

Digital Prowess and Regulatory Tailwinds Fuel Rise of India’s Private Banks

2022 Greenwich Leaders: Indian Corporate Banking



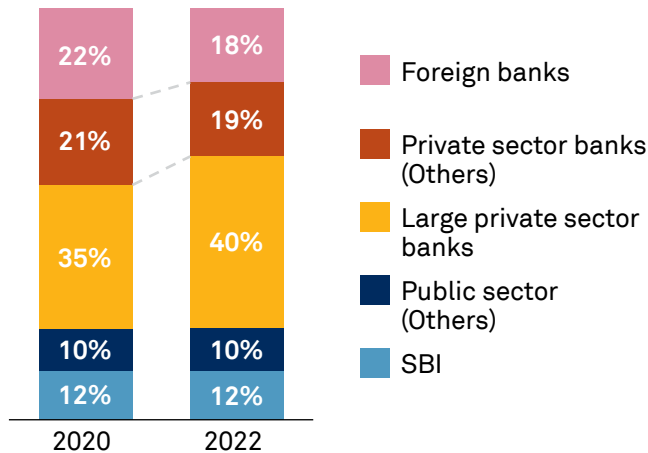
Q3 2022

India’s private banks are on the ascendancy. At the top of the corporate banking market, the country’s three biggest private banks, in aggregate, have gained a large share of deeper relationships among large and middle market corporates.

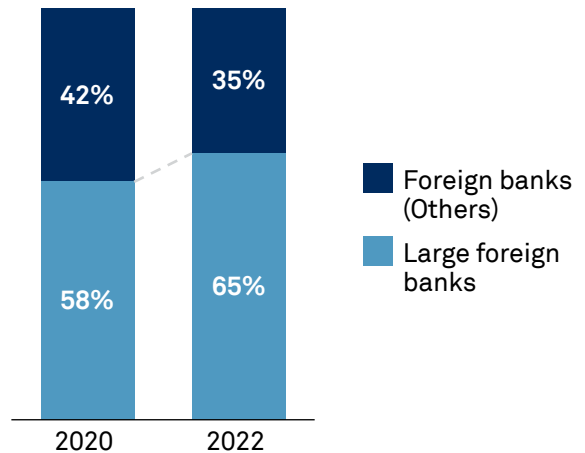
India’s private sector banks got a major boost from the Reserve Bank of India’s 2020 circular establishing new rules on current accounts—effectively ensuring a minimum size relationship that corporates have with their bank, which strengthened the competitive advantage of large corporate lenders. Aided by that tailwind, the market penetration of large private sector banks (HDFC Bank, Axis Bank and ICICI Bank) for domestic cash management has climbed from 35% in 2020 to 40% in 2022. In the international cash management space, the same tailwinds have helped large foreign banks (Citi, HSBC and Standard Chartered Bank) increase market penetration from 58% in 2020 to 65% in 2022. This is not to say that other leading banks are not benefiting, however, given the overall growth in the economy.

Large Indian Private Sector Banks Increase Market Penetration

Domestic Cash Management Citations



International Cash Management Citations



Note: Based on 656 and 453 respondents in 2020, and 518 and 311 in 2022 for Domestic Cash Management and International Cash Management, respectively. Market penetration is calculated based on the number of citations for each service and each segment in the Coalition Greenwich 2022 India Corporate Banking Study. Private Sector Banks refers to ICICI Bank, Axis Bank and HDFC Bank. Private Sector Banks (Others) refers to Kotak Mahindra Bank, IndusInd Bank, IDFC First Bank, RBL Bank, Federal Bank and Yes Bank, etc. Large Foreign Banks refers to Citibank, HSBC, Standard Chartered Bank. Foreign Banks (Others) refers to JPM, DBS, ANZ, BNPP, etc.
Source: Coalition Greenwich 2022 India Corporate Banking Study

There is much more to this performance than favorable regulation. Over the past few years, private banks have been winning over corporate clients by providing innovative digital offerings with a much faster speed-to-market compared to even the global banks.

Greenwich Share and Quality Leaders— Large Corporate Banking

The country’s domestic banks have taken advantage of these regulatory shifts and technology innovation to dominate the list of 2022 Greenwich Share and Quality Leaders in Indian Large Corporate Banking. At the top of that list is State Bank of India (SBI), which still outpaces all competitors in market share by a sizable margin, followed by ICICI Bank and HDFC Bank. Among local Indian banks, HDFC also claims the title of 2022 Quality Leader, along with Axis Bank. Among foreign banks, the 2022 Share Leaders are Citi, HSBC and Standard Chartered Bank, and the 2022 Quality Leaders are Citi and Standard Chartered.

