



Transaction shelf life slipping amongst corporates

(21 March 2011 – Australia) The average life span of a middle market corporate's relationship with their primary transaction banker has dramatically reduced, according to business banking research house East & Partners' latest Australian Corporate Transaction Banking Markets report.

In February 2002 the majority of corporate businesses reported the length of their primary transaction account to be between six to ten years. This number has significantly reduced with only 2.5 percent of corporates now reporting this length of transaction relationship life – a dramatic change over the past nine years.

Furthermore, in the latest edition of the report, more than two-thirds of corporate businesses reported their primary transaction banking account life to be under two years.

Traditionally, the bank that held the transaction account relationship had also been nominated by businesses as their primary bank; this is now rapidly losing ground to the lending relationship.

Before the global financial crisis (GFC) more than 65 percent of middle market businesses viewed their transaction bank as their primary bank, while just over a quarter of respondents saw their lender as their primary bank.

Now this relative positioning is almost 50/50 amongst corporates, with 46 percent now nominating the lender as their primary bank.

"We continue to see fundamental change occurring in customer-bank engagement behaviour flowing from the GFC and this re-balancing of where middle market corporates in Australia see their primary banking relationship to be is a key example of this," Paul Dowling, East & Partners' Principal Analyst said.

"Commercial banks have clearly been successful in leveraging access to credit for customers into strong product engagement and wallet share gains. This will have important impacts in limiting future customer churn, expected as credit markets normalise," Mr Dowling added.

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About East & Partners' Australian Corporate Transaction Banking Markets Program

A six monthly demand research service focussed on the A\$20-530 million turnover "middle market". Consisting of some 11,160 companies the program directly interviewed a structured sample of 887 enterprises, reporting detailed measures on market share, service engagement and customer satisfaction metrics, bank-by-bank for Cash Management, Payments, Receivables, Internet Banking, Desktop Banking, Cross Boarder Payments and International Transaction Banking products.

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