

**Media Release**

## **Still getting tougher in the Asian Corporate Transaction Banking Market...**

(Sydney – 26<sup>th</sup> May 2003) The latest round of survey in the “Asian Corporate Transaction and e-Banking Markets” shows usefulness of the Transaction Bank’s website is again rated as one of the least important service Transaction Banks provide to their Asian corporate customers, irrespective of how well or poorly the service is being delivered. One of the worst performing service factors across the market as a whole has been quality of contact with senior bank management. Corporates in the region want direct, personalised service delivery and relationship management. Transaction bankers who are adamant about moving toward more indirect models of customer engagement need to understand that while this model of indirect engagement may work effectively with customers in other geographies, it is not preferred by corporate customers in Asia.

The survey also finds that while banks’ initiatives in developing indirect channels such as electronic delivery are not highly valued by clients, banks are also falling behind in areas of face-to-face relationship factors such as “Quality and Frequency of Contact with Senior Bankers” where clients want better performance. Notably, given the strong shifts to back office centralisation in transaction banking generally, local branch network coverage remains a key, albeit diminishing area of performance improvement for banks in the eyes of CFOs, who continue to demand direct, authority-based contact.

Commenting on the report, East & Partners’ principal analyst Paul Dowling said “The report shows that Corporates in Asia want direct, personalised service delivery and relationship management as well as the efficiency of electronic delivery, but the banks are only focussing on one side of the equation, which is the more indirect model of customer engagement. They do this at their peril.”

“Importantly, this is being directly reflected in accelerating account churn, with several players having to run very hard in new account acquisition just to stand still.”

The following table depicts the most and the least important service attributes in Asian Transaction Banking relationships, and where Transaction Banks overall perform the best and the poorest.

- Three most important service factors in Transaction Banking Relationships
  - Quality of Transaction Execution
  - Quality of Overall Service Delivery
  - Response times on Queries
- Three least important service factors in Transaction Banking Relationships
  - Usefulness of Transaction Bank's Website
  - Credit Rating of the Transaction Bank
  - Reputation/Name of the Transaction Bank
- Overall, Transaction Banks received the best ratings in:
  - Credit Rating of Bank
  - Reputation/Name of Bank
  - Quality of Transaction Execution
- Overall, Transaction Banks received the worst ratings in:
  - Quality of Contact with Senior Bank Management
  - Frequency of Contact with Senior Bank Management
  - Effectiveness of Problem Resolution

In this latest six monthly survey for the Asian Corporate Transaction and e-Banking report, East interviewed 846 Chief Financial Officers or equivalents at Asia's Top 900 Corporates (as defined by sales turnover) spread evenly through nine countries: China, Hong Kong, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

The report is a study of customer satisfaction and demand levels in 27 most important service attributes as rated by the Corporates, and provides key information on market share among banks.

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