

INTERNET BANKING

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7 Million Internet User Registration milestone is passed, after 13 Quarters, as Victoria led the latest year of registration growth. Results show bankers use 27 million accounts virtually

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7 Million Internet User Registration milestone is passed, after 13 Quarters, as Victoria led the latest year of registration growth. Results show bankers use 27 million accounts virtually

These results emanate from the just released June 2003 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, Commonwealth/Colonial, Westpac, BankWest, Bendigo Bank & Suncorp Metway. It excludes all Internet activity of non-Banks – notably Credit Unions and the Internet activity of St George Bank. The Pool of contributing banks now accounts for approximately 89% of all Bank Internet transaction activity.

The Co Operative Banking Industry Internet Banking Data pool now, in its 13th quarter, reached another milestone in the June quarter 2003. Leading industry analysts MISC Australia (Market Intelligence Strategy Centre), on behalf of Australia's major and regional bank members, announced today the results of the June 2003 quarter Internet Banking collection, noting that internet banking customer registrations had now passed the predicted 7 million threshold reaching 7.268 million customers. These customers use some 27 million accounts, or 3.7 accounts per Internet banking customer. Leading industry researcher MISC (Market Intelligence Strategy Centre), on behalf of Australia's major and regional bank members, says this represents a 31% annual registration growth on June last year, and suggests that Internet Banking is still yet to fully mature, even though in some quarters slower growth has been noted. Leading industry researcher MISC (Market Intelligence Strategy Centre) notes that in the context of this cumulative 31 % growth several security scares were effected throughout the year, including the ATM scam in the December 2002 quarter, the BPay fraud in the March 2003 quarter, and more recently, the Ghost sites which have purported to be a mirror of some internet banking sites. Despite these scares, which might have been expected to impact on uptake, the long-term pattern seems unaffected, even though leading industry researcher MISC (Market Intelligence Strategy Centre) says some short-term slow downs have been noted. On the March 2003 quarter registration growth was just 4% compared to 8% in the December 2002 quarter. Leading industry researcher MISC (Market Intelligence Strategy Centre), on behalf of its Bank pool members, notes that the gains also are associated with significant development in the channel over the past year. Several banks including Westpac, Citibank, ANZ and Bendigo bank significantly relaunched their sites in the period while a number improved security. The NAB, for instance, introduced a password locking function, and Westpac introduced secure tokens for high value payments.

7 million users and 31% Annual growth defy the scares

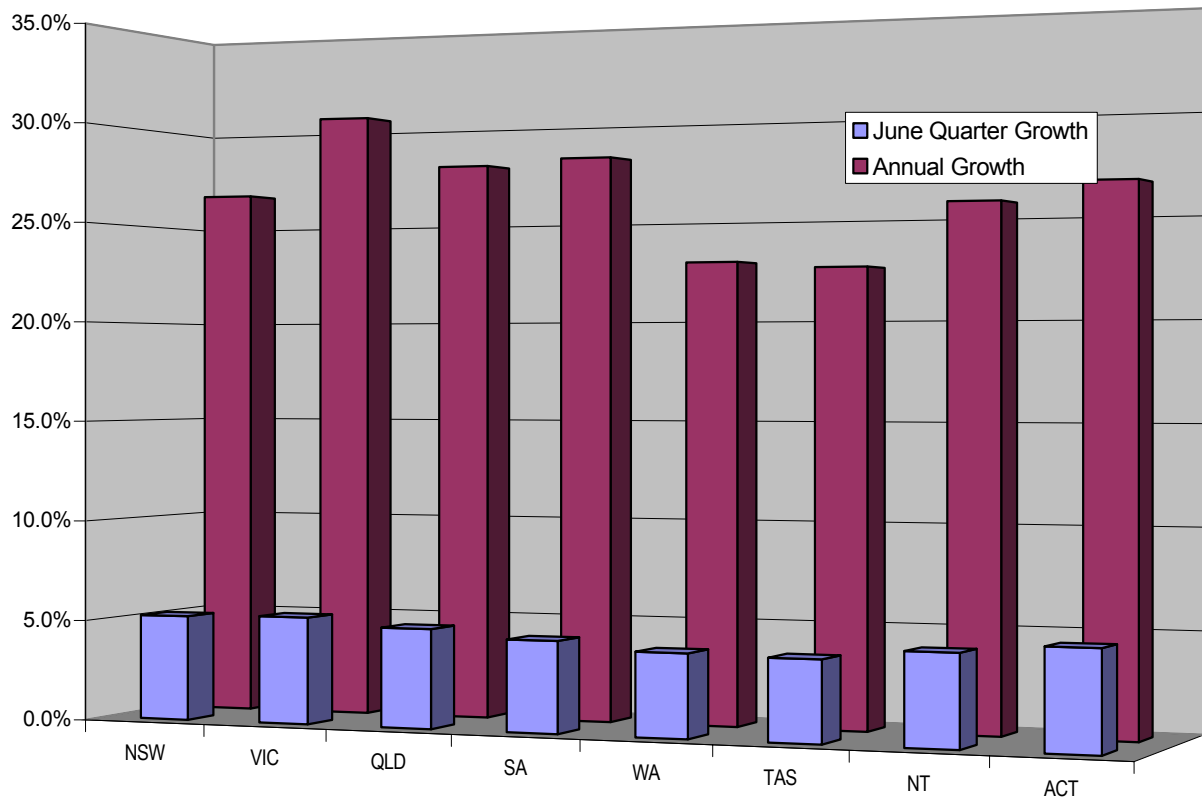
	<i>June 2003 Quarter</i>	<i>% Growth Rate on June 2002</i>
Total No. Registered Users	7.268 m	31%
Number of Internet Banking accounts	27.022 m	36%

