



Media Release

Banks failing their business customers

(10 August 2006 – Australia) Despite the rhetoric over the past 18 months, East & Partners' inaugural Business Banking Sentiment Index shows Australia's banks are still failing business banking customers, a fact illustrated by decreasing customer satisfaction and sentiment scores.

East's Business Banking Sentiment Index, a monthly monitor of businesses turning over between A\$1 and 100 million, reveals that these businesses are generally unhappy with the service they are receiving, awarding the banking sector as a whole a Sentiment Score of just 44.3 out of 100.

The Sentiment Score is an aggregated score of four different measures of customer sentiment – Empathy, Satisfaction, Loyalty and Advocacy.

St George Bank received the highest Sentiment Score of 54.5 percent from business customers, followed by Bank of Queensland with 49.5 percent, and HSBC with 47.9 percent. (NB: The Sentiment Score is a rating out of 100; it is not a response to a Yes/No question.)

Of the “Big Four” banks, National Australia Bank received the highest Sentiment Score with 45.5 percent, followed by ANZ with 44.6 percent, Commonwealth Bank with 43.0 percent, and Westpac with 41.2 percent.

The Index, which segments the overall business banking market into Micro Businesses (\$1 to 5 million turnover), SMEs (\$5 to 20 million) and Lower Commercial companies (\$20 to 100 million), found that Micro Businesses are the least happy; awarding banks a Sentiment Score of just 35.9 percent.

SMEs gave business banks a Score of just 40.3 percent, whilst Commercial companies were more positive towards their banks, awarding a Score of 58.9 percent.

Businesses in Queensland felt most positive towards banks (50.2 percent), followed by Victoria (46.7 percent, whilst NSW customers felt significantly less positive (39.1 percent).

“It's clear from the findings in this inaugural release that despite the focus on business customers over the past 12 to 18 months, these customers are far from happy with their banks,” East & Partners' senior consultant Paul Bartholomew said.

“Micro Businesses feel particularly jaundiced towards their banks, giving them a Sentiment Score of just 35.9 percent and banks don't fare much better in the SME segment, receiving a score of 40.3 percent.

“Notwithstanding the recruitment and deployment of hundreds of business bankers and the purported focus on relationship banking small business customers, the connection between bank and customer appears quite tenuous judging by these measures.

“There’s plenty of work going into acquiring new business customers at the moment, but less in keeping existing ones happy it would appear.

“Whilst there’s variance in the results of individual banks, the scores are generally very low with St George the only bank to receive a score of more than 50 percent from business customers.

“Only St George and ANZ improved their Sentiment Score in July whilst CBA, NAB and Westpac all slipped since the June Index.”

Business Banking Sentiment Score by Bank

10 (low) to 100 (high)

Bank	June 2006	July 2006
ANZ	44.4	44.6
BankWest	43.1	41.3
BoQ	48.3	49.5
CBA	45.6	43.0
Citi	41.4	39.3
HSBC	46.2	47.9
NAB	45.9	45.5
SgB	53.7	54.5
Suncorp	45.5	41.8
WPAC	41.4	41.2
Other	48.8	47.1
OVERALL	45.0	44.3

Business Banking Sentiment Score by Enterprise Segment

10 (low) to 100 (high)

Segment	June 2006	July 2006
Micro Business	37.4	35.9
SME	41.5	40.3
Lower Commercial	58.0	58.9
OVERALL	45.0	44.3

Business Banking Sentiment Score by State

10 (low) to 100 (high)

State	Jun 2006	Jul 2006
NSW	40.5	39.1
VIC	46.7	46.7
QLD	50.2	50.2
Other	50.5	49.7
OVERALL	45.0	44.3

About East & Partners' Business Banking Sentiment Index

The East & Partners Business Banking Sentiment Index is a monthly survey of business customer sentiment towards banks, providing a monitor of customer satisfaction, loyalty, advocacy and empathy towards business banks. Each month East & Partners' research team will conduct telephone interviews with a sample of 500 businesses nationally, turning over A\$1 to 100 million per annum, comprising:

- Micro Business 175 (\$1-5m turnover enterprises)
- SME 175 (\$5-20m turnover enterprises)
- Lower Commercial 150 (\$20-100m turnover enterprises)

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