

## Media Release

### **Value for Money...Key determinant of customer retention**

(Sydney – 2<sup>nd</sup> June 2003) The results of the latest round of the “Asian Transaction and e-Banking Markets” report by East & Partners shows that “Value for Money” continues to be an important service attribute of Transaction Banks among Asian Corporates. The top 27 service attributes all received ratings of under 2.50, meaning they are all more than “averagely important”. The most important service attribute “Quality of Transaction Execution”, received 1.08, while “Usefulness of Transaction Bank’s Website” received the lowest rating (2.48) in the reverse scale (where 1 is very important and 5 is unimportant). “Value for Money” received 1.35, which indicates it is rather high in the scale of importance.

The top five banks ranked in “Value for Money” include the top two Current Principle Transaction Bankers, Standard Chartered and HSBC, plus three regional banks.

Among the top five banks, Standard Chartered and DBS show the best performance against the previous round of research, with ratings improving by 0.13 and 0.10 respectively.

“Value for Money” is a measurement of whether the bank is providing products and services that are worth what the clients are paying. Respondents of the surveys are asked if they believe they are getting value from the banks’ products and services in relation to what they pay.

Commenting on the report, East & Partners’ Senior Consultant Richard Headley said “Traditional transaction banking products and services are now commodities particularly at the top end of the market where pricing has become very competitive.”

“It is important that any complex transaction banking solution should be priced so that it is a good deal for the bank and also for the client.”

“The relationship can falter if the clients feel they are paying too much and not receiving value for money, and similarly the quality of the bank’s ongoing service can deteriorate if they feel they are not getting an adequate return for their services.”

Although there are many service attributes in the report that rank higher, “Value for Money” is of particular importance in the issue of customer retention. “Churn in the transaction space is most often driven by the need for clients to reduce cost.”

“For banks looking to win tenders, they need to make the case for change compelling (in \$ terms) and outline clearly an implementation and changeover process which will provide minimal disruption to the client’s day-to-day business.”

The following table depicts the Transaction Banks that received the highest ratings in “Value for Money”.

<i>Value for Money Performance</i>	
	<b>Average Rating Reported</b>
	1 — 2 — 3 — 4 — 5
	(high) (low)
Standard Chartered	1.79
Hang Seng	1.90
DBS	2.00
UOB	2.03
HSBC	2.10

In this latest six monthly survey for the Asian Corporate Transaction and e-Banking report, East interviewed 846 Chief Financial Officers or equivalents at Asia’s Top 900 Corporates (as defined by sales turnover) spread evenly through nine countries: China, Hong Kong, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

The report is a study of customer satisfaction and demand levels in 27 most important service attributes as rated by the Corporates, and provides key information on market share among banks.

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