

## **Corporates look to FX and Interest Rate products**

(12 March 2013 – Australia) Mid-ranking Australian corporates are increasingly engaging with Foreign Exchange (FX) and Interest Rate products from their banks as they continue to manage risk through the Global Financial Crisis (GFC) period and beyond.

That is one of the key findings from the latest Corporate Banking Markets report from industry analysts East & Partners, who research the behaviour of Australian corporates with annual revenue of between A\$20-530 million twice a year.

East's most recent research, conducted in January 2013, shows that 32.6 percent of the organisations in this market segment were engaging with Foreign Exchange Options in January 2013, up from 25.6 percent in January 2009.

Other products which have seen a rapid uptake from the corporate sector include Forward FX Contracts, which are now engaged by 47.8 percent of corporates compared with 42.5 percent in January 2009 and Interest Rate Swaps, which have moved from 36.9 percent to 41.8 percent of corporates engaged over the same period.

## **Treasury Banking Product Usage within the Commercial Market**

	% of Corporates Using	
	Jan 2009	Jan 2013
	(N: 887)	(N: 893)
Foreign Exchange Options	25.6	32.6
Forward FX Contracts	42.5	47.8
Interest Rate Swaps	36.9	41.8
Interest Rate Options	31.5	38.4

Source: East & Partners Australian Corporate Banking Markets Program

Lachlan Colquhoun, Head of Market Analysis at East & Partners, said the results were a positive for banking providers, who have been able to provide risk products to corporates in what was otherwise a flat period for credit demand.

"The trend shows that corporates are not just using their banks for transaction and lending, there is also a significant risk management function which has been increasingly important in the last few years of economic turbulence and currency volatility," said Mr Colquhoun.

"Too often we ignore the fact that banking is more than deposits and lending. Here we see a different kind of relationship between banks and their customers, to the benefit of both."

"The research also shows the sophistication of corporates in engaging with products to manage their risk and optimise their outcomes over challenging times."

## **East & Partners Pty Ltd**

## 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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