

ONLINE BUSINESS BANKING

MISC Global
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**Market
Intelligence
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25% growth since December 2005.
HIOSA accounts win 22% of deposit business*.**

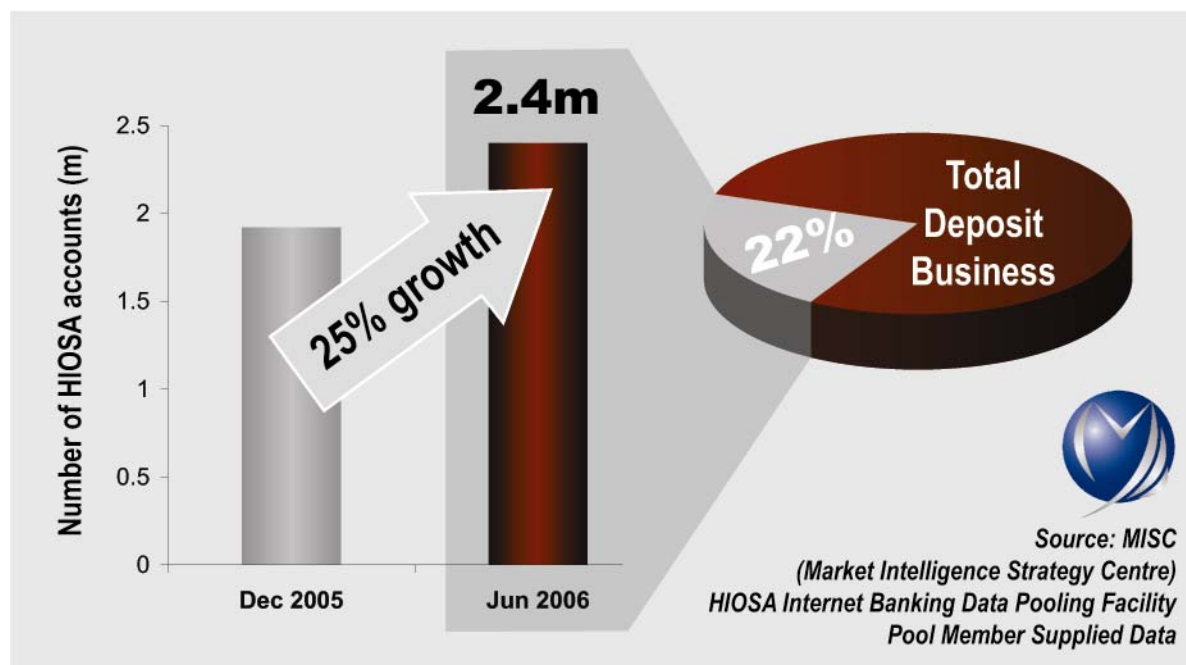
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HIOSA accounts reach 2.4 million fuelled by 25% growth since December 2005. HIOSA accounts win 22% of deposit business*.



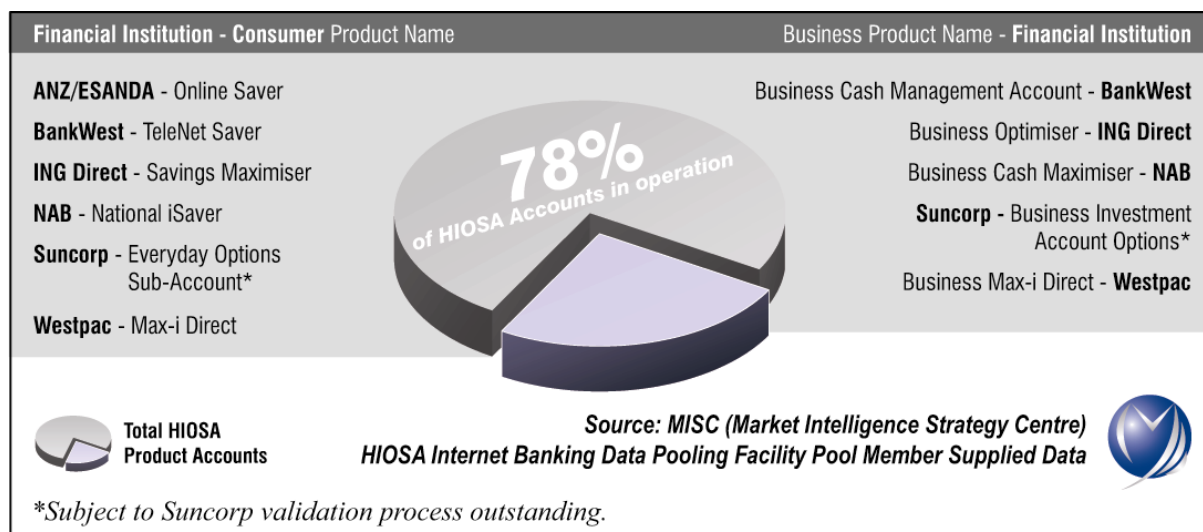
Following the earlier formation of a new Industry Co operative Statistical Pool to measure High Interest Online Savings Accounts (HIOSAs) and their inroads, MISC (Market Intelligence Strategy Centre) on behalf of the Bank Industry Pool members, announced today the results of the third quarter measure of this new product sector.

