



Media Release

Big three banks dominating Asian corporate banking scene

(6 July 2004 – Australia) HSBC, Standard Chartered and Citigroup continue to dominate Asia's corporate banking markets with the three banks owning almost 50 percent of primary transaction banking relationships across the region, new research from East & Partners has found.

East's Asian Corporate Transaction Markets report reveals the three banks' share of primary relationships remains unchallenged, accounting for 48.6 percent of the market compared with 48.9 percent some 18 months earlier.

HSBC has 19.1 percent of primary relationships, down slightly from 20.8 percent at the beginning of 2003, while Standard Chartered is up to 15.6 percent from 14.9 percent, and Citigroup has increased its share to 13.9 percent from 13.2 percent in January 2003.

Regional banks DBS and UOB have increased their share of the market over the past fifteen months but OCBC and Bank of China have seen their share decrease.

“Local banks provide good service when dealing in their local currencies but they continue to struggle when asked to provide large corporates with world-class products and services that allow them to improve their working capital and supply chain management efficiencies,” East & Partners principal analyst Paul Dowling said.

“Transaction banking is a scale dependent business and only banks that achieve scale can justify reinvesting in the business to build a platform of customer service and transaction execution excellence. This is why large regional and international banks, such as HSBC, Standard Chartered and Citigroup, consistently outperform their local service providers in this area,” he said.

The research program is based on regular interviewing programs with CFOs and Treasurers from the 1,000 largest corporates across the region – Hong Kong, Singapore, China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan and Thailand – about their banking relationships.

“Most players in these banking markets are being increasingly challenged by customer expectations and although service provider performance is climbing, customer expectations are rising more quickly,” Mr Dowling said.

The three most important service factors of the 26 covered in the research are:

- Quality of Transaction Execution
- Quality of Overall Service Delivery
- Response Times on Queries and Quality of Bank’s Relationship Management

By contrast, the three least important factors to corporates are:

- Usefulness of Bank’s Website
- Reputation / Name of the Bank
- Social Interaction

“Indirect, web-based tools and techniques that have been used by banks to grow and extend their existing corporate transaction relationships are not highly regarded by their corporate customers in Asia. These customers demand a personal approach to service delivery and relationship management,” Mr Dowling said.

<i>Main Reasons for Corporates Changing Bank</i>	
	% of Reasons Reported
	May 2004
Service levels and performance	35.4
International capabilities and network	17.9
Support and responsiveness	27.7
Improved debt offerings and securities	24.9
Value for money	9.7
Lack of added value in relationship	13.2
Lack of competitive pricing	16.0
Alternative / competitive bank approaches	12.3
Other	2.7

Note: sum to over 100 percent due to multiple responses

Source: East & Partners Asian Transaction Banking Report – May 2004

Total Market Product Importance and Satisfaction Ratings – May 2004

Average Rating Reported
1 — 2 — 3 — 4 — 5
 (important) unimportant)
 (satisfied) (dissatisfied)

	<u>Importance</u>	<u>Satisfaction</u>			
	Overall Rating	Overall Satisfaction	Product Performance	Customer Support	Value for Money
Account and Transaction Facilities	1.11	2.03	2.01	2.10	1.99
Liquidity Management	1.17	2.56	2.69	2.51	2.48
Integrated e-Banking Service	1.98	2.42	2.58	2.22	2.46
Internet Banking Service	1.23	2.40	2.56	2.39	2.24
Receivables	1.40	2.35	2.41	2.27	2.38
Payables	1.55	1.98	2.03	1.90	2.00
Trade Finance	1.73	2.09	2.13	2.04	2.10
Money Market	1.33	2.41	2.37	2.25	2.61
Short Term Debt	1.23	2.44	2.44	2.29	2.59

Source: East & Partners Asian Transaction Banking Report – May 2004

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