

Banks need to walk the walk - particularly for smaller businesses

(11 February 2013 – Australia) Business banking customers are increasingly dissatisfied with their banks, with a key index of customer satisfaction from industry analysts East & Partners continuing to decline in new research.

East's bi-monthly Business Banking Index (BBI) program interviews more than 1000 businesses from all segments of the economy and creates an index score on a scale from 10 to 100, with 100 indicating maximum customer satisfaction.

In the most recent BBI round conducted in January 2013, the index fell to 31.1 from 31.4 in November. The January 2012 index stood at 32.8, indicating gradual but steady erosion in customer satisfaction over the last year.

Micro businesses, those with annual turnover of \$1-5 million, continue to be the most dissatisfied customers with their BBI score falling to 11.5 in the most recent research round.

The most satisfied segment are the corporates, or those businesses with a turnover of between \$20- \$530 million, where the BBI score is 65.5, down from 65.9 in November.

Business Banking Index Score by Enterprise Segment

10 (low) to 100 (high)

Segment	Nov 2012 (N: 1,011)	Jan 2013 (N: 1,004)
Micro Business	11.6	11.5
SME	18.7	18.4
Corporate	65.9	65.5
Institutional	31.9	31.7
TOTAL	31.4	31.1

Source: East & Partners' Business Banking Index Report – January 2013

East records BBI scores for ten banking providers in the research, with the Bank of Queensland (BOQ) continuing to be the standout performer, with a score of 64.5.

The lowest rated bank is the Commonwealth Bank of Australia (CBA), with a score of 16.3, while National Australia Bank (NAB) is the best-performed of the Big Four with a score of 49.9.

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In a reflection of BOQ's score, Queensland businesses are the most satisfied with the banks, rating them at 59.3, while the score for Victoria was 27.3 and NSW 16.2. The research groups the other states and territories together, and their combined BBI score was 51.7.

Lachlan Colquhoun, Head of Markets Analysis at East & Partners, said the index scores were a particular indictment on the relationship between smaller businesses and banks.

"We see the corporates, and to a lesser extent the larger institutional segment being relatively satisfied, but the ongoing trend among micro businesses and smaller and medium sized businesses should be a major concern to the banks," said Colquhoun.

"The research also asked businesses on how easy or difficult they found dealing with their banks and the response from the Micro segment - in particular - was damning."

Colquhoun said that the research also asked businesses if they would actively dissuade peers and colleagues from banking with a particular bank, and on a scale of 10 to 100 - where 100 was actively dissuade - the result for the micro segment was 61.2.

"Our banks do a lot of talking about supporting and understanding smaller businesses, but with results such as these we have to ask if this is really just spin," said Colquhoun.

"Banks are talking the talk, but business - in particular smaller businesses - are saying they are not walking the walk."

About East & Partners' Business Banking Index

A bi-monthly Index of business customer behaviour toward their banks, based on interviews conducted Australia-wide with a structured sample of over 1,000 companies across four segments annually.

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

Index Methodology: For this round of the Business Banking Index, direct interviews have been conducted with 1,004 businesses based on a structured sample frame of the target population nationally, comprising:

- › Institutional – 220 – (A\$530 + million turnover enterprises)
- › Corporate – 246 – (A\$20 – 530 million turnover enterprises)
- › SME – 287 – (A\$5 – 20 million turnover enterprises)
- › Micro – 251 – (A\$1-5 million turnover enterprises)

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