Greenwich Share and Quality Leaders — 2022



Indian Large Corporate Banking Market Penetration—Local Banks

Bank	Market Penetration*	Statistical Rank
State Bank of India	67%	1
ICICI Bank	59%	2T
HDFC Bank	58%	2T

Indian Large Corporate Banking Quality—Local Banks

Bank
Axis Bank
HDFC Bank

Indian Large Corporate Banking Market Penetration—Foreign Banks

Bank	Market Penetration*	Statistical Rank
Citi	44%	1
HSBC	40%	2T
Standard Chartered Bank	40%	2T

Indian Large Corporate Banking Quality—Foreign Banks

Bank
Citi
Standard Chartered Bank

Note: Based on 193 respondents. *Market Penetration is the proportion of companies interviewed that consider each bank an important provider of corporate banking services. Market-level leaders are based on Top 3 leading banks, including ties. Quality leaders are cited in alphabetical order, including ties. Source: Coalition Greenwich 2022 India Corporate Banking Study

Greenwich Share and Quality Leaders— Middle Market Banking

In the middle market space, the 2022 Greenwich Share Leaders among domestic providers are HDFC, ICICI and Axis. The 2022 Quality Leaders are Axis and HDFC. While this market segment is dominated by domestic providers, among foreign banks competing in the middle market segment, the 2022 Greenwich Share Leaders and the 2022 Quality Leaders are Citi, HSBC and Standard Chartered Bank.

Greenwich Share and Quality Leaders — 2022



Indian Middle Market Banking Market Penetration—Local Banks

Bank	Market Penetration*	Statistical Rank
HDFC Bank	66%	1
ICICI Bank	50%	2
Axis Bank	47%	3

Indian Middle Market Banking Quality—Local Banks

Bank
Axis Bank
HDFC Bank

Indian Middle Market Banking Market Penetration—Foreign Banks

Bank	Market Penetration*	Statistical Rank
Citi	15%	1T
HSBC	15%	1T
Standard Chartered Bank	15%	1T

Indian Middle Market Banking Quality—Foreign Banks

Bank
Citi
HSBC
Standard Chartered Bank

Note: Based on 465 respondents. *Market Penetration is the proportion of companies interviewed that consider each bank an important provider of corporate banking services. Market-level leaders are based on Top 3 leading banks, including ties. Quality leaders are cited in alphabetical order, including ties. Source: Coalition Greenwich 2022 India Corporate Banking Study

Digitization Driving Competition for Banking Relationships

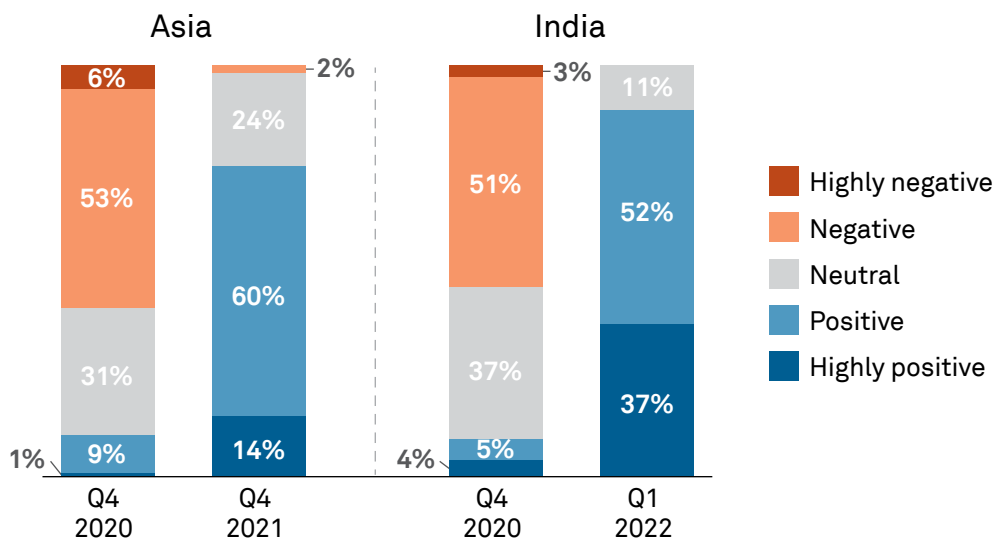
Even prior to COVID-19, digital payments and digital banking were given a big impetus, thanks to the government initiatives like “demonetization,” UPI (Unified Payments Interface) and UIDAI (Unique Identity Authority of India). However, coming out of the pandemic, digitization and digital integration have really become top priorities for Indian corporates. Indian companies are optimistic about their country’s economic outlook—considerably more so than corporates elsewhere in Asia. As they embark on a new cycle of capital expenditures in preparation of expected opportunities for growth, they are looking for new ways to optimize working capital management and maximize cash flows.

