



Internship Report on HSBC

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Subject: Submission of Internship report

Sir,

In accordance to your advice, I have prepared my Internship report on Expansion Strategy of HSBC in Bangladesh.. In my report, I have tried to focus on the relevant information which would cover the objectives of the report. But no doubt, my effort and contribution will be best evaluated on your sharp scale of acceptance and remarks.

Consequently, I am transmitting my project report to your very concern. I sincerely hope this report will fulfill the requirements suggested by you under the course BUS-400. Rather, in case of any further clarification or elaboration on my work, I would welcome the opportunity to consult with you.

Thanking you.

With best regards,

Israt Kabir

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BUS-400

BRAC Business School, BRAC University

Acknowledgement

At the very beginning, I am solemnly thanking the Almighty Allah.

I am sincerely thankful to my academic supervisor, Mr. Shawkat Kamal, coordinator of BRAC Business School, BRAC University; who permitted and supported me to work on the expansion strategy of HSBC. I am extremely grateful for giving me such an opportunity that has enriched my area of knowledge vastly.

Furthermore, I want to thank my organizational supervisor, Mr. Fahian Imran Ali, Assistant Manager, Remittance, Service Delivery Office, HSBC; for giving me the required information and also for giving permission to do the necessary work to commence this project.

Especially, I would like to thank my parents who have made it possible for me to be a part of such educational organization and created the way to have excellence in education.

Table of Contents

Content	Page no
Chapter 1	
Executive summary	
Introduction, Objective	1
Methodology	2-3
Scope, Limitation	4
Chapter 2	
Company overview	5-7
SWOT analysis	7-9
SWOT matrix	10
Chapter 3	
Expansion strategy	11-17
Chapter 4	
Competitor analysis	18-22
BCG matrix	23
Chapter 5	
Own assessment	23-24
Chapter 6	
Conclusion	25
Reference	26-27

Executive Summary

With the world knowing identity, Hong Kong and Shanghai Banking Corporation (HSBC) started its operation in Bangladesh in 1996. With such a brand image, outstanding marketing activities and modern product and service area, they also built a place in Bangladeshi market as well. So here I have tried to focus upon the gist expansion strategy of HSBC in Bangladesh, highlighting in Dhaka city. This is aimed to have an overview of how they are operating and expanding their business in Bangladesh presently.

Starting from the company overview, I have put light on giving a brief about HSBC as a global bank and HSBC in Bangladesh. Further, I have moved on to explore the expansion strategy of HSBC. As I have found from the speech of HSBC persons, their expansion strategy is focused on two sides. Considering that factors, I have showed the expansion strategy in terms of expansion of branches and in terms of expansion of business. Moreover, it is also very important to have a clear and specific idea about the selected organization's current situation. So I have also done a SWOT analysis of HSBC. And based on that, I have suggested some strategies that they can adopt, in the SWOT matrix.

The study also reflects a competitor analysis with the main foreign competitor banks in Bangladesh. This is to understand HSBC's position in the market as well as their strategies to face the competitive situation. Here I have given a short BCG matrix analysis to have an idea regarding the market situation and growth of the selected organizations.

Finally I have gone through my own assessment regarding their operation. I have also given some recommendation in that assessment that may improve the operation of HSBC in Bangladesh in future.

Introduction

In today's dynamic business world, every organization needs proper strategic management at all organizations levels and in all work areas. It is one of the most important factors, which is needed to achieve the organization's success. Briefly, strategic management is a type of managerial activity that draws organizational goals and tactics and ultimately entitles direction for achieving those goals. This process consists of organization's vision, mission, objectives, policies, plans, and allocating resources to achieve those goals. Considering these factors it is very important for us to have a clear view regarding these issues. For that purpose, I have selected "**Hong Kong and Shanghai Banking Corporation and their expansion strategy for operating in Bangladesh**" as a topic for my project work.

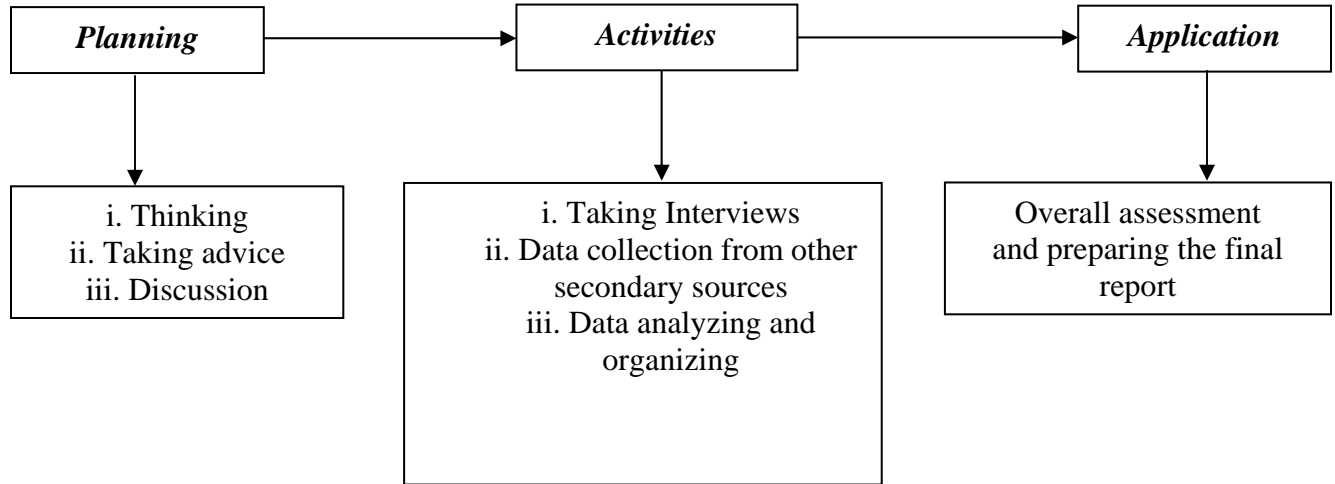
Objective

To achieve the desired end result of my work, I have set some objectives that ultimately help in the preparation of a well decorated report. Here I have mentioned some specific objectives for my report, which will be covered in my further work. The target areas are as follows-

