

RESEARCH

## Wells Fargo, HSBC remain world's highest-ranking banks: report

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By JOE MCCARTHY

United States banks made the largest brand valuation gains in the past year, according to a new report by Brand Finance.

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Wells Fargo returns as the top brand in both the U.S. and the world with a 16 percent valuation increase to \$30 billion, Goldman Sachs rose 37 percent to \$10 billion and climbed seven places on the global ranking board. While U.S. banks were propelled by a resurgent economy, banks in BRIC countries faced sliding brand valuations.

"The fundamental reasons for both Wells Fargo's and Goldman Sachs' gains this year are linked to the resurgence of the U.S. economy," said Liam Wong, valuation consultant at Brand Finance, London. "From a technical perspective this means favorable valuation assumptions such as growth rates, revenue forecasts, et cetera.

"Wells Fargo is the largest retail banking brand in the country and was perhaps better placed than most to benefit from a return of consumer confidence," he said. "This is evidenced by lending increasing a range of categories and the bank's delivering record profits this year.

"Data in our study suggests that Wells Fargo has one of the strongest reputations in [its]

peer group, having been less tarnished than other banking brands by the financial crisis. This has contributed to its brand rating improving this year from AA+ to AAA-."

The "**Brand Finance Banking 500**" report calculates brand value by determining the royalties that a corporation would have to pay to license its brand if it did not own it, according to a statement. The report is published annually in The Financial Times' "The Banker" magazine.

Not so even

Other U.S. banks that experienced double digit growth include Bank of America, Citi and Capital One.

U.S. banks that faced dips include Chase and U.S. Bancorp.

Lending across numerous categories and an improved domestic economy are cited as reasons for Wells Fargo's growth.

Goldman Sachs' massive gains were boosted by the influx of initial public offerings that occurred in 2013. There were 222 IPOs in 2013, a number seven times greater than in 2008.



*Goldman Sachs' 10,000 Small Businesses initiative*

The report points out 2013 widened the gulf between top performing banks and banks further down the list.

The anticipated tapering of the Federal Reserve's stimulus methods will be a cause of concern for banks, according to the report.

Elsewhere in the world banks had mixed results. European banks such as HSBC, BNP Paribas and UBS all had strong years.



*HSBC building in Hong Kong*

Chinese banks also performed strongly, with an aggregate increase of \$19 billion across national banks.

However, national brand value in Russia dropped 6 percent, 13 percent in India and 23 percent in Brazil.

The top five ranking countries are the U.S., China, Britain, Japan and France.

#### Booming wealth

The substantial gains posted by the world's largest banks mirror the substantial gains made by the world's ultra-affluent.

The number of ultra-high-net-worth individuals is continuing to grow with 2,170 global billionaires holding a combined \$6.5 trillion net worth in 2013, according to a new census report by Wealth-X and UBS.

Although these billionaires account for only one percent of the ultra-high-net-worth global population, their combined net worth reflects one quarter of all ultra-wealthy individuals and constitutes a higher GDP than every country except the United States and China. Examining the net worth, lifestyles and interests of global billionaires will benefit brands that appeal to and target this demographic ([see story](#)).

Similar to the positioning done by the affluent, banks are capitalizing on emerging trends.

"The performance of Goldman Sachs this year is largely financially driven," Mr. Wong said.

"It was a bank which was able to benefit hugely from the revival of the IPO market," he said. "The bank has always been a strong brand in investment banking. However, it is really the return of confidence and growth to the markets which has led to the astonishing increase in brand value.

"Over the period its revenues from underwriting grew by a third in the period it was the lead underwriter on the Twitter IPO."

#### Final Take

*Joe McCarthy, editorial assistant on Luxury Daily, New York*

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