Source: MISC (Market Intelligence Strategy Centre) Internet Banking Data Pooling Facility June 2002 – June 2003 Quarter

Victoria Internet users lead the push:

With 31% growth for the year Victorian Internet users have led the charge adding more than half million users to the Internet banking channel over the past 12 months. Bank pool members including NAB, Westpac, CBA/Colonial, Bendigo and Bank West all noted significant rises in Victorian customer additions suggesting that the concentration of small business in Victoria and generally more conservative attitudes among bankers may have initially delayed up take from these potential Internet bankers. As the table shows the recent pattern of registration growth were slowest in Western Australia and Tasmania, where a still significant 22% growth rates were achieved in the past year. The recent development of the Bank West offering will more likely change this pattern in the future. By Comparison the largest Internet bank state New South Wales saw an increase over the year of 26.6%.

Registered IB Customer Growth by State



Source: MISC (Market Intelligence Strategy Centre) Internet Banking Data Pooling Facility June Quarter 2003



Improvement to Internet Banking Offering half drive registration 30%

While leading industry researcher MISC (Market Intelligence Strategy Centre) notes that Internet Banking, when introduced to Australian bankers, was relatively well developed, improvements have been ongoing in the last year. The expansion of Internet banking, notes leading industry researcher MISC (Market Intelligence Strategy Centre), is very much a factor of increasing sophistication as remaining banks with less developed offerings have stepped up their product, Bendigo Bank, Bank West and Bank of Qld are examples, as is Citi Bank. Similarly, more than 6 different features have been added to most Internet banking services over the past year, leading industry researcher MISC Market Intelligence Strategy Centre) notes that while some of these expand functionality others similarly enhance navigation and facilitate more intuitive usage. These include:

Selected Internet Banking website feature changes over the past 12 months	
<ul style="list-style-type: none"> Personalized Home pages 	<ul style="list-style-type: none"> Extended history viewing
<ul style="list-style-type: none"> Improved Business sections eg Tax planners 	<ul style="list-style-type: none"> View both accounts and deposit details
<ul style="list-style-type: none"> Greater choice for Transfers of funds 	<ul style="list-style-type: none"> Improved security
<p><i>Source: MISC (Market Intelligence Strategy Centre) Electronic Banking special Research Series 2002-2003</i></p>	

Further Background Notes to MISC Facility Service Development & Methodology

These are findings from the MISC (Market Intelligence Strategy Centre) Internet Banking Data Pooling Facility collection for the June 2003 quarter. This latest report is the eighth so far produced by MISC (Market Intelligence Strategy Centre) 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 (Market Intelligence Strategy Centre). The report is compiled exclusively for the use of the members of the Facility, a unique collaborative service, developed by MISC (Market Intelligence Strategy Centre) together with Australia's leading Internet Banking financial institutions.

These institutions regularly pool detailed statistics on their Internet Banking service activity. This latest, June 2003, reporting is the first 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. 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 (Market Intelligence Strategy Centre) 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 (Market Intelligence Strategy Centre) 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 (Market Intelligence Strategy Centre) coordinates 90-day data Pooling measures to which all participants now confidentially contribute. The subsequent quarterly reports delivered by MISC (Market Intelligence Strategy Centre) 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 MISC Marketing.

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