

## 2013 Greenwich Leaders: Asian Corporate Finance

February 2013

Key market trends in the Asian large corporate banking competitive landscape:

- Asian banks continue to gain market share by improving their quality of coverage and narrowing the gap with foreign banks. Gradually, they are filling the void left in particular by European banks due to constraints on balance sheet growth from Basel III and issues in USD wholesale funding. Perceptions of brand and institutional commitment of Western banks are declining in tandem among their Asian corporate clients. Japanese banks on the other hand are expanding in Asia but are hampered by weak coverage models, limiting their ability to expand their business model beyond different forms of credit provision.
- Companies are generally putting more emphasis on credit provision and pricing at the expense of coverage quality and product capabilities in allocating business to banks, favoring banks with high lending capacity. In relative terms, capital market capabilities and expertise in specific services are slowly gaining in importance.
- Japanese banks continue to be the most forthcoming lenders while most European banks are becoming more reluctant to provide credit. However, the fact that most funding in Asia is still done in USD limits Japanese (and other non-U.S.) banks' ability to compete on credit pricing.

Key market trends in the Asian cash management competitive landscape:

- Increasing competition from both domestic and regional banks results in a more fragmented market where the top five providers are gradually ceding market share. In particular, companies continue to disinter-mediate foreign banks when it comes to domestic cash management services by working directly with local banks.
- Financial stability remains the most important criteria in the selection of lead domestic and international cash management providers. Compared to 2011, pricing has become less important and customer service support and electronic banking capabilities now take precedence for Asian corporates. This contrasts with the buying behavior in Europe and the United States where cash management is more commoditized, resulting in greater price sensitivity and emphasis on credit commitments.

- While cash management providers are often constrained by regulatory and compliance requirements in their ability to simplify the process of implementing new products and services across countries, efforts to streamline it as much as possible can be a clear source of competitive advantage.

### Large Corporate Banking

Sixty-seven percent of large companies in Asia use HSBC for corporate banking, making the bank the clear leader in this category. Fifty-seven percent of large Asian companies use Citi for corporate banking, and 54% use third-place Standard Chartered Bank. With market penetration scores of 41% and 32%, respectively, ANZ and Deutsche Bank round out the markets top five corporate banks. These banks are the 2013 Greenwich Share Leaders in Asian Large Corporate Banking.

“Among large corporates in Asia, ANZ has continued to make rapid progress, both in gaining clients and at the same time establishing itself as one of the quality leaders in the region,” says Greenwich Associates consultant Markus Ohlig. Indeed, ANZ joins Citi, DBS Bank and HSBC as the 2013 Greenwich Quality Leaders in Asian Large Corporate Banking.

Based on market penetration and quality data, Greenwich Associates named the 2013 Large Corporate Banking Share and Quality Leaders in China, Hong Kong, India, Singapore, South Korea and Taiwan.

### Large Corporate Cash Management

Citi and HSBC are tied for the top spot in Asian corporate cash management with market penetration scores of 45%. These leaders are followed by Standard Chartered Bank, Deutsche Bank and Bank of China. These banks are the 2013 Greenwich Share Leaders in Large Corporate Cash Management. The 2013 Greenwich Quality Leaders in Large Corporate Cash Management are Citi, Deutsche Bank and HSBC.

“At the pan-Asian level, the research results show a strong correlation between cash management service quality and market penetration,” says Markus Ohlig. “The research also shows some quality standouts among the global competitors in individual countries, such as Standard Chartered in China and Bank of America Merrill Lynch in Singapore. Meanwhile, Korea Exchange Bank and

China Trust Bank are the only local banks with qualitative leadership in their respective home markets.”

Based on market penetration and quality data, Greenwich Associates named the 2013 Large Corporate Cash Management Share and Quality Leaders in China, Hong Kong, India, Singapore, South Korea and Taiwan.

### Debt Capital Markets

Forty-two percent of large Asian companies use HSBC for debt capital markets, a level that establishes the bank as the clear leader in this market. With a market penetration score of 30% Citi ranks second, followed by Standard Chartered Bank, Deutsche Bank and Barclays. These banks are the 2013 Greenwich Share Leaders in Asian Debt Capital Markets. The 2013 Greenwich Quality Leader in Asian Debt Capital Markets is HSBC. “HSBC stands out among all competitors in the region due to its broad capabilities in both G3 and virtually all major domestic bond markets,” says Markus Ohlig.

### Greenwich Share and Quality Leaders

The following tables present the complete list of the 2013 Greenwich Share and Quality Leaders in Large Corporate Banking, Large Corporate Cash Management and Debt Capital Markets at both the pan-Asian and country levels.

Greenwich Quality Leaders are banks that receive quality ratings from their corporate clients that top those awarded to competitors by a statistically significant margin.

