

China's Bank Brands More Valuable than those of the US

- Total value of Chinese bank brands surpasses that of US, brand study reveals
- Wells Fargo loses its status as the world's most valuable banking brand
- ICBC is now the world's most valuable, worth US\$47.8bn after 32% growth

For the very first time, the combined brand value of China's lenders has surpassed that of the United States. China's bank brands account for 24% (US\$258 billion) of the total brand value of the Brand Finance Banking 500, while the US accounts for 23%.

Every year, leading valuation and strategy consultancy [Brand Finance](#) values the brands of thousands of the world's biggest companies. The results of this analysis are then ranked, with the world's 500 most valuable banking brands featured in the Brand Finance Banking 500.

Brand Finance's research shows that China's consumers demonstrate a lack of cynicism, an affinity for brands and economic patriotism that gives their banks a solid foundation that (post 2008) western banks cannot hope to match.

Driving more recent growth has been accelerating Chinese foreign M&A activity. This hit a record high in 2016, providing opportunities for the country's banks beyond its growing domestic market. Brand Finance's CEO David Haigh states, "Chinese banks are being carried along in the slipstream of its industrial giants as they grow and expand into international markets. Facilitating international deals boosts revenues, but more importantly, enables the banks to build their reputations with potential clients across the world."

The combination of domestic loyalty and rapidly improving international recognition has resulted in formidable brand equity and brand value results for China's banks. Already the world's biggest bank by assets, ICBC's brand value has grown 32% year on year to a total of US\$47.8 billion. China Construction Bank and Bank of China are also growing strongly (by 17% and 13% respectively). The fastest growing brand this year is also Chinese. Harbin Bank's brand has trebled in value over the course of 2016 to US\$811 million.

The success of the Chinese banks and ICBC in particular comes at the expense of Wells Fargo, which has lost its position as the world's most valuable banking brand. Wells Fargo has also been the architect of its own misfortune. Its fake accounts scandal has seen its reputation take a hit, with downgraded revenue forecasts contributing to a 6% brand value fall to US\$41.6 billion.

The situation for Europe's banks is worse still. The most valuable bank brands from the UK, France, Germany and Italy (HSBC, BNP Paribas, Deutsche Bank and Intesa Sanpaolo) have all declined in brand value. Deutsche has recently been hit with a US\$7.2 billion bill to settle an investigation into its mortgage backed securities. 2016 also saw a 97% drop in profits and an individual bonus freeze for all VPs and MDs. Deutsche's torrid year was reflected in its brand value, which is down 41% to US\$4.9 billion.

HSBC has declined by a less severe 5% to US\$22.9 billion as it goes through a period of consolidation. At the domestic level, over a quarter of its UK branches have been closed in

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the last two years while internationally, HSBC's Brazilian business was sold to Bradesco. HSBC's marketing communications have shifted to reflect its more geographically concentrated approach. The 'World's Local Bank' message has been replaced with campaigns that now focus more on HSBC's role in facilitating personal and business ambitions.

Canada's banks are an exception to the general western trend. RBC leads the way with brand value growth of 28% to US\$12.7 billion, but TD, Scotiabank, Bank of Montreal, CIBC and Desjardins have all posted double digit brand value growth.

Qatar National Bank is the Middle East and Africa's most valuable bank brand. Net profit in 2016 was US\$3.4 billion, up 10% from the previous year while total assets reached US\$198 up by 34% from December 2015. QNB acquired Turkey's fifth largest lender, Finansbank, the subsequent rebrand contributing to overall brand value growth of 56% to US\$3.82 billion.

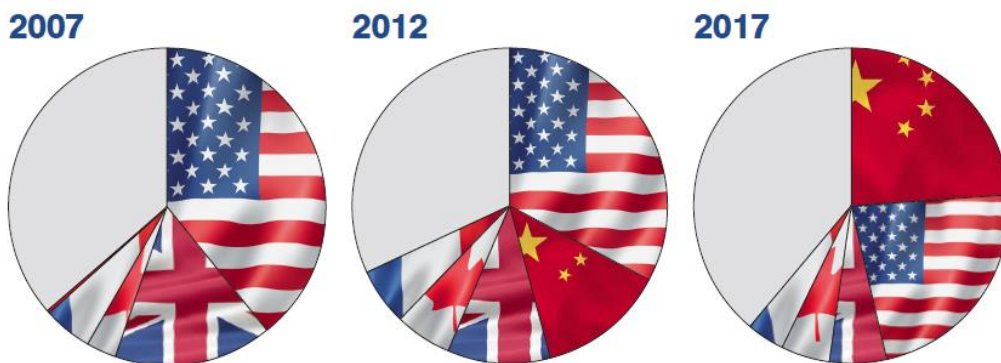
Itaú is the most valuable banking brand in Latin America. The Brazilian Real appreciated approximately 25% in 2016 and the economy is rebounding after several difficult years. Itaú is clearly benefitting, with a brand value of US\$6.9 billion, almost double that of last year.

Sberbank, ranked 24th globally, is Russia's most valuable banking brand. Its brand value is US\$9.1 billion after 33% growth this year. David Haigh concludes, "Sberbank has weathered the struggling Russian economy thanks to carefully managed risk but more importantly its ambitious, technology-led innovation."

