

**Media Release**  
(Sydney – 23<sup>rd</sup> October 2003)

## **Multinationals in Asia demanding top performance from banks**

Multinational Corporations (MNCs) operating in Asia are demanding that banks deliver world-class products and services that allow them to improve their working capital and supply chain management efficiencies, according to banking research firm East & Partners.

East's latest survey of Asia's Transaction Banking and e-Banking Markets shows MNCs have an increasing appetite for Liquidity Management, Short Term Debt, Internet Banking and Trade Technology products and services.

East & Partners principal analyst Paul Dowling said Trade Finance in particular was proving to be a big growth area among MNCs in the region.

“Banks in Asia are having to respond to a fresh wave of more sophisticated customer demands from the multinationals,” Mr Dowling said.

Overall the survey reveals Transaction Bankers to MNCs in Asia are delivering “moderate to acceptable” levels of satisfaction across the 27 factors monitored with the best three service factors being:

- Quality of Support & Legal Documentation
- Credit Rating of Bank
- Settlement Performance

The three worst performing service factors across the market are:

- Effectiveness of Problem Resolution
- Usefulness of Bank's Website
- Credit Approval Turnaround Times and Being Proactive in Dealings with Customer

The survey shows that ABN Amro, Bank of America and JPMorgan achieve the highest customer satisfaction ratings in Transaction Banking services to MNCs.

UBS, JPMorgan and Citigroup combined own more than 40 percent of the MNC market in Asia while local banks have less than two percent of the MNC market.

Local banks, however, have been performing strongly among Secondary Transaction Bankers with DBS and Bank of China capturing 9.5 percent and almost seven percent market share respectively.

Mr Dowling said local banks provided good service when dealing in the local currency but continued to find the going tough in terms of the service levels required to satisfy the top echelon of MNC customers in the region.

“Local banks typically lack the service levels, infrastructure and technology of the majority of major banks,” he said.

“But the rapid change taking place in Asia has been good for international banks that have been strong enough to fund expansion and make the necessary technology investments.

“This has been reflected in our research by the dominance of players such as HSBC and Standard Chartered, and the ongoing success of US banks such as Citigroup, Bank of America, ABN Amro, Deutsche and JPMorgan,” Mr Dowling said.

The top three initiatives that respondents identified as “making a difference” in improving their quality-of-service experience in Transaction Banking are:

- Closer Understanding of Customer’s Business
- Improved Account Aggregation Options
- Response Time on Queries

The fourth most important initiative was Enhanced Electronic Systems Delivery, which was reinforced by the SARS epidemic.

“In affected countries, the virus was responsible for big increases in the use of electronic banking transaction volumes as a result of institutions and companies restricting face to face interaction,” Mr Dowling said.

“However, banks must avoid focusing too heavily on indirect, web-based models of customer engagement as customers also continue to demand better relationship management from their banks.”

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***Current Principle Transaction Banker to MNCs – September 2003***

	<b>% of Total</b>
Citigroup	20.7
Standard Chartered	14.0
HSBC	12.3
Bank of America	11.2
JPMorgan	10.6
Deutsche	8.9
ABN Amro	5.6
DBS	3.9
OCBC	1.7
OUB	1.7
Bank of China	1.1
Other	8.3
TOTAL	100.0

***Current Principle Corporate Banker to MNCs – September 2003***

	<b>% of Total</b>
UBS	15.6
JPMorgan	14.0
Citigroup	11.7
Bank of America	10.1
CSFB	8.9
HSBC	8.9
Deutsche	7.8
Merrill Lynch	6.7
Standard Chartered	6.7
DBS	1.7
OUB	1.7
Bank of China	1.1
OCBC	1.1
Other	4.0
TOTAL	100.0

**Total Market Transaction Banking Service Satisfaction Performance – September 2003**

**Average Rating Reported**  
**1 — 2 — 3 — 4 — 5**  
(satisfied) (dissatisfied)

**Primary Banker**

Credit Approval Turnaround Times	2.56
Quality of Transaction Execution	2.12
Settlement Performance	1.81
Quality of Support & Legal Documentation	1.68
Overall Professional Competence	2.10
Electronic Service Delivery	2.24
Response Times on Queries	2.42
Effectiveness of Problem Resolution	2.77
Understanding of Customer's Business Needs	2.04
Value for Money	2.15
Innovation	2.44
Competitiveness	2.35
Knowledge of Customer's Industry	1.94
Reputation / Name of Bank	2.07
Credit Rating of Bank	1.79
Back Office / Operations Efficiency	2.12
Being Proactive in Dealings with Customer	2.56
Social Interaction	2.08
Usefulness of Bank's Website	2.63
Interest in Customer's Business	2.34
Quality of Account Manager	2.11
Frequency & Quality of Contact with Bank's Senior Management	2.36
Customer Service / Call Centre	2.51
Quality of People	2.33
Quality of Advice	2.55
Quality of Overall Service Delivery	2.33
Quality of Electronic Banking Help Desk	2.36
<b>Total Market</b>	<b>2.25</b>