

Split Institutional Banking Declining Rapidly

(27th June 2011 – Australia) East & Partners' latest Australian Institutional Transaction Banking Markets report has shown that Australia's Top 500 businesses are less likely to use a secondary supplier for products now than they were two years ago in 2009.

Two years ago over three quarters of Australia's Institutional banking segment reported engaging a secondary provider of desktop banking services, a ratio which has seen significant decline to 61.9 percent. Such declines have been identified across all core transaction banking product lines, the most dramatic being Full Service International Transaction Banking.

Secondary provider engagement here has dropped by a relative 55.9 percent to just on a quarter of customers in this critical product segment now engaging a secondary bank.

	Primary Supplier 2009	Primary Supplier 2011	Secondary Supplier 2009	Secondary Supplier 2011
Account Services and Cash Management	100.0	100.0	36.2	27.8
Payment Processing	98.6	99.0	24.3	20.6
Remittance Processing	98.1	98.1	19.5	15.8
Internet Banking	100.0	100.0	16.1	12.4
Desktop Banking	71.2	70.5	76.0	61.9
Full Service International TB	100.0	56.9	62.1	25.1

East's Principal Analyst, Paul Dowling, commented that "What we are seeing here, we suspect, is the result of primary transaction bankers to these institutional customers over the past two years very effectively driving wallet share gains in all product lines. Split banking is on the decline in transactional services in all market segments, a trend that is especially evident in this Institutional segment as primary banks have leveraged their credit relationships and added further value to their offerings".

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About East & Partners' Institutional Transaction Banking Markets Program

A six monthly analysis from the Top 500 Australian institutions presenting detailed customer satisfaction ratings across 27 service and relationship transaction, cash management and e-banking attributes bank-by-bank. The Institutional market in East & Partners' segmentation bottoms at enterprises with annual turnovers of AUD\$530 million.

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