

## INTERNET BANKING

**MISC Global**  
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**Market  
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**6 Million Internet User Registration Milestone Reached,  
after 10 Quarters, as Banking Usage (\*transactions)  
Grow 15% in Latest Quarter**

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## 6 Million Internet User Registration Milestone Reached after 10 quarters, as Banking usage (\*transactions) Grow 15% in Latest Quarter. Results Confirm that Virtual Channel Now Functions as Viable Option with IVR and Teller Based Banking Services

These results emanate from the just released September 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 the NAB, Commonwealth, Westpac, ANZ, BankWest, Bendigo & Suncorp Metway. It excludes all Internet activity of non-Banks – notably Credit Unions and the Internet activity of St George Bank. The Pool of contributing banks now accounts 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, announced today that the number of Registered Internet Banking Users has now reached the 6 million threshold. All Registered Internet Banking customers in Australia by September 2002 stood at 5.987million with the market recording an increase of nearly 1 million new registrations since early in 2002. This is in conjunction with a recent 15% increase in banking transactions made by users on the channel. MISC says that Internet Banking is now well established as part of a repertoire of banking channels now used by all Australians. These include IVR (phone banking) branch, ATM banking and now internet banking. The results emanate from the banks latest September quarterly statistical data collection of Internet Banking use.

### 6 million users make 83 million transactions per quarter

	<i>Sept 2002 Qtr</i>	<i>% Growth Rate on June 2002</i>
Total No. Registered Users	5.987m	9%
Number of Transactions	83m	15%

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

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 15% gain in transaction volumes. This shows that more users were making use of the channel. Transactions completed in just this one quarter now approach 83 million. This significant level of activity includes not only traditional day-to-day banking transactions but also online applications for financial service product purchase (eg credit card applications). When the MISC co-ordinated facility delivered its first measurement of the market in June 2000 the number of Registered Users stood at just 1.37million. Two years later, the number of Users at now represents a four-fold increase; a phenomenal achievement for the Cooperating Bank Pool members says MISC.

An increase in the use of these services has occurred while Banks continue to strive to make their Internet Banking services more user-friendly via improved speed and accessibility and also improved 'functionality' in each transaction type. New functions are still being added and in these last 12 months several banks have extended functionalities while others (the later entrants) have now more fully embraced a virtual offering. The net effect is that Internet banking now provides a fully virtual option for almost all transactions. Those new transaction banking functions that have been added in the last year include: automated per set payments, pay anyone in Australia and pay anyone overseas facilities, plus Biller listings and Bill presentment capability. Additionally early innovations of some of the major banks like down loads into accounting software have more recently been adopted by the newer internet banks.

### Selected Internet banking website feature changes over the past 12 months:

Internet banking website feature	Banks / Financial Institution
Home loan redraw	→ Commonwealth Bank (NetBank)
Credit Card rewards redemption /balance access	→ Commonwealth Awards
On Line Money Manager	→ Westpac
Taxation Calculation Facilities##	→ St George, Suncorp Metway, BankWest, Adelaide Bank, NAB, AMP Banking
Transaction search and download	→ Bank West
Financial Service Portal	→ Bendigo
Consumer (Biller Listings)##	→ ANZ, National Australia Bank, Suncorp Metway, Adelaide Bank, AMP Banking, Westpac
BPay View bill presentment service intro	→ Westpac, Commonwealth Bank
Account Aggregation	→ Westpac
Account naming	→ Suncorp Metway, AMP Banking
Automated Preset Payments	→ Bendigo Bank, ING Direct, Westpac
Download to MYOB/iQuicken ##	→ National Australia Bank, Bendigo Bank
Download to Excel (CSV)	→ Bendigo Bank, Citibank, Commonwealth Bank, National Australia Bank, St George, Suncorp Metway, Bank West
Home Loan Redraw	→ Commonwealth
Online Accounting Software for small business	→ National Australia Bank
World Wide Pay Anyone	→ Westpac, St George

## Note Major banks introduced these function in 2001/2002

Source: Market Intelligence Strategy Centre (MISC) Electronic Banking special Research Series 2002

The variety of on-line banking service features that customers have been increasingly offered now include the opportunity to access their accounts to arrange Bill Payment, view their Account History, order a Statement or Cheque Book, download financial information to Accounting Software such as MYOB, Excel, iQuicken, or MS Money and arrange Account Transfers to pay anyone (even overseas) and fully automate their payment procedures.

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

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These are findings from the MISC Internet Banking Data Pooling Facility collection for the September 2002 quarter. This latest report is the eighth 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 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, September 2002, reporting is the first to be especially 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. Pool members have commenced contribution to this additional database and the first reported results of the true shape of the Bank Online Applications sector of the market, will be released shortly to those members.

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.

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