

Media Release

Transaction Banking in Asia: Is the 'Foot in the Door' Approach Working?

(10 February 2013 – Asia) Transaction banking market share is becoming exceedingly difficult to gain and even more difficult to defend in Asia, latest results from East & Partners Asian Transaction Banking report reveals.

According to CFO's and treasurers of Asia's top 1000 enterprises by revenue across 10 countries (excluding Japan) the 'Big Three' including Citigroup, HSBC and Standard Chartered cumulatively represent over half of all institutional primary transaction banking relationships.

Over a quarter of primary market share is attributed to locally based banks such as Bank of China, DBS, OCBC and UOB.

One in five enterprises allocate their transaction banking business to international banks such as ANZ, Deutsche and JPMorgan.

With a growing number of customers considering switching banks in the next six months, the focus remains which strategy will deliver immediate results.

One approach favoured by the major challengers to the Big Three is to get a 'foot in the door' as a secondary provider of transaction banking products and services. Asian banks in particular have increased their overall secondary market share from 23 percent to 28 percent since 2009.

Transaction Banking Market Share

% of Total

	2009		2013	
	Primary	Secondary	Primary	Secondary
Big Three	53.6	33.9	51.8	39.1
Asian Banks	26.1	23.0	26.0	28.0
International Banks	18.7	21.3	21.4	21.5
Other	1.6	15.2	0.8	8.5
None	—	6.6	—	3.0
TOTAL	100.0	100.0	100.0	100.0

Source: East & Partners Asian Transaction Banking Report – November 2013

The Big Three are not standing still by any means, increasing their combined secondary market share from 33.9 percent to 39.1 percent in the last four years.

A clear trend of consolidation among the Big Three and local Asian banks is evident, increasing secondary market share at the expense of “other” smaller banks. It is also important to note the number of businesses that do not have a secondary transaction banking relationship has halved as more corporates spread their transaction banking wallet across multiple providers.

Satisfaction ratings collected across 36 separate product and service attributes reveal which banks most effectively deliver upon customer expectations, significantly influencing customer retention.

New customer acquisition however is derived from how well banks can position themselves as ‘front of mind’ in the eyes of the market broadly.

Senior Markets Analyst Martin Smith comments “The relationship between high customer satisfaction and wallet share is well known, but the correlation between higher mind share and new customer acquisition is even stronger”

“Value for money is the primary driver of customers looking beyond their primary transaction banking relationship. Banks that can secure some transaction banking services from their competitors in a secondary capacity are well placed to improve primary market share”

About the East & Partners Asian Transaction Banking Report

The Asian Institutional Transaction Banking report analyses the Top 1000 institutions by revenue across Asia’s ten largest markets, excluding Japan. 36 separate service and relationship attributes are ranked by Importance and Satisfaction to reveal the ultimate drivers of Customer Churn and Mind Share accumulation. The report delivers a detailed view of market and wallet share across primary and secondary transactional banking relationships. Understanding customers’ growth aspirations and technological innovation are captured by e-banking, Cash Management, Trade Finance and Short Term Debt metrics, enabling the identification of detailed banking relationship, service and product standards across the region.

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