

INTERNET BANKING

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**Market
Intelligence
Strategy Centre**



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FINAL RELEASE

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Australia's first Internet Banking Industry data pooling collection, coordinated by MISC for Australia's leading national and regional Banks, today announced findings from the latest Internet Banking Data Pool collection for the December 2000 quarter. These findings show that Internet Banking platforms are not only rapidly attracting more customers (as shown by Registered user number growth), but Internet Banking customers have increased their platform usage rates significantly. The unique MISC pooling facility is based on Banks supplying quarterly Internet Banking data adhering to a standard format designed by MISC. The results for December scotch the belief that Internet Banking growth might have been artificially inflated by a less restrictive registration process. The Pool members also released through MISC, the **first** activity growth figures for:

- ***Active Internet Users***
- and
- ***Internet Transaction Activity***

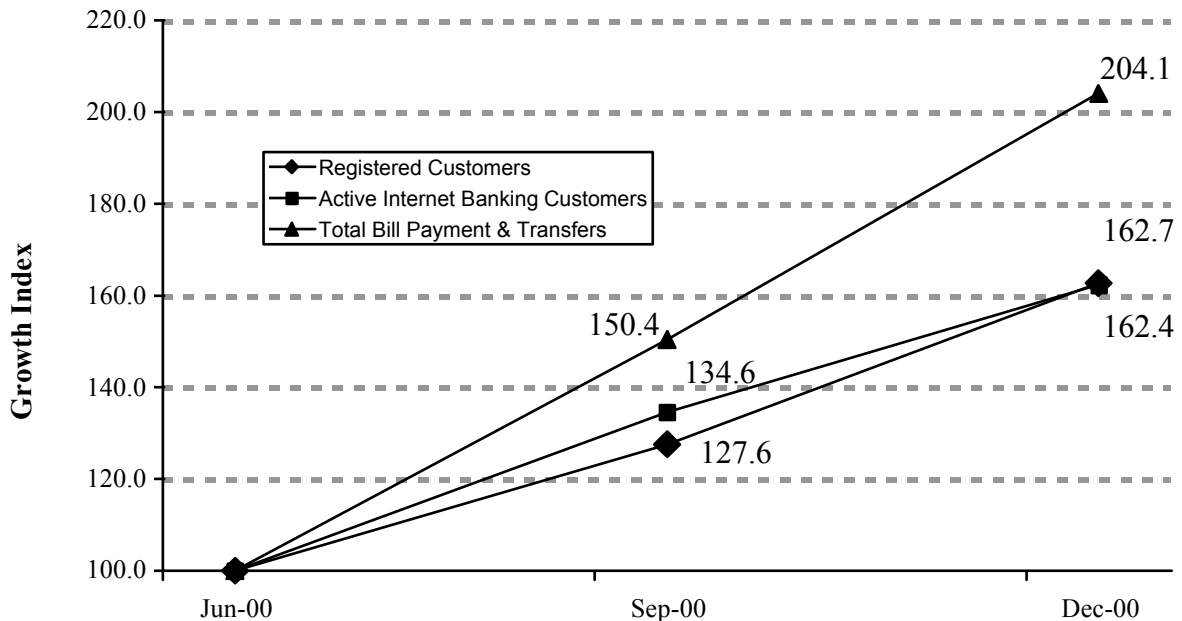
from their confidential quarterly survey. This shows that Active User numbers, defined by MISC - as "3 monthly users", have grown 62% over the 3 quarters to December 2000. Furthermore, the growth figures highlight key activity growth in Bill Payments and Transfer transactions, which have **doubled** over the same period.

The December quarter 2000 report is the third report produced by MISC on this dynamic sector of the Electronic Banking market. The Market Intelligence Strategy Centre (MISC) was established last year as the sister, strategic consulting arm of respected industry research specialist MINTEL Australia who have conducted extensive research into all electronic banking channels. The report is compiled exclusively for the use of the members of the **MISC Internet Banking Data Pooling Facility**, -a unique cooperative facility which has been developed by MISC together with Australia's leading Internet Banking financial institutions. These institutions now regularly pool detailed statistics on their Internet Banking service activity.

** 27% is based on the number of Registered Adult Consumer Internet Banking Customers using Internet Banking and the Total number of Adults in Australia who have accessed the Internet.*

**Accelerated Growth In Internet Banking Shows The Channel Is Here To Stay
Customers Are Active Not Passive**

Growth in Internet Banking
9 Months to December 2000



Source: **MISC Internet Banking Data Pooling Facility/Quarterly Supplied Bank Data 2000**

In no small way, says MISC, the channel continues to be a preferred growth option for Banks, who have done much to encourage this customer migration through:

- Substantial increases in Internet promotional activity, as evidenced by several banks in the period.
- A maintenance of the “cost attractiveness” of Banking over the Internet when compared to other Banking channels.

