

HSBC-THE WORLD'S LOCAL BANK
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HSBC

Brand & Brand Positioning



WORLD'S LOCAL BANK-INDIA HSBC-
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AUSTRALIA,-THE WORLD'S LOCAL
BANK-SOUTH AFRICA-HSBC THE
WORLD'S LOCAL BANK PAKISTAN-
THE WORLD'S LOCAL BANK - HSBC

Internship Report

On

The Brand Positioning of HSBC Bangladesh

SUBMIT TO

Mr. Mahmudul Haq

Assistant Professor

BRAC Business School

BRAC University, Dhaka

Bangladesh

SUBMITTED BY

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ID: 08204055

DATE OF SUBMISSION

17 April 2011

LETTER OF TRANSMITTAL

Mr. Mahmudul Haq

Assistant Professor

Brac Business School

Brac University, Dhaka

Bangladesh

Subject: Submission of Internship Report Spring 2011

Dear Sir,

With due respect, I would like to inform you that I have completed my internship for a period of 12 weeks with The Hong Kong Shanghai Banking Corporation Gulshan Branch. And as per the course requirement I have completed my internship report.

This report is based on the knowledge and experiences I have gained during my internship period at the Hong Kong Shanghai Banking Corporation. Hence, I would be extremely delighted and honoured if you accept my Internship Report and recognize the hard work and determination I have put together in the preparation and completion of this report.

I shall be looking forward to your response in the near future.

Yours Faithfully,

Sroboni Shoeb

ID: 08204055



EXECUTIVE SUMMARY

This report is designed to provide the readers with a practical insight of creating brand equity and crafting brand positioning as a marketing tool for surviving in this massive game of competition. For this report, I have been associated with one of the most renowned multinational banks in the world, or as we all better know it as “the world’s local bank”, The Hong Kong Shanghai Banking Corporation (HSBC).

This report begins with giving the readers an insight on the history and existence of HSBC Group and its current standings. Following that the report continues on introducing the Bank, however this time in a local context, talking about its existence in Bangladesh. Post introductions, the fourth chapter consists of my experiences and job responsibilities as an intern at HSBC. Subsequently, I have completed an extensive research on their branding and brand positioning of the marketing sector to provide the readers on an insight on how their most important image is being portrayed in this massively competitive corporate world where every player is fighting a war to get a slice of the cake. I have also tried to portray the advantages and disadvantages of the company on the basis of their branding strategies that include SWOT analysis, industry analysis, competitor analysis and branding strategies used to show the readers a broad picture of how their product is creating a brand image in the minds of the local consumers.

Creating a superior brand image in the minds of the consumer is a vital task, when there is a pool of competition and alternatives available, and I have tried to show how well HSBC is able to fulfill its mission successfully. And finally in this term paper, the readers will get an insight of whether HSBC has been able to create a strong position in the minds of their consumer or not and if the local consumers do prefer HSBC over other competitor, then the ultimate question remains as to why?



ACKNOWLEDGEMENT

I would like to show my heartfelt gratitude to all of the following for helping me out on the preparation of this report.

First of all I would like to thank my internship supervisor for giving me the opportunity to work with him during my period of internship. I have been able to compile and complete this report in a comprehensive manner due to the guidance, support and counselling that he has provided me with during this period. I have tried my best to implement his constructive suggestions while doing my report.

Secondly, I would also like to take this opportunity to acknowledge the help provided to me by some personnel of HSBC. My sincere gratitude goes to Mr. Tanvir Hossain Joarder, Branch Manger, HSBC Gulshan Brach, for giving me the opportunity to work at the Gulshan Branch and helping me gain the invaluable experience of working there. A heartfelt thanks goes to Mr. Rasedul A Taheri, Manager, Customer Services Department, Personal Financial Services, for giving me the guidance throughout my internship, providing me with the vital training and assisting me with the information required to complete the report.

Finally I would also like to thank all the employees of HSBC who has supported me and co-operated with me during my internship period.



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CHAPTER I

Report Preliminaries



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1.1 ORIGIN OF THE REPORT

This report was assigned as an internship program of BBA Program, BRAC University, in Hong Kong Shanghai Banking Corporation (HSBC). In accordance with the specifications of the Program, I have completed the 12 week period of the internship at the organization.

The report is prepared under the supervision of the Academic Advisor, Mr. Mahmudul Huq, Assistant Professor, BRAC Business School, BRAC University and Official Supervisor, Mr. Rasedul A Taheri, Manager, Customer Services Department, HSBC, Gulshan Branch.

1.2 REPORT OBJECTIVES

The overall objective of this report is to gain a fair idea about the Branding and Brand Positioning of HSBC in Bangladesh in comparison with their competitors in Bangladesh.

More specific objectives of this report are provided in the following:

- A competitive analysis of HSBC with some other foreign banks
- To understand the brand and positioning of HSBC in the minds of Bangladeshi customers
- To understand how they link their marketing claim as “the world’s local bank” into a specific country perspective that is Bangladesh
- Why do consumers choose HSBC over other foreign and local banks
- An assessment of their overall operation and positioning in Bangladesh

1.3 STUDY DESIGN

This report is designed as an exploratory research paper where the objective is to explore or search through a problem or situation and to provide insights and understandings on the



situation. In this report, the positioning of HSBC as the world's local bank and as a competitive bank in Bangladesh is explored using secondary data, qualitative searches, etc.

1.4 SCOPE OF THE REPORT

This study is conducted to know about the positioning of HSBC in Bangladesh and have a fair understanding of HSBC's brand positioning only in Bangladesh. For keeping the report simple, the report only goes in-depth to explain the current market scenario compared to other foreign competitors.

1.5 METHODOLOGY

The methodology used for the preparation of this report consists of 4 step process that is given in the following diagram:

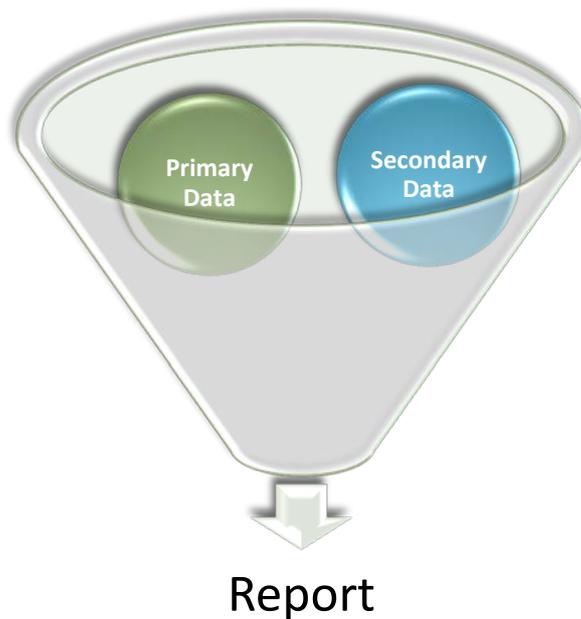


✚ **Planning:** The first step of this report preparation was to create a plan that was to be executed in the coming 12 weeks internship period. For the planning process, discussion with the academic supervisor was undertaken in order to come up with a topic or problem that can be explored for the completion of this paper. After the discussion, the brand positioning of HSBC was to be explored as a topic for this internship report.

✚ **Field Experience:** The next step was the actual internship and work experiences at HSBC during which the topic of brand positioning of HSBC was explored. The work experience and job responsibilities are given in details in chapter 4 of this report.

✚ **Data Collection:** Two types of data has been collected for this report:





As this is an exploratory report, majority of the data that were collected were in secondary form. However, as primary data source, I have conducted interviews and group discussions with the management of my branch as to understand the brand in an HSBC point of view. I have also had some discussion with customers to find out about a consumer point of view regarding HSBC's brand and positioning. Finally discussions with competitor banks' employees were source of some more vital information regarding the competition study.

As secondary data, internet and text books were used for references. In addition, information from competitor banks, journals, publications, annual reports, etc was used as a mean of reference and secondary data for this report. Brochures and ads from HSBC was also analysed for the purpose of understanding the basic marketing tools used by HSBC to win over their competitors in positioning themselves in the mind of the consumers.

Analysis: The data collected from all the sources has been critically analysed in order to get a proper understanding of the problem and provide the readers with as much detail as possible about the topic and its analysis. The data has also been analysed to avoid duplication and the reliability and validity of the sources has also been taken into consideration when collecting the data.



1.6 LIMITATIONS

Although I have tried my level best and provided extreme efforts to enhance the content of this report and provide the readers with the most possible information regarding the topic, however there were some limitations while making the report.

- Despite of working as an employee at HSBC, I had restrictions on the amount of data I could access.
- Trying to get information from competing banks were even more difficult as they considered me a big threat to their strategic information as I was associated with HSBC.
- As I worked in the customer services department, although I got to deal with hundreds of customers every day, however I could not use them as part of my study as this was against HSBC policy to ask customers questions outside the boundary of their problems.
- The vastness of the topic itself was a limitation as it was very difficult to concise the topic into one specific part. Brand is something extremely enormous and it was a difficult task to identify the factors that defined the positioning strategy of HSBC and its competitors.



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CHAPTER 2

HSBC-The Organization



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2.1 ABOUT HSBC

As the world's local bank, HSBC's international network comprises around 8000 offices, in 88 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With listing on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc are held by around 220,000 shareholders in 119 countries and territories. The shares are traded on the New York Stock Exchange in the form of American Depositary Receipts. HSBC is headquartered in London and is one of the largest banking and financial services organizations in the world.

HSBC has a wide range of financial products to offer encompassing personal, commercial, corporate investment and private banking; trade services; cash management; treasury and capital market services; insurance; consumer and business finance; pension and investment fund management; trustee services; and securities and custody services.

2.2 GROUP HISTORY

The Hong Kong and Shanghai Banking Corporation Limited was established in 1865 in Hong Kong and Shanghai to finance the growing trade between China and Europe. Thomas Sutherland, a Hong Kong Superintendent of the Peninsular and Oriental Steam Navigation Company helped to establish this bank in March 1865. Throughout the late nineteenth and the early twentieth centuries, the bank established a network of agencies and branches based mainly in China and South East Asia but also with representation in the Indian sub-continent, Japan, Europe and North America.

The post-war political and economic changes in the world forced the bank to analyze its strategy for continued growth in the 1950s. The bank diversified both its business and its geographical spread through acquisitions and alliances.

HSBC Holdings plc, the parent company of the HSBC Group, was established in 1991 with its share quoted on both the London and Hong Kong stock exchanges. The HSBC Group now comprises a unique range of banks and financial service providers around the globe. The following are some key milestones in the evolution of the group since 1955:



Year	Event
1955	The Hong Kong and Shanghai Banking Corporation of California was founded
1959	The Hong Kong and Shanghai Banking Corporation acquires the British Bank of the Middle East (formerly the Imperial Bank of Persia, now called HSBC Bank Middle East) and The Mercantile Bank (originally the Chartered Mercantile Bank of India, London & China)
1960	Way foong Finance Limited, a Hong Kong hire purchase and personal finance subsidiary, is established
1965	The Hong Kong and Shanghai Banking Corporation acquires a majority shareholding in Hong Kong Bank Limited, now the second largest bank incorporated in Hong Kong. Midland Bank purchases a one-third share in the parent of London Merchant Bank Samuel Montagu & Co. Limited (soon to be renamed HSBC Republic Bank (UK) Limited)
1971	The Cyprus Popular Bank Limited (now Laiki Bank) becomes an associated company of the Group.
1972	The Hong Kong and Shanghai Banking Corporation forms merchant banking subsidiary, Wardley Limited (now called HSBC Investment Bank Asia Limited). Midland Bank acquires a shareholding in UBAF Bank Limited (now known as British Arab Commercial Bank Limited)
1974	Samuel Montagu becomes a wholly owned subsidiary of Midland
1978	The Saudi British Bank is established under local control to take over The British Bank of the Middle East's branches in Saudi Arabia
1980	The Hong Kong and Shanghai Banking Corporation acquires 51% of New York State's Marine Midland Bank, N.A (now called HSBC Bank, USA), with a controlling interest in Concord Leasing. UK-based merchant bank Antony Gibbs becomes a wholly owned subsidiary. Midland acquires a controlling interest in leading German private bank Trinkaus & Burkhardt KgaA (now HSBC Trinkaus & Burkhardt KgaA)
1981	Hong Kong Bank of Canada (Now HSBC Bank Canada) is established in



