

## News Release

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### Transcript: Shayne Elliott: with Neil Mitchell: – 3AW

**Neil Mitchell:** Okay, the economy. Shayne Elliott, the chief executive of the ANZ Bank is on the line. He's in Vietnam actually. A number of things developing around the economy that are interesting me. One, with the spending down, retail spending down, the speculation is there will be no increase in interest rates again before Christmas. But also this. Michelle Bullock, the RBA governor, made a point at a speech, I think in Hong Kong, a couple of days ago. She said despite the noise, despite all the arguments, the complaints of people, they are doing it tough and households were doing it tough - they weren't really. This is what she said.

**Michelle Bullock:** *Despite that noise, households and businesses in Australia are actually in a pretty good position, their balance sheets are pretty good.*

**Neil Mitchell:** I wonder if the figures say the balance sheets are good, but the reality doesn't. Is it that good out there? Is it that tough or not? 133 693. Shayne Elliott, good morning.

**Shayne Elliott:** Good morning.

**Neil Mitchell:** What do you think? You see the people who are in strife and aren't in strife, what are the indicators to you? Are the people doing it well – is the Reserve Bank governor correct?

**Shayne Elliott:** She is correct. Although I just want to say I live in a privileged world and so I don't actually see the people, I see the numbers. And you've got to be careful [because] people are not numbers. But the numbers that we see is that on average – and again, it's really important - on average, people are doing okay. And as she said average balance sheets are alright. People have got lots of savings. People have got good jobs, their income is going well. It's not about the average though, Neil, it's about the people at the tail end of things. And it's the people who aren't the average and the people who are doing it hard. And there's an increasing number of those people that the renters, the young, the people without secure employment, those people are actually in a pretty dire position. But, you know, the Reserve Bank governor has to manage the average because that's her job.

**Neil Mitchell:** There's a ... I guess there's a perception times are tough. Is that not quite the reality?

**Shayne Elliott:** Well, again, it's one of those things. It's all about how you and I might feel or what our friends and family feel. I think times are tough for a lot of people. And increasingly that number is growing. The people who've got big home loans. As I said, the people who are renting. Those people are, they are under stress, they're really struggling to make ends meet. And you can see the way they're spending their money, as we know they're cutting back on what they're spending and they're changing what's in their shopping basket because they can't afford things. And those people are actually really in pretty difficult circumstances. I think what, and again, I didn't hear the entire speech, but what the Reserve Bank is saying is right. Like, again, on average, people are good. I mean, the economy, generally, is remarkably robust. People do have jobs. People do have money. People are spending. So it's not horrendous for your average person out there. But as I said, we've got to really think about those that are not in the average, those people that are doing it harder than others. And the definition of a good society, I think, or a good community is how you care for those that are more vulnerable. And right now, there are increasing numbers of people who are in harm's way.

**Neil Mitchell:** You're part of my Mitchell indicator system. Where is your pessimism / optimism this week? How are you feeling about the future?

**Shayne Elliott:** Well, I'm in Vietnam. And so, you come to countries like this, I'm here because we're celebrating our 30th anniversary – we were the first Western bank to open in Vietnam in 1993. And we're up here. And you can't help but be optimistic: young, hungry, dynamic economy with well educated people. So it's pretty optimistic up here. But thinking about Australia. Look, you have to be optimistic. I mean, where else would you rather be in the world when you stand back, you get out a map or think about the world and you think about all the things that are going on in places. A tragedy in the Middle East, the terrible things that are going on still with Ukraine., Thinking about the economy in most parts of the world, you think, gosh, where would you rather be. I think it's pretty hard to pick somewhere that's better than Australia and New Zealand to be. You have to be optimistic. That doesn't mean that we should be complacent. That's the difference. We've still got really, a lot of hard work to do to make sure that people get opportunity. And you and I talked about, over the years, it's about aspiration, right? You want an economy where your kids and your family really believe in the system and have a belief that if they work hard and study and apply themselves, that they'll have a better future. That's what we've got to be optimistic about. I think what we worry about is some of that's getting, you know, eaten away, I think, by some of that sort of policy and other things that are happening in the economy, you know, housing affordability, the difficulty of opening new businesses, all that sort of stuff. And that's what we really worry about it, at ANZ anyway, is that aspiration still there?

**Neil Mitchell:** And so, the policies.

**Shayne Elliott:** And so, look, Neil..., I'm optimistic, you know, I wish I was more optimistic perhaps is the right way to think. I think we can be more optimistic than we are.

**Neil Mitchell:** Interest rates – a lot of speculation now with these latest figures we won't have another rise before Christmas. Do you think that's right?

