



INCREASED FOCUS ON DIRECT CHANNELS WITHIN RETAIL BANKING SMALL BUSINESS UNITS PREDICTED FOR 2010

FOR IMMEDIATE RELEASE

London, 12 January 2010 – After successive years of revenue growth to 2008, revenues for small business banking fell in 2009. Most observers believe that rates of lending and deposit growth are likely to be low for at least the next two years in most countries. However, a new momentum behind the use of direct channels within small business banking units brings with it the opportunity for improved performance in 2010.

The Efma / Finalta Direct Channels for Small Business Banking Briefing finds that some banks have used the crisis to re-assess their service models to determine more cost effective methods of managing customers. In doing so, banks have made major moves to re-align their business model around more intensive use of direct channels. Findings from the report show the internet is becoming the channel of choice for small businesses. Across Europe, 50% of small business customers are registered for internet banking and 34% actively use it. Despite this, sales via direct channels are currently low for most small business units - approx 10% by volume in the most developed regions with the value contribution significantly less.

The Briefing shows there is more evidence that at least equal levels of service and commercial activity can be delivered more cheaply through the internet, mobile or telephony channels than the traditional branch-based relationship manager model.

The Briefing focuses on how direct channels can successfully be used for: customer acquisition, transaction migration, lead generation, direct sales and relationship management. Small business units need to clearly define their objectives in order to make the business case for direct channel investment.

According to Doug Wilson, director at Finalta, “Many small business units of banks have been slow to fully exploit the potential for improved customer service, relationship management and sales potential through direct channels. Spurred by the need to rationalise costs, market leading banks are now making significant investments in direct channel capability”.

70 respondents, typically Heads of Small Business Banking, participated in this survey. Data was also drawn from the 2009 Efma – Finalta Small Business Banking report. In total, results from 139 banks were used representing 31 different countries.

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A copy of the Efma-Finalta Briefing on **Direct Channels for Small Business Banking** is available on request. Graphics also available.

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About Finalta

Finalta is an independent advisory company that specialises in providing benchmarking and best practice consulting to financial institutions. Finalta provides retail banks with fact-based analysis and practical recommendations designed to support rapid performance improvement.

For further information, please visit www.finalta.eu

About Efma

The European Financial Management and Marketing Association (Efma), is the leading association of banks, insurance companies and financial institutions throughout Europe. On a non-for-profit basis, Efma promotes innovation and best practices in retail finance by fostering debate and discussion among peers supported by a robust array of information services and numerous opportunities for direct encounters. Efma was formed in 1970 and gathers today more than 2,200 different brands in financial services worldwide, including 80% of the largest European banking groups. <http://www.efma.com>