

Asia's Top Corporates bank away from home

(5 August 2013 – Australia) Asia's Top 1000 Corporates continue to show a tendency to multi-bank, with wallet share for secondary transaction providers at record levels, according to the latest research from industry analysts East & Partners.

East's Asian Transaction Banking Report researches the Top 100 corporates by revenue in each of ten Asian markets, ex-Japan.

The most recent report confirms the trend for large corporates to share their wallet with a number of banking providers, with wallet share for secondary providers at its highest level since East first measured the metric in May 2004.

In that time, wallet share for secondary providers has gone from 11.1 percent in 2004 to 24.4 percent in the most recent research, conducted in May. Over that same period, wallet share for primary providers has fallen from 77.2 percent to 56.7 percent.

East's research also shows that secondary transaction banking relationships are much more evenly spread than primary relationships, where the "Big Three" of Standard Chartered, HSBC and Citi have more than 50 percent of relationships between them.

In terms of secondary relationships, no one bank has more than a 17 percent market share and only two banks have market shares of more than 10 percent.

In this multi-banked environment, it is also easier for corporates to contemplate changing their primary provider, and East's research also shows some momentum for customer churn.

In May 2013, 18.8 percent of Asia's Top 1000 said a change in primary provider was either "definite" or "highly probable," against 17.7 percent in the previous research round in November 2012.

The results suggest that around 200 of the region's leading corporates could change primary bank in the next six months.

Lachlan Colquhoun, Head of Markets Analysis at East & Partners, said the multi-banking trend makes "good sense in terms of risk management" for corporates, and also helped drive some price tension.

"Asia's corporate banking markets are highly attractive, and banks are increasingly following their national corporates into the region and looking to build a regional business in Asia off the back of that," said Colquhoun.

"That will typically start with trade and debt products, but increasingly we are seeing it can include a secondary transaction banking relationship as well.

"The research shows that the big primary providers no longer have the market dominance they once enjoyed, and that has to be good for competition."

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About East & Partners' Asian Institutional Transaction report

East & Partners' Asian Institutional Transaction Banking Markets report examines market share and bank-by-bank customer satisfaction performance across key transaction banking products, service and relationship attributes in Asia's transaction banking markets. Mind Share and Customer Churn are also reported in what is now a ten year old analysis service. The twice yearly report is based on direct interviews with the Top 1,000 institutions in ten Asian countries excluding Japan.

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