

Tuesday, 17 August 2021

NAB likely to leapfrog ANZ to over 4.5 million customers following agreement to purchase Citigroup's Australian business

New data from Roy Morgan shows NAB's \$1.2 billion purchase of Citigroup's Australian business will boost NAB's customer count to well over 4.5 million – 'leap-frogging' Melbourne-based rival ANZ to have Australia's second largest customer base behind the Commonwealth Bank.

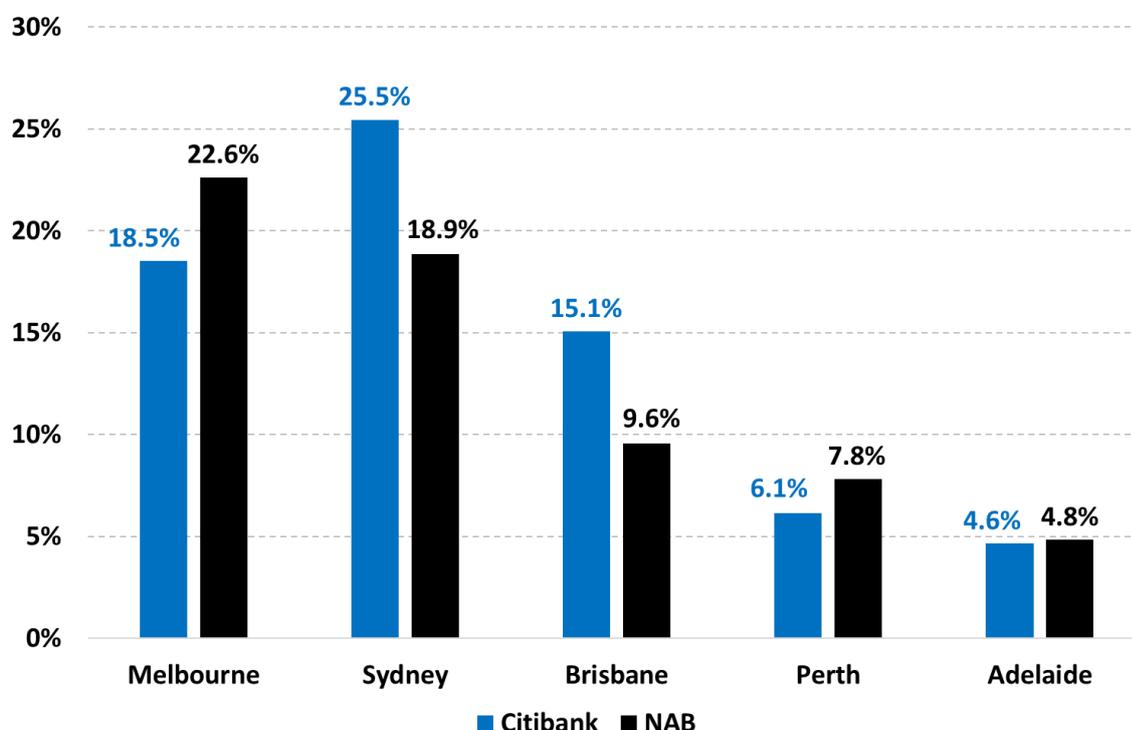
NAB's decision to seek the permission of regulators to acquire Citigroup's Australian banking assets, known as Citibank in Australia, follows a similar sized 'merger' announced earlier this year between [Bank of Queensland and ME Bank and valued at \\$1.3 billion](#).

There are significant differences between the customer profiles of NAB and Citibank in Australia across a range of demographics including geography, socio-economic quintile, age, employment status, education level and even where customers were born.

A look at the geographical distribution of the customers of the two banks shows that the Victorian-based NAB draws well over a fifth of its customers from Melbourne (22.6%) compared to only 18.9% in Sydney whereas this situation is reversed for Citibank – over a quarter of their 1 million odd customers are in Sydney (25.5%) compared to only 18.5% in Melbourne.

