

Strategic Insight: One Size does Not Fit All

Tailoring the Business Banking Offering

July 2011

The logo consists of the letters 'RFI' in a white, sans-serif font, centered within a dark blue square. The 'R' is stylized with a curved top and a vertical stem. The 'F' has a horizontal top bar and a vertical stem. The 'I' is a simple vertical bar with a dot above it.

RFI

Intelligence
to bank on

Introduction

Without doubt, the Australian Small and Medium Enterprises (SMEs) market is a strong and lucrative market for banks and the Australian economy. However, SMEs are a very large and diverse group and a continuous problem that banks face, is really coming to terms to understanding the banking needs of SME clients.

This report examines the differences in banking needs and features between SMEs of different sizes by segmenting SMEs according to their annual revenue, using data collected by RFi in a survey of SME operators conducted in March 2011.

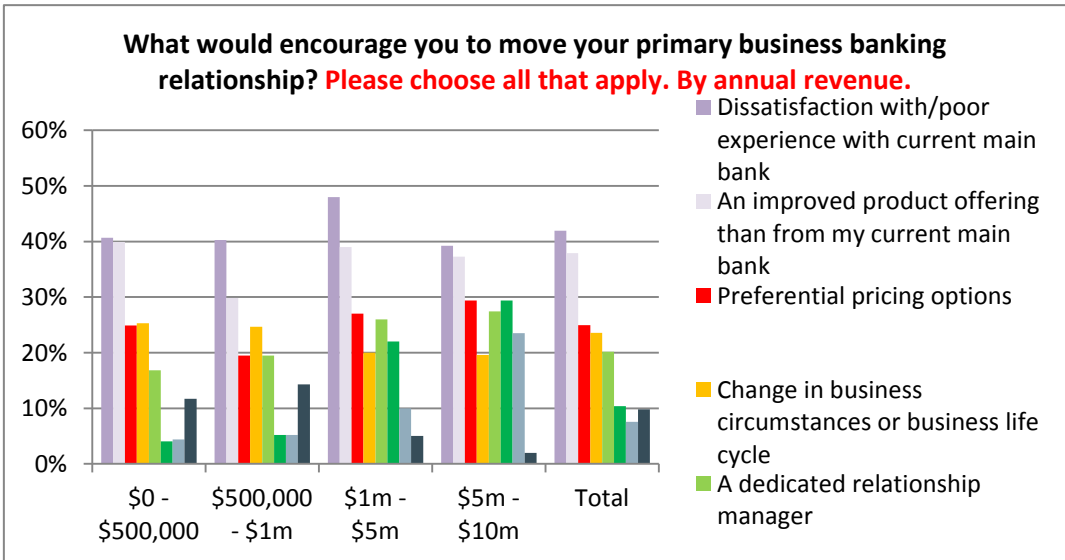
Highlights

The most common product held with a primary business bank by SMEs of all sizes (except those with annual revenue between \$5m and \$10m) is a transaction account.

The most important attribute of a business bank for SMEs of all sizes (except those with annual revenue of between \$5m and \$10m) is that their business bank provides functional internet banking. The most important attribute for SMEs with annual revenue between \$5m and \$10m was competitive pricing and fees.

RFi surveys show, the area in which business banks are failing the most to meet the expectations of SME customers is in providing competitive pricing and fees, this is consistent across SMEs of all sizes.

RFi performance ratings show that SMEs with a revenue under \$1m are much more likely to feel that the bank does not value their business nor understand their financial needs.



Features and Benefits

- Tap into the many opportunities for growth in the SME banking market by understanding how SMEs change as they grow. This report discusses one of the major areas of potential which is relationship management.
- Capture market share, by understanding the products SMEs need and how SMEs like to communicate with their business bank.
- Create targeted marketing campaigns by understanding the key differences in needs of smaller and larger SME's

Key Questions Answered

- What would encourage SME's to move their primary business bank?
- What types of channels and products do SME'S prefer using?
- How do SME's rank various business banking attributes and the actual performance they are receiving?