

BANKING DISTRIBUTION REPORT

IN THIS REPORT:

We look at how we access our money and how branches, ATMs and phone banking have evolved to meet our more sophisticated banking needs.

THE 'GOOD OLD DAYS'

Turn the clock back, say, four decades and imagine you had money in the bank. Back then, and yes, it still is within living memory for many, personal banking was a lot less flexible. For a start, banks opened at 10 in the morning and closed at 3 in the afternoon every Monday to Thursday. On Fridays, the banks graciously opened until 5 pm to cater for weekend banking when, you guessed it, they weren't open. In those days there were no eftpos, no automatic teller machines (ATM) and no credit cards, just cash and cheques. There was no other way of withdrawing money for shopping, outings and weekly work expenses other than to go to your own bank to get cashed up. The rule of thumb was that if you didn't have the cash, you didn't buy. There were no 'buy now pay later' store offers but lay-by was widespread and a popular method of reserving goods, particularly for upcoming Christmas and birthday gifts.



You usually wrote a cheque for big purchases and paid bills with cheques delivered by hand or by post. Cheques received by you would take 5 working days to clear. Internal shuffling around of your money from branch to branch or even to another bank was unheard of. If you wanted to transfer money between accounts, there was no alternative to filling out withdrawal and deposit forms, then joining in the queue to present the completed forms to a teller. And if you were dead lucky you'd finish filling out those pesky forms just to be beaten into the queue by a man carrying a couple of sacks filled with the (uncounted) loose change takings from his business.

A cash withdrawal from your local branch really was the mainstay of weekly living. Restricted bank trading hours and very limited methods of accessing your money did have their upsides though. It could be said they brought families and friends closer together. The reason? If you didn't make it to the bank by closing time Friday you had to beg and borrow money from family and friends in order to put petrol in your car or to go out on the weekend. The favour would soon be returned, as the money lending cycle continued to turn. Occasionally you could cash a cheque out of bank hours with a business where you were known and trusted. Mostly though, business establishments prominently displayed large signs proclaiming "NO CREDIT" or "NO CHEQUES CASHED" to deter hopeful enquiries.

Banking survival in the good old days very much depended on how proficient you were at planning.

WHAT CHANGED?

New technology and new thinking has turned the way we now access our money on its head. We now operate in a world of 24/7 ATMs, eftpos, bpay, automatic bank transfers, internet banking and phone banking. Of course you are still welcome to go into a branch but there is nowhere near the compulsion to do so, thanks to the increasing uptake of the internet as a way of banking, transferring money, paying bills, checking statements etc.

The way we access our money has evolved, and continues to evolve, so radically we feel it well deserves a thorough

examination. In this age where everyone is crying ‘Time poor’, the bank, building society or credit union that offers convenient service through various channels will be prized and win the consumer’s business. CANSTAR CANNEX has been tracking bank customer behaviour and matching it with what the financial institutions offer to find out who has the most comprehensive money-accessing networks through ATMS, branch and phone banking, Australia-wide. It follows that these institutions would then rate high in the banking convenience stakes for customers across Australia or in their own home states.

MOST COMPREHENSIVE BRANCH NETWORK

These days a large number of people only go into a branch when they need to. There are some services which require the personal touch of branch staff. These include things like opening an account, withdrawing a large amount of cash, ordering a bank cheque, stocking up on small change for your business etc.

At CANSTAR CANNEX, we defined institutions with the Most Comprehensive Branch Network as not necessarily just the largest but one which provides user-friendly functionality with a wide spread of coverage for customer convenience. Naturally, the latter favours the big banks but the actual number of branches available is not always the only thing that matters. Branch access in areas that cater to most Australians is also important so we looked at the percentage of Australians who live within a 5 kilometre radius from their nearest branch. The results are shown in the chart at right.

Branch Network Accessibility Across Australia	
Institution Name	% coverage*
Commonwealth Bank	87.18%
Westpac	85.67%
ANZ	84.19%
nab	82.78%
St George Bank	60.16%
Bendigo and Adelaide Bank	53.02%
Bank of Queensland	49.06%
Suncorp Bank	32.10%
CUA	28.18%
Bankwest	26.07%

* % coverage of Australians who live within 5km of their nearest branch

BRANCH IMPROVEMENTS

One of the most hated things about bank branches is the queuing, particularly if you are behind a woman with five children clutching groaning money boxes. That’s why the following improvements are a godsend for customers.

