

## **Asian Corporates Getting Harder on Their Transaction Bankers**

(Sydney – 4<sup>th</sup> March 2003) Standard Chartered has held its ranking as Asia's best rated transaction banker to the region's top corporates even though rival HSBC holds the biggest market share and JPMorgan is rated the region's best Cash Management Bank, according to latest Asian banking research from industry analysts East and Partners.

East has just completed its third six-monthly survey of Asia's Top 900 companies after fieldwork executed in December 2002 and January 2003. East interviewed 846 chief financial officers or equivalents at Asia's top companies (as defined by revenue) spread evenly through nine countries: China, Hong Kong, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

The report – “Asian Corporate Transaction & e-Banking Markets” – looks at customer satisfaction and demand levels in 27 service and product categories, and produces key information on market share among the banks.

The survey finds that customers are demanding better levels of service from their banks, but reveals substantial variations in performance.

Importantly, the survey also finds that banks' initiatives in developing indirect channels such as electronic delivery are not highly valued by clients and at the same time are falling behind in key “face-to-face” relationship areas where clients want better performance.

The survey findings include:

- HSBC is the current principal transaction banker to 20.8 percent of Asia's Top 900 corporates, slipping marginally from 21.5 percent in July 2002. Standard Chartered is second, with 14.9 percent (up from 14.2 percent in July) and Citibank is third with 13.2 percent (against 12.6 percent in July). They are followed by DBS, OCBC, Bank of America, JPMorgan, OUB, Bank of China, UOB, Hang Seng, Deutsche, Chung Hwa, ABN Amro and BNP Paribas.
- Standard Chartered has again been rated “Best Stand Out Transaction Bank”, with 20.1 percent of respondents ranking it as number one, against 21.2 percent in July 2002. HSBC was ranked second, improving its performance to 15.5 percent over the previous six months, followed by JPMorgan, Citibank, Bank of America, OCBC, DBS and the Bank of China.

- HSBC has been ranked “Best Stand Out Corporate e-Banker” by 20.8 percent of respondents, down from 23.9 percent in the previous survey followed by Standard Chartered.
- JPMorgan was ranked “Best Stand Out Cash Management Bank” by 18.8 percent, ahead of Citibank, BNP Paribas and Standard Chartered.
- The three most important factors for Asian corporates in their transaction banking are Quality of Transaction Execution, Quality of Overall Service Delivery, and Response Times on Queries.
- The three least important factors are Usefulness of Transaction Bank’s Website, Credit Rating of the Transaction Bank, and the Reputation/Name of the Transaction Bank.
- The three worst performing areas in terms of customer satisfaction were Quality of Contact with Senior Bank Management, Frequency of Contact with Senior Bank Management, and Effectiveness of Problem Resolution.

Commenting on the report, East and Partners’ principal analyst Paul Dowling said: “Corporates’ responses on which service attributes are important are an indictment of how many of Asia’s banks behave in relationship development.”

“Web based tools and techniques that are being used by banks to grow and extend their existing corporate transaction relationships, and that are working so effectively in other geographies, are not highly regarded by corporates in Asia, irrespective of how well or poorly they are being executed.”

“The report shows that corporates in Asia want direct, personalised service delivery and relationship management as well as the efficiency of electronic delivery, but the banks are only focussing on one side of the equation, which is the more indirect model of customer engagement. They do this at their peril.”

“Importantly, this is being directly reflected in accelerating account churn, with several players having to run very hard in new account acquisition just to stand still.”

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