



Media Release

Big 4 struggle to match investment banks on corporate advisory to Top 500

(26 May 2005 – Australia) The ability of Australia's Big 4 banks to successfully provide the Top 500 Corporate segment with investment banking and advisory services is still very much a work in progress, East & Partners has found.

East's latest six monthly Corporate Customer Satisfaction Report, which researches the banking experiences of Australia's Top 500 companies, reveals the major domestic banks continue to significantly lag investment banks in areas such as Equity Raising, Industry Expertise, Corporate Advisory Services, and Mergers & Acquisition Advice.

The five best rated Corporate Finance and Advisory bankers are Macquarie Bank, UBS, JPMorgan, Goldman Sachs JB Were and ABN Amro.

In terms of overall Corporate Advisory Services Performance, ANZ, Commonwealth Bank, National Australia Bank and Westpac Top 500 customers rate their respective bankers 11th, 12th, 13th and 14th.

UBS topped the customer satisfaction rankings for M&A Advice and Corporate Advisory Services; Macquarie was rated best bank for Industry Expertise; and Goldman Sachs JB Were came first for Equity Raising.

But the report shows there is a significant disparity between levels of satisfaction being delivered by service providers as a whole and the importance of corporate finance services to the Top 500 (see Table below).

In particular, corporates are demanding much better Industry Expertise and Equity Raising Advice than they are currently receiving. For example, Goldman Sachs JB Were is the best advisor in Equity Raising, according to the Top 500, with a rating of 2.17 (using the reversed 1 to 5 scale) but the average importance rating corporates attach to this area is a very high 1.10.

"Historically, the major domestic banks have gone through cycles of making concerted efforts to boost the amount of business they've been doing in the corporate advisory space then consigning it to the 'too hard' basket and pretty much leaving the space to the investment banks again," East & Partners principal analyst Paul Dowling said.

"The big problem is that commercial banks and investment banks are culturally very different creatures, attracting a different type of person. In the past, the Big 4 simply haven't been able to match the remunerating powers of the investment banks and therefore have held different internal skill sets – a barrier encountered globally by commercial banks looking to compete successfully in investment banking," he said.

“At the moment, with business so squeezed at the top end, low margins and not much appetite for debt, the commercial banks are taking a serious look at how to deepen their relationships with their Top 500 customers and an obvious area of focus is this corporate finance space,” Mr Dowling said.

Corporate Advisory Services Performance Ratings – Overall

N: 366

Average Rating Reported

1 — 2 — 3 — 4 — 5

(satisfied) (dissatisfied)
(important) (unimportant)

April 2005

October 2004

UBS	1.59	1.67
BNP Paribas	1.60	1.66
Deutsche	1.61	1.67
Macquarie	1.62	1.66
JPMorgan	1.67	1.75
Goldman Sachs	1.70	1.73
CSFB	1.83	1.92
ABN Amro	1.85	1.81
Citigroup	2.03	2.16
Merrill Lynch	2.06	2.13
ANZ	2.13	2.21
CBA	2.31	2.19
NAB	2.39	2.33
Westpac	2.46	2.40
Other	1.92	1.94
TOTAL	1.77	1.83
Importance Ratings	1.17	1.22

East & Partners Corporate Customer Satisfaction Report – April 2005

Market Wide Importance and Satisfaction Ratings – Top 500

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

Corporate Finance and Advisory

	Equity Raising	Particular Industry Expertise	Corporate Advisory Services	Merger & Acquisition Advice
Overall Satisfaction	2.42	2.16	1.77	1.55
Product/Service Performance	2.44	2.15	1.41	1.29
Customer Support	2.22	2.32	1.96	1.40
Value for Money	2.60	2.00	1.95	1.97
Importance Ratings	1.10	1.06	1.17	1.43

East & Partners Corporate Customer Satisfaction Report – April 2005

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