- Expansion strategy of HSBC for their operations in Bangladesh.
- A competitive analysis of HSBC with their main competitors in Bangladesh.
- Finally own assessment regarding HSBC's overall operation.

Methodology

I have come up with the methodology for this study, which will reveal the entire process that would be followed for completion of the project successfully. This study will be carried out in several steps. These are-



Data collection

For the purpose of data collection I will consider two types of sources, which are Primary and secondary sources. The prospective primary and secondary sources of data are as follows-

Primary Sources	Secondary Sources
Personal interview with Management	Websites and Internet
Discussion with Executives, familiar persons working in these organizations and with some customers	Studying articles, news, brochures and documents on HSBC and selected competitors

Data analysis

The collected information from both the sources will be analyzed before further work. Any type of duplication, data reliability, and validity will be cross checked carefully. And then the overall proceeding and assessment will be done.

Time frame

I have tried to frame the specific time period from February 2010 to April 2010 in the way mentioned below-

<i>Internship at HSBC</i>	February	Starting of March	Mid of March	Late of March	Starting of April	Mid of April	Late of April
Gathering & organizing information	✓						
Submission of proposal		✓					
Analyzing & arranging content			✓				
Submission of Draft				✓			
Preparing final report					✓		
Submission of final report						✓	
Presentation							✓

Scope

As the scope of the project I would like to mention specific boundary within which the focus would be limited. Here the scope will be the organizations and operation only in Dhaka, Bangladesh.

Limitation

I have tried to give my level best and put greatest effort to enrich the content of the report. But yet I have faced some limitation to prepare the report. The major one was that the persons of selected banks were not very helpful in providing information regarding their strategies.

Company Overview: HSBC

Hong Kong & Shanghai Banking Corporation, shortly known as HSBC is one of the largest banking and financial service providing organization in the world. HSBC group is the parent company of this bank which was founded in 1865. HSBC has played the role of pioneer and a pillar of banking in many communities around the world which created an international pedigree and proud of its history of achievements. The company has a global reach and financial fundamentals matched by few other banking or financial multinationals.

The bank is having its headquarter in London, UK and enrich with a international network which comprises around 8,000 offices in 88 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. Through this international network linked by advanced technology, including a rapidly growing e-commerce capability, HSBC provides a comprehensive range of financial services including personal financial services, commercial banking, corporate banking, investment banking, and other financial activities. HSBC is listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges and shares are held by around 220,000 shareholders in 119 countries.¹ The company is having 331,458 employees in its business around the world. Stephen Green is the Group Chairman and Michael Geoghegan is the Group CEO presently.²

The company is structured according to its consumer groups, providing a comprehensive range of financial services. They consider their customers various needs and design their services accordingly. That is why they run their global business with the slogan “the world’s local bank”. This diversification of their activities has been marked very

¹ <http://www.hsbc.com/1/2/about> 25 March 2010

positively by the customers and they have successfully created a brand value of the company.

HSBC in Bangladesh

In order to start their journey in Bangladesh, HSBC obtained license from the central bank on 17 April 1996 to conduct banking business and commenced formal banking operations on 3 December 1996 through opening first branch in Dhaka.³ It has expanded its operations in the country through 9 branches in Dhaka, Chittagong and Sylhet, 1 offshore banking unit, 27 ATM booths, and 7 customer services centers. Presently, Mr. Sanjay Prokash is the CEO of HSBC Bangladesh. HSBC Bangladesh is rated among the highest level of rating for any bank or financial institution in Bangladesh.⁴

HSBC Bangladesh offers a comprehensive range of financial services such as commercial banking, consumer banking, payments and cash management, trade services, treasury, and custody and clearing. The offshore banking unit is in the Export Processing Zones, which is only limited to investors in the EPZs. A special service called NRB Services is also available for non resident Bangladeshis, which allows consumers to maintain accounts in US Dollars, Pound Sterling and Euros. People using this service can freely remit money from Bangladesh to any part of the world and can access their money from any HSBC booth around the world. HSBC's global Islamic banking system called Amanah is also available in Bangladesh, which runs completely according to Islamic Shariah. It is one of the very few banks in the country to offer day night banking. As of 2009 the total revenue earned by HSBC Bangladesh is \$ 58 million.⁵

³ http://www.hsbc.com.bd/1/PA_1_1_S5/content/DAK2/attachments/financial_statement/off_notes_09.pdf

⁴ http://en.wikipedia.org/wiki/HSBC_Bank_Bangladesh

⁵ <http://nation.ittefaq.com/issues/2009/03/04/news0281.htm> 25 March 2010

HSBC Bangladesh not only focuses on the business side but also has taken part in several social and cultural activities of Bangladesh. Here the business combines sophisticated global coverage with a broad understanding of local markets and regulations. In addition, they also want to ensure a global platform to provide financial service and solutions of international standards to Bangladeshi clients.

