

Media Release

Trade knowledge can win new business

(23 February 2015 – Asia) A knowledgeable trade account officer is the largest single factor which would persuade Asia's top corporates to change their trade finance bank, according to research from East & Partners Asia (E&P Asia).

E&P Asia has just completed the fourth round of its Asian Institutional Trade Finance report, and found that – in an environment of increasing customer churn – a knowledgeable trade account officer was nominated by 26.4 percent of corporates as the single key initiative in winning their trade business.

E&P Asia interviewed Chief Financial Officers and Corporate Treasurers of Asia's Top 1000 companies by revenue (ex-Japan) in November 2014, completing 937 interviews across the region.

The 26.4 percent who cited a knowledgeable trade account officer in November was up from 25.8 percent in May.

The second most important initiative to win trade business was improved trade loan facilities and conditions, cited by 25.8 percent in November.

The responses occur in the context of a market where corporate customers are more inclined to change their primary trade financiers.

E&P Asia's research found that 8.1 percent of the Top 1000 were "very likely" to change their trade banker in the next six months, compared with 7.3 percent in May.

In total, three in ten corporates said that a change of trade bank was either "very likely" or "possible."

E&P Asia's research also shows that banks in Asia have stepped up their competitive pitching for the trade finance business of leading corporates, with one global bank pitching to 8.5 percent of the region's Top 1000 corporates in the last six months.

The top five banks, measured by primary market share, made just over 330 pitches to win new trade finance business.

This compared with around 310 pitches received six months earlier, in May 2014.

The most aggressive bank is not the market leader, but is ranked second in terms of primary trade finance market share. The pitching activity was successful, with the bank posting incremental market share gains in the six month period.

The market leader was also active, pitching to 8.4 percent of the Top 1000, but saw its market share decline.

Lachlan Colquhoun, Chief Executive of East & Partners Asia, said trade finance was one of the most competitive battlefields in Asian banking.

“We see that banks are leading with their trade finance offering as a way of building out their business and cross-selling other services into those relationships,” said Colquhoun.

“Several banks have identified trade as a channel for growth, and this is reflected in the competitor pitching data and the churn intentions.

“And when it comes down to it, customers rank professional trade knowledge in their account officers as more important than technology or process improvements, so it’s the people factor which still the driver.”

About the Asian Institutional Trade Finance Markets Program

The Asian Institutional Trade Finance Markets Program analyses the Top 1,000 institutions by revenue across Asia’s ten largest markets, excluding Japan. It measures banks’ Market, Mind and Wallet shares across the spectrum of Trade Finance, together with Importance and Satisfaction levels across 20 product, service and relationship attributes. Drivers of Customer Churn are also analysed, delivering insight on attracting new Trade Finance customers. The report also examines customers’ trade aspirations by geography to deliver a comprehensive view of trade finance needs and comparative bank performance in Trade Finance across Asia.

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