

## Media Release

## Trade Finance – What do Corporates Really Want?

(4 May 2015 – Australia) As Australian corporates step up their push into offshore markets, supporting their trade finance needs has never been more important according to new research by banking analysts East & Partners (E&P).

Rising regional trade flows have placed key export and import destinations, supply chain management initiatives, e-Trade solutions and payment efficiency firmly in the spotlight.

“Through the application of technology, trade finance is moving away from traditional Letters of Credit (LCs) and standalone buyer and seller relationships towards faster, more efficient payment platforms and services” said E&P Head of Markets Analysis, Martin Smith.

“Documentation outsourcing, open account financing and even Bank Payment Obligation (BPO) usage is driven by customer’s stated need for a broader business banking relationship, incorporating the full range of transactional and business FX functions.”

National survey results from 1,849 actively importing and exporting enterprises for E&P’s Trade Finance program displays which banks are securing more trade customers, increasing wallet share and winning the race to be ‘front of mind’. The program also tracks revenue pools and fluctuating trade profiles of Australian enterprises.

E&P estimates export trade loan revenue declined from A\$6,964 million in 2012 to A\$6,043 million in 2014, with fees and transaction charges steady at A\$378 million per annum.

The number of dedicated ‘export only’ enterprises has correspondingly declined over the last five years, yet the first hint of a turnaround has emerged with a break in the downward trend.

In 2009, one in two CFOs in the institutional segment identified their business as both importing and exporting goods and services. The remaining half split evenly across ‘importers only’ (25.5 percent) and ‘exporters only’ (25.2 percent).

The proportion of the Top 500 Australian enterprises by revenue that are both importing and exporting remained close to 50 percent over the last six years, yet the number of ‘export only’ firms steadily fell to a low of 16.9 percent in 2014. As of 2015, a marginally higher 17.2 percent of the institutional segment ‘exports only’ against 35.7 percent who ‘import only’.

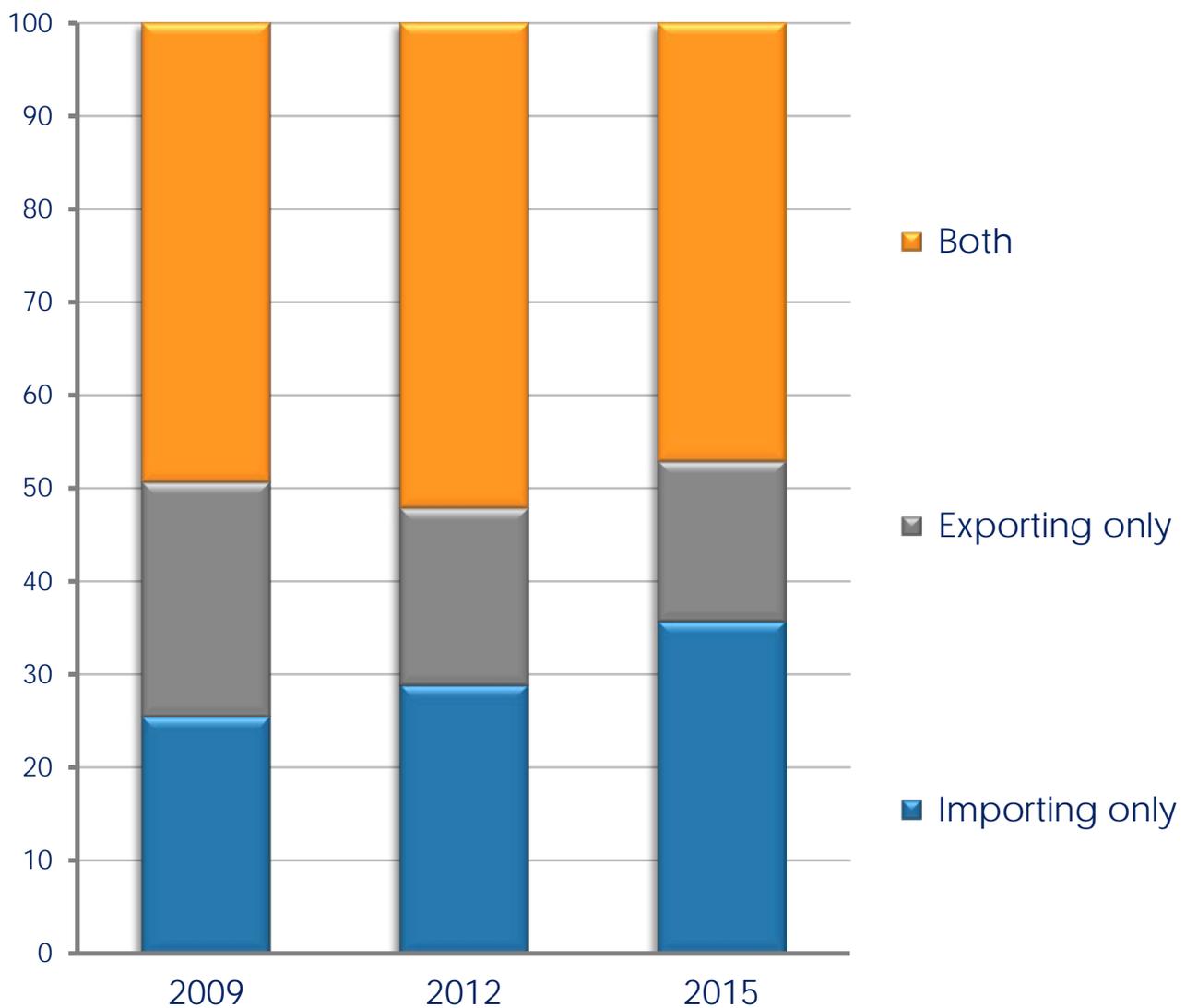
The percentage of 'export only' Corporates and SMEs has more than halved over the same time period.

"China is now the key export and import destination for businesses of all sizes, out ranking New Zealand, the US and India. Businesses continue to turn to friends or colleagues for trade finance advice in the absence of a knowledgeable trade account officer.

"Given major barriers to accessing or growing offshore demand such as the high Australian Dollar and trade restrictions are quickly subsiding, the positive upswing in 'export only' trade orientation will no doubt result in greater competitor pitching which is already at an elevated level" said Smith.

### Import / Export Trade Profile – Institutional Segment

% of Total



Source: East & Partners Trade Finance Program

## About the East & Partners Trade Finance Program

East & Partners Trade Finance Markets program is the only comprehensive research program providing data and insights across Institutional, Corporate and SME business segments.

Trade Finance presents an increasingly competitive and important product area. Satisfied trade finance customers are traditionally more loyal to their banking relationships, and trade is often the cornerstone of cross sell for a range of other products across transaction and corporate banking. Strong trade finance relationships underpin wallet share development and product penetration across the full suite of business banking products.

Released in February and August each year since 2004, survey results are generated from direct interviews with a national, structured sample of +/-1,850 exporters and importers presenting Bank Market Share, Competitive Positioning, Wallet Share, Mind Share, Market Drivers and Futures, Customer Satisfaction and Service Factor Importance.

Business Segments:

- › Institutional – A\$725 million plus
- › Corporate – A\$20-725 million
- › SME – A\$5-20 million

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