

## Where is the Australian Deposits Market Going?

### East 2012 Forecasts

(17 January 2012 – Australia) In an environment of light credit demand and slow growth there has been a continuous and steady increase in business deposits over the last two years. In conjunction with these numbers and East & Partners' latest Deposit Funding & Debt Index, local business deposit taking volumes have been forecast for 2012.

Over the last two years from November 2009 to November 2011 business deposit balances have risen by A\$142,600m or 27.3 percent to a current figure of A\$664,754m. The majority (57.7 percent) of these business deposits are Term deposits rather than On Call, with 50.7 percent of these in turn having tenures of less than 3 months.

This increase in deposits from the domestic business market along with other ongoing East business sentiment data suggests this trend will continue through 2012 and will have the added benefit of reducing Australian banks dependency on offshore funding markets for their capital requirements.

East & Partners' Principal Analyst Paul Dowling commented, "Australian businesses remain cautious about 2012 and we believe will continue defensive management behaviours, including a conservative appetite for debt. This "drift to safety" will also focus on husbanding cash reserves and monitoring cash flow stringently, particularly in the SME and middle market business segments. These dynamics will underpin continued growth in business lending back to the banking system."

"East's topline forecast number for business deposits as at November 2012 of A\$766,000 shows a growth of 18.8 percent or net new deposit taking of A\$101,246 adding to bank funding," Mr Dowling added.

### East's Forecast 2012 Business Deposit Balances

2012	Total Business Deposits (A\$ million)
March	687,010
June	731,437
September	750,245
December	766,000

#### East & Partners Pty Ltd

Level 39, 2 Park St Sydney NSW 2000 Australia  
phone: +61 2 9004 7848 fax: +61 2 9004 7070  
www.east.com.au

ABN: 23 151 025 599

## About East & Partners' Deposit Funding & Debt Index

A monthly analysis across Australia's total business and consumer deposit and lending markets, based on data sourced from APRA. The ADI data is overlaid with a set of demand-side analyses based on East & Partners' continuous whole-of-market customer research programs to produce the Index's set of ratio indicators. The Index focuses on critical market measures including business versus retail deposit volume ratios, the ratio of deposit versus lending by bank by market segment, deposit market share and the total market deposit funding index.

Also reported each month are unique segmentations based on depositor size and, importantly given BASEL III's impact, the Index also splits On Call and HYOD deposit volumes by segment from Term Deposits across 3, 6 and 12 month tenures – hot and sticky deposit business flows, tied versus free deposit balances, deposit churn forecasts and rate triggers for depositor switching.

Note: Business Depositor Segments

- › Institutional – A\$530 million plus
- › Corporate – A\$20-530 million
- › SME – A\$5-20 million
- › Micro – A\$1-5 million

For more information or for further interview based insights from East & Partners on this DFDI Index, please contact:

Sian Dowling  
Marcomms & Client Services  
East & Partners  
t: 02 9004 7848  
m: 0420 583 553  
e: [sian.d@east.com.au](mailto:sian.d@east.com.au)