SWOT Analysis

When we deeply analysis the position of any company, SWOT analysis plays a significant role. Like other companies, HSBC also has some internal strength and weakness as well as some external opportunities and threats.

Strength

- ✓ The brand value of HSBC: As HSBC holds an international identity and it is already well known to the customers, so people have a positive image and perception regarding HSBC. HSBC itself is a brand name and people want to be a part of such company.
- ✓ Quality service provider: HSBC is very much concerned regarding giving the best quality services to its customers. It also aims to provide the same kind and level of service to all its customers. They are committed to satisfy customers with high quality service that reflects their global image.
- ✓ Use of modern technology: HSBC uses modern technology to provide the efficient and effective services to customers. They aim to be updated with technological changes so that they can make their service and products more useful to their customers. HSBCnet is one of the examples of their use of modern technology.

- ✓ Cultural flexibility: HSBC design their products and services and their business activities according to the culture of operating country, what they have done in Bangladesh as well. These efforts make their customers feel that they respect and value Bangladeshi culture and life style.

Weakness

- ✓ Few branches all over the country: Compared to the time of operations of HSBC in Bangladesh, their numbers of branches are very limited. Rather their focus is only big cities, not to cover the whole country.
- ✓ Customer concentration: HSBC has a strong concentrate on the big corporate clients and upper class customers. They ignore a large portion of customer base (like the middle class group) and they split to other local banks.
- ✓ Less coordination between front and back office: HSBC's back office and front office has some miscommunication and lack of coordination. The work and efforts of the back office people is not appreciated equally by management. As a result they do not have a quite healthy relation which is harmful for the overall operation of the bank.

Opportunity

- ✓ Departure and limited operations of other foreign banks: Some of the foreign banks have left Bangladesh and some have only one or two branch in Dhaka (like- Woori Bank, Habib Bank etc). Even they are also multinational banks, but these banks have kept their operations very limited in Bangladesh yet.

- ✓ Governmental facilities: Even though there are lots of regulation in operations of banks in Bangladesh, but the Govt. is changing these so that they can make the service area wider for the customers. Likewise- implementation of Basel 2.
- ✓ New technologies: The banking jobs were mostly done manually at a period. Even the Govt. banks are still using manual process in their services. By technological changes has changed the service completely like 24 hours banking facilities. Lots of new changes are coming day by day and if they adopt those can make their more efficient.

Threats

- ✓ Competitors: There are other already established foreign and local banks in Bangladesh presently. New competitors are coming as well as existing banks are getting together in many services (like-shared ATM booth). They also grab any new product and service categories very quickly. Thus competitors are making threats to the company.
- ✓ Customers are splitting down to other competitors
- ✓ Govt. rules: The existing rules and laws regarding banking operation are very strict in Bangladesh. Moreover foreign banks are bound with more bindings to have their business in Bangladesh.

SWOT Matrix

Based on the SWOT analysis I have done a SWOT matrix of HSBC. Here I have come up with some strategies that can be used for their further business.

SWOT Matrix

Strengths

1. The brand value of HSBC
2. Quality service
3. Use of modern technology
4. Cultural flexibility

Weaknesses

1. Few branches all over the country
2. Customer concentration
3. Less coordination between back and front office

Opportunities

1. Departure and limited operations of other foreign banks
2. Governmental facilities
3. New technologies

SO Strategy

They can use the brand image of HSBC to attract those customers who are left for the departure or limited services by other foreign banks. **(S1, O1)**

WO strategy

As other foreign banks have limited operations yet in Bangladesh, so they can have more branches over the country. Thus they can have more customers and area coverage and market share can be increased. **(W1, O1)**

Threats

1. Competitors
2. Govt. rules
3. Customers are splitting down

ST Strategy

Customers who are splitting down to other banks, they can have them by promoting and providing quality service as well as through this cultural flexibility that they show to have local touch in their business. **(S2, S4, T3)**

WT Strategy

Rather than focusing on particular group of customers, they can have a wide customer focus to win the divided customers towards them **(W2,T3)**

Expansion Strategy: HSBC

According to the objective of the report, I have focused on the expansion strategy of HSBC for year 2010. As today's business world is very much dynamic and competitive, their strategic management is such that they basically set plan for the coming up year rather than focusing on long term plans, in such type of issues like expansion.

Here I have focused on HSBC's expansion in two sides-

- In terms of expanding branches

- In terms of expanding business

Expansion of Branches

In this case, before going in depth of the expansion strategy, there come some other very important factors which are related and influential in their expansion. These are explained briefly below.

Bangladesh Bank as the central bank of the country regulates and supervises all the activities of all banks operating in Bangladesh. Bangladesh Bank is now carrying out programs to ensure the quality services by the banks. It allows the financial institutions to run the following banking systems-

- Commercial Banks
- Islamic banks
- Leasing Companies
- Finance companies

There are four nationalized commercial banks (NCB), five government owned specialized banks, nine foreign commercial banks and 30 private commercial banks currently operating in Bangladesh.⁶

Generally, the commercial banks and finance companies provide various kinds of banking products or services considering the needs of their customers. But the Bangladeshi banking industry is characterized by banking rules and regulations set by the Bangladeshi Bank. All banks and financial institutions are highly governed and controlled under the Banking Companies Act-1993.⁷

The range of banking products and financial services is also limited in scope. According to that, all local banks must maintain a 4% Cash Reserve Requirement (CRR), which is non-interest bearing and a 16% Secondary Liquidity Requirement (SLR). With the enlargement of markets, competition among the banking products and financial services seems to be growing more intense each day. In addition, the banking products offered in Bangladesh are fairly homogeneous in nature due to the tight regulations imposed by the Bangladesh Bank. That is why competing through differentiation is increasingly difficult and other banks quickly duplicate any innovative banking service.

