

Banks and business closer at big end of town

(11 September 2007 – Australia) The business banking markets in Australia are witnessing unprecedented levels of relationship manager churn but at the larger corporate and institutional end of town, relationships between bankers and their clients are remarkably stable, East & Partners has found.

East's Corporate & Institutional Banking Markets Report shows that more than 30 percent of large corporates (Top 500 companies by revenue) have had the same relationship manager for more than five years.

The Report, which is released twice yearly, also found that more than 44 percent of the Top 500 has had the same relationship manager for between two and five years.

Less than 14 percent for corporate and institutional companies have had their current relationship manager for less than one year.

"In the business banking markets, and by that we mean SMEs and middle market companies turning over less than A\$340 million, banks have been hiring hundreds of new relationship managers and business bankers, typically by poaching them from rivals," East & Partners general manager, Client Services, Paul Bartholomew, said.

"This has caused shortening relationship manager tenures, which is naturally very disruptive to the business customer who doesn't want to have to re-explain how his business works to a new banker every six months," he said.

"At the big end of town the scenario is very different with banks enjoying stronger and longer lasting relationships with their customers," Mr Bartholomew said.

East's Corporate & Institutional Banking Markets Report shows the key attributes that Top 500 corporates seek from their relationship managers are an understanding of their business and the banker acting as an advocate for the customer inside the bank.

"Relationship managers in the corporate and institutional segment have a much smaller portfolio of customers, a deep understanding of their customer's business, and they have real specialist industry expertise – in short, they're less generic than bankers in the smaller end of town," Mr Bartholomew said.

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The Report shows that international bank relationship managers outperform their domestic bank rivals in the large corporate segment with the exception of advocacy for customer inside the bank where St George Bank is the strongest performer.

Macquarie Bank customers report the highest satisfaction rating with their relationship managers with the Bank rated the strongest in understanding of their customer's business, followed by Citigroup and JPMorgan.

Of the domestic banks, Commonwealth Bank and St George are rated highly for understanding their customers' business and loyalty to the relationship.

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