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Big four banks have large cross-sell potential

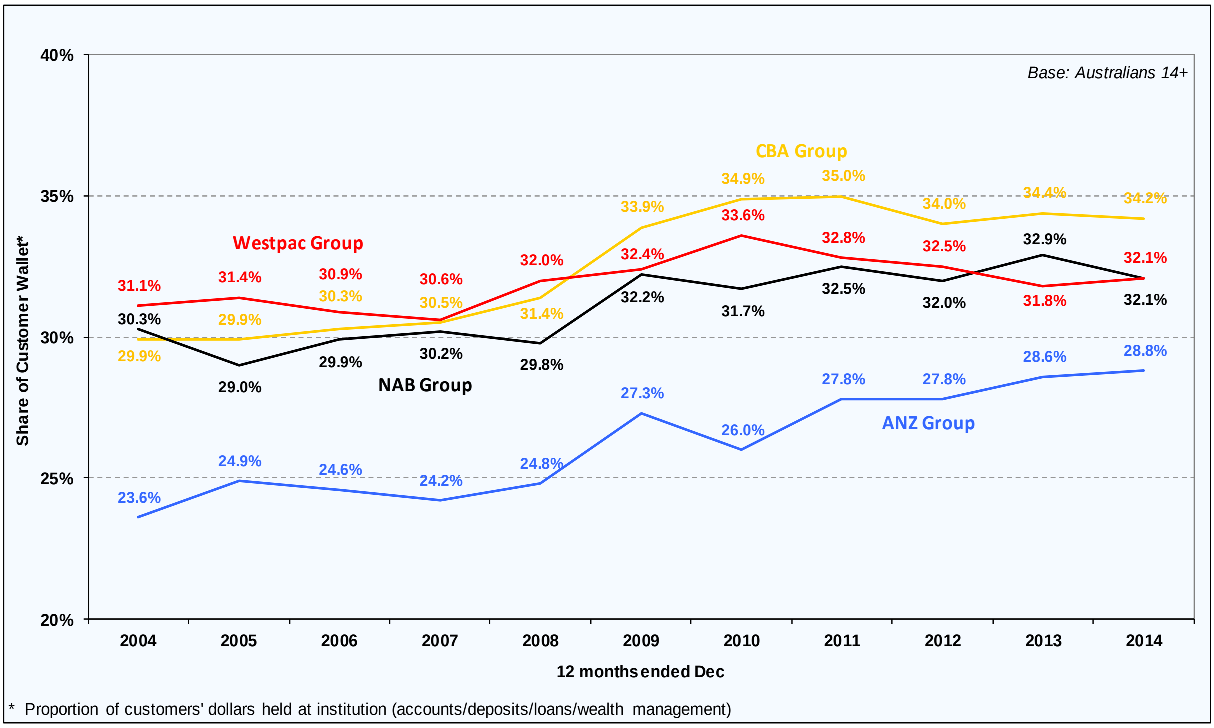
The major banks in Australia realise that there is considerable potential from their existing customer base to cross-sell additional products. Although there are a number of ways of measuring cross-sell success, it is the share of a customer's dollars (known as 'share of wallet') that is generally the best indicator of loyalty and profit potential. Over the last 10 years, the big four banks have made gains in improving their customers' share of wallet but are currently only holding around one third of their customers' potential dollars, leaving major potential for growth.

These findings are based upon the latest data from the Roy Morgan Consumer Single Source Survey of approximately 50,000 people p.a.

Big four banks' share of wallet trending up

Over the past decade the share of wallet of each of the major banks has increased , with the ANZ Group up 5.2% points (to 28.8%), CBA Group up 4.3% points (to 34.2%), NAB Group up 1.8% points (to 32.1%) and Westpac up 1.1% points (to 32.1%).