In terms of business expansion, there is also this sort of code of conducts given by Bangladesh Bank. Here two issues are concerned-

⁶ http://en.wikipedia.org/wiki/List_of_banks_in_Bangladesh

⁷ <http://www.scribd.com/doc/7271336/An-Investigation-Into-Customer-Satisfaction-at-HSBC-Bangladesh>
24 March 2010

- **Basel I:** It is the round of deliberations by central bank and a set of minimal capital requirements for banks. Basel I is now widely viewed as outmoded, and a more comprehensive set of guidelines, known as Basel II are in the process of implementation by several countries as well as in Bangladesh.⁸
- **Basel II:** Basel 2 is designed to help banks to adopt more comprehensive, sophisticated and risk-sensitive approach for calculating regulatory capital.⁹ It assigns how much capital banks need to put aside to guard against any types of financial and operational risks banks face. The new Basel accord has been prepared on the basis of three pillars-minimum capital requirement, supervisory review process and market discipline. Three types of risks are considered here which are credit risk, market risk and operational risk. Bangladesh entered the Basel II regime, the latest version of risk-based capital standards set for banks worldwide, on the first day of 2010.¹⁰

But as the Basel II concept is just introduced, it has not been executed deeply yet. And while HSBC started their operations in Bangladesh, it was under Basel 1 code. According to this, banks operating in Bangladesh must follow 3: 1 ratio in terms of opening their branches respectively in urban and rural areas.

As a global bank HSBC's focus was on the capital city only at the beginning of their operation. But gradually they expand their operation and braches behind the capital. Currently they are having 9 branches in total (6 in Dhaka, 2 in Chiittagong and 1 in Sylhet), 1 sub-branch, 27 ATM booths, 7 customer services center in Dhaka, Chittagong

⁸ http://en.wikipedia.org/wiki/Basel_I

⁹ http://www.icrier.org/pdf/22dec/Banik_presentation.pdf

¹⁰ <http://www.thefreelibrary.com/Bangladesh+:+Banks+step+into+Basel+II.-a0215887863>

24 March 2010

and Sylhet. HSBC also has 2 business development centers in Dhaka and in Chittagong Export Processing Zone and 1 offshore banking unit (OBU) to provide foreign currency financing to qualifying customers.

In terms of expanding their branches their main strategy is to focus on such areas where they have customer demands and the place where they can ensure their quality services and maintain their level of standard. The branch of HSBC at Uttara Dhaka was restructured according to this policy. They redesign the comparatively small branch of Uttara into a large branch as they found enough customers over there. They also found that area suitable and affordable to run a large branch of their organization. HSBC is also going to expand in Mirpur and Narayanganj, Dhaka considering the same factors.

But here they also face some limitations. Like wise- as a renowned bank it is extremely important for them to maintain their standard services. Considering that they can't afford to have so many branches all over the country, or even in Dhaka. That is why they are having 6 branches in Dhaka only in the main areas of the city. So it becomes very difficult for them to follow the regulation of Bangladesh Bank to maintain 3:1 ratio in terms of branch opening in urban and rural areas. So rather than opening branches they prefer to open ATMs in the key points of the city as long as possible. And they mainly consider expanding their business gradually and ultimately by ensuring their quality service and maintaining their brand value.

Expansion of Business

HSBC as a global bank has always been focused to provide the same level of services to all of their customers around the world.

HSBC is structured according to its consumer groups, providing a comprehensive range of financial services, including personal financial services, commercial banking, corporate banking, investment banking and other activities. They also state that, 'our goal is not, and has never been, profit at any cost. Rather tomorrow's success depends on the trust we build today.' Thus, in HSBC customer satisfaction is considered an important strategic objective to allow the bank to continue to be successful in the long term.¹¹ That is why in terms of expanding their market they consider various needs of customers and classify their products and services accordingly, as they claim themselves as "*the world's local bank*"

Considering these, HSBC has played a principal role in terms of bringing new products and service categories in Bangladesh. They follow a diversified business model¹² where they strongly emphasis on Bangladeshi culture, people's preference, rituals, religion and such issues. For example-

In terms of products and services

Amanah Banking¹³: HSBC has a rich tradition of community banking, and HSBC Amanah was established to serve the particular financial needs of Muslim communities. Considering the Muslim majority of the population of Bangladesh and a demand among them for such Islamic banking system, HSBC brought this Islami Shariah compliant

¹¹ <http://www.scribd.com/doc/7271336/An-Investigation-Into-Customer-Satisfaction-at-HSBC-Bangladesh>

¹² <http://ebiz.ittefaq.com/issues/2010/03/10/all0935.htm>

¹³ <http://www.hsbcamanah.com/amanah/about-amanah> 25 March 2010

solution. It is the global Islamic financial services division of the HSBC which was introduced in 1998. HSBC Amanah represents the largest Islamic financial services team of any international bank. Currently in Bangladesh, they offer current account, import finance banking completely following the Islami regulations. So thus they attract the large portion of market and keep the local touch in terms of their products and services.

