

Media Release

Top of town marks Big Four down on relationship banking

(Sydney – 10th November 2003) Despite their much publicised efforts to improve client service, Australia's Big Four banks are struggling to meet the demands of their corporate customers on relationship banking issues, an East & Partners report finds.

East's *Corporate Banking Customer Satisfaction* report shows a gulf exists between Top 500 Corporate CFOs' expectations on relationship banking and the service they are receiving.

Of the 26 product and service factors assessed in the report, corporate and institutional CFOs identified the five most important factors in their banking relationships as being:

- Loyalty to the Relationship (1.06 on the 1-5 rating scale)
- Quality of Bank's People & Understanding Business Needs (1.07)
- Understanding Industry Sector & Particular Industry Expertise (1.10)
- Account (Relationship) Management (1.11)
- Funds Management (1.12)

However, the high importance rating was not matched by the satisfaction scores recorded by CFOs, with Understanding Industry Sector (2.63), Account Management (2.93), and Quality of Bank's People (2.49) being particularly marked down.

East & Partners principal analyst Paul Dowling said effective client relationship management was key to banks unlocking more and higher value business in Australia's hyper-competitive markets.

"Having a richly featured product offering is no longer any guarantee of success for banks, as customers are increasingly demanding that product comes service-wrapped," he said.

"It's not all doom and gloom, however, as the latest results show the banks are steadily improving their service performance. There's still a long way to go but at least the banks are now clearly committed to raising their game in this area," Mr Dowling said.

Best Five Rated Relationship Bankers

Average Overall Satisfaction Rating Reported
(Top 5 Rated Banks in Each Product within the Group)

		1 — — 2 — 3 — 4 — — 5	
		(satisfied)	(dissatisfied)
		October 2003	April 2003
1	BNP Paribas	2.27	2.40
2	CBA	2.36	2.41
3	St George	2.39	2.42
4	JPMorgan	2.52	2.48
5	ANZ	2.69	2.63

Source: East & Partners Corporate Banking Customer Satisfaction reports, October & April 2003

“The fact that only three banks – BNP Paribas, Commonwealth Bank and St George – scored better than average whole-of-relationship customer satisfaction ratings serves to highlight CFOs’ dissatisfaction with banks’ relationship management performance.

“Of the major domestic banks, Commonwealth Bank and St George appear to be improving their performance in relationship banking while ANZ has slipped a little overall but improved in the areas of innovation and relationship loyalty. Westpac and National still have a fair amount of work to do to improve their relationship banking performance,” Mr Dowling said.

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Market Wide Importance and Satisfaction Ratings – October 2003

Average Rating Reported

1 — 2 — 3 — 4 — 5

(important) (unimportant)
(satisfied) (dissatisfied)

	Importance Ratings	Overall Satisfaction	Product/Service Performance	Customer Support	Value for Money
Cash Management, Debt and Bonds					
Call Money Market	1.16	2.12	2.03	2.11	2.22
Commercial Paper	1.80	2.03	1.89	2.11	2.08
Funds Management	1.12	1.41	1.27	1.24	1.71
Short Term Domestic Debt	1.33	2.30	2.11	2.29	2.51
Short Term FX Debt	3.05	2.92	2.75	2.81	3.20
Long Term Domestic Debt	1.63	2.70	2.52	2.65	2.92
Long Term FX Debt	2.82	2.22	2.15	2.19	2.33
Trade Finance	1.78	2.11	2.05	2.27	2.00
Corporate Bonds	1.95	2.32	2.26	2.33	2.38
Treasury and Financial Markets					
Spot FX	1.64	1.82	1.57	1.98	1.92
Forward FX	1.21	1.41	1.46	1.48	1.28
Forward Rate Agreements	3.05	1.43	1.25	1.29	1.75
Swaps	2.20	2.28	2.11	2.31	2.43
Futures	2.52	2.55	2.36	2.58	2.72
Options	2.40	2.52	2.29	2.59	2.69
Corporate Finance and Advisory					
Equity Raising	1.23	2.63	2.68	2.42	2.80
Particular Industry Expertise	1.10	2.33	2.33	2.47	2.18
Corporate Advisory Services	1.34	1.93	1.56	2.12	2.11
Merger & Acquisition Advice	1.63	1.64	1.31	1.53	2.08
Relationship Banking					
Account Management	1.11	2.93			
Understanding Business Needs	1.07	2.38			
Understanding Industry Sector	1.10	2.63			
Innovative Solutions	1.51	2.51			
Proactivity	1.82	2.70			
Loyalty to the Relationship	1.06	2.27			
Quality of People	1.07	2.49			

Source: East & Partners Corporate Banking Customer Satisfaction report, October 2003