	Vancouver. The Group acquires a controlling interest in Equator Holdings Limited
1982	Egyptian British Bank S.A.E is formed, with the Group holdings a 40% interest
1983	Marine Midland Bank acquires Carrol McEntee & McGinley (now HSBC Securities (USA) Inc.), a New York based primary dealer in US government securities.
1985	New Head office building opened at Hong Kong
1986	The Hong Kong and Shanghai Banking Corporation establishes Hong Kong Bank of Australia Limited (now HSBC Bank Australia Limited) and acquires James Capel & Co. Limited, a leading London-based international securities company.
1987	The Hong Kong and Shanghai Banking Corporation acquires the remaining shares of Marine Midland and a 14.9% equity interest in Midland Bank
1989	A strategic alliance is entered between The Hong Kong and Shanghai Banking Corporation and California-based Wells Fargo Bank. Midland Bank Launches First Direct the UK's first 24-hour telephone banking service
1991	HSBC Holdings is established; its shares are traded on the London and Hong Kong stock exchanges
1992	HSBC Holdings purchases the remaining equity in Midland Bank. HSBC Investment Bank plc is formed
1993	The HSBC Group's Head Office moves to London. Forward Trust Group Limited (now HSBC Asset Finance(UK) Limited), a Midland subsidiary, acquires Swan National Leasing, establishing the UK' third largest vehicle contract hire company.
1994	The Hong Kong and Shanghai Banking Corporation is the first foreign bank to incorporate locally in Malaysia, forming Hong Kong Bank Malaysia Berhad (now HSBC Bank Malaysia Berhad)
1995	Wells Fargo & Co. and HSBC Holdings establish Wells Fargo HSBC Trade Bank, N.A. in California to provide customers of both companies with trade



	finance and international banking services
1997	HSBC Holdings and Wachovia Corporation of the United States form a non-equity alliances to market corporate financial services worldwide. In Latin America, the Group establishes a new subsidiary in Brazil, Banco HSBC Bamerindus S.A and completes the acquisition of Roberts 01 S.A de Inversions in Argentina
1999	Shares in HSBC Holdings trading on a third stock exchange, New York. HSBC Holdings acquires Republic New York Corporation (now integrated with HSBC USA Inc) and its sister company Safra Republic Holdings S.A *now HSBC Republic Holdings (Luxembourg) S.A.) Midland Bank acquires a 70.03% interest in Mid-Med Bank p.l.c (Now called HSBC Bank Malta p.l.c.), Malta's largest commercial bank
2000	HSBC and Merrill Lynch form a joint venture to launch the first international online banking and investment service company. HSBC reaches an agreement in principle to acquire 75% of the issued shares of Bangkok Metropolitan Bank, the eight largest banks in Thailand. HSBC acquires Credit Commercial de France (CCF), a major French banking group. Shares in HSBC Holdings are listed on a fourth stock exchanges, in Paris
2001	Agreement is reached for HSBC to acquire Barclays Bank's branches and fund Management Company in Greece. New 44-floor Headquarter building at London's Canary Wharf is due to be ready for occupation.
2002	Acquisitions include Group Financiero Bital, S.A de C.V., one of Mexico's largest financial services groups; and a 10% interest in Ping An Insurance Company of China Limited, the second largest life insurance operations in China
2003	HSBC acquires Household International Inc, a leading US consumer finance company; and Lloyds TSB's Brazilian assets including Losango Promortora de Vendas Ltda, a major consumer credit institutions. Four French private banking subsidiaries combine to form HSBC Private Bank Finance. HSBC Insurance Brokers Limited forms a joint venture, Beijing HSBC Insurance Brokers Limited, in which it has a 24.9% stake. Hang Seng Bank acquires 15.98% of Industrial Bank Co Ltd, a mainland China commercial bank, and HSBC agrees



	to purchase 50% of Fujian Asia bank Limited (no Ping An Bank Limited)
2004	HSBC acquires The Bank of Bermuda Limited, a leading provider of fund administration, trust, custody, asset management and private banking services; and shares in HSBC Holdings are listed on a fifth stock exchange, in Bermuda.
2005	HSBC acquires 9.91% of Ping An Insurance (Group) Company of China, Ltd, subsequently increased to 16.8%. HSBC Finance Corporation acquires Metris Companies Inc. making HSBC the fifth largest issuer of Master Card and Visa cards in the US.
2006	HSBC acquires the Panama-based Group Banistmo S.A.; the leading banking group in Central America.
2007	In China, HSBC is one of the first foreign banks to incorporate locally under the name HSBC Bank (China) Company Limited, and HSBC Rural Bank opens for business in Hubei Province. In Vietnam, HSBC increases its stake in Techcombank to 14.4% and acquires 10% of Bao Viet, the country's top insurer. In South Korea, HSBC agrees to acquire 51% of Korea Exchange Bank, subject to regulatory approval. In Taiwan, HSBC obtains agreement to acquire certain business and operations of The Chinese Bank Co. Ltd. HSBC remained one of the most strongly capitalized and liquid banks in the world in face of the global financial crisis. In December, HSBC announced a 750 million pound capital injection for its UK subsidiary from its own resources
2008	HSBC entered the Korean Insurance Market and it became the 1 st foreign bank to hold a 20% interest in a domestic Vietnamese bank when it increased its stake in Techcombank. HSBC built on its considerable operations in Indonesia with the purchase of a major stake in Bank Ekonomi. HSBC opened new offices in Georgia and Kazakhstan and expanding the range of services provided in Poland, the Czech Republic and Austria
2009	Amid fluid market conditions, HSBC reported strong results, sending a positive message to the public and investors. HSBC's success was recognized with the title "Global Bank of the Year" in the Euromoney Awards for Excellence 2009. HSBC also won 14 regional awards along with "Best Global Debt House" and "Best Global Transaction Banking House". With the world's centre of gravity



	shifting from West to East, HSBC announced that Group Chief Executive Michael Geoghegan and some members of executive management will relocate to Hong Kong in 2010. The Group launched the world's first Emerging Markets Index (EMI)
2010	HSBC launched a proposition titled "HSBC Advance", a mid-segment personal financial services product. It also initiated a project to use the same banking software/system globally under a project titled "ONE HSBC". The Bank also launched online account opening at Malaysia and has announced launching of Amanah Islamic Banking in Bangladesh

2.3 HSBC BRAND & CORPORATE IDENTITY

The Hexagon logo of HSBC derives from HSBC's traditional flag, a white rectangle divided diagonally. Like many other Hong Kong company flags in the last century, the design of the flag was based on the cross of ST. Andrew, The Patron Saint of Scotland.

HSBC brand & corporate identity represents what HSBC wants its brand to mean to its customer. It is derived from the groups:

Corporate Character

HSBC is a prudent, cost conscious, ethically grounded, conservative, trustworthy international builder of long-term customer relationships.

Basic Drives

Higher productivity, Team Orientation, Creative Organization & Customer Orientation.

Vision

To be the world's leading financial company. The essence of HSBC brand is integrity, trust and excellent customer service. It gives confidence to customers, value to investors & comfort to colleagues.



2.5 HSBC INTERNATIONAL NETWORK



International Network – Americas

Region	Number of offices
Argentina	179
Bahamas	5
Bermuda	13
Brazil	1,353
British Virgin Islands	3
Canada	272
Cayman Islands	11
Chile	8
Colombia	283
Costa Rica	35
El Salvador	89
Guatemala	1
Honduras	77
Mexico	1,202
Nicaragua	1
Panama	74
Paraguay	6
Peru	23
United States of America	524
Uruguay	16
Venezuela	1

International Network - Asia-Pacific

Region	Number of offices
Australia	39
Bangladesh	13
Brunei Darussalam	12
China	175
Cook Islands	1
Hong Kong SAR	324
India	132
Indonesia	198
Japan	11
Korea, Republic of	14
Macau SAR	7
Malaysia	56
Maldives	1
New Zealand	11
Pakistan	11
Philippines	26
Singapore	24
Sri Lanka	16
Taiwan	50
Thailand	2
Vietnam	17



International Network – Europe

Region	Number of offices
Armenia	7
Austria	1
Belgium	2
Channel Islands	39
Czech Republic	3
France	402
Georgia	1
Germany	16
Greece	21
Hungary	1
Ireland	7
Isle of Man	3
Italy	2
Kazakhstan	10
Luxembourg	4
Malta	47
Monaco	3
Netherlands	1
Poland	17
Russia	7
Slovakia	2
Spain	4
Sweden	2
Switzerland	31
Turkey	336
United Kingdom	1,350

International Network - Middle East and Africa

Region	Number of offices
Algeria	2
Bahrain	9
Egypt	88
Iraq	17
Israel	1
Jordan	6
Kuwait	1
Lebanon	8
Libya	1
Mauritius	12
Nigeria	1
Oman	8
Palestinian Autonomous Area	1
Qatar	7
Saudi Arabia	103
South Africa	5
United Arab Emirates	31

2.6 FINANCIAL HIGHLIGHTS

Financial highlights

For the year

Profit before taxation

US\$19,037m – up 169%

2009: US\$7,079m
2008: US\$9,307m

Underlying profit before taxation

US\$18,366m – up 36%

2009: US\$13,482m

Total operating income

US\$80,014m – up 2%

2009: US\$78,631m
2008: US\$88,571m

Net operating income before loan impairment charges and other credit risk provisions

US\$68,247m – up 3%

2009: US\$66,181m
2008: US\$81,682m

Profit attributable to shareholders of the parent company

US\$13,159m – up 126%

2009: US\$5,834m
2008: US\$5,728m



Earnings per share and dividends per share

Earnings per share

US\$0.73 – up 115%

2009: US\$0.34
2008: US\$0.41

Dividends per share¹

US\$0.34

2009: US\$0.34
2008: US\$0.93

At the year-end

Loans and advances to customers

US\$958bn – up 7%

2009: US\$896bn
2008: US\$933bn

Customer accounts

US\$1,228bn – up 6%

2009: US\$1,159bn
2008: US\$1,115bn

Ratio of customer advances to customer accounts

78.1%

2009: 77.3%
2008: 83.6%

Total equity

US\$155bn – up 14%

2009: US\$136bn
2008: US\$100bn

Average total shareholders' equity to average total assets

5.5%

2009: 4.7%
2008: 4.9%

Risk-weighted assets

US\$1,103bn – down 3%

2009: US\$1,133bn
2008: US\$1,148bn

Performance ratios

Credit coverage ratios

Loan impairment charges to total operating income

16.9%

2009: 31.7%
2008: 27.2%

Loan impairment charges to average gross customer advances

1.5%

2009: 2.8%
2008: 2.5%

Total impairment allowances to impaired loans at year-end

71.6%

2009: 83.2%
2008: 94.3%

Capital ratios

Core tier 1 ratio

10.5%

2009: 9.4%
2008: 7.0%

Tier 1 ratio

12.1%

2009: 10.8%
2008: 8.3%

Total capital ratio

15.2%

2009: 13.7%
2008: 11.4%



Return ratios

Return on average invested capital ²	Return on average total shareholders' equity ³	Post-tax return on average total assets	Post-tax return on average risk-weighted assets
8.7%	9.5%	0.6%	1.3%
2009: 4.1% 2008: 4.0%	2009: 5.1% 2008: 4.7%	2009: 0.3% 2008: 0.3%	2009: 0.6% 2008: 0.6%

Efficiency and revenue mix ratios

Cost efficiency ratio ⁴	Net interest income to total operating income	Net fee income to total operating income	Net trading income to total operating income
55.2%	49.3%	21.7%	9.0%
2009: 52.0% 2008: 60.1%	2009: 51.8% 2008: 48.1%	2009: 22.5% 2008: 22.6%	2009: 12.5% 2008: 7.4%

Share information at the year-end

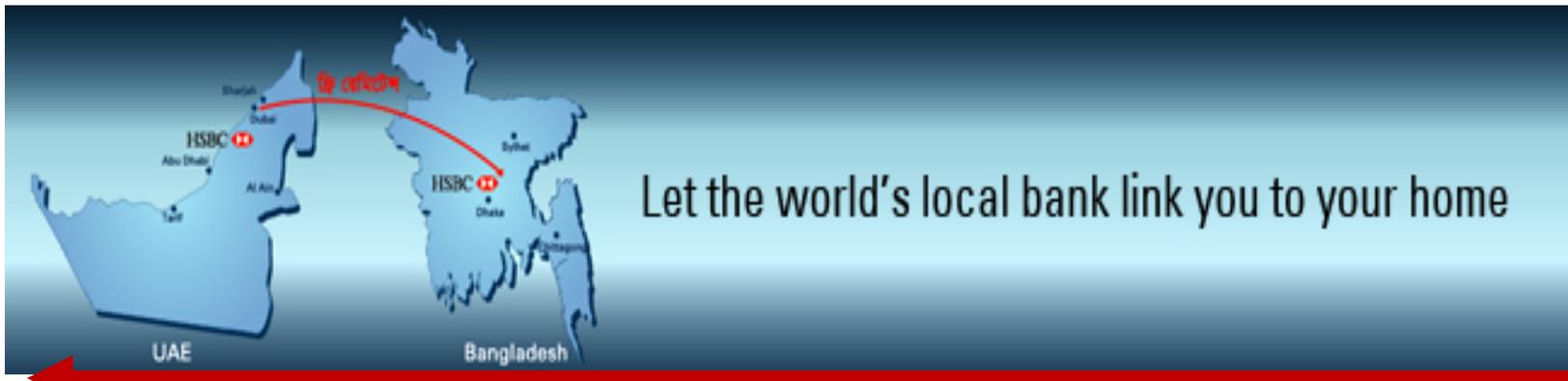
US\$0.50 ordinary shares in issue	Market capitalisation	Closing market price		
		London	Hong Kong	American Depositary Share ⁵
17,686m	US\$180bn	£6.51	HK\$79.70	US\$51.04
2009: 17,408m 2008: 12,105m	2009: US\$199bn 2008: US\$114bn	2009: £7.09 2008: £5.77	2009: HK\$89.40 2008: HK\$67.81	2009: US\$57.09 2008: US\$44.15
		Total shareholder return ⁶		
		Over 1 year	Over 3 years	Over 5 years
To 31 December 2010		95.3	103.4	103.4
Benchmarks:				
– FTSE 100 ⁷		112.6	102.8	126.3
– MSCI World ⁷		115.9	111.0	127.0
– MSCI Banks ⁷		103.7	81.9	79.0



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CHAPTER 3

HSBC in Bangladesh



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3.1 THE HISTORY OF HSBC BANGLADESH

The HSBC Asia Pacific group represents HSBC in Bangladesh. HSBC opened its first branch in Dhaka in 17th December, 1996 to provide personal banking services, trade and corporate services, and custody services. The Bank was awarded ISO9002 accreditation for its personal and business banking services, which cover trade services, securities and safe custody, corporate banking, Hexagon and all personal banking. This ISO9002 designation is the first of its kind for a bank in Bangladesh. The Hong Kong and Shanghai Banking Corporation Bangladesh Ltd. primarily limited its operations to help garments industry and to commercial banking. Later, it is extended to pharmaceuticals, jute and consumer products. Other services include cash management, treasury, securities, and custodial service.

