

## INTERNET BANKING

**MISC Global**  
● ● ● ● ●  
**Market  
Intelligence  
Strategy Centre**



**Banking usage (\*transfers) increase by 24% in latest quarter, as the numbers of users logging in are declining. Are Internet Banking users becoming smarter and more efficient?**

**Final Media Release  
Embargo: 12 midnight Monday, April 14 2003**

Please adhere to the following reference conventions for any MISC material used in your article(s):

1. Please refer to MISC in the following manner; MISC Australia (Market Intelligence Strategy Centre)
2. Do not cite any individual MISC staff
3. Please forward an original version of the published article(s) to MISC for internal records
4. Further information about MISC services please contact the Marketing Department



**Banking usage (\*transfers) increase by 24% in latest quarter, as user login growth slows. Internet Banking users become smarter and more efficient?**

These results emanate from the just released December 2002 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 pool members like NAB, Commonwealth, Westpac, BankWest, and Bendigo with special assistance from Citibank and Suncorp Metway. The Pool of contributing bank members now account for approximately 89% of all Bank Internet transaction activity.

Leading industry analysts, MISC Australia (Market Intelligence Strategy Centre), on behalf of Australia's major and regional Banks, today released figures from the latest December Quarter of Internet Banking Pool results, which now reflect the activity of more than 6 million registered Internet banking users. In the latest quarter (now collated) Internet Banking transfers increased by 24%. The increase in transfers was predominately due to an increase in the number of external transfers by IB users as they increasingly took advantage of the cost savings to be made from conducting these transactions on the Internet, in preference to phone banking, EFTPOS systems or straight cheque based transfer transactions. The December Quarter, says MISC (Market Intelligence Strategy Centre), is usually buoyed by more transfers as consumers prepare their account for Christmas transactions, but this year the growth was even greater. The Bank Pool Members such as NAB, Commonwealth, Westpac and even regional banks like BankWest in the last year, have significantly upgraded their Internet Banking site transfer flexibility. As early as March 2001, all the majors and regionals were providing external transfer capability. In many cases, says MISC, on behalf of the Pool member banks, the cost of an Internet banking transfer was free (up to a limit i.e. usually 20 transactions), or when a cost was levied it was usually one-third the cost of other methods like phone banking or EFTPOS. Pool Member banks like Westpac, Commonwealth and NAB charge between 33% and 60% of the cost of other methods on the Internet. While customers may pay between 50c and \$1 to transfer using their EFTPOS or phone banking, they can either transfer on the Internet free or for as little as 20c (after set free transactions). Similarly, as more banks limit the number of free EFTPOS transactions, IB users have become more conscious of the frequency in which they use EFTPOS. For more established Internet bank offerings, it appears that consumers are more likely to transfer particular transaction behaviours eg EFTPOS to their Internet Banking experience, hence the increase in the number of external transfers noted this quarter. At the newer Internet banking sites, users who increase their transfer activity do so more at the expense of traditional cheque based funds movement.

**While logins slow as bankers become more efficient transfers drive transaction growth**

	<i>Sept 2002 Qtr</i>	<i>Dec 2002 Qtr</i>
% Increase in Transfers (including external and internal)	15%	24%
Ratio of Logins to Active Users	7%	-1%

Source: Market Intelligence Strategy Centre (MISC) Internet Banking Data Pooling Facility December Qtr 2002

### ***BUT LOGIN GROWTH DECREASES AS USERS BECOME MORE SAVVY***

MISC (Market Intelligence Strategy Centre) says that in contrast to this transaction growth, login growth in this quarter decreased. This measure of Internet Banking activity, the experience of logins, is sometimes used in the absence of this industry activity collection (i.e. The Internet Banking Pool). On behalf of its Pool Members, MISC (Market Intelligence Strategy Centre) says, that the December Quarter results show that this measure has actually slowed for the first time, and relative to active users shows a negative change as active Internet Bankers use fewer logins to complete their Internet Banking session. The Bank Pool Members say that in the context of still rising Internet Banker numbers, this apparent contradiction shows that Australian Internet Bankers are becoming far more efficient users of this platform. MISC says that these users are clearly completing much of their banking in fewer sessions. In the December Quarter, login growth fell to 12% for the first time. These findings suggest that Internet Banking users are becoming more efficient, making conscious decisions to use their Internet Banking services less frequently, but condensing their transaction activities into fewer access times, therefore making smarter use of the channel.

This latest user change suggests that the growth of this new banking channel is continuing, and is especially buoyed by improving transaction activity. On behalf of its Bank Pool Members, MISC (Market Intelligence Strategy Centre) suggests that this conclusion is now better supported by the recent gains in transaction volumes in excess of 6 million Internet Banking users. This shows that more users were making better use of the channel, even though it might be less regularly. Active users are becoming more conscious of their banking and spending habits, and now that they are comfortable with the medium, many have recognised they can actually reduce their banking costs if they deliberately structure activity to take advantage of most bank offerings.

---

## Further Background Notes to MISC Facility Service Development & Methodology

These are findings from the MISC Internet Banking Data Pooling Facility collection for the December 2002 quarter. This latest report is the ninth so far produced by MISC on this dynamic sector of the Electronic Banking market and is based upon Banks supplying quarterly detailed Internet Banking transaction data adhering to a standard format and consistent definitions designed by MISC. The report is compiled exclusively for the use of the pool members of the Facility, a unique collaborative service, developed by MISC together with Australia's leading Internet Banking financial institutions.

These institutions regularly pool detailed statistics on their Internet Banking service activity. This latest, December 2002, reporting is now augmented with extended analysis of On-Line Applications across a wide and increasing range of Banks products including Home Loans, Personal Loans, Credit cards and Insurance

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 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 MISC Marketing.

**MISC (Market Intelligence Strategy Centre)**  
**Level 4, 14 Collins Street**  
**Melbourne Victoria 3000 Australia**

**Telephone: (03) 9654 4266**  
**Facsimile: (03) 9650 7730**  
**email: [miscinfo@marketintelligence.com.au](mailto:miscinfo@marketintelligence.com.au)**