There is also a significant difference in the third largest market of Brisbane from where Citibank draws 15.1% of its customers compared to only 9.6% for NAB. NAB draws slightly larger shares of its customers from both Perth and Adelaide than Citibank does.

NAB and Citibank customer distribution by Capital City



Source: Roy Morgan Single Source (Australia). July 2020 – June 2021, n=55,669. **Base:** Australians 14+.

Note: Citibank customers include Citigroup White Label Credit Card customers.

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Citibank banking customers are heavily over-represented in the top Socio-Economic Quintiles

The geographic differences between the two brands offer a good degree of complementarity for NAB and these differences are even more pronounced when looking at socio-economic quintiles which segment Australians based on their education, income and occupation as full-time workers.

*See below for a full explanation for how the socio-economic quintiles are determined.

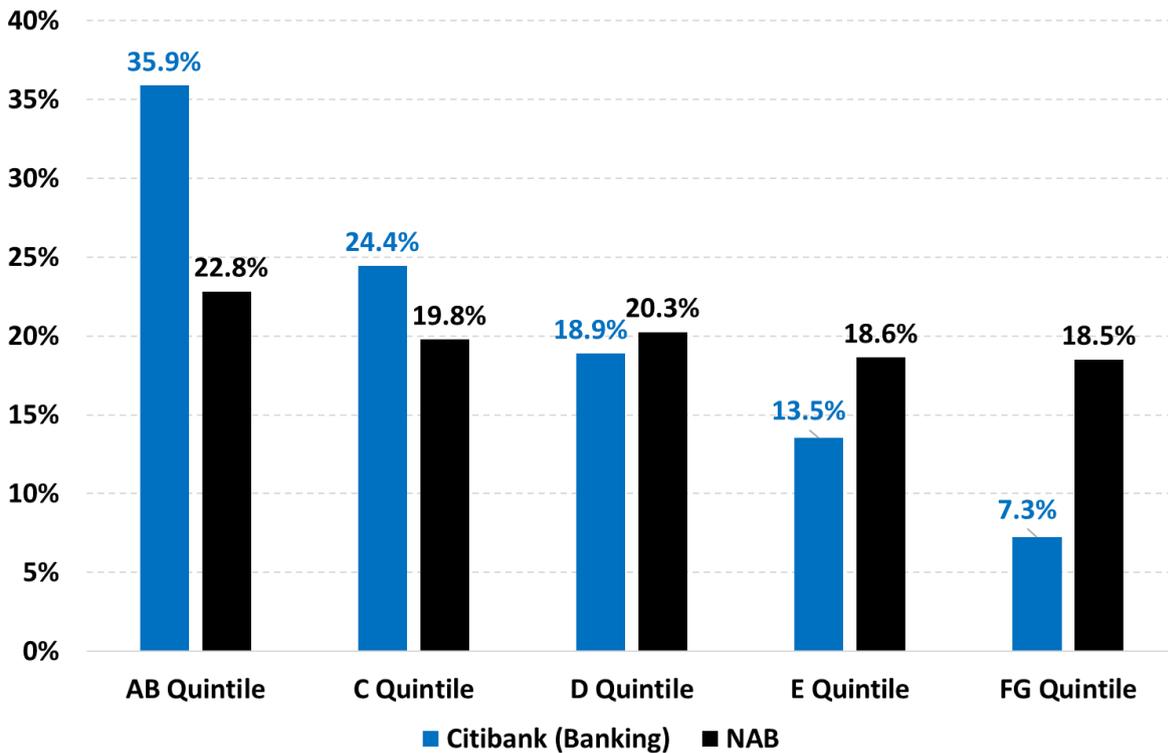
Although both NAB and Citibank draw the highest share of their customers from the top AB Quintile the distribution of customers amongst the five quintiles is significantly different.

Over a third of Citibank’s consumer banking customers (35.9%) are found in the highest value AB Quintile compared to 22.8% of NAB customers while a further 24.4% of Citibank’s customers are in the second highest C Quintile compared to 19.8% of NAB customers.