The pool results show, that against all deposit business (offline and online), that online deposit business is growing significantly and now more than 2.4 million deposit accounts are HIOSAs. In just the three quarters since the pool was established the HIOSA market has grown 25% on the back of new and extended HIOSA product introductions through out the year and greater rate competition.

With few exceptions, says MISC on behalf of the bank pool members, now almost all banks have at least one HIOSA offering, with many launching a small business product on the back of consumer directed online savings activity. Among more recent SME HIOSA product extensions are the new introductions of BankWest TeleNet Saver and earlier the National Australia Bank SME Cash Maximiser Account.

The second influence comes on the back of the Reserve Bank Interest rate rise in May 2006 (the first for 14 Months). This alongside the more competitive HIOSA market prompted many banks to increase their HIOSA rate offerings. Commonwealth Bank, Suncorp (outside Queensland) and Members Equity made smaller increases while others passed on an extra 30 basis points. These included ING Direct who responded to increasing competition and some smaller newer entrants. By June quarter end, BankWest's rate offer at 6.4% was the highest with the newest HIOSA competitor, Bank of Queensland, offering 5.95% and AMP almost matching BankWest (but only for a six month special bonus rate). While rates ranged from 4.75% to 6.4% at the time, with a further Reserve Bank rate adjustment, today's rate range is now from 4.75% to 6.8%.

HIOSA Members of the MISC Internet Banking Pool



These surprising results come from the new HIOSA banking Industry Pool which extends the Internet Banking Pool established by the banks through MISC in early 2000. Just like the Internet Banking Pool the HIOSA Pool includes most of the banks offering HIOSA products and claims (after just three quarters) a 78% coverage i.e. 78% of all HIOSA activity is derived from the Pool members who include all the major players National Australia Bank, ING Direct, Esanda/ANZ, BankWest, Westpac and Suncorp.

MISC's latest research also shows that by June quarter 2006 HIOSA deposit business had captured some 22% of all deposit business written by the same banks that have HIOSA offerings. On behalf of its Pool members, MISC (Market Intelligence Strategy Centre) considers that this substantial online acceptance of an investment product is a precursor of a new generation of Internet banking product developments that will ensure that Internet banking continues to grow.

While the first HIOSA products were introduced by ING Direct (Saving Maximiser) in 1999 with Members Equity offering its InterestMe 18 months later, other smaller banks followed but by 2003/4 the HIOSA market evolved further as existing and new financial institutions provided small business targeted products as well as consumer based offerings. This together with regional bank involvement via BankWest and Suncorp provided a second phase in the development of the market and one that set the theme for further new financial institution involvement to come. BankWest Business Telenet Saver was launched in May 2006.

A further milestone, and the one that coincides more directly with this co-operative bank initiative was the entrance of the major banks. Westpac was among the first of these in 2004, launching a business and consumer offering, followed by Esanda in March 2005 which was later absorbed into the deposits business of ANZ and Commonwealth Bank offering (consumer only) followed in June 2005. The National Australia Bank recently followed this with its iSaver Account for consumers in addition to a special business Cash Maximiser Account.

** Deposits business written by the same banks that have HIOSA offerings*



Background To HIOSA Industry Pool:

MISC's (Market Intelligence Strategy Centre) new HIOSA Banking Industry Pool commenced with its initial September 2005 quarter data collection. The current pool data members of the new HIOSA pool include Suncorp, BankWest, Esanda/ANZ, National Australia Bank, ING Direct and Westpac. Through this new HIOSA Banking Data Pooling Facility, developed by MISC, this group of Australia's leading HIOSA financial institution innovators have agreed to pool their statistics on HIOSA banking service activity on a quarterly basis.

This new industry co-operative "census styled collection" is a mirror of the well-respected MISC Internet Banking Pool, which was established in 2000. Like it, the new HIOSA pool finally delivers a reliable and regular measurement of the growth of HIOSA account uptake and Internet banking users of these new deposit products.

A primary goal of the facility is to provide the only measures of not only the true extent of this new online savings product but to provide accurate measures of its inroads into the traditional deposit markets. The impact of these products and their transaction accounts have yet to be observed fully and it is hoped that quarterly customer behavioural monitoring provided by the facility will enable banks to see how these products change Internet banking transaction behaviour. Accordingly, MISC says, the Facility should be viewed as a progressive and pro-active attempt to provide Pool participants with an independent, quantifiable and verifiable assessment of market performance and trends.