Realizing the huge potential and growth in personal banking industry in Bangladesh, HSBC extended its operation to the personal banking sector in Bangladesh and within a very short span of time it was able to build up a huge client base. Extending its operation further, HSBC opened a branch at Chittagong, three branch offices at Dhaka (Gulshan, Mothijheel and Dhanmondi) and an offshore banking unit on November 1998. HSBC also has its presence in the 5 EPZ's of the country. These offices have been set up in order to strengthen the business relationship with the corporate customers. Identifying vast business opportunity a corporate branch was opened in Narayanganj in April 2010. Today HSBC has a network of 13 offices, 39 ATMs, 9 Customer Service Centers, an offshore banking unit, and offices in 7 EPZs with 1051 employees as of December 2010.

3.2 CORPORATE SUSTAINABILITY

HSBC aims to run a sustainable business for the long term. This is about achieving sustainable profits for their shareholders, building long-lasting relationships with customers,



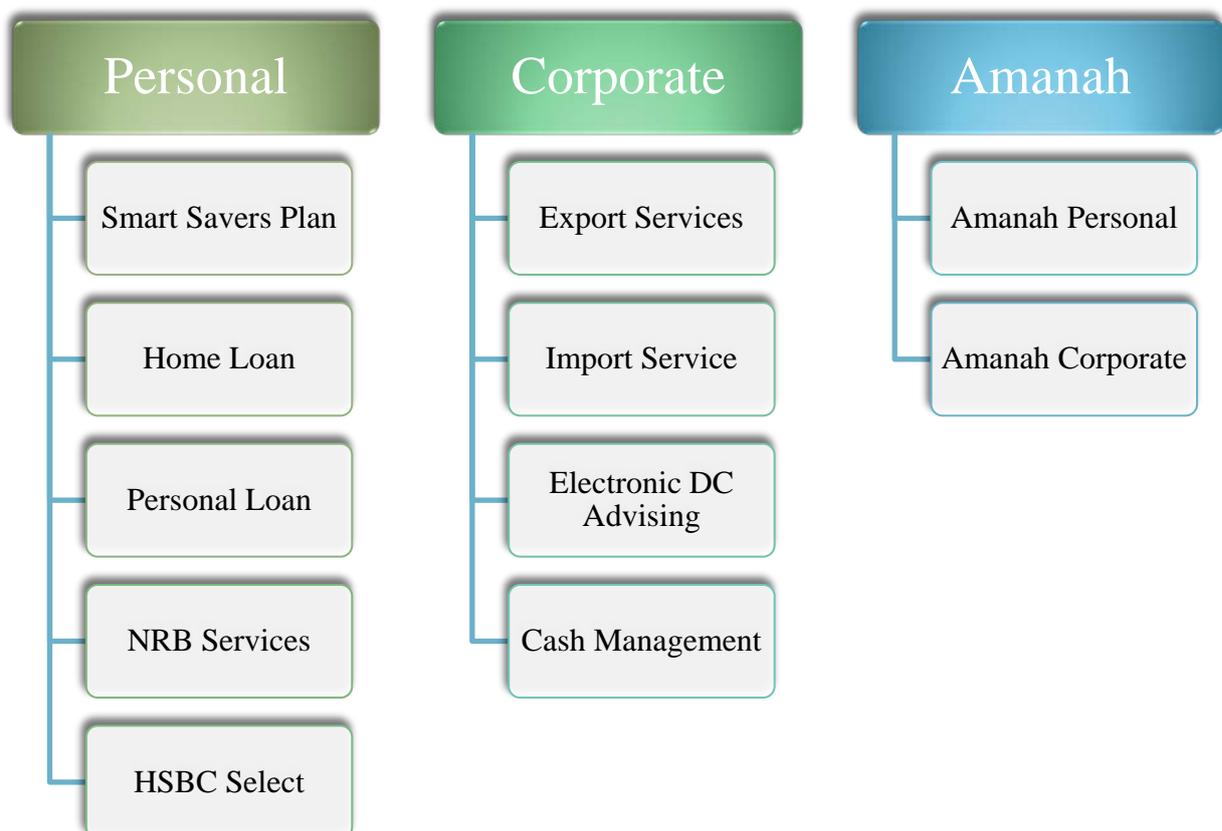
valuing their highly committed employees, respecting environmental limits and investing in communities.

The current financial crisis has highlighted how important it is to look ahead to the challenges of the future. HSBC believes that by doing this, they can provide shared value for their shareholders and the wider economy, the environment and society.

As a bank, they manage risk and identify business opportunities every day. They seek to embed social and environmental issues into what they do. Climate change and globalization are critical trends shaping the way HSBC does business in the future. These trends will affect the world's poorest people most significantly. HSBC aim to mitigate the risks and maximize the opportunities associated with these shifts.

3.3 KEY BUSINESS AREAS

The Key Business Areas of HSBC has been divided into 3 major categories:



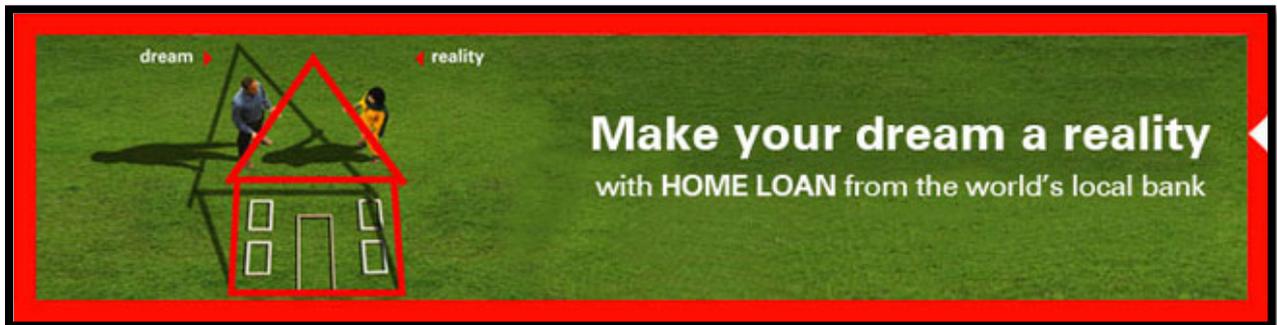
Personal Banking

- **Smart Savers Plan**



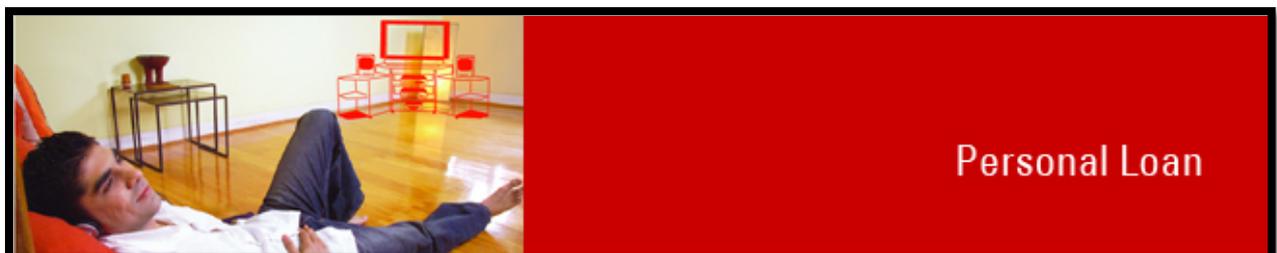
HSBC understands how customers value a happy and secured future for their loved ones. The Smart Savers Plan ensures that customers have a secured future, so that they can enjoy today, plan for tomorrow, and be prepared for any unforeseen challenges. With Smart Savers Plan, customers can bring in assurance to the lives of the people they adore

- **Home Loan**



A home for you and your loved ones must be one of the most treasured dreams in your life. With competitive rates, convenient features and simple procedures, Home Loan from HSBC will enable customers to turn their dream into reality.

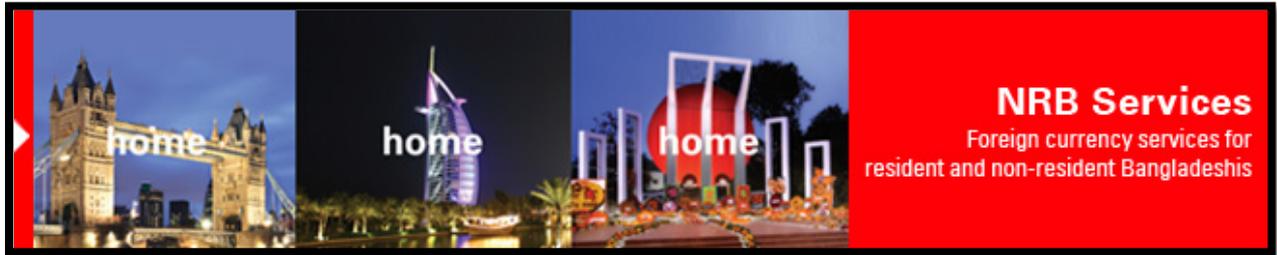
- **Personal Loan**



Wish you had enough money to take an overseas vacation? Or renovate your home? Maybe buy a computer? Now HSBC customers can do all these and more, with a Personal Installment Loan from HSBC. Invoices or quotations are not required for whatever they intend to purchase.



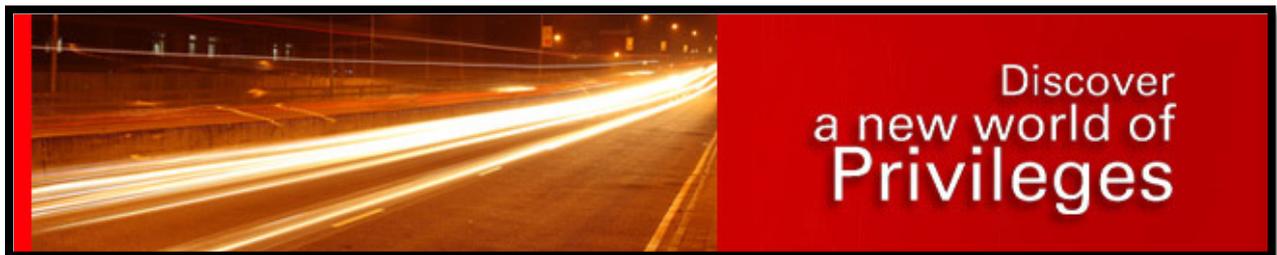
- **NRB Services**



The HSBC Group is one of the world's largest banking and financial services organizations and comprises over 7,500 offices in 87 countries and territories, serving over 100 million customers worldwide.

Bangladesh International offers an exclusive range of banking services for non-resident Bangladeshis and foreign currency account services for resident Bangladeshis.

- **HSBC Select**



HSBC is pleased to offer its customers HSBC Select - a customized banking proposition offering exclusive privileges and unrivalled personal attention.

HSBC Select is designed to provide its customers with a superior service offering, access to exclusive facilities, preferential pricing, convenient services and personal attention, allowing them greater personal and financial freedom.

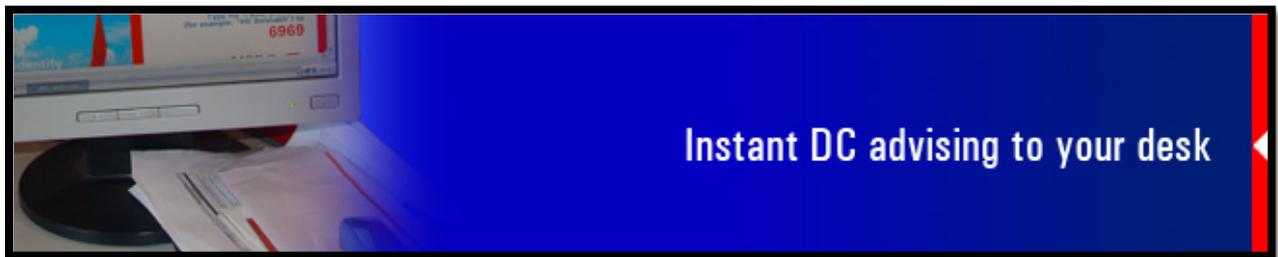
Corporate Banking

- **Import Services & Export Services**



At HSBC, an assortment of import products and services awaits customer consideration. The relationship managers team up with the trade and supply chain professionals in chalking out the solution suitable to customer's business. What's more, with the support of HSBC's global network behind, the customers can rest assured that HSBC's representatives are available to assist them, wherever in the world they do business.

