

## Big Four banks funding big businesses

(28 May 2009 – Australia) Australia's Big Four banks are capitalising on the growing appetite for bank debt among the top 500 businesses.

East & Partners' latest Institutional Banking Markets Report – based on direct interviews with 443 of Australia's top 500 businesses – shows another significant rise in the usage of bank debt and forward appetite to borrow among these businesses.

Reliance on bank debt has grown even though almost two in three big 500 companies experienced an increase in their lending rates during the six months to April 2009.

This growing popularity of bank debt at the top end of town has seen the Big Four reap rewards. The combined primary market share of the Big Four lenders increased from 70.8 to 77.2 percent, meaning that only about two out of ten top 500 businesses engage another provider as their primary lender.

The share of top 500 businesses reaching out to syndicates to source debt declined. Similarly, most of the international banks lost market share of lending customers though HSBC was an exception, posting an increase in primary market share during the past six months.

"The tougher funding conditions are clearly being felt even among the biggest businesses. However, these businesses are managing to secure the funding they need from the domestic banks," said East & Partners' financial markets analyst Zoran Knezevic.

"They are, however, paying higher rates on this debt," he added.

"The Big Four are clear winners out of the situation, welcoming both a greater volume of lending combined with higher lending rates," Mr Knezevic said.

"For the Big Four banks, the current situation represents a unique opportunity to get closer to these customers and support them through the current environment," he added.

"Doing this is hugely beneficial for the banks downstream. As the economy starts to turn the corner, banks will have an opportunity to play a key role in servicing big businesses changing needs. Those banks that succeed in making top 500 customers more loyal to them will therefore have the upper hand against the competition," Mr Knezevic concluded.

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### About East & Partners' Australian Institutional Banking Markets Program

Australian Institutional Banking Markets is an ongoing six-monthly research program delivering detailed analysis of the demand for debt, treasury and corporate advisory banking services among Australia's top 500 companies by revenue. The program is based on structured interviews with some +/-450 enterprises every six months and includes a range of analytics such as product engagement, market share, wallet share, mind share and panel positioning. The program also monitors customer satisfaction experiences across a range of product and relationship banking attributes.

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