

framework, as incorporated in the Banking and Financial Institutions (Amendment) Act 2003, came into force on 15 January 2004. It provides the option for domestic banking groups to conduct commercial banking and finance company business through a single lending entity that holds both licences. To facilitate Bafin mergers, exemptions from stamp duty and real property gains tax were provided by the Minister of Finance for mergers completed before 15 January 2006.

In 2004, five out of ten finance companies, accounting for 55% of the total finance companies assets, successfully merged with their respective commercial bank. The new Bafin entities are Alliance Bank Berhad, EON Bank Berhad, Hong Leong Bank Berhad, Malayan Banking Berhad and Public Bank Berhad. The merged entities have undergone the processes of capital rationalisation, staff redeployment and reorganisation, branch relocation and delivery channel consolidation to

gain economies of scale and scope post-mergers. It is envisaged that further cost-savings and operational efficiencies will emerge in the near future as the merged entities complete their adjustment and rationalisation of resources.

Human intellectual capital plays a pivotal role in driving the performance and competitiveness of banking institutions. The International Centre For Leadership In Finance (ICLIF) and Institut Bank-Bank Malaysia (IBBM) provide the avenues for banking institutions to ensure continuous learning and competency building among all levels of their workforce. In 2004, ICLIF conducted two sessions of its flagship Global Leadership Development Programme, a Directors' Forum and a seminar on scenario planning for senior management of banking institutions, while the ICLIF Alumni Association was launched to provide a platform for professional networking.

ICLIF Forging Ahead to Realise Its Vision

Bank Negara Malaysia established the International Centre For Leadership In Finance (ICLIF) with the objective of providing a focused and coordinated approach towards the development of world-class leaders in finance to cater for the needs of the rapidly transforming Asian region. ICLIF, officially launched on 28 October 2003, is entrusted with the role of developing excellent leaders with keen regional and international insights. ICLIF provides leading-edge learning opportunities and experiences through effective leadership development programmes.

Development of ICLIF's Leadership Competency Model (LCM)

One of the key initiatives of ICLIF during the year was to develop LCM. The model supports ICLIF's initiatives by crystallising and articulating the essential skills and behaviours required by leaders to navigate and successfully manage challenges in a fast changing regional and global environment.

The LCM was formulated through a participatory process involving strategic insights from interviews with industry leaders and benchmarked against the best practices adopted by renowned regional and global companies. The preliminary Model was validated by a panel of global experts and subsequently further refined in a Validation Seminar attended by 42 Malaysian Leaders from both the public and private sectors.

Leadership Development Programmes Conducted in 2004

In 2004, ICLIF commenced its Leadership Development Programmes which are broadly divided into three categories:

- **The Structured Advanced Leadership Programme** is ICLIF's core programme on Leadership Development which encompasses the Global Leadership Development Programme or GLDP. The programme aims to grow and nurture talent across the financial industry and the corporate sector with strong emphasis on leadership and leadership development.

The design of the GLDP is based on the High Impact Leadership Model jointly developed by Linkage Incorporated and renowned leadership guru, Professor Warren Bennis of the Marshall School of Business – University of Southern California. It focuses on Leadership Competencies, Skills and

Responsibilities. In addition, broader leadership issues such as globalisation, global marketing issues and macro-economic trends are also covered. The programme also provides an opportunity for the participants to strengthen their networking and participate in shared learning experiences and discussions with leaders of other organisations.

To date ICLIF has successfully conducted a summer and a fall session of the GLDP for 2004. A total of 42 participants comprising 31 from the finance industry from Malaysia, the Asian region and Africa and 11 from the corporate sector attended the two sessions. Resource persons for the programme are drawn from prestigious institutions including Peter F. Drucker Graduate School of Management – Claremont Graduate University, Marshall School of Business – University of Southern California, Harvard Business School and Stanford Graduate School of Business.

- **The Specialised Learning Programmes** are designed to provide learning on focused and technical issues confronting leaders in promoting excellence in their organisations. The programmes offered under this category are:
 - (i) The Scenario Planning Programme, which aims to provide leaders with the capability to assess the current developments in their business environment, draw the implications of such developments and to act strategically to stay ahead. In particular, participants review current technological changes and explore medium and long-term impact of such changes on the industry, corporations and their own businesses.
 - (ii) The Directors Forum, which is conducted in association with INSEAD, is designed to transcend the normal coverage of compliance and legal requirements. Participants are given good insights into best practices to improve Board effectiveness, Board's relationship with management, shareholders and regulators and Board's role in the strategy, performance and values of its organization. The rights and responsibilities of shareholders with particular focus on minority shareholders as well as factors which facilitated or blocked Board effectiveness were also discussed.
- ICLIF's **Seminars and Workshops**, in particular its 'Saturday Seminar Series' are designed to provide the platform for corporate leaders, regulators and academicians to meet and exchange views on current and emerging issues. It also provides opportunities for participants to exchange views with leading experts and industry leaders. In 2004, the Human Resource Seminar was also conducted to discuss the role of leadership development in nation building with particular focus on ICLIF's Vision and Mission and its linkage to the Financial Sector Masterplan and Vision 2020. A Banking Seminar on 'Deposit Insurance' was also organised in collaboration with Bank Negara Malaysia.

Official Launch of ICLIF Alumni Association (IAA)

With the rapid changes taking place in the financial and corporate landscape in the country and the greater integration in the region and the world, networking among leaders and captains of industries is most valuable in contributing towards greater understanding and in increasing the potential for collaborative efforts that are of mutual interest.

In November 2004, the IAA was officially launched. The establishment of the IAA represents an important part of ICLIF's commitment to provide a platform for members to maintain active networking and productive collaborative alliances. It is also in line with the philosophy that leadership development is a continuous journey.

