

DBS and Bank of China well placed in Asian banking

(8 October 2013 – Asia) Singapore's DBS and mainland Chinese group the Bank of China are well placed to add to their transaction banking business among Asia's Top 1,000 corporates, according to industry analysts East & Partners.

East presented its findings at the regular six monthly Open Market Briefings in Hong Kong and Singapore this week, revealing research which showed good traction for both DBS and the BOC in the region.

The research came from Asia's bi-annual Asian Transaction Banking Markets program, which interviews the Top 1,000 corporations by revenue across ten Asian market (ex-Japan).

DBS, for example, now has just under 10 percent of the primary transaction banking relationships across the ten markets and has been incrementally building market share.

While the "Big Three" of Standard Chartered, HSBC and Citi together hold 52.6 percent of primary relationships, DBS is building momentum to challenge third-ranked Citi.

DBS's satisfaction ratings among the Top 1,000 have been rising steadily, and it is now best of breed in the key area of liquidity management.

BOC, meanwhile, has built a primary market share of around 7 percent, but also enjoys just under 10 percent of secondary relationships, an area which is becoming more important.

East presented research which showed that secondary transaction banking providers in Asia continue to win an increased share of the customer's wallet as corporate's multi-bank.

In 2008, for example, average secondary wallet share was 11 percent, but that has increased to 23 percent in East's most recent research round in May.

At the same time, average wallet share for primary providers has fallen from around 80 percent to 57 percent over the same period.

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Lachlan Colquhoun, Head of Markets Analysis at East & Partners, said the market was moving into a period of opportunity for banks to win new transaction banking business.

“Our research shows that churn – the intention to change provider – is also on the rise, with 18.8 percent of the Top 1,000 indicating they will definitely or probably change their primary bank in the next six months,” said Colquhoun.

“Even if you take the corporates who tell us they will definitely change, that still equates to 60 of the region’s top corporates changing banks in six months.

“Both DBS and the BOC have good momentum in building their transaction banking franchises, and we see them as well placed to capitalise on any market changes.”

Sources:

East & Partners Asian Transaction Banking Markets report
East & Partners Asian Trade Finance Markets report
East & Partners Asian Business Foreign Exchange report
East & Partners Asia Wealth Index

Business Depositor Segments:

- › Institutional – US\$ 725 million plus
- › Corporate – US\$20-725 million
- › SME – US\$5-20 million
- › Micro – US\$1-5 million

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