

## Satisfaction with trade loans takes a tumble

(19 February 2009 – Australia) Australian businesses which are trading internationally are becoming less happy with the trade loans provided by their financiers, East & Partners analysis shows.

The analysis is a part of East's Australian Trade Finance Markets research program which is based on direct interviews with CFOs, Treasurers and Finance Directors inside Institutional / Top 500 (A\$340m plus annual turnover), Corporate (A\$20-340m) and SME (A\$5-20m) businesses. The most recent round of fieldwork was conducted during January and February 2009.

"Our latest research reveals a market-wide fall in customer satisfaction with Trade Loans in the Institutional and Corporate segments. This is the first time such a drop has taken place in the five years East has been monitoring this measure," said East & Partners' financial markets analyst Zoran Knezevic.

Smaller businesses in the SME segment have also rated their providers lower when it comes to satisfaction with Trade Loans.

"The fall in satisfaction with Trade Loans in the Corporate and SME segments is a worrying change given that this is the most important aspect of the overall trade finance offering to the businesses in these segments," Mr Knezevic said.

"Given the prevailing market conditions, this decline in satisfaction likely reflects both the rising lending rates and the availability of new funding to those that demand it."

East's research also shows more businesses are saying that the need for liquidity support is a key driver of their trade finance needs. The greater focus on liquidity support has become evident even among the Institutional customers, however these businesses' trade finance needs are still mainly linked to the pursuit of internal supply chain efficiencies.

"The latest results suggest that 2009 has brought many challenges for Australia's trading businesses. The volume of trade experienced appears to have slowed and the focus is now on securing finance to fund the essential trade transactions," Mr Knezevic said.

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### **About East & Partners' Australian Trade Finance Markets Program**

Australian Trade Finance Markets is East's ongoing six-monthly research service focusing on the Top 500 institutions and a structured sample of the Corporate businesses with annual turnover between A\$20 and 340 million. From August 2008, the program has also included full coverage of the SME (\$A5 to 20 million annual turnover) market segment.

Each analysis report covers a range of metrics including market share, share of wallet, product penetration, export/import regions, supplier share of mind and customer satisfaction with service performance.

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