

Media Release

Big opportunity for “Digital Disruptors”

(19 November 2014 – Hong Kong) Corporates' dissatisfaction with their bank's digital technology offering creates opportunities for new entrants in the payments markets, according to research from industry analysts East & Partners Asia (East).

East showcased its latest research at an Open Markets Briefing in Hong Kong on November 19, revealing the results of some recent work on the theme of “digital disruption.”

The research, conducted in Australia and soon to be replicated in Asia, found that corporates are unimpressed by bank innovation across a range of five digital service attributes, and are least impressed by their bank's online transaction service.

Asked to rate their bank's level of innovation on a scale of 10 to 100, where 100 is “very innovative,” the rating for online transaction was a lowly 33.6.

Ratings for the other four criteria – mobile banking, contactless payments, same day transfers and business analytics – were all below 35.

The research also divided the responses into market segments, and found that larger institutional businesses were the least impressed with digital offerings.

Delivering the lowest rating in the research, institutions rated bank innovation on same day transfers at a lowly 28.7.

Lachlan Colquhoun, East's Head of Markets Analysis, said the results were confirmation of the opportunity available to new market entrants.

“These levels of dissatisfaction show that the so-called digital disruptors have a real chance of hurting traditional bank providers,” said Colquhoun.

“We see banks talking a lot about payments and their capabilities, but it is clear that the customers are not impressed.

“How it all plays out remains to be seen. Will banks form alliances with the disruptors or acquire them, or will the disruptors grab a major slice of the payments business?”

East's research also reveals the changing priorities among merchant users of payment technology.

Since 2010, for example, the percentage of merchants nominating contactless payments as a technology priority has gone from 80 percent to 92 percent.

The biggest jump has been the focus on mobile phone payments. Where this was nominated by under 20 percent in 2010, the figure is now 60 percent.

Security, another key priority, has remained static at 40 percent.

About the East & Partners Asia Open Markets Briefings

East & Partners Asia Open Markets Briefing sessions highlight key market movements in the business banking landscape based on the firm's comprehensive market research programs across the Asia Pacific.

Attended by representatives from over 60 different local and international banks, financial service institutions, and a number of local and international media houses, East & Partners Asia's Open Markets Briefings are fast becoming a feature of the financial calendar. Additional Open Markets Briefing locations include Singapore and Sydney, Australia.

For more information or for further interview based insights from East & Partners Asia Open Markets Briefing please contact:

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