

Transaction banking, way beyond a commodity

(28 October 2013 – Australia) Australian corporates continue to nominate a closer understanding of their business and industry sector as the key improvements they demand from their transaction bankers, according to the latest research from industry analysts East & Partners.

East's bi-annual Corporate Transaction Banking report interviewed a structured, national sample of 8 percent of the Corporate market segment (businesses with annual revenues of between \$20-725 million), asking their CFOs and Treasurers to nominate the most important improvements they wanted from their primary transactional banks.

Nearly half (44.7 percent) nominated a better or closer understanding of their needs, while 27.2 percent are looking for a better understanding of the industry in which they operate.

This combined 71.9 percent for these two key service expectations has jumped relative to the 55 percent nominating them five years ago, a trend which underlines Corporates' expectations of added value in their transaction banking relationships beyond technology efficiencies and reduced costs.

East found a wide gap between the importance Corporates attach to this category of more value-added service performance and their satisfaction with their primary transaction bank's performance.

Asked to rate the importance of quality advice, for example, on a scale of 1 to 5 with 1 being the most important, Corporates responded with an average score of 1.05. But when it came to their satisfaction on how banks were delivering on this, their rating was 2.31 on the same 1 to 5 scale.

In terms of understanding their transaction banking needs, Corporates responded with 1.04 in terms of importance, but 2.12 for satisfaction.

The gap between importance and satisfaction levels is significantly thinner in operational areas such as transaction processing speed, settlement performance and electronic service delivery, suggesting that banks' technology investments are delivering results to customers.

East also asked Corporates if they had plans to change their primary transaction banker in the next six months - 24.6 percent saying they are either "definitely" or "highly probably" going to switch. This outlook switching level has strengthened from 23.7 percent in the previous research round in February.

There are around 12,000 Corporates in the \$20-725 million turnover range in Australia. Just taking the 8.4 percent who said they were "definitely" changing bank, this would see around 1000 Corporate businesses potentially changing their primary transaction bank in the next six months.

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

Lachlan Colquhoun, Head of Market's Analysis at East & Partners, said the research sent a message to banks that now is the time to invest in the capabilities of their people, and not just their technology.

"Technology has been a major focus of the last few years and while that has been critically important and increasingly successful in terms of customer experience, the research clearly shows that Corporates want those 'softer' skills of insight and knowledge from their banks and value them highly," said Colquhoun.

"We also see no more than average satisfaction ratings for transactional account managers in this "middle market" segment. All this points to the fact that Corporates want transaction banking to be much more than a commodity service."

Single Most Important Improvement Wanted in Transaction Banking

	% of Total (N: 893)
Better / closer understanding of client's needs	44.7
Better understanding of customer's industry	27.2
Other	28.1
TOTAL	100.0

Source: East & Partners Corporate Transaction Banking Program – August 2013

About East & Partners' Australian Corporate Transaction Banking Markets service

A six monthly demand research service focussed on the A\$20-725 million turnover "middle market". Consisting of some 11,160 companies the program interviews a structured sample of 880 plus enterprises twice yearly.

The Corporate Transaction Banking Markets service monitors market share, share of wallet, mind share, service engagement, churn and customer satisfaction metrics, bank-by-bank across Cash Management, Payments, Receivables Processing, Desktop Banking, Internet Banking, Cross Border Payments and Full Service International Banking product markets.

For more information or to interview 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