Business Banking: Business Banking from HSBC offers the flexibility of solutions specifically catered to customers growing business needs and management of their business. A Business Banking account with HSBC provides access to a wide range of products as valued Business Banking customer. HSBC's business accounts are no longer just a medium to deposit money and make standard payments; rather with Business Banking customers have access to a range of products, which target their business growth. HSBC offers an unmatched efficient banking structure along with a whole range of products and services to suit all business needs. At HSBC understands that running a business takes time, money and planning, and that is why extensive range of products and services has been designed to give maximum value with the minimum of paperwork and effort. Thus they target the business and executive people and make their life easier with their solutions.

HSBC net¹⁴: One unique feature of HSBC banking is HSBC net where they provide their customers a proprietary computer-based software package. Using this customer can have access with an instant link into HSBC's international computer networks. It allows them to have transaction with the bank and to obtain diverse range of up to date information 24 hours and 365 days. The system is used widely by HSBC's high-end corporate and institutional clients. It is also the brand under which HSBC markets its global e-commerce proposition to such clients. It is such an extraordinary facility that customers can enjoy sitting anywhere in the world. Thus they not only give the customers instant service but also make them feel attach with the bank's internal areas.

¹⁴ http://www.hsbc.com.bd/1/PA_1_1_S5/content/DAK2/attachments/factsheet-bd.pdf

Others

HSBC- export and entrepreneurship: As the world's local bank, HSBC enables businesses to go international in Bangladesh. Presently, HSBC facilitates approximately 9% of the country's total export.¹⁵ The bank also encourages the exporters of Bangladesh by giving awards and recognition to them in various sectors like RMG, SME, emerging sectors etc. HSBC also facilitates the young entrepreneurs of Bangladesh by financing them with their innovative business ideas and give them chance to explore to other country's business areas as well.

Education and Environment: HSBC Bangladesh also works for the educational and environmental improvement in Bangladesh. They organize sports, sponsor Bangladeshi festivals, participate in activities that help the disadvantage/disabled and promote awareness and appreciation about the local culture. Though these are basically part of their corporate social responsibility but these are also their strategy to make them feel local and close to Bangladeshi people.

These are some of the examples how HSBC has differentiated their products and services as well as how they have taken several initiatives to localize themselves according to Bangladeshi people and their way of living. Thus in terms of expanding their market in coming years they mainly aims to differentiate themselves by bring innovative business solutions, new area of services and products and to act as a local bank with their global identity. Though they claim that competing through differentiation is increasingly difficult and other banks quickly duplicate any innovative banking service now a days.

¹⁵ <http://www.hsbc.com.bd/1/2/dak2/corporate-banking/hsbc-export-excellence-awards> 25 March 2010

Competitor Analysis

According to another objective of the report, I have come up with an analysis of HSBC with its main competitors. Here I have considered two of the major foreign banks operating in Bangladesh, Standard Chartered Bank and Citi Bank N.A., as its main competitor.

Here is brief overview of the two selected competitors-

Standard Chartered Bank Bangladesh (SCB)

Standard Chartered Bank is the largest international bank in Bangladesh with 25 branches and 50 ATMs over the country.¹⁶ It is the only foreign bank in the country which has presence in 6 cities - Dhaka, Chittagong, Khulna, Sylhet, Bogra and Narayanganj including two offshore banking units inside Dhaka Export Processing Zone (DEPZ) and Chittagong Export Processing Zone (CEPZ). The bank currently is employing over 1,300 employees in Bangladesh. Previously, Standard Chartered Bangladesh has bought out the operations of two other foreign banks in Bangladesh which were Grindlays Bank and American Express.

The products and services offered by SCB are consumer banking, priority banking, private banking, SME banking, wholesale banking and the shariah banking named Saadiq banking etc.¹⁷

With a banking heritage spanning more than 150 years, Standard Chartered has developed extensive global reach and a strong position in emerging markets and new

¹⁶ http://www.bangladeshdir.com/webs/catalog/standard_chartered_bank_bangladesh.html
<http://www.standardchartered.com/about-us/en/index.html>

¹⁷ <http://www.standardchartered.com/about-us/en/index.html#>
<http://www.bangladeshtrades.com/banks-in-bangladesh/citibank-na-dhaka-bangladesh.html>
<http://www.highbeam.com/doc/1PI-29570505.html> 26 March 2010

trade corridor. It is committed to build a sustainable business over the long term that is trusted worldwide for upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity.

Citibank N.A.

Citibank N.A. is another renowned foreign bank operating in Bangladesh. It is a preeminent financial services company, with some 200 million customer accounts in more than 100 countries.

Citigroup established its presence in Bangladesh in 1987 through a representative office. The bank opened its first full-service branch in Dhaka in 1995. It now has three branches in the two major cities of Bangladesh, Dhaka and Chittagong and 2 offshore banking units, with 82 employees serving both corporate and few individual customers. Their operations encompass corporate bank, financial institutions, treasury and e-business under the global corporate and investment banking area. They provide a comprehensive range of financial services including treasury management, transaction services, foreign exchange and structured finance to corporate clients, governments, and financial institutions. The bank has been offering its customers the highest standard of financial services backed by sophisticated technology and innovative product solutions. The bank also provides remittance services to the expatriate community largely in Middle Eastern countries as well as across the world.¹⁸

Basically Citibank provides the commercial banking service mainly focusing on corporate clients and financial institutions in Bangladesh.

¹⁸ <http://www.citigroup.com/citi/global/bgd.htm> 26 March 2010

Analysis

➤ Competitive advantage of HSBC

Briefly, competitive advantage is a position a business occupies against its competitors. HSBC follows some strategies for creating a competitive advantage. Likewise-

1. Differentiation and sustaining the brand image- HSBC has already created a brand image in the customers mind and that makes them different among others. It is a renowned bank not only in Bangladesh, but also throughout the world. So customers have a trust on this name and they feel secure to bank with HSBC. Retaining this brand position is one of the key policies of HSBC to differentiate themselves among others.

