

## Local Asian Banks Capitalize on Pullback by Global Rivals

*2016 Greenwich Leaders: Asian Large Corporate Banking & Cash Management*

Q1 2016

Although the names of the Greenwich Associates 2016 Share and Quality Leaders in Asian Corporate Banking look familiar, stability at the top of this list masks a structural shift taking place across the region.

The global banks that have long dominated Asian corporate banking still rank as the industry leaders, but as a group they are much diminished. New regulatory and compliance requirements, mounting costs and serious balance sheet pressures have forced global banks to retrench and/or grow more selective in the roles they are able to play, leaving the industry in flux. Even as most global banks find their Asian operations profitable, a raft of bad press—and substantial losses—from Western markets have shaken their reputations in Asia. In the most extreme cases, banks have been forced to withdraw from profitable businesses in Asia.

As these important players reduce or redefine their presence in the region, companies are experiencing some dips in their coverage intensity and service quality—and in some cases, companies feel compelled to seek out replacements. In cash management, strategic shifts on the part of global banks are causing some large Asian companies to question the long-term wisdom of relying on these providers for such a mission-critical service.

Enter Asia's domestic banks. Just as they did in the days following the global financial crisis, local Asian banks are capitalizing on the opportunity presented by the pullback of their global rivals. "Leading local banks in the 13 Asian country markets we cover are much better positioned to take advantage of the travails of global rivals than they were five years ago. They have been steadily building out their capabilities and increasing the quality of their own products and service, at least in their home markets," says Greenwich Associates consultant Paul Tan.

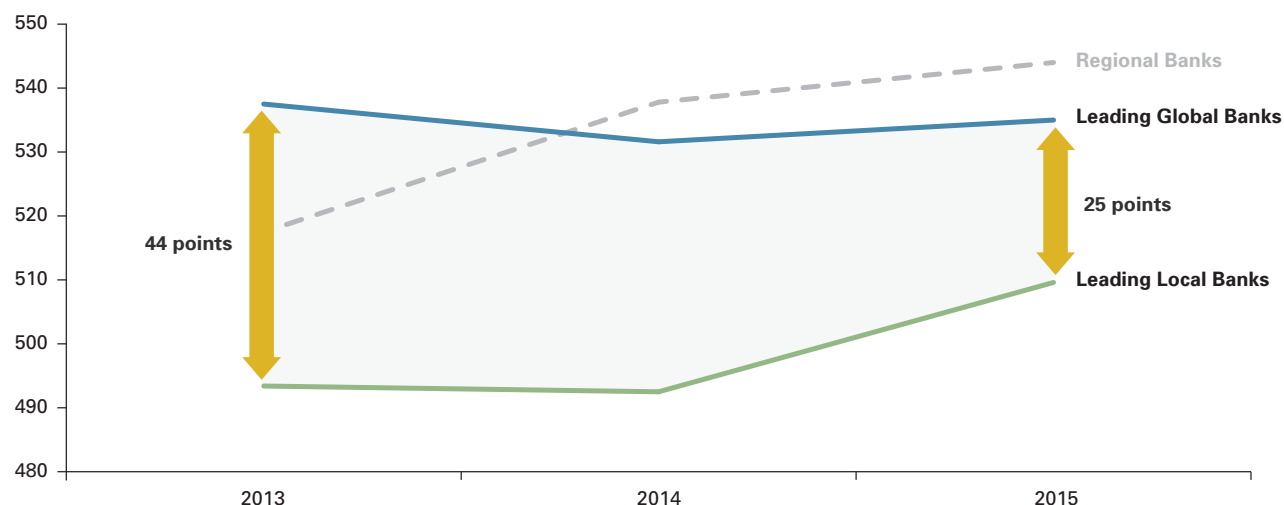
### Domestic Banks Up Their Game

Every year, Greenwich Associates asks the companies participating in our Asian Large Corporate Banking and Cash Management Studies to rate the quality of the banks they use in a variety of product and service categories. From these results, we calculate scores for each bank on the Greenwich Quality Index™. Banks with GQI scores topping those of rivals by a statistically significant margin are named Greenwich Quality Leaders.

Over the past 12 months, GQI scores for some global banks have dropped meaningfully. Meanwhile, the leading domestic banks in China have increased their GQI scores by some 20 points, and India's leading domestic banks have improved their scores by 30 points. These are

### Leading Local Banks Narrowing the Quality Gap vs. Leading Global Banks

Greenwich Quality Index (GQI)™



Note: Leading Global Banks include Bank of America Merrill Lynch, BNP Paribas, Citi, Deutsche Bank, HSBC, J.P. Morgan, and Standard Chartered Bank. Leading Local Banks include Bank Central Asia, Bank of China, Bank Mandiri, Chinatrust Bank, Hang Seng Bank, HDFC, ICICI Bank, Kookmin Bank, Mega International Commercial Bank, OCBC, Shinhan Bank, and Woori Bank. Regional Banks include ANZ Bank and DBS Bank.

