

Increasing concentration in transaction banking markets

(21 December 2011 – Australia) The past three years have seen an increase in the average primary supplier's share of account wallet across the Institutional market accompanying a declining use of secondary providers, new research from East & Partners' latest Institutional Transaction Banking Markets report has shown.

Across the seven product silos measured by East's research program, primary supplier share of account wallet has risen in six, the single exception being Cross Border Payments, where secondary providers have grown share.

Average wallet share for Cross Border Payments has decreased from 83.1 percent in 2008 to 71.2 percent in 2011. This parallels similar trends East has quantified in other transaction banking market segments - an increasing occurrence of banked-away FX and Cross Border products.

Institutional customers are banking upwards of 92 percent of their wallet in Account Services and Cash Management and more than 95 percent in Payment Processing, Remittance Processing, Internet Banking and Desktop Banking with their primary bank. These percentages have all risen by at least two and in some cases by over 7 percent during the last three years.

Average Primary Supplier's Share of Account Wallet

	Average % of Business per Primary Relationship	
	May 11 (N: 441)	Nov 11 (N: 442)
Account Services & Cash Management	90.1	92.2
Payment Processing	97.4	97.8
Remittance Processing	98.8	99.1
Internet Banking	94.9	95.6
Desktop Banking (formerly Integrated e-Banking)	99.7	99.8
Cross Border Payments	73.6	71.2
Full Service International Transaction Banking	82.4	83.3

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East & Partners' Head of Client Services Amy Nixon commented, "There is a growing trend establishing throughout the Institutional Banking market that demonstrates when credit tightens and the market environment is volatile the influence of the Primary Bank becomes stronger."

"This trend has seen many businesses reduce their engagement with their secondary banks as a way to increase their leverage with their Primary Bank and respond to credit access messaging from their core banks" Ms Nixon added.

About East & Partners' Australian Institutional Transaction Banking Markets report

A six monthly analysis of the Top 500 Australian Institutions presenting detailed market share, brand recognition, share of mind and customer satisfaction ratings across:

- Account Services and Cash Management
- Payment Processing
- Remittance Processing
- Internet Banking
- Desktop Banking
- Cross Border Payments
- Full Service International TB

In addition, 27 service and relationship attributes are rated by Institutional customers, bank-by-bank. The Institutional market in East & Partners' segmentation bottoms at enterprises with annual turnovers of AUD\$530 million.

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