- **Self-service coin-counting machines** – gone are the days of laboriously counting small change from junior’s money box, then bundling it up in the correct plastic bags before the teller would accept it. The Commonwealth Bank and nab have rolled out automatic coin-counting machines in their main branches. These certainly cut down on customer waiting times in the dreaded queue, while still encouraging the saving of small change. They are also very useful for small business owners with their trade takings. The Commonwealth Bank claims these machines can count 2,500 coins per minute (40 per second), making them Australia’s fastest bean counters. Customers simply pour their coins into the top and the machine does the rest, issuing a receipt to the customer who then simply presents it to a teller to complete the transaction.
- **Branch concierge** – many financial institutions now have concierge services available to direct customers to an appropriate place within a branch. This ensures customers are not queuing in a wrong lane. This service is typically available in a busy city branch during peak hour eg. lunch time.
- **Seated waiting area for teller service** – ANZ branches have a ticketing system where you pick a number then wait in a comfortable seated area until your number comes up.
- **Paperless transactions** – in some banks there is no need to fill out withdrawal and deposit forms, you just go straight to the teller.
- **Espresso coffee machines** – at Bankwest you can enjoy a caffeine hit before or after doing your banking.
- **Children’s play pen** – gone are the days of juggling kids, withdrawal forms and shopping bags at the bank. Some banks have set up designated play areas that will keep the kids safely entertained while you go about your banking business.



AND THE WINNER IS ...

The Commonwealth Bank pipped the field to take our first award for Most Comprehensive Branch Network.

Not only does the Commonwealth have 1,000 branches throughout Australia, but a full 87% of our population lives within 5 kilometres of a branch. More than this, the Commonwealth Bank offers certain features which give it the edge.

These include:

- 60 branches open on Saturdays & 10 branches open on Sundays
- Some branches open from 8.30am
- Paperless withdrawals & deposits in branches
- Self-service coin-counting machines in main branches



Branch Network



CommonwealthBank

We were impressed by the Commonwealth's response to consumer demand. Its branches offer a high degree of access on both days of the weekend where a full range of standard services can be performed. Also useful are the self-service coin-counting machines which are now available in main branches at the Commonwealth Bank.



FOR THE TRIVIA BUFFS

At your next banking trivia night, why not astound guests with these little-known facts?

Australian banks have branches in all areas from:

West – Christmas Island (Westpac branch)

East – Lord Howe Island (Westpac & Commonwealth Bank)

Central – Yulara, Central Australia, 433km south west of Alice Springs, 1500km from Adelaide, 1900km from Darwin (ANZ branch)

MOST COMPREHENSIVE ATM NETWORK

Automatic teller machines, or ATMs as we know them, are a huge part of our banking lives. CANSTAR CANNEX research shows that nearly 60% of customers regularly use ATMs. After the ATM reform in March this year when ATM fees became more transparent, it is now more important that customers know where their own bank's network is. This system has resulted in more people than ever avoiding 'foreign' ATMs in preference to their own bank's. Reserve Bank data says the percentage of people using their own bank's ATMs has risen from 54% in February to 60% a month later. This can be directly attributed to the warning on the ATM screen that now shows you the fee that will be charged if you proceed. No-one likes fees, particularly in an economic downturn and this new move is obviously making people think twice about the ATMs they use.



ALL ATMs ARE THE SAME, AREN'T THEY?

All ATMs provide the basic functionality we expect but there are subtle differences between networks. Some ATMs offer multi-language capabilities, the ability to top up a prepaid phone card or print a mini statement. User friendliness comes into play, too. The screen size can make the difference between squinting or not. Some ATMs allow you to go back one step if you make a mistake, rather than start the whole process over again. Others have useful shortcuts for common transactions.

WHERE'S THE NEAREST ATM?