**Shayne Elliott:** I think that's probably right. I mean, I think they're probably, they are seeing that the work they've done on interest rates is having an impact, that people are cutting back on spending and that's what it's designed to do. So I think they're probably going to, have a bit of a break and see what happens over the summer. But I don't think the work is necessarily done. I don't think you can rule out more rate increases in the new year. And I think what was really telling is that the Reserve Bank recently has been talking about the fact, yes, a lot of the inflation we've had over the last year has been imported from somewhere else, the price of oil and all that other stuff. But increasingly inflation is becoming local and domestic, and that's actually much harder to deal with. And so I don't think you can rule out rate increases in the new year, but I think you're probably safe for a few months. So I think they'll probably wait and see the data and just see how this is really impacting people.

**Neil Mitchell:** We'll let you get out into the streets of Vietnam in a moment, but I read today that some of the banks are concerned about a shortage of cash in actually, you know, spending money, as distinct from credit cards, that Armaguard's, I think merging. Could we get to a situation where it's hard to get a dollar note, where it's hard to get a \$50 note or a single amount?

**Shayne Elliott:** Oh, look, it's possible. I mean, the situation with Armaguard is an interesting one. I mean ... what's fascinating about all this, and we don't have time to get through it all, is that at the same time you and I probably don't have a lot of physical notes sitting in your wallet when you walk out the door and increasingly people leave home or go to work with no actual cash in their wallet because they don't need it. At the same time, the actual amount of money, physical cash out in the economy somewhere is increasing and is at all-time highs, and nobody knows exactly where it all is. But the reality is that Armaguard and those businesses, they're in the business of moving that money around, whether it's from the supermarket or the ATMs or the banks or whatever. And because there is less of it around, they're struggling, or less of it moving, they're struggling to make that all viable. And like any business, so they are certainly then going, hey, we can't make a buck doing this, what are we going to do? And of course, it's an essential service. And so the banks are trying to get permission from the regulators, from

our competition regulators, to get together in a room and talk about this and say, well, how do we solve this problem? I'm really confident we will solve the problem, and people, you know, you will be able to find \$10 notes somewhere. We'll get it right. But it's not an easy issue right now, but we will get it. Yes. I think the days of cash have reduced, in the sense of people use it less, but it's not disappearing.

**Neil Mitchell:** Final thing. It was reported a week or so ago that the ANZ was saying they might drop Christmas bonuses for people who work from home. Is that right?

**Shayne Elliott:** Well we don't have Christmas bonuses, but what we do is, our year end is September 30th and what we do is... We have what we call variable pay for people who do extraordinarily well. And we, you know, call it a bonus, if you like. All we've said to people is, hey, when we think about evaluating your input into the bank and whether you're doing a great job, we think about the fact – are you in the office? Not because there's any particular benefit there, but we think it's the right thing to do. We think it's the right way to coach other people, teach other people. We think it's right for the culture. So we just said, don't forget, we're going to think about it. And if you're not in the office about half of your time, we're going to be concerned. Now, that doesn't mean that it's an automatic strike out, and you don't get that, but we're going to think about it. I think that's pretty reasonable, just like anything, right? I think most people, we're just saying to our people be thoughtful about the way you do your job and part of it is being present, being in the team, being part of a team. And we think that's pretty important for our customers and for the overall benefit of the bank. And so, yes, we're going to take it into account.

**Neil Mitchell:** As you know, and thank you so much for your help through the years, tomorrow's my last day of full time radio, but I'm doing a podcast and my aim is to get you and two other chief executives of the banks together on the podcast for an hour – you'd be in that?

**Shayne Elliott:** I would absolutely – Well, it might depend on who the other two are, but I think I can do that.

**Neil Mitchell:** You can choose them.

**Shayne Elliott:** I think I can do that. All right. It's been a privilege, actually. I still remember the first time I met you, you gave me a bit of a hard time, actually. We were in the studio. And remember the good old days when you actually turned up and it was good. And I was pretty nervous. You gave me a hard time, but since then, it's been – but I thought it was very, very fair. And I've really enjoyed the opportunity to talk to you and your listeners about real issues. And it's been a privilege.

**Neil Mitchell:** It's been a joy for me too. We'll be in touch. I'm serious about the podcast, but you've helped to demystify the world. I think it's been really good.

**Shayne Elliott:** Yeah, I'd love to do it. As I said, very happy to do that. And I think there is always lots to talk about and as I said been a privilege to work with you and I look forward to the future. Thank you.

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For media enquiries contact:  
Elizabeth Rudall +61 403 130 207