Indian Corporates See Positive Business Environment Ahead

Indian corporates are sanguine about the near-term outlook for their businesses. Although companies remain somewhat cautious about uncertainties currently unfolding in the post-COVID marketplace, on the whole, Indian corporates are more bullish about the business environment than their peers across Asia. Within India, the financials, information technology and energy sectors are the most optimistic about the outlook for the next six to 12 months.

Business Outlook for the Next 6–12 Months

What do you think is the outlook for your business?



Note: Asia: Based on 626 respondents in 2020 and 914 respondents in 2021. India: Based on 133 respondents in 2020 and 658 in 2022.

Source: Coalition Greenwich 2021 and 2022 Asian Large Corporate Banking and Cash Management Studies and 2021 and 2022 India Corporate Banking Studies

Digitization will be central to those efforts. When asked to name their top priorities for the coming year, senior corporate treasury professionals place working capital management and digitization of firm-wide treasury processes at the top of the list by a wide margin.

This focus on digital efficiency is playing to the strengths of large private banks, which are now reaping the rewards from significant past investments in digital capabilities and their reputation for speed-to-market. The “digital experience” is having a growing influence over companies’ allocation of their banking wallet, and companies give top ratings to the experiences provided by private banks. Of all corporate banks competing in India, HDFC Bank gets the highest scores in client ratings of digital experience, followed by Axis Bank, Citi and ICICI Bank.

At least some of the credit for these high scores has to go to the Reserve Bank of India (RBI) and the India Banks Association for the creation of the National Payments Council of India (NPCI) and its system for payments and settlement. In most countries, local banks struggle to match the technology stack of global banks competing in the market. The establishment of real-time infrastructure has allowed the country to vault ahead in digital payments and has helped Indian banks roll out innovative digital offerings that, from the perspective of Indian corporates, are as good as or better than anything from the global banks.

The impact of that innovation can be seen in the recent performance of smaller Indian private banks. From 2020 to 2021, the aggregate market penetration of India’s “other” private sector banks (all private banks excluding HDFC Bank, Axis Bank and ICICI Bank) climbed from 3% to 5% in overall corporate banking where firms cite a “lead” relationship—a milestone.

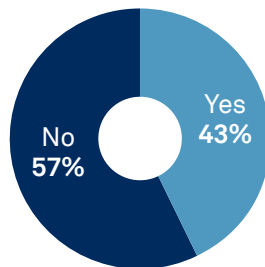
ESG: An Opportunity for Indian Banks

Indian banks have a critical opportunity to deepen relationships with corporate clients and make a positive impact by helping large and midsize companies implement environmental, social and governance (ESG) standards and goals.

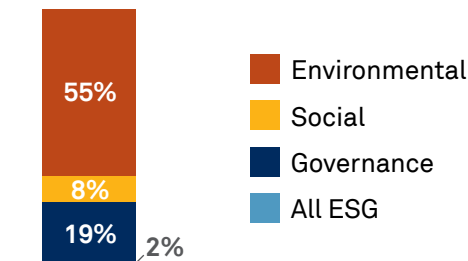
Nearly a third of large Indian corporates and almost two-thirds of middle market companies have yet to establish clear and tangible ESG goals or targets. In industry segments like real estate, only about 1 in 5 companies have adopted such ESG measures. Across the board, far fewer companies have adopted ESG metrics in their treasury function relative to similar industries Europe, the U.S. and some parts of Asia.

Less Than Half of Indian Corporates Have Formal ESG Goals

Does your organization have any ESG target or goals?¹



Key focus of ESG goals²



Note: ¹Based on 578 respondents. ²Key focus refers to the main goals/targets respondent’s organization have. Based on 86 respondents.
Source: Coalition Greenwich 2022 India Corporate Banking Study

To date, companies say foreign banks have taken the lead on this issue by being the most active in approaching their clients about ESG. But with domestic banks holding a growing number of key corporate banking relationships, they are in a unique position to provide added value to their growing base of clients by advising them on how best to navigate the often confusing world of ESG data and standards—both in their business operations and in their treasury/finance practices.

As observed elsewhere globally, where ESG targets do exist, environmental considerations play a more important role. As ESG standards and norms evolve further and crystallize into more well-defined frameworks, there is an opportunity for banks to partner with firms and help navigate their ESG journey.

Greenwich Excellence Awards

The accompanying tables present the 2022 Greenwich Excellence Awards winners in Indian Corporate Banking.