As with bank branches, the spread of coverage of ATMs is important to customers who want convenient service without incurring fees. When looking at the percentage of Australians who live within a 5 kilometre radius from their own bank's ATM, we found the Commonwealth Bank just ahead with 89.95%. This high figure also applies to Bankwest whose customers now have access to the Commonwealth's ATM network after the merger of these two entities. The Bank of Queensland is a whisker behind with over 3,300 branded ATMs across Australia. While still subject to regulatory approval, the brand new partnership of nab and Cuscal, which runs the rediATM network used by many credit unions has now widened ATM options for credit union customers already using the rediATMs, as well as nab customers.

ATM Accessibility Across Australia

Institution Name	% coverage*
Commonwealth Bank/Bankwest	89.95%
Bank of Queensland	89.78%
Nab/RediATM^	88.90%
ANZ	88.50%
Westpac/St George Bank	87.51%
nab	85.49%
CUA/RediATM	80.87%
RediATM	80.71%
Bendigo and Adelaide Bank	62.67%
Suncorp Bank	40.38%
Heritage Building Society Limited	11.63%

* % coverage of Australians who live within 5km of their nearest ATM
 ^ Nab & RediATM partnership subject to regulatory approval

AND THE WINNER IS ...

CANSTAR CANNEX's Most Comprehensive ATM Network award goes to the Commonwealth Bank. Its level of customer accessibility through 3,600 ATMs Australia-wide is impressive, meaning that just short of 90% of Australians live within 5 kilometres of a Commonwealth ATM.

We found the Commonwealth's ATMs offer the full functionality we looked for, such as ease of use, the ability to transfer funds between linked accounts and the printing of mini statements.


We congratulate the Commonwealth Bank for winning two of the three awards so far.



ATM Network



CommonwealthBank



ISLAND-LIVING ATMs

Here are more little-known facts for your next banking trivia night.

Australian banks have ATMs on the following islands:

- Norfolk Island** – 1 x Westpac ATM
- Thursday Island** – 2 x nab ATMs
- Currie, King Island** – 1 x Westpac ATM

CREDIT UNION MYTH BUSTED

We recognize that while the big banks provide blanket coverage throughout Australia, local credit unions and building societies are more entrenched in their city and regional communities and enjoy loyal customer bases there. Many people though are under the mistaken belief that banking with their hometown credit union or building society may be restrictive in terms of accessing their money.

The fact is that lots of these mutual banks are members of the rediATM network. This network has just signed an agreement with nab which, subject to regulatory approval, will take the total amount of ATMs available across Australia to 3,100 (compare this to the Commonwealth Bank's 3,600 ATMs for some perspective). This means that customers of credit unions who already use the rediATMs can now use nab ATMs and vice versa fee-free. According to our research, the nab/rediATM partnership gives coverage of 88.90% of people living within a 5 kilometre range. That's not to be sneezed at because it may mean a direct charge-free ATM for you is just around the corner.



Many people choose only to bank with a credit union or building society. As these institutions do not typically have a national presence, we have looked at state strength in the area of customer accessibility through branch and ATM networks.

We found CUA to be very strong along the east coast, with Community CPS Australia taking the honours in our capital territory. Savings & Loans Credit Union was unbeatable in its home state of South Australia, while MyState Financial was the winner in the Apple Isle. Police & Nurses Credit Society triumphed in the West and the most accessible institution in the Northern Territory was Defence Force Credit Union.

Most Accessible Credit Union - ATM & Branch

ACT	Community CPS Australia
NSW	CUA
NT	Defence Force Credit Union
QLD	CUA
SA	Savings & Loans Credit Union
TAS	MyState Financial
VIC	CUA
WA	Police & Nurses Credit Society



MOST COMPREHENSIVE PHONE BANKING

For many people a phone is easier to access than a computer and the internet so phone banking is a useful channel when you need to speak to a real person but can't get to a branch. Phone banking is also helpful for general enquiries but it is essential for after hours emergency assistance, such as reporting a lost credit card or stopping payment on a cheque.

