

INTERNET BANKING

MISC Global
• • • • •
**Market
Intelligence
Strategy Centre**



One Million Cyberspace Online Applications Made In Just One Quarter (June)

**Is This The Beginning Of Financial Product Marketing
Acceptance In Cyberspace Asks MISC Australia Pty Ltd?**

FINAL RELEASE

Embargoed for Tuesday 12am 19 November 2002

Please adhere to the following reference conventions for any MISC material used in your article(s):

1. Please refer to MISC in the following manner; MISC Australia (Market Intelligence Strategy Centre)
2. Do not cite any individual MISC staff
3. Please forward an original version of the published article(s) to MISC for internal records
4. Further information about MISC services please contact the Marketing Department



One Million Cyberspace Online Applications Made In Just One Quarter (June)

Is This The Beginning Of Financial Product Marketing Acceptance In Cyberspace Asks MISC Australia Pty Ltd?

These results emanate from the just released June 2002 Bank-sponsored, MISC (Market Intelligence Strategy Centre) Internet Banking Data Pooling Facility. The data collected and pooled is submitted by most of Australia's leading Internet Bankers including the NAB, CBA, Westpac, BankWest, Bendigo, and ANZ#. It excludes all Internet activity of non-Banks – notably Credit Unions and the Internet activity of St George Bank. Despite this the Pool of contributing banks still accounts for approximately 88% of all Bank Internet transaction activity. # Due to ANZ internal limitations only partial ANZ online application data was collected in this quarter resulting in deficiencies for Term deposit accounts and insurance.

In the second quarter of the now extended MISC co-operative Internet banking industry pool new findings released today show that across just 5 key banks with online offering, already 1 million# Australian have taken the steps to now purchase online. This is an 11% increase on the first months collection and marks an important milestone in the further development of Internet Banking site evolution which has grown in some 2 years to more than 5m registered users. These earlier signs of a next generation of Internet Banking are the first measures released from the Pool member banks expanded co-operative collection.

Online Application Offering Bank Websites – September Quarter 2002

	Homeloans	Personal Loans	Credit Cards	Term Deposits	Transaction Accounts	Insurance (House & Contents only)
NAB	🔒	🔒	🔒	🔒		🔒
CBA	🔒	🔒	🔒	🔒	🔒	🔒
Suncorp Metway			🔒	🔒		🔒
Westpac	🔒	🔒		🔒		🔒
BankWest			🔒			🔒
St George	🔒				🔒	🔒
ANZ	🔒	🔒	🔒	🔒	🔒	🔒
Adelaide Bank	🔒					
AMP	🔒		🔒			*
Bank of Qld						
Bendigo Bank						*
ING					🔒	
Citibank						

Application Service offered (not PDF file) *Quotation Only
 Service not offered
🔒 Online quotation and Online Approval (not receipt confirmation)

Source: Market Intelligence Strategy Centre (MISC) Internet Banking Data Pooling Facility June/Sep Qtr 2002



On behalf of the Bank Pool members who all recently extended their collection to include “online offering” (ANZ has only provided partial data) MISC today released the first glimpse of this controversial Cyberspace development. For years debate has raged about the potential success prospects of online application and purchase. Some overseas experience has suggested that consumers remain reluctant to take that further step. Others take heart in Australia from the tremendous acceptance of Internet Banking with its transactional focus, seeing that as a ideal platform for this further development of application and eventual fully automated financial product purchases. MISC notes that while the projected 1 million@@@ application and new account acceptance figure reveals some signs of early acceptance the offering of such capability is only new (Many banks still have yet to develop online application and purchase beyond new account openings).

