

Short life span for corporate trade finance relationships

(4 November 2011 – Australia) East & Partner's latest Trade Finance Markets report has revealed that over half of Corporate trade finance customers have been with their primary trade banker for less than two years and no segment has an account life of more than 10 years.

The majority of both Institutional and SME customers have had a primary relationship with their primary trade bank for between 3 and 5 years, with 45.3 percent of Institutional customers and 59 percent of SME customers falling into this time bracket. 52.1 percent of corporate trade customers however have only been with their primary trade banker for less than 2 years.

This most recent East & Partners analysis shows that no customer, in any segment has reported an account life of 10 or more years since 2009.

Nevertheless, trade financier relationships appear relatively "safe" for the time being with all three segments being either unlikely to or having definitely no plans to switch from their principal current trade banker.

Amy Nixon, East & Partners' Head of Client Services commented, "The most important key service factors rated by Institutional, Corporate and SME segments are Customer service and the Banks Trade Account Officer. These factors play a substantial role in securing future business and decreasing churn with the banks having improved performance on these key factors and customers at the same time willing to lower expectations as they head cautiously into the future both contributing. The level of secondary trade financier is correspondingly declining as well, although East is expecting engagement of secondary providers likely to return heading into 2012".

"For Corporate and SME businesses Value for Money is the key service factor in Trade Finance whereas Institutional businesses are more concerned with value propositions and delivery around Global Representation, Risk Advice and Management, Professional Competence, and e-Trade Solutions," added Ms Nixon.

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About East & Partners' Australian Trade Finance Markets report

Six monthly research sweep across the Top 500 institutional (annual turnover A\$530+ million), corporate (A\$20-530 million annual turnover) and SME (A\$5 to 20 million annual turnover) markets with approximately 1,150 interviewed enterprises.

Market analytics include market share, share of wallet, product penetration, export/import regions, supplier share of mind and life of service relationship metrics. Customer analytics including bank-by-bank satisfaction performance on key TF related factors, buying and churn behaviour.

Market Segments:

- Institutional – A\$530 million plus
- Corporate – A\$20-530 million
- SME – A\$1-20 million

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