

Corporate borrowing continues to slide

(21 February 2012 – Australia) Planned borrowing among Australia’s Corporate middle market segment continues its decline as fewer companies say yes to borrowing and a growing number express uncertainty over their credit demand, research from East & Partners’ latest Corporate Banking Markets report has shown.

Since January 2009 there has been a significant drop of 30.8 percent in the total number of businesses with planned borrowing in the next six months. From 77.6 percent at the start of 2009 to 46.8 percent at the start of this year, Australian Corporates are becoming more and more cautious about going to their banks for credit.

The number of these same businesses saying outright that they have no planned borrowing has increased by 8.6 percent in the three years since 2009 and the amount of companies unsure if they will carry out any additional funding has more than quadrupled from 5.5 percent to 27.7 percent in the latest round of research.

Planned Borrowing in Next Six Months

	% of Total			
	Jan 2009	Jan 2010	Jan 2011	Jan 2012
Yes	77.6	69.3	63.5	46.8
No	16.9	12.5	8.8	25.5
Unsure	5.5	18.2	27.7	27.7
TOTAL	100.0	100.0	100.0	100.0

Paul Dowling, East & Partner’s Principal Analyst commented, “These latest results around middle market borrowing intentions reinforce the continuing theme of forward uncertainty for much of Australian business outside those in or attached to the resource sectors.”

“The lacklustre state of these leading predictors of business credit demand are associated with a sudden decline in overall demand for banking products that is also now in evidence. Banks looking for any top line revenue growth in this market simply have to concentrate on really effective cross selling and margin enhancement strategies that go beyond cost efficiencies with existing middle market customers.” added Mr Dowling.

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About East & Partners' Australian Corporate Banking Markets report

A six monthly analysis of treasury, financial markets, debt, corporate finance & advisory and working capital product engagement by Australian corporate businesses with an annual turnover of A\$20-530 million.

The program provides market share analyses by primary and secondary banker, weighted share of wallet, share of customer mind and panel positioning. Also monitored are corporate borrowing expectations, individual and market wide importance ratings for product and relationship banking attribute, including individual bank Relationship Manager Performance, together with bank-by-bank satisfaction ratings.

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