Most phone banking networks offer the choice of using an automated system or speaking to a real person. While the automated system is available around the clock, you may not be able to speak to a real person at 3 in the morning. Things that separate one phone banking system from another can include:

- **Voice recognition** - where you speak with an automated system that 'understands' your request and puts you through to the appropriate connection. This aims to cut down on waiting time while the recorded message rattles off all options available with phone banking. However, voice recognition is not always reliable and can be irritating if you are put through to the wrong person.
- **Retrieving transaction information** – some networks allow you to retrieve the last few transactions on your accounts or to order statements to be sent to you.
- **Product servicing** – the ability to renew your term deposit, request a credit card limit increase etc.

When evaluating phone banking, we looked at complex product data, as well as simple things like how long it took to answer calls and the ability to jump steps easily rather than being forced to listen to the whole spiel before getting to where you want.

YOUR CALL IS IMPORTANT TO US

When it comes to phoning our bank or any other large organization for that matter, our patience is certainly not infinite with automated phone-answering services. As a caller the one thing we hate is to be given the automated runaround, then to be told repeatedly that our call is important. In fact the 5 things that irritate us most with automated phone answering systems include:

- The long ad about the company when the call is first answered
- Voice recognition that does not understand anything you say
- Menus that go on and on and on and on
- Infinite layers of menu choices
- No shortcut to the operator



AND THE WINNER IS ...

CANSTAR CANNEX congratulates Suncorp Bank for having the Most Comprehensive Phone Banking. Suncorp Bank provides an efficient phone banking system that incorporates surprisingly accurate voice recognition, a fully automated system plus operator-assisted enquiries. Suncorp Bank's automated phone banking service provides the full functionality we were looking for, such as account balance, transfer funds and transaction information. Suncorp Bank's voice recognition system gives product information and takes care of enquiries from both new and existing customers.



Phone Banking

Apart from functionality, Suncorp Bank's phone banking expertise appeared in the radar when consumers rated it highly in our recent CANSTAR CANNEX Customer satisfaction survey which measured usefulness and user friendliness of this banking channel.



Suncorp Bank has obviously kept the consumer experience in mind when designing its phone banking system. We were impressed with the fact that their voice recognition allows you to jump steps to get to your destination faster. Another helpful shortcut is the ability to key in your ID upfront, using your card or phone banking numbers. There is plenty of time for this, including the ability to go back one step to correct a mistake without having to start all over again.

It's true that the differences between phone banking services offered by many of the banks, building societies and credit unions are slight. For instance, the level of service we measured was similar between institutions. This took into account the number of steps the customer is required to do to complete the enquiry or transaction and the length of time taken before the customer talks to a real person. Because the competition is so strong in the area of phone banking, it can be simply the little things or that extra attention to detail which gives one bank the winning edge over another.

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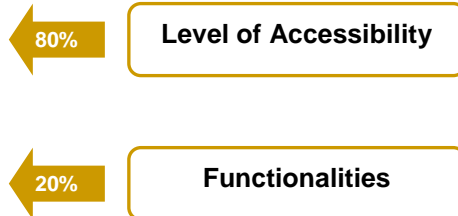


BANKING DISTRIBUTION REPORT

AWARDS TO INSTITUTIONS



Most Comprehensive ATM Network

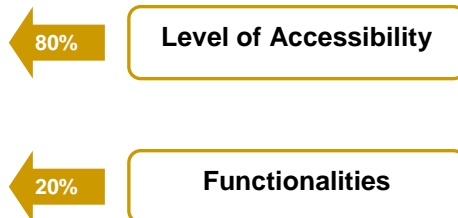


Level of coverage & density across Australia

ATM functionalities to transfer funds, transaction history, user friendliness, other features

See below for more detailed methodology on 'Level of Accessibility'

