

## Colleagues seen as main source of Trade Finance advice

(15 October 2012 – Australia) Large institutional clients are increasingly using Word of Mouth and Colleague Referrals as their major source of advice on Trade Finance, according to new research from leading industry consultants East & Partners.

While the SME sector, and to a lesser extent the Corporate segment, have always been heavily dependent on their peer group for advice and guidance it is only over the last few years that those in the Institutional sector have also begun to look to their colleagues for direction.

East's research shows that this shift among Institutionals began to take place in early 2009. Prior to that, Competitor Banks were seen as the major source of advice with Customers/Suppliers coming in a distant second and Word of Mouth in third place. Even though Institutionals relied heavily on Competitor Banks, advice from peers was still the largest influencing factor across the other two segments.

In the most recent research, Current Relationship Banker was placed in the bottom two for each segment with only 5.5 percent of Institutional respondents, 4 percent Corporate respondents and 0.5 percent of SME respondents nominating it as a main source of advice for their Trade Finance needs.

### **Main Sources of Advice for Trade Finance Customers – 2012**

	% of Respondents		
	Institutional	Corporate	SME
Word of Mouth / Colleague Referrals	74.1	91.3	93.0
Customers / Suppliers	65.8	79.1	88.7
Competitor Banks	42.1	15.3	2.3

	% Change Since 2009		
	Institutional	Corporate	SME
Word of Mouth / Colleague Referrals	45.6	19.0	9.3
Customers / Suppliers	48.5	30.5	30.4
Competitor Banks	(30.6)	(53.5)	(58.2)

*Source: East & Partners Australian Trade Finance Markets Program*

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Highlights of the Trade Finance Markets report include:

- Market Share and Wallet Share
- Churn Levels and Futures
- Account Manager Satisfaction Ratings with Customers
- Service Importance Ratings
- Product Satisfaction Ratings

Lachlan Colquhoun, East & Partners Head of Markets Analysis commented, “It should be a major concern to the banks that their largest customers, the institutions, are turning away from them for advice.”

“With trade finance increasingly top of mind, it is natural for institutions to discuss the subject with peers, but the report also highlights some slippage in trust between banks and their largest clients which relationship managers should be aware of, and should address,” Mr Colquhoun added.

#### **About East & Partners’ Australian Trade Finance Markets report**

The program is run every six months across the Top 500 Institutional (annual turnover A\$530 plus million), Corporate (A\$20-530 million annual turnover) and SME (A\$5 to 20 million annual turnover) markets with 1,850 directly interviewed enterprises.

Market analytics include market share, share of wallet, product penetration, export/import regions, supplier share of mind and life of service relationship metrics. Customer analytics including bank-by-bank satisfaction performance on key TF related factors, buying and churn behaviour.

Market Segments:

- › Institutional – A\$530 million plus
- › Corporate – A\$20-530 million
- › SME – A\$1-20 million turnover

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