

## Small business wants to get up close and personal with banks

(6 November 2007 – Australia) Almost half of all Australian Micro Businesses want to deal with their banks through a dedicated business banker but only 16.6 percent currently have one, according to East & Partners' latest Micro Business Banking Markets Report.

The report also finds that despite banks' costly branch refurbishment and expansion programs, just 3.1 percent of these businesses want to do their banking in a branch.

East's latest report, released six monthly, shows that businesses turning over between A\$1 and 5 million per annum are increasingly seeking a more personal banking relationship with their business bankers.

Some 46.8 percent of Micro Businesses said their preferred method of interacting with their banks was via a business banker (also known as a relationship manager).

The next most popular method of interacting with banks is the internet with 31.2 percent of these businesses nominating this channel.

East's Micro Business Report finds that relationships with business bankers, where they do exist, are very much in the early stages with almost 90 percent of Micro Businesses saying their relationships with business bankers have lasted less than a year.

Nearly 14 percent of Micro Business – business banker relationships are within the first six months of the relationship.

"There are roughly 200,000 generally under banked and ambitious Micro Businesses in Australia presenting a major opportunity for banks of all sizes but like larger businesses they too want personal service," East & Partners general manager, Client Services, Paul Bartholomew, said.

"Over the years the major banks have raised and lowered the revenue threshold of companies they would relationship manage depending on their strategy at the time," he said.

"If a small business is lucky enough to have a business banker at all they are probably sharing them with many hundreds of others. In fact, many businesses in this segment simply have to go through a call centre," he said.

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"However, some of the major banks are attempting to relationship manage Micro Businesses by reducing customer portfolio sizes and beefing up their sales force," Mr Bartholomew said.

"The report shows clearly that where relationship management is occurring, it is very much in the early days," he said.

"The concern is that larger banks' push for market share in this segment, and pledges made at the time a business signs with a bank, is driving some of the early stage relationship management activity we're seeing. But banks need to be consistent in how they service these businesses over the longer term," Mr Bartholomew said.

"Increased levels of switching from one bank to another shows that Micro Businesses will vote with their feet if they don't get the service they're after," he said.

### **About East & Partners' Micro Business Banking Markets Report**

East & Partners' Micro Business Banking Markets Report is an ongoing six-monthly research service designed to deliver bank market share, customer satisfaction, mind share, product engagement and appetite among companies turning over A\$1 to 5 million per annum. The report is based on interviews with more than 2,500 Micro Businesses.

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