

## Customer churn – more of the Top 500 on the move

(4 February 2013 – Australia) The number of Australia’s Top 500 Institutional and Corporate organisations pondering a change in their primary banker in the next six months continues to increase, according to new research from industry analysts East & Partners.

East’s most recent Australian Institutional Transaction Banking Report shows that 45.0 percent of the Top 500 assessed in November 2012 were either definitely or possibly changing their bank in the next six months. This compares with 43.7 percent in the May 2012 research.

8.4 percent of respondents said they were “definitely” changing their primary bank in the next six months, which would equate to around 40 of Australia’s largest organisations changing bank.

The report also continued to underline the two key reasons for bank churn: improved customer support and better pricing. These two criteria were cited by 64.3 percent of respondents as their key reasons for churn, compared with 53.4 percent in May. The availability of credit came in at a distant third place.

### Key Reason for Bank Churn

	% of Total	
	May 2012	Nov 2012
Improved customer support	26.7	33.3
Better pricing	26.7	31.0
Availability of credit	20.0	10.3
Improved collateral / security	10.0	7.7
Better response times and quality	6.7	7.7
More flexible terms	6.7	5.1
Other	3.2	4.9
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

*Source: East & Partners’ Australian Institutional Transaction Banking Markets Report – November 2012*

Asked to nominate the areas in which they wanted their primary banks to improve, the Top 500 overwhelmingly replied that they wanted their banks to have a better understanding of their transaction banking needs, and an improved understanding of their industry.

#### 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](http://www.east.com.au)

ABN: 23 151 025 599

In terms of satisfaction, respondents were asked to rate their level of satisfaction with the account managers at the ten banks assessed. JP Morgan, HSBC and CBA customers were the most satisfied in that order, while Lloyds came in last in tenth position. Citigroup and Deutsche Bank were eighth and ninth respectively.

Lachlan Colquhoun, Head of Markets Analysis at East & Partners said the research showed that Top 500 customers had higher expectations of their banks, and also wanted them to “sharpen their pencils” when it came to pricing.

“We see a post-GFC change in the relationship balance between the banks and their Top 500 customers,” said Colquhoun.

“Now that balance sheets have been cleaned up and de-leveraged, Top 500 customers are feeling increasingly confident that they can extract better service and pricing from their banks.

“And if they don’t get it, more of them are inclined to move.”

#### **About East & Partners’ Australian Institutional Transaction Banking Markets report**

A six monthly analysis of the Top 500 Australian Institutions presenting detailed market share, brand recognition, share of mind and customer satisfaction ratings across:

- › Account Services and Cash Management
- › Payment Processing
- › Remittance Processing
- › Internet Banking
- › Desktop Banking
- › Cross Border Payments
- › Full Service International TB

In addition, 27 service and relationship attributes are rated by Institutional customers, bank-by-bank. The Institutional market in East & Partners’ segmentation bottoms at enterprises with annual turnovers of AUD\$530 million.

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

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