

Citigroup strengths



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The organization which I will analyze for its strengths and weaknesses is CitiGroup. CitiGroup is the world's largest financial services conglomerate which operates in 140 countries; it employs around 260000 employees and has over 200 Million customers. CitiGroup was formed in the year 1998, following the merger of Citicorp and Travelers Group. Currently Citi is organized in two major segments – Citi Corp and Citi Holdings. Through Citicorp and Citi Holdings, Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management. The group suffered huge losses during the global financial crisis of 2008 and was rescued subsequently by the US government by a massive bailout.

The organization, under the leadership of Vikram Pandit has made enormous strides towards recovery and is widely seen to be on 'track' to profitability. Analyzing such a large and complex organization is no mean task but I'll do my best to identify its strengths and weaknesses. CitiGroup's main strength lies in its unique global positioning and network. Its vast network spans around 140 countries and has over 15000 offices worldwide. The company has a customer base of over 200 million. 95% of the fortune 500 companies are Citi's Clients. No other financial services organization can match these traits of Citi.

The second major strength of Citi is the wide array of products and services which it provides. As mentioned earlier, Citi's global operations encompass consumer banking through Citi Bank, Securities brokerage through Morgan

Stanley Smith Barney, Global Transaction Services and Wealth Management services. GTS alone manages a global payment flow of \$ 9 trillion every day. Third major strength of Citi is its consumer banking business, Citibank and the Investment banking division. CitiBank operates in over 100 countries and is the flagship company within the group. It's one of the world's most recognized brands and is the 'face of the group'. The investment banking division is one the largest in the world by the volume of business which it generates by the way of advising clients on mergers and acquisitions.

In 2009, the investment bank ranked 3rd in the world on account of globally completed M&A volume. Further, the Citi Private bank advises over one third of the world's billionaires through a network of offices located across 31 countries. The fourth major strength of Citi is its dynamic and highly regarded workforce throughout the world. Having a talented workforce is the bedrock of any organizations success and growth. Citi boasts of having employees who are best in the industry and have stood up to the challenges which the economy threw at them over the past three years. Its new leadership team led by Vikram Pandit and has been largely responsible for navigating the company out of the financial crisis of 2008. Fifth, the company today is one of the best capitalized institutions in the industry and has a Capital Adequacy Ratio of 11.

%. Sixth and the most relevant strength of Citi after the losses of 2008, is the strategic road map to recovery which the company has charted towards recovery and profitability. The company has organized itself into two segments – Citi Corp & Citi Holdings. CitiCorp comprises of businesses which Citi sees as core to its strategy and offers greatest earning potential whereas

Citi Holding comprises of businesses which Citi does not see central to its strategy and are loss making. The assets under CitiCorp are being divested. Such a re-organization has led to a proper alignment of Citi's diverse businesses and have speeded the recovery. This is evident by the fact the company the company reported a net profit of \$ 9.

3 billion Net Income in first three quarters of 2010 against a net loss of \$ 27. 7 billion in 2008. This is a massive turnaround and reflects the strength of the managements focus and the new roadmap which the company had charted in 2008.