Source: Greenwich Associates 2015 Asian Large Corporate Banking Study

## Greenwich Quality Leaders — 2016



### Asian Large Corporate Banking Quality

Bank
ANZ Bank
HSBC

*Note: Based on 681 respondents.*

### Asian Large Corporate Cash Management Quality

Bank
Bank of America Merrill Lynch
Citi
HSBC

*Note: Based on 865 respondents.*

Note: Leaders cited in alphabetical order including ties.

Sources: Greenwich Associates 2015 Asian Large Corporate Banking and Asian Large Corporate Cash Management Studies

significant shifts. “Annual increases of this magnitude are not often seen in our research in corporate banking markets around the world,” says Greenwich Associates consultant Gaurav Arora. “If there was a volatility index for the relationship quality Asian companies perceive of different banks, it would be at a historical high right now.”

The results of these industry shifts appear to be a rapid de-concentration of the market, which Greenwich Associates believes will, in the short-term at least, lead to more specialization in bank strategies and in corporate banking relationships. Global banks can no longer be all things to all companies across Asia. Instead, they will pick their spots, focusing on products, markets and clients that they see as having attractive profit potential.

Meanwhile, Asian companies are being solicited by regional franchises like ANZ Bank and DBS Bank—as well as by Japanese banks seeking to grow their Asia ex-Japan businesses. Finally, local banks in China, India and other country markets are starting to win over some of the largest companies in their home markets.

In fact, the leading local banks (e.g., HDFC in India) have started to close the gap with their global competitors and pull away from “tier-two” competitors in their home markets.

As the industry average rises faster than in recent years, the global/regional banks will need to “run to stay ahead.” Higher-order skills, such as advisory beyond product sales and market-leading capabilities including digital banking platforms, will be key battle fronts for the global banks seeking a competitive edge in capturing deep relationships.

### Greenwich Share and Quality Leaders

The following tables complete the list of 2016 Greenwich Share and Quality Leaders in Asian Large Corporate Banking and Cash Management.

*Consultants Paul Tan and Gaurav Arora specialize in Asian corporate banking and treasury services.*

## Greenwich Share Leaders — 2016



### Asian Large Corporate Banking Market Penetration

Bank	Market Penetration <sup>1</sup>	Statistical Rank
HSBC	60%	1
Standard Chartered Bank	50%	2
Citi	44%	3
ANZ Bank	34%	4T
DBS Bank	33%	4T

*Note: Based on 681 respondents.*

### Asian Large Corporate Cash Management Market Penetration

Bank	Market Penetration <sup>2</sup>	Statistical Rank
HSBC	37%	1
Citi	32%	2
Standard Chartered Bank	24%	3
Bank of China	16%	4T
Deutsche Bank	15%	4T

*Note: Based on 865 respondents.*

Note: Proportion of companies interviewed that consider each bank an important provider of: <sup>1</sup>corporate banking services; <sup>2</sup>corporate cash management services. Leaders are based on Top 5 leading banks including ties.

Sources: Greenwich Associates 2015 Asian Large Corporate Banking and Asian Large Corporate Cash Management Studies

## Methodology

From August to November of 2015, Greenwich Associates conducted 681 interviews in large corporate banking and 865 interviews in large corporate cash management at companies in China, Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam. Subjects covered included product demand, quality of coverage, and capabilities in specific product areas.

The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants. They do not represent opinions or endorsements by Greenwich Associates or its staff.

Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Greenwich Associates compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results.

## Greenwich Share and Quality Leaders — 2016

Large Corporate Banking by Country



Asian Large Corporate Banking Market Penetration	Market Penetration	Statistical Rank
<b>China (105)</b>		
Bank of China	80%	1
ICBC	73%	2
Agricultural Bank of China	60%	3T
China Construction Bank	60%	3T
HSBC	57%	3T
<b>Hong Kong (70)</b>		
HSBC	87%	1
Bank of China	69%	2
Standard Chartered Bank	60%	3
<b>India (114)</b>		
State Bank of India	68%	1T
Standard Chartered Bank	66%	1T
ICICI Bank	65%	3
<b>Indonesia (36)</b>		
Bank Mandiri	72%	1
Bank Central Asia	61%	2
DBS Bank	56%	3T
Standard Chartered Bank	53%	3T
<b>Malaysia (44)</b>		
Malayan Banking Berhad (Maybank)	86%	1
HSBC	68%	2
CIMB	55%	3T
RHB Bank	50%	3T
<b>Singapore (100)</b>		
DBS Bank	64%	1T
HSBC	54%	2T
Standard Chartered Bank	54%	2T
<b>South Korea (76)</b>		
Shinhan Bank	82%	1T
Woori Bank	82%	1T
Kookmin Bank	80%	1T
<b>Taiwan (67)</b>		
Mega International Commercial Bank	61%	1
ANZ Bank	51%	2T
Chinatrust Bank	51%	2T
Citi	49%	2T
HSBC	49%	2T



