

INTERNET BANKING

MISC Global
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**Market
Intelligence
Strategy Centre**



**'Over 50's' emerge as key Internet Banking consumers
(growing by 279% since June 2000) as IB registered users now
reach 3.4 million, representing 11% of total Banking customers**

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‘Over 50’s’ emerge as key Internet Banking consumers (growing by 279% since June 2000) as IB registered users now reach 3.4 million, representing 11% of total banking customers according to latest research from MISC Australia.

These are results of the just released June 2001 Bank-sponsored, MISC Internet Banking Data Pooling Facility. The data collected and Pooled is submitted by most of Australia’s leading Internet bankers including the National, CBA, Westpac, BankWest and ANZ and Bendigo (with additional support from Suncorp-Metway).

Internet Banking market continues to surge.

Co-ordinated by MISC for Australia’s leading national and regional Banks, the MISC Internet Banking Data Pooling Facility members today announced that Internet Banking has now attracted 3.4 million customers (increase of approximately 600,000 on the previous quarter) confirming the channel’s growing influence on the future of banking in Australia. As early as June 2000, the number of registered Internet Banking users measured from the bank Pool membership approached 1.37million customers. In just 15 months MISC confirms that this number has more than doubled as more bank customers continue to embrace online banking options.

Over 50’s stimulate Internet Banking user growth

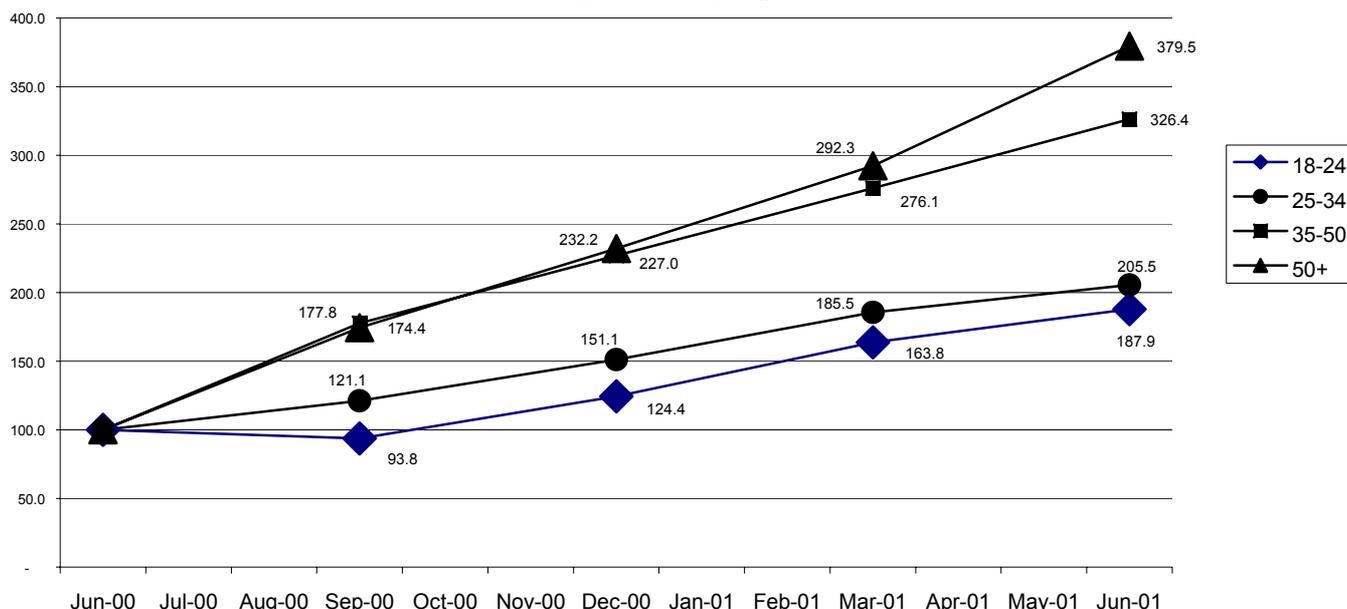
Whilst not the leading customer group, the ‘Over 50’s’ have clearly led much of the growth expanding by 279%, faster in fact than any other age group using the Internet for its banking services. The MISC Pool participants acknowledge that while this age group exhibits a relatively more conservative nature than younger age groups, and could be expected to be slower in adopting new technology services such as Internet Banking, their recent growth implies a significant behavioural shift. The MISC Pool members say with growth rates which have almost trebled since June 2000, the rapid development of such a group with its subsequent driving impact upon the market, suggests that the industry is now entering a sustained growth phase. These findings are not exceptional to Australia as there is similar evidence in the UK that mature over 50 British banking customers are also leading the way.

Without the use of specifically age-targeted advertising campaigns, the Bank members are clearly pleased that their mature customers are turning to the Bank’s online Banking services. The Banks also recognise and duly attribute part of their success to the notion that this age group is becoming increasingly familiar with the Internet generally, via the use of email and financial service information gathering. This latest MISC findings suggest that mature customers are clearly, like most in modern society, seeking banking service convenience.

