

Business customers stay put

(15 October 2009 – Australia) The number of business banking customers intending to switch all or some of their business in the next 3 to 6 months has more than halved during the past year. This is despite a significant fall in overall customer satisfaction during the same period.

These trends are revealed in East & Partners' latest Business Banking Customer Satisfaction Monitor (BBCSM).

In September last year, more than a third of business customers were intending to switch at least some of their business during the impending 3 to 6 month period. However, in East's September 2009 report, a mere 16.5 percent of customers said they were intending to switch.

Such a decrease in churn intentions would normally imply an increase in customer satisfaction, yet this is not the case. Back in September 2008, the overall customer satisfaction rating was 5.50. In East's latest report, this rating stands at just 4.79.

"A very different dynamic is occurring in the business banking market at the moment. The correlation between increased churn intentions and decreased satisfaction is a complete opposite to what we have witnessed before" said Robert Morgan, East & Partners' head of market analysis.

"This is clearly being driven, in part, by the current tough lending conditions. Business customers are sticking to who they know and, more importantly, where they feel they have an improved chance of securing debt. Of course, how banks treat this captive market in the short term will have a huge impact on their long term growth" Mr Morgan concluded.

The market average business banking satisfaction rating for September 2009 was 4.79 (out of 10) – an increase from the last month's score of 4.76.

Of the Big Four, CBA, NAB and Westpac saw an increase in satisfaction, with ANZ recording a fall. NAB maintains the top Big Four satisfaction rating, with a score of 6.56 in the month of September.

The top overall satisfaction rating for the month went to the Regional banks, with a satisfaction score of 6.62.

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East & Partners' Business Banking Customer Satisfaction Monitor

The Business Banking Customer Satisfaction Monitor is based on interviews conducted each month Australia-wide with a structured sample of 850 companies turning over A\$5-500 million per annum, some 10,200 direct interviews with business banking customers annually.

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