

Media Release

Trust in short supply as Top 3 dominates Trade Services in Asia

(6 March 2017 – Singapore) A staggering 75 percent of Corporates in Asia say that when it comes to Advice, they would use referrals or personal networks over their own bankers, the latest research from banking analysts East & Partners Asia (E&P) has found.

The Asian Institutional Trade Finance Program (ATF), which monitors demand in the top 1,000 Corporates for Trade Finance, Engagements, Products and Relationships across ten countries in Asia (outside Japan), also found that over one in three Corporates intend on switching banks within the next six months - a result of a declining number of Corporates who seek advice from their current bankers.

Corporates would rather seek advice from referrals; customer/supplier network and even, at times, their current bank's competitor than rely on their current bankers, illustrating the lack of reliance and dependability upon the knowledge provided by their banks. Apart from this erosion of trust, this trend signifies little headway made by banks to leverage their own advisory services.

The results of the market analysis showed HSBC's dominance in Trade Services and share of mind and a stellar performance in the areas of market share, wallet share across both Transactional banking and Trade Finance.

Between 2014 and 2017, average primary wallet share for the Top 4 banks has on average dropped by 3.75 percent. However research shows that international banks are gaining ground in share of wallet over domestic banks in Singapore and Hong Kong, which took the hardest hit. HSBC emerged, together with Citigroup and Standard Chartered, as the dominant providers with the highest wallet share across all banks.

The number one transaction bank, for combined primary and secondary share continues to be Standard Chartered, with Citigroup at number two and HSBC rounding out the top three. Although Standard Chartered is ranked at number one in "transaction banking" and considers itself the market leader in trade finance, the research shows that, in fact, its clear lead in share of mind, has lead HSBC to having the highest overall combined primary and secondary share for trade finance services.

On the other hand, the research shows ANZ experienced the greatest downturn in their trade finance services. The domestic banks in Singapore and Hong Kong (DBS, Hang Seng, OCBC and UOB) are under pressure along with JP Morgan and Deutsche Bank having lost both primary and secondary Transaction bank market share.

“Pricing aside, to win trade customers, banks need to invest in Knowledgeable Relationship Managers and offer competitive Trade Loan Facilities and Conditions,” said Amit Alok, Asia Business Head at East & Partners.

Market satisfaction has improved marginally overall but the three service factors where banks still have work to do, according to the research results, are Value for Money, Trade Credit Process and Full Supply Chain Financing.

“These are consistent with increased competition as evidenced by increased pitching activity by the banks and raised expectations in the market as new technology and ‘Disruptors’ such as Non-Banking Financial Institutions (NBFIs) and Fintechs enter the market,” he said.

About East & Partners Asian Trade Finance Markets Research Program

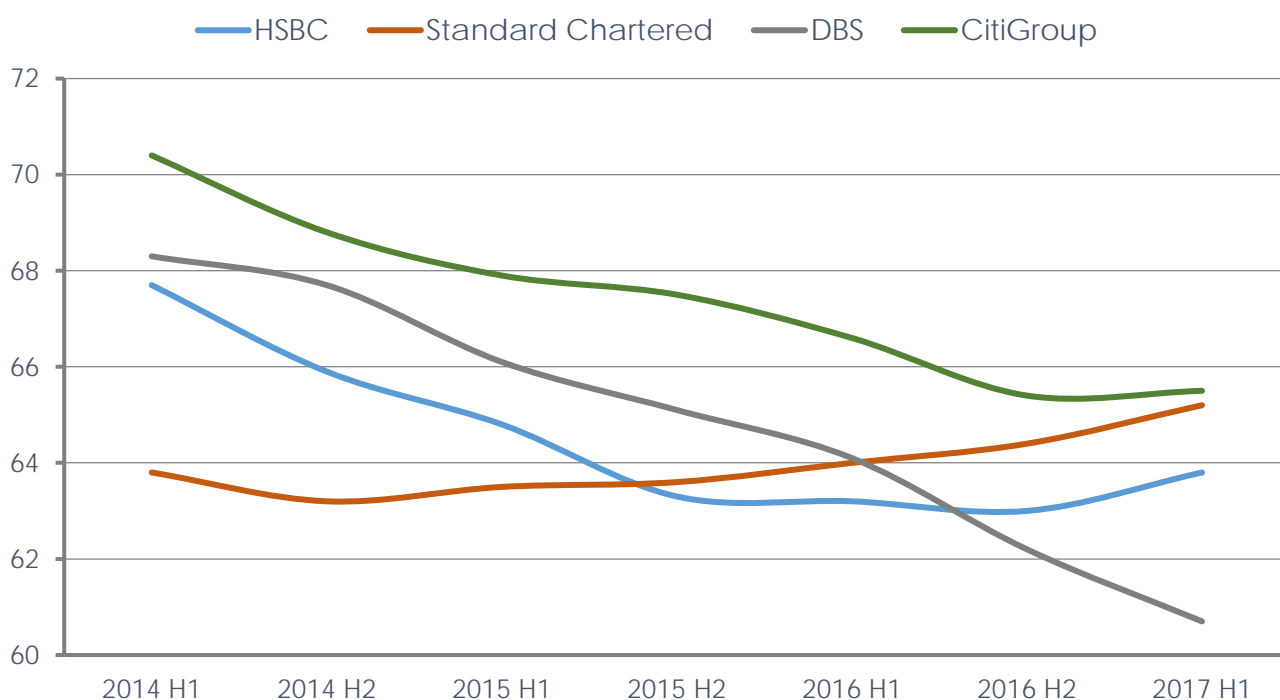
East & Partners Asian Trade Finance Markets Research Program monitors demand for Trade Finance, Engagement, Products and Relationships, in the Top 1000 Corporates in 10 countries across Asia, covering the markets of China, Taiwan, Hong Kong, Singapore, Malaysia, Thailand, Philippines, Indonesia, India and South Korea.

The survey conducts these interviews with Corporates twice annually and delivers detailed data analysis including:

- Trade Finance customer demographics and relationship positioning
- Bank market share and competitive positioning
- Service factor importance and customer satisfaction
- Mind Share, Market drivers and futures

Primary Wallet Share

Average % Share of Business Per Own Customer



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