2. Quality leadership - Quality advantage occurs with HSBC when it delivers the same services as its competitors but at a better quality. It has an approach that focuses on providing the same quality service to all of their customers. So even they have specific number of branches compare to the main competitors, but they believe to ensure the quality services over there; rather than going with lots of branches.

➤ In terms of expansion of branches and area coverage

- ✓ Standard Chartered Bank is largest among these three in terms of area coverage, with the largest network of branches and customer base in the country.

- ✓ HSBC plays in the market with a few numbers of branches but the brand value and service quality of HSBC allow HSBC to run flourishing business so far, in spite of SCB's significant presence.
 - ✓ Citibank N.A has a comparatively small expansion throughout Bangladesh, even in Dhaka city; and their focus is mostly on selected large customers like institutions or corporate clients.
- In terms of products and services
- ✓ Among these three banks, the Islamic banking option is offered by HSBC and SCB, not by Citibank N.A. This bank has not yet come up with this demanding banking service by Bangladeshi customers.
 - ✓ For processing the remittance, Citibank N.A. has a first mover advantage with introducing Cheque outsourcing services. Citibank uses its own branches as well as local banks as payment corresponding bank to reach the remote areas of the country to transfer the remittances by issuing pay orders and demand drafts. This way has not been adopted by two other banks yet.
 - ✓ HSBCnet is one of the unique features of HSBC where customers can get real-time account information by using it anytime and anywhere. This facility is not given by two others in such a way.

BCG Matrix

BCG matrix graphically portrays differences among businesses in terms of relative market share and industry growth rate. It is a helpful tool that can be used to identify a company's position in terms of market share and industry growth rate. It is also useful to formulate strategies accordingly. Here I have put HSBC and the two selected competitors in the BCG matrix to compare their position in the market.

(The BCG Matrix table is shown in the Appendix part)

However, the conclusion that can be drawn from the analysis is such that-

HSBC- Question Marks: HSBC Bangladesh falls into the question mark category where the market share is relatively low but industry growth rate is high. We know that the banking industry is already boosted up and developing more day by day. New businesses are coming for that reason in this industry, but HSBC's market share is lower in the banking sector. So they can take the market development strategy or product development strategy in order to improve the situation.

SCB- Stars: SCB Bangladesh falls into the star category where they have comparatively high market share and the industry growth rate is also high. They have more area of coverage along with more customers, so that leads them towards the opportunity of long term run and profitability.

Citibank N.A.: This bank has low market share as well as their industry growth rate is lower. So it falls into the dog category.

Own Assessment

HSBC is already a brand name which is recognized all over the country. Yet I have come up with my own assessment and some recommendation for HSBC, on the areas that I have covered so far. Like-

- HSBC has very few numbers of branches in Bangladesh. They should expand their branches more in Dhaka as well as in the whole country. This will not only increase their business area but also give chance to serve more customers.
- They are more concerned with the global and corporate customer group. In addition to that, they can also give some special service and facilities to other customer groups as well.
- HSBC has always stepped ahead in terms of bringing new technological advantage in products and services. They also put focus on providing and ensuring quality service to all of their customers.
- Even though Bangladesh Bank has many rules and regulation for the banks operating in Bangladesh, but then also competitors are increasing day by day in this sector. So considering this factor they should have proper strategic plans, both short term and long term, so that they can face any type of challenge and their business can have smooth running.
- The management of HSBC Bangladesh should put special attention to reduce the coordination gap between front and back office. This problem can have serious impact on their service as well as on their image.

- HSBC has some sort of hidden charges and interests in their loans and credit facilities. These things hamper customers and may create some negative feelings towards them. So these sorts of fees or interests should be clearly defined to the customers.

- The main revenue of HSBC comes from the corporate banking category, which is one of the reasons that they don't have varieties of loan categories. But most of the banks are earning revenue from the loan sector and they have number of loan categories (like- any purpose load is providing by Prime Bank). HSBC can also introduce different types of loan facilities for their customers. This can help their existing customers as well as can enhance new customers to them.

- They can plan further move to gain competitive advantage over the rivals (likewise the position of SCB is also very established in Bangladesh). In pursuing advantage over rivals, they may pursue several competitive moves. For example- lowering or changing interest rates in their services, improving features, implementing innovations in the service etc.

- HSBC is among one of those banks which has taken number of corporate social activities and tried to put local touch with their business in Bangladesh. Such respectful attitudes towards our country and culture have been appreciated by the Bangladeshi people.

Conclusion

It goes without saying that HSBC has got a simplified and slow expansion strategy in Dhaka as well as in Bangladesh. The main reason behind such strategy is to ensure quality service to the customers and to maintain their brand image. So accessing all these facts, a gradual and eventual development can be seen. The overall expansion strategy has been improved since its commencement and it is growing day by day. So we can understand the presence of HSBC in Bangladesh would be long term orientated and they would serve the Bangladeshi people more extensively.

