

NEWS RELEASE

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The retail banking evolution: Battle of the banks hots up as smaller players take on the 'big four'

- ***Bank customer satisfaction high with majority of bank customers unlikely to switch their financial provider in the next 12 months***
- ***Internet banking security concerns remain high, but usage goes on regardless***

Sydney, 30 June 2006: While Australia's 'big four' banks maintain their majority shareholding of the retail banking sector, several smaller banks are gaining ground, enjoying solid growth over the past six months, a report by leading marketing information company ACNielsen has revealed.

The retail banking figures, released today, formed part of ACNielsen's latest bi-annual ***Retail Banking Report*** which surveyed 23,000 consumers on their views and concerns regarding their bank providers.

The survey found that Australia's four largest banks – Commonwealth Bank, Westpac Bank, National Australia Bank and ANZ – commanded a 60 percent share of the Australian retail banking market, however, smaller players such as BankWest, HSBC and Bank of Queensland secured strong growth of up to 22 percent in the six months to May 2006.

"Some of the smaller providers such as BankWest and HSBC have launched new products into the market which offer real points of differentiation," says Glenn Wealands, Director, Financial Services, ACNielsen Australia. "Consumers are starting to recognise these differentiators and we're seeing some great take-up rates

for these new products, particularly around products such as high interest savings accounts and credit cards which are increasingly being driven via online channels.”

Customer satisfaction levels recorded in the survey were up versus the previous six months, with 61 percent rating their banks’ products and services as above average or excellent. Bendigo Bank led the way in customer satisfaction with an 88 percent above average or excellent rating of its products and services, followed by HSBC (84% above average or excellent) and Suncorp (75% above average or excellent).

The majority of respondents (70%) said they were unlikely to switch their financial provider in the next 12 months, however, nearly half (43%) said they were aware of deals offered by other providers and would switch if they felt they were significantly worse off with their current provider.

Looking at the most likely new accounts to be opened in the next 12 months, 14 percent of survey respondents cited intention to take out a home/property loan in the year ahead. An additional 12 percent said they intended to open a high interest savings account and 10 percent planned to open an interest bearing account.

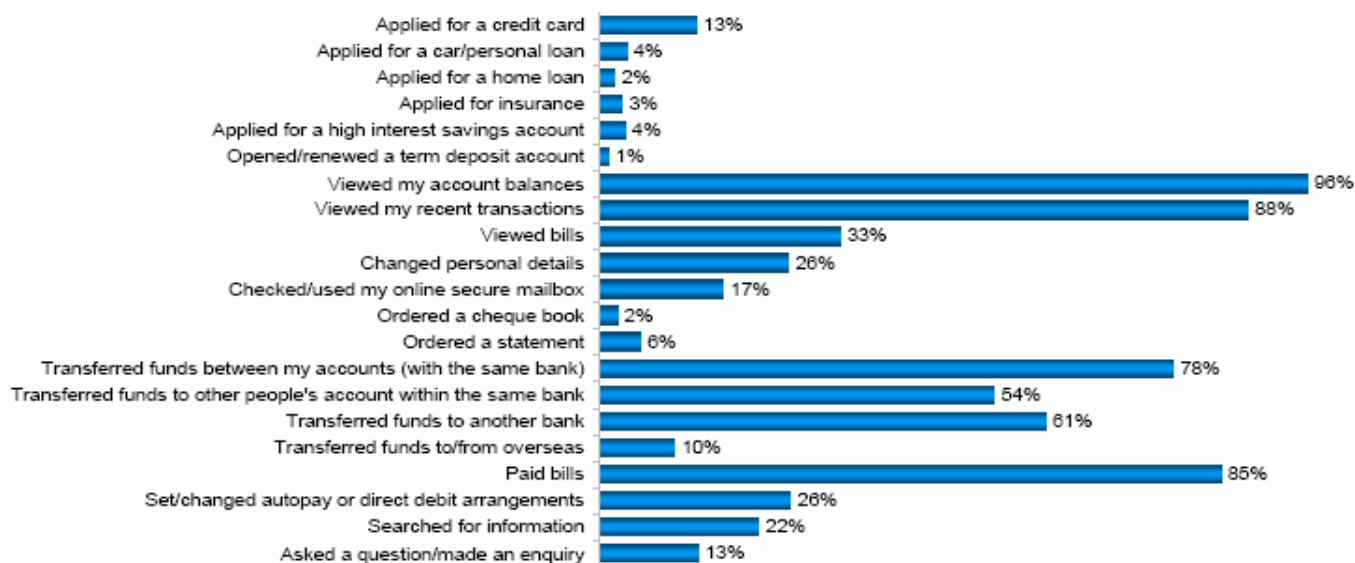
Of those applying for new accounts, the Internet was their most likely first port of call, particularly for high interest savings accounts, credit cards and personal/car loans where the Internet accounted for 65 percent, 54 percent and 34 percent of applications respectively.

The ACNielsen report also revealed that Internet banking had overtaken traditional banking services as the most commonly used every day banking service. Almost half of all customers surveyed (47%) said they logged on to their Internet banking accounts several times a week and the most common online transactions included viewing account balances, viewing recent transactions, and paying bills (see Chart 1).

There was still strong concern around some areas of security related to Internet banking – 73 percent rated their level of concern around identify theft as high or very high, 68 percent said they had a high or very high level of concern that a fraudster would obtain their user name and password, and 65 percent said they had high or very high concern around Trojans for keystroke logging. However, customers’ concerns appeared to have little or no impact on their online banking usage with 86 percent of online bankers saying they were accessing their accounts via the Internet as much as or more than they were six months ago.

“The banks are very cogniscent of consumers’ concerns around online banking security,” noted Wealands. “ However, with banks continuing to take a pro-active approach in helping consumers understand the precautions that are set in place to minimise identify theft and other online hazards, usage will continue to increase.”

Chart 1: Online transactions undertaken in the past six months



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ACNielsen, a VNU business, is the world’s leading marketing information company. Offering services in more than 100 countries, the company provides measurement and analysis of marketplace dynamics and consumer attitudes and behaviour. Clients rely on ACNielsen’s market research, proprietary products, analytical tools and professional service to understand competitive performance, to uncover new opportunities and to raise the profitability of their marketing and sales campaigns. To view this and other ACNielsen media releases online go to www.acnielsen.com.au.

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