### Asian Large Corporate Banking Quality

<b>China (105)</b>
ANZ Bank
Bank of China
Citi
HSBC
<b>Hong Kong (70)</b>
HSBC
<b>India (114)</b>
Citi
HDFC
HSBC
<b>Indonesia (36)</b>
ANZ Bank
Bank Mandiri
DBS Bank
HSBC
<b>Malaysia (44)</b>
HSBC
OCBC
Standard Chartered Bank
<b>Singapore (100)</b>
ANZ Bank
<b>South Korea (76)</b>
Export Import Bank of Korea
HSBC
Korea Development Bank
<b>Taiwan (67)</b>
ANZ Bank
Citi

Note: Numbers in parentheses reflect number of respondents. Market Penetration is the proportion of companies interviewed that consider each bank an important provider of corporate banking services. Country leaders are based on Top 3 leading banks including ties. Quality leaders are cited in alphabetical order including ties.

Source: Greenwich Associates 2015 Asian Large Corporate Banking Study

## Greenwich Share and Quality Leaders — 2016

Large Corporate Cash Management by Country



Asian Large Corporate Cash Management Market Penetration	Market Penetration	Statistical Rank
<b>China (149)</b>		
Bank of China	58%	1
ICBC	48%	2
HSBC	37%	3
<b>Hong Kong (78)</b>		
HSBC	77%	1
Bank of China	40%	2T
Standard Chartered Bank	40%	2T
<b>India (146)</b>		
HDFC	47%	1
Citi	38%	2T
State Bank of India	38%	2T
<b>Indonesia (45)</b>		
Bank Mandiri	64%	1
Bank Central Asia	51%	2
HSBC	36%	3T
Citi	31%	3T
<b>Malaysia (57)</b>		
Malayan Banking Berhad (Maybank)	54%	1
HSBC	40%	2T
CIMB	35%	2T
<b>Singapore (117)</b>		
Citi	41%	1
DBS Bank	38%	2T
HSBC	37%	2T
<b>South Korea (90)</b>		
Woori Bank	63%	1
Shinhan Bank	57%	2
Korea Exchange Bank	49%	3T
Hana Bank	49%	3T
<b>Taiwan (72)</b>		
Mega International Commercial Bank	51%	1
Citi	43%	2
Chinatrust Bank	38%	3



### Asian Large Corporate Cash Management Quality

<b>China (149)</b>	
Citi	
HSBC	
<b>Hong Kong (78)</b>	
Citi	
HSBC	
<b>India (146)</b>	
Bank of America Merrill Lynch	
Deutsche Bank	
HDFC	
<b>Indonesia*</b>	
<b>Malaysia (57)</b>	
HSBC	
<b>Singapore (117)</b>	
Citi	
DBS Bank	
Deutsche Bank	
HSBC	
Standard Chartered Bank	
<b>South Korea (90)</b>	
HSBC	
Korea Development Bank	
<b>Taiwan (72)</b>	
Citi	
Mega International Commercial Bank	

Note: \*Quality evaluations did not yield statistically differentiated banks for this region. Numbers in parentheses reflects number of respondents. Market Penetration is the proportion of companies interviewed that consider each bank an important provider of corporate cash management services. Based on responses from financial officers for Asian large corporate cash management. Country leaders are based on Top 3 leading banks including ties. Quality leaders are cited in alphabetical order including ties.

Source: Greenwich Associates 2015 Asian Large Corporate Cash Management Study

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The Greenwich Quality Leader<sup>SM</sup> and Greenwich Share Leader<sup>SM</sup> designations are determined entirely by the results of the interviews described above and do not represent opinions or endorsements by Greenwich Associates or its staff. Such designations are a product of numerical scores in Greenwich Associates' proprietary studies that are generated from the study interviews and are based on a statistical significance confidence level of at least 80%. No advertising, promotional or other commercial use can be made of any name, mark or logo of Greenwich Associates without the express prior written consent of Greenwich Associates.



6 High Ridge Park Stamford CT 06905 USA

Tel: +1 203.625.5038/+1 800.704.1027

Fax: +1 203.625.5126

email: [ContactUs@greenwich.com](mailto:ContactUs@greenwich.com)

[www.greenwich.com](http://www.greenwich.com)