GREENWICH EXCELLENCE AWARDS

For the fifth year, Coalition Greenwich is recognizing excellence in Indian corporate banking. The 2022 Greenwich Excellence Awards identify the top-ranked banks in a series of product and service categories. Winners are determined by receiving a statistically significant portion of “Excellent” ratings from their large corporate and middle market clients in India.



2022 Greenwich Excellence Awards for Indian Large Corporate Banking

Among More Than 70 Banks Evaluated, 7 Have Distinctive Quality

Effective Senior Management Support Standard Chartered Bank	Ease of Doing Business Axis Bank	Ability to Streamline KYC Processes *	Frequency of Contact Axis Bank
Timely Follow-up *	Proactive Provision of Advice Axis Bank HDFC Bank Kotak Mahindra Bank Standard Chartered Bank State Bank of India	Knowledge of Transaction Banking Needs Axis Bank ICICI Bank	Knowledge of International Banking Needs Citi
Coordination of Product Specialists Axis Bank Citi	Willingness to Extend Credit *	Most Competitive Credit Pricing *	Digitizing the Credit Process *
	Overall Digital Experience HDFC Bank	Customer Service Axis Bank HDFC Bank	

Note: *Performance evaluations did not yield statistically differentiated providers for this metric. Based on interviews with 193 respondents.

Source: Coalition Greenwich 2022 India Corporate Banking Study

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



2022 Greenwich Excellence Awards for Indian Middle Market Banking
Among More Than 70 Banks Evaluated, 4 Have Distinctive Quality

Effective Senior Management Support Axis Bank IndusInd Bank	Ease of Doing Business HDFC Bank	Ability to Streamline KYC Processes HDFC Bank	Frequency of Contact Axis Bank HDFC Bank
Timely Follow-up HDFC Bank	Proactive Provision of Advice Standard Chartered Bank	Knowledge of Transaction Banking Needs HDFC Bank	Knowledge of International Banking Needs Standard Chartered Bank
Coordination of Product Specialists HDFC Bank Standard Chartered Bank	Willingness to Extend Credit *	Most Competitive Credit Pricing *	Digitizing the Credit Process *
	Overall Digital Experience Axis Bank HDFC Bank	Customer Service *	

Note: *Performance evaluations did not yield statistically differentiated providers for this metric. Based on interviews with 465 respondents.

Source: Coalition Greenwich 2022 India Corporate Banking Study

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

Coalition Greenwich Head of Asia, [Gaurav Arora](#), [Ruchirangad Agarwal](#), [Wesley Han](#) and [Pushpak Vanjari](#) specialize in Asian corporate/transaction banking and treasury services.

For more information: ContactUsAsia@greenwich.com or call +65.6236.0142

METHODOLOGY

From September 2021 to March 2022, Coalition Greenwich conducted interviews with 193 large corporates and 465 middle market businesses in India and asked them to name the banks they use for a variety of services, including corporate lending, cash management, trade services and finance, foreign exchange, structured finance, interest-rate derivatives, and investment banking.

The Greenwich Quality Index (“GQI”) comprises metrics which measure Institutional Relationship Quality and Overall Coverage (i.e., “People”) Quality. Institutional Relationship Quality factors include “Effective Senior Management Support,” “Ease of Doing Business,” “Willingness to Lend,” “Most Competitive Pricing,” and “Ability to Communicate Upfront on KYC Requirements.” Coverage Quality factors include “RM’s Proactive Provision of Advice,” “Knowledge of Transaction Banking Needs,” “Knowledge of International Needs,” “Frequency of Visits,” “Timely Follow Up on Requests,” and “Effective Coordination of Product Specialists.” Study participants were then asked to rate their banks in 14 product and service categories. Subjects covered included product demand, quality of coverage and capabilities in specific product areas.

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Report may include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services. No representation is made as to the accuracy of such statements, assessments, estimates, and projections. Coalition Greenwich disclaims all warranties, expressed or implied, with respect to this Report, including any warranties of merchantability or fitness for a particular purpose arising out of the use of all or any of this Report. Coalition Greenwich accepts no liability whatsoever for any direct, indirect or consequential loss or damage of any kind arising out of the use of all or any of this Report.

The Report contains commercial information only. It is not investment advice and should not be construed as one and has not been prepared with a view to any party making any investment decision based on it. No part of the Report should be considered to be advice as to the merits of any investment decision or any recommendation as to any investment action or decision. It is not investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research. This Report does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Report, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities.

The data reported in this document may reflect the views reported to Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results. Unless otherwise indicated, any opinions or market observations made are strictly our own. No portion of these materials may be copied, reproduced, distributed, or transmitted, electronically or otherwise, to external parties or publicly without the permission of Coalition Greenwich. Coalition Greenwich is a part of CRISIL Ltd, an S&P Global company. ©2022 CRISIL Ltd. All rights reserved.