

Commercial Enterprises Hungry for Banks' E-Services

(Sydney – 20th September 2003) Demand for Internet banking services and other e-banking products is growing rapidly among Australia's commercial sector, according to banking research and analyst firm East & Partners.

East's latest survey of 'Australian Commercial Transaction Banking Markets' shows enterprises in the A\$20 – 100 million sector are displaying a huge appetite for e-banking products and services from their bankers.

Take-up of Internet Banking Services jumped to 86 percent in the latest round of interviews from 82.8 percent in the previous survey conducted in February 2003 – an annualised figure of almost eight percent. Integrated e-Banking Services also rose from 81 percent to 83.3 percent.

“The sub-A\$100 million turnover segment has been the focus of much restructuring internally within the multi-service banks who have looked to come down the scale ladder in offering products, especially transaction banking products, which have historically been the domain of the major corporates,” East & Partners principal analyst Paul Dowling said.

Transaction Banking Product Usage

	% Using Product Line	
	August 2003	February 2003
Cash Management	99.1	98.2
Integrated e-Banking Service	83.3	81.0
Internet Banking Service	86.0	82.8
Receivables	64.3	65.5
Payables	77.8	75.3
Trade Finance	58.1	58.0
Other e-Services	35.1	35.0

“One of the key drivers has been the deployment of e-banking services within this segment and their widespread adoption by customers. Transaction banking has become the bellwether of a client’s primary relationship banker, and e-banking services have served to accelerate this trend. They have become increasingly central to the way commercial customers look to engage with their bankers,” Mr Dowling said.

“The promotion of e-banking products into the commercial segment over the past five years has lifted expectations regarding service levels in the minds of commercial customers, at the same time as highlighting deficiencies inherent in such proprietary solutions. This is reflected in the high importance attached to the provision of internet (open platform, browser based) e-banking solutions by customers as shown in our analysis,” Mr Dowling said.

<i>Top Product and Relationship Issues for Commercials in Transaction Banking</i>		
	Average Importance Rating Reported	
	1 — 2 — 3 — 4 — 5	
	(important)	(unimportant)
	August 2003	February 2003
Payables	1.04	1.06
Internet Banking Services	1.06	1.09
Receivables	1.08	1.10
Understanding Customer’s Business Needs	1.12	1.14
Loyalty to the Relationship	1.29	1.38
Quality of Bank’s People	1.31	1.38

For more information contact:

Paul Bartholomew
 Executive Editor
 East & Partners
 Tel: 02-9247 5955
 Mob: 0410 400 156
 paul.b@east.com.au
 www.east.com.au