



Media Release

Local banks fighting back in market where service is key

(3 February 2006 – Asia) The Big Three: HSBC, Standard Chartered and Citigroup continue to dominate Asia's corporate banking markets, owning more than 50 percent of primary transaction banking relationships, according to industry analysts East & Partners.

East & Partners latest six monthly report into Asia's Corporate Transaction Banking markets shows that together HSBC, Standard Chartered and Citigroup collectively have 50.4 percent share of primary corporate relationships across the ten Asian markets the regular research covers.*

Of the three major banks, only HSBC has shed market share. Singapore's DBS and OCBC have improved their share of the large corporate market, while Bank of America, Bank of China and Deutsche have also increased their primary transaction banking customer base in the region.

The six monthly report monitors bank market share and customer satisfaction performance, among other metrics, across a range of transaction banking products, including account and transaction facilities, receivables, payments, working capital funding, internet banking and trade finance.

This latest report, just released to clients, reveals that service and relationship factors, as opposed to product, are now the key elements to service providers winning greater share of the large corporate market.

The three most important service factors in transaction banking relationships to Asia corporates are: Credit Approval Turnaround Times; Understanding Customer's Business; and Quality of Overall Service Delivery.

"The importance of customer service and relationship management grew rapidly over the past six months and banks looking to succeed in this high growth and demanding market will need to get these aspects right," East & Partners principal analyst Paul Dowling said.

"It's evident from the improvements in individual service provider performance in the report that some transaction bankers are addressing service and relationship issues much more effectively than others," he said.

In terms of customer service satisfaction across the region, the international banks continue to deliver superior performance in the experience of their customers, although the domestic players, having recognised that service and value for money rather than product is now the key competitive differentiator for them, are gaining rapidly.

“Large corporates expect their bankers to deliver the basics in transaction processing and account settlement but they are also starting to demand demonstrable business understanding and industry expertise from their core transaction bankers,” Mr Dowling said.

“Traditionally, domestic banks in Asia have struggled to deliver the same levels of service to corporates as foreign banks but this is changing, particularly in Singapore where domestic banks are putting huge effort into their service and delivery platforms to better challenge the large foreign banks and protect their local franchises,” he said.

Total Market Product Importance and Satisfaction Ratings – December 2005

	Average Rating Reported				
	1 — 2 — 3 — 4 — 5				
	(high (satisfied))		(low (dissatisfied))		
	<u>Importance</u>		<u>Satisfaction</u>		
	Overall Rating	Overall Satisfaction	Product Performance	Customer Support	Value for Money
Account and Transaction Facilities	1.05	1.81	1.69	1.89	1.85
Liquidity Management	1.05	2.21	2.46	1.97	2.20
Integrated e-Banking Service	1.56	2.14	2.17	1.95	2.29
Internet Banking Service	1.09	2.09	2.19	2.04	2.03
Receivables	1.23	2.16	2.21	2.07	2.20
Payables	1.25	1.83	1.88	1.74	1.87
Trade Finance	1.46	1.90	1.92	1.85	1.92
Money Market	1.21	2.21	2.22	2.11	2.29
Short Term Debt	1.07	2.27	2.29	2.16	2.37

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* The 100 largest corporates are interviewed in each of 10 Asian markets - Singapore, Hong Kong, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand, and China – totalling around 1000 companies.