



Media Release

Local transaction banks struggle to make inroads in large corporate market

(1 August 2006 – Asia) HSBC, Standard Chartered and Citigroup continue to secure more than half of all primary transaction banking relationships with Asia's major corporate customers, according to research and consulting firm East & Partners.

East's latest Asia Transaction Banking Report shows the "Big Three" still dominate while local banks struggle to make any meaningful inroads into the large corporate segment.

The report is based on interviews with the Top 100 companies by revenue in each of the following markets: Singapore, Hong Kong, Malaysia, India, Indonesia, Philippines, South Korea, Taiwan, Thailand and China.

Company CFOs and Treasurers are asked to rate their transaction banking experiences with providers in the region. Transaction banking services include cash flow management, internet banking, account and transaction facilities, payables and receivables.

The latest report reveals that Standard Chartered and Citigroup both improved their share of primary relationships in the segment. HSBC is still the leading player in the region but shed market share over the past six months.

HSBC has 18.1 percent of primary transaction banking relationships, down from 18.7 percent six months earlier; Standard Chartered has improved its share to 17.3 percent, up from 17 percent in the previous report; and Citigroup has also moved in the right direction growing its share to 15.0 percent from 14.6 percent six months ago.

Of the domestic banks, only Singapore's DBS has improved its share of large corporate customers, albeit only slightly, up to 9.5 percent from 9.4 percent previously. UOB and OCBC, on the other hand, are shedding market share in this large corporate segment.

Bank of China continues to grow its share of primary transaction banking customers, up to 5.4 percent from 5.1 percent six months ago.

East's report shows that banks' share of wallet (how much of an individual customer's business a bank has) won by a corporate's primary bank is falling, whilst share of secondary banker wallet is increasing – an indication of the high level of competition in the markets.

Deutsche Bank is the biggest improver in terms of customer satisfaction in this latest report followed by Standard Chartered. OCBC, DBS and Bank of America also improved their customer satisfaction performance.

“Local banks are still struggling to provide large corporate customers with truly world class products and service,” East & Partners principal analyst Paul Dowling said.

“International banks such as HSBC, Standard Chartered and Citigroup have the expertise, scale and platform to give large corporates the standard of service they expect and require in a globally competitive environment, and this is increasingly the case among Asian headquartered corporates as well as the multinational corporates.”

“Importantly, there are demand pressures for the bundling of key transaction products clearly visible and growing across corporate Asia, in particular wrapping Trade Finance, Cash Management and Payments solutions in with foreign exchange services.”

“Domestic banks need to demonstrate that they understand these customers’ business and the industry they operate in. In other words, banks have to assume a greater advisory role and in effect partner with the customer,” Mr Dowling said.

<i>Bank Customer Satisfaction Performance</i>		
Current Ranking		Percent Improvement in Overall Service Satisfaction Performance
1	Standard Chartered.....	2.0
2	JPMorgan.....	0.7
3	Bank of America.....	1.8
4	Deutsche.....	2.4
5	Citigroup.....	0.6
6	HSBC.....	0.5
7	DBS.....	1.5
8	OCBC.....	1.8
9	UOB.....	0.4
10	Hang Seng.....	0.4
11	Bank of China.....	0.0

Source: East & Partners Asia Transaction Banking Markets Program – May 2006

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