

1. WHAT IS PERFORMANCE BONUS (PB)?

PB is an amount of money paid by the Bank to members at the end of the Financial Year that is not fixed but based on performance.

2. BASED ON WHAT PERFORMANCE?

Performance of the bank & Performance of the Employee

3. WHAT IS THE PERFORMANCE OF THE BANK?

The performance of the bank means the result of the bank's profit/lost at its financial year end for the year in question. The bank will consider first the performance of the bank to determine how much money is made available to be paid out as PB (the pool).

4. HOW TO DETERMINE BANK'S PERFORMANCE?

There is no fixed formula but generally it would be on the financial performance of the bank as compared to previous years and to the industry. Financial performance may include budget objectives such as sales, revenue, market share, cost management and most importantly profit.

5. DOES THE BANK HAVE DISCRETION TO DECIDE HOW MUCH IS PB BONUS POOL ?

Yes, the bank has the discretion on how much is set aside for PB. However such discretion is not absolute. They must take into account the performance of the bank. Example, it would be inconceivable for the bank to declare a smaller pool if it makes a higher profit than previous year.

It is imperative for banks to pay PB if the performance justifies it. SBEU retains the right to challenge any non-payment.

The bank must ensure that the pool for members is not too far off than what is paid to the other categories of staff.

6. CAN THE BANK PAY PB TO THE OFFICERS AND MANAGEMENT STAFF BUT NOT TO MEMBERS?

NO. Where officers and managerial staff are paid PB, the bank must pay SBEU members as well.

SBEU will not accept if the bank were to do so. Please report to us if this does happen.

7. WHAT IF OTHER BANK PAYS BETTER PB THAN MY BANK, CAN I FILE IN A GRIEVANCE?

NO, but SBEU will take it up directly with the banks if they are paying too little PB. We will work to ensure that the average pool does not vary too widely amongst banks who achieve similar performance.

If bank A makes profit and pays bonus, bank B needs not pay bonus if it makes a loss. However, if bank B decides to pay the officers PB despite the loss, they should then pay the members as well.

8. HOW TO DETERMINE INDIVIDUAL PERFORMANCE

Performance of individual is to be measured using an open appraisal system. This is a contentious issue but most banks are developing a robust appraisal system.

9. CAN BANK PAY PB ON FIXED AMOUNT?

SBEU is against fixed amount e.g. \$2000 for members graded Good. SBEU believes that PB must be a factor of the salary.

10. WHAT IS AN OPEN PERFORMANCE APPRAISAL SYSTEM?

An open appraisal system must have the following features.

- At the beginning of the year there must be a session for both the superior (appraiser) and the employee (appraisee) meet, discuss and agree on targets and job objectives.
- At the end of the year both parties will again meet up to discuss to ascertain and decide whether the employee has achieve these targets and job objectives and then decide the grade of the appraisee base on performance of the appraise
- There should be a mid-term review to ensure that the staff shall have enough opportunity to improve on any areas that he or she is lacking.
- The appraisee shall have the right to make his/her comment on any aspect of the appraisal and can disagree on any of the ratings. However you must have a reasonable basis to disagree.- Again file in grievance if you feel strongly about it.
- The appraisee shall have full knowledge of his grading and be given a copy of the completed appraisal form.
- However, please note that the grade given by your appraiser is not final and is likely to be subject to a moderation process.
- Moderation is necessary for a more balanced appraisal as it will filter out appraisers who give too generous grading and those appraisers who are very strict. The Bank must inform members if their grading are changed.
- Members can raise grievances if their gradings are moderated downwards.

11. CAN THE BANK PAY DIFFERENT PB TO MEMBERS WHO RECEIVE THE SAME APPRAISAL GRADING?

No, there must be uniformity as to the bonus payout. If you and another colleague are both graded good, then the factor of bonus payout will be the same. E.g. if the bank pays those graded good 2 months basic salary, everyone graded should be paid 2 months as well. Note that some banks may have a range for a particular grade. It is okay if those in the same grade are paid within the same range.

12. CAN THE BANK REFUSE TO PAY ME PB IF I HAVE BEEN SUBJECTED TO DISCIPLINARY ACTION AGAINST ME EVEN THOUGH I HAVE BEEN GRADED GOOD?

Depending on the seriousness of the offence you commit, the bank may withhold paying you a PB.

13. CAN THE BANK SET TARGETS USING KEY PERFORMANCE INDICATOR (KPI) OR BALANCED SCORECARD?

Yes, we believe that such systems can improve objectivity of the appraisal system.

However, KPI is not just about sales target. Sales target only made up a portion of the KPI. There are other factors to consider as part of KPI, e.g. frequency of error made, turnaround time, processing speed, accuracy, meeting timeline/deadline, job knowledge, ability to work independently, customer service, team work, leadership etc.

