

Media Release

Asian Trade Finance - Credit is crucial

(28 January 2013 – Asia) A wide gap exists between Asian corporates and their banks on the issue of credit approval for trade finance, according to new research from East & Partners Asia.

The insight comes from East's inaugural Asian Trade Finance report, the result of December 2013 interviews with the chief financial officers and treasurers of the 1000 largest corporates across ten Asian markets, ex-Japan.

The report asks the corporates to rate the importance and their satisfaction with 19 different service factors, with the Trade Credit Process nominated as the most important. On a scale of 1 to 5, where 1 is important and 5 unimportant, the Trade Credit Process was rated as 1.03.

When it came to the satisfaction level, however, customers rated their satisfaction with the Trade Credit Process as the lowest of all 19 factors at 2.48 on the 1 to 5 scale, where 1 is most satisfied.

Importance and Satisfaction Ratings of Key Service Factors in Trade

	Average Rating Reported	
	1 — 2 — 3 — 4 — 5 (satisfied) (important)	1 — 2 — 3 — 4 — 5 (dissatisfied) (unimportant)
	Importance	Satisfaction
Trade Credit Process	1.03	2.48
Professional Trade Competence	1.06	2.38

Source: East & Partners Asian Trade Finance Report – December 2013

The results on credit approval were reflected in responses on the key drivers of trade finance needs, with 31.0 percent citing the Need for Liquidity Support as their main driver, the second most important driver after growth in the corporates' trade business.

Asked to nominate the single most important initiative for a bank to win their trade business, 23.2 percent nominated improved trade loan facilities and conditions.

A similar gap existed between Professional Trade Competence, rated at 1.06 for importance but only 2.38 for satisfaction.

24.7 percent of corporates said that a “knowledgeable” trade account officer was the initiative which would win their trade business, the highest response out of eight options.

“Often we see where there are performance problems and customer satisfaction is low there is a drive upward in the relative importance of a service attribute or product,” said Paul Dowling, principal analyst at East & Partners Asia.

“It’s clear from the research that the banks are failing to fully deliver on the credit piece, which is so critical to trading businesses which need that liquidity support.

“At the same time, the feedback on account officers should be a wakeup call to the banks which sends a clear message to aspirants and challengers in this increasingly competitive market space.”

Being the inaugural report, Mr Dowling said the next round in the program, due in June/July, would deliver further insight and confirmation of the trends already identified in the research.

About the East & Partners Asian Trade Finance Report

East & Partners Asian Trade Finance report is a six-monthly program monitoring trade finance engagement by Asia's Top 1000 corporates, ex-Japan. Covering the Top 100 corporates by revenue in 10 Asian markets, the program reports on trade finance products and relationships, including market share and wallet share analysis and satisfaction and importance ratings.

For more information or for further interview based insights from East & Partners Asia on the Asian Trade Finance report, please contact:

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

In Kai Khor
Head Asia Client Support Service
East & Partners Asia
t: +65 6579 0533
m: +65 98203716
e: inkai.khor@east.com.au