

## Big Four are Small in Advisory

(3 June 2013 – Australia) Australia’s Big Four banks might dominate transaction banking services for Australia’s top 500 institutions, but when it comes to corporate advisory services they continue to be eclipsed by investment banks.

The latest research from East & Partners’ Institutional Banking Markets reveals that the Big Four of NAB, CBA, Westpac and ANZ have a combined market share of only 6.4 percent of corporate advisory relationships with Australia’s top 500 institutions, while the four leading tier 1 investment banks have a dominating 65.3 percent market share. Tier 1 investment banks comprise UBS, JP Morgan, Citigroup and Macquarie.

East’s research also measures Mind Share, a crucial metric which reveals which banks are at the forefront of a client’s thinking for various services. Mind Share for corporate advisory services is also heavily weighted in favour of the investment banks, which are the first banks recognised for these services by 65.2 percent of the Top 500.

Mind Share has proven to be the leading indicator of market share and the figures for corporate advisory services are no exception, with East’s primary market share figures for corporate advisory services mirroring that of Mind Share with only a slight variance.

Lachlan Colquhoun, Head of Markets Analysis at East & Partners, said the research findings continued a historical market trend, but were a major challenge to the Australian Big Four as they sought to grow their businesses and deepen their relationships with their largest customers.

“It begs the question - what does this mean for commercial banks increasingly looking to play in product arenas traditionally the preserve of investment banks, and what advantage do they have in their capacity to leverage balance sheets and their ability to win advisory mandates?” said Colquhoun.

### Mind Share and Market Share of Corporate Advisory Services

	% of Total	
	Mind Share (N:447)	Market Share (N: 437)
Big 4	6.5	6.4
Investment Banks	65.2	65.3
Consultancy	5.6	6.4
Other	22.7	21.9
TOTAL	100.0	100.0

Source: East & Partners Australian Institutional Banking Markets Program – April 2013

#### East & Partners Pty Ltd

Level 39, 2 Park St Sydney NSW 2000 Australia

phone: +61 2 9004 7848 fax: +61 2 9004 7070

www.east.com.au

ABN: 23 151 025 599

“The message from our research is that the Top 500 views the Big Four as good for transaction banking and lending, but certainly not for corporate advisory.”

“Do the Big Four want to play in this space? A major push in banking at the top level is to cross sell products and services but it seems that the Big Four are starting from a long way back when it comes to advisory services.”

“The fact that the Big Four have the same market share in this space as consultancies underlines how underweight they are in this area.”

### **About East & Partners’ Australian Institutional Banking Markets Program**

East & Partners’ Institutional Banking Markets report is a six-monthly research service delivering market share, wallet share, customer satisfaction, mind share, customer engagement and churn analysis for banking products among institutional enterprises turning over A\$530 million plus per annum. The report is based on direct interviews with the top 500 businesses in Australia.

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For more information or for further interview based insights from East & Partners, please contact:

Sian Dowling  
Marcomms & Client Services  
East & Partners  
t: 02 9004 7848  
m: 0420 583 553  
e: [sian.d@east.com.au](mailto:sian.d@east.com.au)