

Media Release

Small Business Product Specialists in High Demand

(24 November 2014 – Australia) Small businesses prefer to deal with banking product specialists over relationship managers and online channels, according to the latest research from banking analysts East & Partners.

The findings are part of leading banking research and advisory firm East & Partners' newly released Small to Medium Enterprise (SME) Transaction Banking Markets Program. Now in its nineteenth round, the survey provides a key monitor of Australian banks' core performance indicators and customer satisfaction drivers over the last ten years.

Up to 1,500 CFO's, corporate treasurers and business owners within Australia's most populous business segment, turning over A\$1-20 million per annum, actively participate in the twice yearly survey from a transactional perspective with the purpose of capturing the ever changing demand for business banking relationships, products and services.

Traditionally corporate treasurers favoured direct dealings with a dedicated relationship manager, representing 61.6 percent of preferred dealings as recently as 2H 2010.

Four years later this figure has halved to 32.1 percent as a deliberate inclination towards online communication (32.0 percent) and a product specialist (29.3 percent) steadily emerges.

A number of prominent factors emerge as a driver for this occurrence. The deployment of dedicated relationship managers to the SME segment has been in steady decline for some time. A mere 24.2 percent of SMEs reported ongoing dealings with their own relationship manager, down from 28.7 percent in 2010.

Of those small businesses currently allocated a relationship manager, over half had maintained the relationship for less than a year while a rising 31.2 percent held ongoing exchanges for less than six months.

"Business owners are too time poor to visit the branch yet increasingly require general advice on tax, cash visibility, working capital and Fintech innovation" Senior Markets Analyst Martin Smith commented.

"Readily accessible product specialists are an excellent alternative given their market wide expertise and accessibility as the bank's race to fend off the challenge posed by disrupters.

"New Free Trade Agreements secured with China and India during the recent Brisbane G20 meetings are undoubtedly a positive for Australian businesses, yet without readily available guidance and support for SMEs via an RM, product specialist or online channels on how to access lucrative new markets, the opportunity will be missed."

Preferred Method of Interacting with Bank

% of Total

| | 2H 2010 (N: 1,497) | 2H 2014 (N: 1,497) | % Change |
|----------------------|-----------------------|-----------------------|----------|
| Branch | 1.8 | 0.8 | (55.6) |
| Internet | 20.8 | 32.0 | 53.8 |
| Product Specialist | 13.1 | 29.3 | 123.7 |
| Relationship Manager | 61.6 | 32.1 | (47.9) |
| Other | 1.4 | 0.6 | (57.1) |
| Not at all | 1.3 | 5.2 | 300.0 |
| TOTAL | 100.0 | 100.0 | — |

Source: East & Partners SME Transaction Banking Markets Program

About East & Partners SME Transaction Banking Program

A detailed analysis of product usage, market share, share of customer wallet, bank by bank customer satisfaction performance, share of mind, account churn and purchasing characteristics of small to medium sized enterprises in the A\$1–20 million turnover segment. Cash, Payments, Deposits, Desktop Banking, Internet Banking, Cross Border Payments and Remittance Processing products are examined in detail, providing market wide transaction banking customer dynamics and analysis.

For more information on this program or for further interview based insights from East & Partners, please contact:

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