

## Business banking sentiment falls to new low

(28 September 2007 – Australia) Business customers have rated their banks, on average, lower in August 2007 than in any previous month in East & Partner's monthly report, the Business Banking Sentiment Index.

The Business Banking Sentiment Score fell from 41.7 in July 2007 to 41.4 in August 2007. Despite two consecutive increases in sentiment over the past few months, the long term downward spiral in sentiment has continued.

The Sentiment Score is an aggregated rating metric comprising four different measures of customer sentiment – Empathy, Satisfaction Loyalty and Advocacy.

St George continues to lead the market on overall customer sentiment with Bank of Queensland and HSBC close behind. Despite the falls in the overall market, the customers of these three banks are displaying continual growth in sentiment.

All three banks have seen positive movements in sentiment over recent months, which have continued in August 2007. In August, St George recorded a Sentiment Score of 59.8, ahead of Bank of Queensland in second place on 55.8 and HSBC in third, with a score of 53.9.

Among the Big Four banks, National Australia Bank is a stand-out, coming in at fourth with a score of 49.8. NAB is the only other bank in the Business Banking Sentiment Index that has seen an upwards movement in sentiment in recent months.

Sentiment for the other Big Four banks is less impressive, with each bank experiencing a decline in sentiment in August. ANZ has fallen to 43.3 and Westpac to 35.7. CBA has the lowest score of all banks, falling to a low of just 27.5 in August 2007.

NAB was significantly ahead of its Big Four rivals in Satisfaction with 63.3; followed by Westpac on 50.2, ANZ on 47.8 and CBA on 39.2. St George was by far the best performer in Satisfaction with 75.2 while HSBC overtook BOQ into second on 67.0. BOQ came in third place with a score of 66.9.

The happiness of customers varies quite considerably by segment in the business banking market. Micro Businesses scored their banks the lowest of all three segments, with a score of just 24.9 in August 2007.

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Banks with customers in the SME segment received a slightly higher score of 33.4 in August. The Lower Commercial segment, however, were much more positive towards their banks, with a sentiment score increase yet again, to 69.0.

“The negative movement in sentiment is seen because all but only the best few performing banks are losing ground in sentiment, which means that most customers are just not happy with their banks,” East & Partners, financial markets analyst, Peter Drennan, said.

“The positive sentiment shown towards banks by the Lower Commercial segment shows that a positive relationship can be developed and maintained with business customers,” he said.

### **About East & Partners' Business Banking Sentiment Index**

The East & Partners Business Banking Sentiment Index is a monthly survey of business customer sentiment towards banks, providing a monitor of customer satisfaction, loyalty, advocacy and empathy towards business banks. Each month East & Partners' research team conducts telephone interviews with a sample of 500 businesses nationally, turning over A\$1 to 100 million per annum, comprising:

- Micro Business                      175                      A\$1 - 5 million turnover enterprises
- SME    175                      A\$5 - 20 million turnover enterprises
- Lower Commercial                      150                      A\$20 - 100 million turnover enterprises

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