

Big Four winning race for SME deposits

(11 November 2009 – Australia) Australia’s Big Four banks are the clear winners in the highly competitive SME deposit market, raking in more customers and more cash than their smaller counterparts.

The latest East & Partners’ Australian SME Banking Markets Report for the six months to October 2009 shows that the Big Four are succeeding in the increasingly competitive market for small business deposits.

Primary market share for the Big Four banks in small business term cash deposits has increased by over 16 percent in just the past year, to 72 percent of the market.

The secondary market for deposits is also shrinking, with only 40 percent of businesses placing their term deposits with more than one bank, down from 60 percent just one year ago.

“In the current climate, SMEs are turning to deposits as a safe investment vehicle, while banks are seeking to gain deposits to firm up their balance sheet”, East & Partners’ financial markets analyst, Peter Drennan, said.

“Clearly, small businesses are sticking with the safety of the Big Four, while also consolidating products based on lending relationships”, Mr Drennan added.

“The Big Four are obviously taking advantage of their strong market position and benefiting from growing this critical source of funding”, Mr Drennan concluded.

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About East & Partners' SME Banking Markets Program

East & Partners' SME Banking Markets Report is an ongoing six-monthly research service designed to deliver bank market share, wallet share, customer satisfaction, mind share, engagement and churn analysis for banking products among small to medium enterprises turning over A\$1 to 20 million per annum. The report is based on interviews with a structured sample of 1,500 SME enterprises.

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