- **Electronic DC Advising**



Electronic Export DC Advising is a new and alternative way for customers to receive a full copy of their Export Documentary Credits (DCs), amendments and export transaction advices via email. The service brings direct benefits to their business at no extra cost.

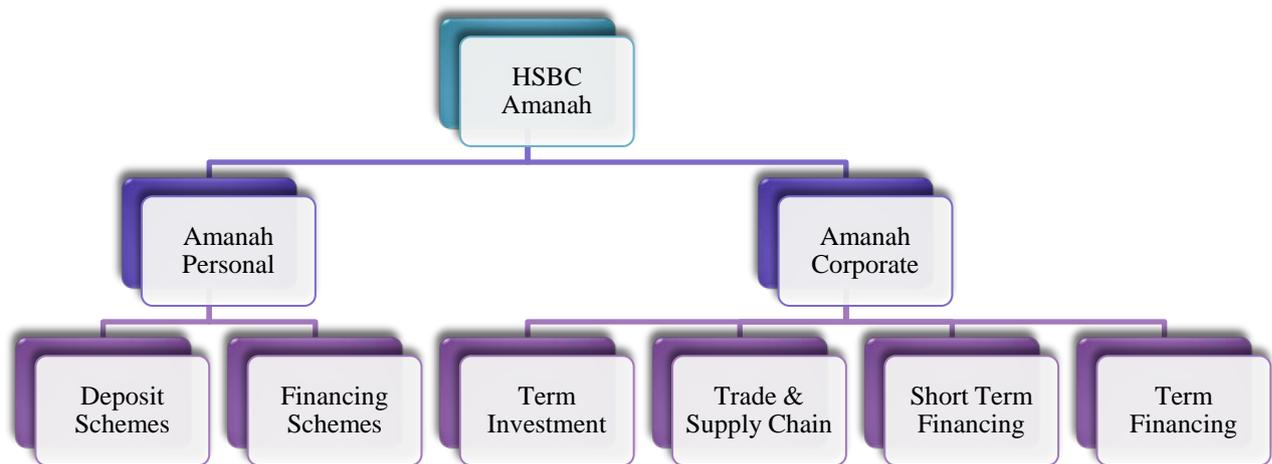
In this increasingly competitive environment, the Electronic DC advising services will help by offering:

- Better Logistic Management
- Enhanced Accuracy in the Preparation
- Convenience
- Reduced Courier Expenses

HSBC Amanah

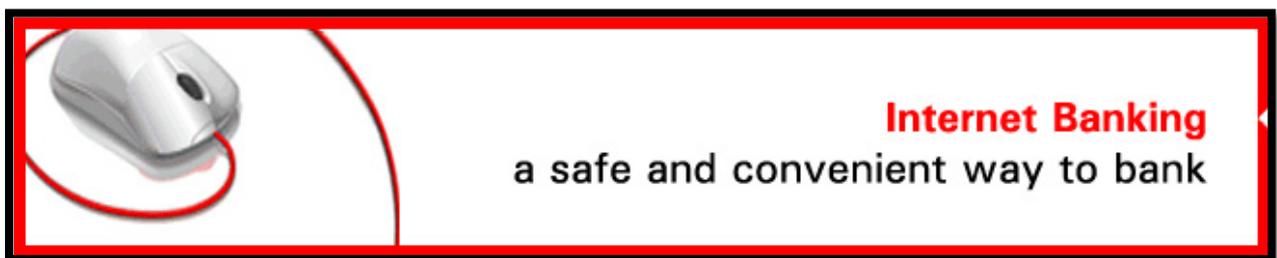
HSBC Amanah is the global Islamic financial services division of the HSBC Group. Established in 1998, with more than 300 professionals serving the Middle East, Asia-Pacific, Europe and the Americas, HSBC Amanah represents the largest Islamic financial services team of any international bank. The Following are the Amanah services provided by HSBC Bangladesh:





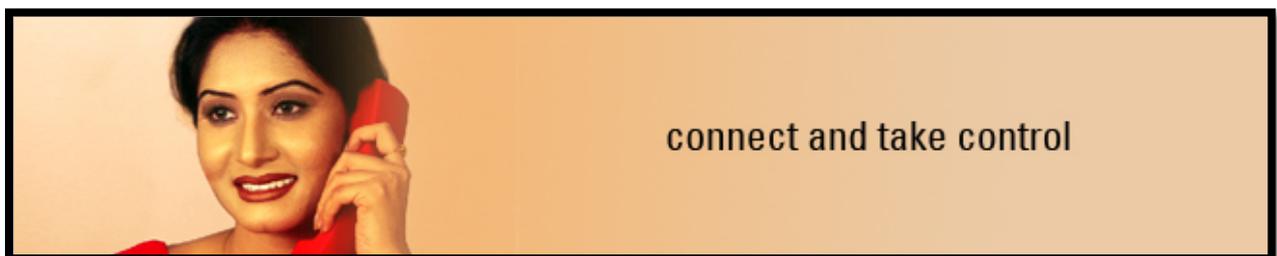
Additional Services:

- **Internet Banking**



It's the Internet Banking service that makes managing customer's finances a pleasure, letting them fulfill most of their banking needs online. Now customers can take control of their account whether at home or abroad.

- **Phone Banking**



HSBC is delighted to announce that they have launched a new and upgraded version of the Phonebanking service (known as Call Centre Integrated Service or CCIS) on 19 April 2008. This new Phonebanking service is integrated with HSBC's Call Centre and will provide customers with access to their accounts 24 hours a day and 365 days a year.



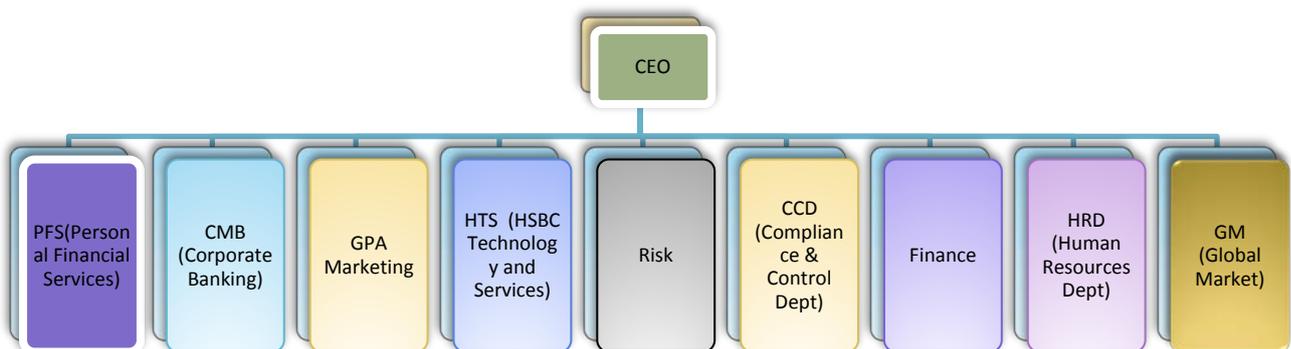
- Travelers Cheques



Traveler's Cheques are available in all major currencies and eliminate the need to carry cash while travelling overseas. Unlike cash, Traveller's Cheques are safe and will be immediately replaced if lost or stolen. Traveller's Cheques issued by HSBC are accepted worldwide, giving customers spending power wherever they are.

3.4 MANAGEMENT OF HSBC BANGLADESH

HSBC Bangladesh is under the strict supervision of HSBC Asia Pacific Group, Hong Kong. The Chief Executive Officer of HSBC Bangladesh manages the whole banking operation of HSBC in Bangladesh. Under the CEO there are heads of departments who manage specific banking functions e.g. Personal banking, corporate banking, etc. The structure of the executive committee is illustrated below:



At present, Mr. Sanjay Prakash is the CEO; Mr. Mahbub-ur-Rahman is the chief of Corporate Banking; Mr. Shafquat Hossain is the chief of Personal Financial Services. The total top team manages the overall functioning of the bank with various other department heads, senior



managers, relationship managers, etc. They equally contribute to HSBC's superior leadership, by carrying out their unique roles.

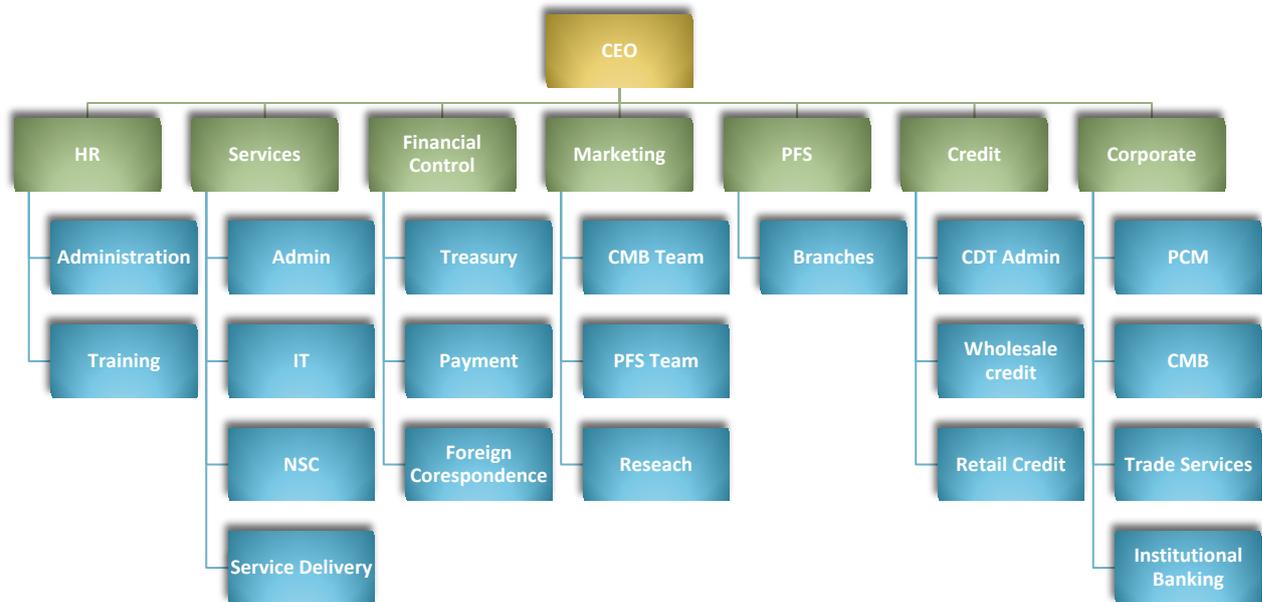
Each and every employee of HSBC takes pride of being an employee at HSBC and his/her pride comes from the freedom of direct communication with the top management. The management of HSBC is supportive in the sense that the top management deliberately supports the suggestions, values, ideas, innovation and hard work of the employees and officer. High amount of employee participation is encountered in the management process. There are also systems for awards, incentives, and status for innovative ideas and hard works. The management style can also be termed as Collegial as high amounts of team work and participation exists between the top and bottom parts of HSBC.

Management Hierarchy:

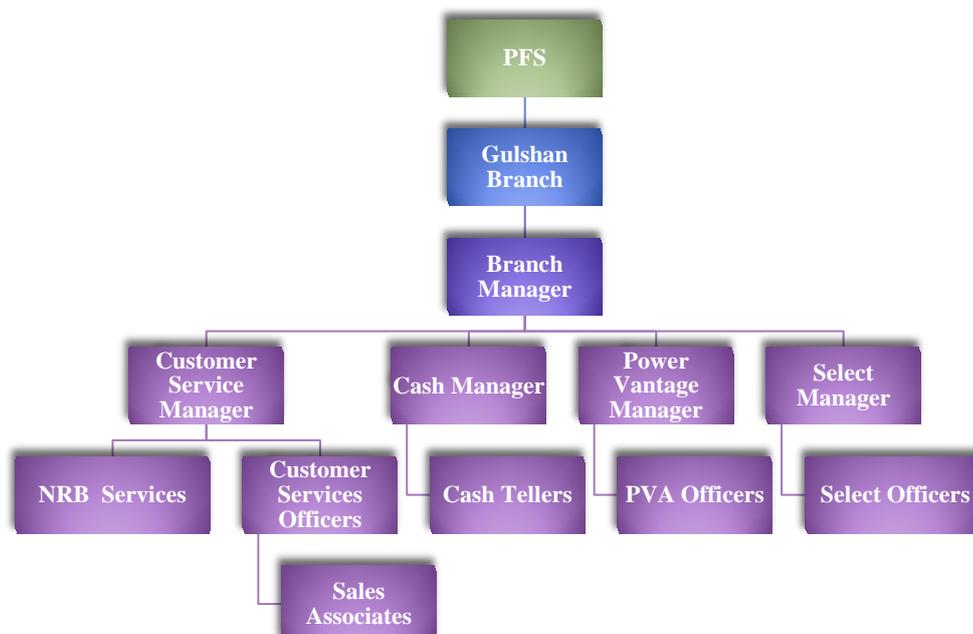
HSBC follows a 5-layer management philosophy in Bangladesh. These are Senior managers, Managers, Assistant Manager, Officer and Associate. The CEO is the top most authority of all the levels. Senior managers are the departmental heads who are responsible for the activities of their departments. They are the heads of the department and formulate strategies for that department e.g. Head of Personal Financial Services. Managers have the authority next to managers. The management hierarchy of HSBC is illustrated below:



