

## INTERNET BANKING

**MISC Global**  
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**Market  
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**Internet User Registrations break through 5 million threshold  
as latest MISC research shows 50 + Age group leads growth in  
Internet Banking market over 12 months to March 2002.**

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## Internet User registrations break through 5 million threshold as latest MISC research shows 50 + age group leads growth in Internet Banking market over 12 months to March 2002.

*These results emanate from the just released March 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 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 90% of all Bank Internet transaction activity.*

Results released today from leading industry analysts, MISC Australia, on behalf of Australia's major Banks, reveal that the number of Registered Users has now broken through the 5 million threshold. All Registered Internet Banking customers in Australia have now reached 5.23 million with the market recording an increase in excess of half a million in new registrations for the quarter. Furthermore, the results emanating from its latest quarterly statistical data collection of Internet Banking uptake, show that a number of service features, which serve as key measurement benchmarks, have experienced outstanding growth rates in the 12 months to March 2002. This transaction activity growth has been increasingly led by two distinct age groups.

Clearly, MISC says, banking customers are still being attracted to Internet Banking in their droves as demonstrated by the massive numbers who have registered to use it. When the MISC co-ordinated Facility delivered its first measurement of the market in June 2000 the number of Registered Users stood at just 1.37 million. Less than two years later the number of Users at 5.23 million represents almost a four-fold increase, a phenomenal achievement for the market participants says MISC. Indeed the number of Registered Users has almost doubled in the year since March 2001 when 2.77 million customers had signed up.

<b>Internet Banking Market Surge As Market Flourishes Led by Key Age Groups</b>			
<i>Market Benchmarks Service Features</i>	<i>March 2002 Qtr</i>	<i>% Growth Rate 12 Months to March 2002</i>	<i>March 2001 Qtr</i>
<b>Total No. Registered Users</b>	5.23m	88	2.77m
<b>Number of Bill Payments</b>	8.87m	86	4.77m
<b>Number of Transfers</b>	15.97m	111	7.57m
<b>Number of Account Histories</b>	39.44m	56	25.22m
<b>Total No. Transactions*</b>	64.29m	71	37.57m
<b>Number of Users Aged 18-24</b>	789,570	98	398,280
<b>Number of Users Aged &gt;50</b>	774,814	113	364,084

*Source: Market Intelligence Strategy Centre (MISC) Internet Banking Data Pooling Facility March Quarter 2002*

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This unabated growth in users is matched by similar rates of growth in the actual usage of Internet Banking services. As the table shows, increased activity levels by users of selected functionality shows, all have recorded on average double digit growth rates each quarter over the past 12 months since March 2001. In particular Transfers from one account to another have shown average quarterly growth rates of 28%. The increased use of these services has occurred while the Banks have strived to make the services more user-friendly via improved speed and accessibility and concurrently sought to improve 'functionality' in each transaction type.

The variety of on-line banking service features that customers have been increasingly offered include the opportunity to access their accounts to arrange Bill Payment, view their Account History and arrange Account Transfers. This latter service feature provides both internal (movement of funds within same Bank) and external (movement of funds to an account at another Bank).

*\* MISC definition of Total Transactions – includes total numbers of Bill Payments, Account Histories and Account Transfers.*

## ***2 Age groups account for a third of the market's growth and lead its development***

The number of Internet Banking users, within the 18-24 age group, has almost doubled in size since March 2001. Now standing at almost 790,000 this cohort now accounts for approximately 17% of the total consumer market. While high uptake growth rates within the 18-24 age group are, to a certain extent, to be expected with their inclination to be early adopters of new technologies and services and '24/7' lifestyle approach, the same cannot be said of the 50 plus age group. This age group has produced a three-fold increase in its Internet Banking adoption rate since March 2001 with numbers now reaching almost 775,000. A growth rate of 17% confirms earlier MISC research findings, which highlighted their behavioural impact upon the market's development and suggests that, older banking customers, just like their younger counterparts, are seeking banking convenience. MISC says that as this less mobile but still financially active, age-group increases in numbers and seeks to better control its formidable asset wealth it will influence the marketing and provision of Internet Banking services. Convenience created by the increasingly wide-spread accessibility of Internet services now enables banking to be conducted anywhere, e.g. home, offices, even social clubs, etc and means this older age group a reduced dependence or need to rely on branches or ATM's, thus reducing the physicality of banking.

MISC says the growth in uptake from these age groups reflects favourably upon the success of various 'education' programmes put in place by the Banks to assist customers in learning how to bank via the Internet (e.g. the provision of step-by-step guides) and articulating the benefits to be gained.

## ***Further Background Notes to MISC Facility Service Development & Methodology***

These are findings from the MISC Internet Banking Data Pooling Facility collection for the March 2002 quarter. This latest report is the eighth 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 Facility, a unique collaborative service, 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, March 2002, 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 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

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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 MISC Marketing.

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