Essentially the exciting 'data pooling' initiative determines for the first time the true HIOSA uptake across all financial institution players and importantly allows HIOSA market share to be measured against all deposit activity collected by APRA. The pool structure 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 HIOSA market and also delivers, for participants, their individual confidential relative market share positions. To track the markets development, MISC co-ordinates 90-day data pooling measures to which all participants will confidentially contribute. The subsequent quarterly reports delivered by MISC will provide the various Pool participants with the opportunity to monitor performance.

QUALIFYING HIOSA PRODUCT OFFERING - NOVEMBER 2005
HIOSA FEATURES

Consumer Product

Bank	Account Name	June Rate > \$50,000-\$100,000	Nov Rate > \$50,000-\$100,000	Fixed Term	Minium Deposit Level	Variable Interest	Access Electronic Only	Cheque withdrawa l	Cheque Deposit	Direct Debit	Direct Credit	BPay	Overdraft Facility	W/ithdrawal Transfer Only	Access to Account*
BankWest	TeleNet Saver	6.4	6.8	X	X	CD, PM	√	X	X ²	√	√	X	X	√	
Esanda/ANZ	Esanda Online Saver	5.65	N/A	X	X	CD, PM	√	X	X	X	√	X	X	√	phone ³
ING Direct	Savings Maximiser	5.6	6.0	X	X	CD, PM	√	X	X	X	√	X	X	√	
NAB	NAB iSaver	5.65	6.1	X	X	CD, PM	√	X	X ²	X	√	X	X	√	Statement
Suncorp	Everyday Options Sub-Account	5.65	6.15	X	X	CD, PM	√	X	X	√	√	√	X	√	Statement (not limited to one account)
Westpac	Max-i Direct	5.45	5.85	X	X	CD, PM	√	X	√	X	√	X	X	√	Branch access is available at a cost

Business Product

Bank	Account Name	June Rate > \$50,000-\$100,000	Nov Rate > \$50,000-\$100,000	Fixed Term	Minium Deposit Level	Variable Interest	Access Electronic Only	Cheque Withdrawa l	Cheque Deposit	Direct Debit	Direct Credit	BPay	Overdraft Facility	Withdrawa l Transfer Only	Access to Account*
BankWest	Business TeleNet Saver	5.85	6.35	X	X	CD, PM ⁵	√	X	X	√	√	X	X	√	Statement
ING Direct	Business Optimiser	5.5	5.9	X	X	CD, PM	√	X	√ ⁶	X	√	X	X	√	Statement
NAB	Business Cash Maximiser	5.65	5.75	X	X ¹	CD, PM ⁴	√	X	X	X	√	X	X	√	Statement
Suncorp	Business Investment Account Option	5.65	6.15	X	X	CD, PM	X	X	X	√	√	√	X	√	Debit card, over counter
Westpac	Business Max-i Direct	5.5	5.85	X	X ¹	CD, PM	√	X	√	X	√	X	X	√	branch access is available at a cost

CD=calculated daily, PM=paid monthly, ¹Initial minium deposit, ²Initial deposit only, ³Restricted phone banking hours, ⁴No interest paid if balance below \$10,000, ⁵Option of annual payment, *other than phone & internet access

Source: MISC (Market Intelligence Strategy Centre) HIOSA Internet Banking Data Pooling Facility Pool Membership Supplied Data

Scope of Reporting:

Through contributed data from existing pool members the MISC Internet Banking HIOSA Supplement covers 78% of these balances. Extrapolation of the remaining balances has been completed by MISC through a survey of banks, whose HIOSA accounts comprise the remaining 22% of balances not included in the pool collection.

Definition Qualification:

Not all claimed online high interest products qualify as a HIOSA according to the strict bank approved definitional constraints applied by the pool. A HIOSA, by pool approved definition, is defined as a deposit product specifically designed as a savings vehicle, that once opened/registered, can be accessed via the registered customer's Internet Banking Facility (access dependent upon registered user requirements). Access is restricted to electronic means and does not include cheque withdrawal or withdrawal over-the-counter at a branch. The account carries no overdraft facility. The account may have been opened online via a bank's website through which online account and product procurement is available to both non-registered and registered Internet bank users or offline at a branch.

High Interest is defined as interest that is more closely aligned with the official cash rate, expected to be at least 250 basis points above a bank's standard offline passbook savings account. High interest could alternatively be defined as a rate within a certain margin below the official cash rate.

Several offerings have several features common to the HIOSA but fail to ultimately qualify because of their access provision. The HSBC product has many of the attributes common to other HIOSA offerings but it is not exclusive to Internet banking and electronic access channels. The Members Equity consumer product is ultimately excluded because of its extensive physical (not electronic) access. Because the Citibank business offering is provided over-the-counter, it warrants exclusion as well.

For further information on this unique service please contact MISC Marketing.

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