

Media Release

Asian transactional banking: the rise of client expectation

(18 March 2015 – Asia) What a difference five years can make in Asian banking.

Five years ago, at a time when very few corporates were thinking of changing bank, the overwhelming reason for those which did change was improved debt offerings.

Five years later and the balance of power between bank and client has shifted back towards the client. Churn intentions are on the rise and the main reason for changing bank is the need for added value in the relationship.

These comparisons are taken from East & Partners Asia (E&P Asia)'s Asian Institutional Transactional Banking Markets (ATB) Report, drawn from interviews with chief financial officers and corporate treasurers of the region's 1000 largest companies by revenue, across 10 markets (ex-Japan).

In November 2009, when only 6.1 percent of the Top 1000 said that a change in primary transaction banker was either "definite" or "highly probable," 87.5 percent nominated improved debt offerings and securities as the single largest factor which would influence them to change.

This was far ahead of the second ranked factor, a lack of added value in the banking relationship, which was cited by only 48.2 percent. Third was service levels and performance, nominated by 46.4 percent (the results sum to greater than 100 percent due to multiple responses).

Fast forward five years to November 2014 and the banking landscape has shifted significantly.

E&P Asia's most recent ATB research round, conducted in November 2014, underlines the changes which have taken place.

In this research round, with 24.2 percent of respondents indicating a change of bank was either "definite" or "highly probable," the two largest factors influencing a change – both equally cited by 75.8 percent of the Top 1000 – were the lack of added value in the relationship and value for money.

Improved debt offerings, which dominated in 2009, cited by 70.9 percent.

Value for money, by way of contrast, was a factor for only 35.2 percent in 2009, so the number seeing this as a factor for churn has more than double in five years.

“Credit conditions are much easier than they were in 2009, bank margins are thinner, and competition for business from new players is intensifying,” said Lachlan Colquhoun, Chief Executive of East & Partners Asia.

“It’s clear that customers are in a much more powerful position than they were, and that is reflected in their much higher expectations across service factors.

“Back in 2009, we were coming out of the global financial crisis and corporates were sticking with their banks, and were much more reliant on them for credit. The ATB documents this significant paradigm shift.”

About the Asian Institutional Transaction Banking Markets Program

The Asian Institutional Transaction Banking Markets Program analyses the Top 1,000 Institutions by revenue across Asia’s ten largest markets, excluding Japan. 36 separate service and relationship attributes are ranked by Importance and Satisfaction to reveal the ultimate drivers of Customer Churn and Mind Share accumulation. The report delivers a detailed view of the market and wallet share across primary and secondary transactional banking relationships. Understanding customers’ growth aspirations and technological innovation are captured by e-banking, Cash Management, Trade Finance and Short Term Debt metrics, enabling the identification of detailed banking relationships, service and product standards across the region.

For more information or for further interview based insights from this report, please contact:

Ms In Kai Khor
Head Client Services
East & Partners Asia
t: +65 6579 0533
m: +65 9820 3716
e: inkai.khor@east.com.au