

Disconnect in Transaction Banking

There's an unfortunate pattern of behaviour out there in Asian transaction banking.

Both in terms of products and services, the criteria customers rate as the most important are also the ones they are most dissatisfied with. And the trend is only getting worse, not better.

East & Partners Asian Transaction Banking report interviews Asia's Top 1000 Corporates across ten jurisdictions twice a year, and the message is coming through loud and clear.

The report asks the corporate, usually represented by the Chief Financial Officer or Group Treasurer, to rank nine transaction banking products in order of importance.

There has been some incremental movement over time, but the consistent message is that the most important products are Short Term Debt and Liquidity Management, the very bedrock of transaction banking. Both of these are ranked of equal importance, with Internet Banking and Account and Transaction Facilities next in line.

Having first asked which are the most important products, East then asks the CFO or Treasurer how satisfied they are with these same products as provided by their Primary Transaction Banker. Ranking the product in importance is one thing, but delivering on those expectations is a critical test.

East's most recent report, with research undertaken in November 2012, shows unequivocally that the two products rated as most important are the two with which corporate users are most dissatisfied.

In fact, the gap is widening, with satisfaction ratings for both Short Term Debt and Liquidity Management falling

significantly in the most recent research. Not only that, but of the nine products which are rated, satisfaction rankings improved for seven, and fell for two – the two ranked as the most important.

It's a pattern repeated in the area of service attributes. Here, East asks the corporate to rank 26 service attributes, with three equally ranked as most important: Understanding a Customer's Business, Value for Money, and Credit Approval Turnaround Times.

A look at the satisfaction ratings for service attributes reveals that the lowest ratings are recorded for Credit Approval Turnaround Times and Value for Money. And in both cases, satisfaction continued to slide over 2012.

One ray of light in all this could be the improvement in the satisfaction rating for Understanding a Customer's Business. The good news is that corporate clearly believe that their primary banks are improving in this area, although it begs the question: if the banks have a greater understanding of the customer, why are they falling behind in delivering on the products and services which are of most importance to them?

There is always likely to be a gap between customer priorities and satisfaction. It is natural that if a customer rates a product or a service as a priority, then it is probable they will find that delivery or fulfilment will fall short.

But the message from East's research is consistent and unequivocal. Banks are not delivering on four products and services which Asia's Top 1000 corporates view as the most important.

Understanding is a good thing, but the message is that it needs to translate into action.

Total Satisfaction Ratings of Products

	Average Rating Reported	
	1 – 2 – 3 – 4 – 5 (satisfied)	1 – 2 – 3 – 4 – 5 (dissatisfied)
	May 2012 (N: 933)	Nov 2012 (N: 931)
Account and Transaction Facilities	1.47	1.45
Liquidity Management	2.18	2.21
Integrated e-Banking Service	1.68	1.65
Internet Banking Service	1.67	1.65
Receivables	1.83	1.81
Payables	1.45	1.43
Trade Finance	1.47	1.45
Money Market	1.85	1.82
Short Term Debt	2.49	2.53

Source: Asian Institutional Transaction Banking Markets Program – November 2012