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Annexure

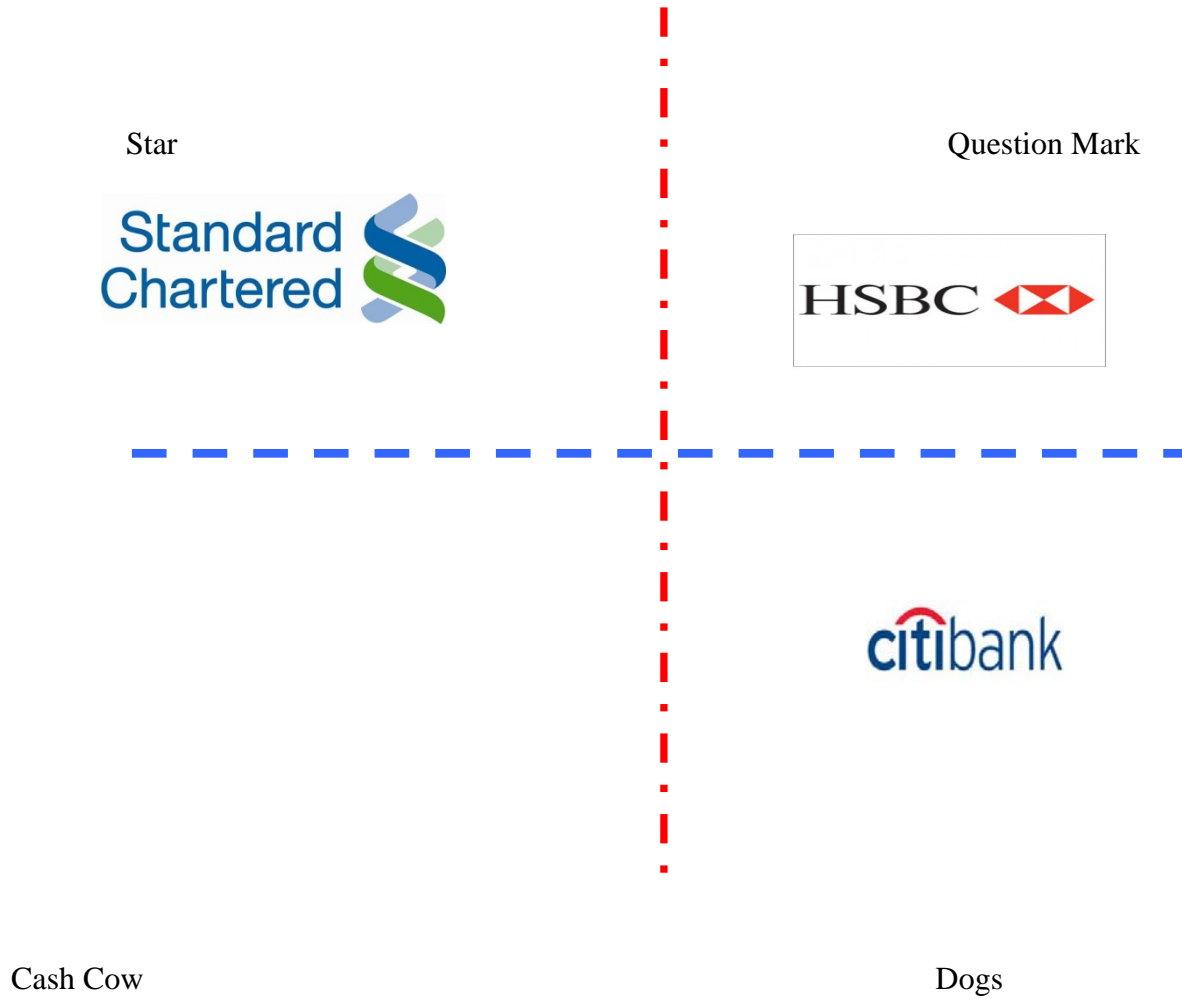
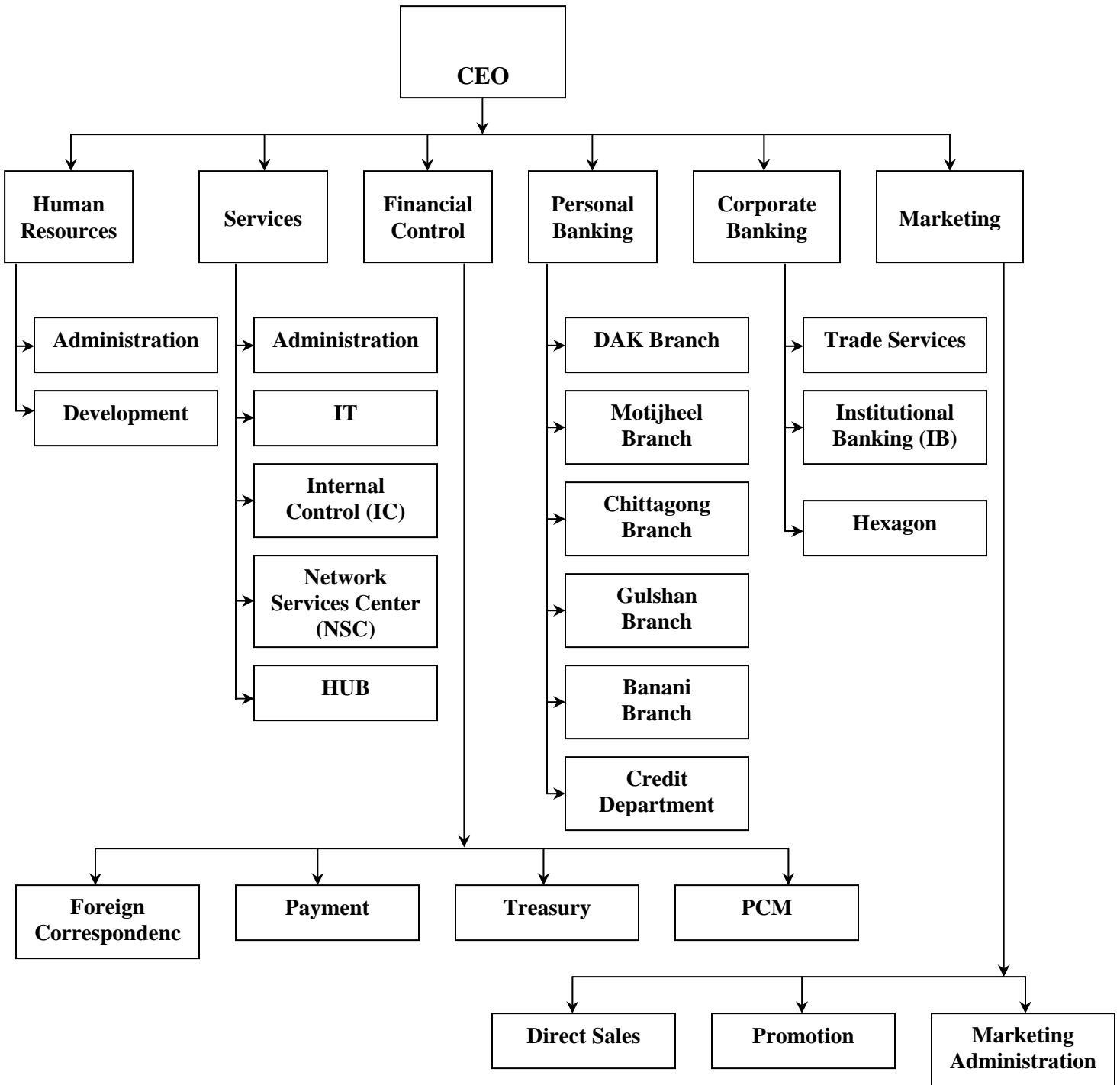


