

Media Release

# A Fintech Tsunami Is Here But Are Aussie Businesses Aware?

(6 October 2015 – Sydney) While demand for business banking services is growing at a rapid pace, established brands and startups in the ‘fintech’ space are missing out, research from banking analysts East & Partners (E&P) reveals.

The Business Banking Index (BBI) found that 39 percent of businesses in the Micro and SME segments could not recall a single fintech brand. The figure increased to over 50 percent of Corporates and nearly 60 percent of Institutional enterprises surveyed.

The BBI measures banking sentiment among approximately 1,000 CFOs, treasurers and business owners from enterprises across the Micro (A\$1-5 million), SME (A\$5-20 million), Corporate (A\$20-725 million) and Institutional (A\$725 million plus) segments.

In addition to monitoring several key drivers including advocacy, empathy, satisfaction and loyalty, the Index measured the Australian business community’s awareness of “fintech” companies (specifically within accounting, small business lending, payments and business FX) and their product offerings.

In total, sixteen separate companies were nominated, including cloud based accountancy software provider Xero, small business accountancy software provider Quickbooks, fast growing EFTPOS provider Mint Payments and FX providers HiFX and OzForex.

Of the companies that were able to recall a fintech business, only 61.6 percent were aware and understood what product or service that fintech was offering.

“Although there has been a long term upward trend in negative sentiment from small businesses towards their bank, feedback indicates that non-bank providers are not taking full advantage of the gap in the market,” said E&P’s Head of Markets Analysis, Martin Smith.

“Either local businesses are not familiar with fintech companies at all, or do not know what products and services they provide.

“This lack of awareness of technology based non-bank providers is having a direct flow through to these fintechs balance sheets as they are failing to capitalise on increasing appetite for additional business banking services as highlighted in the BBI by way of their client base not being aware of them,” he said.

Since 2013, appetite for additional business banking services in the next month has increased from +17.1 percent to +22.3 percent (on a scale of -100 percent decreasing to +100 percent increasing).

By segment, Corporate businesses are the most bullish (+25.2 percent) while Micro businesses continue to lag considerably (+15.4 percent) in their demand for additional banking services.

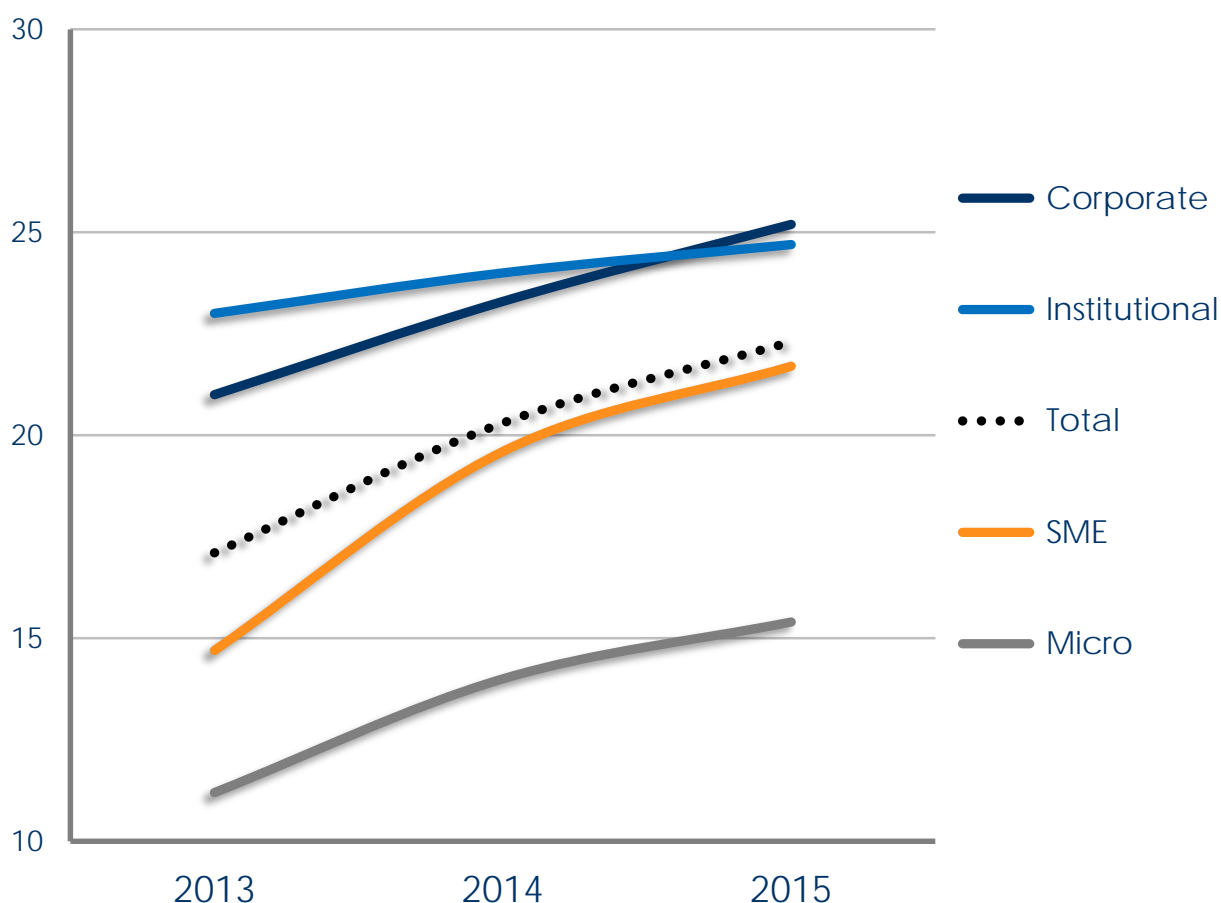
Nationally, Queensland businesses report the highest level (+36.3 percent) of demand, however there has been rapid growth reported by NSW companies, increasing from +16.8 percent to +25.6 percent in the last two years.

“It is abundantly clear that businesses across the board not only want, but need additional business banking service. The demand is firmly there,” said Smith.

“However, challenger brands seeking to take on the banks in lending, payments or treasury support functions are not winning the battle for mind share in order to capitalise on abundant opportunities.”

## Change in the Demand for Business Banking Services

-100% (decreasing) to 100% (increasing)



Source: East & Partners Business Banking Index

## About the East & Partners Business Banking Index

The East & Partners Business Banking Index is a bi-monthly Index of business customer behaviour towards banks. The Index provides a monitor of several key drivers of customer engagement behaviour with their banks including advocacy, empathy, satisfaction, loyalty, detraction and mind share.

The BBI has proven clear predictive correlations based on customer engagement behaviour and intentions with key bank performance outcomes both in aggregate and by individual bank. Its leading predictors are strongly connected with measures such as market share, customer retention, wallet share, product cross-sell and bank margins.

### Business Segments:

- › Institutional – A\$725 million plus
- › Corporate – A\$20-725 million
- › SME – A\$5-20 million
- › Micro – A\$1-5 million

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