Most Comprehensive Branch Network



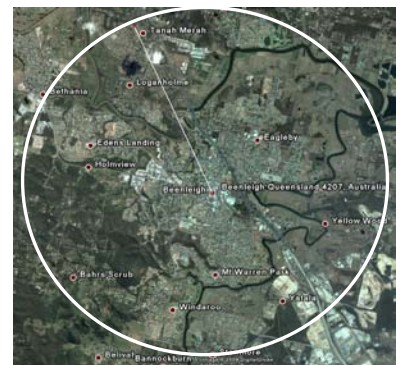
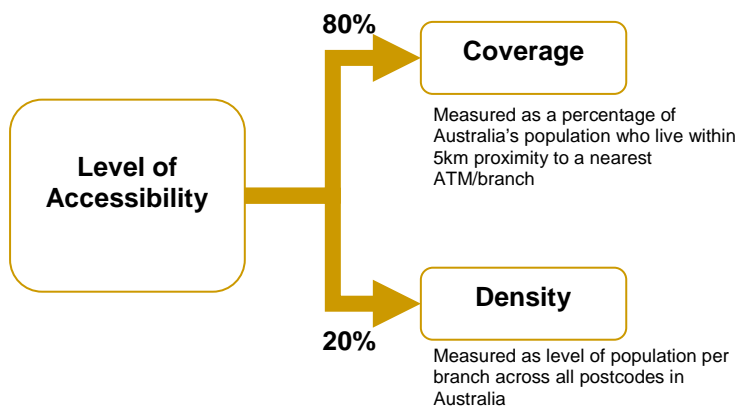
Level of coverage & density across Australia

Availability of branch services (foreign currency, safe custody), branch tools (coin counting machine), other

See below for more detailed methodology on 'Level of Accessibility'

Level of Accessibility (for ATM & branch)

We measure the level of accessibility for branch & ATM networks by quantifying availability of these services to Australia's general population. Two different measures are used:

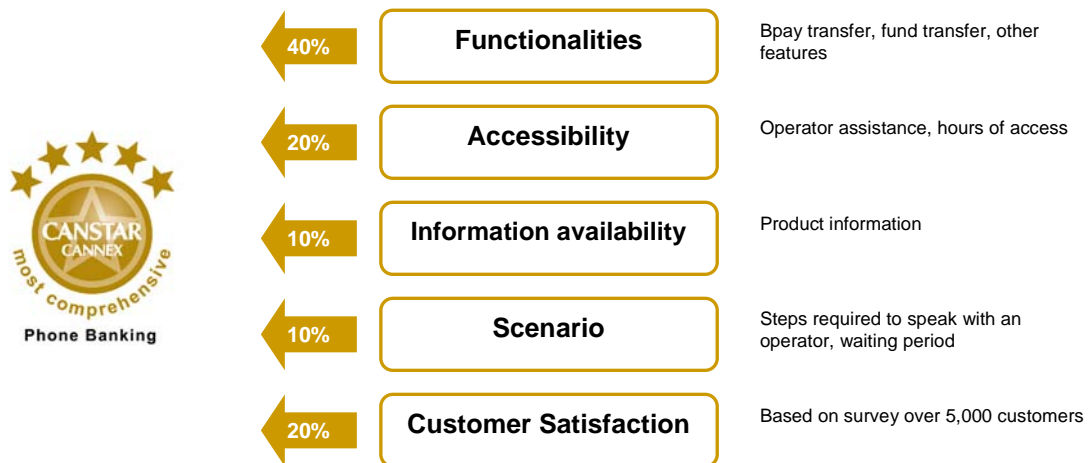


$$\text{Density score} = \sum_{\text{postcode } i}^x (\text{population}\%_i \times \text{number of atm/branch}_i)$$

where

Population% is population on postcode i divided by total Australia's population
Number of atm/branch is number of atm/branch available within postcode i

Most Comprehensive Phone Banking



Does CANSTAR CANNEX rate other product areas?

CANSTAR CANNEX researches, compares and rates the suite of banking and insurance products listed below. These star ratings use similar methodologies to guarantee quality, consistency and transparency. Results are freely available to consumers who use the star ratings as a guide to product excellence. The use of similar star ratings logos also builds consumer recognition of quality products across all categories. Please access the CANSTAR CANNEX website at www.canstarcannex.com.au if you would like to view the latest star ratings reports of interest.

- Agribusiness
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- Car insurance
- Credit cards
- Direct Life Insurance
- Deposit accounts
- Health insurance
- Home & Contents
- Life Insurance
- Low-doc home loans
- Margin lending
- Mortgages
- Package banking
- Personal loans
- Reward programs



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