

Media Release

Trade Relationships Critical amidst Market Turmoil

(27 October 2014 – Australia) Australian banks' Asian advance, cross sell success and management of narrowing margins hinges increasingly on the development of strong trade finance relationships, newly released research from industry analysts East & Partners shows.

As global financial markets enter a tailspin these key strategic initiatives become inherently tougher to attain. East & Partners Trade Finance program indicates not only which banks are best placed to weather the storm but also accurately pinpoint those set to strengthen their transaction banking and trade finance standing among domestic and international peers.

ANZ, CBA, NAB and Westpac each employ contrasting methods for building their presence in trade both home and abroad, so far recording variable degrees of success.

Direct interviews with 1,855 CFO's and treasurers as part of the August 2014 Trade Finance report, now in its tenth consecutive year, indicate the Big Four's cumulative share of institutional trade finance relationships expanded from 54.0 percent to 63.8 percent in the six years since August 2008.

As it stands one bank among the Big Four has extended its considerable lead over the competition while the bottom ranked Big Four offering has made significant strides in the last two years.

This compares to a more muted market share increase by the major foreign banks offering trade finance services to the Top 500 enterprises by revenue. BNP Paribas, Citi and HSBC increased their combined share of primary institutional trade relationships only marginally from 23.5 percent to 24.3 percent since 2008.

Heightened trade finance competition stems from a number of influential factors. Australian banks see it is a viable conduit to further market share gains for associated products and services via cross sell initiatives, particularly with businesses orientated towards Asia.

As part of trending customer satisfaction ratings collected across twenty product and service factors ANZ ranks number one for the provision of innovative trade solutions in both institutional and corporate segments, achieving scores of 1.35 and 1.46 respectively (where 1 = satisfied and 5 = dissatisfied). This places the bank narrowly ahead of HSBC and Citi.

The ability to incorporate transaction banking, trade and business FX functions is not to be underestimated. This rings true when issuing Letters of Credit invoiced in currencies other than the Australian Dollar given the exposure to currency risk and an ever more volatile FX market.

Higher wallet share is a defining characteristic of those banks that best collaborate transaction banking, business FX and trade finance roles, giving the customer a seamless suite of tools to address their trade financing concerns. Customers surprisingly turn to their own suppliers (75.6 percent) or colleagues (81.4 percent) for trade finance advice, shunning their relationship banker (3.3 percent) and consultants (6.9 percent).

“Trade Finance is a traditional strength at ANZ and a key component of our super regional strategy in the Asia Pacific, which focuses on connecting our clients with trade and capital flows across our core markets” states ANZ’s Alan Huse, Acting Managing Director, Global Transaction Banking.

“We are extremely proud this survey shows our market leading share and high customer satisfaction in both the Institutional and Corporate segments.”

“This reflects our continuous efforts to improve our service and provide value in each and every interaction. Our differential is the quality of our people and our extensive regional footprint, which delivers real insight in addition to our product expertise.”

Primary Institutional Trade Finance Market Share

% of Trade Finance Customers

	2008 (N: 383)	2011 (N: 364)	2014 (N: 361)
Big Four	54.0	60.7	63.8
Foreign Banks	23.5	23.4	24.3

Source: East & Partners Trade Finance Program

About the East & Partners Trade Finance Program

Reliable and cost effective Trade Finance solutions are of strategic importance and directly attributable to relationship positioning among small and large enterprises alike. The six-monthly Trade Finance Markets program forecasts demand for trade and supply chain related banking services and products, monitoring competitive positioning across Market Share, Wallet Share, Customer Satisfaction, Mind Share and Trade Customer Churn by bank and segment.

Released Biannually: February and August

Business Segments:

- › Institutional – A\$725 million plus
- › Corporate – A\$20-725 million
- › SME – A\$5-20 million

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