

INTERNET BANKING

MISC Global
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**Market
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**Internet Banking Registered User Numbers Reach 4 million
and Generate 16% Growth in Transaction Activity. Meanwhile
Registered Users Out Grow Active Users for the First Time**

FINAL RELEASE

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Internet Banking Registered User Numbers Reach 4 million and Generate 16% Growth in Transaction Activity. Meanwhile Registered Users Out Grow Active Users for the First Time

These results emanate from the just released September 2001 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 National Australia Bank, CBA, Westpac, BankWest and ANZ, (with additional support from Suncorp Metway and Bendigo). It excludes all Internet activity of non-Banks – notably Credit Unions.

Co-ordinated by MISC (Market Intelligence Strategy Centre) for Australia's leading national and regional Banks, the MISC Internet Banking Data Pooling Facility today announced that Internet Banking has now attracted 4.1 million customers (increase of approximately 700,000 on the previous quarter) confirming the channel's growing influence on the future of banking in Australia. At the inception of the Facility back in June 2000, the number of registered Internet Banking users measured from the Bank Pool membership was just 1.37 million customers. In only 18 months MISC confirms that this number has almost trebled as more Bank customers continue to embrace on-line banking options. Even though current Pool members represent approximately 90% of the market, MISC acknowledges the total market would exceed 4.1m, particularly as the Pool does not measure any activity by Credit Unions who in recent quarters have been active in developing their own Internet Banking sites.

MISC says that while overall growth continues unabated the latest quarter's results reveal a larger rise in Registered Users, higher than that of Active Users. Previously the results have shown active user growth has matched registration growth and in some quarters exceeded it. While registration growth in the September quarter reached 15%, Active users grew by 11%, the same growth rate as the previous quarter.

Internet Banking transactional activity continues to build

While these changes in growth rates have occurred, the Pool's statistical collection for September 2001 also shows that transactional activity of Internet Bankers is still growing strongly recording 16% growth overall for the quarter led by actual banking activity rather than Enquiries. On behalf of the Banks, MISC says that Enquiries rather than actual transactions were more associated with the early take up phase of Internet Banking. The best recent growth in actual transaction volumes in the quarter was for Bill Payments transactions, reflecting an increase in the attractiveness of this on-line function for banking customers. While total transactions rose 16%, Bill Payment transactions grew substantially, by 28%.

MISC believes that this move in the transactional mix from Enquiry generated activity to that of more traditional banking services indicates that the Australian experience does not reflect any of the international patterns. Most notably in the US where, after initial uptake, customer drop-off was experienced, showing that the novelty value of Internet Banking waned. On the contrary the Australian experience shows regular increases in more interactive transactions suggesting that the signs are good for sustained growth of Internet Banking.

Further Background Notes to Facility Service Development & Methodology

These are findings from the latest Internet Banking Data Pool collection for the September 2001 quarter. This latest report is the sixth so far produced by MISC on this dynamic sector of the Electronic Banking market and

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is based upon Banks supplying quarterly detailed Internet Banking transaction data adhering to a standard format designed by MISC. The pool results reflect approximately 90% of all Internet banking transaction activity in Australia by the Banks. The Pool results do not include results or estimates for any non-Banks, more notably Credit Unions who have been active more recently in development Internet exposure. The report is compiled exclusively for the use of the members of the **MISC Internet Banking Data Pooling Facility**, a unique cooperative facility, 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.

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 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.

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