NAB’s far larger customer base is more evenly distributed with population and each of the lower D, E and FG Quintiles comprise between 18-21% of NAB customers. In comparison only 13.5% of Citibank’s customers are drawn from the E Quintile and just 7.3% from the lowest FG Quintile.

These new findings are drawn from Roy Morgan Single Source, Australia’s leading consumer survey, derived from in-depth interviews with over 50,000 Australians annually.

NAB and Citibank consumer banking customer distribution by Socio-Economic Quintile



Source: Roy Morgan Single Source (Australia). July 2020 – June 2021, n=55,669. **Base:** Australians 14+.

Note: Citibank customer distribution is restricted to its banking customers only.

Michele Levine, CEO Roy Morgan, says NAB’s proposed acquisition of Citigroup’s Australian consumer banking assets (Citibank) will strengthen the Melbourne-based bank in Sydney and Brisbane as well as increase the bank’s share of high value customers:

“NAB’s proposed \$1.2 billion acquisition of Citigroup’s consumer banking assets in Australia will increase NAB’s customer base to well in excess of 4.5 million people and propel NAB past local rival ANZ in terms of the size of its customer base.

“Citibank in Australia has around 1 million customers covered by its consumer banking arm and its lucrative White Label Credit Card customers. Citibank’s customers are disproportionately drawn from the valuable higher socio-economic quintiles with over 60% of Citibank’s consumer banking customers in either the AB Quintile (35.9%) or C Quintile (24.4%).

“Citibank’s customers are also far more likely to be drawn from NSW or Queensland with 40.6% from either Sydney or Brisbane compared to 28.5% of NAB’s customers. In contrast the Melbourne headquartered NAB draws 22.6% of its customers from the Melbourne market compared to 18.5% of Citibank’s customers in the southern capital.

“There are other differences as well with over 50% of Citibank’s customers aged 50+ compared to around 40% for NAB and over a quarter of Citibank’s customers are born in either Europe, Asia or North America (26%) compared to under a fifth of NAB’s customers (19.4%). Perhaps most crucially the average annual income of a Citibank consumer banking customer is over \$10,000 higher than a NAB customer.

“Past experience with analysing mergers and acquisitions shows that an exodus of customers occurs when the acquiring party fails to recognise the unique reasons customers choose their brand in the first place – and why they stayed with it.

“For NAB to extract a positive dividend from this acquisition, assuming it is approved by the relevant regulators, it will need to continue to satisfy the needs and desires of the 1 million odd Citibank customers it will inherit with the successful completion of the deal.”

To learn more about Roy Morgan’s extensive data on banking and financial institutions call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the [Roy Morgan Online Store](#).

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 79 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%
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2



*Socio-Economic Status Quintiles

Each respondent is given a score up to 60 according to their status in each of the following categories:

1. EDUCATION LEVEL OF RESPONDENT

There are twelve levels of education. A score of 5 is given to those who completed only some primary school, 10 to those who finished primary school, and so on up to 60 for those who have a degree or post-graduate degree.

2. INCOME OF RESPONDENT (if respondent is a full-time worker)

There are eighteen income levels. A similar scoring procedure is used giving 2 to those in the lowest income group, up to 60 to those in the highest income group.

3. OCCUPATION OF RESPONDENT (if respondent is a full-time worker)

There are twelve occupation levels. Again, each level is scored at approximately 5-point intervals. Professional people receive the highest score. Note - if the respondent is not a full-time worker, then the status of the main income earner is considered.

The respondent's scores for each of the three categories are then tallied to give a score out of 180.

We then look at the frequency distribution of the scores and divide the population into five even groups of 20%, ie. quintiles.

The AB quintile is the highest level - people in this quintile have the highest scores.

Approximate breakdowns are:

Score

- 154+ - 5th or AB quintile
- 126 – 153 - 4th or C quintile
- 104 – 125 - 3rd or D quintile
- 81 – 103 - 2nd or E quintile
- 11 – 80 - 1st or FG quintile

Note - if the respondent is not a full-time worker, then the status of the main income earner is considered.