

## Slowing demand for Business Banking services

(3 February 2012 – Australia) In the two months since November 2011, there has been a notable 3.5 percent decrease in the demand for business banking services across Australian Micro, SME and Mid Corporate businesses East & Partners' latest Business Banking Sentiment Index (BBSI) shows.

The mid Corporate segment has seen the sharpest decrease in demand for business banking services with a drop of 5 percent since November 2011, conversely SME's have shown the smallest decrease in this space with a decline of 2.3 percent.

National Australia Bank (NAB) has experienced the biggest decline in demand for business banking services from its customers out of the Big four domestic banks with East's research showing a drop of 4.5 percent amongst their customers' demand for additional business banking services.

By contrast, the Commonwealth Bank of Australia (CBA) has experienced the least decline in demand for its products out of the Big four domestic banks, with a drop of 2.3 percent over the past two months.

East & Partners' Head of Client Services Amy Nixon commented, "the 2012 credit environment has the potential to be challenging and is coloured by the economic uncertainty. The impact can be seen in these BBSI outcomes as businesses are changing their behaviour to conserve and prepare for the bumpy road ahead."

"The flat demand for credit for the Mid-Corporate and SME sector could be influencing demand for all business banking products and as flat credit demand continues it is likely that the demand for business banking products will decrease further," added Ms Nixon.

## About East & Partners' Business Banking Sentiment Index

A bi-monthly Index of business sentiment toward their banks, based on interviews conducted Australia-wide with a structured sample of over 4,600 middle market and SME customers companies turning over A\$1 to 100 million per annum.

The Index provides a monitor of a number of important drivers of customer engagement behaviour with their banks including advocacy, detraction, empathy, satisfaction, loyalty, channel engagement, advertising recognition, product demand, product advocacy and mind share.

Note: Business customer Segments

- Mid Corporate – A\$20-100 million
- SME – A\$5-20 million
- Micro – A\$1-5 million

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