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HSBC to halve branches in India as customers go digital

By [Joel Rebello](#), ET Bureau | May 20, 2016, 11.58 AM IST

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MUMBAI: Hong Kong & Shanghai [Banking Corp.](#) (HSBC) will shut 24 of its 50 branches in India and reduce its presence to 14 cities in the country as it seeks to push more retail and wealth management business to the online channel.

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The decision followed a "strategic review" of the bank's retail and wealth management business in India, the London-based lender said on Thursday, adding that the bank hopes to push more digital transactions.

HSBC has announced cost-reduction measures globally. Six months ago, the lender announced it will shut its private banking business in India, amid an investigation by India's tax department against individuals who had unaccounted foreign currency accounts in the bank's Swiss branch.

One branch will be closed in Chennai, Guwahati, Indore, Jodhpur, Lucknow, Ludhiana, Mumbai, Mysore, Nagpur, Nasik, Patna, Pune, Raipur, Surat, Thiruvananthapuram, Vadodara and Vishakhapatnam, along with two branches in New Delhi and five in Kolkata, HSBC said.

"The [consolidation](#) of the branch network will take place over the coming months in a phased manner...the branches being consolidated account for less than 10% of HSBC's retail customer base in India," it said in a press release. No timeline for the closures was given.

The bank employs more than 33,000 people in India, including those in its outsourcing centre. About 1% of the employees will be affected because of this measure, an HSBC spokesperson said.

Stuart P Milne, chief executive officer of HSBC India, said the country remains a priority market.

"This move aims to position our retail banking and wealth management business for the future, with the right mix of digital versus physical branch distribution. Customer expectations are changing rapidly and we need to adapt accordingly," Milne was quoted as saying in the release.

However, a person familiar with the bank's strategy said the pressure to lower costs played an important part in the decision. "It is true that retail banking is moving online but the fact is also that as branches are shut and people move online the bank will save a lot of money. It may also make some people redundant," the person said.

HSBC's retail banking and wealth management business in India slipped into a \$25 million loss in 2015 after making a \$4 million profit a year earlier. India was the third-most profitable market in Asia last year, making a \$606 million profit before tax, behind \$3.06 billion from mainland China and \$9.8 billion from Hong Kong.

"The staff impacted because of the branch closures will be from the front end," the person said. HSBC said some of the staff will be given an opportunity to move to other branches or businesses.

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