

## **Transaction banking opens way to primary relationship with corporates**

(Sydney – 17<sup>th</sup> June 2003) The quality of transaction banking delivery is playing a greater role than ever in determining which banks are chosen as corporates' primary relationship banker, according to new research from banking analyst firm East & Partners.

East & Partners' latest six-monthly survey of customer satisfaction benchmarks for transaction banking to Australia's Top 500 corporates, reveals the importance of transaction banking to top-of-town customers has grown by 5.6 percent over the past six months.

Of the primary service providers, JPMorgan continued to perform strongly, retaining the top spot from Citibank, with CBA and ANZ occupying third position in overall customer satisfaction rankings. St George and HSBC Australia delivered the biggest increases in service performance within their respective primary customer bases.

The National and Westpac also increased their customer satisfaction level over the period, yet both banks continued to shed share of primary transaction bank relationships. Importantly, these improvements for each bank are coming in both their primary and secondary relationships.

The survey shows banks are primarily winning business in the Top 500 market by either growing existing relationships or by winning accounts off competitors. Most of this activity is product specific, taking place in secondary and tertiary banking relationships. As a result, a bank's relative positioning as secondary versus primary transaction banker appears critical.

The best positioned banks in their secondary relationships are:

CBA	90.8%
St George	96.2%
HSBC	96.3%

East's survey, which monitors 27 transaction banking benchmarks, reveals the five most important issues to corporates in the transaction banking relationships are:

- 1<sup>st</sup> Quality of Transaction Execution  
(1<sup>st</sup> in November 2002)
- 2<sup>nd</sup> Understanding of Customer's Business  
(2<sup>nd</sup> in November 2002)

- 3<sup>rd</sup> Professional Competence  
(3<sup>rd</sup> equal in November 2002)
- 4<sup>th</sup> equal Response Times; Quality of Advice; and Account Management Practices  
(3<sup>rd</sup> equal, 4<sup>th</sup> and 5<sup>th</sup> respectively in November 2002)
- 5<sup>th</sup> equal Bank's Account Officer; and Overall Quality of Service Delivery  
(both 6<sup>th</sup> equal in November 2002)

Revealingly, the survey indicates that tactics employed by banks to grow their existing corporate relationships, such as social events, advertising and website marketing, are not highly regarded – which was also the case in the November 2002 survey.

The least important of the 27 factors corresponded exactly to the results of the previous survey. They are:

- 27<sup>th</sup> Social Interaction
- 26<sup>th</sup> Usefulness of Bank's Website
- 25<sup>th</sup> Reputation/Name of Bank
- 24<sup>th</sup> Credit Rating of Bank
- 23<sup>rd</sup> Frequency of Contact with Bank's Senior Management

East & Partners principal analyst Paul Dowling said these latest results showed that banks were improving their transaction banking performance but that corporate expectations were growing at a similar pace.

“The market's goal posts are lifting all the time as corporates demand more and more of their banks, but the banks themselves are making the competitive landscape even tougher to perform in through increasingly superior service delivery,” he said.

“Notably, both the National and Westpac's deteriorating customer satisfaction performance evident over the past two years, appears to have bottomed, with something of a turnaround evident over the this last six months,” Mr Dowling said.

“As a key predictor of both wallet share and share of relationships, these results bode well for both banks should performance be sustained,” he said.

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