

SMEs lacking the personal touch from banks

(20 December 2007 – Australia) More than 60 percent of Australia's SMEs say their preferred way of interacting with their bank is through a relationship manager but very few SMEs currently have one, East & Partners' latest SME Banking Markets Report reveals.

East's report, which is released six-monthly and is based on interviews with almost 1,500 businesses turning over between A\$5 and 20 million per annum, finds that a massive 71.1 percent of SMEs are not provided with a dedicated relationship manager by their bank.

The report shows that 61.5 percent of SMEs say their preferred way of dealing with their bank is via a relationship manager.

Internet banking comes a distant second with just 16.2 percent of SMEs citing this as their preferred channel to their bank.

Despite the efforts of Australian banks to introduce business banking expertise in the branch network, only 5.6 percent of SMEs nominate the branch as their preferred method.

East's SME report finds that where businesses do have a relationship manager, the tenure is generally in its infancy.

Some 93.4 percent of SMEs have had their current relationship manager for less than two years. Almost a quarter of all SMEs have been with their current relationship manager for less than six months.

"Relationship banking small business customers has been one of the major themes of 2007 for Australian banks but there is a major discrepancy between what these customers want and what they're getting from their banks in terms of service," East & Partners general manager, Client Services, Paul Bartholomew said.

"There's been a huge amount of recruitment of relationship managers taking place over the past 18 months but it's still very much a drop in the ocean in the SME market," he said.

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"The fact that roughly a quarter of relationship tenures are less than six months old is indicative of the relatively recent focus of the major banks on SME customers," Mr Bartholomew said.

St George Bank is rated the best relationship bank to SMEs with Bendigo Bank and Bank of Queensland also rated highly by their customers for relationship management.

National Australia Bank is rated the best of the Big Four banks for relationship management customer satisfaction.

About East & Partners' SME Banking Markets Report

East & Partners' SME Banking Markets Report is an ongoing six-monthly research service designed to deliver bank market share, customer satisfaction, mind share, engagement and appetite for debt and treasury products among companies turning over A\$5 to 20 million per annum. The report is based on interviews with almost 1,500 enterprises. The November release is the eighth to date.

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