HSBC The world's local bank

Analyst Roadshow to Asia-Pacific

Naina Lal Kidwai,
CEO India

Well India has had a very

Print | Close

Macro-economic trends

robust GDP growth now for the last three to five years. Last year at 9.5. This year it's slowing down somewhat at 8.5 and in fact HSBC projection is 7% in 2009. So we are beginning to face some of the stresses of what is going on in the rest of the world. But it's still a robust growth. And we as a bank really benefit from this growth. We benefit across our segments, not just in terms of the retail segment or the CNB segment, which are very domestic businesses, but also in terms of the globalisation of companies. Because one of the real big trends right now is Indian groups growing out, acquiring, growing elsewhere in the world. And as a result relying on banks such as ours to help them with the funding, to help them with the advisory work that goes with either the organic growth or the acquisition that they will do offshore. And no bank can help as well as we can in terms of the global footprint.

Financial performance

We’ve had a pretty remarkable last year and in fact couple of years. We've seen our profit before tax actually move up double in quantum. It's up at $529m at the India level. And the bank itself at $448m. So the bank is the largest profit contributor in the India universe. Within the bank's different businesses we've seen a very healthy growth in our traditional businesses which is global banking and markets which upped its profits by 55% last year. Our commercial bank the CNB space which we are relatively new in our trust there, particularly in the SME sector, but it's delivering income very well into the bank and saw a profit increase of 91%.

Using Group scale

We are a banker of choice to most if not all of India's large corporates. And I say banker of choice not because that's what I'd like to believe, but surveys like Greenwich Associates which are external surveys conduct this year on year and we were the top-rated bank yet again in that survey.

So we naturally become the bank they turn to first for their needs as they go offshore. More so as we are a bank which can most likely provide that need of theirs offshore, just given that we are there in the locations they go to, whether it's Europe or Latin America or indeed in and around Asia Pacific. And we have funded their needs very, very well as a result.

But it's not just about funding. It's also about trade and there, right down to the SME, the small corporate, we are able to often be on both sides of a trade transaction, simply because we had that presence offshore.

Regulation driving innovation

The biggest constraint imposed on us by the regulatory environment is the branch network which, with difficulty we get a couple of branches every other year. All foreign banks get a couple of branches every other year. And we therefore stand in line for that. Having said that, we have the second-largest network of foreign banks at 47 branches. We have a

presence across 26 cities in India.

The good part about maybe that limitation is that it forces us to look at other ways of reaching our customers. And we have therefore a very robust Internet platform, both for SME and for our large corporate and very significantly for our retail customer. And the Internet platform gives us the ability to ride that Internet on a mobile phone banking offering and to reach out to customers through electronic media which is a lot easier.

Now the regulation applies only to banks. We have a securities company for example which is regulated by a different regulator, SEBI, the equivalent of the SEC in India. And that's quite free for us to branch through. So for example we have just started the process of an acquisition of a company called IL & FS Investsmart. And what that provides for us is 300 outlets of which 88 are branches, the rest are franchisees

Asset management. Today we have 50 branches, 7,500 distributors of asset management. So the ability to use distribution network is very much there. In fact there even for the bank. So in the bank for example we have 2.7m credit cards. That has happened outside of a branch network because you can use a network of agents distributors that help you acquire new clients. So there are different ways to grow

Competitive position

We're positioned very well in terms of cross-border flows inevitably, into the share of wallet of our customers that are global. We are very much their partner of choice. In-country all foreign banks are only 7% of total banking. So we would rank in different businesses anywhere in the top three. So for example in the custody business we are 40% market share leader, the market leader, 40% of all foreign institution money coming into India is resident with us. In asset management we are the largest asset manager with $14b in play in India through us and our management team. In global banking and markets very much right up there as a number one, two player year on year.

Key strengths

If you were to understand a bank in India, HSBC in India, I think the only way really to look at it which is the way we evaluate ourselves, is how are we doing vis-à-vis competition. And I think if you look at -- forget what I'm saying but if you look at what external surveys suggest, 2007 KPMG does a survey every year and the KPMG Business Today survey last year showed us as the number one performing foreign bank. And these are just off -- it's not a jury or anything, this is just the numerics. But the number one foreign bank and the number two bank across all banks in the country, we were number two to HDFC. So I think the fact that we're delivering as a bank, it's growth, it's robust growth but it's also just the sheer presence that is being noted in all segments we play in is very gratifying.

Terms and Conditions

This webcast is made available by HSBC Holdings plc ("HSBC"). Nothing contained in this webcast is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion contained in the Financial Services and Markets Act 2000. In making this webcast available, HSBC makes no recommendation to buy, sell or otherwise deal in shares in HSBC or in any other securities or investments whatsoever and you should neither rely nor act upon, directly or indirectly, any of the information contained in these web pages in respect of any such investment activity. If you are considering engaging in investment activity, you should seek appropriate independent financial advice and make your own assessment.

Forward-looking statements

This interview may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the HSBC Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Additional detailed information concerning important factors that could cause actual results to differ materially is available in our Annual Report.

Past performance cannot be relied on as a guide to future performance.