[Read the full report, with more detailed insights on the world's top banking brands here](#)

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Total Brand Value by Country



KEY		National Total Bank Brand Value (\$m)			% of the total value of the Banking 500		
Colour	Country	2007 (100 brands)	2012	2017	2007 (100 brands)	2012	2017
	China	1,244	79,559	258,480	0.26%	11%	24%
	US	185,950	205,964	242,350	39%	28%	23%
	UK	76,375	67,972	66,437	16%	9%	6%
	Canada	14,262	37,066	53,620	3%	5%	5%
	France	25,954	33,771	37,782	5%	5%	4%
	Others	171,438	205,262	415,336	36%	27%	39%
	Total	475,223	746,752	1,074,005	100%	100%	100%

Brand Value Over Time



The World's Top 10 Most Valuable Banking Brands

	1 Rank 2017: 1 2016: 2 ↑ BV 2017: \$ 47,832m +32% BV 2016: \$ 36,334m Brand Rating: AAA		6 Rank 2017: 6 2016: 7 ↑ BV 2017: \$ 30,273m +12% BV 2016: \$ 26,928m Brand Rating: AAA-
	2 Rank 2017: 2 2016: 1 ↓ BV 2017: \$ 41,618m -6% BV 2016: \$ 44,170m Brand Rating: AA+		7 Rank 2017: 7 2016: 4 ↓ BV 2017: \$ 28,511m -12% BV 2016: \$ 32,264m Brand Rating: AA+
	3 Rank 2017: 3 2016: 3 → BV 2017: \$ 41,377m +17% BV 2016: \$ 35,394m Brand Rating: AAA-		8 Rank 2017: 8 2016: 8 → BV 2017: \$ 27,674m +6% BV 2016: \$ 26,031m Brand Rating: AA+
	4 Rank 2017: 4 2016: 5 ↑ BV 2017: \$ 33,737m +10% BV 2016: \$ 30,603m Brand Rating: AAA-		9 Rank 2017: 9 2016: 9 → BV 2017: \$ 20,688m -14% BV 2016: \$ 24,174m Brand Rating: AA+
	5 Rank 2017: 5 2016: 6 ↑ BV 2017: \$ 31,250m +13% BV 2016: \$ 27,735m Brand Rating: AAA		10 Rank 2017: 10 2016: 11 ↑ BV 2017: \$ 15,929m +2% BV 2016: \$ 15,689m Brand Rating: AA+

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Note to Editors

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Brand values are reported in USD. For precise conversions into local currency values, please contact the above.

About Brand Finance

[Brand Finance](#) is the world's leading brand valuation and strategy consultancy, with offices in over 15 countries. We provide clarity to marketers, brand owners and investors by quantifying the financial value of brands. Drawing on expertise in strategy, branding, market research, visual identity, finance, tax and intellectual property, Brand Finance helps clients make the right decisions to maximise brand and business value and bridges the gap between marketing and finance.

Methodology

Definition of Brand

When looking at brands as business assets that can be bought, sold and licensed, a technical definition is required. Brand Finance helped to craft the internationally recognised standard on Brand Valuation, ISO 10668. That defines a brand as “a marketing-related intangible asset including, but not limited to, names, terms, signs, symbols, logos and designs, or a combination of these, intended to identify goods, services or entities, or a combination of these, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits/value.”

However, a brand makes a contribution to a company beyond that which can be sold to a third party. 'Brand Contribution' refers to the total economic benefit that a business derives from its brand, from volume and price premiums over generic products to cost savings over less well-branded competitors.

Brand Strength

Brand Strength is the part of our analysis most directly and easily influenced by those responsible for marketing and brand management. In order to determine the strength of a brand we have developed the Brand Strength Index (BSI). We analyse marketing investment, brand equity (the goodwill accumulated with customers, staff and other stakeholders) and finally the impact of those on business performance. Following this analysis, each brand is assigned a BSI score out of 100, which is fed into the brand value calculation. Based on the score, each brand in the league table is assigned a rating between AAA+ and D in a format similar to a credit rating. AAA+ brands are exceptionally strong and well managed while a failing brand would be assigned a D grade.

Approach

Brand Finance calculates the values of the brands in its league tables using the 'Royalty Relief approach'. This approach involves estimating the likely future sales that are attributable to a brand and calculating a royalty rate that would be charged for the use of the brand, i.e. what the owner would have to pay for the use of the brand—assuming it were not already owned.

The steps in this process are as follows:

- 1 Calculate brand strength on a scale of 0 to 100 based on a number of attributes such as emotional connection, financial performance and sustainability, among others. This score is known as the Brand Strength Index, and is calculated using brand data from the BrandAsset® Valuator database, the world's largest database of brands, which measures brand equity, consideration and emotional imagery attributes to assess brand personality in a category agnostic manner.
- 2 Determine the royalty rate range for the respective brand sectors. This is done by reviewing comparable licensing agreements sourced from Brand Finance's extensive database of license agreements and other online databases.
- 3 Calculate royalty rate. The brand strength score is applied to the royalty rate range to arrive at a royalty rate. For example, if the royalty rate range in a brand's sector is 0-5% and a brand has a brand strength score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4%.
- 4 Determine brand specific revenues estimating a proportion of parent company revenues attributable to a specific brand.
- 5 Determine forecast brand specific revenues using a function of historic revenues, equity analyst forecasts and economic growth rates.
- 6 Apply the royalty rate to the forecast revenues to derive brand revenues.
- 7 Brand revenues are discounted post tax to a net present value which equals the brand value.