Functional Departments of HSBC Bangladesh



As we can see from the above diagram there are 7 functions that operate under the CEO. And each function has its own sub branch which is led by a team manager and individual divisional managers. Under the PFS, we had our Gulshan Branch, which was led by the Branch Manager Mr. Tanvir Hossain Joarder, and our customer Services Department Manager, Rasedul Alam Taheri, the details of which is illustrated below:



HSBC-THE WORLD'S LOCAL BANK
UNITED STATES OF AMERICA THE
WORLD'S LOCAL BANK-HSBC UNITED
KINGDOM THE WORLD'S LOCAL
BANK-HSBC BANGLADESH THE WOR



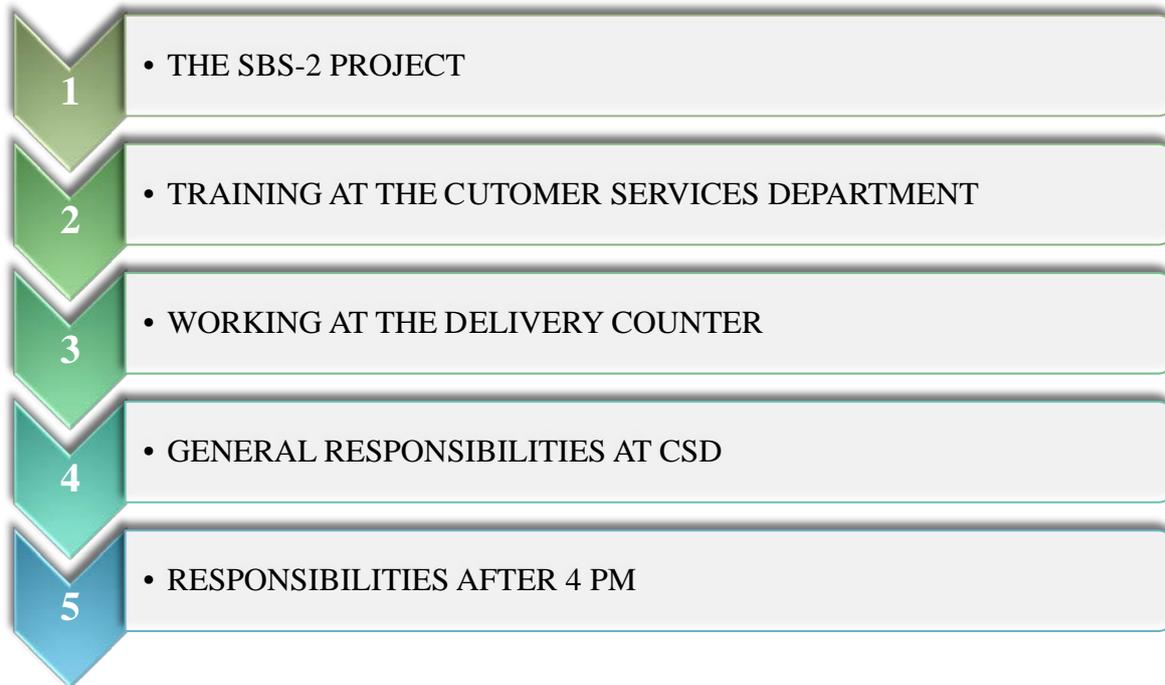
CHAPTER 4

Working at HSBC



WORLD'S LOCAL BANK-INDIA HSBC-
THE WORLD'S LOCAL BANK-
AUSTRALIA,-THE WORLD'S LOCAL
BANK-SOUTH AFRICA-HSBC THE
WORLD'S LOCAL BANK PAKISTAN-
THE WORLD'S LOCAL BANK - HSBC

I have been appointed by HSBC as an intern from 1st January 2011 at the Customer Services Department (CSD), Personal Financial Services, Gulshan Branch for a period of 3 months. Working as an intern, I had the following responsibilities which are discussed at the later part of this chapter.



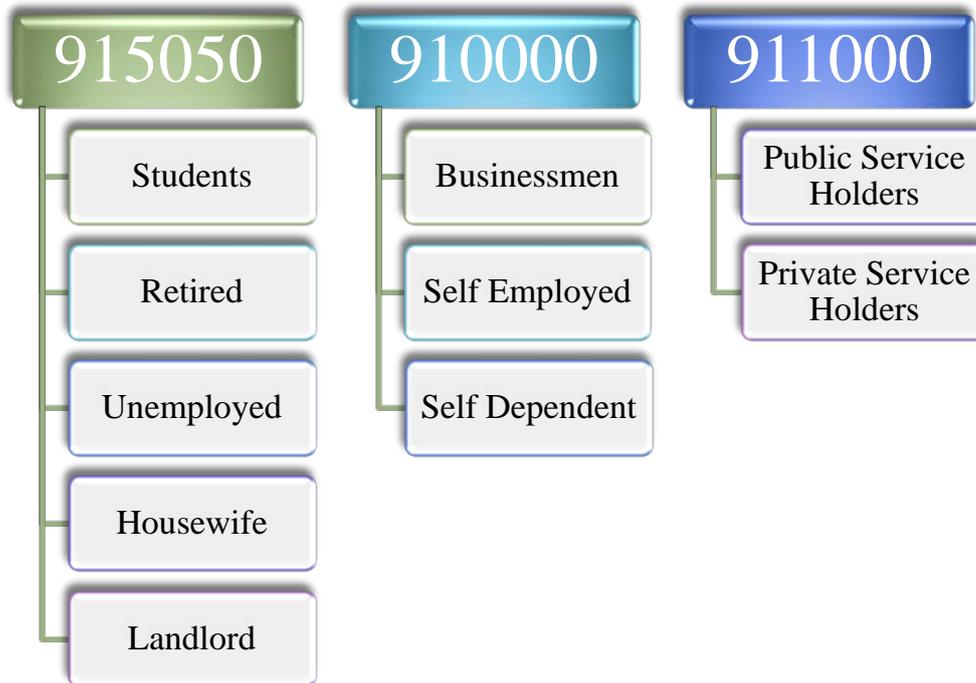
1. THE SBS-2 PROJECT

The first responsibility as an intern was to successfully complete the SBS-2 project for HSBC Gulshan Branch within the given deadline. The SBS project was a project initiated by Bangladesh Bank that was to be carried out by all the Banks and Financial Institutions in Bangladesh within a given period of time.

The main aim of the SBS-2 project was to systemize the borrower and depositor information throughout the nation. The main objective of this project is to classify the money depositor and borrowers information and identify from which sector these transactions are occurring. After this research work is complete, the Bangladesh Bank and the Bangladesh government will be able to identify from which sector majority of the money is being transacted. And by sector, it means the occupation of the customer in which he/she currently belongs.



In order to execute this research work, I was given a list of the type of occupation and their market sector codes, which was issued by the Bangladesh Government. The codes that represented each sector are given below:

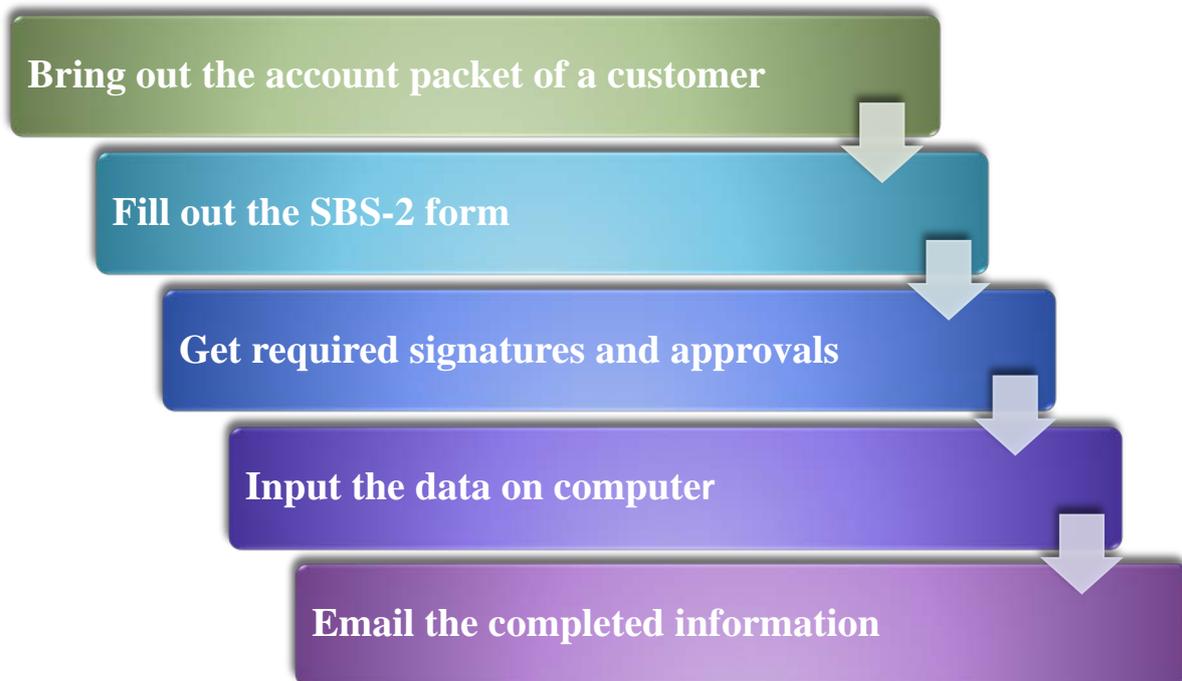


From the above diagram we can see that if a person is a housewife, then her code would be 915050, if the person is a businessman, his code would be 910000 and if the person is a service holder, his code would be 911000. In case of corporate accounts, the codes were divided into the type of organization it was registered as. So for example, if there is a deposit of Tk. 1crore from an account number (xxx-xxxxxx-xxx) having the code 910000, this means that the person depositing this amount of money is a businessman or a self employed person.

On the other hand, the type of account each individual held also has a list of codes as well. For example, if the person holds a current account, the code is 130, in case of savings account, the code is 100, if it is a foreign currency (FC) account, the code is 152, if the person holds a foreign currency (RFC) account, the code is 150 and so on.

HSBC Gulshan Branch had approximately 30000 customers. Thus, for every customer, the process of completing the SBS-2 project is give below:





The first step was to bring out the account packet of every customer from the fireproof storage unit of the Bank. After that, I had to fill out a hard copy of the SBS-2 form that was provided by the Bangladesh Bank. According to their new rule, every account packet must have a hard copy of the SBS-2 form filled out along with the account opening application form. After the forms were filled out, they had to be checked and signed by the customer services officer, the customer service department manager and the branch manager respectively. Once their signatures and approvals were completed, the next step was to input all the data into the computer beside each customer's account number. After the soft copy was created, the final information was then emailed to the head office and other personnel in charge of this project for record and archival purpose. Thus, in a time of exactly 27 days, we had to complete this process for approximately 30000 customers having completed on an average 1111.11 customers per day.

2. TRAINING AT THE CUSTOMER SERVICES DEPARTMENT

Apart from the SBS-2 Project, I have been provided 360 degree training in different areas at the customer services department (CSD) which is given in the following:





- **Importance of Customer Service:** Working at an international bank, the first and most important part of my training was to understand the importance of customer service. A bank is part of the service industry and in order to achieve a permanent position in this highly competitive market, it is very important to provide the best possible service to the customers.

One of the most important customer service skills you can develop is the ability to understand and effectively respond to the customer's needs and concerns. For a long time, providing service has been perceived to be mostly about trying to convince the customer that he needs the product. However according to HSBC's customer service policy, excellent customer service starts by first taking the time to get to know the customer, his situation, his vision, his frustrations and his goals. Once you have a good handle on what is on his heart and mind, then you will know how to offer the customer helpful solutions that are attractive to him because we at HSBC have value to him.

- **Dealing with Day to Day Problems:** The most vital part of customer service is to deal with everyday problems of the customers and handling each and every customer on a priority basis. In HSBC, I have been provided an on the job training on how to deal with customers coming to our branch with everyday problems and how to deal with them in a timely manner.

However there were times when the problem of a customer was beyond my reach, and thus I have also been trained to understand the level of a certain problem. If there was a problem I was unable to solve, it was part of my responsibility to hand over the customer to an available



customer services officer. And if the problem still persisted, the customer was then assisted by our department manager.

- **General Banking:** The final part of my training at the CSD was on general banking systems, procedures and rules. After the completion of the SBS project, I was responsible for the delivery counter at the CSD, and thus I received training of different day to day activities at the Delivery Counter on General Banking which is described in details in the following parts of this chapter.



Pic: The Delivery Counter at the Customer Services Department

3. WORKING AT THE DELIVERY COUNTER

At the delivery counter, I was responsible for the delivery of the following items to the customers.