*Consultants Markus Ohlig and Fion Tan specialize in Asian corporate banking and finance.*

### Methodology

*From September to November of 2012, Greenwich Associates conducted 505 interviews in large corporate banking, 120 in debt capital markets, and 766 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 Leaders — 2013



### Asian Large Corporate Banking Market Penetration

Bank	Market Penetration <sup>1</sup>	Statistical Rank
HSBC	67%	1
Citi	57%	2
Standard Chartered Bank	54%	3
ANZ	41%	4
Deutsche Bank	32%	5

*Note: Based on 505 respondents.*

### Asian Large Corporate Cash Management Market Penetration

Bank	Market Penetration <sup>2</sup>	Statistical Rank
Citi	45%	1T
HSBC	45%	1T
Standard Chartered Bank	32%	3
Deutsche Bank	18%	4
Bank of China	16%	5

*Note: Based on 766 respondents.*

### Asian Debt Capital Markets Market Penetration

Bank	Market Penetration <sup>3</sup>	Statistical Rank
HSBC	42%	1
Citi	30%	2
Standard Chartered Bank	25%	3
Deutsche Bank	17%	4T
Barclays	15%	4T

*Note: Based on 120 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; <sup>3</sup>investment banking services. Leaders are based on top 5 leading banks including ties. Sources: 2012 Asian Large Corporate Banking, Asian Large Corporate Cash Management, and Asian Debt Capital Markets Studies.

## Greenwich Quality Leaders — 2013



### Asian Large Corporate Banking Quality

Bank
ANZ
Citi
DBS Bank
HSBC

Note: Based on 505 respondents.

### Asian Debt Capital Markets Quality

Bank
HSBC

Note: Based on 120 respondents.

### Asian Large Corporate Cash Management Quality

Bank
Citi
Deutsche Bank
HSBC

Note: Based on 766 respondents.

Note: Leaders cited in alphabetical order including ties. Sources: 2012 Asian Large Corporate Banking, Asian Large Corporate Cash Management, and Asian Debt Capital Markets Studies

## Greenwich Share and Quality Leaders — 2013

### Large Corporate Banking by Country



Asian Large Corporate Banking Market Penetration	Market Penetration	Statistical Rank
<b>China (70)</b>		
ICBC	77%	1
Bank of China	74%	2
HSBC	69%	3
China Construction Bank	66%	3T
<b>Hong Kong (73)</b>		
HSBC	91%	1
Standard Chartered Bank	68%	2
Bank of China	63%	3
<b>India (63)</b>		
Citi	71%	1
HSBC	65%	2
Standard Chartered Bank	65%	2T
<b>Singapore (56)</b>		
DBS Bank	66%	1
HSBC	54%	2
Standard Chartered Bank	54%	2T
Citi	52%	2T
Overseas-Chinese Banking Corporation	52%	2T
<b>South Korea (68)</b>		
Korea Exchange Bank	85%	1
Shinhan Bank	77%	2
Woori Bank	74%	3
<b>Taiwan (69)</b>		
Mega International Commercial Bank	86%	1
HSBC	59%	2
Citi	58%	2T

### Asian Large Corporate Banking Quality

<b>China (70)</b>	
ANZ	
Citi	
<b>Hong Kong (73)</b>	
DBS Bank	
HSBC	
<b>India (63)</b>	
Axis Bank	
Citi	
State Bank of India	
<b>Singapore (56)</b>	
DBS Bank	
HSBC	
Overseas-Chinese Banking Corporation	
UOB	
<b>South Korea (68)</b>	
HSBC	
Korea Development Bank	
Korea Exchange Bank	
Shinhan Bank	
<b>Taiwan (69)</b>	
ANZ	
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: 2012 Asian Large Corporate Banking Study

## Greenwich Share and Quality Leaders — 2013

Large Corporate Cash Management by Country



Asian Large Corporate Cash Management Market Penetration	Market Penetration	Statistical Rank
<b>China (122)</b>		
ICBC	66%	1T
Bank of China	65%	1T
HSBC	42%	3T
China Construction Bank	41%	3T
<b>Hong Kong (87)</b>		
HSBC	74%	1
Standard Chartered Bank	43%	2T
Bank of China	40%	2T
<b>India (112)</b>		
HDFC	53%	1
Citi	47%	2
HSBC	44%	3
<b>Singapore (89)</b>		
Citi	54%	1
HSBC	32%	2
Deutsche Bank	29%	2T
DBS Bank	28%	2T
<b>South Korea (91)</b>		
Korea Exchange Bank	73%	1
Woori Bank	62%	2
Shinhan Bank	51%	3
<b>Taiwan (85)</b>		
Mega International Commercial Bank	47%	1
Citi	34%	2
HSBC	28%	3
Chinatrust Bank	27%	3T
First Commercial Bank	27%	3T

### Asian Large Corporate Cash Management Quality

<b>China (122)</b>	
Citi	
Deutsche Bank	
HSBC	
Standard Chartered Bank	
<b>Hong Kong (87)</b>	
Citi	
HSBC	
<b>India (112)</b>	
Citi	
<b>Singapore (89)</b>	
Bank of America Merrill Lynch	
Deutsche Bank	
<b>South Korea (91)</b>	
HSBC	
Korea Exchange Bank	
<b>Taiwan (85)</b>	
Chinatrust Bank	
Citi	
HSBC	

Note: 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: 2012 Asian Large Corporate Cash Management Study

© 2013 Greenwich Associates, LLC. All rights reserved. No portion of these materials may be copied, reproduced, distributed or transmitted, electronically or otherwise, to external parties or publicly without the permission of Greenwich Associates, LLC. Greenwich Associates®, Competitive Challenges®, Greenwich Quality Index®, and Greenwich Reports® are registered marks of Greenwich Associates, LLC. Greenwich Associates may also have rights in certain other marks used in these materials.

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.

GREENWICH REPORT



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

www.greenwich.com