

Media Release

I want to use my bank for equipment finance, but...

(18 October 2006 – Australia) A staggering three out of four commercial customers would prefer to source equipment finance through their principal relationship banker, all else being equal. This is one of the many surprise findings contained in East & Partners' major exploration of the Australian Equipment Finance Markets.

Easts' review, released this week, is the first of its kind in terms of the very extensive and multidimensional nature of its examination of the Australian equipment finance markets. In addition to East's proven demand side research, the review entails an in-depth exploration of the supply side: encompassing findings from a structured interview and data capture series with market participants, including major banks, regional banks, finance companies, other specialised lenders, vendor financiers and third party originators (brokers).

"Three out of four customers may say they would prefer their relationship banker, but this is not where they are going to transact their equipment finance. They clearly see a shortfall in the offering and are going to other providers and third party originators to fill that void," East & Partners lead consultant Alan Blake said.

"We measured customer satisfaction across ten nominated attributes of the equipment finance value chain, and found not only significant variances between the individual providers in the market, but also within a single provider across the different attributes. Our Performance Mapping of the individual providers is quite telling.

"After Sales Service and Credit Requirements are the most important attributes to customers, but they are also the attributes with which they are least satisfied. Product, and perhaps surprisingly Price, are the attributes customers are most satisfied with," Mr Blake said.

The Australian equipment finance market is characterised by multiple providers competing aggressively for a share of a growing customer pie, through an often multi-channel assault on the market. A well understood, homogeneous product suite exacerbates this competitive environment.

East & Partners' review addresses the following key areas:

- Market Size and Segmentation
- Market Share, Mind Share and Wallet Share
- Market Importance Ratings
- Customer Experiences and Satisfaction
- Performance Mapping for Individual Providers
- Buying Decisions and Experiences
- Lead Product Potential
- Distribution and Origination Structures
- Channel Benefits to Customers
- Credit Models and Asset Quality
- Third Party Originators
- Vendor Financiers
- Switching Intentions and Growth Expectations

"Multi-channel origination and high intermediation typify this market, although we found significant variance across the different customer segments in terms of broker usage and, ultimately, share of customer," Mr Blake said.

"The supply side piece brought an interesting perspective to this review, overlaying the insights gained from talking directly with lenders, third party originators and vendor financiers, with the customer sourced demand metrics, reveals quite distinctly a number of key areas for focus and improvement."

The Australian Equipment Finance Markets – Multiclient Market and Strategy Review is essential reading for all participants in the Australian equipment finance markets, or organisations contemplating entry into those markets.

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After Sales Service	1.40	2.79
Credit Requirements	1.44	2.84
Specialist Advice	1.59	2.62
Price	1.61	2.29
Ease of use / Convenience	1.65	2.44
Relationship Management	1.77	2.72
Understanding of Asset Class	1.80	2.57
Pre Deal Service	1.88	2.76
Product	1.95	2.23
Innovation	2.33	2.60

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