

Asian customers want more from their banks

(14 January 2013 – Asia) Asia’s banks need to lift service levels to their institutional customers or face an increasing risk of losing them, according to the latest research from industry specialists East & Partners.

East’s twice yearly Asian Institutional Transaction Banking Markets report surveys 1000 of Asia’s top corporate across ten Asian banking markets.

The most recent survey, executed in November 2012, shows that Asian customers are showing an increasing readiness to switch banks, with 42.1 percent saying a change in their primary transaction banker was either definite, highly probable or possible over the next six months. This figure rose from 37.9 percent in the previous research from May 2012.

The survey also highlights the increasing importance of key service attributes such as understanding a customer’s business and understanding a customer’s industry.

A total of 26.7 percent of respondents nominated one of those two attributes as the single most important initiative their bankers can implement to improve the quality of their service.

The importance and satisfaction ratings on these criteria also showed a significant gap between their high importance to customers, and customers’ satisfaction with how the primary banks are delivering.

The increasing importance of these customer-centric attributes contrasts with the declining importance to customers of more relaxed debt covenants and security requirements, although this is still ranked as the most important attribute nominated by 59.3 percent, is down from 62.2 in the previous survey.

East’s Head of Market Analysis Lachlan Colquhoun said the results illustrated the changing momentum in the bank-customer relationship since the Global Financial Crisis.

“The survey shows an increased confidence from institutional bank customers and an impatience with banks which do not deliver on important criteria,” said Colquhoun.

“This contrasts with several years ago, when customers were under financial pressure and needed their banks to relax debt covenants and security requirements.”

“The balance of power has moved in favour of customers as economic conditions have improved.”

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Single Most Important Transaction Banker Initiatives to Improve Quality of Service

	% of Total Responses	
	May 2012 (N: 933)	Nov 2012 (N: 931)
Relaxed debt covenants / security requirements	62.2	59.3
Closer Understanding of Customer's Business	15.9	16.6
Improved Understanding of Customer's Industry	9.6	10.1
Same Day Credit Availability	3.5	3.9
Reduction of Bank Fees / Charges	1.6	3.3
Enhance Electronic Systems Delivery	2.2	2.4
Improved Account Aggregation Options	1.8	2.2
More Proactive in Dealings	1.6	1.4
Improved Local Branch Network Coverage	0.8	0.4
Response Time on Queries	0.8	0.4
Other	—	—
None	—	—
TOTAL	100.0	100.0

Source: Asian Institutional Transaction Banking Markets Report – November 2012

About East & Partners' Asian Institutional Transaction report

East & Partners' Asian Institutional Transaction Banking Markets report examines market share and bank-by-bank customer satisfaction performance across key transaction banking products, service and relationship attributes in Asia's transaction banking markets. Mind Share and Customer Churn are also reported in what is now a ten year old analysis service. The twice yearly report is based on direct interviews with the Top 1,000 institutions in ten Asian countries excluding Japan.

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