Figure: BCG Matrix

Organogram- Functional Departments of HSBC



HSBC's initiatives for Educational development in Bangladesh in 2009

School of Hope

Visit to the Zoo: HSBC staff joined the children of School of Hope for a daylong trip to the Dhaka Zoo. For many of the children, this was their first visit to the zoo. The exciting zoo trip was followed by lunch for the children at School of Hope.

Painting School of Hope: As an annual programme, about 40 staff from HSBC teamed up to Paint the School of Hope in December 2009. The children and teachers from School of Hope were thrilled to see the new look of their school and appreciated HSBC's effort in painting their beloved school anew.

Toy & Book Drive for School of Hope: HSBC held both a toy and a book drive where the staffs donated toys & a great number of books for children of School of Hope. 650 new and used toys were collected for the toy drive programme and distributed among the children. The books ranged from children story books to text books. The books were collected for the library of School of Hope.

Education Fund for SEID Trust

HSBC Provided an education fund for the children of SEID trust. The fund was provided for the salary of one physical therapist for 2009. SEID trust looks after the special needs children of Bangladesh.

Talent Hunt Programme for Special Children

Centres for Disables Concern arranged a talent hunt program for the children with special needs which included a grand rally, drawing competition, cultural program and other events. This was sponsored by HSBC and attended by over 200 students from all over Chittagong.

Liver foundation of Bangladesh

HSBC provided free Hepatitis B vaccinations to the orphan children of "Sarkari Shishu Poribar" through the foundation. HSBC staff also attended a seminar organized by the foundation where its work was recognized by the foundation.

Tauri Foundation

Playing with Colors: Tauri Foundation's School for Gifted Children provides education and therapy to children with special needs. HSBC staff visited the school where they interacted with the students and handed over the yearly salary for the Art teachers of the school. Tauri Foundation also arranged a two day painting exhibition of the challenged students with a view to encourage them and create social awareness about the ability of these children. HSBC sponsored this painting exhibition to highlight the skills of these autistic children.

Vaccination for the Orphans: HSBC provided free Hepatitis B vaccinations to the orphan children of "Sarkari Shishu Poribar" through the foundation. HSBC staff also attended a seminar organized by the foundation where its work was recognized by the foundation.

CDC

Centres for Disables Concern arranged a talent hunt program for the children with special needs of greater CHG which included a grand rally, drawing competition, cultural program and other events. This was sponsored by HSBC and attended by over 200 students

HSBC Holds Workshops for the Young Entrepreneurs

The Hongkong and Shanghai Banking Corporation (HSBC) Ltd in Bangladesh held a workshop for the 34 winning teams of the first round of the regional Young Entrepreneur Awards (YEA) 2008-2009 at a local hotel. The workshop was formally opened by the Chief Executive Officer of HSBC Bangladesh Mr Sanjay Prakash.

YEA encourages innovation and creativity amongst students and allows them to test their potential. In order to help the students learn about business disciplines, YEA also includes a series of training programs and this workshop was part of that initiative.

Following the announcement of 30 first round winning teams of YEA, HSBC arranged a workshop on presentation skills. During the workshop, participants were trained on delivering effective business presentation.

HSBC Prothom Alo Language Competition

HSBC Prothom Alo language competition celebrated its 5th year in 2009. This year, the event was held in 8 districts with over 5500 students from 150 different schools of the region participating in the day-long programs. Sixty winners from the eight regional competitions took part in the national finals.

Export excellence Award



As the world's local bank, HSBC enables businesses to go international. In Bangladesh, HSBC facilitates approximately 9% of the country's total export.