean. First and foremost, given the competitive nature of the financial services sector, FirstCaribbean has become a magnet for talented, innovative, energetic and creative people. Today, the FirstCaribbean talent pool comprises a powerful mix of graduates from top universities and seasoned, effective banking professionals.

Other benefits include the creation of a learning culture within the Bank. This has translated into a positive, competent, productive workforce that is positioned to take the Bank forward aggressively.

FirstCaribbean's ability to attract talented and competent staff has a number of interesting consequences. Other financial institutions and multi-national corporations have started to target the First Caribbean's talent pool and begun to

poach its employees. Thus the ability to retain top talent is likely to be an on-going challenge for the Bank.

Vision for the Future

FirstCaribbean's vision for the future is to become the benchmark institution in its industry. The Bank is committed to enhancing and developing its human resource management practices and policies so as to maintain its vision as "Employer of Choice".

The Bank plans to implement a number of initiatives to ensure that people/employee development are focused on identifying, creating and sustaining learning opportunities across the business. These initiatives include the establishment of a Governance Committee to ensure that the learning strategy is clearly aligned to First Caribbean International Bank's business priorities and are executed within budget.