

ANZ Appearance before House of Representatives Standing Committee on Economics: 12 October 2018

Shayne Elliott, ANZ CEO

The Royal Commission's Interim Report lays out conduct of a standard below what the community expects and, at times, what the law requires. These observations have rightly dismayed and disappointed Australians.

We have acknowledged to the Commission that ANZ has engaged in misconduct and conduct falling below community standards and expectations.

The Commissioner has also observed that ANZ may have other cases to answer.

It is completely unacceptable that we have caused financial harm and emotional stress to our customers.

As CEO since 2016, I'm ultimately accountable for this.

I understand that you, and the community, will want to know who has been, and who will be, held accountable for the bank's failings.

In truth, accountability for the misconduct examined by the Commission has been limited.

In the past, ANZ has not focused sufficiently on formally holding executives to account for failures that harm customers.

Where there have been consequences, they have often involved pay cuts and people leaving the bank.

Direct and documented links between specific failures and consequences have been limited and insufficient.

This is particularly true for events, including those studied by the Commission, which have unfolded over time or occurred under a number of executives.

I recognise that this needs to change, and it is.

If customers are harmed, those responsible can lose their jobs, their pay or their prospects within the company. This is due, in part, to the introduction of the BEAR regime, itself a result of this Committee's work.

Failings acknowledged to the Commission and the lack of satisfactory progress on remediation will have a material impact on executive remuneration this year.

Further, since I was appointed as CEO, I have been working to make our bank simpler and better able to serve our customers.

While no excuse for customer harm, complexity makes it harder to identify and fix problems.

By focusing on what we are good at, we can better avoid failures.

There is more to do but our changes so far are already making ANZ easier to manage and better for customers. The Commission's Interim Report strengthens our resolve to fast track these, and other, reforms.

Importantly, we are improving our remediation process so we get refunds into the hands of our customers quicker, learn from our mistakes and fix things so they are not repeated. Earlier this week, we announced a charge of \$374 million related to further customer refunds and remediation costs.

We acknowledge that the Commission has questioned how we pay our frontline bankers, whether our scorecards are truly balanced and the role of incentive payments in driving poor behaviour.

Remuneration clearly plays a role in culture and we have further work to do.

I agree that it's critical we listen to customers.

I have made it a priority to meet with customers in their businesses, on their farms and in their towns.

In fact, I'm meeting with individual customers after this hearing who have made submissions to the Royal Commission.

Last month, I went to Beaudesert to explain why we were shutting our branch there and to listen to concerns.

Alexis George and I also held a forum in Cairns and then visited farms in Queensland to see the impact of the drought.

This influenced our decision to reduce interest rates by 1% for farmers in drought declared Australia, as well as excluding these towns from a recent interest rate increase.

Customers email me daily.

I respond to each one personally.

If any customer wants to contact me, my email address is public and is
Shayne.Elliott@anz.com.

Thank you for your time.

ENDS