Share of Customer Wallet* - Big Four Banks



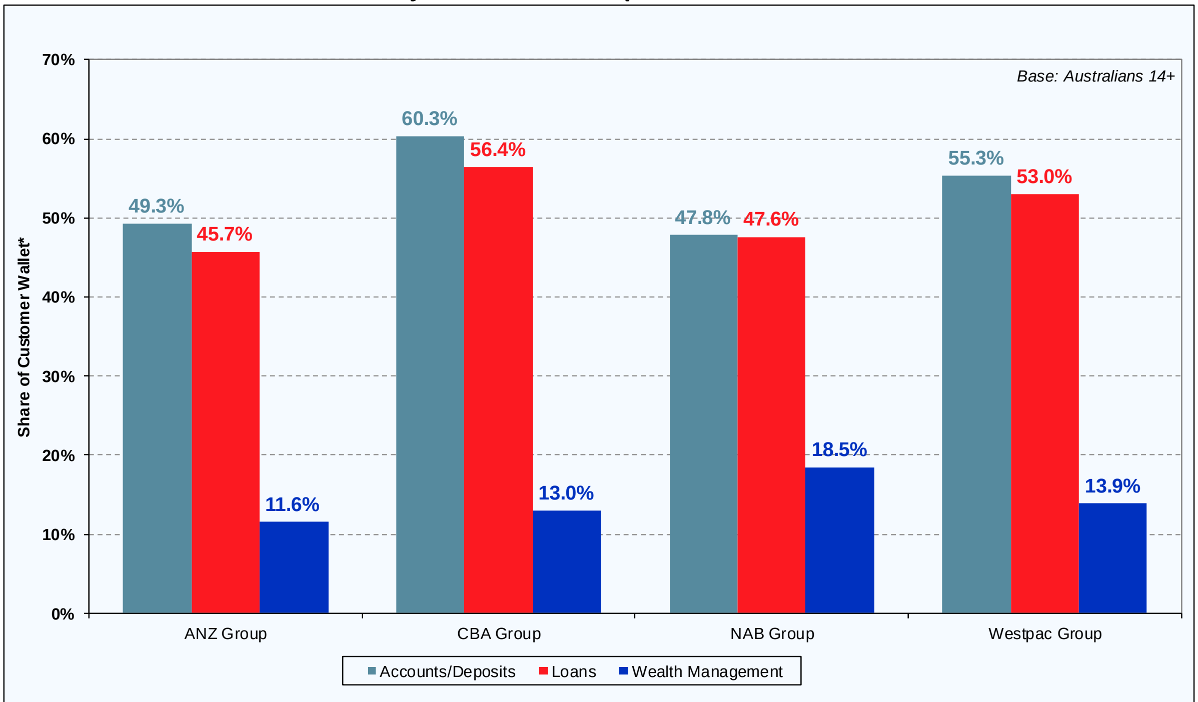
Source: *Roy Morgan Single Source (Australia), January 2004 – December 2014. Average average sample approx. 50,000.*

Since 2009, the CBA Group has been the best performer among the big four but it still only holds around one third (currently 34.2%) of its customers' wallet. Although the ANZ Group has shown the lowest share of wallet over the last 10 years, it is showing a positive trend and is closing the gap on its major competitors.

Traditional products performing well but wealth management lags

The share of wallet held by the major banks for their traditionally strong product area (ie accounts/deposits) has improved since 2004, although there is plenty of scope for improvement. For accounts/deposits, the CBA group has the highest share of their customers' wallet with 60.3% (up 7.1% points over the last 10 years), followed by the Westpac group with 55.3% (up 3.0% points), ANZ with 49.3% (up 12.5% points) and NAB with 47.8% (up 6.0% points).

Share of Customer Wallet* - Major Product Groups



* Proportion of customers' dollars held at institution for each major product groups

Source: *Roy Morgan Single Source (Australia), January 2014 – December 2014, n= approx.. 50,000*

The big four banks are not doing quite as well for loans as they are for deposits, and are generally only gaining around 50% of their customers' loan dollars. The best performer is the CBA group with 56.4% (up 13.8% points since 2004), followed by the Westpac group with 53.0% (up 2.9% points), NAB group with 47.6% (up 5.4% points) and ANZ with 45.7% (up 9.8% points).

For wealth management products, which are obviously dominated by superannuation, all four major banks are finding it difficult to gain a share of their customers' business and have generally shown no real improvement over the last 10 years. The highest share of their customers' wealth-management wallet is achieved by the NAB group with 18.5%, followed by the Westpac group (13.9%), CBA group (13.0%) and ANZ (11.6%).

Norman Morris, Industry Communications Director, Roy Morgan Research, says:

> *"Over the last decade, the big four banks have been making steady progress in obtaining a higher proportion of their customers' business (share of wallet) for deposits and loans. However there is still a big opportunity for growth in both of these product*

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areas as they are still only achieving around half of their customers' business. This indicates a lack of loyalty to the major banks by their customers, probably due to a lack of incentive for them to consolidate and the need to spread the risk.

"The fact that the major banks hold only around one-third of their customers' dollars is due to their much poorer performance in wealth management, where they have less than one-fifth of their customers' balances and have shown no real gains over the last ten years. With superannuation being the major component of wealth management, the big banks are facing tough competition from the trend to self-managed super, industry funds and other specialist providers. With funds in superannuation set to reach two trillion dollars in the near future, super is likely to remain an important focus for the major banking groups if they are to retain their traditional position as their customers' main financial institution."

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About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in New Zealand, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	**Percentage Estimate**			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2