

News Release

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Transcript of *bluenotes* video interview with ANZ Customer Experience Business Lead Peter Dalton

ANDREW CORNELL: Morning, Peter. Thanks very much for joining us on bluenotes with the launch today of ANZ Plus. You've been instrumental in the whole project coming along and you talk about Plus as being digital first. So what does that mean exactly? How is that different to... there's already a lot of technology and digital in the bank.

PETER DALTON: Yeah, there is. But digital first means... Well, if you think about banking, you go back quite a number of years. A lot of our products and our processes were designed for a world with paper. Your statement arrives in the mail, you fill in a form when you're lending and those kinds of things. And some people use cheque books still, what have you. Digital first means let's reinvent our products for the world that we live in today. And will be for the next number of years so that you can do almost everything digitally and self-service. So an example being, a few years ago I took my daughter when she turned 16. She really wanted a bank account and we went to the branch and they identified her and she was very, very excited. But today, with new technology and new processes, we can allow someone to join the bank in three minutes from the comfort of their couch. And there's many more examples like that. But if you think about it, it's reinventing the product and the process, using all the power of that phone that's in your pocket and my pocket and everyone else's pocket every day.

ANDREW CORNELL: And you've been at pains to point out this is not just a technology project, yet there has been an enormous amount of work over some years now rebuilding what you guys call it - the tech stack. So what's actually happened at ANZ to support this ANZ Plus platform?

PETER DALTON: Yeah. Well, when you think about it, the Australian bank has about 300 systems that people use every day like internet banking, the mobile app and our lending systems and our branch systems. What we've done is... And some of them have been put in place five, 10, 15 even 25 years ago. In order to get that digital first, modern sort of experience, we had to look at some of them and go, "Can this do that for us?" And some of them couldn't. So about half of the systems we are replacing with modern, digital platforms that will take us into the next 10 years. And about half of them we're leveraging from what the bank already has. So think about it as an investment in about 50 per cent of the bank's retail technology systems being uplifted for a modern digital, much more exciting future. We'll be able to do things with the investment we've made in our platforms that we haven't been able to do in the past. That our customers have asked for. Now it's possible to do it much more easily. I can give you a simple example. For about, let's say about five years, the number one most requested feature on the ANZ app has been whenever I get money in or out, I want a push message. You know those little messages you get when you get the news? That's been really, really hard for us to do because of our technology platforms. And now with ANZ Plus we've got that capability and it's working and people love it.

ANDREW CORNELL: And another thing is, you know who's going to take a monthly payment out of your account, which is another thing that annoys me anyway.

PETER DALTON: Yeah, that's another really good example. With ANZ Plus, we've got... All bank accounts look backwards and say, "here's what you spent in the last 30, 60, 90 days". We're now able to use that data and say, "Well, we'll actually predict what you're going to

spend tomorrow or next week." And it sounds a bit scary but actually there's a lot of regular payments. If you take your Netflix payment or Spotify payment or your rent payment, they happen relatively regularly. So we use that data and there's models that they call machine learning where it learns the data, it goes, "Oh, on the fourth of the month, Peter's paid Netflix every month for the last six months. I'm pretty sure it'll happen again." So we then show you what's going to come out of your account in the next week or the next month. And one of the things that's really interesting about when people first see it is it's like "wow, I didn't realise I had signed up for that much regular sort of payments!"

ANDREW CORNELL: And indeed this feeds back to a point you made earlier that sometimes you're building a new system - or a new module of the system - sometimes you're buying it from someone else and there's a lot of partnerships underlying here. So how do you make the call on should we team up with Salesforce or Atlassian or someone? Or should we build a new module ourselves?

PETER DALTON: It's actually a really relatively simple call. So we work out what we need, right? And then we kind of go, "Wow, are we really good at that?" Like, are we super at... or is there someone who's actually better at this? And an example being, when it came to wanting a modern customer relationship management system, we went, "Actually, we're not in the business of building them." Salesforce is, they're one of the best in the world. Lots of companies use them, we'll just leverage them. But then there's a second question we ask. Sometimes we sort of go, "but do we want the same as everyone else? Will this differentiate us?" Now, a customer relationship management... Salesforce systems are used for lots of companies, whether they're grocers or retailers or car manufacturing companies or banks. That doesn't really differentiate them. Then there are platforms or systems where you go... take our digital features, that's going to differentiate us in the future. So those ones we deliberately chose to invest in and build ourselves and the ones that other the people are much better at doing. I'll give you another example, we have put in place with ANZ Plus a new product management system in the bank to manage all of our products. There are companies that build those things and we partnered with a company called Zafin that is world class at doing that. And they've helped us put in place their product management system and simplify our core banking system. So we've got a combination of partnerships where someone else has an asset or capability that we need, but we're not good at. And we've got a combination of things we do ourselves where we really want to differentiate and say we need to own this because this experience is going to be critical to ANZ and it's going to be what's different compared to some of our competitors.

ANDREW CORNELL: And you and Maile Carnegie and Shayne Elliott have made the point that this initial proposition being launched on ANZ Plus is the first of many. But it's built around the financial wellbeing of customers in the sense that if customers do better, then the bank is going to do better and do better for shareholders. So when we look down the track at what's coming next on Plus, is that still the guiding motivation and what can we expect to see next on Plus?

PETER DALTON: So financial wellbeing is sort of at the center piece of what we're doing. Because what we believe is that if we put in place the tools and the services to actually help people get ahead. If you think of a business, if it's doing better and it's getting ahead and it's got its finances under control and it's growing, that's actually good for the business, it's good for employment, it's good for the economy. We have nine financial wellbeing principles. The first release of ANZ Plus builds into it the first three. So it's got tools in there like spend less than you earn, put aside money for a rainy day. Really important and we've all learnt that over the last few years with COVID. And save regularly towards your goals. But there are other financial wellbeing principles that we will get to over the next couple of years. The next big one we're doing is around helping people borrow within their means or borrow for a home.

ANDREW CORNELL: And then, as you say, this will keep going across those principles in a wide range of products down the track. And so eventually ANZ Plus will be the ANZ retail bank. Is that the idea?

PETER DALTON: Yes, we see it as growing. So we'll add home lending, we'll add credit cards, we'll add term deposits, those kind of things etc. And then hopefully if the propositions are really good and customers are attracted to it. Our customers, both new and existing, will move across to it and it will become the new Australia bank. We might at some point in the future, even just quietly drop the Plus. And we're just the modern new, more super competitive ANZ.

ANDREW CORNELL: Well, thanks for your time today.

PETER DALTON: No problem.

ANDREW CORNELL: Thanks, Peter.

PETER DALTON: Alright, thank you.

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