

Liquidity Support Driving Trade

(20 March 2012 – Australia) Industry consultants East & Partner’s latest Australian Trade Finance Markets report has revealed Need for Liquidity Support as the number one driver of Trade Finance needs across all segments monitored.

Across all three segments there has been a significant increase in the proportion of customers nominating ‘Need for Liquidity Support’ as their key driver of Trade Finance needs. Since 2009 in the Institutional segment there has been a 221.1 percent increase. 92.2 percent of all SME’s monitored now say liquidity support is their number one need, up from 73.4 percent at the start of 2009.

With the demand for liquidity support experiencing such rapid growth as a driver of trade finance engagement across the market, Growth in Underlying Trading Business has witnessed the opposite affect with each segment saying it is no longer a key driver for them.

This trend is most strongly observed in the SME segment with only 0.9 percent reporting it is a key driver of Trade Finance needs. Growth in Underlying Trading Business as a driver of Trade Finance needs has also experienced a relative decrease of 58.9 percent and 85.6 percent for Institutional and Corporate businesses respectively.

Key Driver of Trade Finance Needs for Business Customers

	Institutional		Corporate		SME	
	% of Total	% Change since 2009	% of Total	% Change since 2009	% of Total	% Change since 2009
Growth in Underlying Trading Business	13.4	(58.9)	6.4	(85.6)	0.9	(92.6)
Need for Liquidity	30.5	221.1	80.5	67.7	92.2	25.6

East & Partners’ Principal Analyst Paul Dowling commented, “Credit for importers and exporters has been the dominant driver of their trade financing needs since the GFC arrived. In particular, it has for many businesses the additional attraction of being off-balance sheet and a complementary form of debt funding for business”

“Added to this push has been a slowing appetite for Open Account trade financing as trading businesses have become increasingly transaction oriented and keen to shop their business around.” added Mr Dowling.

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About East & Partners' Australian Trade Finance Markets report

Six monthly research program run across the Top 500 Institutional (annual turnover A\$530+ million), Corporate (A\$20-530 million annual turnover) and SME (A\$5 to 20 million annual turnover) markets with 1,850 directly interviewed enterprises.

Market analytics include market share, share of wallet, product penetration, export/import regions, supplier share of mind and life of service relationship metrics. Customer analytics including bank-by-bank satisfaction performance on key TF related factors, buying and churn behaviour.

Market Segments:

- › Institutional – A\$530 million plus
- › Corporate – A\$20-530 million
- › SME – A\$1-20 million

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