Similarly MISC reminds us that the latest Internet Banking Pool results show that in the same June quarter Australian Internet bankers undertook 71 million transactions from History enquiries to payment of Bills. The Banks record all online application across Credit cards, Home loans Personal loans new accounts and just one insurance category so far (House and Contents). MISC also reports on all new accounts applied for and opened on line by Internet bankers. In just three categories (Homeloans, Credit Cards and Personal loans) says MISC on behalf of its pool member banks 42% of these applications are approved and accepted. While just five banks contribute to the Online application data MISC modelling reflects the estimated on line application activity for other banks including St George AMP, Adelaide and Citibank. MISC estimates also allow for the remaining applications not yet measured separately by ANZ because of internal limitations.

1 million Cyberspace Online Applications Profile of Financial Purchase Environment

Online Purchase Capability	42%#
Banks	See Map
Online Applications Transactions Total	1 million →→ Quarter Growth +11% ↑

#Application offering ie site penetration of semi virtual (Stage 2) capability ie extent of Bank services that can be completed in a semi virtual manner

Source: Market Intelligence Strategy Centre (MISC) Internet Banking Data Pooling Facility June Qtr 2002

Cyberspace banking attracts 1 million as new banks extend offering

Prior to the development of the data collection MISC had noted that by December 2001 just 41%# of potential bank site offerings had been made available to customers accessing bank Internet Web sites (not just Internet Banking Sites – an important distinction). In the June and September periods several banks came closer to providing a cyberspace offering and several extended their existing services. Bendigo a new Internet banking site took its first step by providing online insurance quoting while St George was late to add this to its capability. BankWest whose June contribution to the 1 million application measure was only though Insurance quotes and purchase later added online credit cards as did Suncorp Metway while Westpac extended its insurance quotes on line to include Motor Vehicle and Travel.

Major developments in application features offered by Internet Banks
On bank web sites and Internet banking sites

Jun-02	Statement Order/Request Facility (ANZ)
	Consumer Biller Listings on website (ANZ, NAB, Suncorp Metway, Adelaide Bank, AMP Banking)
	Shopping Portal (Bendigo Bank)
	Unit trust applications on line (Westpac)
	St George extends Online Insurance to Quote application & purchase (St George)
	Online Credit Card application (Suncorp Metway)
Sep-02	Bank of Queensland launches their internet banking services website planned applications (Bank of Qld)
	NAB small business features on line accounting software
	Extended Online Insurance Quotes beyond House & contents (Suncorp Metway, Westpac, St George, Bendigo Bank)
	Online Credit Decisioning for Home loans (Westpac)
	Online Credit Card application (BankWest)

Source: Market Intelligence Strategy Centre (**MISC**) Internet Banking Data Pooling Facility
June/September Qtr 2002

Further Background Notes to Facility Service Development & Methodology

These are findings from the latest Internet Banking Data Pool collection for the June 2002 quarter. In the March and June quarter the banks extended the collection to encompass additional online application and purchase activity measures. The latest now combined customer transaction and Online application reporting is the ninth so far produced by MISC on this dynamic sector of the Electronic Banking market and is based upon Banks supplying quarterly detailed Internet Banking transaction data adhering to a standard format and consistent definitions designed by MISC. The report is compiled exclusively for the use of the members of the **MISC Internet Banking Data Pooling Facility**, a unique collaborative Facility, developed by MISC together with Australia's leading Internet Banking financial institutions.

These institutions regularly pool detailed statistics on their Internet Banking service activity. This latest, June 2002, reporting is the second to be especially augmented with extended analysis of On-Line Applications across a wide and increasing range of Banks products including Home Loans, Personal Loans, Credit cards and Insurance. To date most Pool members have commenced contribution to this additional database and the first reported results of the true shape of the Bank Online Applications sector of the market, will be released shortly to those members.

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 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 i.e. actually transacting in the previous quarter.

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 customer's desire.

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

MISC (Market Intelligence Strategy Centre)
Level 4, 14 Collins Street
Melbourne Victoria 3000 Australia

Telephone: (03) 9654 4266
Facsimile: (03) 9650 7730
Email: miscinfo@marketintelligence.com.au