

Increased wallet share across Institutional lending markets

(12 January 2012 – Australia) New research from East & Partners' latest Institutional Banking Markets report has shown an increased concentration of customer wallet share across all debt products over the past three years, however advisory services and FX products are continuing their reputation for being the most "banked away" products in the market.

Of the seventeen Institutional banking product markets monitored by East & Partners, primary wallet share has risen in nine of them covering all debt products as well as Particular Industry Expertise, Call Money Market and Commercial Paper. Since October 2009 wallet share in Commercial Paper has seen the biggest climb in concentration to "main provider" bank with an increase in wallet share of 14.1 percent over this three year period. Long Term Domestic Debt and Short Term Domestic Debt have shown 2nd and 3rd greatest concentration, with wallet share increases to main provider of 8.5 and 7.9 percent respectively.

FX products including Futures, Options and Forward FX experienced temporary increases in primary supplier share of Institutional customer wallet between 2009 and 2010. East's most recent research, however, shows that wallet share held by primary providers in all FX products have sharply declined and are now below the level they were sitting at in October 2009.

East & Partners' Principal Analyst Paul Dowling commented, "These numbers show a very interesting divergence in the way in which very large business customers are interacting with their banks. Where a mono-line lending relationship is in place, the primary lending bank has been very successful in securing a significantly greater share of that business with individual customers. This has obviously been conditioned by concerns about access to credit and active rebalancing of debt funding, including a much greater reliance by "named" corporates on directly accessing offshore capital markets."

"The asset sell-downs by international and niche lenders looking to repatriate capital has also influenced this increased concentration of lending relationships amongst Institutional Australia. A picture that is in stark contrast to what is happening with more transactional oriented product markets, in particular FX and Risk, where top of town customers are actively sharing more of their business around a number of providers" Mr Dowling added.

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Primary Banker Share of Wallet – Institutional Market

	Current Average % of Business per Primary Provider Relationship (N: 447)
Cash Management, Debt and Bonds	
Call Money Market	67.1
Commercial Paper	69.2
Short Term Domestic Debt	80.1
Short Term FX Debt	76.1
Long Term Domestic Debt	87.7
Long Term FX Debt	67.4
Corporate Bonds	94.4
Treasury and Financial Markets	
Spot FX	27.1
Forward FX	39.6
Forward Rate Agreements	51.2
Swaps	44.7
Futures	54.9
Options	45.0
Corporate Finance and Advisory	
Equity Raising	88.8
Particular Industry Expertise	51.5
Corporate Advisory Services	50.8
Merger and Acquisition Advice	65.4

About East & Partners' Australian Institutional Banking Markets report

East & Partners' Institutional Banking Markets report is a six-monthly research service delivering market share, wallet share, customer satisfaction, mind share, customer engagement and churn analysis for banking products among institutional enterprises turning over A\$530 million + per annum. The report is based on direct interviews with the top 500 businesses in Australia.

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