

## Decline in primary FX provider wallet share continues

(25 November 2011 – Australia) Leading industry consultants East & Partners' latest research into the business foreign exchange market shows a continued decline in primary provider wallet share and an increase in FX products being banked away among the sub A\$20 million annual turnover segment.

Over the last 12 months since October 2010 there has been steady reduction in the proportion of a customer's wallet being given to their primary FX bank. East's latest research shows that on average, for every \$100 in FX transacting a SME customer has in their wallet, only 35.9 percent of that is going to the bank they nominate as their primary provider. Among Micro businesses the percentage is slightly lower still, with only 35.4 percent of a customer's potential spend going to their main bank. This ratio in the middle business markets is a further declining 26.9 percent. One exception to these overall trends is CBA whose wallet share performance is trending upward, against the market.

Driving this decrease in primary provider wallet share is the banking away of FX transactions by customers. In the SME segment there has been an uptake of 2.7 percent over a 12 month period, with 78 percent now reporting the use of a secondary provider for FX products.

Amy Nixon, East & Partners' Head of Client Services commented "Specialist providers such as Western Union and other FX boutiques are continuing to grow relationship share at the expense of the Big 4 and regionals but these impacts are confined to the SME and Micro segments."

"There is also a notable disconnect between Customer Satisfaction with FX products in the SME segment and growing Market Share traction. It is now seen as a necessary investment to be around market average for Customer Satisfaction to ensure detractor rates are low but excessive investment in this area is no longer delivering major returns. The bigger driver in Customer Acquisition leading to growth in both Wallet Share and Market Share is now share of the customer's mind in FX," Ms Nixon added.

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## About East & Partners' Australian Business Foreign Exchange Markets report

This ongoing six-monthly market monitor provides benchmarks against which FX providers can measure the success of their service proposition. This standalone report addresses the FX markets across the Micro, SME and Lower Corporate segments.

The program monitors product engagement, performance and behaviours across these core markets, and provides market share and wallet share being achieved by individual providers against market-wide performance.

Note: Market Segments:

- Lower Corporate – A\$20-100 million
- SME – A\$5-20 million
- Micro – A\$1-5 million

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