

## **Transcript: Shayne Elliott with Neil Mitchell – 3AW – 08/07/20**

**Neil Mitchell:** The chief executive of the ANZ Bank, Shayne Elliott, good morning.

**Shayne Elliott:** Good morning, Neil.

**Neil Mitchell:** Well, we know that you and the banks are usually well ahead of what the trends are the government is seeing, what is happening out there?

**Shayne Elliott:** Well, it's not an easy story, actually. So there's a lot of confusing data out there. What we're seeing is what you would expect, certain sectors like hospitality, doing it really tough and obviously here in Victoria been dealt another blow. But on the other hand, and by the way and a lot of people losing their jobs, reduced hours, etc. So a lot of people under financial stress. What we're seeing though, is probably more people getting back on their feet than we might have expected. So a whole bunch of people said, 'hey, defer my home loan payments for six months, please, I need that help.' Actually, we're already seeing about 10 per cent, and the number is moving around, of those people who asked for a deferral are already back, starting to pay again.

**Neil Mitchell:** But will they disappear with this lock down though?

**Shayne Elliott:** Oh look, possibly. And there will be some. No doubt there will be some. But actually what we're seeing is less and less people are asking for a deferral now. So they've already got one. And more and more people are starting to get back on their feet, so that's a positive sign. What we're seeing and we can look at people's bank accounts and see their pay levels and we can see it by industry and postcode and all that other stuff, we can sort of see that actually, for many, while they've had a whack to their incomes, it's not getting worse. So they're sort of stabilising and some improving. We're also seeing Neil, which is some really surprisingly positive data on retail. Household goods, so people buying stuff for their home, so not groceries and that, versus last year on their credit cards, is up 33 per cent year-on-year.

**Neil Mitchell:** Isn't there a danger though? We go into lockdown midnight tonight, that a lot of this is undone?

**Shayne Elliott:** Potentially, there is going to be no doubt this will be a shock to the system. I imagine there will be a lot of small businesses that were just seeing the light at the end of the tunnel, feeling a little bit more optimistic and now you've had this blow. I mean, I think the psychological damage on this in terms of confidence is going to be pretty harmful. I think that's true.

**Neil Mitchell:** What's the impact of that?

**Shayne Elliott:** Well, you know, people sit there and said, well, now I'm really worried. How do I know ... six weeks is a long time, let's not forget that. And by the way, at the end of six weeks it's not just go back to happy days again. There will be, I imagine, a gradual unlocking. So I reckon people will be even more cautious about next time, do I open up at all? Can I survive? Do I just become even more risk averse than I already was? And ... is my confidence sort of harmed for a longer period? I think that personally, that's what we worry about the most here.

**Neil Mitchell:** The Treasurer's talking about it costing the economy about a billion dollars a week, do you think that's right?

**Shayne Elliott:** Yes, that's about right. I mean, Victoria's about a quarter of the nation we know, from an economic point of view. And we know that nationally it was costing about four billion a week when the country was locked down. So yeah, the maths sounds about right.

**Neil Mitchell:** What are you doing to help? What can you do to help?

**Shayne Elliott:** Well, you will have seen, as part of the industry, we've made these announcements about extending deferral options. So what we've said is if you had a deferral, and by the way, if people are listening out there and they don't already have a deferral on their home or their small business, there's still time. If you're worried today by these announcements of the lockdown, or just for any other reason you should get in contact with your bank. You can still get up to a six month deferral on making any payments. But what we did is we were worried, obviously, that everybody was coming off deferral potentially in sort of September timeframe. We've agreed with the government and the regulators to, in certain circumstances, to be able to extend that for up to another four months. So that gives a bit more breathing time and it sort of avoids this cliff. And so what we're trying to do there Neil is get an orderly transition now, to give us time to talk to our customers and restructure their loans.

**Neil Mitchell:** The Treasurer confirmed to me, that there'll be more sort of wage assistance, like JobKeeper extending. Do you think that's necessary? And what you see?

**Shayne Elliott:** I think it probably is necessary. I think, again, my personal view, a blanket extension is probably not necessary, but I think a targeted one will be. It won't be easy to figure out how to target it, exactly. But I think a targeted intervention, whether it's geographic, probably not, but certainly probably by industry and others. I think that probably is warranted. It's been enormously successful. I mean, we have to give massive credit to this. I mean, it's come at a huge cost, but it has been successful.

**Neil Mitchell:** He's also agreed he's going to look at bringing the tax cuts forward, would that help?

**Shayne Elliott:** Yes. I mean, it puts money into people's pockets, right? Anything you can do, to put cash into people's pockets, whether they spend it or whether they save it or whether they pay down their debt. That is ultimately going to be of benefit to the national economy. Absolutely.

**Neil Mitchell:** All the experts, the medical experts are saying, look, if we get a vaccine it's at least a year off, there's no guarantee we'll get one, so we're in this sort of state of tension about locking down, opening up for the foreseeable future, perhaps for a couple of years. What do you see as the future of the economy under this new normal?

**Shayne Elliott:** Well, so first of all, we're a very, very fortunate position here in Australia for all sorts of reasons. The government, the banks and corporates and general employees, in general, not all, have actually an amazing capacity to work our way through this because we're not sitting on high levels of debt, in general. So our balance sheets are in good shape and so we can continue to lean in and provide support. So that's a good thing. That is not true around the world. So that's the first really important thing. Second thing is that we have the willingness to do it. I mean, I think that can be overlooked sometimes. But we're not having an ideological debate here about whether we should be doing this or not, which is happening in some parts of the world. So we sort of, we have the capacity and the willingness to help.

So look, the real impact to me is just that this 'second wave' or whatever you want to call it here in Victoria, it just raised risk. People are now just more concerned about it, gee it's even more unpredictable about the future. Here we were starting to feel a bit more confident and the rug had been ripped out again. So I think that's just going to put us sort of a risk premium on the economy for a lot longer Neil. And that just says people will sit on their hands, be more cautious about business expansion, more cautious about investment

and all those things. That just puts a dampener on everything for a lot longer. That's what we worry about. You know, it's confidence, it's more psychological. The financials, this country we have the ability to, even though it's tens of billions of dollars and all this stuff, big numbers. We can continue to support the place. But it's not that that worries me so much. It is actually, as I said, it's how do you get the sort of animal spirits back, the confidence people getting out there and wanting to invest and get their businesses going.

**Neil Mitchell:** Thank you so much for your time.

**Shayne Elliott:** Thank you.

**Neil Mitchell:** Shayne Elliott, chief executive, ANZ Bank.