

Media Release

Competition puts banking relationships under pressure

(21 July 2014 – Asia) Intensified competition in Asia’s transactional banking markets has driven a significant decline in wallet share for Primary Banks and a corresponding climb in wallet share for Secondary Banks.

The findings were presented at East & Partners’ regular Asia Open Markets Briefings in Singapore and Hong Kong this week as the banking analyst firm showcased its research programs in Asia to the regional financial community.

The briefing heard research from East’s long-running Asia Institutional Transaction Banking Markets (ATB) program, which showed that wallet share for Primary Transaction Banking providers had fallen from a market average of 80 percent in 2004 to 50 percent by 2014.

At the same time, wallet share for Secondary Transaction Banking providers had climbed from 11 percent to 32 percent.

In more recent times, primary wallet share for the regional “Big Three” of HSBC, Citi and Standard Chartered had fallen from around 75 percent in 2010 to 62 percent by 2014, as secondary wallet share has increased from 18 to 23 percent.

Underlining the trend for Institutional businesses to “multi-bank,” the percentage having no secondary transaction banking relationships has fallen from around 8 percent in 2010 to 3 percent today.

Lachlan Colquhoun, Head of Markets Analysis at East & Partners, said the data suggested that competition between banks for Asian institutional customers had tipped the balance of power back in favour of the customer.

“There’s clear evidence that Asia’s largest businesses are spreading their wallets across more banking providers, and primary relationships are no longer as prominent as they once were,” said Colquhoun.

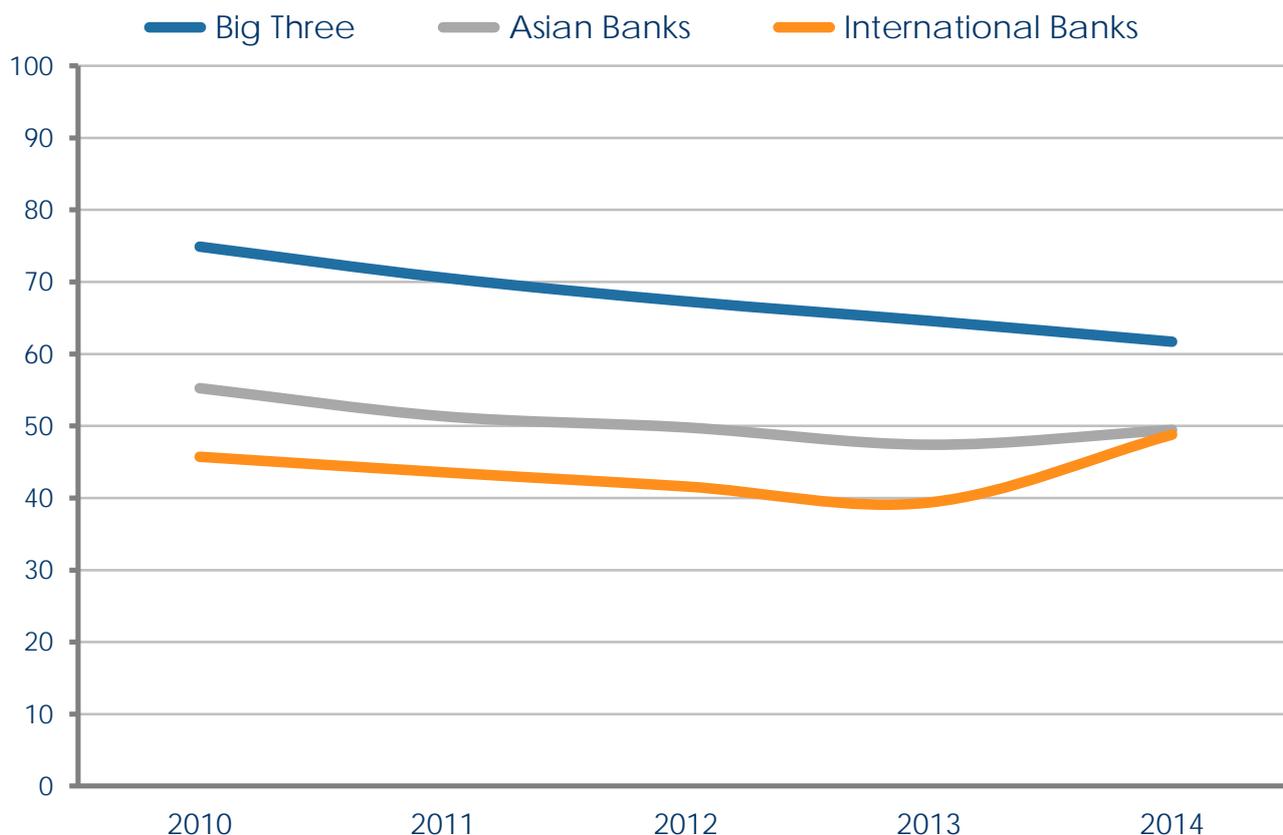
“Instead, the largest Asian businesses are taking advantage of the competition by increasingly multi-banking, and that is also mitigating their banking provider risk.

“The trend has such momentum at this point that I believe regional transaction banking is entering a new phase.”

The ATB program interviews Asia’s largest 1000 institutional businesses by revenue in 10 Asian markets – ex-Japan – twice each year.

At the ATB interviews, the organisation’s chief financial officer or corporate treasurer is asked to nominate a primary and secondary relationship bank, and to calculate the percentage of their transactional banking business – or wallet share – they spend with each.

Average % of Transaction Banking Spend Allocated to Primary Bank



Source: East & Partners Asian Institutional Transaction Banking Markets Program

About the East & Partners Asia Open Markets Briefings

East & Partners Asia Open Markets Briefing sessions in Singapore and Hong Kong highlight key market movements in the business banking landscape based on the firm's comprehensive market research programs across the Asia Pacific.

Attended by representatives from over 60 different local and international banks, financial service institutions, and a number of local and international media houses, East & Partners' Asia Open Markets Briefings are fast becoming a feature of the financial calendar. Additional Open Markets Briefing locations include Sydney, Australia.

For more information or for further interview based insights from East & Partners Asia Open Markets Briefing please contact:

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