Cheque Books
ATM PINs
Personal Internet Banking (PIB) Devices
Government Bonds
Car Ownership Documents
Car Insurance Papers
Bank Certificates
Bank Statements



- **Cheque Books:** A cheque is a negotiable instrument used in financial transactions. The payer can forward the payee a cheque which is a negotiable instrument instructing a financial institution to pay a specific amount of money from a specific account held in the payer's name with that institution. A *cheque book* is basically a collection of cheques where in HSBC we provide MICR cheque books containing 25 pages of cheques for general customers and 50 pages of cheques for Company Accounts and under special orders. At the delivery counter, it was part of my responsibility to deliver these cheque books to our customers who have formerly placed requests for them while opening their accounts, or at the customer services desk.

- **ATM PINs:** For the Automated Teller Machines (ATM), a personal identification number (PIN) is generated for every customer which is a 6-digit unique number. This PIN is required by every customer having an HSBC ATM card and is obligatory to use this number for withdrawing money from the ATMs. It was part of my responsibility at the delivery counter to deliver these PINs which are high security items, and need to be handled with extreme care as providing someone with someone else's PIN can result in severe consequences such as theft of cash from one's account. Thus I had to be extremely careful while delivering the PINs as I had to deliver the right PIN to the right customer.

- **Personal Internet Banking (PIB) devices:** HSBC started its online banking services at the third quarter of 2010. As part of the service, a customer (having an HSBC account) is required to register online at www.hsbc.com.bd using either the ATM card and PIN number or their phone banking PIN number. Once the registration is completed, the customer is required to apply for a security device that we call a PIB device. This device generates a 6-digit PIN every time a customer presses the button. At the delivery counter, it was my responsibility to deliver the PIB devices to the customers and activate them according to the customer's requirement.



Pic: Personal Internet Banking Device



- **Government Bonds:** At HSBC, we provide mainly four types of government bonds, Bangladesh Sanchya Patra (BSP), Tri-monthly Sanchya Patra (TSP), Wage Earner Development Bond (WDB), and US Dollar Investment Bond (DIB). Delivering these bonds to the customers was part of my responsibility at the delivery counter.

- **Car Ownership Change Documents:** At the Delivery counter, I delivered these papers as well. When a customer purchases a vehicle taking a car loan from HSBC, the vehicle is purchased in the name of HSBC Bangladesh. However, once the loan has been fully repaid, the customer becomes the full owner of the vehicle and thus these documents are the proof for the transfer of the ownership of the vehicle.

- **Car Insurance Papers:** These papers are also related to the car ownership as this represents the insurance policy of the vehicle purchased through HSBC car loan services. So I had to deliver these papers to the customers as well.

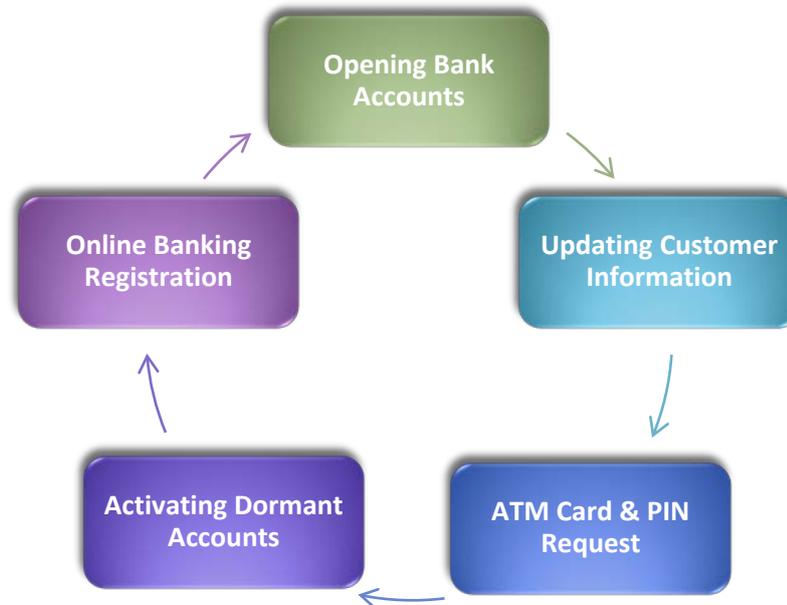
- **Bank Certificates:** Bank Certificates are documents printed on HSBC letter head that certify a customer's information and details regarding their account at HSBC. As part of the delivery counter, it was my responsibility to make the Bank Certificates, print them out on letter head, get them signed by the CSD manager, and deliver them to the customer.

- **Bank Statements:** Finally, delivering bank statements was another part of my responsibility at the delivery counter. A bank statement is basically a customer's transaction history at the Bank. If a customer wanted a statement for up to the last 6 months, the customer services officers could deliver it instantly. However, if they wanted a statement exceeding 6 months period (which is called an On Demand), it could not be delivered instantly as they have to be generated using special software. Thus I had to deliver the On Demands to the customers.

4. GENERAL RESPONSIBILITIES AT CSD

Apart from the responsibilities at the delivery counter, there were some other general responsibilities at the customer services department that I have been provided training on, the details of which is given below:





- **Opening Bank Accounts:** Working at a bank, the first and foremost training that I received is on the process of opening a bank account. At HSBC, we have a document check list for customers wanting to open accounts with us. Once all the required documents are collected, a software called HSBC Universal Banking (HUB) is used to open a customer account.

- **Updating Customer Information:** For convenient banking, it is very important for customers to keep their information updated. Thus if a customer wants to update their information such as mobile number, email address, this can be done instantly using HUB software. However, if they want to update information such as signature pattern or mailing address, this information is updated by the NSC department as they validate all the information and this process requires 2-3 working days.

- **ATM Card & PIN request:** Another part of my training was learning how to process ATM cards and PIN requests. ATM cards are requested under the following circumstances:

- New ATM card request
- Requesting for a stolen or lost ATM card for which there is a replacement charge
- Requesting for a damaged ATM card which is replaced without any charges provided the card stopped working because of a damaged magnetic strip.

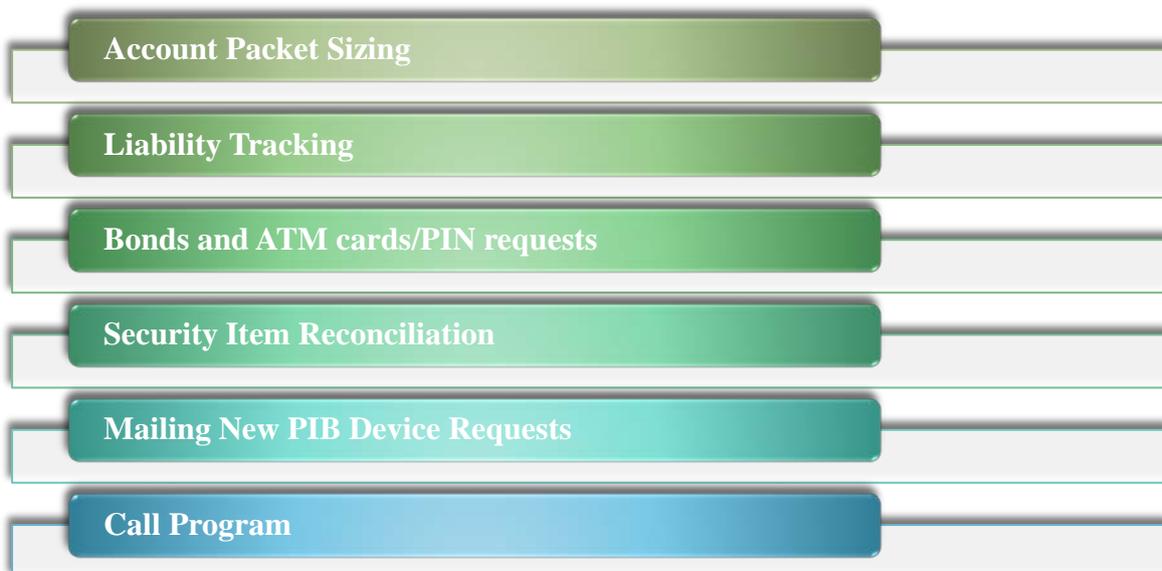
- **Activating Dormant Accounts:** An account where there is no transaction for more than 1 year is considered to be dormant or inactive. If an account is dormant, then the customer cannot use that account for any purpose and has to come back to re-activate the account. There is a form the customer needs to fill up and within 2 working days, the account is activated again.



- **Online Banking Registration:** Another part of my training was to help the customers to register to our online banking services. For this purpose, we had a kiosk with internet connection where we helped customers register to the online banking service using a step by step process. Once the registration was completed, the customer had to fill out a form that was required for the requisition of the security device, which they had an option of getting it delivered at home, or picking it up from the branch's delivery counter.

5. RESPONSIBILITIES AFTER 4 PM

As we are all aware of the banking hours of Bangladesh which starts at 10am and ends at 4pm. However the employees of the banks don't get to go home so early. After 4pm, there are more responsibilities and paper works that all the employees are required to complete on a daily basis. As an intern, I also had certain after 4pm responsibilities every day that I had to complete and assist my senior colleagues with. The details of these responsibilities are given below.



- **Account Packet Sizing:** Everyday there are at least 25-30 new accounts opened. This means there are 25-30 new account opening forms with all the documents that are required for account opening. My first task is to check all the required documents are attached to the account opening forms. Then I have to fill up the missing parts of the forms and chop the forms using HSBC chops at the required areas, and open the new account packet. This whole process is called account packet Sizing. Along with the account packet, other requests such as address change, signature pattern change, etc. also require sizing.



- **Liability Tracking:** Once the account packets and other documents are sized, all these are tracked into a tracker which is called a liability tracker. After the tracking is completed, the papers require the signatures of the CSD manager and Branch manager, before they are sent to NSC, who then scan all the documents and archive them for further usage.

- **Bonds, ATM cards/PINs Requests:** Everyday customers have new requests for ATM cards and bonds which are sized and tracked just like the account packets. After acquiring all the signatures and approvals, they are sent to NSC, who then further process the request and send us the bonds, cards and pins for customer delivery.

- **Security Item Reconciliation:** All the security items that require reconciliation are cheque books, ATM PINs, PIB devices, ATM cards and bonds. However at the delivery counter, I was responsible for only reconciling ATM PINs, PIB devices and cheque books. Every day I had to reconcile these items, so that the actual number of items that are in my hand match the number in the register.

- **Mailing New PIB Device Requests:** Everyday there is at least 10-12 customers registering for online banking and thus there are 10-12 PIB device requests. It was my responsibility to send these requests my mail to SD who then processed the requests and sent us the devices for customer delivery.

- **Call Program:** Finally the last but not the least responsibility that I had as an intern at HSBC was to conduct time to time call programs to our customers. This is part of our extended service where we call our customers and inform that their online banking devices and cheque books are available at the branch to be picked up. This is also a reminder for them as these materials are not held in the brand for more than a month. Thus, if customers don't pick them up before a month's time, they are destroyed or sent back to NSC.

"You know more of a road by having traveled it than by all the conjectures and descriptions in the world." --**William Hazlitt**

Working as an intern at HSBC, I have had a lot of practical experiences on everyday consumer banking and dealing with customers on a daily basis and trying to provide them with a best possible service while always having a smile on the face. This experience has provided me with a lot of self confidence and taught me a lot of things that can be only learnt through practical experience.



HSBC-THE WORLD'S LOCAL BANK
UNITED STATES OF AMERICA THE
WORLD'S LOCAL BANK-HSBC UNITED
KINGDOM THE WORLD'S LOCAL
BANK-HSBC BANGLADESH THE WOR

CHAPTER 5

HSBC Brand Positioning

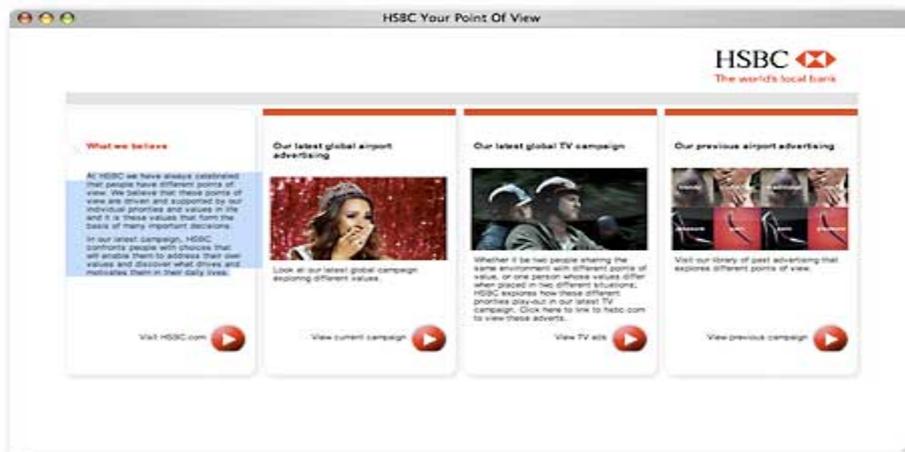


WORD'S LOCAL BANK-INDIA HSBC-
THE WORLD'S LOCAL BANK-
AUSTRALIA,-THE WORLD'S LOCAL
BANK-SOUTH AFRICA-HSBC THE
WORLD'S LOCAL BANK PAKISTAN-
THE WORLD'S LOCAL BANK - HSBC

5.1 BRAND & BRAND POSITIONING

Positioning is the act of designing the company’s offering and image to occupy a distinctive place in the minds of the target market. The goal is to locate the brand in the minds of the consumers to maximize the potential benefits to the firm. A good brand positioning helps guide marketing strategy by clarifying the brand’s essence, what goals it helps the consumers achieve, and how it does it in a unique way. It is essential that everyone in the organization understand the brand positioning and use it as context for making decisions.