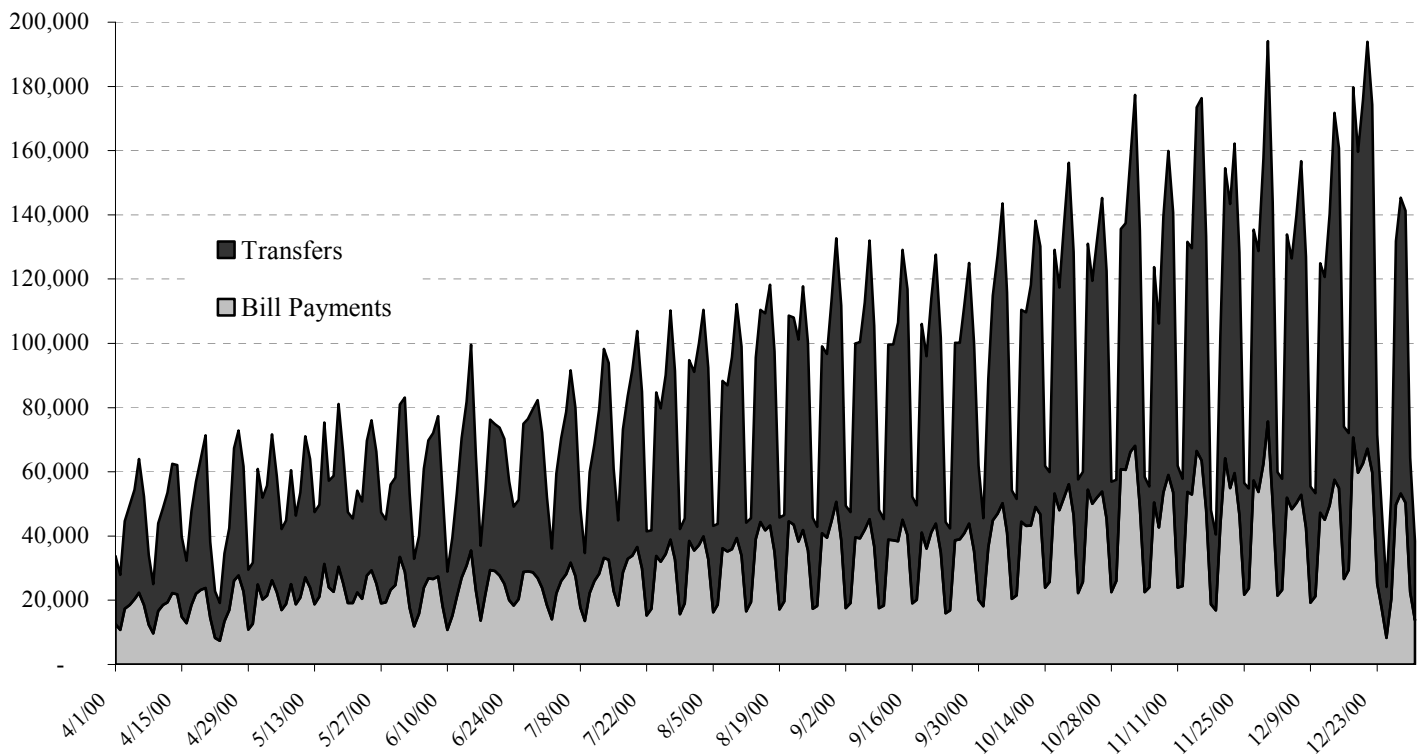
More specifically, MISC notes, that while Internet users and usage rates have increased across the board, a behavioural change has also occurred over the last three quarters. While in earlier results it appeared consumers were using the Internet Banking facility as an account inquiry mechanism, in the latest quarters Bill Payments and Transfer volumes have grown by more than 104% over the same period to approach 10.5 million transactions.

Also, the rate of uptake has exceeded the growth in Internet connectivity, which appears to have slowed by comparison (based on ABS measurement). While 2.25 million Australians have tried Internet Banking at least once, the Banks’ confidential pool results for the first time provide a revealing insight of the “Active Internet Banker”. Some highlights released from the Pool members collective data shows that the Active users are driving uptake as indicated below:

- Active users have grown by 62 %
- Growth has been stronger in Consumer Banking usage than Business Banking
- They are increasingly using the channel to Pay Bills and Transfer money
- They bank later in the week - primarily on pay days - Thursdays and Fridays are days of peak usage.

Further insight into the behavioural character of this new breed of Bank consumer is revealed from the detailed statistics of their daily activity. Daily volumes are highly variable, but the volumes on peak days have grown from 60,000 at the start of the June 2000 quarter, to approach 200,000 on peak days by the end of the December 2000 quarter.

Daily Volumes in Internet Banking Bill Payments & Transfers
9 Months to December 31, 2000



Source: MISC Internet Banking Data Pooling Facility/Quarterly Supplied Bank Data 2000

Further Background Notes to Facility Service Development & Methodology/Definitions

Development of the Facility by MISC is in response to the market's need to address the issue of widely conflicting market measures and the search for a definitive and regular measurement of Internet Banking uptake. To date there has been much discussion regarding terms used to describe those who have been attributed as having 'experienced' an Internet Banking service. The new MISC. Facility has reached agreement with the pool participants regarding a re-classification of 'user' definitions to ensure consistent measurement. This has resulted in the more valuable measure of Active users.

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Essentially the exciting 'data pooling' initiative determines for the first time the true uptake of Internet Banking activity and importantly ensures that an independent facilitator acts as a conduit for the data collection, analysis and interpretation. The MISC-run facility determines not only the true size of the market and but also delivers, for each participant, their individual confidential relative positions. To track the market's development, MISC coordinates 90 day data pooling measures to which all participants now confidentially contribute. The subsequent quarterly reports delivered by MISC provide the various pool participants with the opportunity to position and monitor performance. Critically, the research provides the data required to underpin accurate Internet Banking site development i.e. access features and the level of service customers desire.

For further information on this unique service please contact the MISC Marketing Department.

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