MISC says that as this age group rapidly becomes more visible and influential within an ageing population, they will increasingly represent a most potent age cohort for the Banks. In particular, as online savvy ‘Baby

Boomers', join the pre and become post-retirees they will demand more online banking solutions to assist with the management of their considerable assets.

Index of Internet Banking Customer Penetration - By Age Demographic

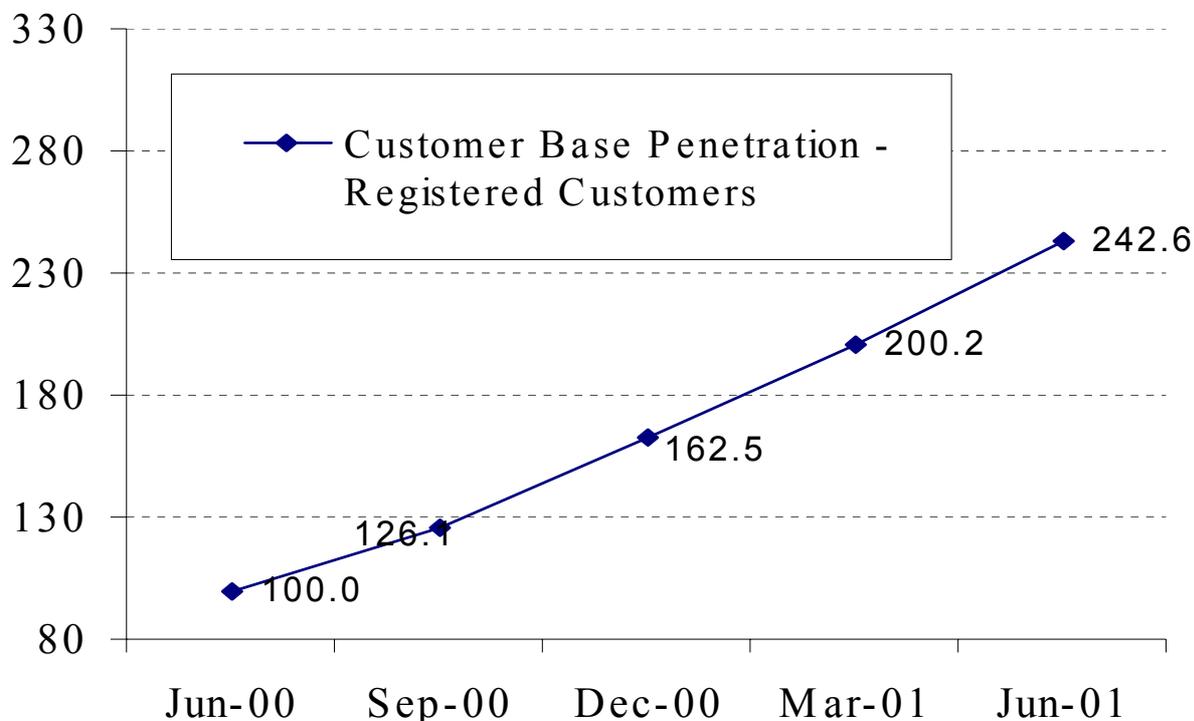


Source: Market Intelligence Strategy Centre (MISC) Internet Banking Data Pooling Facility- June Quarter 2001

Internet Banking Customer Uptake reaches 11%

The latest Pool results from the members suggest that the Banks are continuing to convince their customers of the merits of Internet Banking, says MISC. The following graph reveals that Internet Banking customers, as a proportion of total Banking customers, have increased almost two and a half times in the five quarters to June 30, 2001 and now represents 11.1% of total banking customers in Australia. While the numbers of new users of Internet Banking services are clearly an indicator of growth, the real yardstick for measurement of success says MISC, for the service providers, is an uptake measure. MISC has, via the Facility, developed its own regular measurement of Internet Banking Uptake (IBU) for its Pool members. The consistent growth of this customer conversion measure suggests existing customers are increasingly embracing Internet Banking and now adopt the service feature as an alternative to branch and other electronic banking mechanisms.

Index of Internet Banking Uptake (IBU)



Source: Market Intelligence Strategy Centre (MISC) Internet Banking Data Pooling Facility- June Quarter 2001

Footnote: An 'IBU' is the proportion of banking customers that include use of Internet Banking platforms in their repertoire of banking services.

These are findings from the latest Internet Banking Data Pool collection for the June 2001 quarter. This latest report is the fifth 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 designed by MISC. The report is compiled exclusively for the use of the members of the **MISC Internet Banking Data Pooling Facility**, a unique cooperative facility, developed by MISC together with Australia's leading Internet Banking financial institutions. These institutions now regularly Pool detailed statistics on their Internet Banking service activity. Currently the Facility has a Pool membership which represents 88% of all Internet Banking transactions.

Further Background Notes to Facility Service Development & Methodology

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 new 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.

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 90day 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 the MISC Marketing Department.

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