HSBC has been positioning itself as **the “world’s local bank”** for a while now. They are a bank that takes pride in understanding the subtleties of cultural differences. In 2009, they introduced a thought-provoking ad campaign illustrating how there are multiple perspectives on any given subject. HSBC tagged the campaign with a special URL, yourpointofview.com.



This website served as a gateway to the current campaign’s creative material where customers were invited to learn about HSBC’s brand values which are as follows:

- **Perceptive** — We will anticipate and meet the needs of our diverse customers around the world by using our ability to combine our global reach across markets and segments with local knowledge and expertise.
- **Progressive** — We are committed to continuous improvement in quality, effectiveness and efficiency through team work.
- **Responsive** — We will act quickly to ensure we meet and exceed our customers’ ever-changing expectations. Management at all levels will be hands-on, operating with a minimum of bureaucracy, giving guidance with wisdom and delegating with confidence.



- **Respectful** — We will exercise corporate responsibility in our activities and we are committed to the welfare and development of our local communities. We are committed to complying with the letter and the spirit of all relevant laws and regulations in the various countries in which we are present. We will operate the Group prudently, exercising strict expense and credit discipline, and maintain strong capital and liquidity ratios to ensure no diminution in our external ratings. We value long term, ethical client relationships.
- **Fair** — We will demonstrate the highest levels of integrity and put the Group’s interests ahead of the individual’s. We will treat customers, employees and suppliers fairly and objectively.

HSBC’s advertising certainly reflects one brand value, and very much so — the first one, “Perceptive.” All the bank’s current advertising materials illustrate how the bank celebrates diverse cultures and customs of people around the world, and that “every individual has their own priorities and values, and that these form the basis of many important decisions,” as the bank puts it.

“A different point of view is simply the view from a place where you’re not.”

– HSBC

“Through our campaign, HSBC challenges people to address their own values and discover what drives and motivates them in their daily lives,” the bank says on its website. “And through this journey it is our belief that what we learn from one customer will help us to better serve another.”

However, assuming HSBC is successful at positioning itself as “a bank that understands different perspectives and local cultures,” how much does this resonate with the bank’s target audience? And if we don’t need international banking expertise, what does HSBC’s positioning mean to us? Moreover, if we look at HSBC according to Bangladesh’s point of view, the ultimate question still remains – a bank that considers itself the world’s local bank, when it comes to positioning itself in the local market in terms of its competitors, is it really Bangladesh’s local bank? In this chapter the readers will get an insight on the internal and external strengths and weakness of HSBC and its competitor analysis, to find out where it stands as a brand in Bangladesh.



5.2 THE 5 FACTORS OF BRAND POSITIONING

Understanding these following factors are essential to understand the current position of a Brand and how it differentiates itself from its competitors to create a permanent position in the minds of the consumers.



1. Brand Attributes

This is basically what the brand delivers through features and benefits to consumers. For HSBC Bangladesh, the services they provide in Bangladesh (described in Chapter 3) are their brand attributes that make them different from their competitors. If we consider it in materialistic point of view, then the size, shape, color, etc are part of the attributes. However as HSBC is a part of the service industry, in this case, the superior services they provide and the different number of services they provide in Bangladesh act as the attributes for HSBC.

2. Consumer Expectations



As the name says it, it is what consumers expect to receive from the brand. Being a customer at HSBC, my expectation would be to find HSBC anywhere I travel around the world. At this level, HSBC is definitely successful in meeting consumer's expectations, however when it comes to locally seeking HSBC, they are yet to meet full customer satisfaction as when compared to other local and foreign banks, their concentration is not yet eminent in Bangladesh.

3. Competitor attributes

When we consider brand positioning, we have to analyze who are our competitors and what are they providing in terms of attributes to their consumers. Thus, competitor attributes are basically what the other brands in the market offer through features and benefits to consumers. In the later part of this chapter, this part is described in details.

4. Price

Pricing strategies are very important when it comes to distinction among brands and decision making process. However, as banks are financial institutions providing services, for HSBC the pricing strategy is mainly based on the amount of interest they are charging for providing loans to their customers. When it comes to immediate competitors of HSBC in Bangladesh (Standard Chartered Bank and Citi Bank North America) the loan interest percentage variation among these banks is not that high, however, when we compare it with the local banks, there is a vast amount of variation mainly because the ultimate survival plan for the local banks is through their loans.

5. Consumer perceptions

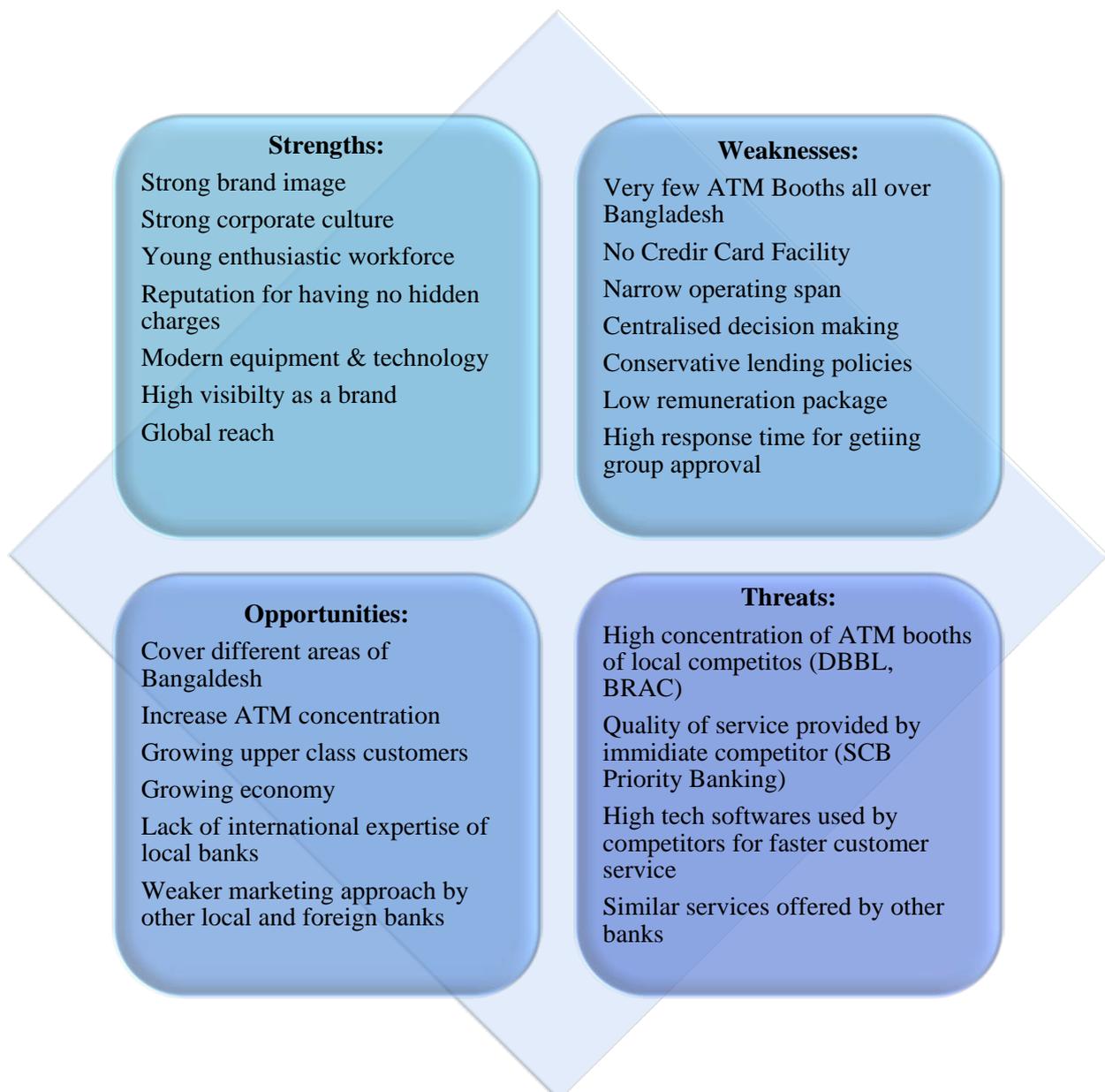
This is the perceived quality and value of the brand in consumer's minds (i.e., does the brand offer the cheap solution, the good value for the money solution, the high-end, high-price tag solution, etc.?). If we consider HSBC's perception in the consumer's mind, then the first thing consumer's would consider is the brand that HSBC has created internationally. HSBC was rated as the number one bank in the world of 2010. As a result, every consumer wants to be part of the best in the world and thus consumers choose HSBC because they feel they have an account with the best bank in the world, even though this may mean having an opportunity cost of getting better services from other local banks.



5.3 SWOT ANALYSIS, INDUSTRY ANALYSIS & PLC OF HSBC BANGLADESH

SWOT ANALYSIS

The diagram below analyses HSBC Bangladesh's internal strengths and weaknesses and external opportunities and threats. This has been prepared based on their performance since their existence in Bangladesh and some local and foreign banks are taken into consideration as immediate competitors.



INDUSTRY ANALYSIS (PORTER'S FIVE FORCES)



It is extremely crucial to analyze competitive forces in the industry environment to identify opportunities and threats. Michael E. Porter's well-known framework, known as the five forces model helps with this sort of analysis. The model focuses on five forces that shape competition within an industry. The stronger the five forces, the more limited is the ability of established companies to raise prices and earn greater profits. Therefore, we can conclude that a strong competitive force can be considered as a threat because it depresses profit, whereas, a weak competitive force can be viewed as an opportunity as it facilitates the companies to earn higher profits. The situation of the industry changes over time. The influence of the five forces in the banking industry has been discussed below:

- **THREAT OF POTENTIAL ENTRANTS:**

Potential competitors are companies that are not currently competing in an industry but have the capability to get into the industry. The banking sector of Bangladesh seriously faces the threat of new entrants. However the threat comes from two directions. The first threat comes with the arrival of the multinational banks and their branch expansion particularly due to the booming energy sector. Secondly, the continuous entries of local banks with lower cost structure also possess a severe threat to this industry.

In the context of HSBC the various new and upcoming banks are posing a significant threat. But HSBC is aware of these potential competitors. So it is trying to expand countrywide to



make the sector unattractive and to create entry barrier. Recently two branches have been opened in Narayanganj and Mirpur to counter these threats.

Government policies for banking industry are not so strong in this country. We do not have strong rules and regulation from Bangladesh Bank for regulating the private banking sectors. If government does not regulate the banking sector strongly, then lots of new banks will come and will make the competition more intense.

- **RIVALRY AMONG ESTABLISHED COMPANIES:**

In the banking sector, the market size is measured in terms of total deposits and total advances. Banking industry in Bangladesh is highly fragmented with categories like: Nationalized Commercial Banks (NCB) and Foreign Commercial Banks (FCB). The banking sector is at the growth phase as different types of businesses are mushrooming all over the places in Bangladesh, the need for banks has emerged, resulting in lots of banks operating in the market making the present situation quite intense. There are more than 50 commercial banks in the market, which are constantly fighting for the share in the market. Among the international banks, Standard Chartered Banks has the largest network in the metropolitans of Bangladesh, operating quite aggressively which can be a severe threat for the other banks. Among the national banks, those who pose rivalry and challenge are Dutch Bangla Bank Limited, Brac Bank Limited to name a few.

- **THREAT OF SUBSTITUTES**

There are substitute financial institutions that do many of the activities and transactions of a bank in the leasing field but these institutions are too small in size. These institutions can shrink the profit margin of commercial banks. Industrial Leasing and Development Company Ltd. (IDLC), Industrial Promotion and Development Corporation (IPDC), United Leasing Company are the key players.

They provide industrial leasing to many companies in the country. Vanik Bangladesh Ltd, a merchant bank, provides investment counseling and credit services among its other financial activities. But some of the operations of the banks like exporting/importing have no substitutes. In banking industry substitute products are very easy to find. We need to consider all types of substitute products for the banks. Different private and nationalized banks are offering similar products, which are close substitutes. On the other hand, some non-bank like insurance companies and leasing companies are also competing indirectly with the commercial banks products.



All the products of the commercial banks perform the similar functions. Taking the money from the depositors and sanctioning loan to investors are the main functions. They all do it in a same manner. HSBC is not different from them. Since functional similarity is high in banking industry, so competition is also high because customer can switch at any time they want.

- **BARGAINING POWER OF BUYERS:**

Bargaining power of the buyer can be viewed as a competitive threat when they are in a position to demand lower prices from the company or when they are in a position to demand better service that can increase operating costs. On the other hand, when buyers are weak, a company can raise its prices and earn greater profits. For the banking industry, buyer means customers who take loan from the banks.

Switching cost is very low in banking industry. Every bank is giving the similar types of loan service at similar interest rate. So, an individual who wants to take loan from banks can switch easily to other banks if he or she does not like the terms and conditions. Customers of HSBC are switching to other banks because of low interest rate and lots of other reasons. Lower switching cost makes the industry more competitive.

In banking industry, there is always a threat of backward integration. Big multinational companies can give threats to the commercial banks that they will arrange their funds by forming another bank where the cost of fund is lower compared to other banks. For this reason, giant customers of this industry always possess more power than their banks.

