

Show us the liquidity support, smaller businesses tell their trade financiers

(4 November 2013 – Australia) Smaller Australian trading businesses are crying out for more liquidity support and specialist solutions from their trade finance providers and are increasingly prepared to move banks as a result, according to the latest research from industry analysts East & Partners.

East's bi-annual Trade Finance Markets program interviewed 1,858 Australian trading businesses in August, spanning Small and Medium Sized (SME) enterprises with revenues of A\$5-20 million, Corporate businesses turning over A\$20-725 million, and Institutional businesses with A\$725 million or more in annual revenues.

While the larger Institutional segment is well served by their trade financiers with access to structured trade finance solutions and liquidity support, these are not as available to businesses in the smaller segments.

Where 34.6 percent of Institutions say that Liquidity Support is a key driver of their trade finance needs, 70.7 percent of Corporates and 85.7 percent of SME's say liquidity support is a key driver.

Asked to name the single key initiative which would win their trade business, 52.2 percent of Corporates nominate the provision of Open Account Financing, while 17.4 percent cite improved Trade Loan Facilities and conditions.

Among SME's, 39.5 percent say a trade financier with improved Trade Loans and Conditions would win their business, with 27.0 percent nominating Open Account Financing.

This contrasts with larger Institutional businesses, where 36.0 percent say a knowledgeable Trade Finance Officer would help win their trade business.

The research also shows an increase in churn intentions among smaller trading businesses.

34.3 percent of SME's say they are either "very likely" or "possibly" changing their trade financier in the next 12 months, with 30.7 percent of Corporates responding in the same way. Only 23.1 percent of Institutional businesses are pondering a change.

East & Partners Pty Ltd

Level 39, 2 Park St Sydney NSW 2000 Australia

phone: +61 2 9004 7848 fax: +61 2 9004 7070

www.east.com.au

ABN: 23 151 025 599

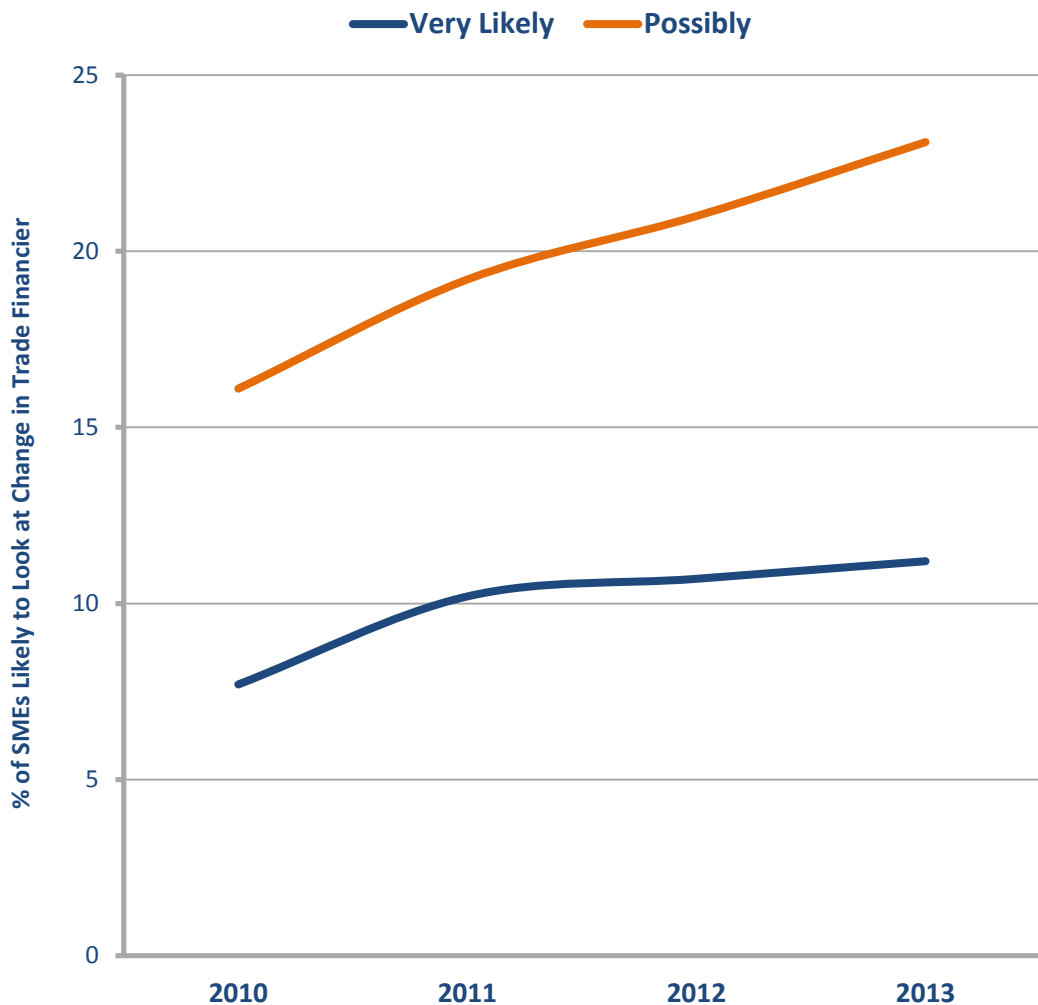
Lachlan Colquhoun, Head of Markets Analysis at East & Partners, said the message from the research was clear.

“Smaller trading businesses want the same access to the same suite of trade finance products as are used by Institutional businesses,” says Colquhoun.

“For one reason or another – be it risk assessment, market focus or simply because of a lack of trade finance specialists – those specialist products are not being used to the same extent by the smaller market segments.

“The result is not just increased churn of trade finance suppliers, but the frustration of trading opportunities at point in time when Australian businesses of all sizes are increasingly looking to engage with offshore suppliers and customers.”

Customer Churn in Trade Finance



Source: East & Partners Trade Finance Markets Program - August 2013

About East & Partners' Australian Trade Finance Markets report

The program is run every six months across the Top 500 Institutional (annual turnover A\$725+ million), Corporate (A\$20-725 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\$725 million plus
- › Corporate – A\$20-725 million
- › SME – A\$1-20 million

For more information or to interview East & Partners, please contact:

Sian Dowling
Marcomms & Client Services
East & Partners
t: 02 9004 7848
m: 0420 583 553
e: sian.d@east.com.au