

HSBC - Learning from our own

On the evening of Wednesday, 14th December, 2016, students at JBIMS had a brush with the high echelons of HSBC. Mr. Sridhar Narayan (MD and Head, Global Markets) and Mr. Sunil Shah (MD and Head, MNC - Banking) visited the campus they graduated from in 1996 and 1998 respectively to interact with the MMS students.

Mr. Narayan who has spent his entire career at HSBC kicked off the session, stating he would basically talk about the various divisions a global bank has. The GM (Global Markets) division that he works in consists of “desks” as he likes to call them. The Balance Sheet Management (BSM) desk is responsible for taking on interest risks. If a company wants a loan, it approaches the BSM of the bank. Previously, CRR (Cash Reserve Ratio) and SLR (Statutory Liquidity Ratio) used to be managed by the BSM. But according to the Basel norms, the Asset Liquidity Management (ALM) desk manages these. To sum it up, the BSM is a wholesale warehouse of risks that it manages.

The next desk is the FX (Foreign Exchange) desk. It undertakes “prop” trading, which runs positions in currencies with a view to make money. It keeps track of how much the proprietary portions are affected if there is a breakdown. Another important function of the FX desk is inventory management. It deals in wholesale of FX and indirectly quotes prices to clients. It ensures liquidity.



Mr. Narayan (left) and Mr. Shah addressing the students at JBIMS

The Rates/Derivatives desk manages franchise support. It makes markets in cash bonds and other derivatives. Demand may not always come from clients who want loans. It may also come from those who have existing liabilities and want to hedge them because they want to trade in rupees. These are the three highest-risk-taking desks which are managed on a minute-by-minute basis. Different skill-sets are required for each of these.

Mr. Shah then took the stage, beginning on a light note, talking about his college days. He then went on to explain the functions of the Relationship Managers (RM), he himself being one. RMs are basically the liaison between clients and the banks. Naturally interpersonal skills are very important for them. They make sure that all transactions with clients are legitimate. They usually use ERP for implementation. The Global Banking (GB) division that he works in has two sub-divisions, FIG (Financial Investment Groups) and Corporates. Both are divided into domestic and international departments which handle clients

accordingly. The important aspects of RM are Payments and Cash Management, Trade, Debt Instruments, Advisory, LAF (Leverage and Acquisition Finance) and so on.

Mr. Narayan then explained in short how the lifecycle of a client broadly involves incorporation, capital infusion, setup, manufacturing, need for working capital and sales, before throwing the platform open for any questions. Students asked a multitude of questions and got satisfactory answers. The students' gratitude was clear when they gave the speakers a huge applause at the end of the session.