Creditors are considered to be the buyers of the banks. There are thousands of creditors from all walks of life. Mainly businessmen are the major buyer of bank's credit. Big amount creditors have strong power in determining interest rate of their credit amounts. Banks distinguish their prime customers from others by setting a prime interest rate for them.

- **BARGAINING POWER OF SUPPLIERS:**

Bargaining power of suppliers can be viewed as a threat when they are able to force up the price that a company must pay for its inputs or reduce the quality of the inputs they supply, thereby depressing the company's profitability. On the other hand, if suppliers are weak, this gives the company the opportunity to force down prices and demand higher input quality. For the bank, the main supplier of fund is depositor. Bank also gets the fund from the directors.

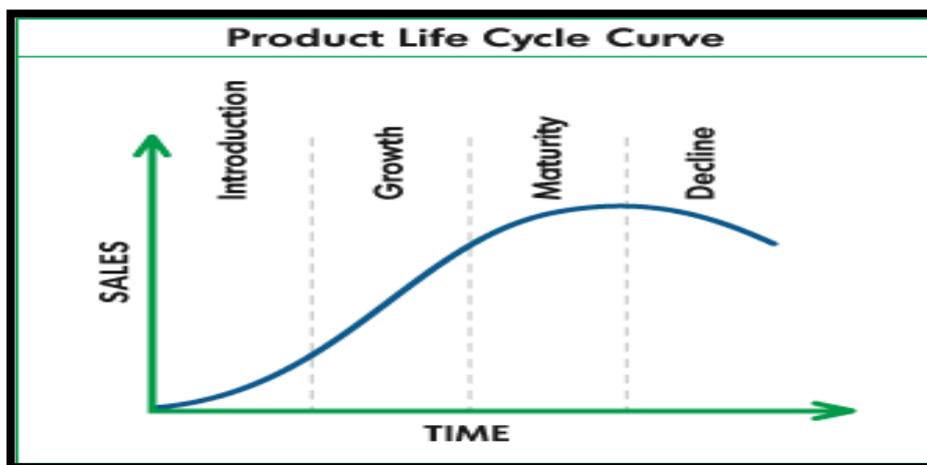
HSBC has one of the largest capitals among all the private banks. The bank does not want more money right at this moment because there is a very few good opportunities for



investment. So it is offering lower interest rates on depositors for their funds. Bargaining power of the fund supplier is low in banking industry because there are lots of individual savings in the economy but banks do not have opportunities for investment.

Sometimes suppliers of funds can give threat to the banks as well. Corporate or big multinationals companies can give threat to the private bank that they will form another bank for depositing their money. They will not supply any fund to other banks. This can lead to a higher competition in procurement of fund.

AN ANALYSIS OF PLC OF HSBC BANGLADESH



To find out where a product is stationed, we use Product Life Cycle (PLC). Similarly, we use Organization Life Cycle to find out what is the current position of the organization. There are five phases in this cycle:

- Introduction
- Growth
- Maturity
- Decline
- Death

Some of the characteristics of the growth stage are:

- ✓ Sales volumes increases significantly
- ✓ Profitability begins to rise
- ✓ Public awareness increases



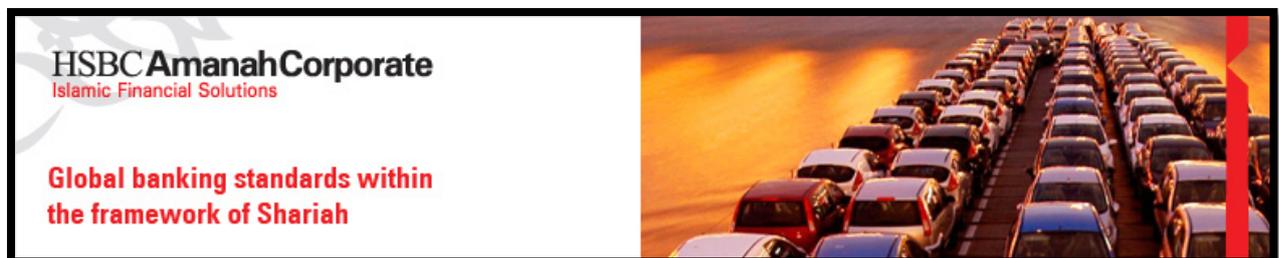
- ✓ Product quality is maintained and additional features and support services are added
- ✓ More and more employees are hired

Both from the documents and my 3 months experience, I can say that all of the attributes are applicable to HSBC. Today HSBC is at the position, where it can claim itself as the most successful multinational banks in Bangladesh. Its sales and profitability is increasing every year. Earlier, HSBC was a media shy bank. But now it is coming out of that image and is making bold movements. New products and services are being added to portfolio. Many new employees are being hired to meet the increased demand. So it can be easily said that HSBC is not at its 'Growth; stage and it is going to enjoy this position for the upcoming few years.

SOME FACTORS WHICH MAY CONTRIBUTE TO SUCCESS IN RECENT FUTURE:

Recently, HSBC has taken two initiatives, which may turn out to be the most important success factors for HSBC. These are:

HSBC AMANAH



The demand of Islamic Banking is growing in Bangladesh. To meet this demand, HSBC has launched Amanah Islamic Banking Solutions. This is a non interest bearing current account under HSBC's Islamic banking unit called HSBC Amanah.

INTERNET BANKING



HSBC has launched internet banking to make the personal banking more convenient. Some of the features of internet banking are:

- ✓ 24/7 access and control over your accounts
- ✓ View/download/print e-statements
- ✓ Pay bills to selected utility and service providers
- ✓ Transfer to own accounts
- ✓ Send overseas remittance
- ✓ Request ATM/ Phone Banking PIN replacement
- ✓ Order Cheque book

5.4 HSBC BRAND POSITION ANALYSIS

Throughout the previous chapter, I have tried to analyze HSBC's current market position. However when it comes to HSBC's brand position in Bangladesh, it is very important to compare it with its biggest competitor in Bangladesh, Standard Chartered Bank (SCB). Thus, the following contains some competitive analysis that shows HSBC's overall brand position in Bangladesh and later the vital question is answered by few of HSBC's customer as to why and why not choose HSBC for banking services?

✓ The Credit/Debit Card War

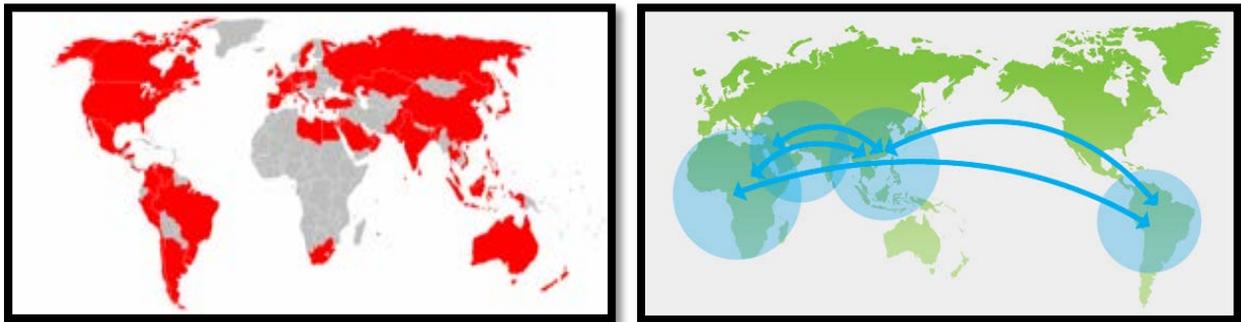


One of the biggest advantages that SCB holds over HSBC is the introduction of Credit and Debit cards which unfortunately HSBC is yet to introduce in Bangladesh. SCB has already introduced local and international credit/debit cards that provide their customers with the



ability to swipe them locally and all around the world. This is one of the biggest competitive edges that SCB has over HSBC in Bangladesh. However HSBC is planning to launch their first debit card by the end of this year. However, the more and more delay this process takes the higher risk it generates of losing vast customer share in this highly competitive market. And HSBC is also planning to launch only debit cards. But if they really want to capture a big chunk of this market, only debit cards will not be a feasible solution. They will have to introduce credit cards in order to stay competitive in this market.

✓ ATM Branch Network



Compared to HSBC, SCB has a wide range of Branch and ATM network all around Bangladesh which again makes SCB winner over this part of the war. However if we look at it from an international perspective, HSBC wins this competition as their international network is so strong that they almost cover every part of the globe whereas SCB falls behind in doing so. However in a more local perspective, SCB is leading with a much wider branch network. Moreover if we perceive their brand positioning in the form of Visibility, then again HSBC wins the race, because not only locally but also internationally HSBC is more widely visible in terms of promotional activities than SCB.

✓ What Customer Have to Say



As part of my final research work, I have interviewed a few of our customers. I asked them in general, “*why did they choose HSBC?*”

On asking this question, I have received the following answers. These



answers actually show the brand perception of HSBC in Bangladesh.

Customers chose banking with HSBC because of the following reasons:

- It is a big international brand
- Because of its global reach across the world, the international ATM card can be used all around the world to withdraw money with minimum charges
- Most of the customers are corporate clients of HSBC which meant their salary account is with HSBC that is why they bank with HSBC
- A majority of the customers opened their account back in the mid 90s where the banking sector was not that developed in Bangladesh and according to them, it was an edge to have an account with HSBC when it came visa processing
- A lot of customers have friends or family at HSBC who helped them open the account with minimum paper work and hassle
- A lot of customers are from the upper class society whom we refer to as our “select” customers and the reason for their existence with HSBC is because they have HSBC accounts in other parts of the world as a result, it becomes easy for them to transfer money from HSBC accounts and it also increases accessibility

Working as an intern in the customer services department for 3 months, my observation for HSBC’s brand positioning was the fact that they are not trying extremely hard to create a position here in Bangladesh as they actually do not need to. Because of its global positioning, Bangladesh is automatically getting an advantage.

In terms of advertising, HSBC does not have any TVC ads in Bangladesh. One of the main reasons behind this approach is that the Indian media has an immense impact on our society and thus it is the strategic approach of HSBC group to market in India, which will also result in the positioning of HSBC in Bangladesh.

A brand requires years and years of expertise to create a position in the minds of the consumer and thus HSBC has been successful in creating a unique preposition as the “world’s local bank” in the minds of its consumers.



HSBC-THE WORLD'S LOCAL BANK
UNITED STATES OF AMERICA THE
WORLD'S LOCAL BANK-HSBC UNITED
KINGDOM THE WORLD'S LOCAL
BANK-HSBC BANGLADESH THE WOR



CHAPTER 6

Conclusion & Recommendations



WORD'S LOCAL BANK-INDIA HSBC-
THE WORLD'S LOCAL BANK-
AUSTRALIA,-THE WORLD'S LOCAL
BANK-SOUTH AFRICA-HSBC THE
WORLD'S LOCAL BANK PAKISTAN-
THE WORLD'S LOCAL BANK - HSBC

“The competition is increasing every second. So in this competitive world, is creating a strong brand equity and brand positioning enough to retain the existing market share in this fierce world of competition?”

The above question is a very important question for a company like HSBC who is in its maturity stage of its life. In this case, all this time we have analyzed how they have been able to successfully create a strong corporate brand image. But is this image enough to sustain the fierce competition that is there in the market place?

This question is quite prevalent among the competitive business around the world today. And our country is not far behind with new foreign banks entering the country and constantly trying to attract as many consumers as possible with their new and innovative technology and strategies. Therefore, only by having a strong a corporate brand image, they cannot retain their consumers. They will need to go beyond the limits and create new strategies which will help them stay in this market for a long time. Therefore, before concluding this report, I would like to provide some recommendations to HSBC which may help them in retaining their market share and survive in this fierce world of competition for a long time.

- ✓ First of all HSBC needs to come back into this market and start introducing Debit and Credit card facilities to their customers. Every other foreign or local bank is already into this business and too late of an entry might mean a significant loss of market share in this sector.
- ✓ Next they need to penetrate the market and build a wider geographic coverage through more branches and ATM booths all over Bangladesh. By doing this ahead of their competitors, they can grab a big chunk of this competitive market.
- ✓ In beginning of 2010, HSBC started a campaign called “1 goal” where they follow one strategy all over the globe. This sort of approach always does not work as if a multi-national company goes global, their aim should be to think globally but act locally. Thus, HSBC should concentrate on taking strategic decisions on a more local basis in order to stay competitive and carry this brand image.



- ✓ Working at HSBC for 3 months I came up with another vital observation. In order to save costs HSBC is hiring the minimum amount of people. Because of this, the quality of work is lessened and employees are pressurized with too many work and too difficult targets, as a result the employees only focus on quantity rather than actually providing quality service. Again in this service industry, the key to success is quality service. Thus HSBC should focus more on providing quality service rather than the total number of services provided.

- ✓ Finally as HSBC is trying hard on cutting down costs, one way they can achieve this is by going green and becoming a paperless office. This strategy has been adopted by a few multinational companies such as Grameen Phone, Unilever, etc. HSBC being a bank has too many paper works and it also lengthens the process. If they can automate some of the paper works, then they can slowly become paperless. This will not only reduce their expenses but it will also increase their efficiency level and make decision making a much faster and reliable process.



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