

International Banks Gaining Traction

(24 September 2009 – Australia) While the Big Four banks have established a dominant market share in corporate transaction banking, two international banks are asserting themselves as key market competitors.

The latest East & Partners' Australian Corporate Transaction Banking Markets Report for the six months to August 2009 shows international banks HSBC and Citi are gaining a strong foothold in transaction banking.

For the Big Four, market share in cash management has increased to 75.7 percent, after it dropped to a low of 72.7 in early 2008. With newly acquired BankWest and St George added in, the Big Four now account for a substantial 87.3 percent of all primary relationships.

Despite this dominance, HSBC and Citi, over the past two years, have increased their market share while other non Big Four providers have fallen back. The pair now holds 10.1 percent of all primary relationships, a significant 28 percent jump on the levels seen two years ago.

"A direct result of the global financial crisis has been government intervention and subsequent ownership of a number of high profile international banks. There is no doubt that this did tarnish the perception of international banks in general," East & Partners' financial markets analyst, Peter Drennan, said.

"However, despite this backdrop and with the traditional competitor brands of BankWest and St George being acquired by the Big Four, HSBC and Citi in Australia have taken up the mantle of real challengers in the transaction banking market", Mr Drennan added.

"Clearly, the two banks are utilising their strong international capabilities as a major point of difference to the Big Four, particularly at a time when pricing competition is more difficult to execute," Mr Drennan concluded.

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About East & Partners' Corporate Transaction Banking Markets Report

East & Partners' Corporate Transaction Banking Markets Report is an ongoing six-monthly research service designed to deliver bank market share, wallet share, customer satisfaction, mind share, engagement and churn analysis for transaction banking products among companies turning over A\$20 to 340 million per annum. The report is based on interviews with a structure sample of 850 Corporate enterprises.

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