

Hungary

Hungarian enterprises satisfied with banking services

On average, Hungarian companies have relationships with two banks

On average, a Hungarian enterprise has active business relations with two financial institutes, but the biggest companies may use the services of as many as 6-7 banks at the same time. What is more, the overwhelming majority of companies are extremely satisfied with the services of their banks – so GfK Hungaria's Corporate Banking Monitor survey has found.

GfK Hungaria surveys the banking habits of Hungarian enterprises annually. The results of the 2,000 interviews conducted as part of the latest November 2007 survey suggest that the heads of Hungarian companies have a markedly positive opinion about the performance of the banks they have relationships with.

On average, Hungarian companies with at least HUF20 million annual turnover have business relationships with two banks but cooperation with 6-7 different banks is not unusual amongst the biggest enterprises. *"The fact that a company has relations with several banks is not because of the quality of service, since financial decision makers are more satisfied with their main bank than ever before,"* said Janos Bacher, research associate at GfK Hungaria, an expert of Corporate Banking Monitor. Ninety-six per cent of the 2,000 leaders interviewed during the survey have claimed they are satisfied with the performance of the bank they consider to be the most important. What is more, 68% of them consider themselves not just satisfied but very satisfied.

The results of the survey also show there is no significant difference between the level of service and contact offered by banks and financial institutions with regard to the size of the company – small firms have the same opinion of their bank as the big companies. This means that nowadays every client is a really important client to the banks that offer services in the corporate sector.

However, the strength of the relationship developed between the companies and their main bank sometimes overrides satisfaction. Despite the fact that 4% of companies are not satisfied with their banks, only 3% say they will probably not maintain their relationship with their main bank and are likely to terminate it.

Primary amongst the main reasons for switching banks are problems with the granting of credit. Regardless of the size of the company, it is companies who are not seen by their present bank as creditworthy at all or only up to a low proportion of their turnover that are most inclined to switch. At the same time, it is clear that the proportion of companies planning to switch banks is not high even amongst those who do not have a loan from their bank at all – barely more than 6%. This means that the banks' practices for granting credit in Hungary at present is rather similar across the board, so that those who do not obtain resources in the form of bank loans at one place cannot expect to get too much at other financial institutions either.



Proportion of enterprises planning to switch main banks by degree of creditworthiness, 2007 (data as percentage)

Degree of company's creditworthiness	Planning to switch main banks
More than 10% of annual net turnover	2.5
Less than 10% of annual net turnover	3.3
Not creditworthy	6.2

Source: Corporate Banking Monitor, GfK Hungaria

Bank loans are the most important form of finance for Hungarian enterprises. Sixty-three per cent of the firms would take out a loan from a Hungarian financial institution to meet their requirements. At this level, this form of financing is way ahead of all other possible resources.

The survey was conducted by GfK Hungaria Market Research Institute.

Contact:

Andrea Tisza

GfK Hungaria

Visegradi u. 31

1132 Budapest

Hungary

Tel. +36 (1) 452 3050

Fax +36 (1) 320 1776

firm@gfk.hu

www.gfk.hu