



**Media Release**

## **Big Four feel heat in Trade Finance markets**

(17 May 2007 – Australia) Australia's Big Four domestic banks still dominate the Trade Finance markets but are showing signs of market share slippage in the face of increasing competition from international and smaller banks, according to banking research firm East & Partners.

East's latest six monthly study of Australia's Trade Finance banking markets shows that National Australia Bank, Westpac, Commonwealth Bank and ANZ are starting to collectively shed Trade Finance customers.

The report predominantly covers two market segments: Commercial (companies turning over A\$20 to 340 million per annum); and Corporate (Top 500 companies by revenue in Australia). Market share is measured in terms of customer numbers by interviewees nominating their primary Trade Finance provider.

In the Commercial segment, the Big Four's collective share of primary Trade Finance relationships has slipped to 57.1 percent, down from 58.0 percent six months ago.

In the Corporate segment, the Big Four's share has dipped slightly, from 51.3 percent of primary Trade Finance relationships, down from 51.4 percent six months earlier.

ANZ is the dominant provider in the Corporate segment, owning almost a quarter of all Trade Finance relationships. However, NAB is the major Trade Finance provider to Commercial enterprises, owning just over a fifth of the market, followed closely by ANZ.

HSBC is the big challenger to the Big Four in the Trade Finance markets, increasing its market share in both market segment categories, having roughly twice as many Trade customers as CBA in the Commercial segment and three times as many Corporate customers.

Citigroup has also grown its share of customers over the past six months in both segments.

In the Commercial segment, Arab Bank, Bank of Queensland, Suncorp and St George all increased their share of customers.

East estimates that the Commercial and Corporate Trade Finance markets are worth A\$660.2 million and A\$398.1 million respectively in terms of fees and transaction charges.

“Trade has received stop-start attention from most domestic banks over recent years but with trading activity with countries such as China and India really booming and Australian businesses becoming increasingly internationally focussed, banks have put more focus into their trade platforms to capitalise on the opportunity that exists at the moment,” East & Partners general manager, Market Analytics, Paul Bartholomew said.

“A huge effort from foreign banks is clearly occurring with HSBC and Citigroup, and to a lesser extent Arab Bank, leveraging their international networks and growing their share of Australian Trade customers,” he said.

“The Big Four still own the lion’s share of the Trade market but foreign and regional banks are all chipping away at their customers and generating a lot of competition in this space,” Mr Bartholomew said.

“Large corporate customers are used to cherry picking the most compelling product and service propositions from a wide variety of providers, and Trade is a good example of where this occurs,” he said.

“This is also increasingly happening in the Commercial segment, so it’s getting tougher for banks to convert lending or transaction banking customers into Trade customers, or to just hold onto them,” Mr Bartholomew said.

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