14. WHAT IS A REASONABLE KPI FOR ME?

Before deciding on your KPI, you must have a **Job Description** (JD) that spells out what is your duty and responsibility. Any KPI should be based and confine to the JD.

Please work with your superior in deciding what is an acceptable KPI. One rule of thumb is that if your KPI is similar to the other colleagues who perform similar job function as you

Banks must not set targets simply by dividing the bank target by the number of branches. Example, backroom staff like in credit should have a lower sales target than those at frontline role. Rural /smaller branches should have lower sales target than those in city centre.

15. WILL MY APPRAISAL OR THE BONUS PAYOUT BE AFFECTED IF:

a. I make overtime claim?

Claim for overtime for work done in excess of normal hours of work is a right provided in the SCBA/SBEU Collective Agreement. It shall therefore not affect your appraisal or the performance bonus received at the end of the year.

b. I incur cash shortages as a teller?

Cash shortages incurred is as provided for under an article in the CA and such shortages shall not affect your appraisal grading or the PB payout.

c. If I take sick leave often?

Approved sick leave is only one of several factors to be taken into account when measuring performance. E.g. you may have taken a more sick leave more than your colleagues but your overall performance may compensate for it.

16. WHAT CAN I DO IF I DON'T AGREE TO ANY ASPECT OF PB?

You can file in grievance. Use the **Standard Grievance Form** available from your IRC Branch Secretary. Extend a copy to SBEU Branch Secretary as the grievance is handled at branch level. We will take it up if your grievance is justifiable

While different banks will have different performance Bonus system, it will be acceptable to SBEU if it has these KEY VALUES:

Fair – payout must be based on the appraisal grading and on the employee's salary.

Transparent – system used must be transparent.

Equitable – average pool must be equitable amongst all grades of staff.

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Sarawak Bank Employees' Union

PERFORMANCE BONUS - A GUIDE

The 2006-2008 Collective Agreement provides for after the 2 months contractual bonus to be incorporated into the basic salary resulting in a 33.3% salary increase in the salary revision for all members. In addition the CA provides for members to be paid performance Bonus.

The relevant clauses read as follows;

- (1) Bonus will be determined at the discretion of the Banks taking into consideration the performance of the Bank and the performance of the employee. The performance of an employee will be assessed using an open Performance Appraisal System.
- (2) Where an employee is not satisfied with the job objectives, targets and or performance rating and bonus payout, he may invoke the Grievance Procedure under Article 4(c) of this Collective Agreement.

Data on the Performance Bonus paid by the banks for Financial Year 2007 suggest that members have generally benefited from the system.

Nevertheless we recognise that the implementation of the performance Bonus would give rise to some dissatisfaction. We also recognise that no performance pay system is perfect and that it is up to both SBEU and the banks to continuing to improve on the systems.

No	Bank	No of Members	Total basic Salary in a month	Average basic salary a month	Total Bonus payout for 2007	Average payout per member	Average payout by month/ member
			RM	RM	RM	RM	
1	Affin Bank	41	91471	2231	228678	5578	2.50
2	Alliance Bank	35	68968	1971	137936	3941	2.00
3	AmBank Bhd	180	349490	1942	908674	5048	2.60
4	Bank Muamalat	25	54463	2179	54463	2179	1.00
5	Bank Islam	65	137883	2121	275766	4243	2.00
6	CIMB Bank	231	526500	2279	998814	4324	1.90
7	EON Bank	181	415200	2294	392298	2167	0.94
8	Hong Leong Bank	192	528696	2754	1057392	5507	2.00
9	HSBC Bank	58	125900	2171	219300	3427	1.58
10	Maybank	495	1104498	2231	2208996	4463	2.00
11	OCBC Bank	15	28069	2159	22467	1498	0.69
12	Public Bank	373	887245	2379	1109056	2973	1.25
13	RHB Bank	397	939449	2366	1221284	3076	1.30
14	Standard Chartered	61	133700	2192	194069	3181	1.45
15	UOB Bank	28	51700	1846	19200	960	0.52

We have received numerous questions and issues raised by members. We thought it would be useful that we compile this Guideto assist members to have a better appreciation of the Performance Bonus.

Remember, members **can challenge** their appraisal ratings and performance bonus payouts **through SBEU**. We urge members to make use of the provisions as it would help to further improve the performance bonus system

The key objective of PB is to reward performing employees and to motivate all employees to perform better. We hope that the PB will be able to achieve this objective.

Please note that this guide is certainly not exhaustive and we do encourage members to take an proactive role in understanding the Performance Bonus system. You can always seek clarifications either with your Human Resources or with SBEU.